

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



April 30, 2019

Proposed Resolution W-5194

Agenda ID: 17392

To: All Interested Persons

Enclosed is Proposed Resolution W-5194 of the Water Division, which authorizes Spreckels Water Company's general rate increase to produce additional annual revenue of \$195,611, or 54.38%, for test year 2019 and \$195,611, or 35.23% for escalation year 2020, to be paid by The Ratepayers. Proposed Resolution W-5194 is scheduled to appear on the May 30, 2019 Commission Meeting Agenda (ID#17392).

The Commission may act on this resolution or it may postpone action until later. When the Commission acts on a proposed resolution, the Commission may adopt all or part of the proposed resolution, as written, or amend or modify the proposed resolution; or the Commission may set the proposed resolution aside and prepare a different resolution. Only when the Commission acts does the resolution become binding.

Interested persons may submit comments on Proposed Resolution W-5194 via email to [Water.Division@cpuc.ca.gov](mailto:Water.Division@cpuc.ca.gov) on or before **May 20, 2019**. Please reference **"Proposed Resolution W-5194"** in the subject line.

Interested persons must also serve a copy of their comments on the utility on the same date that the comments are submitted to the Water Division. If email is unavailable, please submit comments to:

California Public Utilities Commission  
Water Division  
505 Van Ness Avenue  
San Francisco, CA 94102

Comments should focus on factual, legal, technical errors, or policy issues in the proposed resolution.

Persons interested in receiving comments submitted may contact the Water Division at [Water.Division@cpuc.ca.gov](mailto:Water.Division@cpuc.ca.gov) or (415) 703-1133. Please reference "Proposed Resolution W-5194."

/s/RAMI S. KAHLON

Rami S. Kahlon, Director  
Water Division

Enclosures: Proposed Resolution W-5194  
Certificate of Service  
Service List

# PROPOSED RESOLUTION

Resolution W-5194  
WD

Agenda ID #17392

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION W-5194  
May 30, 2019

### RESOLUTION

**(RES. W-5194) SPRECKELS WATER COMPANY. ORDER  
AUTHORIZING A GENERAL RATE INCREASE  
PRODUCING AN ADDITIONAL ANNUAL REVENUE OF  
\$195,611, OR 54.38%, FOR TEST YEAR 2019 AND \$195,611,  
OR 35.23% FOR ESCALATION YEAR 2020, TO BE PAID BY  
THE RATEPAYERS.**

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### SUMMARY

By Advice Letter (AL) No. 24, filed on September 25, 2018, Spreckels Water Company (SWC) seeks a general rate increase producing additional annual revenues of \$814,243, or 234.00%,<sup>1</sup> to recover increased operating expenses and \$3,542,508 in capital improvements the utility made to its water distribution system from 2012 through 2016, which the utility is requesting Commission approval to add to its rate base for cost recovery.

This Resolution grants SWC an increase in gross annual revenues of \$195,611, or 54.38%, for Test Year (TY) 2019 and \$195,611, or 35.23%, for escalation year 2020, which is estimated to provide a Rate of Return (ROR) of 10.40% by 2020. To mitigate the impact the rate increase may have on SWC's customers, the Water Division is recommending implementing the rate increase over a period of two years from 2019 through 2020.

This Resolution also approves SWC's request to add \$3,542,508 in capital improvements made from 2012 through 2016 (included in Appendix E) to its rate base.

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<sup>1</sup> SWC's requested rate increase amount was significantly over-estimated because the utility's rate base calculation did not account for accumulated depreciation which resulted in a higher revenue requirement and rate increase amount.

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## **BACKGROUND**

SWC has requested authority under General Order (GO) 96-B, Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code to increase its water rates by \$814,243, or 234.00% for TY 2019, which is estimated to provide a ROR of 11.00%. As previously noted, SWC significantly over-estimated the percentage amount of its rate increase because its rate base calculation did not account for the accumulated depreciation on utility plant, which resulted in a higher rate base and revenue requirement estimated amounts. SWC's last general rate increase was granted on March 22, 2012 by Commission Resolution (Res.) W-4909, which authorized a rate increase of \$61,524, or 34.64%, for TY 2011 and \$64,672 or 27.04% for escalation year 2012. SWC's present rates became effective on April 28, 2015, by Advice Letter 21 which authorized a Consumer Price Index rate increase of \$2,430, or 0.80% which resulted in a total authorized revenue requirement of \$306,230.

SWC is a Class D investor-owned water utility with 317 service connections and provides service to the unincorporated town of Spreckels, located approximately 4 1/2 miles southwest of the City of Salinas, in Monterey County. Tanimura & Antle Supply Company (TASCO) has owned SWC since 2007. The median household income for the town of Spreckels is \$89,250.<sup>2</sup>

SWC's source of supply for its water distribution system is from three groundwater wells with a combined total source capacity of 3,500 gallons per minute (gpm).<sup>3</sup> Since its last general rate increase for TY 2011, SWC made \$3,542,508 in capital improvements to its water distribution system from 2012 through 2016, which included: 1) replacing and upgrading its water distribution system (over 11,000 linear feet of water main were replaced including valves and service assemblies) to current industry standards, since the original system was constructed in the late 1800s and had reached the end of its service life; 2) rehabilitating well #3 to address sand and gravel issues and improve the water well's operational efficiency; and 3) constructing a new water well (well #4) in 2016 to meet the source capacity requirements set forth in Title 22, California Code of Regulations (CCRs) Section 64554 (a).<sup>4</sup> A list of the capital improvements and costs is

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<sup>2</sup> <https://datausa.io/profile/geo/spreckels-ca/>

<sup>3</sup> State Water Resources Control Board, Division of Division of Drinking Water, Monterey District Office July 13, 2017 Sanitary Report.

<sup>4</sup> Title 22, CCRs, Section 64554 (a) requires maximum day demand to be met with source capacity.

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provided in Appendix E of this resolution. SWC's water distribution system does not have storage capacity, however, with the addition of well #4, it meets its maximum day demand (MDD), estimated at 1.57 million gallons per day (MGD) with its source supply.<sup>5</sup>

By AL 24, SWC is requesting Commission approval to add the \$3,542,508 in capital improvements listed in Appendix E to its rate base for cost recovery. These capital improvement projects (CIPs) are further discussed in the Utility Plant and Rate Base section of this resolution.

