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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-4738

January 29, 2009

R E S O L U T I O N

**(RES. W-4738), BEASORE MEADOWS WATER COMPANY (BMWC).
ORDER AUTHORIZING RECOVERY COSTS ASSOCIATED WITH
REPAIR OF WATER TANK PRODUCING ADDITIONAL REVENUE OF
\$10,691 OR \$137.06 SPREAD OVER THREE YEARS.**

SUMMARY

By Advice Letter No. 10, filed on January 7, 2009, Beasore Meadows Water Company (BMWC) wishes to recover costs associated with repairs of a Water Tank and requests a revenue increase of \$10,691 or 49.46% to recover those costs via a rate surcharge of \$137.06 per service connection spread over three years. This Resolution grants BMWC's request.

BMWC may recover the requested amount through a surcharge spread equally over years 2009 through 2011. The increase will not result in a rate of return greater than that last authorized for BMWC in Resolution No. W-4511, Dated January 27, 2005.

BACKGROUND

BMWC has requested authority to recover the costs in its Unanticipated Expense Memorandum Account (UEMA) for repairs made to its water tank beginning in September 2007. BMWC'S request will result in additional gross revenues of \$10,691. BMWC requests that this increase in revenue be passed through to its customers through a surcharge of \$137.06 equally spread over years 2009 through 2011.

BMWC serves 78 customers. It is located approximately 20 miles from Bass Lake, Madera County, at an elevation of 7,000 feet. Access is seasonal from May through October because the road closes due to snow. The water source for the system is a set of five springs located one quarter ($\frac{1}{4}$) mile to the west of the storage tank on US Forest lands. These springs feed into an above ground cement block water storage tank with a total capacity of 55,400 gallons. Water is then distributed through a combination of steel and PVC pipes.

DISCUSSION

BMWC has been owned and operated by Ms. Sheila Kliewer since June 2002. The Madera County Environmental Health Department (MCEHD) has indicated that BMWC has demonstrated adequate technical and managerial capacity to successfully meet Title 22 drinking water standards as a Transit, Non-Community Water System. All repairs and maintenance on the system are performed by local contractors. To comply with California Department of Public Health (CDPH) requirements, a licensed operator is available for the water system on an "as needed" basis.

In Resolution W-4511, dated January 27, 2005, the Commission identified the deteriorating condition of the water tank, distribution system leaks and associated problems. To alleviate some of the deficiencies, BMWC was encouraged to initiate a program of plant improvements, improve system maintenance and initiate repairs to fix the deteriorating system. The Commission approved funds for improving system maintenance in the resolution.

The current rate surcharge increase is to recover the cost of repairing the water tank, installation of a liner in the tank and use of a temporary tank as an alternate water source to maintain water service during the repairs. Division staff verified the operating expenses by reviewing supporting documents for accuracy. Staff also visited the system and verified that all work has been completed.

BMWC'S current rate structure consists of two rate schedules - 1S, Seasonal Metered Service, and 2RS, Seasonal Residential Flat Rate Service. Currently, all BMWC customers are flat rate customers who are billed once a year in the month of May. The new rate schedule for Flat Rate Service is included in Appendix A.

At the new rates for seasonal residential flat rate service, the annual bill for a single-family residential unit will increase from \$277.11 to \$322.80 for the years 2009 through and 2011.

NOTICE AND PROTEST

BMWC sent a notice of the proposed rate increase on January 5, 2009.

The Division received one letter from a customer raising concerns over the rate increase. He was opposed to the rate increase without seeing major upgrades in the distribution network and the management. The customer believes that the system needs a full time operator.

The issue of system ownership and management is not within the scope of this proceeding. The water system has access to a qualified operator on an “as needed” basis. This satisfies the requirements for running a water system like BMWC. Finally, the utility is seeking reimbursement for costs of repairs to the water tank. Those costs have already been incurred and the repairs have been completed by the utility. Therefore, BMWC should be reimbursed for those repairs.

COMPLIANCE

According to the MCEHD, there was one incidence of the presence of Coliform Bacteria in the Beasore Meadows Water System in October 2008. The utility informed all customers of this condition and closed the water system for winter. The utility has indicated that it will take appropriate remedial actions to ensure compliance with water quality standards prior to opening the system in June 2009.

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

FINDINGS

1. The recovery of the expenses incurred by BMWC for repairs made to its water tank from its UEMA is reasonable and should be permitted.
2. BMWC’s request to recover the costs of repairs through a surcharge of \$137.06 spread equally over years 2009 through 2011 (\$45.69 per year) is reasonable and should be permitted.
3. BMWC should be permitted to charge interest on amounts remaining in its UEMA for repairs made to its water tank for the years 2010 and 2011.
4. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311 (g) (13).
5. BMWC has been filing annual reports as required by the Commission.
6. There was one incidence of the presence of Coliform Bacteria in the Beasore Meadows Water System in October 2008. The utility informed all customers of this condition and closed the water system for winter.
7. BMWC should be required to ensure compliance with water quality standards prior to opening the system in June 2009.
8. BMWC should update its Schedule No. 2RS, Seasonal Residential Flat Rate Service to reflect the new rates.

THEREFORE IT IS ORDERED THAT:

1. Beasore Meadows Water Company is authorized to increase its revenues by \$10,691 or 49.46% for repairs made to its water tank.
2. Beasore Meadows Water Company is authorized to adjust its Unanticipated Expense Memorandum Account for revenue collections authorized by this Resolution. Accrued interest at the 90 day commercial paper rate may be added on the uncollected amounts for years 2010 and 2011 from the effective date of this Resolution.
3. Beasore Meadows Water Company is authorized to adopt the revised rate schedule attached to this resolution as Appendix A, and concurrently cancel its presently effective rate Schedule No. 2RS, Seasonal Residential Flat Rate Service. The effective date of the revised schedule shall be February 1, 2009.
4. Prior to opening the system for the 2009 season, Beasore Meadows Water Company shall provide proof to the Division of Water and Audits that it has complied with all water quality standards.
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 January 29, 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

APPENDIX A

Schedule No. 2RS

SEASONAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all metered water service furnished on a seasonal basis. Service is limited to the period of access to the subdivision and assumed to be June 1 through October 30. (T)

TERRITORY

Beasore Tracts and vicinity, northeast of Bass Lake, Madera County.

RATES: Effective Per Service Connection Per Summer Season

For a single-family residential unit including premises	\$277.11
For each additional single-family residential Unit on the same premises and served from the same service connection	\$39.76

SPECIAL CONDITIONS:

1. The above flat rates apply to a service connection not larger than 3/4-inch in diameter.
2. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule 1S, Seasonal Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day.
3. Service may be taken under this schedule for summer season only.
4. The opening bill for flat rate service shall be established seasonal flat rate charge for service. Where initial service is established after the first day of any season, the portion of such seasonal charge applicable to the current season shall be determined by multiplying the seasonal charge by one one-hundred-fiftieth (1/150) of the number of day remaining in the season. The balance of the payment of the initial seasonal charge shall be credited against the charges for the succeeding seasonal period in which service is taken. If service is not continued for at least five months of the first year after the date of initial service, no refund of the initial seasonal charges shall be due the customer. (D)
5. As authorized by the California Public Utilities Commission, all bills are subject to a three-time surcharge of \$45.69 plus interest. This charge offsets the Unanticipated Expense Memorandum Account as billed to Beasore Meadows Water System for calendar year 2007. (N)
(N)
(N)
(N)
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.