

PROPOSED RESOLUTION

Resolution W-5310
WD

Agenda ID #23943

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

Agenda ID # 23943
RESOLUTION W-5310
February 5, 2026

R E S O L U T I O N

Resolution W-5310 Owens Valley Water Resources General Rate Case

PROPOSED OUTCOME:

- Grants Owens Valley Water Resources (OVWR) a general rate increase of \$80,756, or 59.04%, estimated to provide a Rate of Margin (ROM) of 27.50%.
- This rate increase is phased in over two years: Test Year (TY) 2026 and Escalation Year (EY) 2027.

SAFETY CONSIDERATIONS:

- OVWR 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 OVWR to ensure the utility remains current with its infrastructure updates and system repairs.

ESTIMATED COST:

- Producing an increase in gross annual revenues of \$40,378, or 29.52%, for TY 2026 and \$40,378, or 22.79%, for EY 2027.

By Advice Letter 31-W, Filed on August 6, 2025

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SUMMARY

This Resolution grants Owens Valley Water Resources (OVWR) a general rate increase producing \$80,756, or 59.04%, estimated to provide a Rate of Margin (ROM) of 27.50%. This increase is to be phased in over two years: TY 2026 and EY 2027, reducing the overall impact on the ratepayers. The rate increase will be implemented in two parts to produce an increase in gross annual revenues of \$40,378, or 29.52%, for TY 2026 and \$40,378, or 22.79%, for EY 2027.

BACKGROUND

By submission of Advice Letter (AL) 31-W to the Commission, OVWR requested authority under General Order (GO) 96-B, General Rule 7.6.2, Water Industry Rules 1.7 and 7.3.5, and Section 454 of the Public Utilities Code to increase its annual revenues by \$92,250, or 67.50%, based on a Rate of Margin (ROM) of 27.50%.

By submission of AL No. 31-W, OVWR also requested Commission authority to add the \$20,000 cost of a backup generator; \$23,000 cost of pumping equipment; and \$31,350 cost of transportation equipment into OVWR's rate base. OVWR purchased a truck in 2023, which is used by the general manager Nathan Morales, who oversees the water system. A backup generator was also purchased in 2023 to provide power to the system due to any Public Safety Power Shutoff (PSPS) or other electrical outage events. In 2025, the utility owner replaced a well pump in its water system due to its age and inefficiency.

OVWR's present rates became effective on May 7, 2025, with the approval of AL 30-W, which authorized a Consumer Price Index (CPI) increase of \$3,728, or 2.90%. OVWR's last General Rate Case (GRC) increase became effective on December 19, 2019, pursuant to Commission Resolution (Res.) W-5208, which authorized a general rate increase of \$60,144, or 87.90%, for TY 2019, estimated to provide a ROM of 23.65%.

OVWR is owned and operated by Larry Morales. Mr. Morales owns California Water Resources (CWR), Inc. CWR is a collective of water utilities including: OVWR, Sonora Water Resources, and Sierra Water Resources. As authorized by Res. W-5257, Mr.

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Morales purchased Owens Valley Water Company (OVWC) on February 8, 2023, and since then, he has made improvements to OVWR's water system.¹

OVWR is a Class D investor-owned water utility with 111 service connections that provides service to an area located in the unincorporated community of Inyo County adjacent to the City of Bishop.² The median household income (MHI) in Inyo County is \$72,432, according to the US Census.³

OVWR's water system consists of three wells and one pressurized tank. Currently, two wells are operational, while the third well is abandoned. Water from the wells is pumped into a hydropneumatic tank which feeds pressurized water into the distribution line. Well 1 is the primary production well with a new pump rated to 250 gallons per minute (gpm) that was installed in June 2025 to meet demand. Well 2 is abandoned. Well 3 is the secondary production well and is equipped with a 250 gpm pump. As a result of the newly installed pump, OVWR meets the 10-year maximum day demand (MDD) of 107,143 gallons per day (gpd) and the minimum flow requirements.

NOTICE

In accordance with GO. 96-B, OVWR served a copy of AL 31-W to its service list on August 6, 2025. A customer notice regarding both the proposed rate increase and public meeting was mailed to each customer and to the general service list on August 30, 2025.

PROTESTS

Advice Letter 31-W was not protested.

Site Visit

WD staff, with the assistance of the owner Lawrence Morales, inspected the water system on October 2, 2025. The major system components consisted of two wells, a tank, a backup generator, and an electrical panel. Staff observed that both wells were maintained in working condition. The backup generator was installed in June 2025 and

¹ More information about OVWR purchase agreement can be found on this website:
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M502/K088/502088336.PDF>

² D. 92-03-093, March 31, 1992, O.P. 6. Class D companies serve 500 service connections or less.

