

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

**Agenda ID# 23787
RESOLUTION W-5303
October 30, 2025**

RESOLUTION

(Resolution W-5303). Resolution Granting Lukins Brothers Water Company Authority to Borrow up to \$814,000.

PROPOSED OUTCOME:

- Grants authority to Lukins Brothers Water Company (Lukins) to borrow up to \$814,000 from Plumas Bank or another financial institution and comply with the grant funding received from the US Forest Service to finance the Patricia Avenue Waterline Upgrade Project.
- Establish a surcharge on existing water rates for amortizing the loan over a 10-year period.
- Lukins shall pay a loan fee of \$1,628 to the Commission's Fiscal Office.

SAFETY CONSIDERATIONS:

- The proposed loan allows Lukins to complete water system improvements to increase fire suppression efforts and water system reliability.

ESTIMATED COST:

- The estimated surcharge is \$9.21 per month for flat rate customers and customers with a 1-inch meter. The current monthly bill for a flat rate residential customer will increase from \$127.63 to \$136.84 or 7.2%. The current monthly bill for an average 1-inch customer using 7 Hundred Cubic Feet (CCF) will increase from \$119.45 to \$128.66 or 7.7%

By Advice Letter 101-W, filed on July 21, 2025.

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SUMMARY

By Advice Letter (AL) 101-W, filed on July 21, 2025, Lukins Brothers Water Company (Lukins) requests authority to obtain a loan from Plumas Bank or another financial institution of up to \$814,000 to comply with the US Forest Service requirement for receiving grant funding.

This Resolution grants Lukins Brothers Water Company (Lukins) the authority requested in its Advice Letter (AL) 101-W.

Specifically, Lukins requests authority, pursuant to Sections 816 through 851 of the Public Utilities Code (PU Code), to:

1. Obtain a loan of up to \$814,000 at a fixed interest rate of 6.5% over a 10-year period from Plumas Bank or another financial institution to comply with the US Forest Service requirement for receiving grant funding;
2. Encumber its assets in connection with the loan;
3. Use the proceeds to finance the Patricia Avenue Waterline Upgrade Project which will improve fire suppression efforts and water system reliability; and
4. Establish a surcharge on existing water rates for amortizing the loan and a 10% reserve requirement.

BACKGROUND

Lukins is a Class C water utility providing domestic water service to approximately 764 flat-rate connections and 230 metered connections. Lukins also provides public fire protection water service for 27 public fire hydrants. Lukins' service territory covers portions of the City of South Lake Tahoe in El Dorado County. Lukins' water system consists of five active wells and two emergency interties with South Tahoe Public Utilities District (South Tahoe PUD).

A. The Patricia Avenue Waterline Upgrade Project (Patricia Ave Project)

On September 29, 2023, the US Forest Service issued a federal grant in the amount of \$2,125,620 to South Tahoe PUD for fire suppression projects to improve wildfire responses in the Lake Tahoe Basin. From this federal grant, Lukins received a subaward of \$420,872 for the Patricia Ave Project with a requirement that Lukins provides a non-federal matching fund by December 31, 2025.

The Patricia Ave Project consists of installing approximately 1,470 feet of new 6-inch waterline, 11 new fire hydrants, and 36 new service laterals along Patricia Avenue located within Lukins' service area. The upgrade and improvements will increase fire suppression efforts and provide fire protection for the service area community that are currently served by undersized, deteriorating water mains and insufficient fire hydrants.

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The total cost of the Patricia Ave Project is \$1,222,299.¹ Lukins is responsible for the remaining cost of \$801,427 not covered by the grant.

On January 27, 2025, the US Forest Service executed the grant for the Patricia Ave Project and construction is currently underway. The US Forest Service extended the deadline for Lukins to provide matching funds to December 31, 2025.

On June 3, 2025, Lukins received an Expression of Interest (EOI) letter from Plumas Bank to obtain a loan to cover the remaining cost of the Patricia Ave Project and meet the matching fund requirement from the US Forest Service.

