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| **PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA** | |
| **WATER DIVISION** | **Agenda ID # 23506**  **RESOLUTION W-5296** |
|  | **June 26, 2025** |

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| **RESOLUTION** |
| **Resolution W-5296 Slide Inn Water Company General Rate Case** |
| PROPOSED OUTCOME:   * Grants Slide Inn Water Company (Slide Inn) a general rate increase of $56,874, or 41.73%, estimated to provide a Rate of Return (ROR) of 13.51%. * This rate increase is phased in over two years: Test Year (TY) 2025 and Escalation Year (EY) 2026.   SAFETY CONSIDERATIONS:   * Slide Inn has no major outstanding compliance issues with the State Water Resources Control Board, Division of Drinking Water. This general rate increase provides additional funding to Slide Inn to ensure the utility remains current with its infrastructure updates and system repairs.   ESTIMATED COST:   * Producing an increase in gross annual revenues of $34,200, or 25.10%, for TY 2025 and $22,674, or 13.30%, for EY 2026.   By Advice Letter 25-W, Filed on November 17, 2023 |

**SUMMARY**

This Resolution grants Slide Inn Water Company (Slide Inn) a general rate increase producing an increase in gross annual revenues of $56,874, or 41.73%, estimated to provide a ROR of 13.51%. This increase is phased in over two years: TY 2025 and EY 2026, rather than three as requested by Slide Inn, as 2024 has already passed. The rate increase will be implemented to produce an increase in gross annual revenues of $34,200, or 25.10%, for TY 2025 and $22,674, or 13.30%, for EY 2026. As Slide Inn transitions from current flat rates to metered rates, revenue recovery will be from flat rate and metered rate service.

**BACKGROUND**

By submission of Advice Letter (AL) 25-W to the Commission, Slide Inn requested authority under General Order (GO) 96-B, Rules 1.7 and 7.6.2, Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code to increase its annual revenues by $77,512, or 61.28%, to be phased in for 2024, 2025, and 2026, based on a Rate of Margin (ROM) of 25.54%.

By submission of AL No. 25-W, Slide Inn also requested Commission authority to add the $9,000 cost of purchased equipment, $40,257 cost of the well project, and $2,500 in associated well construction costs (shed, foundation, and wiring) into Slide Inn’s rate base. Slide Inn reported that, in 2022, the utility owner had urgent problems with its existing well and assumed $69,000 in long-term debt to deepen the existing well and provide adequate water supply to the customers. Slide Inn filed AL No. 27-W on July 9, 2024, requesting after-the-fact Commission authorization to incur long-term debt in accordance with PUC Code Sec. 818. AL No. 27-W was approved by the Commission through Res. W-5293.

Slide Inn’s present rates became effective on June 9, 2023, with the approval of AL 24-W, which authorized a Consumer Price Index (CPI) increase of $8,419, or 6.50%. Slide Inn’s last General Rate Case (GRC) increase became effective on June 25, 2020, pursuant to Commission Resolution (Res.) W-5225, which authorized a general rate increase of $19,142, or 30.79%, for Test Year (TY) 2019, $22,326 or 27.46% for Escalation Year (EY) 2020, and $25,892 or 24.98% for EY 2021, estimated to provide a ROR of 1.58%, 3.95% and 10.40%, respectively.

Slide Inn is a Class D water utility which provides domestic water service to 40 flat- rate connections and 86 metered customers. Slide Inn’s service territory consists of the Slide Inn and Snowbowl subdivisions located in the Stanislaus National Forest east of the City of Sonora in Tuolumne County. The median household income (MHI) for Tuolumne County is $72,259.[[1]](#footnote-2)

Slide Inn’s water system consists of three active wells, one 125,000-gallon steel tank, one 16,000-gallon steel tank, and the distribution system. Under the system’s current configuration, the total water supply capacity of the system is 47 gallons per minute (gpm), which is slightly below the estimated maximum day demand (MDD) of approximately 48.36 gpm. However, the system meets the peak hour demand (PHD) of 72.5 gpm by utilizing its active sources and the two storage tanks.[[2]](#footnote-3) Slide Inn is exploring the construction of a new well and is in the process of obtaining the necessary approvals from the County and California Department of Transportation (CalTrans) as the well will be located on Caltrans’ right-of-way.

**NOTICE**

In accordance with GO. 96-B, Slide Inn served a copy of AL 25-W to its service list on November 17, 2023. A customer notice regarding both the proposed rate increase and public meeting was mailed to each customer and to the general service list on February 15, 2024.

**PROTESTS**

Two customer protests were timely received on Slide Inn’s rate increase request with the utility replying to the protests. The protests mainly raised concerns over the magnitude of the proposed rate increase and the rate increase for the flat rate customers, who only visit their cabins a few times a year and want the utility to install meters to reduce their water bill.

