

DIVISION OF WATER AND AUDITS

Advice Letter Cover Sheet

Utility Name: Del Oro Water Co.

Date Filed: 8/21/2025

[District Name]: [River Island]

CPUC Utility #: WTB 61

Protest Deadline (20th Day): 9/30/2025

Advice Letter #: 551

Review Deadline (30th Day): 10/10/2025

Tier: 3

Req. Effective Date:

Authorization for Filing:

Compliance Filing:

Description: River Island Treatment Plant
Reduce SRF Surcharge/Rate Base Offset

Utility Contact: Janice Hanna

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DWA USE ONLY

Date

Staff

Comments

☐ ACCEPTED

☐ WITHDRAWN

☐ REJECTED

Signature: _____

Comments: _____

Date: _____



August 20, 2025

Advice Letter No. 551

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Del Oro Water Company, Inc.(DOWC) hereby transmits for filing on behalf of its River Island District (DOWCRI), its request to lower the State Revolving Fund (SRF) Surcharge established by the Commission with Resolution W-5245, dated November 18, 2021 **[Exhibit A]** as well as authorize a Rate Base Offset rate increase to recover costs incurred that were not included in the SRF agreement.

The following changes in their respective tariff schedules are attached hereto:

Cal. P.U.C. Sheet No.	Title of Sheet	Schedule No.	Canceling Cal. P.U.C. Sheet No.
____-W	General Metered Service,	RI-1	2552-W
____-W	Irrigation Service	RI-3	2553-W
	River Island District		
	Table of Contents		
____-W			2605-W
____-W			2610-W

PURPOSE

DOWCRI was initially authorized to borrow up to \$9,081,826 from the Safe Drinking Water State Revolving Fund (SRF) Program, as authorized by Resolution W-5245, and Advice Letter No. 531, dated March 23, 2022. Pursuant to this authorization, DOWCRI received approval to establish a monthly SRF surcharge, which is to be billed to Territory One customers until the



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SRF Loan is fully repaid. On November 29, 2022, the State Water Resources Control Board amended the original funding agreement. **[Exhibit B]** The revised agreement allocated the total project funding amount as follows:

- SRF Loan Component: \$5,189,176
- Grant Component: \$3,892,650

DISCUSSION

DOWCRI began collecting the SRF Surcharge in March 2022, approximately six months after the project commenced. The initial surcharge was calculated based on the original SRF Loan amount of \$9,081,826. On November 29, 2022, the State Water Resources Control Board amended the funding agreement, reducing the loan amount and adding a grant component. The project has since been completed with the final funding amounts determined as follows:

- SRF Loan Component: \$4,891,522
- Grant Component: \$3,892,650

With the project now completed, DOWCRI is requesting approval to reduce the SRF Surcharge to reflect the lower loan obligation. Without applying any existing surplus funds in our fiscal account, most customers will see a significant decrease in their monthly surcharge, from \$78.18 to \$45.51 monthly. **[Exhibit C]**



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The DOWCRI treatment plant project took approximately three years to complete, during which time SRF Surcharge revenues were collected based on the original loan amount of \$9,081,826. As a result, DOWCRI has accumulated excess funds in its SRF surcharge fiscal account.

DOWCRI has submitted a formal request to the State Water Resources Control Board seeking approval to apply a pre-payment toward the SRF Loan using these excess funds. However, the timeline for receiving approval/disapproval from the State Water Board remains uncertain. To provide immediate financial relief to customers, DOWCRI is requesting approval to reduce the SRF Surcharge based on the finalized loan amount of \$4,891,522.

Total Project Costs and Rate Base Offset Request

Project design and planning for the DOWCRI Water Treatment Plant began in 2009 and continued through 2019, experiencing delays due to changes in project scope and funding availability, as directed by the Division of Drinking Water.

Between 2008 and 2011, engineering costs totaling \$87,619.68 were incurred and fully paid by DOWCRI. These early expenses were not included in the subsequent SRF Loan and were treated as direct DOWCRI expenditures.

