





# Lake Alpine Water Company

July 17, 2020

Advice Letter No. 124

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

LAKE ALPINE WATER COMPANY (LAWC), U148W, 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 No.</u>	<u>Title</u>	<u>Canceling Sheet No.</u>
581-W	Schedule 1A-Annual Metered Service	549-W
582-W	Schedule 4, Private Fire Protection Service	462-W
583-W	Schedule F, Facilities Fees	474-W
584-W	Table of Contents	580-W

**Request:** By AL 124, LAWC requests permission to increase its revenues (based on increase to the present monthly quantity rate and service charge) by 2.3%, the Consumer Price Index (CPI) for 2019. The projected revenue increase of \$14,847 will not result in a rate of margin which exceeds the authorized rate of margin of 24%. Workpapers justifying this increase are enclosed.

**Background:** The present rates became effective on November 7, 2018, pursuant to Resolution W-5175 which as the last general rate case authorized a rate increase of \$102,300 or 18.8% and a rate of margin of 24%.

AL 124 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 quantity rate and service charge.

**Tier Designation and Requested Effective Date:** This AL and the enclosed tariff sheets are submitted pursuant to General Order 96-B. AL 124 is designated as a Tier 1 AL and the enclosed tariff sheets will become effective upon filing.

**Notice:** This AL does not require notice, 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. A copy of this AL has been served to all parties listed on the service list 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:** 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;



## Lake Alpine Water Company

- (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 re-litigating a prior order of the Commission.)

A response or protest must be made in writing or by electronic mail and must be received by the Division of Water and Audits within 20 days of the date this AL is filed. The AL process does not provide for any Protests, Responses, or other comments except for a reply by Lake Alpine Water Company, Inc., after the 20-day comment period expires.

The address for mailing or delivering a protest is:

California Public Utilities Commission, Tariff Unit, Water Division, 3<sup>rd</sup> Floor  
505 Van Ness Avenue, San Francisco, CA 94102  
[water.division@cpuc.ca.gov](mailto:water.division@cpuc.ca.gov)

On the same date the response or protest is submitted to the Commission, the respondent or protestant must serve a copy by mail (or e-mail) to us, addressed to:

Kimi Johnson, General Manager  
Lake Alpine Water Company  
PO BOX 5013  
Bear Valley, CA 95223  
Email: [info@lakealpinewater.com](mailto:info@lakealpinewater.com)

**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 on each person who filed the protest or response to the AL.

Lake Alpine Water Company W-148 Service List

Creekside Condo Associations  
Amber Watts, Manager  
[ambercreeksidecondos@gmail.com](mailto:ambercreeksidecondos@gmail.com)

Bear Valley Homeowners  
Association  
[paulnordic@sbcglobal.net](mailto:paulnordic@sbcglobal.net)

Alpine County Public Works  
[dburkett@alpinecountyca.gov](mailto:dburkett@alpinecountyca.gov)

Paul Peterson, Bear Valley Condo  
Management Company  
[paulnordic@sbcglobal.net](mailto:paulnordic@sbcglobal.net)

Bear Valley Water District  
[Jeff.Gouveia@bvwd.ca.gov](mailto:Jeff.Gouveia@bvwd.ca.gov)

Anita Taff-Rice, Attorney  
[anita@icommlaw.com](mailto:anita@icommlaw.com)

Tom MacBride, Attorney  
[tmacbride@goodinmacbride.com](mailto:tmacbride@goodinmacbride.com)

Gloria Dralla, RLAWC  
[ggdralla@pacbell.net](mailto:ggdralla@pacbell.net)

Colin McKee, Bear Valley Resident,  
Inc.  
[colinbmckee@gmail.com](mailto:colinbmckee@gmail.com)

Terry Woodrow, County Supervisor  
[twoodrow@alpinecountyca.gov](mailto:twoodrow@alpinecountyca.gov)

Eric Jung, BV Real Estate and Cub  
Reporter  
[eric@bearvalleyrealestate.com](mailto:eric@bearvalleyrealestate.com)

Joel Barnett, Bear Valley Business  
Association  
[joel@bearvalleyrealestate.com](mailto:joel@bearvalleyrealestate.com)

Bruce Orvis, LAWC Board Member  
[bporvis@juno.com](mailto:bporvis@juno.com)

Tim Schimke, Skyline Bear Valley  
Resort  
[tims@bearvalley.com](mailto:tims@bearvalley.com)

Don Schulz, LAWC Board Member  
[don@mqib.net](mailto:don@mqib.net)

I hereby certify that I have this day, July 17, 2020, served a copy of Advice Letter 124-W on the parties listed on the above Service List by email.

