

OCT 21 1992

Decision 92-10-034 October 21, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Nacimiento Water Company for a general rate increase for water services of gross revenues of approximately \$55,654 in 1992.

ORIGINAL

Application 92-02-024 (Filed February 19, 1992)

- Shelton W. Bean, for Nacimiento Water Company, applicant.
- Barbara L. Snider, Attorney at Law, for Oak Shores Community Association, protestant.
- Howard W. Chappell, for himself, interested party.
- Daniel R. Paige, for the Water Utilities Branch.

O P I N I O N

Summary of Decision

Nacimiento Water Company (applicant or NWC) sought the assistance of the Commission's Water Utilities Branch (Branch) outreach program in preparing and presenting its request for general rate relief covering cost of operations and rate of return. Applicant accepted the Branch's recommendation that its revenues be increased from \$109,389 annually to \$154,565 annually, an increase of \$45,166, or 41.3% over revenues at present rates. This decision adopts the Branch's findings.

Rates adopted in this decision are designed to cover only day-to-day costs of operation of the water utility; they are not designed to cover extraordinary repairs or any improvements to the water system. Under these rates, the average water user (700 cubic feet per month) will experience a rate increase from \$19.31 monthly to \$25.07 monthly, an increase of \$5.76 or 30% over present rates.

The decision alerts applicant's customers to the fact that the California Department of Health Services (DHS) is requiring this utility to construct a new filtration plant by mid-1993, the cost of which has been estimated at \$800,000. When this project is complete and its costs reviewed by this Commission for reasonableness, applicant's rates may increase substantially. Applicant and customers are encouraged to cooperate to the end that system improvements will be efficiently and economically designed and constructed.

Background

In March 1991, NWC requested assistance of the Branch in obtaining a general rate increase as its rates had been in effect since September 1, 1979. The Branch helped NWC under the Commission's outreach program whereby the Branch assists operators of small, Class D water utilities in obtaining rate relief in the absence of utility-employed personnel experienced in regulatory matters.

Upon receipt and review of NWC's working papers showing a need for additional revenue, the Branch assisted with a rate-increase notice mailed to each of applicant's customers on December 10, 1991, notifying them of an informational public meeting to be held at Lake Nacimiento on January 9, 1992. This public meeting was attended by 56 customers, many of whom voiced concern about the quality of water and service supplied by NWC and opposed any rate increase.

As a result of the public meeting, a draft advice letter which had been prepared by the Branch on behalf of NWC was converted into a formal application for general rate relief, and a duly noticed public participation and evidentiary hearing was held at the Oak Shores Community Center at Lake Nacimiento on April 23, 1992.

Shelton W. Bean, owner of NWC, represented applicant at the hearing. Penny Rappa, member of Oak Shores Community

Association (OSCA or protestant), represented the association as a protestant of the application. The Branch was represented by Ishwar C. Garg and Daniel R. Paige.

After the hearing OSCA engaged the services of Barbara L. Snider, Attorney of Law, who reviewed the record and briefed the case on behalf of the association. No other briefs were filed, and the matter was submitted on June 9, 1992.

System Description

NWC is a small San Luis Obispo County water utility serving approximately 430 residential customers in an unincorporated area 25 miles northwest of Paso Robles. The Branch describes the water system as follows:

"The water for NWC is derived from three wells drilled 60 to 100 feet below Nacimiento Reservoir. The well sites are below the high water level of the reservoir resulting in the wells being under water during part of the time. The wells are equipped with submersible pumps so designed to exclude surface water when the wells are flooded.

"The water NWC obtains from the Lake Nacimiento is rich in iron and manganese. In 1988 a majority of NWC's customers voted to approve the increase necessary for NWC to build a treatment plant to improve the water quality. NWC has partially completed such a plant. In the meantime, the Department of Health Services has placed into effect new regulations which require further treatment and filtration of surface water. (None of the estimated cost of the required treatment plant improvements and modifications are included in the Branch's recommended rate base in this proceeding. The Branch recommends that NWC request authority to begin to recover the costs of the new plant after it has been in service and is in full operation.)

"After treatment, the water is stored in a concrete 820,000 gallon reservoir. The majority (96%) of NWC's mains for delivering water to customers consist of asbestos-cement pipe 6-inches in diameter or larger.

"NWC's service area is characterized by rolling hills with some steep slopes. The area is subdivided into approximately 850 lots collectively known as the Oak Shores. All 434 customers have water meters." (Exhibit 1, p. 4.)

