

**CALIFORNIA PUBLIC UTILITIES COMMISSION  
DIVISION OF WATER AND AUDITS**

**Advice Letter Cover Sheet**

**Utility Name:** Stone Creek Water Company

**Date Mailed to Service List:** July 13, 2020

**CPUC Utility #:** WTD 427

**Protest Deadline (20<sup>th</sup> Day):** Aug. 10, 2020

**Advice Letter #:** 3-W

**Review Deadline (30<sup>th</sup> Day):** Aug. 12, 2020

**Tier**     1     2     3     Compliance

**Requested Effective Date:** Aug. 27, 2020

**Authorization** GO 96B

**Rate Impact:** \$19,811  
184.6%

**Description:** Informal general rate case  
Test year 2020

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

**Utility Contact:** Dr. Leonard Weston

**Utility Contact 2:**

**Phone:** (760) 880-2002

**Phone 2:**

**Email:** [drlweston@earthlink.net](mailto:drlweston@earthlink.net)

**Email 2:**

**DWA Contact:** Tariff Unit

**Phone:** (415) 703-1133

**Email:** [Water.Division@cpuc.ca.gov](mailto:Water.Division@cpuc.ca.gov)

**DWA USE ONLY**

DATE

STAFF

COMMENTS

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

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APPROVED

WITHDRAWN

REJECTED

**Signature:** \_\_\_\_\_

**Comments:** \_\_\_\_\_

**Date:** \_\_\_\_\_

\_\_\_\_\_

# Stone Creek Water Company, Inc.

72810 Ambrosia Street, Palm Desert, CA 92260

Telephone: 760-880-2002

July 13, 2020

Advice Letter No. 3-W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

STONE CREEK Water Company, Inc. (STONE CREEK) hereby transmits for filing one original and one copy of this advice letter and the following tariff sheets which are enclosed:

<u>NEW SHEET #</u>	<u>TITLE</u>	<u>CANCELLING SHEET #</u>
85-W - 86-W	Schedule No. 1, General Metered Service	5-W
87-W	Schedule No. 2, Flat Rate Service	6-W
88-W	Table of Contents	81-W

## REQUEST

By Advice Letter (AL) No. 3-W, STONE CREEK requests authority under General Order 96-B, Rule 1.7 and Rule 7.6.2, Water Industry Rule 7.3.3(5) and Section 454 of the Public Utilities Code to increase its rates for water service to recover increased operating expenses and earn an adequate return on margin over current rates. The requested rates will be an increase of \$19,811 (184.6%) in gross annual revenue from present rates established in D.95-04-021 Certificate of Public Necessity (CPCN) on April 5, 1995, which will provide a rate of margin (ROM) of 5.02% in test year 2020. STONE CREEK requests that the proposed rate increase be implemented as step rate increases of \$13,273 in Test Year 2020 and \$6,538 in Test Year 2021.

STONE CREEK also requests authority to remit annual payments over a three-year period in the amount of \$1,109.60 per year for uncollected user fees of \$3,328.79 from 2003-2019.

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## **BACKGROUND**

The present rates became effective on April 5, 1995, pursuant to D.95-04-021 Certificate of Public Necessity (CPCN); which authorized a revenue of \$10,729, from the rates in place at the time. The utility has not applied for general rate case nor a CPI rate adjustment since being granted the CPCN in 2012. The utility has been operating at a loss since 2012.

### *Affordability of Proposed Rates*

With the proposed rates, the average bill for a ¾" metered rate residential customer per month would increase from \$53.20 to \$94.28, or 77.2% in TY 2020, from \$94.28 to \$135.35 or 43.6% in TY 2021 and from \$135.35 to \$176.43 or 30.3% in TY 2022. STONE CREEK is in the 92549-zip code in Riverside County where the annual median household income (MHI), for the zip code is \$68,977<sup>1</sup>. The proposed rate, accordingly, would be 1.64% of the respective MHIs in TY 2020, 2.36% in TY 2021 and 3.07% in TY 2022.