Slide Inn, in its responses to the protests, explained that the current net income is insufficient to cover expenses and any additional maintenance or purchase of plant, so the utility owner has been contributing from his own funds to maintain and repair the system. The utility also explained that converting customers from flat rate to metered service is required by California Assembly Bill 2572 (AB 2572), approved on September 29, 2004.[[3]](#footnote-4) The utility indicated that the conversion to metered service would be beneficial to the customer and the utility, since customers can lower their water bills by managing their water usage. Slide Inn also explained that there has been a shortage of meters and the current shipment of meters for Slide Inn is on a 6-month backorder.

In response to questions regarding meter installations, Slide Inn reports that it has installed meters for 67% of their customers, and the utility reported that it is projected to finish installing meters to all customers by the end of 2025.

**Site Visit**

WD staff, with the assistance of the owner and plant operator of Slide Inn, inspected the water system on March 20, 2024. The staff was told that the water operator checks on the wells and reads the meters bi-monthly. While all the doors to the wells are secured with a lock, well #6 was damaged by individuals tampering the well site. Slide Inn stated that it was in the process of building fences around the well to protect its property. The staff also noticed that the PG&E electrical line powering well #2 had fallen due to a winter storm. Slide Inn indicated that it would contact PG&E to reestablish power to the well. Slide Inn also stated that there is a back-up well that transfers water to the main tank. Slide Inn was also working on replacing a portion of their distribution line due to a leak. Since the site visit, Slide Inn reported that the leak was located, and the distribution lines were replaced. The staff noted that the rest of the water system appeared to be sufficiently maintained.

**Public Meeting**

An informal public meeting was held on March 20, 2024, at 5:00 PM, at the Sonora Moose Lodge located at 20921 Longeway Road in Sonora, California. Slide Inn’s owner and WD staff waited until 5:45 PM. However, no customers attended the public meeting.

**DISCUSSION**

In reviewing Slide Inn’s (GRC) request, the WD conducted an independent analysis of the utility’s proposed rate increase and its current operational conditions. Appendix A provides a comparison of Slide Inn’s present and proposed Summary of Earnings (SOE). As part of this review, WD evaluated the utility’s ongoing efforts to transition customers from flat-rate to metered service, as well as the challenges associated with this process.

Slide Inn has informed WD that a portion of its residential customers are seasonal residents, which complicates the collection of consistent and representative usage data. Additionally, while the utility has made significant progress in installing meters, the transition remains incomplete. Of the utility’s 129 total customers, 126 are or will be served by a ¾” meter, while the remaining 3 customers will be served by a 1” meter. As of 2025, 86 customers are expected to be metered, with that number projected to increase to 106 by the middle of 2026. Full metering of all customer accounts is anticipated by the middle of 2027.

Due to the limited availability of actual metered sales data, WD relied on historical usage from 26 previously metered customers (collected between 2020 and 2023) and applied a ratio multiplier to estimate usage across the growing metered customer base. While this methodology provides a sufficient foundation to support the current revenue requirement and rate projections, the quality and accuracy of the metered rate design will improve significantly once all customers are metered and a complete set of usage data is available.

Therefore, WD recommends that Slide Inn maintain its existing rate structures—billing flat-rate and metered customers separately—while it completes the gradual transition to fully metered rates. This approach will also allow the utility to continue collecting meaningful usage data, build a more representative consumption profile, and ultimately support the development of a more accurate and equitable metered rate design. Slide Inn’s cumulative proposed increase in rates is 71.98% for flat-rate customers and 67.21% for ¾” metered customers using 4 CCF. While this increase is significant, it is necessary for maintenance and operation of the water system. Furthermore, staff notes that the last GRC increase was 5 years ago.

In 2022, the utility owner had urgent problems with its existing well and assumed $69,000 in long-term debt to fix the well and provide adequate water supply to the customers. The utility owner also stated that he has been installing meters for his flat rate customers, which added to his expenses to maintain the water system. Slide Inn filed AL No. 27-W on July 9, 2024, requesting after-the-fact Commission authorization to incur long-term debt in accordance with PUC Code Sec. 818.

Slide Inn requests that the rate increase be phased-in over three years. However, since 2024 has passed, WD recommends that Slide Inn phase-in the rate increase over two years: TY 2025 and EY 2026. The WD provided Slide Inn with the WD’s recommended expenses, rate base, and increase in revenues. Slide Inn agrees with these estimates and WD’s recommended revenues for TY 2025 and EY 2026 as shown in Appendix A, and the recommended rates shown in Appendix B.