Summary of Earnings

Appendix A shows the Summary of Earnings for test year 1992, including utility and the Branch-estimated present and requested rates, and the Branch-recommended rates. The Branch-recommended rates are those which we adopt in this decision.

Adopted total revenue is \$154,565, an increase of \$45,166, or 41.3% over present revenue of \$109,389. Adopted total revenue is predicated upon our acceptance of the Branch's recommended rate of return of 14.15%, midpoint of the range of 13.9% to 14.4% ordered for Class D water utilities in Decision (D.) 92-03-093, March 31, 1992.

With the exception of office salaries, applicant accepts Appendix A as prepared and presented by the Branch.

Office salaries are estimated by applicant at \$8,280 and by the Branch at \$5,097, a difference of \$3,183. The Branch testified that its estimate is based upon NWC's last Commission decision escalated to 1992 levels. Applicant essentially offered only the conclusion that the Branch's estimate is too low. We adopt the Branch's estimate as a reasoned part of its entire independent analysis of NWC's summary of earnings.

Service and Rates

The record shows that the Branch engineers inspected applicant's facilities and service area in preparation for the hearing. They checked visible portions of the system and methods of operation. They testified that NWC is providing adequate service and that water pressures meet the requirements of General Order (GO) 103, Rules Governing Water Service Including Minimum

Standards for Design and Construction. There are no outstanding Commission orders affecting applicant's operations.

The DHS has an outstanding compliance order against NWC that it improve its facilities for treatment of surface water by June 29, 1993. A representative of that department testified that satisfactory progress by applicant is being made to meet the terms of the order.

With respect to rates, all NWC's customers presently receive service under Schedule No. 1A, Annual Metered Rate Service. Schedule No. 2A, Annual Flat-Rate Service, is applicable only to a campground in the service area - Cantinas Campground.

The Branch Recommendations

Based upon its investigation and analysis, the Branch makes the following recommendations:

1. The Branch's recommended Summary of Earnings (Appendix A) is reasonable and should be adopted.
2. The rates recommended by the Branch (Appendix B) are reasonable and should be adopted.
3. Tariff Schedule No. 5, Public Fire Hydrant Service, should be cancelled and withdrawn. Tariff Schedule No. 4 should be filed in its place.

The Branch notes that NWC is providing fire hydrant service to the private community within the boundaries of its service territory, and it is doing so improperly. Schedule No. 5, Public Fire Hydrant Service, is permitted only pursuant to a contract with the local fire protection agency. Because NWC has no such agreement, it properly should be providing this service under Schedule No. 4, Private Fire Protection Service. NWC, therefore, should cancel Schedule No. 5 and file a new Schedule No. 4 for the private fire hydrant service.

4. The quantities (Appendix D) used to develop the Branch's recommendations are reasonable and should be adopted.
5. NWC should be required to record on its books of account the water plant in service, accumulated depreciation, and contributions balances upon which the average amounts recommended in this report are based, and to reflect those balances in its 1992 annual report to the Commission. Those balances are \$1,207,503 for total water plant in service, \$439,076 for accumulated depreciation, and \$606,085 for contributions as of December 31, 1991.
6. NWC's tariffs have missing items and outdated sheets. They are the Title Page; Service Area Map; Schedule No. UF, Surcharge to Fund Public Utilities Commission (PUC) Reimbursement Fee; Rule 1, Definitions, Rule 10, Disputed Bills; Rule 15, Main Extensions; Rule 16, Service Connections, Meters, and Customer's Facilities; Rule 17, Measurement of Service; Rule 19, Service to Separate Premises and Multiple Units, and Resale of Water; Rule 20, Fire Protection; Sample Form 3, Bill for Service; Sample Forms 4, 5, 6, 7, 8, 9, and 10, Main Extension Contracts; and Sample Form 11, Uniform Fire Hydrant Service Agreement.
7. NWC should withhold requesting authority to begin to recover the costs of any new water treatment plant additions and improvements until after they have been placed in service and are in full operation.

The foregoing recommendations are reasonable and are adopted.

Position of OSCA

OSCA is a nonprofit corporation, chartered under the laws of the State of California, to represent the 851 property owners within applicant's service area. These property owners are the sole customers of NWC.

OSCA participated in both the informal meeting and the formal public hearing with respect to this application, and it is the only party which has filed a closing brief, setting forth its position. OSCA's brief concludes, in part, as follows:

"OSCA has participated in the instant proceeding not to preclude a rate increase, but to assure that appropriate investigation and scrutiny has been afforded this proceeding to protect NWC ratepayers from any unjustified costs. At the same time, OSCA urges the Commission to issue directives to NWC to take immediate remedial action to rectify the current longstanding state of disrepair of the system and would support a reasonable rate increase for this purpose, provided of course, that costs and expenses are adequately verified."

