

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities Branch

RESOLUTION NO. W-3978  
March 13, 1996

**R E S O L U T I O N**

(RES. W-3978), ALCO WATER SERVICE-NORMCO DIVISION  
AND MONTEREY COUNTY SERVICE AREA. (AWS-N).  
ORDER AUTHORIZING A GENERAL RATE INCREASE PRODUCING  
ADDITIONAL ANNUAL REVENUES OF \$20,435 OR 23.7% IN  
1995.

BY DRAFT ADVICE LETTER ACCEPTED ON AUGUST 15, 1995.

SUMMARY

This Resolution grants an increase in gross annual revenues of \$20,435, or 23.7% for test year 1995 with no rate of return on rate base until AWS-N complies with Ordering Paragraph No. 3 of this Resolution. Upon compliance with this order, AWS-N is authorized to file an advice letter requesting an additional \$38,226 or 35.9% increase based on 12.00% rate of return on rate base in the test year. This Resolution also allows AWS-N to consolidate all of its operations outside the city limits of the city of Salinas into the Normco Division.

BACKGROUND

AWS-N requested authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates for water service to produce additional revenues of \$72,500 or 85% in 1995. AWS-N's request shows 1995 gross revenue of \$85,654 at present rates increasing to \$158,200 in 1995 to produce a rate of return on rate base of 11.0%. AWS-N also requested authority to transfer all of its service areas outside the city limits of Salinas into its Normco Division. AWS-N presently serves about 124 metered customers in its Normco Division, which is described as Berta Canyon Subdivision No. 1, Tract No. 175, Prunedale, approximately eight miles north of the city of Salinas and about 129 metered customers in several separate developments outside the city limits of Salinas, known as the North Monterey County Area (NMCA), all in Monterey County. The requested consolidated service area would serve about 253 metered customers.

The present rates for the Normco Division became effective on February 17, 1983, pursuant to Res. No. W-3078, which authorized a general rate increase of \$8,550 or 83.8% and for the NMCA on November 10, 1985, pursuant to Decision No. (D.) 85-09-065, which authorized a Certificate of Public Convenience and Necessity for a new service area.

### DISCUSSION

The Water Utilities Branch (Branch) made an independent analysis of AWS-N's summary of earnings and issued its report in February 1996. Appendix A shows AWS-N's and the Branch's estimated summaries of earnings at present, requested, and adopted rates for the test year 1995. Appendix A also shows differences in operating revenues, operating expenses, and rate base.

AWS-N was informed of the Branch's differing views of revenues, expenses, and rate base and stated that it disagreed with some of the Branch's findings. Following discussions between AWS-N and the Branch, both agreed to the summary of earnings as shown in the column headed "Adopted Rates".

Major concerns of customers in the area called Valley Pacifico/Langley Canyon are the poor quality of the water being served and the decline in water production of one of the wells servicing the area. To compensate for the decline of production, AWS-N has been trucking water into the holding tanks servicing the area. The ratepayers are extremely concerned about this situation. They want to be assured that there is enough water for fire protection. AWS-N has proposed drilling a new well in that area at an estimated cost of \$199,100. AWS-N has requested that it be allowed to file for an offset to recover the costs associated with this well when it is completed. The Branch concurs.

On June 15, 1983, the Commission adopted a service improvement policy which requires all Class and D water utilities to provide public notice and hold a public meeting whenever proposed plant additions exceed rate base by 25 percent. The drilling of a new well at an estimated cost of approximately \$199,100 is necessary to protect health and safety of AWC's customers and the need to drill this well was discussed at the September 18, 1995 public meeting. There was no opposition. Even though AWC did not include the cost of this well in its original general rate increase notice to customers, the Branch believes that there is no need to require AWC to hold another public meeting.

Another of the major concerns of the ratepayers is the area known as the Matterhorn-Vierra Estates. The customers claim that the water has an undesirable taste and odor, sometimes making the water undrinkable. AWS-N has responded with temporary solutions and is attempting to find a solution that would mitigate the problem in a cost efficient manner. AWS-N has proposed the installation of a filtration and oxidation system at a cost of approximately \$30,000 and is requesting that it be allowed to file for an offset upon completion of the system. The Branch concurs.

Although there were many complaints about the quality of the water, they were all concerned with secondary standards which cover the cosmetic effects of water. According to the Monterey County Department of Health, the water meets all primary health standards.