B. Financial Information

As reported in Lukins' 2024 Annual Report for the year ending December 31, 2024, the Income Statement showed Lukins generated operating revenues of \$2,135,613 and a net income of \$256,986. Lukins' Balance Sheet is summarized below:

Table 1
Balance Sheet as of December 31, 2024

<u>Assets</u>	<u>Amount</u>
Water Plant in Service (excluding DWSRF, Grant Funds)	\$1,687,624
Water Plant in Service – Grant Funds	3,188,071
Water Plant in Service – Other	2,578,865
Construction Work in Progress – Water Plant	80,730
Construction Work in Progress – Grant Funds	130,395
Total Utility Plant	\$7,665,685
Total Accumulated Depreciation of Water Plant	(1,776,575)
Net Utility Plant	\$5,889,110
Investments	0
Current and Accrued Assets	824,061
Deferred Charges	72,284
Total Assets and Other Debits	<u>\$6,785,454</u>
<u>Liabilities and Equity</u>	<u>Amount</u>
Corporate Capital and Retained Earnings	\$1,506,043
Proprietary Capital	0
Long-term Debt	1,514,256
Current and Accrued Liabilities	188,790
Deferred Credits	432,450
Net Contributions in Aid of Construction	3,143,915
Total Liabilities and Other Credits	<u>\$6,785,454</u>

¹ Includes construction contingency costs of \$100,000.

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Lukins' last general rate increase became effective on February 6, 2020,² which authorized an increase of \$460,585, or 57.59%, for Test Year 2019 based on an authorized rate of margin of 12.00%. Lukins' current rates became effective on April 17, 2025³ after approval of a Consumer Price Index increase of 2.9% or \$41,649.

NOTICE AND PROTESTS

Lukins submitted AL 101-W to the Commission on July 21, 2025, and pursuant to General Order (GO) 96-B Water Industry Rule 4.1, on the same day, Lukins served AL 101-W on its service list.

No protests were received.

DISCUSSION

A. Loan Details

As stated in the EOI, Plumas Bank will provide Lukins a loan of up to \$859,455 and use Lukins assets as collateral. The terms of the loan include a 10% annual reserve and an interest-only period for the first year at 6.5% with a six-month extension option. After the interest only period, the loan extends for 10 years at a fixed rate of 6.5%. Recent similar loans authorized by the Commission have had interest rates of 6.5%⁴, including Resolution (Res.) W-4886 which authorized Lukins to borrow \$2,000,000 from La Quinta Capital in 2011 and Res. W-4970 which authorized Lukins to borrow \$110,000 from Plumas Bank in 2014.

Based on the estimated cost and the US Forest Service grant funding, Lukins will be responsible for \$801,427 of the Patricia Ave Project. Lukins intends to use the loan and the grant to finance the cost of the Patricia Ave Project and thus comply with the US Forest Service's matching fund requirement. Including the cost of issuance, the total loan amount will be \$814,000. With a term of 10 years at a fixed rate of 6.5% and a 10% annual reserve, the estimated monthly payment to be surcharged to ratepayers will be \$10,167.

Based on current authorized interest rates for similar loans and to comply with the matching fund requirement from the US Forest Service to receive the subaward grant for the Patricia Ave

² Resolution W-5209

³ Advice Letter 100-W

⁴ In Res. W-5281 dated September 12, 2024, the Commission authorized Lake Alpine Water Company to execute an unsecured loan contract with its shareholders at 6.5% rate for a term of 5 years. In Res. W-5048 dated June 25, 2015, the Commission authorized Benbow Water Company to execute an unsecured loan contract with Winston Benbow at 6.5% rate for a term of 22 months.

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Project, Lukins should be authorized to obtain a loan of up to \$814,000 at a fixed interest rate of 6.5% and a term of 10 years.

B. Capital Ratios

Lukins' capital ratios⁵, as of December 31, 2024, are shown below, as recorded and as adjusted, to give pro forma effect to the proposed issuance of \$814,000 debt authority under the filing:

Table 2
Capital Ratios

	<u>Recorded</u>		<u>Adjustments</u>	<u>Proforma</u>	
Long-term Debt	\$1,514,256	50.1%	\$814,000	\$2,328,256	60.6%
Common Stock	25,000				
Paid-in Capital	759,323				
Retained Earnings	721,720				
Total Equity	\$1,506,043	49.9%	\$5,911 ^(A)	\$1,511,954	39.4%
Total Capitalization	<u>\$3,020,299</u>	100%		<u>\$3,840,210</u>	100%

^(A) Projected net revenue increase for 2025

Although the financing requested by Lukins changes the capital structure for regulatory purposes, the Commission shows the recorded capital structure as compared to the pro forma for illustrative purposes. As shown above, the 60.6% debt to capital ratio, given the proposed loan, increased from the current recorded 50.1%.