Request for Reexamination

OSCA requests that the Commission require the Branch to reexamine and reverify the appropriateness and accuracy of NWC's reported costs and expenses. It seeks to have staff conduct a detailed audit of applicant's books and records such as was done in Application (A.) 84-06-037. OSCA, however, fails to point to any fact in the record which tends to show that the Branch representatives did not adequately perform their investigatory tasks in the instant proceeding.

Observation of the Summary of Earnings (Appendix A) shows that the Branch's finding on virtually every element of revenue or cost differs from the utility's finding. Total present revenues estimated by the Branch are \$109,389 compared to NWC's \$105,947. Total expenses before taxes and depreciation estimated by the Branch are \$109,906 compared to NWC's \$128,423. Net revenues at present rates estimated by the Branch are negative \$15,346 compared to NWC's negative \$51,979. The Branch's report discusses each revenue and expense category and sets forth the reasons for differences.

OSCA was given full opportunity at the public hearing to examine both applicant and the Branch. Its examination, however, disclosed no reason to doubt either the competency of the Branch witnesses or the accuracy of their report.

Reexamination of applicant's books and records will not be ordered.

Trust Agreement

Protestant suggests that NWC should not be allowed any rate of return because it is "organized as a nonprofit corporation." In support of this argument, OSCA offered at hearing a document entitled "Trust Agreement" executed in 1971. The parties to the Trust Agreement are General Resources Development, a California corporation, and OSCA. OSCA believes that the Trust Agreement binds NWC to operate without profit.

This Trust Agreement was received in evidence without objection in A.84-06-037 but was not considered by the Commission in reaching D.85-06-040 in that application. In this proceeding, the document was offered but not received in evidence, the administrative law judge (ALJ) ruling that it was irrelevant to issues in the general rate case proceeding before him. The document was placed in the correspondence file.

We believe the ALJ's ruling is correct. If, as OSCA contends, the Trust Agreement precludes NWC from earning any profit on its operations at Lake Nacimiento, it should seek enforcement of the Trust Agreement in the Superior Court rather than before the PUC. The Superior Court has jurisdiction to determine the rights of parties with respect to private contracts and to provide for the enforcement of those rights.

Additional Repairs and Improvements

In D.85-06-040 we found that "NWC's testimony that it intends to repair wells not in service, mend the roof of its water storage vessel, and perform other necessary maintenance work on its plant in service makes it unnecessary to order such repairs and

maintenance work at this time." (Finding of Fact No. 2.)
Testimony of applicant and the Branch in this proceeding is that repairs and maintenance performed since 1985 make it unnecessary to request a rate increase to cover additional repairs in this proceeding. There are no present violations of GO 103.

OSCA urges that the Commission order additional repairs, particularly to the roof over applicant's water storage tank. Photographs showing a patchwork wooden roof were submitted into evidence. OSCA also notes that the storage tank has leaks and urges its prompt repair.

As the Branch has not included funds for additional roof and tank repair in its Summary of Earnings, an increase in materials and contract work would be required if we were to order NWC to do the work requested by OSCA. Applicant testified that a new roof would cost \$120,000 or \$4.40 per month per customer for the next 30 years. Alternatively, covering the roof with metal will cost \$5,000, according to NWC. Applicant has spent \$14,000 since 1985 on roof repairs, but testified to its willingness to add \$120,000 for further roof replacement, or \$5,000 for additional covering to the existing roof, to the sums it must borrow if the customers so decide.

OSCA agrees with DHS that NWC install a new filtration system by June 1993. It, however, questions a cost estimate for that improvement of \$800,000. Again, costs of this proposed construction are not included in the Branch Summary of Earnings as the costs have yet to be determined.

We accept the testimony of the Branch that there are no present violations of GO 103 such as would require our ordering repairs. However, OSCA and NWC should counsel together to decide what physical improvements to the system are required and the cost thereof to the customers. They may also counsel together to decide what optional improvements to the system are desired and the cost thereof to the customers.

The cost effect of these decisions will be reflected in the next rate increase application soon to be filed by NWC when the latter will be seeking higher rates again to compensate for the cost of necessary system improvements.