**Operating Expenses**

The WD verified Slide Inn’s operating expense estimates by reviewing supporting documents for substantiation and accuracy, and included the amounts that were deemed reasonable and prudent including: purchased power, purchased water, other volume related expenses, employee labor, materials, contract work, transportation expenses, other plant maintenance, office supplies, management salaries, employee pensions and benefits, uncollectable accounts, office services and rentals, office supplies and expenses, professional services, insurance, regulatory compliance expense, general expenses, depreciation, and taxes other than income. WD concurs with Slide Inn’s requested amounts for materials, employee labor, contract work, other plant maintenance, office services and rentals, office supplies and expenses, insurance, and general expenses. WD and Slide Inn used the same methods for estimating these expenses. Differences between WD’s and Slide Inn’s estimates of other operating expenses are explained below.

Slide Inn’s other estimates of operating expenses were based on the average of the utility’s expenses reported in the 2020 to 2022 Annual Reports. Slide Inn then applied the relevant escalation factors published by the California Public Advocates Office (CPAO) in October 2023. WD used the more recent three-year average of the expense amounts from Slide Inn’s 2021-2023 Annual Reports and applied the relevant escalation factors from CPAO’s December 2024 escalation memo.[[4]](#footnote-5)

Purchased Power

WD’s recommended amount of $16,700 is higher than Slide Inn’s requested amount of $14,177. As explained above, WD’s recommendation is based on the three-year average of purchase power expense from 2021 to 2023, while Slide Inn’s estimate is based on the three-year average of purchase power expense from 2020 to 2022. WD noted that purchased power has increased over $8,000 in the most recent three years for Slide Inn, and this is reflected in WD’s estimate.

Employee Labor

In discussions with Slide Inn, the utility proposed that WD use the requested amount of $15,000 to maintain the same level of operations and maintenance, certification, and labor done by its employees. After performing a site visit and conferring with Slide Inn regarding the back-up licensed water utility operator’s duty for Slide Inn, the WD finds Slide Inn’s estimate reasonable.

Transportation Expense

Slide Inn requested $13,878 for transportation expense. Slide Inn’s estimate is based on 2020 to 2022 average expenses; however, the Utility Audit Branch (UAB) performed an audit on Slide Inn and determined that Slide Inn misclassified auto insurance expense of $2,787 as a transportation expense in 2022.[[5]](#footnote-6) UAB recommended Slide Inn record auto insurance expenses as insurance expenses, and Slide Inn agreed. Consequently, WD used the amended 2022 transportation expense and applied a three-year average of the transportation expense amounts from Slide Inn’s 2021-2023 Annual Reports to estimate a transportation expense of $12,000.

Office Salaries

Slide Inn requested $10,000 for office salaries. The utility requested this amount to pay for its one staff, who is both office manager and bookkeeper, as Slide Inn does not have any other office employees. UAB’s financial audit determined that Slide Inn misclassified the salary for the bookkeeper as office salaries expense, instead of professional services expense. UAB recommended Slide Inn record this salary expense as professional services expense. Slide Inn agreed with UAB and recorded this expense as professional services expense. Based on this reclassification WD did not recommend any expense for this account. Consequently, an adjustment is made in WD’s estimate for professional services as discussed below.

Management Salaries

Slide Inn requested $45,000 for management salaries. In the previous 2020 GRC, the ownership of Slide Inn was transferred from the deceased Sato B. Mills to Gary L. Smith. Gary Smith, as the owner, works at the utility full time. The management salaries expense is expected to compensate Mr. Smith for his work in maintenance of the water utility and his work as manager. WD estimated this expense by comparing water utility operator salaries from nearby utilities as indicated, such as Sonora Water Company ($35,000) and Tuolumne Utilities District ($45,000). Using an average of these salaries, WD estimates $40,000 for management salaries.

Uncollectable Accounts

Slide Inn requested $1,000 for uncollectable accounts. Slide Inn’s request is based on the anticipation of a small portion of non-payments in the future, and the amount is based on 0.5% of Slide Inn’s requested gross revenue. WD did not approve any amount for this account, as the utility has not reported any uncollectable accounts since 2020.

Professional Services

WD’s recommendation of $13,000 is larger than that of Slide Inn’s request of $5,000 for Professional Services. These services include utilizing a Certified Public Accountant (CPA) for planning and budgeting construction projects, permitting, and ongoing filings with the SWRCB’s DDW and a consultant to handle billing and accounting services. As mentioned above, the salary of the single staff is now considered part of professional services. Therefore, the WD recommends $13,000 for professional services based on UAB’s proposal to move office salaries to professional services ($8,000) and an average of the utility’s three year recorded professional services expense of $5,000 for 2021, 2022 and 2023.

Regulatory Compliance Expense

For Regulatory Compliance Expense, Slide Inn is requesting $6,000 associated with GRC preparation. This amount reflects the total cost for preparing the GRC of $12,000 amortized over two years. Given the experience of the preparer and the fees charged to prepare GRCs for utilities of a similar size, the WD finds this amount to be reasonable.

