

# PROPOSED RESOLUTION

Resolution W-5271  
WD

Agenda ID #22241 (Rev. 1)

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION W-5271  
February 15, 2024

### RESOLUTION

**(RES. W-5271) BIG BASIN WATER COMPANY. ORDER  
AUTHORIZING A GENERAL RATE INCREASE  
PRODUCING ADDITIONAL ANNUAL REVENUES OF  
\$270,494, OR 62.61% FOR TEST YEAR 2023, TO BE PAID BY  
THE RATEPAYERS.**

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### SUMMARY

By Advice Letter (AL) No. 83-W, filed on December 20, 2022, Big Basin Water Company (BBWC) seeks a general rate increase producing additional annual revenues of \$271,613, or 55.59%<sup>1</sup> based on a Rate of Margin (ROM) of 23.25%, for Test Year (TY) 2023. BBWC requests that the increase in gross annual revenues be implemented in two phases, for TY 2023, an increase of \$141,752, or 29.01%, and for Escalation Year (EY) 2024, an increase of \$129,861, or 26.58%.

This Resolution grants BBWC a general rate increase producing additional annual revenues of \$270,494 or 62.61% and a ROM of 24.84% for TY 2023. The decision to apply the rate increase only to TY 2023 instead of the requested Test Year and Escalation Year by BBWC is driven by the extenuating circumstances surrounding the need to bring BBWC up to financial solvency to address outstanding compliance issues; the changes in system ownership throughout the past year for BBWC; and the court-appointed receiver assuming control of BBWC. Given these issues, using a single TY for this General Rate Case (GRC) instead of spreading the increase over two years as previously requested allows for a more expedient recovery of rates and a much-needed increase in revenues for BBWC which the WD sees as critical at this time.

<sup>1</sup> The percent increase for the additional annual revenues provided by BBWC in its request is incorrect as identified by a customer protest and verified by the Water Division (WD). The correct percentage is 60.50%, which the WD utilized for its analysis of this GRC.

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The monthly bill for an average residential customer with a 5/8 x 3/4-inch metered rate service using 9.3 hundred cubic feet (CCF)<sup>2</sup> will increase from \$71.26 to \$103.06, or 44.62%, for TY 2023.

## **BACKGROUND**

By submission of AL 83-W to the WD, BBWC requested authority under General Order (GO) 96-B, Rule 1.7 and 7.6.2, Water Industry Rules 7.3.3(5), and Section 454 of the Public Utilities Code to increase its annual revenues by \$271,613, or 55.59% for TY 2023 based on a ROM of 23.25%.

BBWC's present rates became effective on June 30, 2022, with the approval of AL 82-W, which authorized a Consumer Price Index (CPI) increase of 7.0%. BBWC's last GRC increase became effective on June 12, 2014, pursuant to Res. W-4985, which authorized a general rate increase of \$82,117, or 22.70% for TY 2013 based on an authorized Rate of Return (ROR) of 10.80%.

BBWC is a Class C investor-owned water utility with 535 service connections consisting of 529 metered, three (3) flat rate, and three (3) private fire protection service customers in Santa Cruz County.<sup>3</sup> The current ownership for BBWC also operates a small wastewater system serving nine sewer customers. This GRC addresses only the water company revenues and a separate request for a rate increase for sewer revenues may be filed later. BBWC's service area is located along the Big Basin Highway between Boulder Creek and Big Basin. The median household income (MHI) for Santa Cruz County is \$96,093.<sup>4</sup>

BBWC's water system currently only has one active groundwater source, Well No. 4. The utility has the following six inactive water sources listed in the State Water Resources Control Board's (SWRCB), Division of Drinking Water's (DDW) database: Corwin Creek, Forest Spring, Jamison Springs, Galleon Well No. 01, Well No. 02, and Well No. 05.

<sup>2</sup> One CCF is equivalent to 748 gallons with 9.3 CCF equivalent to 6,956 gallons.

<sup>3</sup> As defined in G.O. 96-B Water Industry Rules Section 1.2., Class B, C, and D investor-owned water utilities serve 2,001 through 10,000, 501 through 2,000, and less than 500 service connections, respectively.

<sup>4</sup> This information is from the U.S. Census Bureau, American Community Survey (ACS) and Puerto Rico Community Survey (PRCS), 5-Year Estimates, U.S. Census Bureau QuickFacts: Santa Cruz County, California)

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The 2022 Sanitary Survey conducted by DDW<sup>5</sup> indicates that the Jamison Water Treatment Plant (WTP), Jamison Springs, Corvin Creek, and Well No. 05 were previously disconnected and are currently inactive. The Jamison WTP and the transmission pipelines from its surface water sources were destroyed during the 2020 CZU Lightning Fires.

DDW specified the current capacity of the active Well No. 4 to be 72 GPM based on disinfection requirements for hard rock wells. The water system also has three surface water intakes, each with a discharge capacity of 200 GPM. BBWC has eight above-ground storage tanks in the water system with a total storage capacity of 703,000 gallons. The water distribution system has five pressure zones, and the water pressure throughout the system is maintained by the elevation head provided by the water level in the storage tanks and by booster pumps located throughout the system.

## **2020 CZU Lightning Complex Fires**

The CZU Lightning Complex Fires were a series of fires caused by thunderstorms in Santa Cruz County and beyond which began on August 16, 2020. There were several major fires in the area that started with lightning strikes known as the Waddell Fire, by Waddell Creek; the Warnella Fire, by Davenport; and three fires near what would become the northern edge of the CZU Complex fire. Wind conditions caused these northern fires to merge and quickly grow two days after the fires spread rapidly to over 40,000 acres. There were massive amounts of damage in the communities of Bonny Doon, Boulder Creek, Swanton, and along Empire Grade Road, destroying 1,490 buildings. The California Department of Forestry and Fire Protection (Cal Fire), on December 20, 2020, officially declared containment of the extensive complex fire spanning 86,509 acres. On December 23, 2020, Cal Fire asserted control over the fire, ensuring its complete extinguishment.

The impact on BBWC's infrastructure was profound. The fires caused substantial damage to the utility's surface water facilities including the destruction of the water filtration plant and several surface water sources. Electrical equipment powering the system, including backup generators, were also destroyed, necessitating the use of temporary generators to conduct repairs and keep the water system operational. The fires also destroyed the utility's office containing customer records and billing information. Consequently, the lack of surface water sources and adequate water

<sup>5</sup> State Water Resources Control Board Division of Drinking Water 2022 Sanitary Survey of Big Basin Water Company (System No. 4410001) conducted June 15, 2022

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supply to meet the demands of BBWC's customers resulted in prolonged non-compliance with DDW's drinking water standards that currently persists.

