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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

In the matter of application of:

Alco Water Service, (U-206-W), (Alco) a California Corporation, for an order 1) authorizing it to increase rates for water service by \$3,709,633 or 62.6% in test year 2010, 2) authorizing it to increase rates on July 1, 2011 by \$1,752,844 or 18.2% and July 1, 2012 by \$1,016,639 or 8.9% in accordance with Decision 08-11-035, and 3) adopting other related rulings and relief necessary to implement the Commission's ratemaking policies.

Application No. 10-02-006

Filed: February 1, 2010

UPDATE TO GENERAL RATE CASE APPLICATION

Alisal Water Corporation  
dba Alco Water Service  
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*Applicant*

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*Attorney for Alisal Water Corporation  
dba Alco Water Service*

March 17, 2010

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

In the matter of application of:

Alco Water Service, (U-206-W), (Alco) a California Corporation, for an order 1) authorizing it to increase rates for water service by \$3,709,633 or 62.6% in test year 2010, 2) authorizing it to increase rates on July 1, 2011 by \$1,752,844 or 18.2% and July 1, 2012 by \$1,016,639 or 8.9% in accordance with Decision 08-11-035, and 3) adopting other related rulings and relief necessary to implement the Commission's ratemaking policies.

Application No. 10-02-006

Filed: February 1, 2010

UPDATE TO GENERAL RATE CASE APPLICATION

U-206-W which is "Alisal Water Corporation dba Alco Water Service" (Alco), provides, in accordance with D. 07-05-062, this 45-day update to its General Rate Case Application filed on February 1, 2010. Included in this update, is a revised Schedule A, Summary of Earnings and a revised Schedule B, Comparative Statement of Revenues and Expenses. This update contains final 2009 financial information that was not available at the time Alco filed the original application.

In accordance with Rule 1.10, Alco is serving this notice electronically to all parties in A.10-02-006 today.

Dated: March 17, 2010  
Respectfully Submitted,  
Alisal Water Corporation dba Alco Water Service

By: \_\_\_\_\_/s/ Thomas R. Adcock  
Thomas R. Adcock  
President  
ALISAL WATER CORPORATION  
DBA ALCO WATER SERVICE  
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**ALCO WATER SERVICE**  
**SUMMARY OF EARNINGS**  
**Years 2007-2009 Recorded and 2010-2012 Estimated at Present and Proposed Rates**