Comments

Pursuant to the Commission's Rules of Practice and Procedure, the proposed decision of the assigned ALJ for this proceeding was filed with the Commission and mailed to the parties on September 16, 1992. Comments were filed by OSCA on October 6, 1992.

Our review of the filed comments does not persuade us that any change in the proposed decision is appropriate.

Findings of Fact

1. NWC is providing satisfactory water service to its customers, taking reasonable measures to meet applicable federal and state water standards, and is making appropriate efforts to improve water conservation.

2. NWC's rate base and results of operation for test year 1992 at recommended rates, as shown in Appendix A, are reasonable in light of the whole record, consistent with law, and in the public interest.

3. Rate of return on rate base of 14.15% is reasonable.

4. Rate design recommendations of the Branch are reasonable.

5. The rates recommended by the Branch (Appendix B) are reasonable.

6. The quantities (Appendix D) used to develop the Branch's recommendations are reasonable.

7. NWC should be required to record on its books of account the water plant in service, accumulated depreciation, and contributions balances upon which the average amounts recommended in this report are based, and to reflect those balances in its 1992 annual report to the Commission. Those balances are \$1,207,503 for total water plant in service, \$439,076 for accumulated

depreciation, and \$606,085 for contributions as of December 31, 1991.

8. NWC's tariffs have missing items and outdated sheets. They are the Title Page; Service Area Map; Schedule No. UF, Surcharge to Fund PUC Reimbursement Fee; Rule 1, Definitions; Rule 10, Disputed Bills; Rule 15, Main Extensions; Rule 16, Service Connections, Meters, and Customer's Facilities; Rule 17, Measurement of Service; Rule 19, Service to Separate Premises and Multiple Units, and Resale of Water; Rule 20, Fire Protection; Sample Form 3, Bill for Service; Sample Forms 4, 5, 6, 7, 8, 9, and 10, Main Extension Contracts; and Sample Form 11, Uniform Fire Hydrant Service Agreement.

9. NWC should refrain from requesting authority to begin to recover the costs of any new water treatment plant additions and improvements until after they have been placed in service and are in full operation.

10. The increased rates and charges authorized by this decision are justified and reasonable; present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.

Conclusions of Law

1. The application should be granted to the extent provided by the following order, the adopted rates and charges being just, reasonable, and nondiscriminatory.

2. The effective date of this order should be the date of signature as the authorized rates were designed to take effect at the beginning of calendar year 1992.

ORDER

IT IS ORDERED that:

1. Nacimiento Water Company (applicant or NWC) is authorized to file the schedules attached as Appendix B. This filing shall

comply with General Order 96-A. The effective date of the schedules shall be 5 days after the date of filing. The schedules shall apply to service rendered on or after the effective date.

2. NWC's Tariff Schedule No. 5, Public Fire Hydrant Service, is cancelled and withdrawn. Tariff Schedule No. 4 shall be filed in its place.

3. NWC shall provide missing items and update its tariffs as set forth in Finding of Fact 8.

4. NWC shall record the book entries set forth in Finding of Fact 7.

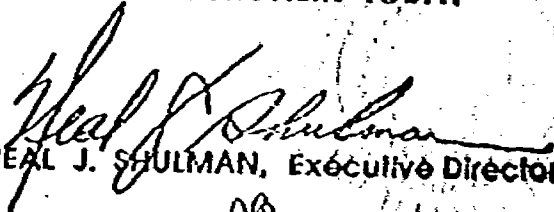
5. The application is granted as set forth above and the docket is closed.

This order is effective today.

Dated October 21, 1992, at San Francisco, California.