Executed in Bear Valley, CA on July 17, 2020.

Lake Alpine Water Company, Inc.

By:   
Kimi Johnson, General Manager

Schedule No. 1A

ANNUAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

Bear Valley tracts, and vicinity located about three miles west of  
Lake Alpine, adjacent to State Highway 4, Alpine County.

RATES

Quantity Rate:

All water, per 100 cu. ft..... \$ 7.97 (I)

Service Charge:

		<u>Per Year</u>	
For	5/8 x 3/4-inch meter.....	\$ 1049.11	(I)
For	condo unit service.....	\$ 1049.11	(I)
For	3/4-inch meter.....	\$ 1,573.67	(I)
For	1-inch meter.....	\$ 2,622.78	(I)
For	1 1/2-inch meter.....	\$ 5,245.56	(I)
For	2-inch meter.....	\$ 8,392.89	(I)
For	3-inch meter.....	\$ 15,736.67	(I)
For	4-inch meter.....	\$ 26,227.78	(I)

The annual service charge is applicable to all metered service. It is a readiness to serve charge to which is added the charge for water used during the billing period computed at the Quantity Rate.

SPECIAL CONDITIONS

1. The annual service charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated service charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods.
2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual service charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by the multiplying the annual charge by one three-hundred-sixty-fifth (1/365) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If a service is not continued for a least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(continued)

Issued by

Advice Letter No. 124

Kimi Johnson

Date filed: \_\_\_\_\_

Decision No. \_\_\_\_\_

General Manager

Effective: \_\_\_\_\_

Resolution: \_\_\_\_\_

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

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

TERRITORY

Bear Valley tracts, and vicinity located about three miles west of Lake Alpine adjacent to State Highway 4, Alpine County.

RATE

For each inch of diameter of service connection.....\$ 16.72 (l)

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
2. The minimum diameter for fire protection service shall be four inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.
3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.

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Advice Letter No. 124

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

Decision No. \_\_\_\_\_

General Manager

Effective \_\_\_\_\_

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

Schedule 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, for additional service connections to existing premises, and for increases in size of service connections to existing premises.

TERRITORY

Bear Valley tracts, and vicinity located about three miles west of Lake Alpine, adjacent to State highway 4, Alpine County.

RATES

Initial Fee for each Service Connection:

For 5/8 x 3/4-inch meter .....	\$ 4,092.	(l)
For condo units.....	\$ 4,092.	(l)
For 3/4-inch meter.....	\$ 6,138.	(l)
For 1-inch meter.....	\$10,230.	(l)
For 1 1/2-inch meter.....	\$15,345.	(l)
For 2-inch meter.....	\$25,575.	(l)
For 3-inch meter.....	\$42,966.	(l)
For 4-inch meter.....	\$51,150.	(l)

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, Payments made under this schedule **are not** subject to the reimbursement fee set forth in Schedule No. UF
3. Facilities Fees authorized herein shall be deposited with five days of receipt in a separate bank account paying interest. A direct confirmation from the bank shall be mailed to the Director of the Water Division after making such deposit to verify the amount deposited.
4. Facilities fees shall e treated as Contributions-in-Aid-of-Construction and follow the requirements as specified in the Internal Revenue Code Section 118 to qualify as such.
5. Facilities Fees shall be accounted for as Contributions-in-Aid-of-Construction in accordance with the Commission's prescribed Uniform System of Accounts. In addition the balance of facilities fees collected, including interest shall be reported in utility's annual report to the Commission.
6. The plant constructed with facilities fees shall be removed from rate base for rate-making purposes.

