

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

Advice Letter Cover Sheet

Utility Name: PureSource Water, Inc.

Date Mailed to Service List: 3/28/2024

CPUC Utility #: WTD 158

Protest Deadline (20th Day): 4/17/2024

Advice Letter #: 45

Review Deadline (30th Day): 4/27/2024

Tier 1 2 3 Compliance

Requested Effective Date: Upon Filing

Authorization D.92-03-093

Rate Impact: \$4.07 / 3.4%

Description: 2023 CPI Adjustment

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: Martin Mills

Utility Contact 2: Jennifer Young

Phone: 831-688-8476

Phone 2: 831-688-8476

Email: Martin@psh2o.com

Email 2: Jennifer@psh2o.com

DWA Contact: Tariff Unit

Phone: (415) 703-1133

Email: Water.Division@cpuc.ca.gov

DWA USE ONLY

DATE

STAFF

COMMENTS

APPROVED

WITHDRAWN

REJECTED

Signature: _____

Comments: _____

Date: _____

PureSource Water, Inc.

PO Box 1958, Aptos, CA 95001

Telephone 831-688-8476

accounts@psh2o.com

March 28, 2024

Advice Letter No. 45

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

<u>NEW SHEET #</u>	<u>TITLE</u>	<u>CANCELLING SHEET #</u>
292-W	Schedule No. 2R	287-W
293-W	Schedule No. F	288-W
294-W	Table of Contents	291-W

REQUEST

By AL No. 45, PureSource requests permission to increase its revenues (based on increase to the present monthly water service rate) by 3.4%, the Consumer Price Index (CPI) for 2023. The projected revenue increase of \$3,758 will not result in a rate of margin which exceeds the authorized rate of margin (ROM) of 18.51%. See note regarding ROM in Background information below. Workpapers justifying this increase are enclosed.

BACKGROUND

The present rates became effective on 2/28/2023, pursuant to Resolution W-4493, which authorized an offset (CPI) rate increase of \$6,746, or 6.5%.

The last general rate increase became effective on 1/29/17, pursuant to Resolution W-5128, which authorized a general rate increase of \$24,985, or 35.69%, and a rate of margin of 18.51%.

Note: The rate of margin (ROM) of 18.51% that was authorized by the last General Rate Case, erroneously did not include the depreciation or taxes in the Summary of Earnings worksheet ROM calculation. When using the proper calculation, including depreciation and taxes, the authorized ROM would have been only 8.53%. AL 45 does not result in a rate of margin exceeding the 18.51% authorized.

AL 45 is filed pursuant to Ordering Paragraphs No.1 of Decision 92-03-093 and Resolution W-4493, which authorized Class C and D water and sewer utilities to file a request for a CPI increase once a year by AL. The increase is to be passed on to the utility's customers in their monthly water service rate.

PureSource Water, Inc.

PO Box 1958, Aptos, CA 95001

Telephone 831-688-8476

accounts@psh2o.com

TIER DESIGNATION AND REQUESTED EFFECTIVE DATE

This AL and the enclosed tariff sheets are submitted pursuant to General Order (GO.) 96-B. AL 34 is designated as a Tier 1 AL and the enclosed tariff sheets will become effective upon filing.¹

NOTICE

This AL does not require notice;² however, the utility shall inform its customers, by bill insert in the first bill that includes the increase, of the amount of the increase expressed in dollar and percentage terms.³ A copy of this AL has been served to all parties listed on the service list⁴ 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 PROTEST⁵

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.

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 Water Division must receive a response or protest via email (**or** postal mail) within 20 days of the date the AL is filed.

¹ GO. 96-B, Water Industry Rule 7.3.1

² GO. 96-B, General Rule 4.2

³ GO. 96-B, General Rule 3.2

⁴ GO. 96-B, Water Industry Rule 4.1

⁵ GO. 96-B, General Rule 7.4.1

PureSource Water, Inc.