³ More information about Inyo County's MHI can be found on this website:
https://data.census.gov/profile/Inyo_County,_California?g=050XX00US06027

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the electrical panel was updated to allow for switching between power provided by Southern California Edison Electric and the generator. Due to the recent work, the generator and electrical panel were free of corrosion and in working condition. The owner ran the generator and demonstrated the operating procedures for switching to backup power. The owner indicated that the backup generator needs to be switched on manually and discussed future plans to install an automatic transfer switch. Currently, a contractor manually operates the generator when a power outage occurs.

The owner also showed operation of the connecting valves between the two wells and the tank to WD staff. Wells 1 and 3 alternated to fill the tank and WD staff observed the switch between wells. The tank was in working condition and no major corrosion was observed. A small compressor is also included in the system for use in the case of pressure drop within the tank.

In addition, WD staff observed the locations of two outbound valves to the residents: these are angled valves off the main line to the residents' houses, and a fire hydrant. The owner indicated that the currently installed outbound valves have not been tested since the change in ownership and expressed concerns for the valves' reliability. There are future plans to test the outbound valves but the owner wanted onsite construction equipment and licensed operators to immediately replace the valves in case of failure. The owner also presented to WD staff the general condition of the angled valves as well as one that had been repaired due to root damage from the local trees. All appurtenances appeared to be in working order, and the owner verified that the hydrants were tested annually.

Public Meeting

An informal public meeting was held on October 2nd, 2025, at City of Bishop Council Chambers located at 301 W. Lin Street, Bishop, CA, 93514. The meeting started at 5:10 PM and nine customers attended the public meeting. Lawrence Morales, the owner of OVWR, provided a general overview of its rate increase request including information on the system improvements the company made since its last GRC. WD staff provided an overview of the Commission's GRC process for Class C and D water utilities. Attendees expressed concern over the magnitude of the rate increase and the single test year timeframe, noting that many community members are on fixed income.

There was general disapproval over the size of the increase in comparison to the level of service provided by the utility from those in attendance. Attendees noted there have been many boil water notices, lack of call backs to service calls, and power interruptions

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leading to low pressure. Those in attendance reiterated a few times that they were not in favor of paying for the costs of fixing the system and believed the onus was on the owner for purchasing a dilapidated system. The attendees expressed displeasure with the rates in comparison to the other areas in Bishop.

The owner responded to the concerns by explaining how the rate increase will assist in achieving the level of service expected by the residents. The owner indicated that the backup generator was purchased to ensure that power is still supplied to the system, which will minimize the need for boil water notices due to PSPS events or power outages. In addition, the owner stated that the next step to improving the system is installing an automatic transfer switch to reduce the downtime power supplied to the wells. The owner explained that he is more cautious, as he leans towards safety and chooses to minimize the need for boil water notices. As a consequence, the utility requires sufficient revenues to be able to make repairs and to react to emergencies/failures. For these reasons, the requested rate increase reflects increased expenses beyond the expenses of the past. Addressing the size of the increase, the owner offered the possibility of phasing in the increase over multiple years instead of one year.

Overall, the customers in attendance objected to the rate increase. They believe an increase is necessary but not as much as proposed. Many concerns with service quality were expressed as a result of management by the previous owner. WD staff and the OVWR representatives answered customers' questions until approximately 7:00 PM.

DISCUSSION

In reviewing OVWR's (GRC) request, the WD conducted an independent analysis of the utility's proposed rate increase and its current operational conditions. Appendix A compares revenue, expenses, and rate base estimates in the Summary of Earnings for OVWR at presented proposed rates.

OVWR requests a rate increase of \$92,250, or 67.45% for TY 2025. Since the new ownership in 2023, OVWR has made improvements to its water system: repairing leaks, installing a backup generator, and replacing a submersible pump. With these improvements and the increased number of office and management employees, OVWR significantly increased its operating expenses in 2023 and 2024. However, since OVWR filed for a CPI increase in 2025, OVWR is not allowed to request a rate increase in the

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same year.⁴ Also, the requested rate increase is over 50% which will significantly impact ratepayers. Therefore, WD recommends OVWR use 2026 as its TY and implement its rate increase over two years: TY 2026 and EY 2027. OVWR agrees with WD's recommendation.

The WD provided OVWR with the WD's recommended expenses, rate base, and increase in revenues. OVWR agrees with these estimates and WD's recommended revenues for TY 2026 and EY 2027 as shown in Appendix A, and the recommended rates shown in Appendix B.