Taxes

The WD applied the 2024 State corporate tax rates of 8.84%. However, because Slide Inn is a S corporation, it does not pay federal corporate income tax, as reflected in WD’s federal income tax estimate. Slide Inn’s reported taxes other than income (TOTI) for 2023 was $2,793, and Slide Inn requested $4,378 is based on the average of utility’s TOTI expenses from 2020 to 2022 Annual Reports. WD found that Slide Inn’s account 408.3 (other taxes and licenses) reduced from $1,003 to $98 in Slide Inn’s 2022 annual report and $126 in Slide Inn’s 2023 annual report. WD recommended a 1% increase in TOTI every year for TY 2025 ($2,821) and EY 2026 ($2,849), because the change in TOTI from 2022 to 2023 was less than 1% and WD expects TOTI to not fluctuate more than 1%. Slide Inn agrees with WD for the TOTI estimate. The tax calculations are shown in Appendix D for TY 2025 and EY 2026.

Interest

Slide Inn requested $1,207 for interest expense. Slide Inn’s estimate is based on 2020 to 2022 average interest expenses. In AL No.27-W filed by Slide Inn, the utility requests after-the-fact Commission authorization to undertake a $9,000 loan from Bank of Stockton (BOS) and a $60,000 loan from Precision Financial Solutions (PFS) to finance capital expenditures. The loan from BOS matured on March 1, 2025, and the loan from PFS will mature on August 15, 2027. Total cumulative interest for the PFS loan will be $11,189 and Slide Inn has paid $8,189 in interest so far. The total remaining interest is $3,000. Therefore, WD recommends $1,500 of interest expense for TY 2025 and EY 2026. WD also recommends that Slide Inn submit a Tier 1 Advice Letter, 30 days before July 1, 2027, to remove the $1,500 of interest expense from its operating expenses and to adjust rates accordingly.

**Utility Plant and Rate Base**

WD’s analysis of Slide Inn’s rate base estimate included examining utility plant-in-service, utility plant additions, materials and supplies, working cash, and depreciation reserve. The WD and Slide Inn’s estimating method for rate base was the same except for the depreciation calculation. UAB’s financial audit of Slide Inn indicates that the utility materially misstated accumulated depreciation and depreciation expense. Slide Inn used an accelerated tax depreciation method to calculate and report annual depreciation and depreciation accumulation. However, the Uniform System of Accounts (USOA) requires utilities to use the “straight-line remaining life method” for regulatory purposes.[[6]](#footnote-7) As a result, UAB found that the depreciation expense and accumulated depreciation of water plant reported in Slide Inn’s annual report did not agree with corresponding amounts in its depreciation schedule. UAB concluded that without performing an in-depth review of Slide Inn’s historical accounting records, the cumulative impact of the noted accounting errors on Slide Inn’s financial statements cannot be determined. Consequently, the WD applied the “straight-line remaining life method” to estimate depreciation as described below.

Along with the rate increase request, Slide Inn also requested to add the $9,000 cost of purchased equipment, $40,257 cost of the well project, and $2,500 in associated construction cost (shed, foundation, and wiring) for the new well into Slide Inn’s rate base. As mentioned in the interest expense discussion, Slide Inn incurred a $69,000 loan to fund an emergency well project. With the approval of AL No. 27-W, WD found this request to be reasonable. Therefore, plant expenses listed above are included in the estimation of WD’s recommended rate base for Slide Inn.

Slide Inn’s estimated rate base for 2024 was $315,083 and it did not provide an estimated rate base for TY 2025 and EY 2026. WD’s estimated rate base amounts for Slide Inn are calculated as $308,652 and $298,259, for TY 2025 and EY 2026, respectively, reflecting the depreciation explained above.

Average Plant

Slide Inn used an average plant amount of $475,437 as reported in the 2023 annual report. As discussed above, Slide Inn requested to include the $9,000 cost of purchased equipment, $40,257 cost of the well project, and $2,500 in associated construction costs (shed, foundation, and wiring) for the new well into Slide Inn’s rate base. Slide Inn also reported meter installation of $5,512 in 2024. Applying this information, WD estimated an average plant amount of $475,437 for TY 2025 and $476,937 for EY 2026 to reflect the addition of new meter installations.

Working Cash

WD and Slide Inn determined working cash by taking the total operating expenses and dividing that amount by twelve (12) per Standard Practice SP-U-16 for Class D Water Companies.[[7]](#footnote-8) After review of WD’s estimated operating expenses, Slide Inn agrees with WD’s recommended total operating expenses of $131,771; therefore, the working cash estimate is the same for TY 2025 and EY 2026 and is calculated as $10,981.