Capital structures are normally subject to review in cost of capital or general rate case proceedings. A finding in this Resolution is not made on the reasonableness of the projected capital ratios for ratemaking purposes.

C. Loan Approval

Upon order of the Commission and for proper cause, PU Code section 817 allows the use of proceeds from the issuance of debt for purposes reasonably required for the improvement or maintenance of service of a utility. Section 851 requires Commission authorization before a utility may "sell, lease, assign, mortgage, or otherwise dispose of or encumber the whole or any part of its... plant, system, or other property necessary or useful in the performance of its duties to the public..."

⁵ Lukins' 2024 Operating Revenue and Net Income were stated in Background Section B.

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As a public utility, Lukins has the responsibility to maintain its quality of service and provide necessary improvements to its water system. The Patricia Ave Project is just one of the fire suppression partnership projects in the Lake Tahoe basin that are receiving grant funding from the US Forest Service for improving fire flow, distribution system, and regional interconnectivity to better respond to wildfires. Lukins is requesting authority for long-term debt to match the grant funding received from the US Forest Service. Lukins' proposed financing transaction is in the public interest since it enables Lukins to fulfill its obligations to customers and regulatory agencies and complete the Patricia Ave Project. There are conditions set by this Resolution to ensure proper accounting and handling of the loan.

Approving the proposed loan allows Lukins to complete and execute the loan with Plumas Bank or another financial institution. With the deadline approaching to provide matching funds, the execution of the loan allows Lukins to satisfy the condition of the grant received.

Therefore, it is reasonable to authorize Lukins to borrow up to \$814,000 from Plumas Bank or another financial institution and to execute a loan agreement with the terms and conditions contemplated herein. Lukins shall submit to the Water Division copies of the loan documents within 15 days of execution of the proposed loan and not later than 60 days from the effective date of this Resolution.

This Resolution does not authorize any capital expenditures or specific construction projects, but rather the creation of a funding mechanism to finance improvements to Lukin's existing water system.

Consistent with PU Code section 824, Lukins will need to maintain records to (i) identify the specific long-term debt issued pursuant to this Resolution, and (ii) demonstrate that the proceeds from such debt have been used only for the purposes indicated herein.

D. Surcharge Rate

In order to pay the requested loan amount requiring a monthly payment of \$10,167, Lukins calculates the proposed monthly surcharge rates for its customers as shown in the following table:

Table 3
Estimated Surcharge

<u>Meter Size</u>	<u>Surcharge per</u> <u>Month</u>
1-inch	\$9.21
1-1/2-inch	\$18.43
2-inch	\$29.49

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3-inch	\$55.29
4-inch	\$92.14
6-inch	\$184.29

The surcharge for flat rate customers will be the same as a 1-inch meter customer at \$9.21 per month.

In authorizing the surcharge and to ensure the surcharge is accounted for correctly throughout the loan repayment period, Lukins shall use a balancing account to be credited with revenues collected through the surcharge and to be debited with payments of principal and interest on the loan. Lukins is required to review the balancing account at least once a year. If the balance immediately following a payment for the loan is less than the required reserve or exceeds the required reserve by more than 35%⁶ of the next monthly payment, Lukins must file an advice letter to adjust the surcharge.

This surcharge method of recovery outlined above ensures that Lukins is able to comply with the US Forest Service matching grant requirement and that the loan will be repaid without financial stress to the water utility and as a low-cost financing mechanism for customers. The surcharge serves only to repay the loan and will not generate any profit for the utility owners.

Applying the above proposed surcharge, the annual surcharge revenues are estimated to be \$122,005. Lukins shall be authorized to file a Tier 2 AL to establish the surcharge three months prior to the first monthly loan payment. The filing should include the loan amortization schedule, the reserve requirement, the calculation of the surcharge, and proposed tariff sheets.