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY


NEAL J. SHULMAN, Executive Director

APPENDIX A

Nacimientto Water Company

SUMMARY OF EARNINGS
Test Year 1992

Item	Utility Estimated		Branch Estimated		Recom- mended Rates
	Present Rates	Requested Rates	Present Rates	Requested Rates	
<u>Operating Revenue</u>					
Metered	\$ 99,027	\$ 141,161	\$ 102,469	\$ 135,378	\$ 134,125
Flat Rate	6,920	20,440	6,920	20,440	20,440
Total Revenue	105,947	161,601	109,389	155,818	154,565
<u>Operating Expenses</u>					
Power	26,443	26,443	22,468	22,468	22,468
Purchased Water	8,705	8,705	6,546	6,546	6,546
Other Volume Related	0	0	0	0	0
Employee Labor	0	0	0	0	0
Materials	14,822	14,822	11,727	11,727	11,727
Contract Work	22,488	22,488	23,272	23,272	23,272
Transportation Exp.	8,427	8,427	7,020	7,020	7,020
Other Plant Maint.	0	0	0	0	0
Office Salaries	8,280	8,280	5,097	5,097	5,097
Management Salaries	24,000	24,000	24,000	24,000	24,000
Employee Pensions	0	0	0	0	0
Uncollectibles	0	0	512	677	671
Office Rent	2,705	2,705	2,705	2,705	2,705
Office Supplies	2,962	2,962	2,857	2,857	2,857
Professional Services	1,708	1,708	1,525	1,525	1,525
Insurance	7,453	7,453	1,747	2,276	2,262
General Expense	430	430	430	430	430
Regulatory Expense	0	0	0	0	0
Subtotal	128,423	128,423	109,906	110,600	110,580
Franchise Tax	0	0	0	0	0
Depreciation Expense	23,625	23,625	9,071	9,071	9,071
Property Taxes	2,304	2,304	2,422	2,422	2,422
Payroll Tax	2,774	2,774	2,535	2,535	2,535
Income Taxes	800	1,351	800	7,144	6,862
Total Deduction	157,926	158,477	124,735	131,772	131,470
Net Revenue	(51,979)	3,124	(15,346)	24,046	23,095
Avg. Plant	1,581,160	1,581,160	1,207,903	1,207,903	1,207,903
Avg. Accum. Deprec.	382,450	382,450	453,324	453,324	453,324
Net Plant	1,198,710	1,198,710	754,579	754,579	754,579
Less: Advances	0	0	0	0	0
Contributions	642,190	642,190	596,372	596,372	596,372
Plus: Working Cash	0	0	0	0	0
Mat'l. & Suppl.	0	0	5,000	5,000	5,000
Rate Base	556,520	556,520	163,207	163,207	163,207
Rate of Return	(loss)	0.56%	(loss)	14.73%	14.15%

(END OF APPENDIX A)

APPENDIX B
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Nacimiento Water Company

Schedule No. 1A

ANNUAL METERED SERVICE

APPLICABILITY

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

TERRITORY

Tract Nos. 378, 379, 380 and 381 (Oak Shores), Cantinas Campground and vicinity, San Luis Obispo County.

RATES

Quantity Rate:

All water used per 100 cu.ft. \$ 1.20 (I)

Annual Service Charge:

		Per Meter Per Year	
		\$	(D)
For	3/4-inch meter	200.00	(I)
For	1-inch meter	335.00	
For	1-1/2-inch meter	670.00	
For	2-inch meter	1,065.00	
For	3-inch meter	2,000.00	(I)

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

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. Meters will be read and quantity charges billed monthly, bimonthly or quarterly in accordance with the utility's established billing periods except that meters may be read and quantity charges billed during the winter season at intervals greater than three months.

(Continued)

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Nacimientto Water Company

Schedule No. 1A

ANNUAL METERED SERVICE

SPECIAL CONDITIONS - (Continued)

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 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 service is not continued for at 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 in Schedule No. UF. (N)
(N)

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Nacimiento Water Company

Schedule No. 2A

ANNUAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Cantinas Campground, San Luis Obispo County.

RATE

	<u>Per Unit</u> <u>Per Year</u>	
Each camp or trailer site rented or leased for the full year or a portion thereof	\$ 200.00	(I)

SPECIAL CONDITIONS

1. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day.
2. The annual flat rate 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 flat rate charges in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods.
3. The opening bill for flat rate service shall be the established annual flat rate 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 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

(Continued)

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Nacimiento Water Company

Schedule No. 2A

ANNUAL FLAT RATE SERVICE

SPECIAL CONDITIONS - (Continued)

payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

4. All bills are subject to the reimbursement fee set forth in Schedule No. UF. (N)
(N)

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Nacimiento Water Company

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all fire hydrant service rendered from fire hydrants on private property connected to utility owned mains.

TERRITORY

Tract Nos. 378, 379, 380 and 381 (Oak Shores), Catinas Campground and vicinity, San Luis Obispo County.