## **Compliance Issues**

Five compliance orders were issued to BBWC by DDW following the CZU Lightning Complex Fires. On April 9, 2021, Compliance Order No. 02\_05\_21R\_001 was issued due to noncompliance with source capacity requirements. All but one of BBWC's wells were lost in the fires, and thus they were unable to meet these source capacity requirements. BBWC was unable to provide a reliable source of water and was issued another citation on August 19, 2021, Citation No. 02\_05\_21C\_021. This citation was for the ongoing failure to provide a reliable supply of potable water for which the DDW assessed a \$1,000 penalty, which BBWC paid. BBWC's continued non-compliance with the initial compliance order resulted in an additional citation that was issued on October 28, 2021. Citation No. 02\_05\_21C\_030 included a \$21,000 penalty with the possibility of suspension of the citation if BBWC complied with all directives by their respective deadlines. BBWC failed to comply with all directives and the \$21,000 penalty was upheld. BBWC is currently paying the penalty to a debt collection agency, although DDW is unsure of the remaining balance.

On September 22, 2022, DDW issued Citation No. 02\_05\_22C\_060 for failure: 1) to provide a reliable supply of potable water, 2) to comply with previous compliance orders and citations, and 3) to provide backup power for Well No. 4. This citation included a \$12,500 penalty which was suspended on October 21, 2022, upon determination that BBWC largely complied with Citation No. 02\_05\_22C\_060 directives.

## **Central States Water Resources, Inc.**

Central States Water Resources, Inc. (CSWR), a Missouri corporation, conducts operations by acquiring struggling small water and wastewater utilities. A Purchase and Sale Agreement (PSA) was established between CSWR and BBWC on March 9, 2023, for CSWR to purchase BBWC's assets for an agreed upon amount. Subsequently, CSWR, through its subsidiary CSWR-California Utility Operating Company, LLC (CSWR-CA), and BBWC entered into a Temporary Operations Agreement (TOA) on August 1, 2023. The agreement outlined CSWR-CA's responsibilities as operator of BBWC's water and wastewater systems and management of customer billing and service. The purpose of the TOA was to address the numerous operational deficiencies BBWC's owners were experiencing.

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On October 20, 2023, CSWR terminated both the PSA and TOA per Section 2.04(b) of the PSA given the ongoing compliance issues with BBWC.<sup>6</sup> Up until this termination date, WD continued to work with CSWR and provided additional information to CSWR based on its records for BBWC. BBWC's continuing inability to address compliance issues, especially surrounding source capacity and the supply of potable water critical to serving its customers as well as the non-payment of citations, resulted in SWRCB pursuing a receivership for BBWC.

## Receivership

On July 10, 2023, the California Attorney General, acting on behalf of the SWRCB, filed a petition with the Superior Court of California, County of Santa Cruz (Case No. 23CV01615), seeking the appointment of a receiver for BBWC's water system. A signed declaration from the WD in support of the petition was also filed the same day.<sup>7</sup> Following the hearing on September 29, 2023, the assigned judge issued an order appointing Silver & Wright LLP<sup>8</sup> (S&W) as the receiver for BBWC, including management of the wastewater system and assets operated by the previous owners of BBWC. This appointment is authorized by Health & Safety Code § 116665, allowing the SWRCB to request court intervention when a public water system is found to be inadequately serving users, abandoned, or unresponsive to regulations. The court may impose conditions, including a bond, and shields the receiver from personal liability for their good faith efforts in assuming control and operation of the system. The court order establishes the duties of the receiver including taking all steps necessary to bring BBWC into compliance with the all DDW citations, compliance orders, standards, technical orders and directives.

On October 6, 2023, the Court relied on DDW's determination that the utility was unable to adequately serve its customers and was unresponsive to DDW's rules, regulations, and compliance orders. The court also took into consideration the WD's signed declaration detailing BBWC's lack of compliance with the Commission's rules and regulations and fiscal mismanagement in prior GRC AL filings made inadequately.

<sup>6</sup> Section 2.04(b) of the PSA states: "If Buyer finds the Property unacceptable for any reason or no reason, then Buyer, in its sole and absolute discretion, may terminate this Agreement by written notice to Seller on or before the expiration of the Feasibility Period. If Buyer so terminates this Agreement, the Title Company shall, upon demand by Buyer, promptly return the Earnest Money to Buyer and thereafter neither Party shall have any further rights, duties, or obligations to the other hereunder."

<sup>7</sup> Declaration of Wilson Tsai in Support of Petition for Appointment of Receiver for the Big Basin Water Company, filed on July 10, 2023,

<sup>8</sup> Silver & Wright LLP is now known as Serviam by Wright LLP.

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The latter resulted in the utility not collecting the necessary revenues for appropriate operational, maintenance, and replacement costs.

On October 24, 2023, the California Attorney General, acting on behalf of the Regional Water Quality Control Board's (RWQCB) Central Coast Region filed an injunction with the Superior Court of California, County of Santa Cruz (Case No. 23CV02508), seeking a Temporary Restraining Order (TRO) to halt termination of the TOA and require CSWR-CA to continue operating the wastewater system as necessary to provide adequate service.

On November 9, 2023, the Court granted RWQCB's TRO and appointed S&W as the receiver for BBWC's wastewater system.

S&W is currently working with the Commission, DDW, RWQCB and the County of Santa Cruz to return the BBWC water and wastewater systems to compliance and bring forth the utility from financial insolvency. All outstanding deficiencies identified by the Commission, DDW, and RWQCB must be resolved by S&W as obligated by the Court in appointing S&W as BBWC's receiver. The WD's recommended rates for this GRC through this Resolution should act as the first step towards bringing the necessary revenues to sufficiently support S&W and BBWC in meeting its required water operations and compliance efforts. As this GRC was filed prior to the appointment of a receiver, S&W should file a GRC in 2024 for the BBWC water system that is representative of the actual costs of operations including repairs, replacements, and plant additions needed to return the water system to compliance. Additionally, S&W may file a GRC for BBWC's wastewater system to similarly address its current operational, financial, and compliance issues.

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

In accordance with GO 96-B, BBWC served a copy of AL 83-W to its service list on December 20, 2022. A customer notice regarding both the proposed rate increase and the date for a public meeting was mailed to each customer and to the general service list on March 18, 2023.

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## **Public Meeting**

An informal public meeting was held on April 4, 2023, at 6:00 PM, at the Boulder Creek Fire Station located at 13230 Central Avenue in Boulder Creek California. There were approximately 80 customers in attendance as well as local media outlets and representatives from State and County agencies. WD staff provided an overview of the Commission's GRC process for Class C water utilities. BBWC's owner explained the need for the proposed rate increase and fielded questions from customers regarding concerns over the rate increase, service and operational issues, and how the utility plans to return the system to compliance.

During the public meeting, BBWC's customers were given an opportunity to ask questions of BBWC and the WD, and to comment on BBWC's proposed rate increase and quality of service. Customers mainly expressed dissatisfaction with the quality of BBWC's water service, customer service response, and communication with customers regarding water outages and DDW's Boil Water Notices. While customers understood that the CZU Lightning Complex Fires caused significant challenges to repair the water system's infrastructure, they felt the owner had not done sufficient preparation to mitigate the effects of a disaster such as the fires. Consistent with the comments discussed below, customers suggested public ownership or receivership would be the best course of action for the utility.