E. Service Fee for Future Customers

Consistent with prior Commission authorization of surcharges for loans, a service fee will be imposed on new service connections to vacant and undeveloped lots. Future customers will benefit from the construction and improvements financed by the loan and should assist in the repayment of the loan.

The amount of the service fee will be the accumulated total of the loan surcharge from its inception to the time-of-service connection and subject to a maximum amount of \$2,000. Only the monthly surcharge will apply thereafter.

F. Affordability of Proposed Surcharge Rate

⁶ Consistent with recent similar loans authorized by the Commission (Res. W-5273 Bakman Water Company 2024 & Res. W-5248 Bass Lake Water Company 2022) as well as Lukins Res. W-4886 and W-4970.

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With the application of the surcharge, the monthly bill for a flat rate residential customer will increase from \$127.63 to \$136.84 or 7.2%. The monthly bill for a typical 1-inch meter residential customer using 7 CCF of water will increase from \$119.45 to \$128.66 or 7.7%.

The 2023 Median Household Income (MHI) for El Dorado County is \$108,594.⁷ The total annual bill with the proposed surcharge under the flat rate will be 1.5% of MHI. The total annual bill with the proposed surcharge under the metered rate will be 1.4% of MHI.

Commission Decision (D.) 20-07-032 adopted in Rulemaking (R.) 18-07-006,⁸ defines affordability as the degree to which a representative household can pay for an essential utility service, given its socioeconomic status. D. 20-07-032 also adopts three metrics and supporting methodologies to be used for assessing the affordability of essential electricity, gas, water, and communications utility services in California. The three adopted metrics include: 1) the hours of minimum wage (HM) required to pay for essential utility services, 2) the socioeconomic vulnerability index (SEVI) of various communities in California, and 3) the ratio of essential utility service charges to nondisposable household income - known as the affordability ratio (AR). However, in the case of Lukins and its customers, there is no data available to compute HM and AR, and the SEVI is also no longer a metric that is being used.

The Water Division continues to adhere to the Commission's cost-of-service regulatory principles in developing rates for its jurisdictional utilities, and the proposed surcharge rates are at the minimum required to satisfy Lukins operational capabilities and requirements of the US Forest Service to provide fire suppression and water reliability to Lukins' customers. Furthermore, the grant funding from the US Forest and the matching grant fund remains the least expensive method to finance the Patricia Ave Project.

G. Conditions Attached to this Debt Authorization

To ensure proper treatment of the surcharge and the Patricia Ave Project to be financed, the Commission will impose the following conditions:

- a. The surcharge shall be separately identified on customers' bills.
- b. The surcharge shall continue until the loan is fully paid.
- c. Surcharge revenues shall not be commingled with other utility revenue.
- d. A separate bank account shall be established and maintained to ensure adequate accountability of deposits and disbursements of the loan funds.

⁷ Obtained from the US Census Bureau.

⁸ Decision adopting metrics and methodologies for assessing the relative affordability of utility service in Rulemaking 18-07-006.

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- e. All surcharge revenues shall be deposited in a separate bank account with a fiscal agent approved by the lender, and such deposits shall be made within 30 days after the surcharges are collected from customers. The bank account will be reduced by payments of principal and interest on the loan.
- f. The accounting for surcharge collections and loan payment shall comply with the accounting instructions in the Uniform System of Accounts for Class B, C, and D Water Utilities.
- g. Lukins shall use a balancing account to be credited with revenue collected through the surcharge and the accrued interest on the revenue. The balancing account shall be debited with payments of principal and interest on the loan.
- h. Lukins shall review the balancing account at least once per year. If the balance immediately following a payment to the lender is less than the required reserve or exceeds the required reserve by more than 35% of the next monthly payment, Lukins will be required to file an advice letter to adjust the surcharge. A Tier 2 AL filing is required if there is an overcollection, and a Tier 3 AL filing is required if there is an under collection.
- i. Any surplus accrued in the bank account shall be applied on behalf of the customers when ordered by the Commission.
- j. The cost of the project financed through the surcharge and service fee shall be permanently excluded from rate base for ratemaking purposes.
- k. Lukins shall submit to the Water Division a copy of the loan documents within 15 days of execution.
- l. Lukins shall file a Tier 2 AL to implement the surcharge at least three months prior to the first bill received from the lender to accumulate the required reserve and include in the filing a request to establish a balancing account.

