

WATER/ABJ/PTL: jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Advisory Branch**

**RESOLUTION NO. W-4286
August 23, 2001**

R E S O L U T I O N

(RES. W-4286), DEL ORO WATER COMPANY, PARADISE PINES DISTRICT (DOWCPP). ORDER AUTHORIZING A ONE-TIME REBATE OF \$1.62 TO EACH CUSTOMER AND AUTHORIZING AN ADJUSTMENT AND EXTENSION OF ITS ESTABLISHED WATER QUANTITY SURCHARGE PRODUCING AN INCREASE IN REVENUE OF \$94,885 OR 8.91% TO OFFSET COSTS OF PURCHASED WATER.

SUMMARY

By Advice Letter No. 98, filed June 18, 2001, DOWCPP seeks to rebate \$1.62 to each of its customers and extend its established quantity surcharge for purchased water. This resolution grants DOWCPP's request for authority to rebate \$1.62 for each of its customers and collect a surcharge of \$0.169 per Ccf (One Ccf is equal to one hundred cubic feet) for 12 months producing an increase in revenue of \$94,885 or 8.91% from September 1, 2001 through August 31, 2002, for the cost of purchased water.

BACKGROUND

The Paradise Pines District of the Del Oro Water Company (DOWCPP), filed an advice letter with the Water Advisory Branch (Branch) on June 18, 2001. DOWCPP requested authority under General Order 96-A and Section 454 of the Public Utilities (PU) Code to adjust rates to cover the cost of purchased water, which is needed to supply its customers in the traditional periods of peak demand of June through October. DOWCPP also requested to rebate \$1.62 to each of its customers due to overcollection in the purchased water memorandum account as of May 31, 2001.

DOWCPP is a corporation, owned by Robert Fortino, providing water service to an area known as Fir Haven Subdivision, Sierra Del Oro Subdivisions, Paradise

Pines Subdivisions, and vicinity, located approximately 6 miles north of Paradise, Butte County. DOWCPP serves approximately 4,490 metered rate connections serving approximately 11,000 customers in the service area in and around the community of Paradise Pines, in Butte County.

The current rates were established on May 4, 2000, pursuant to Res. W-4194 that authorized a 12-month surcharge producing an increase in revenue of \$94,114 or 8.43%.

DOWCPP's main source of supply comes from three wells which pump water from two distinct aquifers. Prior to the last drought in California, these sources of supply were sufficient to meet the needs of the service area without having to augment them with outside purchased water. The water demand has increased because the utility now has more large water users, two schools for example. The community is gradually changing from a retirement area to a more traditional community. The mix of families in the service area has also changed so that now there are more families with children, and those families tend to use more water.

The utility is currently drilling a new well (Well No. 6). Due to the uncertainty of the start date for production of the well, imported water is currently being used and will still be essential this summer. Due to current weather conditions, the district is beginning to import water approximately forty days earlier than in previous years as the production of its existing wells has been impacted by an early summer demand.

NOTICE AND PROTESTS

A notice of the proposed rate increase was published in the July 10, 2001 edition of the Paradise Post in Paradise. Service is satisfactory. There are no significant service problems requiring corrective action.

COMPLIANCE

There are no outstanding Commission orders requiring system improvements. The utility has been filing annual reports and its Year 2000 questionnaires as required.

DISCUSSION

A review of DOWCPP's records indicates that DOWCPP has an estimated \$7,258 overcollection in the memorandum account as of May 31, 2001. Per Res. W-4147 Ordering Paragraph 4, DOWCPP has proposed to refund \$1.62 to each of its 4,490 customers on their September, 2001 billing. The Branch agrees.