The staff's investigation revealed at least two areas being served by AWS-N without the required Commission authorization. These are the Vierra Canyon and Gray Eagle areas. AWS-N should be ordered to file to request

authorization to serve these areas and any other areas that do not have Commission authorization.

AWS-N's draft advice letter requested rates which it estimated would produce a rate of return on rate base of 11.0%. The summary of earnings in Appendix A shows a rate of return of 00.00% in 1995 at the Branch's recommended rates. The Branch is recommending that AWS-N not be allowed a return on its net investment until it receives approval for serving those areas for which it does not have certification. Once AWS-N files for certification and receives Commission approval, the Branch recommends that it be authorized to increase its rate of return to the 12.00% shown in Appendix A-1. This is above the rate of return requested by AWS-N, but below the 14.00% to 14.50% standard rate of return range recommended for Class D water utilities by the Finance Branch of the Commission Advisory and Compliance Division. The Branch would normally recommend a rate of return of 14.25%, but because of AWS-N's indifference to the complaints of its customers and its history of disregarding Commission rules, it is recommending the lower rate.

AWS-N files Annual Reports regularly and there are no outstanding Commission orders requiring improvements. AWS-N has not filed an updated tariff sheet for its Preliminary Statement and an up-to-date service area map.

AWS-N's filed tariffs for its Normoo Division currently contain three rate schedules: No. 1, General Metered Service, No. 2R, Residential Flat Rate Service, and No. 5, Public Fire Protection Service.

The NMCA has two schedules: No. 1-BE, Metered Service North Monterey County Area, and No. 1-PV, Metered Service North Monterey County Area. The Branch recommends that these two schedules be consolidated into the Normoo Division Schedule No. 1, General Metered Service. Schedule Nos. 2R and 5 should be deleted since AWS-N has no customers under these schedules and does not anticipate any in the future. The rates proposed by the Branch are included herein as Appendices B and B-1.

Current rate design policy as set by D.92-03-093 allows AWS-N to recover up to 100% of its fixed costs through its service charges. In addition, Branch guidelines call for no rate element to increase by more than twice the system average increase. In attempting to meet both conditions, the service charges were increased by up to 60% at no rate of return and another up to 41% at 12.00% rate of return and will recover approximately 64% of the fixed costs.

At the Branch's recommended rates shown in Appendices B and B-1, the monthly bills for a typical metered customer in the NMCA service area using 1700 cubic feet of water with a 1-inch meter will increase from \$32.05 to \$37.85 at no rate of return and from \$37.85 to \$52.88 at the 12.00% rate of return. The monthly bills for a typical metered customer in the Normoo Division service area using 1500 cubic feet of water through a 3/4-inch meter will increase from \$23.03 to \$30.75 and from \$30.75 to \$39.60, respectively. A comparison of customer bills at present and recommended rates is shown in Appendix C. The adopted quantities and tax calculations are shown in Appendix D.

#### NOTICE AND PROTESTS

A notice of the proposed rate increase was mailed to each customer on August 18, 1995. The Branch received about 20 letters protesting the rate increase. One of the letters contained nearly 300 signatures. The Commission's Consumer Affairs Branch has not received any complaints since 1995.

A public meeting was held on Monday, September 18, 1995, in the Salinas Community Center in Salinas, California. The Branch's representative explained Commission rate setting procedures and the utility's representative explained the need for the rate increase. About 125 customers attended the meeting with their primary concern being AWS-N's poor service and disregard for customer's complaints. Other major complaints were concerned with the size of the increase and the quality of the water. There were other questions and comments which were general in nature.

#### FINDINGS AND CONCLUSIONS

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. The quantities (Appendix D) used to develop the Branch's recommendations are reasonable and should be adopted.
4. The rate increase authorized herein is justified, and the resulting rates are just and reasonable.
5. AWS-N should be authorized to eliminate Tariff Schedule Nos. 2R and 5 from its tariffs.
6. AWS-N should be authorized to consolidate Tariff Schedule Nos. 1-BE and 1-BV into Tariff Schedule No. 1.
7. AWS-N should be ordered to file advice letters requesting contiguous extension approval of the systems operating without Commission approval. These are the Vieira Canyon and Gray Eagle areas. Five days after receiving certification approval for those areas, AWS-N should be authorized to file the rates in Appendix B-1. New service area maps should be included in this filing.
8. AWS-N should be ordered to notify the Commission of the completion of the water system compliance study required by the Monterey County Department of Health.
9. AWS-N should be authorized to file an advice letter(s) requesting recovery of the costs of the filtration and oxidation system and the Valle Pacifico Well after they have been completed and are in full operation.