Operating Expenses

The WD verified OVWR'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, employee labor, contract work, transportation expenses, other plant maintenance, office salaries, management salaries, employee pensions and benefits, office services and rentals, office supplies and expenses, professional services, insurance, general expenses, and taxes other than income. WD concurs with all of OVWR's requested amounts for its operating expenses except for office services and rentals. Differences between WD's and OVWR's estimates of other operating expenses are explained below.

OVWR used several different ways to estimate operating expense items including: use of averaged 2023 and 2024 expenses with relevant escalation factors applied, use of the 2024 recorded expense increased by the 2024 CPI of 2.9% and use of the 2024 recorded expense applied to employee labor, office salaries, employee pensions and benefits, and insurance expenses which are shared expenses for the three companies owned by Larry Morales. WD's estimates of operating expenses were based on the average of the utility expenses reported in the 2023 to 2024 Annual Reports. WD then applied the relevant escalation factors published by the California Public Advocates Office (CPAO) in July 2025 to estimate OVWR's TY 2026 operating expenses.⁵

⁴ Standard Practice U-27-W, paragraph 19

⁵ 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>

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Office Services and Rentals

OVWR requested \$13,527 for office services and rentals expense in TY 2026. This request is based on rent, cable, Wi-Fi, and phone service for the office that OVWR shares with Sierra Water Resources and Sonora Water Resources. After reviewing the rental agreement and utility invoices, WD recommends \$9,124 for this expense account.

Employee Labor

OVWR requested \$25,600 for employee labor in TY 2026. This request is for the general manager of OVWR, Nathan Morales. Nathan has T2 and D3 State Water Certifications, and he performs the work normally done by a licensed operator. Since Nathan is the manager of OVWR, WD recommended OVWR to estimate this expense as management salaries expense. Therefore, WD did not recommend any expense for this account.

Office Salaries

OVWR requested \$17,562 for office salaries in TY 2026. This request is based on office salaries for Felicia Santan and Trina Morales, whose work scope includes billing and administrative work. OVWR's average office salaries expense from 2023 to 2024 is \$4,318; however, after reviewing Felicia and Trina's duties, WD finds the requested amount to be reasonable and WD agrees with the requested office salaries for OVWR.

Management Salaries

As mentioned previously, OVWR requested management salary expense as employee labor expense of \$25,600. However, this should be properly considered as management salary expense. OVWR requests \$25,600 for Nathan Morales, who is a general manager for OVWR. After reviewing the duties of Nathan and his qualifications, WD finds the requested amount to be reasonable and WD agrees with the requested management salary for OVWR.

Regulatory Commission Expense

OVWR requested \$3,000 for regulatory commission expense. This request is based on \$2,000 for GRC preparation and \$1,000 for CPI preparation. The \$2,000 GRC

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preparation expense is based on OVWR's request to amortize the \$6,000 GRC estimated expense preparation cost over three years. Since WD is recommending the rate increase over two years, WD recommends amortizing the GRC preparation fee of \$6,000 over two years or \$3,000 per year to align with the test years of this GRC. Therefore, WD recommends a total of \$4,000 for regulatory commission expense for TY 2026 and EY 2027, which is based on \$3,000 for GRC preparation cost and \$1,000 for CPI filing.

Utility Plant and Rate Base

WD's analysis of OVWR's rate base estimate included examining utility plant-in-service, utility plant additions, materials and supplies, working cash, and depreciation reserve. The WD and OVWR's estimating method for rate base was different for the average plant and the depreciation calculation.

OVWR's estimated rate base for 2025 was \$202,542, and it did not provide an estimated rate base for TY 2026 and EY 2027 since the requested rates used a 2025 TY. After reviewing OVWR's rate base calculation, WD found an inconsistency in its calculation and OVWC's purchase agreement. As explained above, OVWC was purchased by OVWR in 2023. According to Res. W-5257, OVWR requested to not place the purchase price of \$135,000 into its rate base, or that the purchase price would have an impact on current or future rates. However, after reviewing OVWR's plant allocation, WD confirmed that depreciable plant recorded in the 2023 annual report includes the purchase price of \$135,000 and a new truck purchased for \$30,500. Res. W-5257 also stated that OVWC's plant assets are nearly fully depreciated. Due to OVWC's plant assets being fully depreciated, WD staff estimated rate base using plant amounts in the 2022 annual report, not including the purchase price of OVWC. Staff also included in estimated plant: the new truck purchase, backup generator, pump, other equipment, and office furniture costs in the appropriate years.

WD's estimated rate base amounts for OVWR are calculated as \$68,890 and \$63,392, for TY 2026 and EY 2027, respectively. Differences between OVWR and WD rate base estimates are due to OVWR's inclusion of purchase price in its average plant as mentioned before and removal of previously accumulated depreciation from its original plant in the annual reports.

