

SEARLES DOMESTIC WATER COMPANY, LLC

P.O. Box 577, Trona CA 93592, 760-372-5326, schuylea@svminerals.com

December 7, 2020

Advice Letter No. 70-W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Searles Domestic Water Company, LLC (Searles) hereby transmits for filing one digital copy of this advice letter 70-W and the following tariff sheets:

<u>NEW SHEET #</u>	<u>TITLE</u>	<u>CANCELLING SHEET #</u>
456-W	Schedule No. 1 (continued)	388-W
457-W	Schedule No. 4 (continued)	390-W
458-W	Schedule No. 7M (continued)	392-W
459-W	Schedule No. 9-MLZ (continued)	394-W
460-W	Table of Contents	455-W

REQUEST

By Advice Letter 70-W Searles requests recovery of \$135,940.71 from its Legal and Regulatory Services Cost Memorandum Account (LRCMA) in accordance with Preliminary Statement Para H. and Standard Practice U-27, Para 54. Recovery is requested over a three-year period, \$45,313.57 annually from 793 customers for a total of \$4.76 per customer per month or 7.72%.

BACKGROUND

Panamint Valley Limestone, Inc. (PVL) is a commercial entity seeking to build a limestone processing plant in San Bernardino County. Searles is the water company in the service territory where PVL seeks to build its facility. PVL demanded that Searles supply its facility with water for both its domestic requirements (bathrooms, etc.) and for operational requirements (the processing of the limestone). PVL also demanded that Searles complete a form certifying to the County of San Bernardino (County) that it would provide PVL with water, so as to enable PVL to receive a Conditional Use Permit from the County necessary for the development of the lime processing plant. Searles refused to do so because the projected use of potable water by the PVL plant exceeded a million gallons/month. Searles was also concerned because its sole source of potable water was, ultimately, the Indian Wells Valley Groundwater Basin, a groundwater basin found by the Department of Water Resources to be in a state of "critical overdraft."

In response, PVL filed a formal complaint at the Commission, C. 18-12-012, contending that Searles was statutorily discriminating against it by refusing to provide it with water for domestic and operational purposes. Searles responded that PVL has failed to properly state a case for

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discrimination and that Searles' tariff permitted Searles to refuse PVL's demand for the lime plant's operational water requirements. PVL amended its complaint twice which required responsive pleadings from Searles. PVL also initiated discovery to which Searles was required to respond. Searles was also required to respond to PVL's request for emergency relief. A prehearing conference was held in Ridgecrest. Searles filed motions to dismiss the original complaint as well as PVL's first and second amended complaint. The Commission's Docket card for C. 18-12-012 reflects 29 documents over the 16-month course of the proceeding. Ultimately, the Commission dismissed PVL's complaint. Decision 20-04-039 (April 4, 2020) agreed with Searles that PVL's claim of discrimination was without merit.

TIER DESIGNATION AND REQUESTED EFFECTIVE DATE

This AL and the enclosed tariff sheets are submitted pursuant to General Order (GO.) 96-B. AL 70-W is designated as a Water Rule Tier 3 Section 7.3.3 (7). The enclosed Tariff Sheets shall be effective upon Commission approval.¹

NOTICE

A copy of this AL has been served to all parties listed on the service list.² [A copy of the attached Customer Notice, reviewed by the Water Division, will be sent to each customer.](#) This filing will not cause withdrawal of service nor conflict with any other schedule or rule.

RESPONSE OR PROTEST³

Anyone may respond to or protest this AL. A response supports the filing and may contain information that proves useful to the Commission in evaluating the AL. A protest objects to the AL in whole or in part and must set forth the specific grounds on which it is based. These grounds are:

1. The utility did not properly serve or give notice of the AL;
2. The relief requested in the AL would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
3. The analysis, calculations, or data in the AL contain material error or omissions;
4. The relief requested in the AL is pending before the Commission in a formal proceeding;
or
5. The relief requested in the AL requires consideration in a formal hearing, or is otherwise inappropriate for the AL process; or
6. The relief requested in the AL is unjust, unreasonable, or discriminatory, provided that such a protest may not be made where it would require relitigating a prior order of the Commission.

¹ GO. 96-B, Water Industry Rule 7.3.3 (7)

² GO. 96-B, Water Industry Rule 4.1

³ GO. 96-B, General Rule 7.4.1

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A protest may not rely on policy objections to an AL where the relief requested in the AL follows rules or directions established by statute or Commission order applicable to the utility.