SWC, in its AL filing, recognizes that the revenues requested and resulting rate impacts are significant, and therefore, its rate increase request excludes utility expenditures for insurance costs, employee labor costs, office salaries, and employee pensions and benefits. SWC also indicates in its filing that it is willing to get a lower ROR than the average ROR authorized for Class D water utilities and phase-in the approved rates.

## **NOTICE, PROTESTS, AND PUBLIC MEETING**

In accordance with GO. 96-B, SWC served a copy of AL 24 to its service list on September 25, 2018. A notice of the proposed rate increase was mailed to each customer and to the general service list on February 8, 2019.

Four customer protests were timely received on SWC's rate increase request and the utility replied to each protest. All of the protests expressed concerns over the magnitude of the utility's rate increase request and two of the protests propose spreading the rate increase over a period of ten to twenty years. Two of the protests suggest that SWC has a conflict of interest because the utility is owned by TASCO which is one of the customers of SWC. Furthermore, the protests cited that the added new well and infrastructure improvements were only needed because of the new housing development TASCO built to house some of its agricultural employees.

SWC, in its responses to the protests, explains that its last general rate increase was for TY 2011, and since then, the utility has made \$3.5 million in capital improvements including the new water well, and that during this time period, customers have

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<sup>5</sup> Under Section 64554 (a)(2) of the CCRs water systems with less than 1,000 service connections with no storage capacity can meet their MDD capacity requirement with source supply.

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received the benefit of these improvements at no additional cost. SWC also acknowledged that it over estimated the percentage amount of its rate increase request due to the exclusion of accumulated depreciation in its rate base and revenue requirement calculations. Furthermore, SWC believes that the investments in new equipment the company has made are reasonable, prudent and necessary for providing safe and reliable water service, given the age and condition of the water distribution system. SWC also indicates that spreading the rate increase over more than a couple years, as suggested in the protests, would not be just and reasonable since the company would continue to incur significant net income losses.

Concerning the conflict of interest alleged in two of the protests, SWC agrees that TASC0 is a large customer and water user, and as a customer, its rates will increase by the same percentage amount approved for other customers. Furthermore, an added benefit SWC's customers receive having TASC0 as the parent company of the water utility is that customers are not incurring the cost of debt associated with the capital improvement projects the utility has made. Regarding the need for well #4, the WD confirmed that the additional well was required to comply with the source capacity requirements set-forth in Section 64554 (a) of the CCRs.

An informal public meeting was held on February 21, 2019 at 6:30 PM, at the Spreckels Fire Engine Room located at 38 Spreckels Boulevard in the town of Spreckels, California. The meeting started at 6:30 PM and approximately forty-five customers attended the meeting. Staff from the WD provided an overview of the Commission's General Rate Case (GRC) process for Class C and D water utilities, and SWC representatives provided a general overview of its rate increase request, including information on the system improvements the company made since its last GRC. Customers expressed concerns over the magnitude of the rate increase and some customers raised concerns over the quality of water being provided by SWC. SWC explained to its customers that it had over estimated its rate increase request because it did not account for the accumulated depreciation in its rate increase calculation. Furthermore, SWC explained that to reduce the impact of the rate increase it excluded management salaries, insurance costs, employee labor costs and pensions and benefits from its request, which the utility is allowed to seek recovery on.

Regarding the water quality issues, the WD reviewed the utility's complaint log as there were seven service complaints filed in 2017 and three filed in 2018, respectively. The customer complaint log for 2017 shows that three of the complaints were due to issues with well #4's chlorinator control system which the utility corrected, and the remaining

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four complaints were from issues on the customers' side of the meter, beyond the utility's responsibility. The three service complaints in 2018 were also associated with issues on the customers' side of the meter. Furthermore, no utility service complaints were received by the Commission's Consumer Affairs Branch for SWC during 2017 and 2018. The WD also confirmed that SWC is in full compliance with the State Water Resources Control Board's (SWRCB) Division of Drinking Water (DDW) applicable drinking water standards and has no outstanding water quality violations.

SWC's customers also asked during the meeting whether a low-income assistance program is available for customers that are low-income, retired, and/or elderly. The WD staff explained that currently there is no low-income assistance program offered for customers obtaining water service from small water utilities like SWC, but that the Commission and the State are currently considering various options for developing and providing a statewide low-income assistance program for water service.

In setting rates in this resolution, the WD has balanced the financial requirements of SWC with the rate concerns of its customers, and the WD is also recommending to phase-in the rate increase over a period of two years from 2019 through 2020.

## **DISCUSSION**

In reviewing SWC's rate increase request, the WD made an independent analysis of the utility's rate increase request and its operations. Appendix A provides SWC's and the WD's estimated Summary of Earnings (SOE) at present, requested and recommended rates, which is further discussed below. SWC was informed of the differing views of revenues, expenses and rate base, and the company is in agreement with the WD's recommended revenue requirement and rates shown in Appendix B.

### **Operating Revenues**

The WD's present rate revenues are higher than SWC's present rate revenues because the utility used 2017 operating revenues and the WD used 2018 reported revenues.

### **Operating Expenses**

As previously noted, SWC's rate increase request excludes management salaries, insurance costs, employee labor costs, office salaries, and employee pensions and benefits. Any expenses incurred in these areas associated with SWC's operations for TY

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2019 and escalation year 2020 would be covered by TASCO. SWC's rate increase request for TY 2019 is also based on the utility's 2017 operating expenses. Overall the WD finds reasonable SWC's cost estimates for materials, other plant maintenance, office supplies and expenses, and office supplies based on the size of the utility and its operations. The WD also finds these cost estimates reasonable based on SWC's 2018 reported operating expenses, which increased by \$35,025 from 2017. Purchased power and contract work are the most significant operating expenses the utility incurs for its operations, which are further discussed below.

The WD's purchased power cost estimate of \$53,591 for TY 2019 is higher than SWC's estimate of \$47,154 because the WD used the utility's average purchased power costs and energy usage over the last three years (2016 through 2018) for its estimate, and SWC's estimate is based only on its 2017 purchased power costs. SWC's 2018 reported purchased power costs show an increase in costs of \$12,129 from 2017. Accordingly, the WD recommends using a three-year average for estimating purchased power costs for TY 2019 to factor the fluctuations in energy usage and costs resulting from varying conditions in water consumption and the utility's operations. The WD therefore finds \$53,591 a reasonable estimate for purchased power for TY 2019.

