

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

**Advice Letter Cover Sheet**

**Utility Name:** Lukins Brothers Water Company

**Date Mailed to Service List:** Mar. 18, 2019

**CPUC Utility #:** WTC 142

**Protest Deadline (20<sup>th</sup> Day):** Apr. 8, 2019

**Advice Letter #:** 79-W

**Review Deadline (30<sup>th</sup> Day):** Apr. 22, 2019

**Tier**     1     2     3     Compliance

**Requested Effective Date:** Apr. 30, 2019

**Authorization**    GO 96-B

**Rate Impact:**    \$430,988  
53.89%

**Description:**    Informal general rate case  
2019 TY

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:**    Jennifer Lukins

**Utility Contact 2:**

**Phone:**    (530) 541-2606

**Phone 2:**

**Email:**    jennifer@lukinswater.com

**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**

<u>DATE</u>	<u>STAFF</u>	<u>COMMENTS</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

APPROVED

WITHDRAWN

REJECTED

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

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

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

\_\_\_\_\_

# LUKINS BROTHERS WATER COMPANY

2031 West Way, So. Lake Tahoe, CA 96150  
Telephone (530)541-2606

March 18, 2019

Advice Letter No. 79-W

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

LUKINS BROTHERS Water Company (LUKINS) 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>
501-W	Schedule No. 1, General Metered Service	497-W
502-W	Schedule No. 2A, Annual Flat Rate Service	498-W
503-W	Schedule No. 4, Private Fire Protection Service	499-W
504-W	Table of Contents	500-W

## REQUEST

By Advice Letter (AL) 79-W, LUKINS seeks 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 \$430,988 (53.89%) in gross annual revenue from its present rates which will provide a rate of margin (ROM) of 12% in test year 2019.

## BACKGROUND

The present rates became effective on February 19, 2019 pursuant to Decision 92-03-093, which authorized an offset (CPI) rate increase of \$15,686, or 1.9%.

The last general rate increase became effective on March 26, 2015, pursuant to Resolution W-5026, which authorized a general rate increase of \$316,005, or 62.0% and a rate of return of 10.7%.

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## *Affordability of Proposed Rates*

With the proposed rates, the average bill for a flat rate residential customer per year would increase from \$712.84 to \$997.98, or 40% in TY 2019.

LUKINS is located in the 96150 zip code in El Dorado County where the annual median household income (MHI), for the zip code is \$53,060<sup>1</sup>. California Water Code Section 79505.5 states that a "Disadvantaged Community means a community with an annual median household income that is less than 80 percent of the statewide annual median household income." The California Statewide MHI in 2017 was \$67,169 and 80% of 2017 California Statewide MHI was \$53,735. Accordingly, LUKINS's service area is in a Disadvantaged Community. The proposed rate, accordingly, would be 1.9% of the respective MHIs.

It should be noted that no affordability criteria have been developed and adopted in any Commission Decision or Resolution. However, in October 2017, the Health and Safety Code in the California Code of Regulations (Sec. 116760.50) was amended to establish an affordability threshold of 1.5% of MHI for average water bills in Severely Disadvantaged Communities, as defined (60% of California Statewide MHI of \$67,169, or \$40,301)<sup>2</sup>. While the Commission adheres to cost-of-service regulatory principles in developing rates for its jurisdictional utilities, and the Division's recommended rates for LUKINS are a minimum to satisfy the utility's technical, managerial and financial capacity and operational capability, the discussion regarding affordability is presented, nonetheless, to indicate to the Commission the relationship between the proposed rates and local economic circumstances.

## *Safety*

Safety is very important at LUKINS. LUKINS emphasizes the importance of workplace safety and customer safety to all staff.

Our staff has regular safety meetings, where various topics are discussed with support from video and demonstration. Our staff is dedicated to our team's safety by always wearing appropriate attire. Each employee is provided the necessary personal safety equipment-

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<sup>1</sup> ISource: 2012-2016 American Community Survey 5-Year Estimates  
[https://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml](https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml)

<sup>2</sup> See Assembly Bill 560 (Salas); Chaptered by Secretary of State on October 7, 2017 – Chapter 552, Statutes of 2017.

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gloves, reflective vests, ear plugs, glasses, and any other necessary equipment. Each employee is trained to handle potentially unsafe working conditions and follow outlined safety protocol at all times.

All of Lukins System Crews are trained and certified to inspect the water system on a daily basis to ensure that our system meets all Division of Drinking Water and Public Utilities Commission standards. This includes overall system inspection (well sites, water lines, yards) daily, system wide valve exercising program, system flushing program, hydrant maintenance and inspection program on a routine schedule.

Internal control measures are in place to ensure that all employee and customer records are protected. Locked filing cabinets and additional computer security is installed. All our customer service employees are trained regarding protecting customer information.

The Commission staff has been provided with work papers supporting the informal general rate case increase.

LUKINS respectfully requests expedited handling of this advice letter.

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

These 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 AL will become effective upon approval through a Commission Resolution.<sup>3</sup>

## **NOTICE**

A copy of this AL has been served to all parties listed on the service list<sup>4</sup> on the last page of this AL. This filing will not cause withdrawal of service nor conflict with any other schedule or rule.

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<sup>3</sup> GO. 96-B, Water Industry Rule 7.3.3

<sup>4</sup>GO. 96-B, Water Industry Rule 4.2

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## **RESPONSE OR PROTEST**<sup>5</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
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 shall provide citations or proofs where available to allow staff to properly consider the protest. A response or protest must be made in writing or by electronic mail and must be received by DWA within 20 days of the date this advice letter is filed. 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](mailto:Water.Division@cpuc.ca.gov)

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

**Mailing Address:**

**Email Address:**

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<sup>5</sup> GO. 96-B, General Rule 7.4.1

# LUKINS BROTHERS WATER COMPANY

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Telephone (530)541-2606

LUKINS BROTHERS Water Company  
2031 West Way,  
South Lake Tahoe, CA 96150  
[jennifer@lukinswater.com](mailto:jennifer@lukinswater.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.

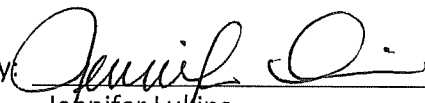
## REPLIES

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 on each person who filed the protest or response to the AL.<sup>6</sup>

I hereby certify that the service list from AL No. 79-W has been served a copy of this AL No. 79-W on March 18, 2019.

Executed in South Lake Tahoe, California on March 18, 2019.

LUKINS BROTHERS Water  
Company

BY:   
Jennifer Lukins  
Manager

Enclosures

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<sup>6</sup> GO. 96-B, General Rule 7.4.3