A protest shall provide citations or proofs where available to allow staff to properly consider the protest. DWA must receive a response or protest via email (or postal mail) within 20 days of the date the AL is filed. The addresses for submitting a response or protest are:

Email Address:

Water.Division@cpuc.ca.gov

Mailing Address:

California Public Utilities Commission
Water Division, 3rd Floor
505 Van Ness Avenue
San Francisco, CA 94102

On the same day the response or protest is submitted to Water Division (WD), the respondent or protestant shall send a copy of the protest to Audrey Schuyler at: Searles Domestic Water Company, LLC

Email Address:

schuylea@svminerals.com

Mailing Address:

Searles Domestic Water Company, LLC
P.O. Box 577
Trona, CA 93592

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform WD, within the 20-day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

REPLIES

The utility shall reply to each protest and may reply to any response. Any reply must be received by WD within five business days after the end of the protest period, and shall be served on the same day on each person who filed the protest or response to the AL.⁴

⁴ GO. 96-B, General Rule 7.4.3

SEARLES DOMESTIC WATER COMPANY, LLC

P.O. Box 577, Trona CA 93592, 760-372-5326, schuylea@svminerals.com

SERVICE LIST

- Recipient 1 Indian Wells Valley Water District
Attn: Ty Staheli
P.O. Box 1329
Ridgecrest, CA 93555
iwvwd@iwvwd.com
- Recipient 2 Paul Cook
San Bernardino County Board of Supervisors
385 N. Arrowhead Avenue, 5th Floor
San Bernardino, CA 92415-0110
supervisorcook@SBCounty.gov
- Recipient 3 Corporal Brian Woytovich
San Bernardino County Sheriff's Office
Trona Substation
bwoytovich@sbcasd.org

I hereby certify that the above service list has been served a copy of AL 70-W on December 7, 2020.

Executed in Santa Paula, California on the December 7, 2020.

Searles Domestic Water Company

By: /s/Frank Brommenschenkel
Audrey Schuyler
Manager

Enclosures

Schedule No. 1
(continued)

GENERAL METERED SERVICE

SPECIAL CONDITIONS (continued)

2. Except for service under special Condition 1 above, a separate meter and service connection is required for each single-family residence, each commercial or retain establishment, or each industrial enterprise regardless of the customer's single ownership or control of the premises served or to be served. The quantity registered by each meter will be charged separately.
3. The utility reserves the right to limit the quantity of water delivered to any resident, or any commercial or industrial enterprise to 8,000 cubic feet per month. If a multi-family apartment complex is served from one meter, the number of active units shall be multiplied by 8000 cubic feet to determine whether the monthly usage for the complex exceeds the limitation in this Special Condition 3.
4. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the utility, service to subsequent tenants in that unit will, at the utility's option be furnished on the account of the landlord or property owner.
5. A late charge will be imposed per Schedule No. LC.
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
7. For a period of 36 months beginning January 1, 2021, all water service will be subject to a monthly (N) surcharge of \$4.76, to recover \$135,940.71 that has been recorded in the Legal and Regulatory Service Cost Memorandum Account in connection with litigation to prevent increased demand on available potable water. AL 70-W (N)

(To be inserted by utility)

Advice Letter No. 70-W

Decision No. _____

Issued by

Avinash Puri

NAME

President

TITLE

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

Date Filed _____

Effective _____

Resolution _____

Schedule No. 4
(continued)

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS

5. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the utility, service to subsequent tenants in that unit will, at the utility's option be furnished on the account of the landlord or property owner.
6. A late charge will be imposed per Schedule No. LC
7. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
8. For a period of 36 months beginning January 1, 2021, all water service will be subject to a monthly surcharge of \$4.76, to recover \$135,940.71 that has been recorded in the Legal and Regulatory Service Cost Memorandum Account in connection with litigation to prevent increased demand on available potable water. AL 70-W (N) | (N)

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 70-W

Avinash Puri

Date Filed _____

NAME

Effective _____

Decision No. _____

President

Resolution _____

TITLE

Schedule No. 7M
(continued)

PUBLIC SCHOOL METERED SERVICE

SPECIAL CONDITIONS (continued)

3. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the utility, service to subsequent tenants in that unit will, at the utility's option be furnished on the account of the landlord or property owner.
4. A late charge will be imposed per Schedule No. LC.
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
6. For a period of 36 months beginning January 1, 2021, all water service will be subject to a monthly surcharge of \$4.76, to recover \$135,940.71 that has been recorded in the Legal and Regulatory Service Cost Memorandum Account in connection with litigation to prevent increased demand on available potable water. AL 70-W (N) | (N)

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 70-W

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Date Filed _____

NAME

Effective _____

Decision No. _____

President

TITLE

Resolution _____

Schedule No. 9-MLZ
(continued)