For TY 2019, SWC requests \$111,148 for contract work to cover the costs of its water system operator, MCSI Water Systems Management Service, which SWC has contracted to manage its day-to-day water utility operations since 2007. Based on WD's review of MCSI's qualifications, MCSI provides SWC with personnel that are certified as water treatment and Grade II distribution operators, the level of certification required for SWC's utility operations, and MCSI has been in business since 1988. The WD also reviewed the terms and conditions of SWC's contract agreement with MCSI which includes: 1) managing and overseeing the water system operations to ensure customers have safe and reliable water service; 2) conducting routine system inspections and preventive maintenance as needed; 3) monitoring water quality by conducting the water sampling, testing, and reporting; 4) monthly meter reading and billing, and handling customer service complaints; 5) responding to water system emergencies 24/7, and performing any necessary repairs to ensure public health and safety; 6) ensuring compliance with drinking water standards and water quality reporting requirements; and 7) preparing monthly reports for SWC to track water sales, production, and energy consumption. Based on the size and complexity of water utility operations and level of responsibilities under the terms of the contract, the WD finds the requested amount for contracted services provided by MCSI reasonable.

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For SWC's insurance coverage, the WD confirmed that SWC is covered under TASCOS insurance policy, and that no insurance costs are included in SWC's water rates, since the insurance costs are covered by TASCOS.

The WD also excluded \$4,924 for Regulatory Compliance Expense from SWC's rate increase request because after reviewing this expense it was determined that the \$4,924 was for the accounting of the Commission's user fees which are not part of base rates, since there is a separate tariff for collecting these fees. Accordingly, the WD excluded the \$4,924 from the utilities rate increase request.

## Taxes

The WD applied the 2019 corporate tax rates for Federal and State income at 21.00% and 8.84%, respectively, for the tax calculation for TY 2019 and escalation year 2020. The tax calculations are shown in Appendix D of this resolution.

## Utility Plant and Rate Base

For TY 2019, the WD's analysis of SWC's rate base estimate included examining utility plant-in-service since the company's last GRC was authorized by Res. W-4909 in 2011, and the \$3,542,508 in capital improvements SWC made from 2012 through 2016 (listed in Appendix E) which the utility is requesting to add to its rate base for cost recovery. The WD also examined the SWC's materials and supplies, working cash, and depreciation reserve.

In support of the \$3,542,508 in capital additions SWC made from 2012 through 2016, the company provided copies of the engineering reports, invoices for the associated expenditures, and the bidding documentation for contracted work and vendor selection. Based on WD's review of the engineering documentation prepared by Lunhedorff & Scalmanini Consulting Engineers (LSCE) for SWC, the WD confirmed that the system improvements were necessary due to the condition and age of the water distribution system and also to bring the system to current industry standards required by the Commission's General Order 103-A.<sup>6</sup> The WD also confirmed that SWC used a competitive bidding process for its selection of the engineering and construction firms

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<sup>6</sup> General Order 103-A (GO 103-A) provides the Commission's Rules for the Investor owned water utilities' (IOWUs) water service and minimum standards for operation, maintenance, design and construction for the IOWUs' water systems.



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used for its CIPs. SWC selected the following main engineering and construction firms for its CIPs: 1) LSCE and Lauset Engineering Inc. conducted the engineering analysis, design, and necessary permitting for SWC's CIPs; 2) Monterey Peninsula Engineering Inc. (MPE) performed the water main construction and replacement projects, and well #3 re-habilitation project, and 4) MPE, Stonehouse Drilling Inc., and Roy Alsop Pump & Drilling were responsible for the construction of SWC's new well #4. All of the contractors SWC used for its CIPs were State licensed contractors from the area and companies the utility had prior experience working with.

The WD reviewed all invoices and verified SWC's \$3,542,508 recorded in expenditures for the CIPs listed in Appendix E. The WD's staff also confirmed during its February 20, 2019 site visit that capital improvements have been made and are in service. The WD therefore finds the \$3,542,508 for the CIPs listed in Appendix E prudent for inclusion into SWC's rate base as discussed further below.

For TY 2019, SWC estimated a rate base amount of \$4,382,043 using the WD's Informal Rate Change Workpapers for Class D water utilities for calculating the utility's rate base and rate increase request.<sup>7</sup> SWC's rate base estimate excluded average utility plant and accumulated depreciation and resulted in a significantly higher rate base and revenue requirement estimates. As previously noted, the WD examined the plant-in-service since the company's last GRC authorized by Res. W-4909 in 2011, and the \$3,542,508 in capital improvements SWC made from 2012 through 2016. SWC has not made any additional plant additions since 2016. Based on this information, the WD calculated an average utility plant of \$5,192,919 and an average accumulated depreciation of \$1,910,677 for TY 2019 (Appendix A), which includes the depreciation amounts on the utility plant investments made for the CIPs since 2012. The WD also subtracted \$612,524 for well #3 which was given to SWC as contributed plant by the developer of the 73-home sub-division and is therefore excluded from rate base and rates.<sup>8</sup> Accordingly, the WD's rate base estimate for TY 2019 is \$2,669,719 after subtracting the average accumulated depreciation and the contributed plant from the average utility plant. SWC was informed of the differing rate base calculation and is in agreement with the WD's utility plant and rate base calculations provided in Appendix A of this resolution.

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<sup>7</sup> Informal Rate Change Workpapers contained in Appendix A of Standard Practice U-9-SM, Standard Practice For Processing Informal General Rate Cases of Small Water and Sewer Utilities (Class B, C, and D):

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M088/K264/88264810.pdf>

<sup>8</sup> Res. W-4909, pg. 2.

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## Rate of Return

SWC's rate increase request was based on a ROR of 11.00%. In accordance with Commission ratemaking policies adopted for Class C and D water utilities by D. 92-03-093, two methods can be used for ratemaking, the ROR and Rate Of Margin (ROM) methods.<sup>9</sup> D. 92-03-093 directs the WD to calculate the company's rates and revenue requirement using both of these methods and to recommend the ratemaking method resulting in the greater return.<sup>10</sup> In this rate case, the WD determined that the ROR method produced the higher revenue requirement. For 2019, the WD's recommended ROR on rate base for Class D water utilities is between 10.40% to 11.40%.<sup>11</sup> The WD recommends a ROR of 10.40% for SWC's rate increase request, since as noted earlier, SWC is willing to accept a lower than average recommended ROR for class D water utilities. Using the recommended ROR of 10.40%, the WD calculated a revenue requirement of \$750,900. By comparison, using the recommended ROM of 23.65% for Class D water utilities, the revenue requirement would be \$430,200. Accordingly, the WD recommends that the ROR method be used for SWC's TY 2019 GRC.