Average Plant

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OVWR used an average plant amount of \$200,848 as reported in the 2024 annual report. As mentioned previously, WD advised OVWR to amend its 2023 and 2024 annual reports to reflect the correct plant in service amount. OVWR had included the purchase price from 2023 into its rate base estimate and therefore, requested an incorrect average plant amount which included the purchase price. After reviewing OVWR's amended annual reports and conducting a site inspection to verify the plant additions in 2023 and 2025, WD recommends average plant in service of \$177,139 for TY 2026 and EY 2027. OVWR agrees with WD's recommendation.

Working Cash

OVWR determined working cash by taking the total operating expenses and dividing that amount by six (6), because OVWR previously billed its customers on a bi-monthly basis. However, OVWR switched its billing frequency from bi-monthly to monthly basis starting November of 2025⁶. WD divided the recommended operating expense amount by twelve (12) per Standard Practice (SP) U-16-W for Class D Water Companies to estimate OVWR's working cash.⁷ OVWR agrees with WD's recommended total operating expenses of \$148,324 and methodology used to estimate its working cash; therefore, the working cash estimate is the same for TY 2026 and EY 2027 and is calculated as \$12,360.

Depreciation

OVWR's requested depreciation expense of \$9,695 was calculated by adding depreciation expense of \$6,876 from average depreciable plant of \$171,902 at 4% depreciation rate and \$2,819 from intangible plant of \$14,096 at 20% depreciation rate as calculated by OVWR's certified public accountant. As explained previously, OVWR utilized the wrong plant in service amount in its 2023 and 2024 annual reports and agreed to utilize WD's recommended plant in service, as discussed above. As stated in Res. W-5257, plant assets that OVWR purchased in 2023 are fully depreciated. Therefore, WD only recommends depreciation expense for the plant amounts that were added after the purchase of OVWR. The plant amounts include the new truck purchase, backup generator, pump, other equipment, and office furniture costs in the appropriate years. WD also removed intangible plant depreciation expense from OVWR's requested amount, since intangible plant is a non-depreciable plant as stated in SP U-39-W,

⁶ OVWR's tariffs permit either monthly or bi-monthly billing.

⁷ Standard Practice U-16-W for Class D Water Companies can be found on this website: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M055/K059/55059235.PDF>

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Uniform System of Accounts (USOA).⁸ WD's estimated depreciation expense is \$4,767 and OVWR agrees with WD's recommendation.

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 D⁹ water utilities requesting new rates and to recommend the ratemaking method that produces the higher revenue requirement.¹⁰

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%.¹¹ OVWR, in its general rate increase request, utilized the ROM method with a ROM of 27.50% to determine its requested revenue requirement of \$229,020.

The WD utilized both ROR and ROM methods to determine comparable revenue requirements. The calculations indicate that adopting a ROR of 14.30% produces a revenue requirement of \$12,889, while applying the ROM method with a recommended margin of 27.50% yields a revenue requirement of \$217,525. Since ROM methods produce higher revenue, WD recommends using the ROM method to estimate the revenue requirements for TY 2026 and EY 2027.

Rates and Rate Design

OVWR has 111 flat rate customers, and each customer uses an average of 20 CCF of water per month. OVWR's current rate structure consists of two rate schedules: Schedule No. 1, General Metered Service and Schedule No. 2, Residential Flat Rate Service. WD recommended removing Schedule No. 1 General Metered Service because OVWR does not have metered customers. While WD recommends removing Schedule

⁸ Standard Practice U-39-W Uniform System of Accounts 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>

⁹ 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.

¹⁰ See Ordering Paragraph 8, D.92-03-093.

¹¹ The ROR/ROM memorandum can be found at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/water-division/reports/wd-memorandum/rorandom-classcd2025.pdf>

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No. 1, OVWR should file a tariff for metered rates in the future once meters are installed. OVWR agrees with WD's recommendation.

WD inquired of OVWR on future plans of installing meters, but OVWR stated that it has delayed the process due to the cost required to install meters. WD explained the benefits of conversion to meters to OVWR, and that transition to metered rates promote water conservation, as customers tend to use less water once they are being charged for water being used. In addition, customers that generally use less water may have a reduced water bill compared to flat rates. Purchased power expenses will also decrease due to reduced water consumption. OVWR acknowledged the benefits of meters and stated that they will install the meters when OVWR is financially able to do so.