Depreciation

As discussed above, WD utilized the “straight-line remaining life method” with a 2.50% depreciation rate in calculating the depreciation expense and accumulated depreciation for TY 2025 and EY 2026. While Slide Inn estimated $475,437 as an average plant, the average plant includes $1,000 in non-depreciable plant and $474,437 in depreciable plant. WD utilized $475,437 for TY 2025 and $476,937 for EY 2026 in depreciable plant at a 2.5% depreciation rate to calculate the depreciation expense. Since Slide Inn is not anticipating plant retirements or additions for TY 2025, the depreciation expense will be $11,861. Since Slide Inn is anticipating a plant addition of Wells for EY 2026, the depreciation expense will be $11,923. WD’s estimated accumulated depreciation for 2025 and 2026 are $177,766 and $189,659, respectively. Consequently, net plant for 2025 and 2026 are estimated as $297,671 and $287,278, respectively.

**Rate of Return vs. Rate of Margin**

Commission Decision D.92-03-093, effective April 30, 1992, directed the WD to utilize both the ROR and ROM methods of ratemaking for Class C and Class D[[8]](#footnote-9) water utilities requesting new rates and to recommend the ratemaking method that produces the higher revenue requirement.[[9]](#footnote-10)

Slide Inn, in its general rate increase request, utilized the ROM method with an ROM of 25.24% to determine its requested revenue requirement of $204,000. The WD’s 2025 memorandum for the recommended ROR and ROM for Class C and D water utilities was issued on March 12, 2025. For Class D water utilities, the WD recommends a ROR range of 12.80% to 14.30% and a ROM of 27.50%.[[10]](#footnote-11)

The WD utilized both ROR and ROM methods to determine comparable revenue requirements. The calculations indicate that adopting a 13.51% ROR at the middle of the recommended range produces a revenue requirement of $193,153. Applying the ROM method with a recommended margin of 27.50% yields the same revenue requirement of $193,153. Since both the ROR and ROM methods produce identical results, WD selected the ROR method to estimate the revenue requirement for EY 2026.

WD’s estimated revenue increase is $56,874. Although Slide Inn proposed a three-year phase-in of any revenue increase, recognizing that 2024 has already passed, it is reasonable to phase in the significant revenue increase over two years. Therefore, WD recommends Slide Inn to increase the revenues by $33,861 in TY 2025 and $23,013 in EY 2026.

**Rates and Rate Design**

Slide Inn’s rate structure consists of two rate schedules: Schedule No. 1, General Metered Service and Schedule No. 2, Residential Flat Rate Service. Slide Inn filed its last GRC in 2020. Slide Inn was granted a Consumer Price Index (CPI) rate increase of $8,419 in 2023. As a result, Slide Inn’s proposed rate increase over a period of three years (2024-2026) is significant compared to current rates. Although Slide Inn requested a rate increase over a period of three years, 2024 has passed. As Slide Inn currently is experiencing increased expenses and other costs of operation, WD recommends that the rate increase be phased in over a period of two years, TY 2025 and EY 2026. Slide Inn agrees with WD’s recommendation to phase in the rate increase over these two years.

In Slide Inn’s requested metered rate revenue and design for this GRC, the utility initially based its projections on having only 26 metered customers (approximately 21% of its customer base). Since then, Slide Inn has been actively transitioning flat rate customers to metered service. The utility now reports that 86 out of its 126 customers (approximately 68%) are metered and anticipates increasing this number to 106 (approximately 84%) by the middle of 2026. Slide Inn estimates that all customers will be fully converted to metered service by late 2026 or early 2027. Of the utility’s 129 total customers, 126 are or will be served by a ¾” meter, while the remaining 3 customers will be served by a 1” meter.

As discussed above, Slide Inn is in the process of transitioning customers from flat rate to metered service. Due to the seasonal nature of a portion of its customer base, the utility has indicated that reliable usage data remains limited. However, the WD has determined that there is sufficient historical data, based on average consumption from 26 metered customers between 2020 and 2023, to reasonably project future usage. To support rate design during the transition, WD applied a ratio multiplier to scale the historical usage to reflect the projected increase to 86 metered customers in 2025 and 106 in 2026. The transition to metered service is expected to continue gradually, with all customers anticipated to be fully metered by late 2026 or early 2027.

In the interim, WD recommends that Slide Inn maintain its existing rate structures, allowing flat-rate and metered customers to remain on their respective billing systems while the utility completes the metering conversion. This phased approach supports a fair and transparent transition by providing billing stability and allowing the utility to gather additional consumption data to support the development of a comprehensive metered rate structure.

Once the transition is complete, Slide Inn will be required to file an advice letter—no later than 30 days before July 1, 2027—proposing a revised, unified rate design. This filing should include a two-part metered rate structure consisting of a monthly service charge to recover fixed costs and a quantity rate to recover variable costs. The advice letter will ensure proper regulatory review and approval of the final rate design before full implementation.