(A)	Recorded			Estimated at Present Rates			Estimated at Proposed Rates		
	(B) 2007	(C) 2008	(D) 2009	(E) 2010	(F) 2011	(G) 2012	(H) 2010	(I) 2011	(J) 2012
<b>Revenues</b>									
1 Water Revenue at Present Rates	5,855,139	5,770,977	5,959,252	5,803,876	5,900,710	5,990,423	5,803,876	5,900,710	5,990,423
2 Water Revenues to cover Operating Expenses	0	0	0	0	0	0	2,004,483	2,886,924	3,304,727
3 Water Revenues to cover Return on Investment	0	0	0	0	0	0	1,825,096	2,598,664	3,107,788
4 Total Revenues	5,855,139	5,770,977	5,959,252	5,803,876	5,900,710	5,990,423	9,633,454	11,386,298	12,402,937
<b>Expenses</b>									
<b>Operating Expenses</b>									
5 Operation and Maintenance	1,697,475	1,800,227	1,791,587	2,572,575	2,639,190	2,698,727	2,572,575	2,639,190	2,698,727
6 Administrative and General	2,100,098	1,914,678	1,858,484	3,374,474	3,556,005	3,712,880	3,401,938	3,597,907	3,762,529
7 Total Operating Expenses	3,797,573	3,714,905	3,650,071	5,947,049	6,195,196	6,411,607	5,974,513	6,237,098	6,461,256
<b>Other Expenses</b>									
8 Depreciation Expense	541,253	565,951	612,306	685,503	917,075	1,154,770	685,503	917,075	1,154,770
9 Property Taxes	99,586	108,082	126,598	227,673	392,305	439,161	227,673	392,305	439,161
10 Payroll Taxes	87,484	91,176	104,923	124,642	133,220	138,114	124,642	133,220	138,114
11 City Business License Tax	195,440	214,488	217,408	217,645	221,277	224,641	361,255	426,986	465,110
12 State Corporate Franchise Tax	39,831	19,960	30,984	800	800	800	99,140	153,508	143,485
13 Federal Corporate Income Tax	139,655	63,526	107,858	0	0	0	347,601	538,223	503,082
14 Total Expenses	4,900,822	4,778,088	4,850,148	7,203,313	7,859,872	8,369,093	7,820,327	8,798,415	9,304,978
15 Miscellaneous Income - Taxable CIAC	(16,979)	(15,604)	(13,409)	(11,969)	(10,781)	(9,829)	(11,969)	(10,781)	(9,829)
16 Net Income (Loss)	971,296	1,008,493	1,122,513	(1,387,468)	(1,948,382)	(2,368,841)	1,825,096	2,598,664	3,107,788
17 Ratebase Average year	9,978,300	12,174,591	13,670,694	17,323,755	23,496,535	28,357,646	17,323,755	23,496,535	28,357,646
18 Rate of Return with Energy Efficiency Increase	<u>9.73%</u>	<u>8.28%</u>	<u>8.21%</u>	<u>-8.01%</u>	<u>-8.29%</u>	<u>-8.35%</u>	<u>10.54%</u>	<u>11.06%</u>	<u>10.96%</u>
19 Rate of Return without Energy Efficiency Increase	<u>9.73%</u>	<u>8.28%</u>	<u>8.21%</u>	<u>-8.01%</u>	<u>-8.29%</u>	<u>-8.35%</u>	<u>10.51%</u>	<u>10.51%</u>	<u>10.51%</u>

Note:

Average ratebase was calculated from Ratebase as of December 31, 2008 and December 31, 2009.

**ALCO WATER SERVICE**  
**Comparative Statement of Revenues and Expenses**  
**For the Calendar Years 2007-2009 Recorded and for the Calendar Years 2010-2012 Estimated at Present and Proposed Rates**