OVWR was sold to Larry Morales in 2023, and since then, Mr. Morales has repaired significant amounts of existing plant structures and addressed leaks in the water system. He also purchased a used backup power generator to ensure power during outages and a new pump for the failing well #2 that was consuming significant amounts of electricity. The new pump brought the well back online and provides redundancy to the system. In addition, while the previous owners neglected maintenance, Mr. Morales implemented proper maintenance schedules. As a result, OVWR's operating expenses have increased significantly compared to its previous operating expenses in 2022. As OVWR currently is experiencing increased expenses and other costs of operation, OVWR is requesting a 67% rate increase in one year. To reduce the impact on the rate payers, WD recommends that the rate increase be phased in over a period of two years, TY 2026 and EY 2027. OVWR agrees with WD's recommendation to phase in the rate increase over these two years.

With the recommended ROM of 27.50%, the increase in revenues is estimated to be \$40,378, or 29.52%, for TY 2026 and \$40,378, or 22.79%, for EY 2027. The rates proposed by WD are shown in Appendix B.

With the recommended rates for TY 2026, a *monthly* customer's bill for an average flat-rate residential customer adjusted for the change from bi-monthly to monthly billing, will increase from \$102.68 to \$132.99, or 29.52%.

With the recommended rates for EY 2027, a *monthly* customer's bill for an average flat-rate residential customer, will increase from \$132.99 to \$163.31, or 22.79%.

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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 *monthly* basis to reflect OVWR's billing cycle.

Affordability of Proposed Rates

As discussed above, with the recommended rates for TY 2026, a *monthly* bill for an average flat-rate residential customer will increase from \$102.68 to \$132.99, or 29.52%, which is 2.20% of the 2023 MHI of \$72,432 for Inyo County, CA.

With the recommended rates for EY 2027, a *monthly* bill for an average flat-rate residential customer will increase from \$132.99 to \$163.31, or 22.79%, which is 2.71% of the 2023 MHI for Inyo County, CA.

Commission D.20-07-032, adopted in Rulemaking (R.) 18-07-006, 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 California Communities Environmental Health Screening Tool, Version 4 (CalEnviroScreen 4.0).

The WD continues to adhere to the Commission's cost-of-service regulatory principles in developing rates for its jurisdictional utilities, and OVWR may also file for subsequent rate increases when reasonable.

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,

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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 OVWR in the 14th percentile of the highest scoring census tracts statewide while the census tract also falls into the 57th percentile for Drinking Water and rises to the 14th percentile for Groundwater Threats. Accordingly, OVWR’s service area is not identified as a DAC. Given WD’s review of these current definitions and considerations, the proposed rate increase for OVWR is expected to provide improvements for the existing water service conditions within OVWR’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

OVWR 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.

Utility Audits Branch (UAB) Financial Review

UAB did not conduct a recent financial audit review for OVWR; therefore, WD could not review OVWR’s financial compliance with the Commission.

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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 OVWR is current with its annual fee payments.

Annual Reports

OVWR 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.¹² OVWR 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)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.

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

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

¹² Per General Order 103-A, Section II, (2) Water Quality and Supply Requirements

¹³ OVWR submitted its EDP to DDW on October 30, 2013.

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FINDINGS AND CONCLUSIONS

1. The Summary of Earnings (Appendix A) recommended by the Water Division (WD) is reasonable and should be adopted.
2. OVWR should cancel its Schedule No. 1, General Metered Service rates until meters are installed.
3. The rates recommended by the WD (Appendix B) are reasonable and should be adopted.
4. The quantities (Appendix D) used to develop the WD's recommendations are reasonable and should be adopted.
5. The water rate increases authorized herein are justified and the resulting rates are just and reasonable.
6. The water served by OVWR Water Company (OVWR) meets all applicable water quality standards set forth by State Water Resources Control Board's Division of Drinking Water.
7. OVWR should be authorized to file a supplement to Advice Letter No. 31-W to incorporate the revised rate schedules (Appendix B) for TY 2026 effective April 1, 2026, and to concurrently cancel its presently effective rate schedules.
8. OVWR should be authorized to file a Tier 1 Advice Letter, thirty (30) days before the effective date of April 1, 2027, to implement the revised rates attached this Resolution as Appendix B for EY 2027.

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THEREFORE, IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454, for Owens Valley Water Resources to submit a supplement to Advice Letter 31-W to incorporate the approved TY 2026 rate schedules attached to Res. W-5310 as Appendix B no later than March 1, 2026 for rates effective April 1, 2026 and concurrently cancel its presently effective rate Schedule: Schedule No. 1, General Metered Service and Schedule No. 2, Residential Flat Rate Service.
2. Owens Valley Water Resources shall submit a Tier 1 Advice Letter, at least 30 days before the effective date, to implement the revised rate attached to this Resolution as Appendix B for EY 2027 and concurrently cancel its presently effective rate Schedule: Schedule No. 2, Residential Flat Rate Service. The effective date of the revised schedules shall be April 1, 2027.