At the recommended ROR of 13.51%, the increase in revenues is estimated to be $34,200, or 25.10%, for 2025 and $22,674, or 13.30%, for 2026. The rates proposed by WD are shown in Appendix B.

At the recommended rates for TY 2025, a *bi-monthly* customer’s bill for an average residential customer with a 3/4-inch meter size using 4 CCF will increase from $151.97 to $214.62, or 41.23%. For an average flat-rate residential customer, a *bi-monthly* bill will increase from $166.87 to $236.31, or 41.61%.

At the recommended rates for EY 2026, a *bi-monthly* customer’s bill for an average residential customer with a 3/4-inch meter size using 4 CCF will increase from $214.62 to $254.11, or 18.40%. For an average flat-rate residential customer, a *bi-monthly* bill will increase from $236.31 to $286.98, or 21.44%.

A comparison of customer bills at present and recommended rates is provided in Appendix C of this resolution. The bill comparison in Appendix C is shown on a *bi- monthly* basis to reflect Slide Inn’s billing cycle.

Affordability of Proposed Rates

As discussed above, at the recommended rates for TY 2025, a *bi-monthly* customer’s bill for an average residential customer with a 3/4-inch meter size using 4 CCF will increase from $151.97 to $214.62, or 41.23% which is 3.56% of the 2023 MHI of $72,259 for Tuolumne County. In addition, a *bi-monthly* bill for an average flat-rate residential customer will increase from $166.87 to $236.31, or 41.61% which is 3.93% of the 2023 MHI for Tuolumne County.

At the recommended rates for EY 2026, a *bi-monthly* customer’s bill for an average residential customer with a 3/4-inch meter size using 4 CCF will increase from $214.62 to $254.11, or 14.80% which is 4.22% of the 2023 MHI for Tuolumne County. In addition, a *bi-monthly* bill for an average flat-rate residential customer will increase from $236.31 to $286.98, or 21.44% which is 4.77% of the 2023 MHI for Tuolumne County.

It should be noted that no affordability criteria have been developed and adopted in any Commission Decision or legislation. However, the Commission adheres to cost-of- service regulatory principles in developing rates for its jurisdictional utilities, and the WD’s recommended rates for Slide Inn are at the minimum required to satisfy the utility’s technical, managerial and financial capacity, and operational capability.

**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 make sure 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.”

The California Communities Environmental Health Screening Tool, Version 4 (CalEnviroScreen 4.0) provided by the California Office of Environmental Health Hazard Assessment (OEHHA), identifies disadvantaged communities (DAC) by collecting multiple metrics and outputting a single value at the census tract scale. CalEnviroScreen 4.0 ranks Slide Inn in the 17th percentile of the highest scoring census tracts statewide while the census tract also falls into the 86th percentile for Drinking Water and rises to the 35th percentile for Groundwater Threats. Accordingly, Slide Inn’s service area is not identified as a DAC. Given WD’s review of these current definitions and considerations, the proposed rate increase for Slide Inn is expected to provide improvements for the existing water service conditions within Slide Inn’s service area.

**COMPLIANCE**

The WD reviewed the utility’s compliance with water standards, financial regulations, filing of its annual report, and required User Fee payments to the Commission as part of the GRC analysis.

**DDW Sanitary Survey**

Slide Inn currently complies with the State Water Resources Control Board’s (SWRCB) Division of Drinking Water applicable water quality standards and regulations for safe drinking water.

**UAB Financial Review**

WD reviewed Slide Inn’s compliance with financial audit reviews conducted by the Commission’s UAB. The most recent UAB financial audit was conducted on Slide Inn’s Financial Statements on July 22, 2024, for the years ended on December 31, 2022. UAB identified eight recommendations regarding obtaining CPUC’s approval before incurring any long-term debts, complying with CPUC directives regarding CPUC Users Fee requirements, and timely filing of its annual reports. Slide Inn implemented all eight of UAB’s recommendations.

There was one noncompliance issue with the Commission’s USOA regarding the balances of Accumulated Depreciation of Water Plant and Depreciation Expense. UAB determined that without performing an in-depth review of Slide Inn’s historical accounting records, the cumulative impact of the noted accounting errors on Slide Inn’s financial statements cannot be determined. This matter was addressed as described above in the depreciation section. In accordance with USOA’s requirement for utilities, WD utilized the “straight-line remaining life method” with a 2.50% depreciation rate in calculating the depreciation expense and accumulated depreciation for TY 2025 and EY 2026.

**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 Slide Inn is current with its annual fee payments.

**Annual Reports**

Slide Inn filed its annual reports on time as required by the Commission.