IT IS ORDERED that:

1. Authority is granted under Public Utilities Code Section 454 for Alco Water Service to file an advice letter for its Normco Division incorporating the summary of earnings and the revised schedules attached to this resolution as Appendices A and B respectively, and concurrently to cancel its presently effective rate Schedule Nos. 1, 1-BE, 1-BV, 2R, and 5. Its filing shall comply with General Order 96-A. The effective date of the revised schedules shall be five days after the date of its filing.
2. Within 60 days of the effective date of this resolution, Alco Water Service shall file an updated Preliminary Sheet.
3. Alco Water Service shall file advice letters for contiguous extension of systems operating without Commission approval. These are the Vierra Canyon and Gray Eagle areas. Five days after approval has been received, Alco Water Service is authorized to file an advice letter incorporating the summary of earnings and revised schedules attached to this resolution as Appendices A-1 and B-1 respectively, and concurrently to cancel its then effective rate Schedule No. 1. A new service area map(s) shall be included with this filing. Its filing shall comply with General Order 96-A. The effective date of the revised schedule shall be five days after the date of its filing.
4. Alco Water Service shall notify the Commission of its completion of the water system's evaluation study required by the Monterey County Department of Health.
5. Alco Water Service is authorized to file an advice letter(s) requesting recovery of the costs of the filtration and oxidation system and the Valle Pacifico Well after they are completed and placed in service.
6. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on March 13, 1996. The following Commissioners approved it:

*Wesley Franklin*

WESLEY M. FRANKLIN  
Executive Director

DANIEL Wm. FESSLER  
President  
P. GREGORY CONLON  
JESSIE J. KNIGHT, Jr.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioners

APPENDIX A  
 ALCO WATER SERVICE  
 NORMCO DIVISION  
 SUMMARY OF EARNINGS  
 Test Year 1995

Operating Revenues:	Utility				Staff				Staff Recommended Rates
	Staff	Utility	Exceeds Amount	Staff %	Staff	Utility	Exceeds Amount	Staff %	
Metered	86,089	85,654	(435)	-0.5%	163,124	158,200	(4,924)	-3.0%	106,524
Operating Expenses:									
Power	27,971	26,397	(1,574)	-5.6%	27,971	26,397	(1,574)	-5.6%	27,971
Employee Labor	18,376	18,376	0	0.0%	18,376	18,376	0	0.0%	18,376
Material	1,966	2,091	125	6.4%	1,966	2,091	125	6.4%	1,966
Contract Work	2,062	2,548	486	23.6%	2,062	2,548	486	23.6%	2,062
Transportation	3,416	4,052	636	18.6%	3,416	4,052	636	18.6%	3,416
Other Plant Maint. Exp.	1,594	1,594	0	0.0%	1,594	1,594	0	0.0%	1,594
Office Salaries	7,872	7,989	117	1.5%	7,872	7,989	117	1.5%	7,872
Management Salaries	4,619	5,359	740	16.0%	4,619	5,359	740	16.0%	4,619
Employee Pen. & Ben.	6,717	6,936	219	3.3%	6,717	6,936	219	3.3%	6,717
Office Service & Rentals	1,790	1,790	0	0.0%	1,790	1,790	0	0.0%	1,790
Office Supplies & Exp.	1,558	1,873	315	20.2%	1,558	1,873	315	20.2%	1,558
Uncollectible Accounts	575	575	0	0.0%	575	575	0	0.0%	575
Insurance	2,056	2,088	32	1.6%	2,056	2,088	32	1.6%	2,056
Reg. Commission Exp.	833	1,333	500	60.0%	833	1,333	500	60.0%	833
General Expense	1,510	1,510	0	0.0%	1,510	1,510	0	0.0%	1,510
Total Operating Exp.	82,916	84,511	1,595	1.9%	82,916	84,511	1,595	1.9%	82,916
Depreciation	15,301	16,316	1,015	6.6%	15,301	16,316	1,015	6.6%	15,301
Other Than Inc. Tax	7,765	9,340	1,575	20.3%	9,438	9,340	(98)	-1.0%	8,306
State Corp. Franc. Tax	800	0	(800)		5,159	4,467	(692)	-13.4%	0
Federal Corp. Inc. Tax	0	0	0		7,577	14,818	7,241	95.6%	0
Total Deductions	106,782	110,167	3,385	3.2%	120,392	129,452	9,060	7.5%	106,524
Net Income (Loss)	(20,693)	(24,513)	(3,820)	18.5%	42,732	28,748	(13,984)	-32.7%	0
Rate Base:									
Average Plant	575,872	608,158	32,287	5.6%	575,872	608,158	32,287	5.6%	575,872
Average Depr. Reserve	139,264	150,984	11,720	8.4%	139,264	150,984	11,720	8.4%	139,264
Net Plant	436,607	457,174	20,567	4.7%	436,607	457,174	20,567	4.7%	436,607
Less: Advances	101,926	101,926	0	0.0%	101,926	101,926	0	0.0%	101,926
Contributions	98,377	98,377	0	0.0%	98,377	98,377	0	0.0%	98,377
Accum. Deferred Taxes	39,730	39,730	0	0.0%	39,730	39,730	0	0.0%	39,730
Add: Working Cash	4,422	4,505	83	1.9%	4,422	4,505	83	1.9%	4,422
Deferred Taxes	39,701	39,701	0	0.0%	39,701	39,701	0	0.0%	39,701
Rate Base	240,697	261,347	20,650	8.6%	240,697	261,347	20,650	8.6%	240,697
Rate Of Return					17.75%	11.00%			0.00%