This Resolution is effective today.

The foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held October 9, 2025; the following Commissioners voting favorably thereon:

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APPENDIX A

Owens Valley Water Resources

Summary of Earnings

TY 2026

	Owens Valley Water Resources		Water Division	
	Present Rates	Requested Rates	Present Rates	Recommended Rates
Operating Revenues				
Flat Rate Customers	\$ 136,770	\$ 229,020	\$ 136,770	\$ 177,148
Metered Revenue	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 136,770	\$ 229,020	\$ 136,770	\$ 177,148
Operating Expenses				
610 Purchased Water	\$ -	\$ -	\$ -	\$ -
615 Purchased Power	\$ 11,121	\$ 11,121	\$ 8,797	\$ 11,121
618 Other Volume Related Expenses	\$ -	\$ -	\$ -	\$ -
630 Employee Labor	\$ 25,600	\$ 25,600	\$ 30,348	\$ -
640 Materials	\$ 3,053	\$ 3,053	\$ 2,967	\$ 3,053
650 Contract Work	\$ 8,914	\$ 8,914	\$ 8,729	\$ 8,914
Water Testing	\$ -	\$ -	\$ -	\$ -
660 Transportation Expenses	\$ 7,500	\$ 7,500	\$ 7,604	\$ 7,500
664 Other Plant Maintenance	\$ 3,548	\$ 3,548	\$ -	\$ 3,548
670 Office Salaries	\$ 17,562	\$ 17,562	\$ 3,028	\$ 17,562
671 Management Salaries	\$ -	\$ -	\$ -	\$ 25,600
674 Employee Pensions and Benefits	\$ 16,280	\$ 16,280	\$ 6,810	\$ 16,280
676 Uncollectable Accounts	\$ -	\$ -	\$ -	\$ -
678 Office Services and Rentals	\$ 13,527	\$ 13,527	\$ 11,493	\$ 9,124
681 Office Supplies and Expenses	\$ 5,738	\$ 5,738	\$ 6,333	\$ 5,738
682 Professional Services	\$ 20,040	\$ 20,040	\$ 33,258	\$ 20,040
684 Insurance	\$ 7,569	\$ 7,569	\$ 8,670	\$ 7,569
688 Regulatory Commission Expense	\$ 3,000	\$ 3,000	\$ 983	\$ 4,000
689 General Expenses	\$ 8,275	\$ 8,275	\$ 8,702	\$ 8,275
Subtotal	\$ 151,727	\$ 151,727	\$ 137,722	\$ 148,324
403 Depreciation	\$ 9,695	\$ 9,695	\$ 7,412	\$ 4,767
408 Taxes Other Than Income	\$ 3,401	\$ 4,615	\$ 3,401	\$ 4,615
409 State Income Taxes	\$ 800	\$ 5,568	\$ 800	\$ 1,719
410 Federal Income Taxes	\$ -	\$ 12,057	\$ -	\$ 3,722
427 Interest	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 13,896	\$ 31,935	\$ 11,613	\$ 14,823
Net Revenue	\$ (28,853)	\$ 45,358	\$ (12,565)	\$ 14,001
Rate Base				
Average Plant	\$ 200,848	\$ 200,848	\$ 179,489	\$ 188,489
Average Accumulated Depreciation	\$ 18,746	\$ 23,594	\$ 106,123	\$ 110,718
Net Plant	\$ 182,102	\$ 177,254	\$ 73,366	\$ 77,772
Less:				
Advances	\$ -	\$ -	\$ -	\$ -
Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -
Deferred Income Tax	\$ -	\$ -	\$ -	\$ -
Plus:				
Unamortized Investment	\$ -	\$ -	\$ -	\$ -
Construction Work in Progress	\$ -	\$ -	\$ -	\$ -
Working Cash	\$ 25,288	\$ 25,288	\$ 11,477	\$ 12,360
Materials and Supplies	\$ -	\$ -	\$ -	\$ -
Rate Base	\$ 207,390	\$ 202,542	\$ 84,843	\$ 90,132
Rate of Margin	-20.51%	27.50%	-8.60%	10.97%