**UTILITY SAFETY**

The primary utility safety matter for water utilities is that the water be potable, not harmful or dangerous, and comply with State and Federal Standards.[[11]](#footnote-12) Slide Inn does not continuously treat water produced from its wells; however this reflects the generally good water quality from the source, which does not currently necessitate continuous treatment. The utility has an Emergency Disinfection Plan (EDP)[[12]](#footnote-13) in place with DDW, which identifies the utility’s ability to chlorinate a well and pump-to-waste the water in the well if contamination is present. In addition, water quality is enhanced as the utility’s discharge piping from each well has the capability to accommodate an injection port if continuous chlorination is required.

Slide Inn conducts routine water quality monitoring and testing at set intervals as directed by DDW.

**COMMENTS**

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review.  Any comments are due within 20 days of the date of its mailing and publication on the Commission’s website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comment and will be placed on the Commission's agenda no earlier than 30 days from today.

No comments were received.

**FINDINGS AND CONCLUSIONS**

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. The water rate increases authorized herein are justified and the resulting rates are just and reasonable.
5. The water served by Slide Inn Water Company (Slide Inn) meets all applicable water quality standards set forth by State Water Resources Control Board’s Division of Drinking Water.
6. Slide Inn should be authorized to file a supplement to Advice Letter No. 25-W to incorporate the revised rate schedules (Appendix B) for TY 2025 effective July 1, 2025, and to concurrently cancel its presently effective rate schedules.
7. Slide Inn should be authorized to file a Tier 1 Advice Letter, thirty (30) days before effective date of July 1, 2026, to implement the revised rates attached to this Resolution as Appendix B for EY 2026.
8. Slide Inn should be authorized to file a Tier 1 Advice Letter, 30 days before July 1, 2027, to remove $1,500 of interest expense from its operating expenses and reduce rates beginning July 1, 2027.
9. Slide Inn should be authorized to file a Tier 1 Advice Letter, 30 days before July 1, 2027, to change its current rate design to a metered service beginning July 1, 2027.

**THEREFORE, IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454, for Slide Inn Water Company to submit a supplement to Advice Letter 25-W to incorporate the approved TY 2025 rate schedules attached to Res. W-5296 as Appendix B no later than June 25, 2025 for rates effective July 1, 2025 and concurrently cancel its presently effective rate Schedules: Schedule No. 1, General Metered Service and Schedule No. 2, Residential Flat Rate Service.
2. Slide Inn Water Company shall submit a Tier 1 Advice Letter, at least 30 days before the effective date, to implement the revised rates attached to this Resolution as Appendix B for EY 2026 and concurrently cancel its then presently- effective rate Schedules: Schedule No. 1, General Metered Service and Schedule No. 2, Residential Flat Rate Service. The effective date of the revised schedules shall be July 1, 2026.
3. Slide Inn Water Company shall submit a Tier 1 Advice Letter, at least 30 days before July 1, 2027, to remove $1,500 of interest expense from its operating expenses and reduce rates accordingly. The effective date of the revised schedules shall be July 1, 2027.
4. Slide Inn Water Company shall submit a Tier 1 Advice Letter, at least 30 days before July 1, 2027, to change its current rate design to a metered service. The effective date of the revised schedules shall be July 1, 2027.

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 June 26, 2025; the following Commissioners voting favorably thereon:

ALICE REYNOLDS

President

DARCIE L. HOUCK

JOHN REYNOLDS

KAREN DOUGLAS

MATTHEW BAKER

Commissioners

**APPENDIX A**

**Slide Inn Water Co.**

**Summary of Earnings**

**Page 1 of 2 (TY 2025)**



**APPENDIX A**

**Slide Inn Water Co.**

**Summary of Earnings**

**Page 2 of 2 (EY 2026)**



**END OF APPENDIX A**

**APPENDIX B**

**Slide Inn Water Co.**

**TY 2025**

**(Page 1 of 2)**



**APPENDIX B**

**Slide Inn Water Co.**

**TY 2025**

**(Page 2 of 2)**



**APPENDIX B**

**Slide Inn Water Co.**

**EY 2026**

**(Page 1 of 2)**



**APPENDIX B**

**Slide Inn Water Co.**

**EY 2026**

**(Page 2 of 2)**



**END OF APPENDIX B**

**APPENDIX C**

**Slide Inn Water Co.**

**Comparison of Rates**

**TY 2025**



**APPENDIX C**

**Slide Inn Water Co.**

**Comparison of Rates**

**EY 2026**



**END OF APPENDIX C**

**APPENDIX D**

**Slide Inn Water Co.**

**Adopted Quantities**

**TY 2025**

1. Purchased Power (Electric):

Vendor: PG&E

Total Cost: $16,700

1. Service Connections (2025):

|  |  |
| --- | --- |
| Meter Size: |  |
| 5/8 x 3/4-inch | 0 |
| 3/4-inch | 83 |
| 1-inch | 3 |
| 1-1/2-inch | 0 |
| 2-inch | 0 |
| Total: | 86 |
| Flat Rate: | 43 |

