

NOTICE OF REQUEST FOR A RATE INCREASE

Proposal

Lake Alpine Water Company (LAWC) has requested authority from the CALIFORNIA PUBLIC UTILITIES COMMISSION (Commission) through Advice Letter 116 to increase its water rates by \$111,424 or 21% in Test Year 2018 over present rates. The last general rate increase became effective December 20, 2010 pursuant to Resolution W-4856. The increase is necessary to offset higher operating expenses and to provide a reasonable rate of return on utility plant investments.

Although the 2010 General Rate Case (GRC) provided an approved revenue of \$612,500, LAWC has collected less than \$555,000 in revenues each year for the following reasons:

1. In 2010, there were 496 customers comprising 565 meter-equivalents. There are now 486 customers comprising 536 meter-equivalents. Rates need to be adjusted to recover the revenues from fewer customers.
2. In 2010, the estimated water sales in CCF was 18,375. Average annual metered water use is now 10,437. Rates need to be adjusted to recover the revenues from less metered quantity.

The following events and factors have also influenced the financial position and plant base of LAWC.

1. Shortly after the 2010 GRC, LAWC was engaged in a legal proceeding originating from Application: 11-04-013. LAWC choose not to file for a GRC until the proceedings were over. The final decisions were released in December 2016.
2. In August 2016, the Commission's Division of Water and Audits audited the 2014 and 2015 annual reports filed by LAWC. This was the first Commission audit for LAWC. Several adjusting entries were made to the accounts of plant in service, accumulated depreciation and amortization resulting in changes to LAWC's asset base for rate making purposes.
3. While LAWC has endeavored to decrease and control expenses of labor, chemicals, office supplies and materials; other expenses such as dam fees, insurance, employee benefits, state-required water sampling and property tax have increased and are outside our control.
4. Changes in our treatment process have associated expense changes. Chemical and labor costs decreased while sampling and power costs increased.

Customer Impact

<u>Quantity Rate:</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
All usage per 100 cu.ft.	\$ 6.36	\$ 7.79
<u>Service Charge:</u>	<u>Per Meter per Month</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
For 5/8x3/4-inch meter	\$ 70.96	\$ 85.46
For condo unit service	70.96	85.46
For 3/4-inch meter	106.45	128.19
For 1-inch meter	177.41	213.65
For 1-1/2-inch meter	354.82	427.30
For 2-inch meter	567.71	683.68
For 3-inch meter	1064.45	1281.91
For 4-inch meter	1774.09	2136.51

Summary

The Annual Service Charge is applicable to all metered service. It is a readiness to serve charge.

The metered quantity rate is added to the service charge.

All customers also pay the Safe Drinking Water State Fund surcharge, currently \$26.02 per month per residence.

The Commission regulatory oversight fee is 1.4% of all these charges.

A monthly bill for a residence with a typical 2 CCF of water use per month would be \$128.84.

Commission Process

The Commission staff will make a thorough investigation of the utility's request. Following the investigation, the Commission may grant the utility's request in whole or in part or may deny it. It may also order the utility to charge rates different from those shown in this notice.

California law requires the company to show to the Commission's satisfaction that an increase is justified before it may raise its rates. Customers who would like to call the Commission's attention to any problems concerning their water service, or who would like to provide any other information or comments regarding this requested increase should do so at the public meeting and/or should write to the Commission.

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 LAWC, or you can send a response to the Commission.

Protests 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 be mailed within 20 days of the date of this notice. 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 **Lake Alpine Water Company 2018 General Rate Case**

California Public Utilities Commission
Water Utilities Division
505 Van Ness Avenue
San Francisco, CA 94102
E-mail: water.division@cpuc.ca.gov

AND

Lake Alpine Water Company, Inc.
PO Box 5013
Bear Valley, CA 95223
E-mail: info@lakealpinewater.com

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

If you have not received a reply to your protest from the utility within 10 business days, contact Kimi Johnson at (209) 753-2409.

A copy of the Lake Alpine Water Company filing may be inspected in the utility's business office at 3 Bear Valley Road, Suite 109 Bear Valley, CA 95223; by calling (209) 753-2409 or emailing info@lakealpinewater.com, you may request a copy to be mailed to you.