## Rates and Rate Design

SWC's rate structure consists of three rate schedules: Schedule No. 1, General Metered Service, Schedule No. 4, Private Fire Protection Service, and Schedule No. 5 Public Fire Hydrant Service. To mitigate the impact that this rate increase may have on its customers, SWC agreed to the WD's recommendation of implementing the rate increase over a period of two years from 2019 through 2020. Furthermore, for the rate design for the General Metered Service tariff schedule, the WD is recommending that 68.0% and 60.0% of the fixed costs be allocated to the service charge for TY 2019 and escalation year 2020, respectively, instead of the 100% allowed for Class D water utilities.<sup>12</sup> The

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<sup>9</sup> The revenue requirement and rates under the ROR method are based on company's rate base. Under the ROM method the revenue requirement is based on the company's overall expenses which include operating and maintenance and depreciation expenses, income and other taxes, and an operating margin percentage.

<sup>10</sup> D. 92-03-093, Ordering Paragraph 8.

<sup>11</sup> Water Division's February 25, 2019 memorandum on the recommended Rates of Return and Rates of Margin for Class C and D Water and Sewer Utilities.

<http://www.cpuc.ca.gov/General.aspx?id=1404>.

<sup>12</sup> D.92-03-093, Ordering Paragraph 6 authorized Class D water utilities to include up to 100% of fixed costs in the service charge.

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WD is recommending a smaller percentage amount of the fixed costs to be placed in the service charge because based on the WD's analysis of SWC's 2017 and 2018 water consumption data, almost two thirds of the annual water usage is consumed by the large industrial and irrigation customers. The WD's recommended rate design structure would therefore encourage water conservation and also help reduce the rate impact on the residential customers.

At the WD's recommended rates, the increase in revenues will be \$195,611 or 54.38% for TY 2019, and \$195,611 or 35.23% for escalation year 2020. The additional revenues are expected to provide a ROR on rate base of 5.12% and 10.40% in TY 2019 and escalation year 2020, respectively. At the recommended rates shown in Appendix B, the monthly bill for an average residential customer with a 1-inch meter size using 12.50 hundred cubic feet (CCF)<sup>13</sup> will increase from \$55.47 to \$77.04, or 38.88% for TY 2019, and from \$77.04 to \$102.88, or 33.54% for escalation year 2020. A comparison of customer bills at present and recommended rates is provided in Appendix C of this resolution.

The Utility Rate Comparison table below provides a monthly rate comparison with nearby water utilities.

<u>Utility Rate Comparison</u>						
<u>Utility</u>	<u>Monthly Service Charge</u>		<u>Quantity Charge at CCF</u>		<u>Total</u>	
	<u>1-inch meter</u>		<u>For 12.5 CCF</u>			
	<u>TY 2019</u>	<u>Esc. Yr. 2020</u>	<u>TY 2019</u>	<u>Esc. Yr. 2020</u>	<u>TY 2019</u>	<u>Esc. Yr. 2020</u>
Spreckels Water Company	\$ 51.34	\$ 66.66	\$ 25.64	\$ 36.14	\$ 76.98	\$ 102.80
Alisal Water Company	\$ 53.27		\$ 30.15		\$ 83.42	
Cal-Water's Monterey Region (Salinas District)	\$ 47.33		\$ 40.67		\$ 88.00	

\*Cal-Water Co. and Alisal Water Co. quantity charge amounts are based on current Commission approved tariff rates.

## Affordability of Proposed Rates

As discussed above at the recommended rates for TY 2019, a monthly customer's bill for an average residential customer with a 1-inch meter size using 12.50 CCF will increase from \$55.47 to \$77.04, or 38.88% for TY 2019, and from \$77.04 to \$102.88, or 33.54% for escalation year 2020. These rate increases represent 1.03% and 1.38% of the median household income (MHI) of \$89,250 for TY 2019 and escalation year 2020, respectively, for the town of Spreckels where SWC's service area is located. The Utility Rate

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<sup>13</sup> One CCF equals 748 gallons.

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Comparison table shown above is illustrative and cannot be interpreted as a direct rate comparison given the varying sizes of the utilities' customer base, operational costs, and rate base.

It should also be noted that no affordability criteria has been developed and adopted in any Commission Decision or legislation. However, in October 2017, the Health and Safety Code in the CCRs (Sec. 116760.50) was amended to establish an affordability threshold of 1.50% of MHI for average water bills in Severely Disadvantage Communities, as defined (60.00% of California Statewide MHI of \$60,818, or \$37,091).<sup>14</sup> The Commission adheres to cost-of-service regulatory principles in developing rates for its jurisdictional utilities, and the WD's recommended rates for SWC are at the minimum required to satisfy the utility's technical, managerial and financial capacity, and operational capability. The discussion regarding affordability is presented to indicate to the Commission the relationship between the proposed rates and local incomes.

## **COMPLIANCE**

SWC has no outstanding compliance orders and has been filing annual reports as required. SWC is in compliance with the SWRCB's DDW applicable water quality standards and regulations for safe drinking water.

## **UTILITY SAFETY**

Safety for water utilities considers a number of 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 previously noted, SWC is in compliance with the SWRCB's applicable water quality standards for safe drinking water.

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<sup>14</sup> See Assembly Bill 560 (Salas); Chaptered by Secretary of State on October 7, 2017- Chapter 552, Statutes of 2017.

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### COMMENTS

Public Utilities Code section 311(g)(1), provides that resolutions generally must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission.

Accordingly, the draft resolution was mailed to the service list, protestants, and made available for public comment on April 30, 2019.

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## FINDINGS

1. The Summary of Earnings (Appendix A) recommended by the Water Division (WD) is reasonable and should be adopted.
2. The rates recommended by the WD (Appendix B) are reasonable and should be adopted.
3. The quantities (Appendix D) used to develop the WD's recommendations are reasonable and should be adopted.
4. The water rate increase authorized herein is justified and the resulting rates are just and reasonable.
5. From 2012 through 2016 Spreckels Water Company (SWC) made \$3,542,508 in capital improvements (Appendix E) to its water distribution system, including the addition of a new water well, which SWC requests to add to its rate base for cost recovery.
6. In support of the \$3,542,508 in capital additions, SWC provided the engineering reports, invoices for the expenditures, and bidding documentation for contracted work and vendor selection.
7. The WD reviewed SWC's capital improvement projects and confirmed that the system improvements were necessary due to the age and condition of the water distribution system.
8. The WD confirmed that SWC used a competitive bidding process for selecting the engineering and construction firms for the capital improvement projects.
9. The WD reviewed all invoices and verified the \$3,542,508 in expenditures for the capital improvements projects listed in Appendix E.
10. The WD during its February 20, 2019 site visit confirmed that the capital improvements have been made and are in service.
11. The WD finds SWC's \$3,542,508 incurred for the capital improvements projects listed in Appendix E prudent for inclusion into SWC's rate base for cost recovery.