## **Customer Comments and Protests**

Thirty-two (32) written comments were received from customers regarding BBWC's rate increase request. Eleven (11) customers supported or conditionally supported BBWC's rate increase request, and twenty-one (21) customers opposed the request. The customers who conditionally supported the request wanted more transparency from the utility regarding the use of the proposed revenues including a roadmap of projects needed to bring the utility back into compliance. Additionally, several customers conditionally supported the increase only if a receiver were put in place to manage the revenues.

Customers opposing the request raised concerns over the magnitude of the proposed rate increase; the financial burden placed on customers, and the lack of transparency from the utility regarding the use of the proposed revenues. Protesting customers felt that either public ownership or receivership would be the best path forward for the utility.

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One customer protest noted that the listed percentage for the requested increase on the public notice was miscalculated as 55.59% with the actual request being 60.50%. The WD confirmed that 60.50% is the correct percentage in the initial AL filing and used this corrected value in its analysis of BBWC's rate increase request.

In its responses to the customer protests, BBWC attributed the utility's non-compliance issues to the CZU Lightning Complex Fires which hindered operations and customer billing as the utility's office containing customer records was destroyed in the Fire. Despite the inability to bill all customers correctly, the utility indicated it was not shutting off customers due to nonpayment thus resulting in decreased revenues. As a result of the fire, BBWC tried to apply for emergency grant funding from the Federal Emergency Management Agency (FEMA), but was denied as BBWC is a private, investor-owned water utility. Finally, as noted above, the utility indicated it lacked sufficient insurance coverage and could only perform minimal repairs with the monies received from insurance.

As discussed in the previous section, BBWC's status under receivership should allay customers' concerns regarding the improper use of the proposed revenues. The receiver's duty, as appointed by and with oversight from the Court, is to return the BBWC drinking water system to compliance and to financial solvency. The receiver is also charged with potentially identifying a new operator or owner.

## **DISCUSSION**

In reviewing BBWC's rate increase request, the WD independently analyzed the utility's rate increase request and its operations. Appendix A provides BBWC's current Summary of Earnings (SOE); BBWC's requested rates; and WD's recommended rates. The WD also provided BBWC with WD's recommended revenues, expenses, and rate base. BBWC agrees with WD's recommended revenue requirement for TY 2023 shown in Appendix A, and the recommended rates shown in Appendix B.

The WD, in its analysis, escalated BBWC's cost data for the years 2019 through 2022 in its expense calculations where necessary or accepted the requested expense values that were deemed reasonable.

### **Operating Expenses**

The WD verified BBWC's operating expenses estimates for TY 2023 by reviewing supporting documents for substantiation and accuracy and included the amounts that were deemed reasonable and prudent. BBWC developed most of its operating expense



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estimates for TY 2023 using the recorded amounts from 2019 through 2021, calculating the three-year average, and applying the 2022 and 2023 inflation factors to bring the operating expense estimates to TY 2023. Based on the WD's review and analysis of BBWC's expense estimates for TY 2023, the WD finds BBWC's operating expense estimates reasonable for the following expenses: materials, other plant maintenance, office services and rentals, and regulatory compliance expense.

For purchased power, transportation expenses, employee pensions and benefits, office supplies and expenses, and insurance, the WD utilized a similar methodology to BBWC but applied the recorded amounts from 2020 through 2022 instead as these recorded costs are more current for these above-mentioned expenses.

### Employee Labor

BBWC requested \$92,787 for employee labor. This amount was obtained from the 2021 reported employee labor of \$88,622 and applying a 4.70% labor inflation factor which was obtained from the annual U.S. Bureau of Labor Statistics 2021 CPI-U yearly inflation rate<sup>9,10</sup> to estimate for TY 2023. At the time this AL was filed, BBWC employed one employee, Damian Moore, the son of the owners' Thomas and Shirley Moore. During the prior years of 2019 and 2020, there was one additional employee assisting with the operations and maintenance of the system.

BBWC maintains three employees on payroll, all of whom have total salaries and wages consisting of \$204,994, averaging \$68,331.33 per employee according to the 2022 Annual Report. However, the requested salary expenses by BBWC in the GRC only include one employee and two management salaries.

To assess the reasonableness of the requested salary amounts, the Water Division reviewed field operator salaries of a nearby utility. For the nearest water system of San Lorenzo Water District (SLVWD), this system maintains 17 employees in the Operations Distribution department for a total amount of wages in 2022 of \$1,540,573, averaging \$90,621 in wages per employee.<sup>11</sup> Thus, the WD finds BBWC's requested amount of \$92,787 to be reasonable since this salary amount would cover one full-time water

<sup>9</sup> Chained Consumer Price Index for All Urban Consumers (C-CPI-U) 2021-2022, <https://www.bls.gov/cpi/data.htm>.

<sup>10</sup> The 4.70% labor inflation factor was the most current factor when AL 83-W was filed on December 20, 2022.

<sup>11</sup> SLVWD currently serves approximately 21,000 customers necessitating the need for the number of employees in its Operations Distribution department.

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system field operator, which is comparable to the operations work completed by the nearby utility that is split between multiple employees.

### Management Salaries

BBWC requested \$140,991 for management salaries. This amount was obtained from the 2021 reported amount of \$134,662 and applying a 4.70% labor inflation factor to estimate for TY 2023. BBWC at the time of filing the Advice Letter employed two managers, Thomas and Shirley Moore, who are also the owners of BBWC. The manager's duties and responsibilities include 1) the supervision of all direct and indirect work performed by employees of the utility (this now only includes one employee), 2) coordinating with all state and federal agencies, developers, lenders, and vendors with their associated deliverables, 3) repairing, maintaining, and operating the water system, and 5) responding to any customer concerns or emergencies that arise.

To assess the reasonableness of the requested management salaries for TY 2023, the WD reviewed management salaries of neighboring SLVWD. SLVWD currently maintains three employees with manager in their job title with \$157,763 in total wages averaged per employee. The WD utilized the actual amounts reported by BBWC in their Annual Reports for the years 2020 through 2022, and these figures were escalated to 2023, resulting in an amount of \$138,366. The utility agrees with the WD's recommended amount of \$138,366 for management salaries.

### Contract Work

The WD's recommendation is \$20,525, which is \$22,876 less than BBWC's requested contract work expense of \$43,401. The WD's proposed estimate is derived from a three-year average including 2020 through 2022 plus escalation to TY 2023. Given the lack of substantiation from BBWC besides a list of monthly costs, this escalation calculation was deemed reasonable by the WD.

BBWC utilized the recorded amounts from 2019 to 2021 for contract work, took the three-year average, and applied an escalation factor of 9.14% to bring the average to a 2022 estimate. BBWC requested an additional \$20,000 to hire third-party contractors to meet the anticipated increase in required manual labor assistance as the Manager is less able to do the same work as in the past.

BBWC's 2021 contract work expenses include accounting for installing upgrades required for Well 04, a booster pump, a 3-phase 240V variable drive, re-wiring at Well

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04, a new panel and three phase breakers. In addition, the SWRCB asked BBWC to install remote monitoring units which require contract work expenses.