PO Box 1958, Aptos, CA 95001

Telephone 831-688-8476

accounts@psh2o.com

The addresses for submitting a response or protest are:

Mailing Address:

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

Email Address:

Water.Division@cpuc.ca.gov

On the same day the response or protest is submitted to the Water Division, the respondent or protestant shall send a copy of the protest to PureSource at:

Mailing Address:

PureSource Water, Inc.
PO Box 1958
Aptos, CA 95001

Email Address:

martin@psh2o.com

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform DWA, 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 DWA 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 to the AL.⁶

PureSource Water, Inc.

By: _____

Martin Mills
Owner

Enclosures:

AL 45 Cover Sheet, Tariffs

⁶ GO. 96-B, General Rule 7.4.3

PureSource Water, Inc.

PO Box 1958, Aptos, CA 95001

Telephone 831-688-8476

accounts@psh2o.com

SERVICE LIST

*Soquel Creek Water District
P.O. Box 1550
Capitola, CA 95010
MelanieS@soquelcreekwater.org

*Central Water District
400 Cox Road
Aptos, CA 95003
cenwtr@yahoo.com

*Trout Gulch Mutual Water Company
90 Victoria Lane
Aptos, CA 95003
troutgulchwater@gmail.com

*Cathedral Hills Mutual Water Company
237 Campus Drive
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pgoetz517@gmail.com
ball.jerry@sbcglobal.net

*Environmental Health Services
County of Santa Cruz
701 Ocean Street, Room 312
Santa Cruz, CA 95060
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*Pete Brown
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*Holger Blech and Sandy Clay
3218 Forest Park Lane
Aptos, CA 95003
theblechfamily@gmail.com

Chris Borger
PO Box 1083
Soquel, CA 95073

*Notified by email

PureSource Water, Inc.

PO Box 1958, Aptos, CA 95001

Telephone 831-688-8476

accounts@psh2o.com

CERTIFICATE OF SERVICE

I hereby certify that the attached service list has been served a copy of this Advice Letter No. 45 on March 28, 2024.

Executed in Aptos, California on the 28th of March, 2024.

PureSource Water, Inc.

By: _____

Martin Mills
Owner

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential and commercial water service.

TERRITORY

Rio del Mar Lodge Sites Subdivisions Nos. 1 and 2 and parcel identified as Tax Code Area 105-111-36, in Santa Cruz County.

RATES

	Per Service Connection <u>Per Month</u>	
For each single-family residential unit	\$123.68	(I)

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. 45

Decision No. _____

Issued By

Martin Mills

Owner

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

Date Filed _____

Effective _____

Resolution No. _____

Schedule No. F

FACILITIES FEES

APPLICABILITY

Applicable to all customers applying for service from the Utility in the territory served for premises not previously connected to its distribution mains and for additional service connections to existing premises.

TERRITORY

This schedule is applicable within the entire territory served by the Utility.

RATES

Initial Fee for each Service Connection:

For Flat Rate Service: \$4,372 (I)

SPECIAL CONDITIONS

1. Facility fees are payable in addition to and do not limit any charges for extensions of mains that may be applicable under Rule 15, Main Extensions.
2. These fees are not subject to the Public Utility Commission Reimbursement Fee surcharge in Schedule UF.
3. These fees shall be used only for the repair and replacement or the installation of new infrastructure.
4. These fees shall be deposited in a separate trustee account and used only upon permission of the Division of Water and Audits or its successor.

(To be inserted by utility)

Advice Letter No. 45

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

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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.

<u>SUBJECT MATTER OF SHEET</u>	<u>P.U.C. SHEET NO.</u>
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Table of Contents	294-W, 263-W (T)
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Schedule No. LC – Late Payment Charge	185-W
Schedule No. UF – Surcharge to Fund PUC Reimbursement Fee	290-W
Schedule No. F – Facilities Fee	293-W (R)
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No. 2 – Description of Service	68-W
No. 3 – Application for Service	186-W
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No. 5 – Information Required on Forms	259-W, 188-W – 260-W
No. 6 – Establishment and Re-establishment of Credit	22-W
No. 7 – Deposits	190-W, 191-W
No. 8 – Notices	192-W, 193-W
No. 9 – Rendering and Payment of Bills	194-W, 195-W
No. 10 – Disputed Bills	264-W, 197-W
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No. 12 – Information Available to Public	33-W, 34-W
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No. 14 – Continuity of Service	37-W
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No. 15 – Main Extensions	206-W to 218-W, 283-W
No. 16 – Service Connections, Meters, & Customer’s Facilities	219-W – 225-W
No. 17 – Standards for Measurements of Service	54-W
No. 18 – Meter Tests & Adjustment of Bills for Meter Error	55-W – 57-W
No. 19 – Service to Separate Premises & Multiple Units and Resale of Water	142-W, 143-W
No. 20 – Water Conservation	228-W
No. 21 – Fire Protection	229-W