APPENDIX A - I  
 ALCO WATER SERVICE  
 NORMCO DIVISION  
 SUMMARY OF EARNINGS  
 Test Year 1995

Operating Revenues:	1994		1995		1994		1995		Staff Recommended Rates
	Staff	Utility	Utility Exceeds Amount	Staff %	Staff	Utility	Utility Exceeds Amount	Staff %	
Metered	86,089	85,654	(435)	-0.5%	163,124	158,200	(4,924)	-3.0%	144,750
Operating Expenses:									
Power	27,971	26,397	(1,574)	-5.6%	27,971	26,397	(1,574)	-5.6%	27,971
Employee Labor	18,376	18,376	0	0.0%	18,376	18,376	0	0.0%	18,376
Material	1,966	2,091	125	6.4%	1,966	2,091	125	6.4%	1,966
Contract Work	2,062	2,548	486	23.6%	2,062	2,548	486	23.6%	2,062
Transportation	3,416	4,052	636	18.6%	3,416	4,052	636	18.6%	3,416
Other Plant Maint. Exp.	1,594	1,594	0	0.0%	1,594	1,594	0	0.0%	1,594
Office Salaries	7,872	7,989	117	1.5%	7,872	7,989	117	1.5%	7,872
Management Salaries	4,619	5,359	740	16.0%	4,619	5,359	740	16.0%	4,619
Employee Pen. & Ben.	6,717	6,936	219	3.3%	6,717	6,936	219	3.3%	6,717
Office Service & Rentals	1,790	1,790	0	0.0%	1,790	1,790	0	0.0%	1,790
Office Supplies & Exp.	1,558	1,873	315	20.2%	1,558	1,873	315	20.2%	1,558
Uncollectible Accounts	575	575	0	0.0%	575	575	0	0.0%	575
Insurance	2,056	2,088	32	1.6%	2,056	2,088	32	1.6%	2,056
Res. Commission Exp.	833	1,333	500	60.0%	833	1,333	500	60.0%	833
Capital Expense	1,510	1,510	0	0.0%	1,510	1,510	0	0.0%	1,510
Total Operating Exp.	82,916	84,511	1,595	1.9%	82,916	84,511	1,595	1.9%	82,916
Depreciation	15,301	16,316	1,015	6.6%	15,301	16,316	1,015	6.6%	15,301
Tax Other Than Inc. Tax	7,765	9,340	1,575	20.3%	9,438	9,340	(98)	-1.0%	9,071
State Corp. Franc. Tax	800	0	(800)		5,159	4,467	(692)	-13.4%	3,484
Federal Corp. Inc. Tax	0	0	0		7,577	14,818	7,241	95.6%	5,097
Total Deductions	106,782	110,167	3,385	3.2%	120,392	129,452	9,060	7.5%	115,869
Net Income (Loss)	(20,693)	(24,513)	(3,820)	18.5%	42,732	28,748	(13,984)	-32.7%	28,881
Rate Base:									
Average Plant	575,872	608,158	32,287	5.6%	575,872	608,158	32,287	5.6%	575,872
Average Depr. Reserve	139,264	150,984	11,720	8.4%	139,264	150,984	11,720	8.4%	139,264
Net Plant	436,607	457,174	20,567	4.7%	436,607	457,174	20,567	4.7%	436,607
Less: Advances	101,926	101,926	0	0.0%	101,926	101,926	0	0.0%	101,926
Contributions	98,377	98,377	0	0.0%	98,377	98,377	0	0.0%	98,377
Accum. Deferred Taxes	39,730	39,730	0	0.0%	39,730	39,730	0	0.0%	39,730
Add: Working Cash	4,422	4,505	83	1.9%	4,422	4,505	83	1.9%	4,422
Deferred Taxes	39,701	39,701	0	0.0%	39,701	39,701	0	0.0%	39,701
			0				0		0
Rate Base	240,697	261,347	20,650	8.6%	240,697	261,347	20,650	8.6%	240,697
Rate Of Return					17.75%	11.00%			12.00%