Contract Work	
January through December 2020	\$20,081.94
January through December 2021	\$11,000.00
January through December 2022	\$20,525.00
Average	\$17,202.3133

### Professional Services

BBWC utilized the recorded amounts from 2019 to 2021 for the professional services expense and applied an escalation factor to the three-year average which was \$14,365 escalated by 9.74% to \$15,764. This amount then included an additional \$13,200 for a regulatory and financial consultant at \$1,100/month.

The WD's recommended \$13,340 is \$15,534 less than BBWC's total requested employee labor expense of \$28,964. The WD's value comes from a three-year average amount, plus escalation to TY 2023. The 2022 Annual Report value is \$15,739 and the 2021 Annual Report was \$3,060. For these various reasons and a lack of substantiating documentation from BBWC, the requested amount was not accepted.

### Insurance

BBWC requested \$25,254 for insurance coverage. The WD accepts this amount. BBWC utilized the recorded amounts from 2019 to 2021 for the insurance expense and applied an escalation factor to the three-year average which was \$22,528 and escalated by 12.10% to \$25,252. BBWC's insurance policy was canceled in 2021 following the CZU Lightning Complex Fires. The 2022 Annual Report lists \$1,504 for Insurance costs, while the three-year average from 2019 through 2021 used by BBWC was \$22,528 which was escalated by 12.10%. This cost was deemed reasonable by WD especially given the rising insurance costs in potential fire zones.

### Taxes

The WD's State and Federal Income Taxes estimates for BBWC's income tax expense are based on income tax rates of 8.84%<sup>12</sup> for State and 21.00% for Federal Income Taxes.

<sup>12</sup> State Income Tax Rate for C-Corporations, <https://www.ftb.ca.gov/file/business/types/corporations/c-corporations.html>

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BBWC is structured as a C-Corporation, and in its 2021 and 2022 annual reports, reported paying State and Federal Income Taxes at the applicable income tax rates for C-Corporations. Accordingly, the WD's State and Federal Income Tax expense estimates for BBWC's TY 2023 are \$15,311 and \$33,158, respectively. WD's income tax calculations are provided in Appendix D of this Resolution.

## **Utility Plant and Rate Base**

For TY 2023, the WD's analysis of BBWC's rate base estimate included examining utility plant-in-service, materials and supplies, and working cash based on the utility's annual reports from the last five years (2018 through 2022). The WD noted that BBWC's rate base has significantly decreased since 2018, from \$423,406 to \$182,705. The reason for the decrease in rate base is due to the 2020 CZU Lightning Complex Fires which destroyed major portions of the BBWC system. The difference in BBWC's and the WD's estimates for working cash is discussed below.

## **Rate Base**

The total plant in service recommended by WD for Test Year 2023 (TY 2023) stands at \$374,278, consistent with the 2022 reported figure and reflecting no planned plant additions. Most of the plant items have undergone depreciation, resulting in net plant values of \$149,997 in 2022 and \$141,354 for TY 2023. BBWC requested \$205,293 for average rate base in this GRC. The total rate base calculation incorporated the net plant value along with working cash, materials, and supplies, resulting in a total rate base of \$210,487 for TY 2023. WD accounts for this difference in total rate base amount due to its adjustment to the working cash calculation.

For TY 2023, BBWC requested \$52,909 for working cash and \$31,577 for materials and supplies. The WD adjusted the working cash amount to \$37,557 due to the lower recommended operating expenses which impacted the calculation.<sup>13</sup> Since the WD's total recommended operating expenses are lower than BBWC's requested expenses, the working cash and the recommended rate base amount were adjusted accordingly.

## **Rate of Return and Rate of Margin**

BBWC's rate increase request was based on a rate of margin (ROM) of 23.25%. In accordance with the Commission ratemaking policy adopted by D.92-03-09, two methods are available for the Water Division to utilize for ratemaking for Class C and D

<sup>13</sup> Working cash is calculated by taking the total operating expenses and dividing by 12.

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water utilities, the Rate of Return (ROR) and Rate of Margin (ROM) methods.<sup>14</sup> D. 92-03-09 directs the WD to calculate the company's rates and revenue requirement using both methods and to recommend the ratemaking method resulting in the greater return.<sup>15</sup> In this case, the WD determined that the ROM method produced the higher revenue requirement and therefore recommends that the ROM method be used for BBWC's TY 2023 GRC.

For 2023, the WD's recommended ROM for Class C water utilities is 24.84%. The WD recommends a ROM of 24.84% for BBWC's TY 2023 GRC, which is the ROM recommended by the WD for the TY in which the GRC was filed. BBWC agrees with the WD's recommended ROM. Using the recommended ROM of 24.84%, the WD calculated a revenue requirement of \$702,524 for TY 2023 giving a net revenue of \$139,784. In Appendix A, also referred to as the Summary of Earnings (SOE), the revenue requirement is provided for this GRC. BBWC requested a net revenue of \$14,706, with total estimated expenses of \$690,421. However, according to the WD's analysis, total expenses should amount to \$562,740, and the net revenue, as mentioned earlier, is \$139,784. This calculation is based on the recommended ROM of 24.84%, which aligns with the utility's request.

The decision to apply the rate increase only to TY 2023 instead of the requested Test Year and Escalation Year by BBWC is driven by the extenuating circumstances surrounding the need to bring BBWC up to financial solvency to address outstanding compliance issues following the CZU Lightning Complex Fires; the changes in system ownership throughout the past year for BBWC; and the court-appointed receiver assuming control of BBWC. Given these issues, using a single TY for this GRC instead of spreading the increase over two years as previously requested allows for a more expedient recovery of rates and a much-needed increase in revenues for BBWC which WD sees as critical at this time.

<sup>14</sup> The revenue requirement and rates under the ROR method are based on company's rate base and under the ROM method the revenue requirement is based on the company's overall expenses which include operating and maintenance and depreciation expenses, income and other taxes, and an operating margin.

<sup>15</sup> D. 92-03-093, Ordering Paragraph 8

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## Rates and Rate Design

BBWC's rate structure consists of three (3) rate schedules: Schedule No. 1, General Metered Service; Schedule No. 2, Residential Flat Rate Service;<sup>16</sup> and Schedule No. 4, Private Fire Protection Service.

The rates proposed by the WD are shown in Appendix B. For the rate design of BBWC's General Metered Service Schedule No. 1, the WD recommends that the increase in gross annual water revenues be implemented in a single Test Year of 2023 to make up for the current circumstances surrounding compliance issues, financial insolvency, and the resultant receivership. WD further recommends that to provide a balance between fixed and volumetric charge cost recovery, 63% of Fixed Costs be recovered in Service Charge and 37% be allocated to volumetric charges. Based on a 63% fixed cost recovery, for water service, the increase in revenues from present rates will be \$270,494 or 62.61% for TY 2023

At the recommended rates, the monthly bill for an average metered customer with a 5/8 x 3/4" service consuming 9.3 CCF per month under BBWC's General Metered Schedule No. 1 will increase from \$71.26 to \$103.06 (44.62%) for TY 2023. A comparison of customer bills at present recommended rates is shown in Appendix C.