PROPOSED RESOLUTION

Resolution W-5310

February 5, 2026

WD

APPENDIX A

Owens Valley Water Resources

Summary of Earnings

EY 2027

	Owens Valley Water Resources		Water Division	
	Present Rates	Requested Rates	TY 2026 Rates	Recommended Rates
Operating Revenues				
Flat Rate Customers	\$ 136,770	\$ 229,020	\$ 177,148	\$ 217,526
Metered Revenue	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 136,770	\$ 229,020	\$ 177,148	\$ 217,526
Operating Expenses				
610 Purchased Water	\$ -	\$ -	\$ -	\$ -
615 Purchased Power	\$ 11,121	\$ 11,121	\$ 11,121	\$ 11,121
618 Other Volume Related Expenses	\$ -	\$ -	\$ -	\$ -
630 Employee Labor	\$ 25,600	\$ 25,600	\$ -	\$ -
640 Materials	\$ 3,053	\$ 3,053	\$ 3,053	\$ 3,053
650 Contract Work	\$ 8,914	\$ 8,914	\$ 8,914	\$ 8,914
Water Testing	\$ -	\$ -	\$ -	\$ -
660 Transportation Expenses	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
664 Other Plant Maintenance	\$ 3,548	\$ 3,548	\$ 3,548	\$ 3,548
670 Office Salaries	\$ 17,562	\$ 17,562	\$ 17,562	\$ 17,562
671 Management Salaries	\$ -	\$ -	\$ 25,600	\$ 25,600
674 Employee Pensions and Benefits	\$ 16,280	\$ 16,280	\$ 16,280	\$ 16,280
676 Uncollectable Accounts	\$ -	\$ -	\$ -	\$ -
678 Office Services and Rentals	\$ 13,527	\$ 13,527	\$ 9,124	\$ 9,124
681 Office Supplies and Expenses	\$ 5,738	\$ 5,738	\$ 5,738	\$ 5,738
682 Professional Services	\$ 20,040	\$ 20,040	\$ 20,040	\$ 20,040
684 Insurance	\$ 7,569	\$ 7,569	\$ 7,569	\$ 7,569
688 Regulatory Commission Expense	\$ 3,000	\$ 3,000	\$ 4,000	\$ 4,000
689 General Expenses	\$ 8,275	\$ 8,275	\$ 8,275	\$ 8,275
Subtotal	\$ 151,727	\$ 151,727	\$ 148,324	\$ 148,324
403 Depreciation	\$ 9,695	\$ 9,695	\$ 4,767	\$ 4,767
408 Taxes Other Than Income	\$ 3,401	\$ 4,615	\$ 4,615	\$ 4,615
409 State Income Taxes	\$ 800	\$ 5,568	\$ 1,719	\$ 5,288
410 Federal Income Taxes	\$ -	\$ 12,057	\$ 3,722	\$ 11,452
427 Interest	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 13,896	\$ 31,935	\$ 14,823	\$ 26,122
Net Revenue	\$ (28,853)	\$ 45,358	\$ 14,001	\$ 43,080
Rate Base				
Average Plant	\$ 200,848	\$ 200,848	\$ 188,489	\$ 188,489
Average Accumulated Depreciation	\$ 27,000	\$ 27,000	\$ 110,718	\$ 115,485
Net Plant	\$ 173,848	\$ 173,848	\$ 77,772	\$ 73,005
Less:				
Advances	\$ -	\$ -	\$ -	\$ -
Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -
Deferred Income Tax	\$ -	\$ -	\$ -	\$ -
Plus:				
Unamortized Investment	\$ -	\$ -	\$ -	\$ -
Construction Work in Progress	\$ -	\$ -	\$ -	\$ -
Working Cash	\$ 25,288	\$ 25,288	\$ 12,360	\$ 12,360
Materials and Supplies	\$ -	\$ -	\$ -	\$ -
Rate Base	\$ 199,136	\$ 199,136	\$ 90,132	\$ 85,365
Rate of Margin	-20.51%	27.50%	10.97%	27.50%

END OF APPENDIX A

PROPOSED RESOLUTION

Resolution W-5310
WD

February 5, 2026

APPENDIX B Owens Valley Water Resources TY 2026

Schedule No. 2

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

(C)

TERRITORY

Lazy A Estates and vicinity, adjacent to Highway 395, located approximately one and one-half miles north of Bishop, Inyo County.

RATES

	Per Service Connection <u>Per Month</u>	(C) (C)
All existing flat rate connections, where meters have not been located.	\$132.99	(I)

SPECIAL CONDITIONS

1. For service covered by the above classification, if the utility so elects a meter shall be installed and service provided under Schedule No. 1, Metered Service.

PROPOSED RESOLUTION

Resolution W-5310
WD

February 5, 2026

APPENDIX B Owens Valley Water Resources EY 2027

Schedule No. 2

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

(C)

TERRITORY

Lazy A Estates and vicinity, adjacent to Highway 395, located approximately one and one-half miles north of Bishop, Inyo County.

RATES

All existing flat rate connections, where meters have not been located.	Per Service Connection <u>Per Month</u>	(C) (C)
	\$163.31	(I)

SPECIAL CONDITIONS

1. For service covered by the above classification, if the utility so elects a meter shall be installed and service provided under Schedule No. 1, Metered Service.