Resolution W-3978  
 Alco Water Service-Normco Division/DR AL/RUT/LEP;jlj

ALCO WATER SERVICE  
 NORMCO DIVISION  
 Estimated Revenues

NORMCO

	Avg # of Customers	Service Charge	Present Rates		Proposed Rates		Recommended Rates		Annual Revenue	%	
			Monthly Revenue	Annual Revenue	Monthly Revenue	Annual Revenue	Monthly Revenue	Annual Revenue			
5/8x3/4	2	10.00	20.00	240.00	10.20	20.40	244.80	10.00	20.00	240.00	0.0%
3/4	107	15.00	1,605.00	19,260.00	15.25	1,631.75	19,581.00	15.00	1,605.00	19,260.00	0.0%
1	10	20.00	200.00	2,400.00	25.40	254.00	3,048.00	25.00	250.00	3,000.00	25.0%
1 1/2	3	25.00	75.00	900.00	50.85	152.55	1,830.60	35.00	105.00	1,260.00	40.0%
2	2	32.00	64.00	768.00	81.30	162.60	1,951.20	45.00	90.00	1,080.00	40.6%
	124		1,964.00	23,568.00		2,221.30	26,655.60		2,070.00	24,840.00	

NORTH MONTEREY COUNTY AREA

5/8x3/4	2	10.00	20.00	240.00	10.20	20.40	244.80	10.00	20.00	240.00	0.0%
3/4	7	15.00	105.00	1,260.00	15.25	106.75	1,281.00	15.00	105.00	1,260.00	0.0%
1	101	20.00	2,020.00	24,240.00	25.40	2,565.40	30,784.80	25.00	2,525.00	30,300.00	25.0%
1 1/2	0	25.00	0.00	0.00	50.85	0.00	0.00	35.00	0.00	0.00	40.0%
2	19	32.00	608.00	7,296.00	81.30	1,544.70	18,536.40	45.00	855.00	10,260.00	40.6%
	129		2,753.00	33,036.00		4,237.25	50,847.00		3,505.00	42,060.00	
Total	253		4,717.00	56,604.00		6,458.55	77,502.60		6,885.00	66,900.00	

Consumption 1993 44,712 Ccf  
 Consumption 1994 46,182 Ccf  
 Increase 3%  
 Consumption 1995 47,567

NORMCO

Ccf	4,464	1.05	4,687.20	1.8	8,035.20	1.64	7,320.96	56.2%
	17,380	1.05	18,249.25	1.8	31,284.43	1.64	28,503.59	56.2%
	21,844		22,936.45		39,319.63		35,824.55	

NORTH MONTEREY COUNTY AREA

Ccf	4,644	1.05	4,876.20	1.8	8,359.20	1.64	7,616.16	56.2%
	21,079	1.05	22,133.18	1.8	37,942.60	1.64	34,569.92	56.2%
	25,723		27,009.38		46,301.80		42,186.08	
Total	47,567		106,549.83		163,124.03		144,910.63	