1. Metered Water Sales (2025): To be Determined
2. Tax Calculations

**Category 2025**Operating Revenues $170,140  
Operating Expenses $131,771  
Taxes Other than Income $2,821  
Depreciation $13,409  
Taxable Income for State $20,639  
State Taxes (Corporate rate 8.84%) $1,824

**APPENDIX D**

**Slide Inn Water Co.**

**Adopted Quantities**

**EY 2026**

1. Purchased Power (Electric):

Vendor: PG&E

Total Cost: $16,700

1. Service Connections:

|  |  |
| --- | --- |
| Meter Size: |  |
| 5/8 x 3/4-inch | 0 |
| 3/4-inch | 126 |
| 1-inch | 3 |
| 1-1/2-inch | 0 |
| 2-inch | 0 |
| Total: | 129 |
| Flat Rate: | 0 |

1. Metered Water Sales: To be Determined
2. Tax Calculations (Cont.)

**Category** **2026**  
Operating Revenues $193,153  
Operating Expenses $131,771  
Taxes Other than Income $2,849  
Depreciation $11,923  
Taxable Income for State $54,412  
State Taxes (Corporate rate 8.84%) $4,810

**END OF APPENDIX D**

**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-5296 on all parties in these filings or their attorneys as shown on the attached lists.

Dated May 19, 2025 at San Francisco, California.

|  |  |
| --- | --- |
|  | /s/ LEVI GOLDMAN |
| Levi Goldman | |

|  |
| --- |
| 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. |

**SLIDE INN WATER COMPANY**

**ADVICE LETTER 25-W**

**SERVICE LIST**

|  |  |
| --- | --- |
| Sheila Freiberg  9723 Camanche Pkwy S  Valley Springs, CA 95252  (209) 470-2927  Raelyn Mobley  23333 Creek Road  Long Barn, CA 95335  raelynmobley@icloud.com | Thomas J. Haglund  919 Ranch Road  Galt, CA 95632  Brian Ponty  2520 Nanette Drive  San Carlos, CA 94070  brianponty@yahoo.com |
| Robert Fortino  [Corp.ceo@corporatecenter.us](mailto:Corp.ceo@corporatecenter.us)  Jim Cearley  1617 Oakwood Dr.  Modesto, CA 95350  Lourdes Mertens, PE  [Lourdes.mertens@waterboards.ca.gov](mailto:Lourdes.mertens@waterboards.ca.gov)  Pete Kerns  ytcpete@gmail.com | Mike Radford  radman179@yahoo.com  Sharon Smales  [Sl\_smales@att.net](mailto:Sl_smales@att.net)  David McCollum  mongo@rattlebrain.com |
|  |  |

1. The 2023 MHI was obtained from the United States Census Bureau website: https://data.census.gov/table/ACSST5Y2023.S1901?q=Tuolumne%20County,%20California [↑](#footnote-ref-2)
2. The MDD and PHD were estimated by SWRCB using peaking factors. [↑](#footnote-ref-3)
3. AB 2572 requires all urban water suppliers, on or before January 1, 2025, to install water meters on all municipal and industrial water service connections that are located in its service territory. [↑](#footnote-ref-4)
4. Escalation factor is the rate of inflation for the costs of the utility’s purchase of labor and materials. More information on escalation factor can be found on this website: https://www.cpuc.ca.gov/-/media/cal-advocates-website/files/legacy3/dra-10-bves-escalation-and-ntgf.pdf [↑](#footnote-ref-5)
5. Utility Audit Branch’s financial audit on Slide Inn Water Company can be found here: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/utility-audits--risk--and-compliance-division/reports/water\_and\_sewer/2024/water\_and\_sewer\_2024-07-22\_slideinn\_wa.pdf [↑](#footnote-ref-6)
6. More information on “Straight-line remaining life method” can be found on this website: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/water-division/reports/standard-practice/sp-u-39-w.pdf [↑](#footnote-ref-7)
7. Standard Practice SP-U-16 for Class D Water Companies can be found on this website: http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M055/K059/55059235.PDF [↑](#footnote-ref-8)
8. Per Commission General Order 96-B, a water utility is Class C if it serves 501 through 2,000 service connections and Class D if it serves no more than 500 service connections. [↑](#footnote-ref-9)
9. See Ordering Paragraph 8, D.92-03-093. [↑](#footnote-ref-10)
10. The ROR/ROM memorandum can be found at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/water-division/reports/wd-memorandum/rorandrom-classcd2025.pdf> [↑](#footnote-ref-11)
11. Per General Order 103-A, Section II, (2) Water Quality and Supply Requirements [↑](#footnote-ref-12)
12. Slide Inn submitted its EDP to DDW on October 30, 2013. [↑](#footnote-ref-13)