The Utility Rate Comparison table below provides a monthly rate comparison with nearby water utilities including San Lorenzo Valley Water District, San Jose Water Company, and Santa Cruz County Water. The WD's recommended rates are comparable and lower than the rates charged by nearby water utilities.

<sup>16</sup> As of May 1, 1985, Residential Flat Rate Service is no longer available to BBWC's customers, and the company is in the process of converting the remaining three (3) flat rate service customers to metered service.

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## Utility Rate Comparison for TY 2023

Utility	Monthly Service Charge 5/8 x ¾ Meter	Quantity Charge (\$/CCF) For 9.3 CCF	Monthly Total Rates
Big Basin Water Company <sup>1</sup>	\$53.49	\$5.33	\$103.06
San Lorenzo Valley Water District <sup>2</sup>	\$35.34	12.66	\$153.08
City of Santa Cruz Municipal Water <sup>3</sup>	\$14.39	\$11.33 for 0-5 CCF <sup>4</sup> \$16.54 for 6-9 CCF	\$151.46 <sup>5</sup>
<p>1 – BBWC is a Class C investor-owned water utility which serves 535 customers. 2 – SLVWD is a public water utility which serves approximately 21,000 customers. 3 – City of Santa Cruz Municipal Water is a public municipal water utility which serves approximately 100,000 customers. 4 – City of Santa Cruz includes a combined Quantity Charge and Infrastructure Fee per CCF. 5 – City of Santa Cruz applies a Rate Stabilization Fee of \$1.00 per CCF.</p>			

### Affordability of Proposed Rates

As discussed above at the recommended rates for TY 2023, the annual water bill for an average metered customer consuming 9.3 CCF per month under BBWC's General Metered Schedule No. 1 will increase from \$855 to \$1,237 (30.88%) annually. The total increase is 1.29% of the annual median household income (MHI) of \$96,093 for Santa Cruz County where BBWC's service area is located.

Commission D.20-07-032, adopted in Rulemaking (R.) 18-07-006,<sup>17</sup> defines affordability as the degree to which a representative household can pay for an essential utility service, given its socioeconomic status. D. 20-07-032 also adopts three metrics and supporting methodologies to be used for assessing the affordability of essential electricity, gas, water, and communications utility services in California. The three adopted metrics include: 1) the hours of minimum wage (HM) required to pay for essential utility services, 2) the socioeconomic vulnerability index (SEVI) of various communities in California, and 3) the ratio of essential utility service charges to non-disposable household income - known as the affordability ratio (AR). The affordability criteria were later revised to no longer include SEVI as a metric. Instead, the Commission utilizes the definition of Disadvantaged Community (DAC) under the

<sup>17</sup> Decision adopting metrics and methodologies for assessing the relative affordability of utility service in Rulemaking 18-07-006.

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California Communities Environmental Health Screening Tool, Version 4 (CalEnviroScreen 4.0).<sup>18</sup> CalEnviroScreen 4.0, provided by the California Office of Environmental Health Hazard Assessment (OEHHA), identifies DACs by collecting multiple metrics and outputting a single value at the census tract scale. The census tract for BBWC's service area is not a DAC census tract.

The WD continues to adhere to the Commission's cost-of-service regulatory principles in developing rates for its jurisdictional utilities, and the WD's recommended rates for BBWC are the first step towards addressing the utility's extenuating circumstances, bringing forth the utility from financial insolvency, and restoring the utility to compliance by allowing the receiver to conduct the necessary repairs and improvements. S&W, in its receivership role, may also file for subsequent rate increases until the rates more appropriately reflect the true cost of operations.

## **ENVIRONMENTAL AND SOCIAL JUSTICE**

In February 2019, the Commission adopted an Environmental and Social Justice Action Plan (ESJ Action Plan) to serve as a roadmap to expand public inclusion in Commission decision-making processes to targeted communities across California. The ESJ Action Plan establishes a series of goals related to health and safety, consumer protection, program benefits, and enforcement in all the sectors the Commission regulates. On April 7, 2022, the Commission adopted Version 2.0 of the ESJ Action Plan to guide its decisions and determine that its broad regulatory authority continues to advance equity throughout the state. With this Resolution, the Commission addresses Goal #1 of the ESJ Action Plan, "Consistently integrate equity and access considerations throughout Commission regulatory activities," and Goal #3: "Strive to improve access to high-quality water, communications, and transportation services for ESJ communities."

Although the community of Big Basin and its vicinity served by BBWC is not classified as a disadvantaged community, the WD considered equity and access considerations through its review of the proposed transaction in this resolution. CalEnviroScreen 4.0 ranks Big Basin in the 7<sup>th</sup> percentile meaning it is in the bottom 93% of census tracts statewide. Splitting up the census tract into Drinking Water and Impaired Water decreases to the bottom 49<sup>th</sup> percentile (meaning the drinking water contaminant score is higher than 49% of the census tracts in California) and 72<sup>nd</sup> percentile, respectively. Given the WD's review of these current definitions and considerations, the WD

<sup>18</sup> <https://oehha.ca.gov/calenviroscreen>



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recommended revenues for BBWC should lead to repairs and improvements for the existing water service conditions within the utility's service area.

## COMPLIANCE

The WD reviewed the utility's compliance with water quality standards, financial regulations, and required User Fees to the Commission as part of the GRC analysis.

### Sanitary Survey

BBWC had several deficiencies noted in its 2022 Sanitary Survey conducted by DDW's Monterey District.<sup>19</sup> Since the last sanitary survey in 2018, the BBWC facility underwent several system changes, including those noted in the Safety section on pages 3 and 4 such as the disconnection of all but one of the main water sources. Other changes include emptying and valving-off of the Rancho Dia/Rosita Tank, Booster station, and the Tradewinds Booster Station waterlogged pressure tanks, the removal of Jamison Reservoir Cross-connection with the distribution system, and the repair of the Tradewinds Booster Station back-up power generator.

The 2022 Sanitary Survey included a list of recommendations for BBWC to complete including improved record taking and a data retention program. To comply with the Sanitary Survey recommendations, BBWC must provide information to DDW on the current record retention practices, which have been non-compliant with DDW's standards to date. DDW recommended that BBWC provide photos of the Hill House and Bloom Grade tanks, including recent images depicting overall conditions, both internally and externally. These images should capture essential features such as access points, vent screens, overflows, drains, sample taps, inlets, outlets, and roof exteriors. Additionally, confirmation of the operational status of the tanks is required.

Several unaddressed recommendations from the 2018 Sanitary Survey include:

1. Robin Hood Tank Foundation: The cement foundation, previously reported as poor, necessitates evaluation by a registered civil engineer with tank foundation expertise.
2. Hill House Tank Foundation: The polyethylene tank lacks a foundation; installation of a permanent foundation with seismic restraints is recommended based on budget availability.