REGULATORY SERVICE  
NORMCO DIVISION  
Estimated Revenues

**NORMCO**

	Avg # of Customers	Service Charge	Present Monthly Revenue	Rates Annual Revenue	Proposed Rates	Monthly Revenue	Annual Revenue	Recommended Rates	Monthly Revenue	Annual Revenue	
5/8x3/4	2	8.50	17.00	204.00	10.20	20.40	244.80	10.00	20.00	240.00	17.6%
3/4	107	9.35	1,000.45	12,005.40	15.25	1,631.75	19,581.00	15.00	1,605.00	19,260.00	60.4%
1	10	12.75	127.50	1,530.00	25.40	254.00	3,048.00	20.00	200.00	2,400.00	56.9%
1 1/2	3	17.00	51.00	612.00	50.85	152.55	1,830.60	25.00	75.00	900.00	47.1%
2	2	23.00	46.00	552.00	81.30	162.60	1,951.20	32.00	64.00	768.00	39.1%
	124		1,241.95	14,903.40		2,221.30	26,655.60		1,964.00	23,568.00	

**NORTH MONTEREY COUNTY AREA**

5/8x3/4	2	10.00	20.00	240.00	10.20	20.40	244.80	10.00	20.00	240.00	0.0%
3/4	7	11.00	77.00	924.00	15.25	106.75	1,281.00	15.00	105.00	1,260.00	36.4%
1	101	15.00	1,515.00	18,180.00	25.40	2,565.40	30,784.80	20.00	2,020.00	24,240.00	33.3%
1 1/2	0	20.00	0.00	0.00	50.85	0.00	0.00	25.00	0.00	0.00	25.0%
2	19	27.00	513.00	6,156.00	81.30	1,544.70	18,536.40	32.00	608.00	7,296.00	18.5%
	129		2,125.00	25,500.00		4,237.25	50,847.00		2,753.00	33,036.00	
<b>Total</b>	<b>253</b>		<b>3,366.95</b>	<b>40,403.40</b>		<b>6,458.55</b>	<b>77,502.60</b>		<b>5,381.00</b>	<b>56,604.00</b>	

Consumption 1993 44,712 Ccf  
 Consumption 1994 46,182 Ccf  
 Increase 3%  
 Consumption 1995 47,567

**NORMCO**

Ccf	4,464	0.80	3,571.20	1.8	8,035.20	1.05	4,687.20	31.3%
	17,380	0.94	16,337.43	1.8	31,284.43	1.05	18,249.25	11.7%
	21,844		19,908.63		39,319.63		22,936.45	

**NORTH MONTEREY COUNTY AREA**

Ccf	4,644	0.83	3,854.52	1.8	8,359.20	1.05	4,876.20	26.5%
	21,079	1.04	21,922.39	1.8	37,942.60	1.05	22,133.18	1.0%
	25,723		25,776.91		46,301.80		27,009.38	
<b>Total</b>	<b>47,567</b>		<b>86,088.93</b>		<b>163,124.03</b>		<b>106,549.83</b>	

APPENDIX B

ALCO WATER SERVICE  
NORMCO DIVISION

Schedule No. 1

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The areas served by the Alco Water Service outside of the city limits of Salinas, California currently known as Normco Division and the North Monterey County Area.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
<u>Quantity Rates:</u>		
All Water, per 100 cu. ft. ....	\$ 1.05	(I)
<u>Service Charge:</u>		
For 5/8 x 3/4-inch meter .....	\$ 10.00	(I)
For 3/4-inch meter .....	15.00	
For 1-inch meter .....	20.00	
For 1-1/2-inch meter .....	25.00	
For 2-inch meter .....	32.00	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the monthly charge computed at the Quantity Rates.

APPENDIX C  
 ALCO WATER SERVICE  
 NORMCO DIVISION

COMPARISON OF RATES

METERED SERVICE

	<u>Present Rates</u>	<u>Per Meter Per Month</u>	
		<u>Proposed Rates TY 95</u>	<u>Percent Increase (Decrease)</u>
For 5/8 x 3/4-inch meter	\$ 8.50	\$10.00	17.6%
For 3/4-inch meter	9.35	15.00	60.4%
For 1-inch meter	12.75	20.00	56.9%
For 1 1/2-inch meter	17.00	25.00	47.1%
For 2-inch meter	23.00	32.00	39.1%

Quantity Rates:

First 300 cu.ft., per 100 cu.ft.	\$ 0.80	\$ 1.05	31.3%
Over 300 cu.ft., per 100 cu.ft.	.94	1.05	11.7%

Comparison of typical bills for residential metered customers with a 3/4-inch meter is shown below at present and recommended rates.