SURPLUS WATER HAULING SCHEDULE

SPECIAL CONDITIONS (continued)

3. The utility reserves the right to limit the quantity of water delivered to any resident. This service is available only on a surplus basis, to individual residences or any commercial or industrial enterprise, and is limited to a maximum of 2,000 cubic feet of water per month.
4. The utility reserves the right to discontinue to serve water upon 30 days written notice to each customer, Said notice is to be sent by certified mail.
5. During shortages of supply and interruption of delivery, Rule 14, Paragraph C, "Apportionment of Supply During Time of Shortage," will apply.
6. The standpipe is accessible to water hauling customers on a 24-hour basis.
7. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the utility, service to subsequent tenants in that unit will, at the utility's option be furnished on the account of the landlord or property owner.
8. A late charge will be imposed per Schedule No. LC.
9. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
10. For a period of 36 months beginning January 1, 2021, all water service will be subject to a monthly surcharge of \$4.76, to recover \$135,940.71 that has been recorded in the Legal and Regulatory Service Cost Memorandum Account in connection with litigation to prevent increased demand on available potable water. AL 70-W (N) | (N)

(continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 70-W

Avinash Puri

Date Filed _____

NAME

Effective _____

Decision No. _____

President

TITLE

Resolution _____

TABLE OF CONTENTS

The following listed tariff sheets contain all effective rates and rules affecting the charges and service of the utility, together with other pertinent information.

Subject Matter of sheet	Cal. P.U.C. Sheet No.
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(Continued)

(To be inserted by utility)

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SEARLES DOMESTIC WATER COMPANY, LLC

P.O. Box 577, Trona CA 93592, 760-372-5326, schuylea@svminerals.com

NOTICE TO CUSTOMERS OF PROPOSED SURCHARGE TO RECOVER LEGAL AND REGULATORY COST MEMORANDUM ACCOUNT (LRCMA) DRAFT

By Advice Letter 70-W, Searles Domestic Water Company, LLC (Searles) requests authority from the California Public Utilities Commission (Commission) to collect \$135,940.71 from its LRCMA over a three-year period from its 793 customers in the amount of \$4.76 monthly, 7.72%. This memorandum account total resulted from legal fees necessary to defend Searles in litigation before the Commission initiated by Panamint Valley Limestone, Inc. seeking access to large volumes of potable water from Searles limited water supplies available from Indian Wells Valley Groundwater Basin. The Commission staff will make a thorough investigation of Searles request.

There are two ways to respond to this notice, you may send a protest to the Commission and, if you do, you must send a copy of the protest to Searles.

PROTEST AND RESPONSES:

A protest is a document objecting to the granting in whole or in part of the authority sought in this advice letter filing. A response is a document that does not object to the authority sought, but nevertheless presents information that the party tendering the response believes would be useful to the Commission in acting on the request.

A protest must state the facts constituting the grounds for the protest, the effect that approval of the advice letter might have on the protestant and the reasons the protestant believes the advice letter or part of it is not justified. If the protest requests an evidentiary hearing, the protest must state the facts the protestant would present at an evidentiary hearing to support its request for whole or partial denial of the advice letter.

All protests or responses to this filing should be sent to both of the following addresses and should mention that they pertain to **Searles surcharge request**.

CA Public Utilities Commission, **and**
Water Division
505 Van Ness Avenue
San Francisco, California 94102
E-Mail : Water.Division@cpuc.ca.gov

Searles Domestic Water Company, LLC
P.O. Box 577
Trona, CA 93592
E-Mail: schuylea@svminerals.com

Comments must be sent no later than twenty (20) days after the date of this notice.

If you have not received a reply to your protest from the utility within ten (10) business days, you may contact Searles consultant at (805) 525-4200 or frank.brommen@verizon.net.

Further information may be obtained from the Searles business office.

Mailed: Enter date of mailing.