H. Fees

Whenever the Commission authorizes a utility to issue debt, the Commission is required to charge and collect a fee in accordance with PU Code section 1904(b).

The fee for this financing authority as required by Section 1904(b) is \$1,628.⁹ This fee shall be paid to the Commission's Fiscal Office.

FINANCING RULE

⁹ The fee is assessed on \$814,000 of authorized borrowing as follows: \$2 times (\$814,000/\$1,000) equals \$1,628.

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D.12-06-015, dated June 7, 2012 (Financing Rule) replaced the Competitive Bidding Rule authorized in Res. F-616, dated October 1, 1986. The Financing Rule adopted in D.12-06-015 exempts the following: a) bond issues of \$42 million or less; b) tax exempt or government debt issues; c) debt issues, such as loans; d) debt issues made through an affiliate; and e) multi-state utilities operating in California, if the operating revenues from California operations is less than five percent of the entire utility's total operating revenues.¹⁰ Lukins' debt issuance being authorized by this Resolution is exempted from the Financing Rule as it is a negotiated loan with a bank and private institution.

ENVIRONMENTAL AND SOCIAL JUSTICE

In February 2019, the Commission adopted an Environmental and Social Justice Action Plan (ESJ Action Plan) to serve as a roadmap to expand public inclusion in Commission decision-making processes to targeted communities across California. The ESJ Action Plan establishes a series of goals related to health and safety, consumer protection, program benefits, and enforcement in all the sectors the Commission regulates. On April 7, 2022, the Commission adopted Version 2.0 of the ESJ Action Plan to guide its decisions and determine that its broad regulatory authority continues to advance equity throughout the state. With this Resolution, the Commission addresses Goal #1 of the ESJ Action Plan, "Consistently integrate equity and access considerations throughout Commission regulatory activities," and Goal #3: "Strive to improve access to high-quality water, communications, and transportation services for ESJ communities."

The California Communities Environmental Health Screening Tool, Version 4 (CalEnviroScreen 4.0) provided by the California Office of Environmental Health Hazard Assessment (OEHHA), identifies disadvantaged communities (DAC) by collecting multiple metrics and outputting a single value at the census tract scale. CalEnviroScreen 4.0 ranks Lukins in the 41st percentile of the highest scoring census tracts statewide while the census tract also falls into the 37th percentile for Drinking Water and 83rd percentile for Groundwater Threats. Accordingly, Lukins' service area is not identified as a DAC. Given the Water Division's review of these current definitions and considerations, the financing transactions incurred by Lukins will continue to improve the existing water service conditions within Lukins' service area.

EXEMPTION FROM CALIFORNIA ENVIRONMENTAL QUALITY ACT

The California Environmental Quality Act (CEQA) applies to projects that require discretionary approval from a governmental agency, unless exempted by state or other regulations. It is long

¹⁰ D.12-06-015, Attachment A, pages A6-A7.

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established that the act of ratemaking by the Commission is exempt from CEQA review. As stated in California Public Resources Code, the “establishment, modification, structuring or approval of rates, tolls, fares, or other charges by public agencies” is exempt from CEQA.¹¹ Likewise, “the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant impact on the environment” are not projects subject to CEQA.¹²

This Resolution does not authorize any capital expenditures or construction projects. Construction projects which Lukins intends to finance via this filing should undergo CEQA review as early as feasible in the planning process, as required by CEQA Guidelines Section 15004(b). To the extent capital expenditures are financed with the proceeds of the loan issued pursuant to this Resolution, ongoing projects have already been subject to any necessary CEQA review undertaken prior to Lukins receiving a certificate of public convenience and necessity or permit to construct. CEQA review for future projects will occur through the regulatory processes applicable to each capital project when meaningful information necessary for conducting an environmental assessment is available.

Lukins should comply with all environmental permitting requirements applicable to the construction and improvements that it will undertake in conjunction with the proposed loan.

COMPLIANCE

As discussed above, this Resolution allows Lukins to comply with the matching fund requirement from the US Forest Service to finance the Patricia Ave Project.