END OF APPENDIX B

PROPOSED RESOLUTION

Resolution W-5310
WD

February 5, 2026

APPENDIX C Owens Valley Water Resources Comparison of Rates TY 2026

Owens Valley Water Resources Test Year 2026 Comparison of Rates	Flat Rate:	Per Customer Annually			Percent Increase
		Present Rates	Recommended Rates		
	For each single-family residential unit, business establishment incl. premises	\$ 1,232.16	\$ 1,595.93	29.52%	

PROPOSED RESOLUTION

Resolution W-5310
WD

February 5, 2026

APPENDIX C Owens Valley Water Resources Comparison of Rates EY 2027

Owens Valley Water Resources Escalation Year 2027 Comparison of Rates	Flat Rate:	For each single-family residential unit, business establishment incl. premises	Per Customer Annually		
			Present <u>Rates</u>	Recommended <u>Rates</u>	Percent <u>Increase</u>
			\$ 1,595.93	\$ 1,959.69	22.79%

END OF APPENDIX C

PROPOSED RESOLUTION

Resolution W-5310
WD

February 5, 2026

APPENDIX D Owens Valley Water Resources Adopted Quantities TY 2026

1. Purchased Power (Electric):

Vendor:	So Cal Edison
Total Cost:	\$11,121

2. Service Connections:

<u>Flat Rate:</u>	111
Total:	111

3. Water Sales (CCF): 25,549

4. Tax Calculations

<u>Category</u>	<u>TY 2026</u>
Operating Revenues	\$177,148
Operating Expenses	\$148,324
Taxes Other than Income	\$4,615
Depreciation	\$4,767
Taxable Income for State	\$19,442
State Taxes (Corporate rate 8.84%)	\$1,719
Taxable Income for Federal	\$17,723
Federal Taxes (21%)	\$3,722

PROPOSED RESOLUTION

Resolution W-5310
WD

February 5, 2026

APPENDIX D Owens Valley Water Resources Adopted Quantities EY 2027

1. Purchased Power (Electric):

Vendor:	So Cal Edison
Total Cost:	\$11,121

2. Service Connections:

<u>Flat Rate:</u>	111
Total:	111

3. Water Sales (CCF): 25,549

4. Tax Calculations

<u>Category</u>	<u>EY 2027</u>
Operating Revenues	\$217,526
Operating Expenses	\$148,324
Taxes Other than Income	\$4,615
Depreciation	\$4,767
Taxable Income for State	\$59,820
State Taxes (Corporate rate 8.84%)	\$5,288
Taxable Income for Federal	\$54,531
Federal Taxes (21%)	\$11,452

END OF APPENDIX D

PROPOSED RESOLUTION

Resolution W-5310
WD

February 5, 2026

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-5310 on all parties in these filings or their attorneys as shown on the attached lists.

Dated January 6, 2026 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.

PROPOSED RESOLUTION

Resolution W-5310
WD

February 5, 2026

OWENS VALLEY WATER RESOURCES ADVICE LETTER 31-W SERVICE LIST

Inyo County Water Department
135 S. Jackson St.
Independence, CA 93526

City of Los Angeles
Department of Water And Power
300 Mandich
Bishop, CA 93514

City of Bishop Water Department
377 West Line Street
Bishop, CA 93514

Jack Hawks
jkhawks@comast.net

Meadow Creek Mutual Water Co.
Attn: Mr. Andy Holmes.
2919 Cheyenne Dr.
Bishop, CA 93514

Janet Poole
1431 Rocking W Dr
Bishop, CA 93514
Janet.poole@hotmail.com

Glenwood Mobil Estates
Attn: Ms. Maricela Garcia
1349 Glenwood Ln.
Bishop, CA 93514

John Bowen
1449 Rocking W Dr
Bishop, CA 93514
John.bowen42@gmail.com

Wilson Circle Mutual Water Co.
Attn: Mr. Steve Ball
P.O. Box 1005
Bishop, CA 93515

Allegra Davis
1449 Rocking W Dr
Bishop, CA 93514
allegraGdavis@gmail.com

Rolling Green Utilities
Attn: Arnie Peterson
139 Elmcrest Dr.
Big Pine, CA 93513

Larry Nelsom
1415 Lazy A Dr
Bishop, CA 93514
lzyvetboy@yahoo.com

OWENS VALLEY WATER RESOURCES

PROPOSED RESOLUTION

Resolution W-5310
WD

February 5, 2026

ADVICE LETTER 31-W SERVICE LIST

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Jose Perez
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