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12. The water served by SWC meets all applicable water quality standards set-forth by State Water Resources Control Board, Division of Drinking Water.
13. SWC should be allowed to file a supplement to Advice Letter No. 24 to incorporate the revised rate schedules (Appendix B) for Test Year 2019 and to concurrently cancel its presently effective rate schedules.
14. SWC should file a Tier 2 Advice Letter on or before November 20, 2019 to implement the escalation rates for 2020 shown in Appendix B. The escalation rates shall be made effective January 1, 2020.

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### **THEREFORE, IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454, for Spreckels Water Company to file a supplement to Advice Letter 24 to incorporate the rate schedules attached to this Resolution as Appendix B for Test Year 2019, and concurrently cancel its presently effective rate Schedules: Schedule No. 1, General Metered Service, Schedule No. 4, Private Fire Protection Service, and Schedule No.5 Public Fire Hydrant Service. The effective date of the revised schedules shall be five days after the date of filing.
2. Spreckels Water Company shall file a Tier 2 Advice Letter on or before November 20, 2019 to implement the escalation year 2020 rates attached to this Resolution as Appendix B. The escalation rates should become effective on January 1, 2020.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held May 30, 2019; the following Commissioners voting favorably thereon:

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ALICE STEBBINS  
Executive Director



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## APPENDIX A Spreckels Water Co. (Page 1 of 2) Summary of Earnings Test Year 2019

	Spreckels Water Company		Water Division	
	Present Rates	Requested Rates	Present Rates	Recommended Rates
<b>Operating Revenues</b>				
Metered Revenue	\$ 345,304		\$ 356,922	\$ 551,815
Private Fire Protection	\$ 2,615		\$ 2,615	\$ 3,296
Public Fire Protection	\$ 142		\$ 142	\$ 178
<b>Total Revenue</b>	<b>\$ 347,919</b>	<b>\$ 1,162,342</b>	<b>\$ 359,679</b>	<b>\$ 555,289</b>
<b>Operating Expenses</b>				
610 Purchased Water	\$ -	\$ -	\$ -	\$ -
615 Purchased Power	\$ 47,154	\$ 47,154	\$ 53,591	\$ 53,591
618 Other Volume Related Expenses	\$ -	\$ -	\$ -	\$ -
630 Employee Labor	\$ -	\$ -	\$ -	\$ -
640 Materials	\$ 6,288	\$ 6,288	\$ 6,288	\$ 6,288
650 Contract Work	\$ 111,148	\$ 111,148	\$ 111,148	\$ 111,148
660 Transportation Expenses	\$ -	\$ -	\$ -	\$ -
664 Other Plant Maintenance	\$ 10,642	\$ 10,642	\$ 10,642	\$ 10,642
670 Office Salaries	\$ -	\$ -	\$ -	\$ -
671 Management Salaries	\$ -	\$ -	\$ -	\$ -
674 Employee Pensions and Benefits	\$ -	\$ -	\$ -	\$ -
676 Uncollectable Accounts	\$ -	\$ -	\$ -	\$ -
678 Office Services and Rentals	\$ -	\$ -	\$ -	\$ -
681 Office Supplies and Expenses	\$ 6,148	\$ 6,148	\$ 6,148	\$ 6,148
682 Professional Services	\$ -	\$ -	\$ -	\$ -
684 Insurance	\$ -	\$ -	\$ -	\$ -
688 Regulatory Compliance Expense	\$ 4,924	\$ 4,924	\$ -	\$ -
689 General Expenses	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
<b>Subtotal</b>	<b>\$ 191,304</b>	<b>\$ 191,304</b>	<b>\$ 192,817</b>	<b>\$ 192,817</b>
403 Depreciation	\$ 306,201	\$ 306,201	\$ 140,442	\$ 140,442
408 Taxes Other Than Income	\$ 32,118	\$ 32,118	\$ 32,118	\$ 32,118
409 State Income Taxes	\$ 800	\$ -	\$ 800	\$ 16,788
410 Federal Income Taxes	\$ -	\$ 150,874	\$ -	\$ 36,356
<b>Total Expenses</b>	<b>\$ 339,119</b>	<b>\$ 489,193</b>	<b>\$ 173,360</b>	<b>\$ 225,705</b>
<b>Net Revenue</b>	<b>\$ (182,504)</b>	<b>\$ 481,845</b>	<b>\$ (6,499)</b>	<b>\$ 136,768</b>
<b>Rate Base</b>				
Average Plant	\$ 5,192,919	\$ 5,192,919	\$ 5,192,919	\$ 5,192,919
Average Accumulated Depreciation	\$ 1,910,677	\$ 1,910,677	\$ 1,910,677	\$ 1,910,677
<b>Net Plant</b>	<b>\$ 3,282,243</b>	<b>\$ 3,282,243</b>	<b>\$ 3,282,243</b>	<b>\$ 3,282,243</b>
<b>Less:</b>				
Advances	\$ -	\$ -	\$ -	\$ -
Contributions in Aid of Construction	\$ -	\$ -	\$ 612,524	\$ 612,524
<b>Plus:</b>				
Construction Work in Progress	\$ -	\$ -	\$ -	\$ -
Working Cash	\$ -	\$ -	\$ -	\$ -
Materials and Supplies	\$ -	\$ -	\$ -	\$ -
<b>Rate Base</b>	<b>\$ 3,282,243</b>	<b>\$ 3,282,243</b>	<b>\$ 2,669,719</b>	<b>\$ 2,669,719</b>
<b>Rate of Return</b>	<b>-5.56%</b>	<b>14.68%</b>	<b>-0.24%</b>	<b>5.12%</b>

\*\*SWC's rate base estimate for TY 2019 was \$4,382,043, based on the adopted rate base amount of \$839,533 by Res. W-4909, plus \$3,242,510 in added plant. The WD re-calculated SWC's rate base estimate to more accurately reflect the current utility plant in service and account for accumulated depreciation.