(continued)

(To be inserted by utility)

Advice Letter No. 45

Decision No. _____

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Martin Mills

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

Date Filed _____

Effective _____

Resolution No. _____

Attachment 1 - PureSource Water, Inc.
Summary of Earnings - Earnings Test Calculation

	Category	Most Recent Adopted GRC	CPI Adjustment @ 2.1% on Recent Adopted Revenue Only (Effective 4/16/18)	CPI Adjustment @ 7.0% on Recent Adopted Revenue Only (Effective 4/26/22)	CPI Adjustment @ 6.5% on Recent Adopted Revenue Only (Effective 2/28/23)	Actual 2023 as of 12/31/23	CPI Adjustment @ 3.4% on Recent Adopted Revenue Only	Revenue After CPI Increase
	Flat Rate Billing per Month 77 Customers	\$102.81 Per Resolution W-5128	\$104.97 2.10%	\$112.31 7.00%	\$119.61 6.50%	\$119.61	\$123.67 3.40%	\$123.67
Acct	Operating Revenues					Accrual Basis		
460	Unmetered Service Revenue	\$95,000	\$1,995	\$6,790	\$6,746	\$109,635	\$3,758	\$113,393
480	Other Water Revenue (Late Fees)					\$445		
	Total Operating Revenues	\$95,000	\$1,995	\$6,790	\$6,746	\$110,080	\$3,758	\$113,393
	Operating Expenses					Actual Expenses from 2023		
610	Purchased Water	\$500				\$0		\$0
615	Purchased Power	\$7,900				\$9,460		\$9,460
618	Other Volume Related Expenses	\$0				\$0		\$0
630	Employee Labor	\$0				\$0		\$0
640	Materials	\$1,238				\$1,993		\$1,993
650.1	Contract Work (Excl Water Testing)	\$9,000				\$10,391		\$10,391
650.2	Water Testing	\$2,324				\$777		\$777
660	Transportation	\$4,000				\$3,809		\$3,809
664	Other Plant Maintenance	\$0				\$358		\$358
670	Office Salaries	\$0				\$0		\$0
671	Management Salaries	\$40,000				\$48,000		\$48,000
674	Employee Benefits	\$2,400				\$2,640		\$2,640
676	Uncollectibles	\$0				\$0		\$0
678	Office Services and Rental	\$1,070				\$1,806		\$1,806
681	Office Supplies and Expenses	\$3,100				\$3,892		\$3,892
682	Professional Services	\$1,200				\$1,601		\$1,601
684	Insurance	\$3,183				\$3,284		\$3,284
688	Regulatory Comm Expense	\$0				\$0		\$0
689	General Expenses	\$1,500				\$1,125		\$1,155
	Subtotal Operating Expenses	\$77,415				\$89,137		\$89,167
403	Depreciation	\$0				\$3,901		\$3,901
408	Taxes other than Income	\$7,121				\$6,672		\$6,672
409	State Income Tax	\$925				\$800		\$800
410	Federal Income Taxes	\$1,431				\$482		\$482
237	Interest	\$0				\$0		\$0
	Total Operating Revenue Deductions	\$86,892				\$100,992		\$101,022
	Net Revenue:	\$8,108				\$9,088		\$12,371
	Operating Ratio	0.915				0.917		0.891
	ROM (Calculated)	8.53%				8.26%		10.91%
	ROM (As shown on rate case filing)*	18.51%						PASSED EARNINGS TEST

* - Last GRC erroneously did not include the depreciation, taxes, or interest in the Rate of Margin calculation.