<u>Usage 100 cu.ft.</u>	<u>Present Bills</u>	<u>Recommended Bills</u>	<u>Amount Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
6	\$14.57	\$21.30	\$ 6.73	46.2%
12	20.21	27.60	7.39	36.6%
15 avg	23.03	30.75	7.72	33.5%
20	27.73	36.00	8.27	29.8%
25	32.43	41.25	8.82	27.2%

APPENDIX C  
 ALCO WATER SERVICE  
 NORMCO DIVISION  
 NORTH MONTEREY AREA  
COMPARISON OF RATES

METERED SERVICE

	<u>Per Meter Per Month</u>		
	<u>Present Rates</u>	<u>Proposed Rates TY 95</u>	<u>Percent Increase (Decrease)</u>
For 5/8 x 3/4-inch meter	\$10.00	\$10.00	N/A
For 3/4-inch meter	11.00	15.00	36.4%
For 1-inch meter	15.00	20.00	33.3%
For 1-1/2-inch meter	20.00	25.00	25.0%
For 2-inch meter	27.00	32.00	18.5%

Quantity Rates:

First 300 cu.ft., per 100 cu.ft.	\$ 0.83	\$ 1.05	26.5%
Over 300 cu.ft., per 100 cu.ft.	1.04	1.05	1.0%

Comparison of typical bills for residential metered customers with a 1-inch meter is shown below at present and recommended rates.

<u>Usage 100 cu.ft.</u>	<u>Present Bills</u>	<u>Recommended Bills</u>	<u>Amount Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
6	\$20.61	\$26.30	\$ 5.69	27.6%
12	26.85	32.60	5.75	21.4%
17 avg	32.05	37.85	5.80	18.1%
20	35.17	41.00	5.83	16.6%
25	40.37	46.25	5.88	14.6%

APPENDIX D  
ALCO WATER SERVICE  
NORMCO DIVISION

ADOPTED QUANTITIES  
Test Year 1995

Offset Items

1. Purchased Power

Pacific Gas and Electric Company  
Effective Date July 15, 1993  
Rate Schedule A-1 Small General Service

Customer Charge:	Per Meter Per Month
Single-phase service	\$ 8.10
Polyphase Service	12.00
Energy charge (per kWh)	
Summer	\$0.15999
Winter	\$0.10967
Total Cost	\$ 27,971
Total kWh	187,416
Average Unit Cost \$/kWh	\$ 0.149
2. <u>Payroll</u>	
Employee Labor	\$ 18,376
Office Salaries	7,872
Management Salaries	4,255
3. Payroll Taxes	\$ 2,609
4. Ad Valorem Taxes	\$ 4,623

APPENDIX D  
 ALCO WATER SERVICE  
 NORMCO DIVISION

ADOPTED QUANTITIES

Test Year 1995

Service Connections

1. Meter Size

3/4 x 5/8-inch .....	4
3/4-inch .....	114
1-inch .....	111
1-1/2-inch .....	3
2-inch .....	<u>21</u>
Total Metered	253
	===

Metered Water Sales Used to Design Rates

	<u>Usage - Ccf/yr</u>
General Metered	47,567
	=====

ADOPTED TAX CALCULATIONS

1. Operating Revenues	\$ 106,524
2. Expenses	82,916
3. Depreciation	15,301
4. Taxes Other Than Income	8,306
5. Taxable Income for State Tax	0
7. State Tax (9.3%)	0
8. Taxable Income for FIT	0
	=====

APPENDIX B - 1

ALCO WATER SERVICE  
NORMCO DIVISION

Schedule No. 1

METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The areas served by the Alco Water Service outside of the city limits of Salinas, California currently known as Normco Division and the North Monterey County Area.

RATES

Quantity Rates:

All Water, per 100 cu. ft. .... \$ 1.64 (I)

Service Charge:

Per Meter  
Per Month

For 5/8 x 3/4-inch meter .....	\$ 10.00	
For 3/4-inch meter .....	15.00	
For 1-inch meter .....	25.00	(I)
For 1-1/2-inch meter .....	35.00	
For 2-inch meter .....	45.00	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the monthly charge computed at the Quantity Rates.