Riverside County has an individual poverty rate of 12.7%, and only about 8.8% of households have incomes under \$30,000 annually. The annual cost of water for an average customer is approximately 1.64% of the median household income (MHI) of \$68,977 for zip code 92549 in TY 2020. The Water Division (WD) notes that no affordability criteria have been developed and adopted in any Commission Decision or legislation, and that the percentage of MHI represented by the increased rates is for informational purposes only. The Commission adheres to cost-of-service regulatory principles in developing rates for its jurisdictional utilities, and the WD's recommended rates for STONE CREEK are the minimum required to satisfy the utility's technical, managerial and financial capacity, as well as operational capability. The discussion regarding affordability is presented to indicate to the Commission the relationship between the proposed rates and local incomes. With the proposed rates, the average bill for a ¾-inch metered residential customer

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consuming 6 CCF per month would increase from \$53.20 to \$94.28, or 77.2% in TY 2020.

While STONE CREEK's operating expenses have increased 161% since 1995, from \$13,538 to \$35,298 in 2020, the water rates have been the same since 1995. STONE CREEK is serving only 21 connections in the system. STONE CREEK has been consistently operating at a loss. These factors have resulted in high proposed rates. Without the rate increase, the utility will not be able to maintain a safe and reliable water system.

## *Safety*

STONE CREEK meets all applicable drinking water quality standards as required by the State Water Resources Control Board, Division of Drinking Water (SWRCB).

## *Reimbursement of User Fees*

From 2003 through 2019, STONE CREEK has not collected user fees from its customers on its invoices and therefore has failed to remit payments to the Commission.

STONE CREEK owes \$3,328.79 in non-remitted user fees for the period from 2003 through 2019 and proposes to remit annual payments over a three-year period in the amount of \$1,109.60 per year. The unpaid user fees will be remitted by check payments annually to the Fiscal Office and should be distributed from the utility's profits.

## **TIER DESIGNATION AND REQUESTED EFFECTIVE DATE**

# Stone Creek Water Company, Inc.

72810 Ambrosia Street, Palm Desert, CA 92260

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This AL and enclosed tariffs are submitted pursuant to Water Industry Rule 7.3.3(5) of General Order (GO.) 96-B and this AL is designated as a Tier 3 filing. This advice letter will become effective upon approval through a Commission Resolution. <sup>1</sup>

## **NOTICE**

STONE CREEK shall inform its customers, by bill insert, of this AL request that includes the amount of the increase, expressed in dollar and percentage terms.<sup>2</sup>

A copy of this AL has been served to all parties listed on the service list<sup>3</sup> on the last page of this AL. This filing will not cause withdrawal of service nor conflict with any other schedule or rule.

## **RESPONSE OR PROTEST<sup>4</sup>**

Anyone may respond to or protest this advice letter. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter. A protest objects to the advice letter 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 advice letter;
2. The relief requested in the advice letter 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 advice letter contain material error or omissions;
4. The relief requested in the advice letter is pending before the Commission in a formal proceeding; or

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<sup>1</sup> GO. 96-B, Water Industry Rule 7.3.3

<sup>2</sup> GO. 96-B, General Rule 3.1

<sup>3</sup> GO. 96-B, Water Industry Rule 4.2

<sup>4</sup> GO. 96-B, General Rule 7.4.1

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5. The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
6. The relief requested in the advice letter 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).

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. The WD 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:

**Mailing Address:**

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

**Email Address:**

[Water.Division@cpuc.ca.gov](mailto:Water.Division@cpuc.ca.gov)

On the same day the response or protest is submitted to WD, the respondent or protestant shall send a copy of the protest to STONE CREEK at:

**Mailing Address:**

STONE CREEK Water Company  
Attn: Dr. Leonard Weston  
72810 Ambrosia Street,  
Palm Desert, CA 92260

**Email Address:**

[drlweston@earthlink.net](mailto:drlweston@earthlink.net)

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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. Each 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 to the person who filed the protest or response.<sup>5</sup>

## CERTIFICATE OF SERVICE

I hereby certify that the service list from Advice Letter #3-W has been served a copy of this AL on July 13, 2020.

Executed in Palm Desert, California on July 13, 2020.