<sup>19</sup> State Water Resources Control Board Division of Drinking Water 2022 Sanitary Survey Big Basin Water Company (System No. 4410001) report date June 15, 2022, inspection date February 10, 2022.

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3. Hill House and Bloom Grade Tank Fences: Fencing is absent at tank sites; it is recommended that these areas be secured with appropriate fencing.
4. Operating Staffing: Addressing BBWC's reported staffing issues, the DDW recommends the addition of certified operators to ensure coverage at the treatment plant and to execute preventative maintenance.
5. Emergency Response Plan: An overdue Emergency Response Plan, originally due by 2022, requires completion.

The WD and DDW are working with the receiver, S&W, to resolve these deficiencies. As one of the requirements in being a Court-appointed receiver, S&W must resolve any outstanding issues including those identified by DDW in BBWC's 2018 and 2022 Sanitary Surveys.

## **Outstanding DDW Compliance Issues**

There are currently four outstanding DDW enforcement actions against BBWC. The first citation was issued on February 2, 2019, Citation No. 02\_05\_19C\_012. This citation was issued for a failure to test all backflow preventers annually and a failure to implement a cross-connection control program for the years 2008-2017. The following three occurred after the CZU Lightning Complex Fires.

The second citation, Compliance Order No. 02\_05\_21R\_001\_4410001 was issued on April 9, 2023. This order was issued for a failure to provide an adequate supply of pure, wholesome, healthful, and potable water, and non-compliance with source capacity requirements, as well as non-compliance with the 2018 Sanitary Survey report deficiency list. The third and fourth outstanding compliance orders address individual issues of the previously noted compliance order including Compliance Order No. 02\_05\_21R\_001 issued April 9, 2021, and a subsequent Citation No. 02\_05\_21C\_30 issued on October 28, 2021, with \$21,000 penalty.

## **Financial Audit**

The WD also reviewed the Commission's Utility Audit Branch's (UAB) 2019 financial review of BBWC's financial statements for 2016 and 2017.<sup>20</sup> UAB noted the following in its review:

<sup>20</sup> August 23, 2019, Financial Audit of Big Basin Water Company Financial Statements for the Years Ended December 31, 2017.

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*“As stated in the Basis for Disclaimer of Opinion on our audit report, we were unable to express an opinion on BBWC’s reported financial statements because we could not determine the accuracy of multiple accounts with material balances due to BBWC’s inability to provide us with sufficient appropriate audit evidence to verify them. Therefore, even if BBWC incorporates certain audit adjustments made by UAFCB, BBWC’s financial data could not be relied on.”<sup>21</sup>*

The WD is not aware of efforts undertaken by BBWC to comply with UAB’s findings to date.

## **USER FEES**

Pursuant to Public Utilities Code section 433(a), public utilities are required to pay an annual Public Utilities Reimbursement Fee (annual fee) to the Commission. The WD confirmed with the Commission’s Fiscal Office that BBWC has not made its annual fee payments since 2020. The WD will work with the receiver to develop a payment plan for its outstanding annual user fee balance and to return BBWC to compliance.

## **UTILITY SAFETY**

Safety for water utilities considers several factors such as water quality, system design, operation and maintenance, and service. One of the highest safety priorities for the Commission is ensuring that water utilities serving water for human consumption provide water that is not harmful or dangerous to health. As previously noted, BBWC has four outstanding Compliance Orders issued by DDW to resolve these compliance issues as required by its Court appointment as BBWC’s receiver. The WD’s recommended revenues will serve to provide the receiver with additional revenues needed to address these non-compliance issues and improve utility safety.

## **COMMENTS**

Public Utilities 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, the draft resolution was emailed to the service list, protestants, and made available for public comment on January 8, 2024. Two comments were received. The

<sup>21</sup> The Commission’s Utility Audits Branch was formerly known as the Utility Audit, Finance and Compliance Branch (UAFCB) when it conducted the financial review of BBWC in 2019.

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first comment addressed service issues with the contractor Cypress Water Services, hired by the receiver S&W. This comment will be forwarded to the utility for resolution. The second comment was a request to be added to the mailing list for BBWC and to include all current customers. In response, the customer was added to the AL 83 service list. Additionally, the customer expressed concern that the rate increase would significantly affect fixed-income customers. No changes were made to the Resolution in response to these comments.

## FINDINGS

1. The Summary of Earnings (Appendix A) recommended by the Water Division (WD) is reasonable and should be adopted.
2. The rates recommended by the WD (Appendix B) are reasonable and should be adopted.
3. The quantities (Appendix D) used to develop the WD's recommendations are reasonable and should be adopted.
4. Big Basin Water Company agrees with the Water Division's recommended Summary of Earnings, rates, and quantities (Appendices A, B, and D).
5. The water rate increase authorized herein is justified and the resulting rates are just and reasonable.
6. Based on Water Division's evaluation of BBWC's operating expenses, Water Division finds BBWC's operating expense estimates for TY 2023 reasonable, except where noted.
7. BBWC's requested ROM of 23.25% for its TY 2023 GRC is reasonable and within the Water Division's recommended range of ROM for Class C water utilities.
8. Authorizing a ROM of 24.84% for TY 2023 provides for an authorized revenue requirement of \$702,524.
9. BBWC's proposed metered service and quantity charges conform to the rate design policy established by D. 92-03-093, which allows a Class C utility to recover 65% of fixed costs through the service charges.

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10. After the rates approved by this Resolution become effective, BBWC should be allowed to file a supplement to Advice Letter No. 83-W to incorporate the revised rate schedules (Appendix B) and to concurrently cancel its presently effective rate schedules.
11. On September 29, 2023, the Superior Court of California, County of Santa Cruz, at the request of the State Water Resources Control Board, appointed Silver & Wright LLP (S&W) as the receiver for the BBWC water system.
12. BBWC currently has four outstanding DDW enforcement actions. The WD's recommended rates for this GRC through this Resolution should act as the first step towards bringing the necessary revenues to sufficiently support S&W and BBWC in meeting its required water operations and compliance efforts.
13. S&W should file a General Rate Case in 2024 for the BBWC water system that is representative of the actual costs of operations including repairs, replacements, and plant additions needed to return the water system to compliance.

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### **THEREFORE, IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454 to Big Basin Water Company to file a supplement to Advice Letter No. 83-W to incorporate the revised rate schedules attached to this Resolution as Appendix B for Test Year 2023, and concurrently cancel its presently effective rate Schedules: Schedule No. 1, General Metered Service, and Schedule No. 2, Residential Flat Rate Service, and Schedule No. 4, Private Fire Protection Service. The effective dates of the revised schedules shall be five (5) days after the date of filing.