The initial funding agreement with the State Water Resources Control Board, signed in 2019, established June 1, 2016 as the eligible start date for reimbursable work. As a result, prior



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project costs—including engineering, environmental studies, surveying, and soil sampling—from 2011 to June 2016 were not eligible for reimbursement through the loan but are considered part of the capital asset value of the treatment plant.

Additionally, the funding agreement set the final disbursement request deadline as March 31, 2024, despite the fact that the treatment plant did not begin operations until July 2024, with commissioning activities continuing beyond that date. Several change orders and miscellaneous costs that occurred after the disbursement deadline and were not included in the loan scope and were also contributed to the total project cost.

DOWCRI is therefore requesting a rate base offset of \$673,054.68 to account for:

- Pre-2016 capital-eligible project costs,
- Unfunded change orders,
- Other miscellaneous capital costs not covered by the SRF Loan or Grant.

Supporting documentation, including detailed working papers and backup invoices, are provided in **[Exhibit D]**.

The Rate Base Offset calculations are detailed in **[Exhibit E]**. Based on these calculations, DOWCRI is requesting an annual revenue requirement increase of \$98,686, which represents an overall revenue increase of approximately 12.88% compared to current authorized revenues under Resolution No. W-5229.

To recover this revenue requirement, DOWCRI proposes adjusted service rates, which would result in an average customer bill with 3,500 cubic feet usage an increase of approximately \$24.09 per month. The detailed impact to the average customer's monthly bill is provided in **[Exhibit F]**.



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COMPLIANCE

In addition to concurrence by State Water Resources Control Board, DOWCRI has informed consumers by establishing the River Island Treatment Plant Project on its website, www.delorowater.com.

ISSUE

DOWC has justified the need for the relief requested in this Advice Letter under Public Utilities Code 816 through 851.

REQUESTED EFFECTIVE DATE

DOWCRI is submitting the attached as a Tier 3 filing in accordance with General Order No. 96-B, and requests that it become effective as soon as it is approved. The surcharge will only apply to River Island District Territory One customers.

NOTICE AND SERVICE

By way of mail and electronic submission, all customers and interested parties will be notified of the request for establishment of the proposed surcharge on August 26, 2025. **[Exhibit G]**.

FILE A PROTEST:

A protest is a document stating that you object to the utility receiving all or some part of its request. If you wish to file a protest, you must state the facts constituting the grounds for the protest, how the advice letter affects you, and the reasons why you believe the whole advice letter, or part of it, is not justified.



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If the protest requests an evidentiary hearing (an evidentiary hearing is a legal proceeding held before an administrative law judge at the Commission to obtain evidence), your protest must state the facts you would present at the evidentiary hearing to support your request for a complete or a partial denial of the Advice Letter. The filing of a protest does not ensure that an evidentiary hearing will be held. The decision whether or not to hold an evidentiary hearing will be based on the contents of the protest.

FILE A RESPONSE:

A response is a document that does not object to the request sought in the application, but nevertheless, presents information you believe would be useful to the Commission in acting on the application.

Whether you wish to file a PROTEST or send a RESPONSE you must:

- Send a copy of your document to the utility.
- Mail both one copy to the utility and one copy to CPUC within twenty (20) days of the date you received this notice.

The utility must respond to your protest or response within five (5) days. All protests or responses to this filing should be sent to:

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

Janice Hanna
Director of Corporate Accounting
Del Oro Water Company, Inc.
Drawer 5172
Chico, California 95928
Telephone 530-809-3960
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If you have not received a reply to your protest within ten (10) business days, contact Del Oro Water Company at 1-530-717-2514. A notice of the surcharge request for DOWC will be mailed to the consumers upon concurrence with the CPUC.

This filing will not cause withdrawal of service nor conflict with any other schedule or rule.

A copy of Del Oro Water Company's filing may be inspected in its business office: 426 Broadway, Suite 301, Chico, California 95928, or by visiting its website at www.delorowater.com. Further information may be obtained from the utility at its business office or from the Commission at the above address.

Del Oro Water Company, Inc.

JANICE HANNA

Director Corporate Accounting & Regulatory Affairs

Attachments