STONE CREEK Water  
Company

By: /s/LEONARD WESTON  
Leonard Weston  
Owner

Enclosures

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<sup>5</sup>GO. 96-B, General Rule 7.4.3

Schedule No. 1

GENERAL METERED SERVICE

TEST YEAR 2020

APPLICABILITY

Applicable to all water service furnished on a metered basis.

TERRITORY

Adjacent to Highway 243, extending about one mile northward from Stone Creek to just beyond Round Robin Street, off the highway, Riverside County

RATES

Quantity Rate:

For all water, per 100 cu. ft.	.....	\$5.10	(I)
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Service Charge:

		<u>Per Meter</u>	
		<u>Per Month</u>	
For	5/8 x 3/4-inch meter	.....	\$47.34 (I)
For	3/4-inch meter	.....	\$64.41 (I)
For	1-inch meter	.....	\$98.54 (I)
For	1 1/2-inch meter	.....	\$183.89 (I)
For	2-inch meter	.....	\$292.90 (I)

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

SPECIAL CONDITIONS

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

(To be inserted by utility)

Advice Letter No. 3-W

Decision No. GO-96B

Issued By

*Leonard and Carolyn Weston*

*Owner*

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

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

Effective \_\_\_\_\_

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



Schedule No. 1

GENERAL METERED SERVICE

TEST YEAR 2021

APPLICABILITY

Applicable to all water service furnished on a metered basis.

TERRITORY

Adjacent to Highway 243, extending about one mile northward from Stone Creek to just beyond Round Robin Street, off the highway, Riverside County

RATES

Quantity Rate:

For all water, per 100 cu. ft.	.....	\$6.52	(I)
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Service Charge:

		<u>Per Meter</u>	
		<u>Per Month</u>	
For	5/8 x 3/4-inch meter	.....	\$50.95 (I)
For	3/4-inch meter	.....	\$76.43 (I)
For	1-inch meter	.....	\$127.38 (I)
For	1 1/2-inch meter	.....	\$254.76 (I)
For	2-inch meter	.....	\$407.61 (I)

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

SPECIAL CONDITIONS

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

(To be inserted by utility)

Advice Letter No. 3-W

Decision No. GO-96B

Issued By

*Leonard and Carolyn Weston*

*Owner*

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

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

Effective \_\_\_\_\_

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

Schedule No. 2

**FLAT RATE SERVICE**

TEST YEAR 2020

**APPLICABILITY**

Applicable to all flat rate residential water services furnished on a monthly basis.

**TERRITORY**

Adjacent to Highway 243, extending about one mile northward from Stone Creek to just beyond Round Robin Street, off the highway, Riverside County

**RATE**

	Per Connection Per Month	Service Per Month
For a single-family residential unit Including premises	\$ 121.19	(I)
For each additional single-family residential unit on the same premises served from the same service connection.	\$ 121.19	(I)

**SPECIAL CONDITIONS**

1. The above residential rates apply to a service connection not larger than one inch in diameter.
2. If the utility so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service.
3. All bills are subject to the reimbursement fee for set forth in Schedule UF.

(To be inserted by utility)

Advice Letter No. 3-W

Decision No. GO-96B

Issued By

**Leonard and Carolyn Weston**

**Owner**

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

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

Effective \_\_\_\_\_

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

**TABLE OF CONTENTS**

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

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(continued)

(To be inserted by utility)

Advice Letter No. 3-W

Decision No. GO-96B

Issued By

*Leonard and Carolyn Weston*

*Owner*

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

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

Effective \_\_\_\_\_

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

# Stone Creek Water Company, Inc.

72810 Ambrosia Street, Palm Desert, CA 92260

Telephone: 760-880-2002

## Service List Advice Letter No. 3

Leo Havener, General Manager  
Idyllwild Water District  
25945 Highway 243  
Idyllwild, CA 92549  
[office@idyllwildwater.com](mailto:office@idyllwildwater.com)

Keith Jones, Director  
Dept. of Environmental Health  
County of Riverside  
P.O. Box 7909  
Riverside, CA 92513

Jennifer Capitolo  
Executive Director  
California Water Association  
[jcapitolo@calwaterassn.com](mailto:jcapitolo@calwaterassn.com)

Ed Viray  
[eviray88@gmail.com](mailto:eviray88@gmail.com)