APPENDIX C - 1

ALCO WATER SERVICE  
 NORMCO DIVISION

COMPARISON OF RATES

METERED SERVICE

Per Meter Per Month

	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent (Decrease)</u>
For 5/8 x 3/4-inch meter.....	\$10.00	\$10.00	N/A
For 3/4-inch meter.....	15.00	15.00	N/A
For 1-inch meter.....	20.00	25.00	25.0
For 1/1-2-inch meter.....	25.00	35.00	40.0%
For 2-inch meter.....	32.00	45.00	40.6%

Quantity Rates:

All water, per 100 cu.ft. ....	\$ 1.05	\$ 1.64	56.2%
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Comparison of typical bills for residential metered customers with a 3/4-inch is shown below at present and authorized rates for 1995.

<u>Usage 100 cu.ft.</u>	<u>Present Bills</u>	<u>Recommended Bills</u>	<u>Amount Increase Bills</u>	<u>Percent Increase (Decrease)</u>
6	\$21.30	\$ 24.84	\$ 3.54	16.6%
12	27.60	34.68	7.08	25.7%
15 avg	30.75	39.60	8.85	28.8%
20	36.00	47.80	11.80	32.8%
25	41.25	56.00	14.75	35.8%



APPENDIX C - 1

ALCO WATER SERVICE  
 NORMOO DIVISION

NORTH MONTEREY AREA

COMPARISON OF RATES

METERED SERVICE

Per Meter Per Month

	<u>Present Rates</u>	<u>Proposed Rates TY 95</u>	<u>Percent Increase (Decrease)</u>
For 5/8 x 3/4-inch meter	\$10.00	\$10.00	N/A
For 3/4-inch meter	15.00	15.00	N/A
For 1-inch meter	20.00	25.00	25.0%
For 1 1/2-inch meter	25.00	35.00	40.0%
For 2-inch meter	32.00	45.00	40.6%

Quantity Rates:

All Water, per 100 cu.ft.	\$ 1.05	\$ 1.64	56.2%
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Comparison of typical bills for residential metered customers with a 1-inch is shown below at present and authorized rates for 1995.

<u>Usage 100 cu.ft.</u>	<u>Present Bills</u>	<u>Recommended Bills</u>	<u>Amount Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
6	\$ 26.30	\$ 34.84	\$ 8.54	32.5%
12	32.60	44.68	12.08	37.1%
17 avg	37.85	52.88	15.03	39.7%
20	41.00	57.80	16.80	41.0%
25	46.25	66.00	19.75	42.7%

APPENDIX D - 1

ALCO WATER SERVICE  
NORMCO DIVISION

ADOPTED QUANTITIES  
Test Year 1995

Offset Items

1. Purchased Power

Pacific Gas and Electric Company  
Effective Date July 15, 1993  
Rate Schedule A-1 Small General Service

Customer Charge:	Per Meter Per Month
Single-phase service	\$ 8.10
Polyphase Service	\$ 12.00
Energy charge (per kWh)	
Summer	\$0.15999
Winter	\$0.10967
Total Cost	\$ 27,971
Total kWh	187,416
Average Unit Cost \$/kWh	0.149
2. <u>Payroll</u>	
Employee Labor	\$ 18,376
Office Salaries	7,872
Management Salaries	4,255
3. Payroll Taxes	\$ 2,609
4. Ad Valorem Taxes	\$ 4,623

APPENDIX D - 1

ALCO WATER SERVICE  
NORMCO DIVISION

ADOPTED QUANTITIES

Test Year 1995

Service Connections

1. Meter Size

3/4 x 5/8" .....	4
3/4" .....	114
1" .....	111
1 1/2" .....	3
2" .....	21
Total Metered	253
	===

Metered Water Sales Used to Design Rates

Usage - Ccf/yr

General Metered 47,567  
=====

ADOPTED TAX CALCULATIONS

1. Operating Revenues	\$ 144,750
2. Expenses	82,916
3. Depreciation	15,301
4. Taxes Other Than Income	9,071
5. Taxable Income for State Tax	37,462
7. State Tax (9.3%)	3,484
8. Taxable Income for FIT	5,097
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