

WATER/RSK/PTL/LEP/jlj

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

DIVISION OF WATER AND AUDITS  
Water & Sewer Advisory Branch

RESOLUTION NO. W-4816  
December 17, 2009

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

**(RES. W-4816), AGATE BAY WATER COMPANY (Agate Bay).  
ORDER AUTHORIZING A RATE BASE OFFSET REVENUE  
INCREASE PRODUCING AN INCREASE IN GROSS ANNUAL  
REVENUES OF \$9,156 OR 3.0%.**

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**SUMMARY**

This Resolution authorizes Agate Bay's request by Advice Letter (AL) 28 filed on September 3, 2009, for a rate base offset rate increase of \$9,156 or 3.0% . The increase will not result in a rate of return greater than last authorized for Agate Bay.

The majority of the ratepayers, three quarter-inch flat rate customers, will see their annual rate increase from \$508.47 to \$523.72 or 3.0%.

**BACKGROUND**

Agate Bay is a Class C water utility. Agate Bay has requested authority under General Order (G.O.) 96-B, Rule 7.6.2 and Water Industry Rule 7.3.3(8), and Section 454 of the Public Utilities (P.U.) Code to increase its water rates by \$9,906 or 3.26% primarily to recover investment in new plant water mains and equipment which includes a Wacker ditch compactor. Agate Bay replaced over 200 feet of steel pipe that has had a history of leaks. The compactor was needed to install backfill material over new pipe when repairing leaks.

Agate Bay last general rate case (GRC), Res. W-4598 dated April 27, 2006, authorized an increase of \$51,572 or 23.10% with a 12.40% rate of return. The present rates were established on November 1, 2008 by Res. W-4717 which authorized a rate base offset of \$11,393 or 3.89 % and a one-time surcharge of \$1.26 per connection to recover annual Department of Public Health fees.

## **NOTICE AND PROTESTS**

Notice of the proposed rate increase was mailed to customers on September 2, 2009. No letters protesting the increase were received by the Commission.

## **DISCUSSION**

Agate Bay serves a residential subdivision area in the north end of Lake Tahoe near Carnelian Bay in Placer County. The system does not serve any business commercial or industrial premises; only single family homes and a recreation private club. Many of the houses are occupied only in summer or on weekends. The utility has requested \$750 for regulatory Commission expense which is not allowed since the regulatory Commission expense was included in the last GRC. Agate Bay has been notified.

The system currently has 580 flat rate service connections, of which 579 pertain to single family homes and one to a recreation private club. The 579 single family total does not include 16 additional single family unit connections served on the same premises.

On October 21, 2009, the Division of Water and Audits (Division) representative verified the improvements during a field site visit. The Division also investigated the costs through follow up and data request and found that they were appropriate. A field inspection conducted by staff verifies that these plant additions are used and useful. The \$45,704 plant additions are summarized below:

Pipeline Ophir Road	\$13,371
Excavation and replacement of water main	28,823
Placer County Encroachment	55
Inspections	268
Multiquip compactor	<u>3,187</u>
Total	45,704
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The new rate base is shown in Appendix A and the new rates are shown in Appendix B. In light of this new rate base, the total revenue requirement for the company has increased from \$301,131 to \$310,287 which is a \$9,156 or 3.0% increase.

## **COMPLIANCE**

Service by Agate Bay is satisfactory. There are no Commission orders requiring system improvements, nor are there any service problems requiring corrective actions. The utility has been filing annual reports as required.

## **COMMENTS**

This is an uncontested matter that pertains solely to a water corporation. Accordingly, pursuant to PU Code 311(g) (3), the otherwise applicable 30-day period for public review and comment is not required.

## **FINDINGS**

1. The rate base additions total \$45,704.
2. The requested rate base offset increase and resulting rates are reasonable and should be adopted.
3. Additional annual revenues of \$9,156 result from a 12.50% rate of return.
4. The utility has requested \$750 for regulatory Commission expense which is not allowed since the regulatory Commission expense was included in the last GRC.
5. The Commission finds, after investigation by the Division of Water and Audits, that the rate increase hereby authorized is justified, and the resulting rate increase is just and reasonable.
6. The Division's recommended Summary of Earnings (Appendix A) is reasonable and should be adopted.
7. The rates recommended by the Division (Appendix B) are reasonable and should be adopted.
8. This is an uncontested matter that pertains solely to a water corporation. Accordingly, pursuant to PU Code 311 (g) (3), the otherwise applicable 30-day period for public review and comment is not required.

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

1. Agate Bay Water Company is authorized to file an advice letter containing, Schedules 1, General Metered Service; 2A, Annual Flat Rate Service; 2AL, Limited Annual Flat Rate Service; and 4, Private Fire Protection Service, attached to this resolution as Appendix B, and cancelling its presently effective rate schedules, all of these changes to be effective five days after the filing of the advice letter.

2. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on December 17, 2009; the following Commissioners voting favorably thereon:

/s/ PAUL CLANON

Paul Clanon  
Executive Director

MICHAEL R. PEEVEY  
President

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG

TIMOTHY ALAN SIMON  
Commissioners

**APPENDIX A**  
**AGATE BAY WATER COMPANY**  
**SUMMARY OF EARNINGS**

	<b>Res. W-4717 10/16/2008</b>	<b>Rate Base Offset Adjustments</b>	<b>Proposed Rates</b>
<b>Operating Revenues</b>	\$301,131	\$9,156	\$310,287
<b>Operating expenses:</b>			
Power	5,433		5,433
Other Volume Related	4,247		4,247
Employee Labor	18,139		18,139
Materials	3,552		3,552
Contract Work	27,545		27,545
Transportation	4,025		4,025
Other Plant Maintenance	1,534		1,534
Office Salaries	17,084		17,084
Management Salaries	22,779		22,779
Employee Pension	20,192		20,192
Office Services & Rentals	4,800		4,800
Office Supplies & Expenses	6,112		6,112
Professional Services	4,333		4,333
Insurance	11,008		11,008
Regulatory Commission	1,400		1,400
General Expenses	3,151		3,151
Depreciation	25,510	1,148	26,658
Property Taxes	7,604	448	8,052
Taxes Other than Income	5,348		5,348
Income Taxes	31,530	1,912	33,442
<b>Total Deductions</b>	225,326		228,834
<b>Net Revenue</b>	75,805		81,453
<b>Rate Base:</b>			
Average Plant	901,855	45,704	947,559
Accumulated Depreciation	302,015	1,148	303,163
Net Plant	599,840		644,396
Plus Materials	4,915		4,915
<b>Rate Base</b>	604,755		649,311
<b>Rate of Return</b>	12.5%		12.5%

(END OF APPENDIX A)

**APPENDIX B**

Schedule No. 1

**GENERAL METERED SERVICE**

**APPLICABILITY**

Applicable to all water service furnished on a metered basis.

**TERRITORY**

Agate Bay and vicinity, on the northwest shore of Lake Tahoe, Placer County.

**RATES**

Quantity Rate:			
All water used per 100 cu. ft.	\$	1.63	(I)
Service Charge:		<u>Per Meter Per Month</u>	
For 5/8 x 3/4-inch meter	\$	21.16	(I)
For 3/4-inch meter	\$	23.05	
For 1-inch meter	\$	31.14	
For 1-1/2 inch meter	\$	41.85	
For 2-inch meter	\$	55.85	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the monthly charge computed at the Quantity Rate.

**SPECIAL CONDITIONS**

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

**APPENDIX B**

Schedule No. 2A

**ANNUAL FLAT RATE S SERVICE**

**APPLICABILITY**

Applicable to all flat rate residential water service furnished on an annual basis.

**TERRITORY**

Agate Bay and vicinity, on the northwest shore of Lake Tahoe, Placer County.

**RATES**

Annual Flat Rate:

For a single family residential unit, including premises  
Residential use, payable in advance on or before  
January 1 of each year

Served through a ¾-inch	\$ 523.72	(I)
For 1-inch meter	\$ 552.85	
For 1-1/4 inch meter	\$ 590.86	
For 1-1/2 inch meter	\$ 621.91	
For 2 -inch meter	\$ 688.09	(I)

For each additional single family  
residential unit on the same premises  
and served from the same service connection

	\$ 366.42	(I)
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**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, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum metered charge for the same period shall be made on or about the same day.

**APPENDIX B**

Schedule No. 2AL

**LIMITED ANNUAL FLAT RATE SERVICE**

**APPLICABILITY**

Applicable to flat rate service only to the Sun Club furnished on an annual basis.

**TERRITORY**

Agate Bay and vicinity, on the northwest shore of Lake Tahoe, Placer County.

**RATES**

Recreation Private Club use, five services plus one  
swimming pool, payable in advance on or before  
January 1 of each year

**Annual Flat Rate**

\$ 1,486.03 (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, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum metered charge for the same period shall be made on or about the same day.
2. All bills are subject to the reimbursement fee set forth on Schedule No. UF.



**APPENDIX B**

Schedule No. 4

**PRIVATE FIRE PROTECTION SERVICE**

**APPLICABILITY**

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

**TERRITORY**

Agate Bay and vicinity, on the northwest shore of Lake Tahoe, Placer County.

**RATES**

Per Service Connection  
Per Month

For each inch of diameter of service connections... \$ 10.71 (I)

**SPECIAL CONDITIONS**

1. The facilities for service connection to a privately-owned fire protection system will be installed by the utility or under the utility's direction and the cost paid by the applicant. Such cost will not be subject to refund. The facilities paid for will be the sole property of the applicant.
2. The minimum diameter for the private service connection will be 4 inches. The maximum diameter will not be larger than the diameter of the water main to which the service is connected.
3. If a main of adequate size to serve a private fire protection system in addition to all other normal service does not exist adjacent to the premises to be served, then a new main from the nearest existing main of adequate capacity will be installed by the utility and the cost paid by the applicant. Such cost will not be subject to refund. The main where located in the public right-of-way or utility easement will be the sole property of the utility.

(END OF APPENDIX B)