RATE

Per Month

For each fire hydrant \$ 23.33

SPECIAL CONDITIONS

1. The fire hydrant will be installed by the utility at the cost of the applicant.
2. The cost of relocation of any hydrant shall be paid by the party requesting relocation.
3. Water delivered for purposes other than fire protection shall be charged for at the quantity rates in Schedule No. 1A, Annual Metered Service.
4. The utility undertakes to supply only such water at such pressure as may be available at any time through the normal operation of its system.
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

(END OF APPENDIX B)

APPENDIX C

Nacimiento Water Company

COMPARISON OF RATES

A comparison of the present and Branch's recommended rates is shown below:

METERED RATE SERVICE

	<u>Present Rates</u>	<u>Recommended Rates</u>	<u>Increase</u>	
			<u>Amount</u>	<u>Percent</u>
Quantity Rates:				
<u>Per Meter per Month</u>				
First 500 cu.ft., per 100 cu.ft...	\$ 0.40	\$ -	-	-
Over 500 cu.ft., per 100 cu.ft...	0.74	-	-	-
All water, per 100 cu.ft.	-	1.20	-	-

Service Charge:

<u>Per Meter per Year</u>				
For 5/8 x 3/4-inch meter	\$ 160.00	\$ 200.00	\$ 40.00	25.00
For 3/4-inch meter	190.00	200.00	10.00	5.26
For 1-inch meter	250.00	335.00	85.00	34.00
For 1-1/2-inch meter	360.00	670.00	310.00	86.11
For 2-inch meter	430.00	1,065.00	635.00	147.67
For 3-inch meter	790.00	2,000.00	1,210.00	153.16

Monthly bill for a typical residential user with a 3/4-inch meter:

	<u>Water Use in Ccf</u>	<u>Per Meter Per Month</u>			
		<u>Present Rates</u>	<u>Recommended Rates</u>	<u>Increase</u>	
			<u>Amount</u>	<u>Percent</u>	
	0	\$ 15.83	\$ 16.67	\$ 0.83	5.26
	3	17.03	20.27	3.23	18.98
Average	7	19.31	25.07	5.75	29.79
	10	21.53	28.67	7.13	33.13
	25	32.63	46.67	14.03	43.00
	50	51.13	76.67	25.53	49.93
	100	88.13	136.67	48.53	50.07

Note: Ccf is 100 cubic feet.

(END OF APPENDIX C)

APPENDIX D
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Nacimiento Water Company

ADOPTED QUANTITIES
Test Year 1992

Federal Income Tax Rate	15.0%
California Income Tax Rate	9.3%
Franchise Tax Rate	0.0%
Uncollectible Rate	0.5%

EXPENSES

1. Power:

Pacific Gas and Electric Company

Rate Schedule	A-1P	
Effective Date	1/1/92	
Energy Charge:		
kWh Summer	96,397	
Winter	63,718	
Rate, per kWh		
Summer	\$0.14960	
Winter	\$0.12299	
Amount		\$22,258
Customer Charge:		
No. of meters	2	
Rate, per meter per month	\$8.75	
Amount		\$ 210

Total Power

\$22,468

2. Purchased Water:

Monterey County Flood Control and
Water Conservation District

Effective Date	8/20/90	
Acre-Feet Used	97.76	
Rate per acre-foot	\$66.96	
Amount		\$ 6,546

3. Water Testing Expenses (in Contract Work)

\$ 9,854

4. Insurance Expense

\$ 2,262

5. Payroll, Payroll Taxes:

Office Salaries	\$ 5,097
Management Salaries	24,000
Payroll Taxes	<u>2,535</u>
Total	\$31,632

APPENDIX D
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Nacimiento Water Company

Recommended
ADOPTED QUANTITIES
Test Year 1992
(Continued)

6.	Ad Valorem Taxes:		
	Tax Rate	1.25800%	
	Assessed Valuation	\$192,500	
	Total		\$ 2,422
7.	Number of Services:		
	Meter Size:		
	5/8 x 3/4-inch and		
	3/4-inch meters	430	
	1-inch meter	2	
	1-1/2-inch meter	2	
	Total		434
	Private Fire Protection Hydrants		73
8.	Metered Water Sales, Ccf:		38,326

Nacimiento Water Company

ADOPTED INCOME TAX CALCULATIONS
Test Year 1992

:Line:	:	State	:	Federal	:
: No.:	Item	Tax	:	Tax	:
1.	Operating Revenue	\$ 154,565		\$ 154,565	
2.	Expenses	110,580		110,580	
3.	Taxes Other Than Income	4,957		4,957	
4.	Depreciation	9,071		9,071	
5.	Interest	0		0	
6.	Taxable Income for State Tax	29,957			
7.	State Tax @ 9.3% (\$800 min.)	\$ 2,786		2,786	
8.	Taxable Income for Federal Tax			27,171	
9.	Federal Tax @ 15% of 1st \$50,000			\$ 4,076	
10.	TOTAL INCOME TAXES			\$ 6,862	

(END OF APPENDIX D)