# PROPOSED RESOLUTION

Resolution W-5194  
WD

May 30, 2019

## APPENDIX A Spreckels Water Co. (Page 2 of 2) Summary of Earnings Escalation Year 2020

	Spreckels Water Company		Water Division		
	Present Rates	Requested Rates	Present Rates	Test Year 2019	Recommended Rates
<b>Operating Revenues</b>					
Metered Revenue	\$ 345,304		\$ 356,922	\$ 551,815	\$ 746,551
Private Fire Protection	\$ 2,615		\$ 2,615	\$ 3,296	\$ 4,155
Public Fire Protection	\$ 142		\$ 142	\$ 178	\$ 193.61
<b>Total Revenue</b>	<b>\$ 348,061</b>	<b>\$ 1,162,342</b>	<b>\$ 359,679</b>	<b>\$ 555,289</b>	<b>\$ 750,900</b>
<b>Operating Expenses</b>					
610 Purchased Water					
615 Purchased Power	\$ 47,154	\$ 47,154	\$ 53,591	\$ 53,591	\$ 53,591
618 Other Volume Related Expenses					
630 Employee Labor					
640 Materials	\$ 6,288	\$ 6,288	\$ 6,288	\$ 6,288	\$ 6,288
650 Contract Work	\$ 111,148	\$ 111,148	\$ 111,148	\$ 111,148	\$ 111,148
660 Transportation Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
664 Other Plant Maintenance	\$ 10,642	\$ 10,642	\$ 10,642	\$ 10,642	\$ 10,642
670 Office Salaries					
671 Management Salaries					
674 Employee Pensions and Benefits					
676 Uncollectable Accounts					
678 Office Services and Rentals					
681 Office Supplies and Expenses	\$ 6,148	\$ 6,148	\$ 6,148	\$ 6,148	\$ 6,148
682 Professional Services					
684 Insurance					
688 Regulatory Compliance Expense	\$ 4,924	\$ 4,924			
689 General Expenses	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
<b>Subtotal</b>	<b>\$ 191,304</b>	<b>\$ 191,304</b>	<b>\$ 192,817</b>	<b>\$ 192,817</b>	<b>\$ 192,817</b>
403 Depreciation	\$ 306,201	\$ 306,201	\$ 140,442	\$ 140,442	\$ 140,442
408 Taxes Other Than Income	\$ 32,118	\$ 32,118	\$ 32,118	\$ 32,118	\$ 32,118
409 State Income Taxes	\$ 800		\$ 800	\$ 16,788	\$ 34,080
410 Federal Income Taxes	\$ -	\$ 150,874		\$ 36,356	\$ 73,803
<b>Total Expenses</b>	<b>\$ 339,119</b>	<b>\$ 489,193</b>	<b>\$ 173,360</b>	<b>\$ 225,705</b>	<b>\$ 280,443</b>
<b>Net Revenue</b>	<b>\$ (182,362)</b>	<b>\$ 481,845</b>	<b>\$ (6,499)</b>	<b>\$ 136,768</b>	<b>\$ 277,640</b>
<b>Rate Base</b>					
Average Plant	\$ 5,192,919	\$ 5,192,919	\$ 5,192,919	\$ 5,192,919	\$ 5,192,919
Average Accumulated Depreciation	\$ 1,910,677	\$ 1,910,677	\$ 1,910,677	\$ 1,910,677	\$ 1,910,677
<b>Net Plant</b>	<b>\$ 3,282,243</b>	<b>\$ 3,282,243</b>	<b>\$ 3,282,243</b>	<b>\$ 3,282,243</b>	<b>\$ 3,282,243</b>
<b>Less:</b>					
Advances					
Contributions in Aid of Construction			\$ 612,524	\$ 612,524	\$ 612,524
Deferred Income Tax					
<b>Plus:</b>					
Unamortized Investment					
Construction Work in Progress					
Working Cash					
Materials and Supplies					
<b>Rate Base</b>	<b>\$ 3,282,243</b>	<b>\$ 3,282,243</b>	<b>\$ 2,669,719</b>	<b>\$ 2,669,719</b>	<b>\$ 2,669,719</b>
<b>Rate of Return</b>	<b>-5.56%</b>	<b>14.68%</b>	<b>-0.24%</b>	<b>5.12%</b>	<b>10.40%</b>

\*\*SWC's rate base estimate for TY 2019 was \$4,382,043, based on the adopted rate base amount of \$839,533 by Res. W-4909, plus \$3,242,510 in added plant. The WD re-calculated SWC's rate base estimate to more accurately reflect the current utility plant in service and account for accumulated depreciation.

END OF APPENDIX A

# PROPOSED RESOLUTION

Resolution W-5194  
WD

May 30, 2019

## APPENDIX B

### Spreckels Water Company

Test Year 2019

(Page 1 of 6)

Schedule No. 1

#### General Metered Service

#### APPLICABILITY

Applicable to all metered water service.

#### TERRITORY

Spreckels, and vicinity, located approximately 4-1/2 miles southwest of the City of Salinas, Monterey County.

#### RATES

Quantity Rate:

All water per 100 cubic feet ..... \$ 2.05 (I)

Service Charge:

Per Meter Per Month

For 5/8 x 3/4 inch meter .....	\$ 20.55	(I)
3/4- inch meter .....	\$ 30.83	(I)
1-inch meter .....	\$ 51.39	(I)
1- 1/2-inch meter .....	\$ 102.77	(I)
2-inch meter .....	\$ 164.43	(I)
3-inch meter .....	\$ 308.32	(I)
4-inch meter .....	\$ 513.86	(I)
6-inch meter .....	\$ 1,027.72	(I)

The service charge is a readiness-to-serve charge, which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

#### SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

(cont.)

# PROPOSED RESOLUTION

Resolution W-5194  
WD

May 30, 2019

## APPENDIX B

### Spreckels Water Company Escalation Year 2020 (Page 2 of 6)

Schedule No. 1

#### General Metered Service

#### APPLICABILITY

Applicable to all metered water service.

#### TERRITORY

Spreckels, and vicinity, located approximately 4-1/2 miles southwest of the City of Salinas, Monterey County.