Lukins has no outstanding compliance orders, and the utility has been filing annual reports as required. Lukins is also in compliance with the SWRCB’s water quality standards for safe drinking water.

Pursuant to PU Code section 433(a), public utilities are required to pay an annual Public Utilities Reimbursement Fee (user fee) to the Commission. Water Division confirmed with the Commission’s Fiscal Office that Lukins is current with its user fee payments.

UTILITY SAFETY

Safety consideration for water utilities encompasses several factors such as water quality, system design, operation and maintenance, and service. One of the highest safety priorities for the Commission is ensuring that water utilities serving water for human consumption provide water that is not harmful or dangerous to health. As discussed in this Resolution, the Patricia

¹¹ Public Resources Code § 21080(b)(8).

¹² CEQA Guidelines § 15378(b)(4)

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Ave Project will improve Lukins water system to increase fire suppression efforts and water system reliability.

COMMENTS

PU Code section 311(g)(1) provides that resolutions must generally be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. There were no protests or concerns received from the parties on the service list of AL 101-W. This is an uncontested matter that pertains solely to a water corporation in which the Resolution grants the relief requested.

Accordingly, pursuant to PU Code section 311(g)(3), the otherwise applicable 30-day period for public review and comment is waived.

FINDINGS AND CONCLUSIONS

1. Lukins Brothers Water Company (Lukins) is a Class C investor-owned water utility subject to the jurisdiction of this Commission.
2. Lukins is responsible for maintaining its quality of service and providing necessary improvements to its water system.
3. Lukins was awarded a grant of \$420,872 for the Patricia Avenue Waterline Upgrade Project (Patricia Ave Project) from the US Forest Service with a requirement that Lukins provides a non-federal matching fund by December 31, 2025.
4. The Patricia Ave Project will improve wildfire responses and provide protection for the service area community that are currently served by undersized deteriorating water mains and lack fire hydrants
5. The total cost of the Patricia Ave Project is \$1,222,299. Lukins is responsible for the remaining cost of \$801,427 not covered by the grant.
6. Lukins received an Expression of Interest letter from Plumas Bank to obtain a loan of up to \$859,455 with a fixed interest rate of 6.5% over a 10-year period to cover the remaining cost of the Patricia Ave Project and comply with the US Forest matching fund requirement.

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7. Including the cost of issuance, the total loan amount needed to finance the Patricia Ave Project will be \$814,000, which is the amount requested by Lukins in Advice Letter (AL) 101-W
8. Lukins' proposed financing transaction is in the public interest and should be approved as it enables Lukins to execute the requested loan and comply with the US Forest Service requirements to complete the Patricia Ave Project and fulfill its obligations to customers and regulatory agencies.
9. Lukins should submit to the Water Division a copy of the loan documents within 15 days of execution.
10. The surcharge established to repay the loan should last for the term of the loan. Surcharge revenues should not be commingled with other utility revenue.
11. The establishment of a separate bank account by Lukins should be required to ensure adequate accountability for deposits and disbursements of the loan.
12. Lukins should be required to use a balancing account to track the surcharge revenue and loan payments and should review the balancing account once a year to ensure the reserve is not over or under 35% of the next monthly payment.
13. The cost of the Patricia Ave Project financed through the surcharge should be permanently excluded from rate base for ratemaking purposes.
14. It is reasonable to establish a service fee for new connections pertaining to vacant or undeveloped lots as these lots will benefit from the expenditures being made from the proceeds of the debt.
15. The surcharge and service fee authorized by this Resolution are justified and reasonable.
16. Lukins should file a Tier 2 AL to implement the surcharge and service fee and establish a balancing account at least three months prior to the first bill received from the lender.
17. It is Lukins' responsibility to abide by and comply with all applicable requirements regarding debt and security transactions.

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18. By this Resolution, the Commission does not determine that Lukins' capital structure, cost of debt, interest expense, or expenditures, are necessary or reasonable for ratemaking purposes. These issues are generally reviewed and addressed in a general rate case or cost of capital proceeding.
19. There were no protests or concerns received for AL 101-W. This is an uncontested matter that pertains solely to a water corporation in which the Resolution grants the relief requested.
20. Pursuant to Public Utilities Code section 311(g)(3), the otherwise applicable 30-day period for public review and comment should be waived.
21. In accordance with Public Utilities Code section 1904(b) for this financing authority, Lukins should be required to pay a fee of \$1,628, paid to the Commission's Fiscal Office.