(A) <u>Description</u>	Recorded			Estimated at Present Rates			Estimated at Proposed Rates		
	(B) <u>2007</u>	(C) <u>2008</u>	(D) <u>2009</u>	(E) <u>2010</u>	(F) <u>2011</u>	(G) <u>2012</u>	(H) <u>2010</u>	(I) <u>2011</u>	(J) <u>2012</u>
1 Unmetered Water Revenue	644	2,045	-	-	-	-	-	-	-
2 Fire Protection Revenue	24,973	24,413	24,747	25,527	25,527	25,527	43,989	51,995	56,623
4 Metered Water Revenue	5,805,347	5,722,224	5,907,170	5,749,348	5,846,182	5,935,896	9,541,065	11,285,903	12,297,914
5 Other Water Revenue	24,175	22,295	27,335	29,000	29,000	29,000	48,400	48,400	48,400
6 Total Water Revenue	5,855,139	5,770,977	5,959,252	5,803,876	5,900,710	5,990,423	9,633,454	11,386,298	12,402,937
<b><u>OPERATING EXPENSES</u></b>									
<b><u>OPERATION AND MAINTENANCE</u></b>									
7 Power	491,162	519,891	582,066	514,955	524,182	531,079	514,955	524,182	531,079
8 Other volume Related Expenses	7,141	7,480	5,454	7,593	7,745	7,900	7,593	7,745	7,900
9 Employee Labor	574,826	610,700	549,384	848,075	928,720	965,869	848,075	928,720	965,869
10 Materials	95,328	80,109	68,935	92,729	94,583	96,475	92,729	94,583	96,475
11 Contract Work	112,486	119,623	123,501	471,102	421,226	423,641	471,102	421,226	423,641
12 Transportation Expense	355,332	374,517	361,454	340,737	345,326	350,007	340,737	345,326	350,007
13 Other Plant Maintenance	88,822	97,180	114,136	317,599	338,027	344,788	317,599	338,027	344,788
14 Reimbursed Expenses	(27,622)	(9,273)	(13,343)	(20,215)	(20,620)	(21,032)	(20,215)	(20,620)	(21,032)
15 Total Operation and Maintenance	1,697,475	1,800,227	1,791,587	2,572,575	2,639,190	2,698,727	2,572,575	2,639,190	2,698,727
<b><u>ADMINISTRATION AND GENERAL</u></b>									
16 Office Salaries	426,143	459,504	545,146	567,584	590,287	613,899	567,584	590,287	613,899
17 Management Salaries and Fees	154,749	167,442	225,269	232,541	239,518	246,703	232,541	239,518	246,703
18 Employee Pensions and Benefits	550,684	397,500	235,190	980,546	1,099,900	1,192,010	980,546	1,099,900	1,192,010
19 Uncollectible Accounts	-	38,403	49,299	29,019	29,504	29,952	48,167	56,931	62,015
20 Offices Services and Rentals	95,709	95,355	94,028	127,764	130,325	133,228	127,764	130,325	133,228
21 Offices Supplies and Expenses	138,705	143,842	156,442	246,671	251,604	256,636	246,671	251,604	256,636
22 Professional Services	377,944	183,108	210,739	454,080	463,161	472,425	454,080	463,161	472,425
23 Insurance Expense	237,292	295,076	251,219	474,465	486,075	498,023	474,465	486,075	498,023
24 Regulatory Commission Expense	11,076	11,530	4,332	43,928	43,928	43,928	43,928	43,928	43,928
25 General Expense	107,796	122,918	86,820	217,876	221,703	226,075	226,192	236,177	243,661
26 Total Administrative and General	2,100,098	1,914,678	1,858,484	3,374,474	3,556,005	3,712,880	3,401,938	3,597,907	3,762,529
27 <b>TOTAL OPERATING EXPENSES</b>	3,797,573	3,714,905	3,650,071	5,947,049	6,195,196	6,411,607	5,974,513	6,237,098	6,461,256
28 Depreciation Expense	541,253	565,951	612,306	685,503	917,075	1,154,770	685,503	917,075	1,154,770
29 Property Taxes	99,586	108,082	126,598	227,673	392,305	439,161	227,673	392,305	439,161
30 Payroll Taxes	87,484	91,176	104,923	124,642	133,220	138,114	124,642	133,220	138,114
31 City Licenses Tax	195,440	214,488	217,408	217,645	221,277	224,641	361,255	426,986	465,110
32 Total Expenses	923,763	979,697	1,061,235	1,255,464	1,663,877	1,956,686	1,399,073	1,869,586	2,197,155
33 Misc Income - Taxable CIAC	(16,979)	(15,604)	(13,409)	(11,969)	(10,781)	(9,829)	(11,969)	(10,781)	(9,829)
34 <b>Net Income (Loss) Before Income Taxes</b>	1,150,782	1,091,979	1,261,355	(1,386,668)	(1,947,582)	(2,368,041)	2,271,837	3,290,395	3,754,355
35 State Income Tax	39,831	19,960	30,984	800	800	800	99,140	153,508	143,485
36 Federal Income Tax	139,655	63,526	107,858	-	-	-	347,601	538,223	503,082
37 <b>Net Income (Loss)</b>	971,296	1,008,493	1,122,513	(1,387,468)	(1,948,382)	(2,368,841)	1,825,096	2,598,664	3,107,788

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of “**UPDATE TO GENERAL RATE CASE APPLICATION**” to the official service list in A.10-02-006 by the following service:.

**E-Mail Service:** sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

U.S. Mail Service: mailing by first-class mail with postage prepaid to all known parties of record who did not provided electronic mail addresses.

Executed on March 17, 2010 at Salinas, California.

/s/ANDREW CLARKE

Andrew Clarke  
Assistant Controller  
Alisal Water Corporation  
Db a Alco Water Service

**SERVICE LIST**  
**A.10-02-006**  
**List Updated March 15, 2010**

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