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 February 15, 2024; the following Commissioners voting favorably thereon:

---

Rachel Peterson  
Executive Director

# PROPOSED RESOLUTION

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APPENDIX A BIG BASIN WATER COMPANY Summary Of Earnings Test Year 2023				
Operating Revenues	Big Basin Water Company		WD	
	Present Rates	Requested Rates	Present Rates	Recommended Rates TY 2023
460 Unmetered Water Revenue	\$ 2,535	\$ 4,403	\$ 10,140	\$ 4,215
462 Fire Protection Revenue	\$ 1,259	\$ 1,958	\$ 840	\$ 1,208
465 Irrigation Revenue	\$ -	\$ -	\$ -	\$ -
470 Metered Water Revenue	\$ 484,794	\$ 753,839	\$ 419,667	\$ 697,101
475 Approved Surcharge Revenue	\$ -	\$ -	\$ -	\$ -
480 Other Water Revenue	\$ -	\$ -	\$ 1,383	\$ -
<b>Total Revenue</b>	<b>\$ 488,588</b>	<b>\$ 760,200</b>	<b>\$ 432,030</b>	<b>\$ 702,524</b>
<b>Operating Expenses</b>				
610 Purchased Water	\$ -	\$ -	\$ -	\$ -
615 Purchased Power	\$ 43,490	\$ 43,490	\$ 23,495	\$ 36,245
618 Other Volume Related Expenses	\$ -	\$ -	\$ -	\$ -
630 Employee Labor	\$ 92,787	\$ 92,787	\$ 70,823	\$ 92,787
640 Materials	\$ 25,778	\$ 25,778	\$ 32,804	\$ 25,778
650 Contract Work	\$ 43,401	\$ 43,401	\$ 2,892	\$ 20,525
660 Transportation Expenses	\$ 17,225	\$ 17,225	\$ 3,920	\$ 8,488
664 Other Plant Maintenance	\$ 34,032	\$ 34,032	\$ -	\$ 34,032
670 Office Salaries	\$ -	\$ -	\$ 4,523	\$ -
671 Management Salaries	\$ 140,991	\$ 140,991	\$ 129,648	\$ 138,366
674 Employee Pensions and Benefits	\$ 51,546	\$ 51,546	\$ 37,405	\$ 39,172
676 Uncollectable Accounts	\$ 10,500	\$ 10,500	\$ -	\$ -
678 Office Services and Rentals	\$ 6,258	\$ 6,258	\$ 8,127	\$ 6,258
681 Office Supplies and Expenses	\$ 17,675	\$ 17,675	\$ 10,359	\$ 15,433
682 Professional Services	\$ 28,964	\$ 28,964	\$ 15,739	\$ 13,430
684 Insurance	\$ 1,504	\$ 25,254	\$ 1,504	\$ 25,254
688 Regulatory Compliance Expense	\$ 13,949	\$ 13,949	\$ 27,989	\$ 13,949
689 General Expenses	\$ 3,421	\$ 3,421	\$ 1,633	\$ 1,358
800 Capitalized Expenses	\$ -	\$ -	\$ -	\$ -
<b>Subtotal</b>	<b>\$ 531,521</b>	<b>\$ 555,271</b>	<b>\$ 370,861</b>	<b>\$ 471,075</b>
403 Depreciation	\$ 6,259	\$ 6,259	\$ 6,259	\$ 6,253
408 Taxes Other Than Income	\$ 32,572	\$ 32,572	\$ 32,572	\$ 31,096
409 State Income Taxes	\$ 19,005	\$ 30,427	\$ 19,005	\$ 17,159
410 Federal Income Taxes	\$ 46,905	\$ 65,892	\$ 46,905	\$ 37,158
<b>Total Expenses</b>	<b>\$ 636,262</b>	<b>\$ 690,421</b>	<b>\$ 475,602</b>	<b>\$ 562,740</b>
<b>Net Revenue</b>	<b>\$ (147,674)</b>	<b>\$ 69,779</b>	<b>\$ (43,572)</b>	<b>\$ 139,784</b>
<b>Rate Base</b>				
Average Plant	\$ 374,278	\$ 374,278	\$ 374,278	\$ 374,278
Average Accumulated Depreciation	\$ 6,259	\$ 6,259	\$ 6,259	\$ 6,259
<b>Net Plant</b>	<b>\$ 368,019</b>	<b>\$ 368,019</b>	<b>\$ 368,019</b>	<b>\$ 368,019</b>
<b>Less:</b>				
Advances	\$ -	\$ -	\$ -	\$ -
Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -
Deferred Income Tax - Accl. Tax Depr.	\$ -	\$ -	\$ -	\$ -
<b>Plus:</b>				
Assets/Working Cash	\$ 52,909	\$ 52,909	\$ 39,256	\$ 39,256
Materials and Supplies	\$ -	\$ -	\$ 31,577	\$ 31,577
Construction Work in Progress	\$ -	\$ -	\$ -	\$ -
<b>Total Rate Base</b>	<b>\$ 420,928</b>	<b>\$ 420,928</b>	<b>\$ 438,852</b>	<b>\$ 438,852</b>
<b>Rate of Return</b>	<b>-35.08%</b>	<b>16.58%</b>	<b>-9.93%</b>	<b>31.85%</b>
<b>Rate of Margin</b>	<b>-27.46%</b>	<b>12.43%</b>	<b>-11.55%</b>	<b>24.84%</b>

END OF APPENDIX A

# PROPOSED RESOLUTION

Resolution W-5271  
WD

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APPENDIX B  
BIG BASIN WATER COMPANY  
Tariff Sheet

Big Basin Water Company  
(WTC 157)  
Santa Cruz County

Canceling 423-W  
Revised

Cal. P.U.C. Sheet No. 427-W  
Cal. P.U.C. Sheet No. 428-W

Schedule No. 1B  
General Metered Service  
Test Year 2023

APPLICABILITY

Applicable to all metered service furnished on an annual basis.

TERRITORY

Big Basin and vicinity, Santa Cruz County

RATES

Quantity Rate:

All water per 100 cubic feet ..... \$ 5.33 (I)

Annual Service Charge:

Per Meter

Per Month

For 5/8 x 3/4 inch meter .....	\$ 53.49	(I)
3/4-inch meter .....	\$ 80.23	(I)
1-inch meter .....	\$ 133.72	(I)
1- 1/2-inch meter .....	\$ 267.44	(I)
2-inch meter .....	\$ 427.90	(I)
3-inch meter .....	\$ 802.31	(I)

The service charge is a readiness-to-serve charge, which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

(continued)

(To be inserted by utility)

Issued By

(To be inserted by Cal P.U.C.)

Advice Letter No. 83-W

Jim Moore  
Name

Date Filed \_\_\_\_\_

Decision No. \_\_\_\_\_

Owner  
Title

Effective \_\_\_\_\_

Resolution No. \_\_\_\_\_



PROPOSED RESOLUTION

Resolution W-5271  
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APPENDIX B  
BIG BASIN WATER COMPANY  
Tariff Sheet

Big Basin Water Company  
(WTC 157)  
Santa Cruz County

424-W  
Canceling Revised

Cal. P.U.C. Sheet No. 429-W  
Cal. P.U.C. Sheet No. 430-W

Schedule No. 2RA-TP  
Annual Flat Rate Service  
Test Year 2023

APPLICABILITY

Applicable to all flat rate residential water services furnished on an annual basis. .  
(Applicable only to flat rate residential water service furnished prior to May 1, 1985.  
This schedule is not open to new customers)

TERRITORY

Big Basin and vicinity, Santa Cruz County

RATES

Per Service Connection

TY 23 For a single-family residential unit of small  
business served by a 3/4" or smaller service  
connection, including premises ..... \$ 117.09 (I)

(continued)

(To be inserted by utility)

Issued By

(To be inserted by Cal P.U.C.)