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Date filed \_\_\_\_\_

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General Manager

Effective \_\_\_\_\_

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

Lake Alpine Water Company, Inc.  
Earnings Test Calculation

<u>Item</u>	Adopted in Res. W- 5175 A	Annual Report 2019 B	CPI Adjustment C =2.3%	Revenue After CPI Increase D
<b>Operating Revenue</b>				
Metered Water Revenue	\$ 631,000	\$ 637,733	\$ 14,513	\$ 652,246
Fire Protection Services	\$ 4,510	\$ 4,510	\$ 104	\$ 4,614
Other Water Revenue	\$ 10,000	\$ 13,650	\$ 230	\$ 13,880
Non Utility Income	\$ -	\$ 84	\$ -	\$ 84
CPUC Reimbursement Fee	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 645,510</b>	<b>\$ 655,977</b>		<b>\$ 670,824</b>
<b>Operating Expenses</b>				
Purchased Power	\$ 33,032	\$ 33,924		\$ 33,924
Other Volume Related Expenses	\$ 10,479	\$ 16,257		\$ 16,257
Employee Labor	\$ 82,480	\$ 112,692		\$ 112,692
Materials	\$ 10,202	\$ 9,360		\$ 9,360
Contract Work	\$ 12,062	\$ 23,112		\$ 23,112
Water Testing	\$ 14,081	\$ 13,171		\$ 13,171
Transportation Expenses	\$ 8,300	\$ 9,423		\$ 9,423
Other Plant Maintenance	\$ 3,081	\$ 2,379		\$ 2,379
Office Salaries	\$ 38,545	\$ 45,808		\$ 45,808
Employee Benefits	\$ 33,019	\$ 32,672		\$ 32,672
Uncollectibles Expense	\$ 60	\$ 9		\$ 9
Office Services & Rentals	\$ 4,955	\$ 4,856		\$ 4,856
Office Supplies & Expenses	\$ 11,100	\$ 10,655		\$ 10,655
Professional Services	\$ 39,104	\$ 32,402		\$ 32,402
Insurance	\$ 21,919	\$ 19,112		\$ 19,112
Regulatory Commission Expense	\$ 21,884	\$ 32,320		\$ 32,320
General Expenses	\$ 14,520	\$ 12,652		\$ 12,652
<b>Subtotal</b>	<b>\$ 358,823</b>	<b>\$ 410,804</b>		<b>\$ 410,804</b>
Depreciation	\$ 81,110	\$ 131,637		\$ 131,637
Taxes other than Income	\$ 26,742	\$ 28,670		\$ 28,670
State Income Taxes	\$ 15,235	\$ 6,601		\$ 6,601
Federal Income Taxes	\$ 32,992	\$ 143		\$ 143
Interest Expense	\$ 6,494	\$ 6,550		\$ 6,550
<b>Total Deductions</b>	<b>\$ 521,396</b>	<b>\$ 584,405</b>		<b>\$ 584,405</b>
<b>Net Revenue</b>	<b>\$ 124,114</b>	<b>\$ 71,572</b>		<b>\$ 86,419</b>

**Rate of Margin Calculation**

Total Deductions	\$ 521,396	\$ 584,405	\$ 584,405
Net revenue	\$ 124,114	\$ 71,572	\$ 86,419
Allowable Rate of Margin	24.00%	24.00%	24.00%
Calculated Rate of Margin	24%	12%	15%
Total operating Revenues	\$ 645,510	\$ 655,977	\$ 670,824
<b>Increase in Revenues</b>			<b>\$ 14,847</b>

Lake Alpine Water Company, Inc.  
Earnings Test Calculation

	<u>Per Service Per Year</u>		
	<u>Present Rates</u>	<u>CPI Increase</u>	<u>Requested Rates</u>
<b>Service Charge:</b>			
For 5/8 x 3/4-inch meters	\$ 1,025.52	2.30%	\$ 1,049.11
For condo units	\$ 1,025.52	2.30%	\$ 1,049.11
For 3/4-inch meters	\$ 1,538.29	2.30%	\$ 1,573.67
For 1-inch meters	\$ 2,563.81	2.30%	\$ 2,622.78
For 1-1/2-inch meters	\$ 5,127.62	2.30%	\$ 5,245.56
For 2-inch meters	\$ 8,204.19	2.30%	\$ 8,392.89
For 3-inch meters	\$ 15,382.86	2.30%	\$ 15,736.67
For 4-inch meters	\$ 25,638.10	2.30%	\$ 26,227.78
<b>Quantity Charge</b>			
All use, per 100 cu. ft. . . .	\$ 7.790	2.30%	\$ 7.97
<b>Fire Line Charge:</b>			
For each inch of diameter of service connecton	\$ 16.34	2.30%	\$ 16.72
<b>Facilities Fee for Service Connection:</b>			
For 5/8 x 3/4-inch meters	\$ 4,000.00	2.30%	\$ 4,092.00
For condo units	\$ 4,000.00	2.30%	\$ 4,092.00
For 3/4-inch meters	\$ 6,000.00	2.30%	\$ 6,138.00
For 1-inch meters	\$ 10,000.00	2.30%	\$ 10,230.00
For 1-1/2-inch meters	\$ 15,000.00	2.30%	\$ 15,345.00
For 2-inch meters	\$ 25,000.00	2.30%	\$ 25,575.00
For 3-inch meters	\$ 42,000.00	2.30%	\$ 42,966.00
For 4-inch meters	\$ 50,000.00	2.30%	\$ 51,150.00