Searles Domestic Water Company, LLC

Summary of Earnings - LRCMA AL 70-W

07-Dec-20

	Res. W-4888 11/10/2011 Escalation Year 2013	Recorded 2019	2019 CPI-U Increase 2.3%	Annual Recovery of LRCMA	Total Revenue With LRCMA
Sales:					
Metered Water Revenue	\$ 667,515	\$ 550,697			\$ 550,697
				\$ 45,314	\$ 45,314
Private Fire Protection Revenue	\$ 2,340	\$ 2,461			\$ 2,461
School	\$ 19,345				
Other Water Revenue	\$ 4,350	\$ 33,607			\$ 33,607
Total Sales	\$ 693,550	\$ 586,765	\$ 16,945		\$ 649,023
Tax & Other Expense					
Depreciation Expense	\$ 56,844	\$ 89,213			\$ 89,213
Franchise Tax					\$ -
Income Taxes	\$ 68,403				\$ -
Property Tax		\$ 14,855			\$ 14,855
Payroll Tax		\$ 18,568			\$ 18,568
Other Tax (X-Conn)	\$ 30,009	\$ 3,416			\$ 3,416
Interest Expense		\$ 495			\$ 495
Total Tax & Other Expense	\$ 155,256	\$ 126,547			\$ 126,547
Volume Related Expense					
Purchased Water	\$ 100,833	\$ 71,529			\$ 71,529
Purchased Power		\$ -			\$ -
Other Vol. Rel. Exp.		\$ -			\$ -
Total Volume Related Expense	\$ 100,833	\$ 71,529			\$ 71,529
Non-Volume Related Expense					
Employee Labor	\$ 106,460	\$ 130,978			\$ 130,978
Materials	\$ 23,203	\$ 22,501			\$ 22,501
Contract Work	\$ 6,164	\$ 45,887			\$ 45,887
Transportation	\$ 20,978	\$ 37,599			\$ 37,599
Total Non-Volume Expense	\$ 156,805	\$ 236,965			\$ 236,965
General & Administrative Exp.					
Office salaries	\$ 30,000	\$ 38,990			\$ 38,990
Management	\$ 45,000	\$ 51,331			\$ 51,331
Employee Pension & Benefits	\$ 40,651	\$ 63,885			\$ 63,885
Uncollectable Accounts Expense	\$ 936	\$ 5,142			\$ 5,142
Office Services & Rentals	\$ 2,696	\$ -			\$ -
Office Supplies & Expense	\$ 14,401	\$ 15,538			\$ 15,538
Professional Services	\$ 1,503	\$ 33,761			\$ 33,761
Insurance	\$ 5,337	\$ 1,389			\$ 1,389
Regulatory Commission Expense	\$ 6,052	\$ 7,998			\$ 7,998
General Expenses	\$ 10,664	\$ 9,160			\$ 9,160
Total Gen & Admin. Expense	\$ 157,240	\$ 227,194			\$ 227,194
Expense Capitalized					
Net Admin & Gen Expense	\$ 157,240	\$ 227,194			\$ 227,194
Total Operating Expense	\$ 570,134	\$ 662,234			\$ 662,234
Net Operating Income (Loss)	\$ 123,416	\$ (75,469)			\$ (13,211)
Average Plant	\$ 2,382,666	\$ 2,759,557			\$ 2,759,557
Avg. Accum. Depreciation	\$ 1,270,175	\$ 1,750,506			\$ 1,750,506
Net Plant	\$ 1,112,491	\$ 1,009,051			\$ 1,009,051
Less: Advances	\$ -	\$ -			\$ -
Contributions	\$ 1,460	\$ -			\$ -
Plus: Working Cash	\$ 23,403	\$ 44,641			\$ 44,641
Mat'l & Supplies	\$ 89,876	\$ 129,420			\$ 129,420
Rate Base	\$ 1,224,310	\$ 1,183,112			\$ 1,183,112
Rate of Return	10.08%	-6.38%			-1.12%
Rate of Margin	N/A	-11.40%			-1.99%

Searles Domestic Water Company, LLC
AL 70-W LRCMA
12/7/2020

Total to be Amortized	\$ 135,940.71
Number of Customers	793
Three Year Amortization	3
Annual Amortization	\$ 45,313.57
Monthly Amortization	\$ 3,776.13
Monthly per Customer	\$ 4.76
Annual % Increase (\$45,313.57 divided by \$586,765 = 7.72%)	7.72%

Date	Invoice #	Amount
12/6/2018	62605	\$2,812.50
1/10/2019	62741	\$3,604.28
2/7/2019	62845	\$2,998.75
3/7/2019	63026	\$2,655.06
4/5/2019	63093	\$5,088.25
5/6/2019	63297	\$21,958.21
6/5/2019	63466	\$29,649.83
7/8/2019	63591	\$24,067.79
8/7/2019	63699	\$6,367.47
9/5/2019	63778	\$5,106.89
10/4/2019	63963	\$3,436.50
12/6/2019	63272	\$1,974.08
1/8/2020	64441	\$3,000.00
2/13/2020	64581	\$12,752.30
3/12/2020	64827	\$2,625.05
4/11/2020	64935	\$5,312.50
5/12/2020	65132	\$1,656.25
6/7/2020	65255	\$750.00
9/7/2020	65405	\$125.00
	Total	\$135,940.71