Advice Letter No. 83-W

Jim Moore  
Name

Date Filed

Decision No.

Owner  
Title

Effective

Resolution No.

PROPOSED RESOLUTION

Resolution W-5271  
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APPENDIX B  
BIG BASIN WATER COMPANY  
Tariff Sheet

Big Basin Water Company  
(WTC 157)  
Santa Cruz County

425-W  
Canceling Revised

Cal. P.U.C. Sheet No. 431-W  
Cal. P.U.C. Sheet No. 432-W

Schedule No. 4  
Private Fire Protection Service  
Test Year 2023

APPLICABILITY

Applicable to all water service furnished for priate fire systems and to private fire hydrants.

TERRITORY

Big Basin and vicinity, Santa Cruz County.

RATES

		Per Year	
For each inch of diamter of service connection	TY 2023	\$ 9.49	(I)

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and the cost paid the applicant. Such payment shall not be subject to refund.
2. The minimum diameter for fire protection shall be four inches, and the maximum diameter shall not be more than the diameter of the main to which the service is connected. If a distribution main of adequate size to serve a private fire protection service in addition to all other normal service does not exist in the street or alley ajacent to the premises to be serviced, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
3. If a distribution main of adequate size to serve a private fire protection service in addition to all other normal service does not exist in the street or alley adjacent to the premises to be service does not exist in the street or alley ajacent to the premises to be serviced, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
4. Service hereunder is for private fire protection service to which no connections for other than fire protection purposes are allowed, and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility.

(To be inserted by utility)

Issued By

(To be inserted by Cal P.U.C.)

Advice Letter No. 83-W

Richard Dewante  
Name

Date Filed

Decision No.

Owner  
Title

Effective

Resolution No.

OBJ

END OF APPENDIX B

# PROPOSED RESOLUTION

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## APPENDIX C BIG BASIN WATER COMPANY Comparison of Rates Test Year 2023

### Metered Customers

	<u>Present Rates</u>	<u>Recommended Rates TY 2023</u>	<u>Amount Increase</u>	<u>Percent Increase</u>
<b>Service Charge:</b>				
For 5/8 x 3/4-inch meters	\$36.57	\$53.49	\$16.92	46.26%
For 3/4-inch meters	\$54.86	\$80.23	\$25.37	46.25%
For 1-inch meters	\$91.42	\$133.72	\$42.30	46.27%
For 1-1/2-inch meters	\$182.72	\$267.44	\$84.72	46.37%
For 2-inch meters	\$314.62	\$427.90	\$113.28	36.01%
<b>Quantity Charge:</b>				
All use, per 100 cu. ft.	\$3.73	\$5.33	\$1.60	42.9%
An monthly bill comparison for a customer with a 3/4-inch meter is shown below:				
<u>Usage Per 100 cu. ft.</u>	<u>Present Rates</u>	<u>Recommended Rates TY 2023</u>	<u>Amount Increase TY 2023</u>	<u>Percent Increase TY 2023</u>
0	\$36.57	\$53.49	\$16.92	46.26%
8	\$66.41	\$96.13	\$29.72	44.75%
9.3      AVG	\$71.26	\$103.06	\$31.80	44.62%
11	\$78.20	\$112.97	\$34.77	44.47%
14	\$88.60	\$127.84	\$39.24	44.28%

### Flat Rate Customers

	<u>Present Rates</u>	<u>Recommended Rates TY23</u>	<u>Amount Increase</u>	<u>Percent Increase</u>
<b>Flat Rate Charge:</b>				
Residential per connection per month	\$62.66	\$117.09	\$54.43	86.86%

END OF APPENDIX C

# PROPOSED RESOLUTION

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## APPENDIX D BIG BASIN WATER COMPANY Adopted Quantities Test Year 2023

1. Purchased Power                      \$    36,232.41  
    Energy Provider                      Pacific Gas and Electric (PG&E)  
    Energy Tariff Schedule              A-1 Small General Service

2. Service Connections

	Metered	Flat Rate
<u>Meter Size</u>	<u>Big Basin</u>	<u>Big Basin</u>
5/8 x 3/4 - inch	489	0
3/4 - inch	6	3
1 - inch	26	0
1-1/2 - inch	3	0
2 - inch	5	0
3 - inch	0	0
4 - inch	0	0
Subtotal	618	3
<b>Total</b>	<b>621</b>	

3. Annual Water Sales                      57,207   CCF

5. Tax Calculations

Calculations	<u>TY 2023</u>
Operating Revenues	\$       702,524
Operating Expenses	\$       471,075
Taxes Other than Income	\$       31,096
Depreciation	\$       6,253
Taxable Income for State	\$       194,101
State Taxes (Corporate rate 8.84%)	\$       17,159
Taxable Income for Federal	\$       194,101
Federal Income Taxes (Corporate rate 21.0%)	\$       37,158

**END OF APPENDIX D**

## PROPOSED RESOLUTION

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WD

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### CERTIFICATE OF SERVICE

I certify that I have, by either electronic mail or postal mail, this day, served a true copy of Proposed Resolution No. W-5271 on all parties in these filings or their attorneys as shown on the attached lists.

Dated January 8, 2024, at San Francisco, California.

\_\_\_\_\_  
ROBIN BRYANT

Robin Bryant

Parties should notify the Water Division,  
Third Floor, California Public Utilities  
Commission, 505 Van Ness Avenue, San  
Francisco, CA 94102, of any change of address  
to ensure that they continue to receive  
documents. You must indicate the Resolution  
number on which your name appears.

# PROPOSED RESOLUTION

Resolution W-5271  
WD

February 15, 2024 (Rev. 1)

## BIG BASIN WATER COMPANY ADVICE LETTER NO. 83-W SERVICE LIST

Jim Moore  
[bbwater197@yahoo.com](mailto:bbwater197@yahoo.com)

Mr. and Mrs. Wohld  
[rickvonw@comcast.net](mailto:rickvonw@comcast.net)

Felicitas Johnson  
[felicitasj@comcast.net](mailto:felicitasj@comcast.net)

Ann Thryft  
[athrift@earthlink.net](mailto:athrift@earthlink.net)

Mr. and Mrs. Moxon  
[moxonbc@comcast.net](mailto:moxonbc@comcast.net)

Owen Doyle  
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Mr. and Mrs. Hicok  
[willmary@comcast.net](mailto:willmary@comcast.net)

Susan Higgins  
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Kathryn Hayes  
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