#### RATES

Quantity Rate:

All water per 100 cubic feet ..... \$ 2.89 (I)

Service Charge:

Per Meter Per Month

For 5/8 x 3/4 inch meter .....	\$ 26.69	(I)
3/4- inch meter .....	\$ 40.03	(I)
1-inch meter .....	\$ 66.72	(I)
1- 1/2-inch meter .....	\$ 133.44	(I)
2-inch meter .....	\$ 213.51	(I)
3-inch meter .....	\$ 400.33	(I)
4-inch meter .....	\$ 667.21	(I)
6-inch meter .....	\$ 1,334.43	(I)

The service charge is a readiness-to-serve charge, which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

#### SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

# PROPOSED RESOLUTION

Resolution W-5194  
WD

May 30, 2019

## APPENDIX B

**Spreckels Water Company**

**Test Year 2019**

**(Page 3 of 6)**

Schedule No. 4

### PRIVATE FIRE PROTECTION SERVICE

#### APPLICABILITY

Applicable to all water service furnished for private fire protection.

#### TERRITORY

Spreckels, and vicinity, located approximately 4-1/2 miles southwest of the City of Salinas, Monterey County.

#### RATES

Per Service Connection

Per Month

For each inch of diameter of service connection .....	\$	22.89	(I)
---	----	-------	-----

#### SPECIAL CONDITIONS

1. The customer shall pay, without refund, the entire cost of installing the fire protection service connection. Such service connection shall become and remain the property of the utility.
2. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity will be installed by the utility at the cost of the applicant. Such costs shall not be subject to refund.
3. Service under the above rate will be furnished for private fire protection purpose only. Where water is used for any other purposes on the customer's premises, the applicable metered rate for such additional service will be added to the charge for the fire protection service.
4. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

# PROPOSED RESOLUTION

Resolution W-5194  
WD

May 30, 2019

## APPENDIX B

**Spreckels Water Company**

**Escalation Year 2020**

**(Page 4 of 6)**

**Schedule No. 4**

### PRIVATE FIRE PROTECTION SERVICE

#### APPLICABILITY

Applicable to all water service furnished for private fire protection.

#### TERRITORY

Spreckels, and vicinity, located approximately 4-1/2 miles southwest of the City of Salinas, Monterey County.

#### RATES

#### Per Service Connection

#### Per Month

For each inch of diameter of service connection .....	\$ 28.85	(I)
---	----------	-----

#### SPECIAL CONDITIONS

1. The customer shall pay, without refund, the entire cost of installing the fire protection service connection. Such service connection shall become and remain the property of the utility.
2. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity will be installed by the utility at the cost of the applicant. Such costs shall not be subject to refund.
3. Service under the above rate will be furnished for private fire protection purpose only. Where water is used for any other purposes on the customer's premises, the applicable metered rate for such additional service will be added to the charge for the fire protection service.
4. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

# PROPOSED RESOLUTION

Resolution W-5194  
WD

May 30, 2019

## Spreckels Water Company Test Year 2019 (Page 5 of 6)

### Schedule No. 5 PUBLIC FIRE HYDRANT SERVICE

#### APPLICABILITY

Applicable to all water service furnished for public fire protection.

#### TERRITORY

Spreckels, and vicinity, located approximately 4-1/2 miles southwest of the City of Salinas, Monterey County.

#### RATES

	<u>Per Service Connection</u>	
	<u>Per Month</u>	
For each inch of diameter of service connection .....	\$ 14.87	(I)

#### SPECIAL CONDITIONS

1. The above rate includes the use of water for fire protection and no other purpose.
2. The cost of installation and maintenance of hydrants will be born by the utility.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

# PROPOSED RESOLUTION

Resolution W-5194  
WD

May 30, 2019

## Spreckels Water Company Escalation Year 2020 (Page 6 of 6)

### Schedule No. 5 PUBLIC FIRE HYDRANT SERVICE

#### APPLICABILITY

Applicable to all water service furnished for public fire protection.

#### TERRITORY

Spreckels, and vicinity, located approximately 4-1/2 miles southwest of the City of Salinas, Monterey County.

#### RATES

#### Per Service Connection

#### Per Month

For each inch of diameter of service connection .....	\$	16.13	(I)
---	----	-------	-----

#### SPECIAL CONDITIONS

1. The above rate includes the use of water for fire protection and no other purpose.
2. The cost of installation and maintenance of hydrants will be born by the utility.
3. Relocation of any hydrant shall be at the expense of the party requesting relocation.
4. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

END OF APPENDIX B



# PROPOSED RESOLUTION

Resolution W-5194  
WD

May 30, 2019

## APPENDIX C

### Spreckels Water Co. Comparison of Rates Test Year 2019 (Page 1 of 2)

		<u>Per Meter Per Month</u>		
		Present	Recommended	Percent
		<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
<b>Service Charge:</b>				
For 5/8 x 3/4-inch meters	\$	16.42	\$20.55	25.18%
For 3/4-inch meters	\$	24.62	\$30.83	25.23%
For 1-inch meters	\$	41.05	\$51.39	25.18%
For 1-1/2-inch meters	\$	82.08	\$102.77	25.21%
For 2-inch meters	\$	131.34	\$164.43	25.20%
For 3-inch meters	\$	246.25	\$308.32	25.20%
For 4-inch meters	\$	410.43	\$513.86	25.20%
For 6-inch meters	\$	820.84	\$1,027.72	25.20%

### Quantity Charge:

All use, per 100 cu. ft.	\$ 1.15	\$2.05	77.9%
--------------------------	---------	--------	-------

A monthly bill comparison for a customer with a 1-inch meter is shown below

		Usage <u>Per 100 cu. ft.</u>	Present <u>Rates</u>	Recommended <u>Rates</u>	Amount <u>Increase</u>	Percent <u>Increase</u>
Average		0	\$ 41.05	\$ 51.39	\$ 10.34	25.18%
		5	\$ 46.82	\$ 61.65	\$ 14.83	31.67%
		12.5	\$ 55.47	\$ 77.04	\$ 21.57	38.88%
		15	\$ 58.36	\$ 82.17	\$ 23.81	40.81%
		20	\$ 64.12	\$ 92.43	\$ 28.31	44.14%
		30	\$ 75.66	\$ 112.95	\$ 37.29	49.29%

