

**WATER/RSK/FLC/PTL/SHI/rlj**

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

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

**RESOLUTION NO. W-4727  
December 4, 2008**

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

**(RES. W-4727), DEL ORO WATER COMPANY (Del Oro). ORDER  
AUTHORIZING RECOVERY OF WATER TESTING RELATED  
EXPENSES RECORDED IN A WATER QUALITY MEMORANDUM  
ACCOUNT (WQMA) FOR FIVE DISTRICTS BY A TEMPORARY  
SURCHARGE.**

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**SUMMARY**

By Advice Letter 198 filed on August 5, 2008, Del Oro, a Class B water utility, requested that the Division of Water and Audits (Division) authorize its recovery of water testing related expenses recorded in a Water Quality Memorandum Account for Country Estates, Lime Saddle, Pine Flat, Pine Mountain, and Strawberry Districts through a temporary surcharge. This resolution authorizes recovery of the recorded expenses for these five districts through a temporary surcharge.

**BACKGROUND**

By Res. W-4327, adopted on March 6, 2002, all Class B, C, and D water utilities were authorized to establish water quality memorandum accounts for recording expenses resulting from drinking water regulations, including water sampling, testing, reporting, and treatment costs.

By Advice Letter 198 filed on August 5, 2008, Del Oro Water Company (Del Oro), a Class B water utility, requested that the Division authorize its recovery of water testing related expenses incurred between January 1, 2007 and December 31, 2007, and recorded in a Water Quality Memorandum Account for Country Estates, Lime Saddle, Pine Flat, Pine Mountain, and Strawberry Districts. Del Oro requests the recovery through a temporary surcharge as follows:

**Table 1: Summary of recorded amounts in WQMA and resulting surcharges.**

District	Recorded Expenses in WQMA	Monthly Surcharge per Customer	Duration of Surcharge (months)
Country Estates	\$2,621	\$4.85	6
Lime Saddle	\$2,870	\$2.83	2
Pine Flat	\$3,320	\$4.24	4
Pine Mountain	\$3,043	\$4.52	7
Strawberry	\$2,474	\$3.27	2

**DISCUSSION**

The Division examined the invoices to validate the reimbursement amounts requested by Del Oro for the five districts and concluded that the expenses were prudent and necessary. An earnings test for each district shows that recovery of the respective amounts in Table 1 will not cause Del Oro to earn in excess of the authorized rate of return. The rate impact of the surcharges is summarized below:

**Table 2: Rate Impact of Proposed Surcharges.**

District	Typical Customer with Average Usage	Current Monthly Bill	New Monthly Bill with Surcharge	Rate Impact
Country Estates	1" -meter, consuming 34 Ccf per month	\$94.41	\$99.26	+5.1%
Lime Saddle	5/8" -meter, consuming 27 Ccf per month	\$85.51	\$88.34	+3.3%
Pine Flat	5/8" -meter, consuming 4.5 Ccf per month	\$38.59	\$42.82	+11%
Pine Mountain	5/8" -meter, consuming 7.9 Ccf per month	\$35.39	\$39.92	+13%
Strawberry - metered rate	5/8" -meter, consuming 4.3 Ccf per month	\$55.89	\$59.15	+6%
Strawberry - flat rate	Flat rate customer	\$59.07	\$62.34	+6%

**NOTICE AND PROTEST**

A notice of proposed surcharges was mailed by Del Oro to all affected customers on August 6, 2008. The Division received no protests against the proposed surcharges.

**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's Water Quality Memorandum Accounts (WQMA) for Country Estates, Lime Saddle, Pine Flat, Pine Mountain, and Strawberry Districts' requirements were prudent and necessary.
2. Del Oro Water Company should be permitted to transfer the amounts in the Water Quality Memorandum Accounts for Country Estates, Lime Saddle, Pine Flat, Pine Mountain, and Strawberry Districts to a balancing account for recovery.
3. Del Oro Water Company should be permitted to recover the amounts in the balancing account for Country Estates, Lime Saddle, Pine Flat, Pine Mountain, and Strawberry Districts by imposing a temporary surcharge for the duration and amounts as shown in Table 1.

**THEREFORE IT IS ORDERED THAT:**

1. Del Oro Water Company is permitted to transfer the amounts in the Water Quality Memorandum Accounts for Country Estates, Lime Saddle, Pine Flat, Pine Mountain, and Strawberry Districts to a balancing account for recovery.
2. Del Oro Water Company is permitted to recover the amounts in the balancing account for Country Estates, Lime Saddle, Pine Flat, Pine Mountain, and Strawberry Districts by imposing a temporary surcharge for the amount and duration as shown in Table 1.
3. The effective date of the rate schedules 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 December 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