THEREFORE, IT IS ORDERED THAT:

1. The debt authority requested by Lukins Brothers Water Company in Advice Letter No. 101-W for a loan of \$814,000 from Plumas Bank or another financial institution is approved.
2. Lukins Brothers Water Company is authorized to file in accordance with General Order 96-B, three (3) months prior to the first billing from the lender, a Tier 2 advice letter to establish the surcharge and service fee and the balancing account authorized in this Resolution. The filing shall include the loan amortization schedule, the reserve requirement, the calculation of the surcharge (updated for the correct amounts), and tariff sheets.
3. The authority granted herein shall be subject to the following conditions:
 - a. The surcharge shall be separately identified on customers' bills.
 - b. The surcharge shall continue until the loan is fully paid.
 - c. Surcharge revenues shall not be commingled with other utility revenue.
 - d. A separate bank account shall be established and maintained to ensure adequate accountability of deposits and disbursements of the loan funds.
 - e. All surcharge revenues shall be deposited in a separate bank account with a fiscal agent approved by the lender, and such deposits shall be made within 30

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- days after the surcharges are collected from customers. The bank account will be reduced by payments of principal and interest on the loan.
- f. The accounting for surcharge collections and loan payment shall comply with the accounting instructions in the Uniform System of Accounts for Class B, C, and D Water Utilities.
 - g. Lukins Brothers Water Company shall use a balancing account to be credited with revenue collected through the surcharge and the accrued interest on the revenue. The balancing account shall be debited with payments of principal and interest on the loan.
 - h. Lukins Brothers Water Company shall review the balancing account at least once per year. If the balance immediately following a payment to the lender is less than the required reserve or exceeds the required reserve by more than 35% of the next monthly payment, Lukins will be required to file an advice letter to adjust the surcharge. A Tier 2 advice letter filing is required if there is an overcollection, and a Tier 3 advice letter filing is required if there is an under collection.
 - i. Any surplus accrued in the bank account shall be applied on behalf of the customers when ordered by the Commission.
 - j. The cost of the project financed through the surcharge and service fee shall be permanently excluded from rate base for ratemaking purposes.
 - k. Lukins shall submit to the Water Division a copy of the loan documents within 15 days of execution.
4. Lukins Brothers Water Company shall maintain records to (i) identify the specific long-term debt issued pursuant to this Resolution, and (ii) demonstrate that the proceeds from such debt have been used only for the purposes indicated herein.
5. Lukins Brothers Water Company shall pay \$1,628 to the Commission's Fiscal Office as required by Public Utilities Code section 1904(b) within fifteen (15) days of the effective date of this Resolution. The authority granted by this order shall become effective when Fiscal Office has received payment in full.

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This resolution is effective today.

The foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on October 30, 2025; the following Commissioners voting favorably thereon:

ALICE REYNOLDS

President

DARCIE L. HOUCK

JOHN REYNOLDS

KAREN DOUGLAS

MATTHEW BAKER

Commissioners

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LUKINS BROTHERS WATER COMPANY ADVICE LETTER NO. 101 SERVICE LIST

Public Advocates Office
PublicAdvocatesOffice@cpuc.ca.gov

Richard Rauschmeier
Richard.Rauschmeier@cpuc.ca.gov

City of South Lake Tahoe
Administrative Center
1901 Airport Blvd.
So. Lake Tahoe, CA 96150

El Dorado County
Development Services Dept.
924 Emerald Bay Rd., Ste. B
So. Lake Tahoe, CA 96150

South Tahoe PUD
1275 Meadow Crest Dr.
South Lake Tahoe, CA 96150

Tahoe Keys POA
356 Ala Wai Blvd.
South Lake Tahoe, CA 96150

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786 Patricia Lane
South Lake Tahoe, CA 96150

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Alan Miller
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South Lake Tahoe, CA 96158

Maureen Froyum
920 Patricia Lane
South Lake Tahoe, CA 96150

Lawrence Suydam
895 Secret Harbor Drive
South Lake Tahoe, CA 96150

James Getz
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