DOWCPP estimates that it will have to purchase 177.92 acre-feet (AF) of water to meet its customer demand over the period from May 20, 2001 through June 30, 2002. It plans to purchase 132.92 AF from Stirling Bluffs Corporation (SB), a related entity of DOWCPP, and 45 AF from the Paradise Irrigation District (PID). SB currently charges \$250.28 per AF for water, which includes \$85.28 per AF paid to Pacific Gas and Electric Company and \$15 per AF paid to a landowner through whose property the water flows in order to get from SB to PID. The cost is \$33,267.22 ($\250.28×132.92). The SB water is then wheeled by PID to DOWCPP. PID charges \$320 per AF to wheel the water. A water loss of 10%, due primarily to evaporation, is estimated to take place between SB and PID. Therefore, only 119.63 AF ($.9 \times 132.92$) is to be wheeled by PID. PID's cost to wheel the SB purchased water is, therefore, \$38,281.60 ($\320×119.63). PID charges \$320 per AF for purchased water; therefore DOWCPP's cost of purchasing 45 AF from PID will be \$14,400 ($\320×45). There is an additional booster cost to get the water from PID to DOWCPP. The booster cost is estimated to be \$54.28 per AF; therefore, the total booster cost is \$8,936.12 ($\54.28×164.63). This brings the total estimated cost of purchased water to \$94,114.02 ($\$33,267.22 + \$38,281.60 + \$14,400 + \$8,936.12$) or \$0.169 per Ccf.

The Branch analyzed DOWCPP's request, supporting workpapers, and supplementary data, and concurred with DOWCPP's estimates.

DOWCPP and staff also agree that there is some uncertainty as to actual water consumption. Consequently, the Branch recommends that \$94,884.94, the cost of purchased water, be recovered as a \$0.169 per Ccf surcharge in the rates over a 12-month period from September 1, 2001 through August 31, 2002. The surcharge should end on August 31, 2002. The Branch also recommends that DOWCPP record the actual purchased water costs in its existing Purchased Water Memorandum Account authorized in Res. W-4116. After August 31, 2002, DOWCPP shall determine the difference between the actual cost of purchased water in the Purchased Water Memorandum Account and the money collected from the surcharge. DOWCPP should be required to file an advice letter

requesting an appropriate surcharge or surcredit to offset the difference in the actual cost of purchased water and the revenue collected from the surcharge.

The utility's current rate structure consists of one schedule: No. PP-1A, Annual General Metered Service.

At the Branch's recommended rates, the monthly bill for a 5.8 x ¾-inch metered customer using 7 Ccf of water will increase by \$1.18 from \$16.37 to \$17.55.

FINDINGS

1. The rates recommended by the Branch are reasonable and should be authorized.
2. DOWCPP should refund \$1.62 to each of its 4,490 customers on their September 2001 billing.
3. DOWCPP should record the actual purchased water costs into its Purchased Water Memorandum Account, beginning September 1, 2001.
4. The purchased water quantity surcharge should be eliminated by August 31, 2002.
5. After August 31, 2002, DOWCPP shall be required to file an advice letter requesting an appropriate surcharge or surcredit to offset the difference in the actual cost of the purchased water and the revenue collected from the surcharge.

THEREFORE IT IS ORDERED THAT:

1. Del Oro Water Company's Paradise Pines District is authorized to make effective the revised rate Schedule PP-1A, Annual General Metered Service, attached to Advice Letter No. 98 and concurrently to cancel its present effective rate schedule. The effective date of the revised schedule shall be made five days after the date of this resolution.
2. The Del Oro Water Company, Paradise Pines District, shall refund \$1.62 to each of its 4,490 customers on their September 2001 billing.

3. The Del Oro Water Company, Paradise Pines District, shall record the actual purchased water costs into its Purchased Water Memorandum Account beginning September 1, 2001.
4. The Del Oro Water Company, Paradise Pines District's purchased water quantity surcharge rate will be eliminated by August 31, 2001.
5. After August 31, 2002, Del Oro Water Company, Paradise Pines District, shall be required to file an advice letter requesting an appropriate surcharge or surcredit to offset the difference in the actual cost of purchased water and the revenue collected from the surcharge.
6. 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 23, 2001; the following Commissioners voting favorably thereon:

WESLEY M. FRANKLIN
Executive Director

LORETTA M. LYNCH
President

HENRY M. DUQUE
RICHARD A. BILAS

CARL W. WOOD

GEOFFREY F. BROWN

Commissioners