## APPENDIX C

# PROPOSED RESOLUTION

Resolution W-5194  
WD

May 30, 2019

**Spreckels Water Co.  
Comparison of Rates  
Escalation Year 2020  
(Page 2 of 2)**

			<u>Per Meter Per Month</u>	
	<u>TY 2019</u>		<u>Recommended</u>	<u>Percent</u>
	<u>Rates</u>		<u>Rates</u>	<u>Increase</u>
<b>Service Charge:</b>				
For 5/8 x 3/4-inch meters	\$ 20.55		\$26.69	29.84%
For 3/4-inch meters	\$ 30.83	\$	40.03	29.84%
For 1-inch meters	\$ 51.39	\$	66.72	29.84%
For 1-1/2-inch meters	\$ 102.77	\$	133.44	29.84%
For 2-inch meters	\$ 164.43	\$	213.51	29.84%
For 3-inch meters	\$ 308.32	\$	400.33	29.84%
For 4-inch meters	\$ 513.86	\$	667.21	29.84%
For 6-inch meters	\$ 1,027.72	\$	1,334.43	29.84%

**Quantity Charge:**

All use, per 100 cu. ft.	\$ 2.05	\$2.89	40.9%
--------------------------	---------	--------	-------

A monthly bill comparison for a customer with a 1-inch meter is shown below

	<u>Usage</u>		<u>TY 2019</u>	<u>Recommended</u>	<u>Amount</u>	<u>Percent</u>
	<u>Per 100 cu. ft.</u>		<u>Rates</u>	<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
	0	\$	51.39	\$ 66.72	\$ 15.34	29.84%
	5	\$	61.65	\$ 81.18	\$ 19.54	31.69%
Average	12.5	\$	77.04	\$ 102.88	\$ 25.84	33.54%
	15	\$	82.17	\$ 110.11	\$ 27.94	34.00%
	20	\$	92.43	\$ 124.57	\$ 32.14	34.77%
	30	\$	112.95	\$ 153.49	\$ 40.54	35.89%

END OF APPENDIX C

# PROPOSED RESOLUTION

Resolution W-5194  
WD

May 30, 2019

## APPENDIX D

### Spreckels Creek Water Company Adopted Quantities --Test Year 2019

1. Purchased Power \$53,591  
Energy Provider Pacific Gas & Electric  
Energy Tariff Schedule AX1 Small General Time-of Use

3. Service Connections –

Meter Size

5/8 x 3/4 -inch	1
3/4 - inch	-
1- inch	291
1-1/2 - inch	-
2 - inch	15
3 - inch	1
4 - inch	7
6 - inch	2
Total	317

4. Water Sales 132,051 CCF

5. Tax Calculations

<u>Calculations</u>	<u>TY 2019</u>	<u>Esc. Yr. 2020</u>
Operating Revenues	\$ 555,289	\$ 750,900
Operating Expenses	\$ 192,817	\$ 192,817
Taxes Other than Income	\$ 32,118	\$ 32,118
Depreciation	\$ 140,442	\$ 140,442
Taxable Income for State	\$ 189,912	\$ 385,523
State Taxes (Corporate rate 8.84%)	\$ 16,788	\$ 34,080
Taxable Income for Federal	\$ 173,124	\$ 351,442
Federal Income Taxes (Corporate rate 21.0%)	\$ 36,356	\$ 73,803

END OF APPENDIX D

# PROPOSED RESOLUTION

Resolution W-5194  
WD

May 30, 2019

## APPENDIX E

### Spreckels Creek Water Company

Year	Project Costs	Capital Improvement Projects
		<b>Water Main Replacment Project</b>
2012	\$ 1,179,137	\$84,712 for engineering; \$1,059,606 for construction and materials costs for replacing 9,520 linear feet of water main (consisting of 4-, 6-, and 8-inch water size mains) including valves and service assemblies; \$34,819 project management.
	\$ 168,698	Water main replacement for Hatton Avenue, 1st, 2nd, 3rd and part of 4th street.
	\$ 59,677	Added transformer to service wells #2 and #3
	\$ 1,407,512	
		<b>Well #3 Rehabilitation Project</b>
2013	\$ 147,127	Well #3 rehabilitation, added new lining to address sand & gravel problem and improve well efficiency
	\$ 6,050	Raised 11 water valves
	\$ 153,177	
		<b>Water Main Replacment Project</b>
2014	\$ 281,202	Added 2,120 linear feet of 12-inch water main from Spreckels Blvd. to SIP soccer field. Expenses include engineering, labor and materials to complete job.
	\$ 281,202	
		<b>Well #3 Pump &amp; Motor</b>
2015	\$ 15,879	Well #3 pump & motor repair and replace
	\$ 2,299	Two new badger meters
	\$ 18,178	
		<b>Well #4 Engineering and Constructions Costs</b>
2016	\$ 410,077	Engineering well design and specification, survey location, and professional consulting costs; project siting and permitting costs.
	\$ 579,155	Well drilling and column
	\$ 91,095	Electrical supply for water well
	\$ 111,400	Discharge manifold construction
	\$ 88,189	Well # 4 site work & access road
	\$ 25,000	Well site fencing
	\$ 68,577	Well #4 pump and installation
	\$ 77,819	Well #4 back-up generator and installation
	\$ 33,000	Chemical system and installation
	\$ 103,830	Well #4 motor electrical control center
	\$ 64,150	Well #4 pressure control vessel
	\$ 6,400	Fuel Tank
	\$ 23,747	Well #4 motor
	\$ 1,682,439	
<b>Total</b>	<b>\$ 3,542,508</b>	

End of Appendix E

## PROPOSED RESOLUTION

Resolution W-5194  
WD

May 30, 2019

### CERTIFICATE OF SERVICE

I certify that I have by either electronic mail or postal mail, this day, served a true copy of Proposed Resolution No. W-5194 on all parties in these filings or their attorneys as shown on the attached lists.

Dated April 30, 2019 at San Francisco, California.

/s/ROBIN BRYANT

Robin Bryant

Parties should notify the Division of Water and Audits, Third Floor, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the Resolution number on which your name appears.

# PROPOSED RESOLUTION

Resolution W-5194  
WD

May 30, 2019

## SPRECKELS WATER COMPANY ADVICE LETTER 24 SERVICE LIST

Name	Mailing Address	E-Mail Address
Kerry L. Barney	Spreckels Water Company	<a href="mailto:kerry@taproduce.com">kerry@taproduce.com</a>
Stephen Bachman		<a href="mailto:Sbachman123@gmail.com">Sbachman123@gmail.com</a>
Michael L. Jones	California Water Service Co.	<a href="mailto:mjones@calwater.com">mjones@calwater.com</a>
Craig Anthony	California American Water Co. 511 Forest Lodge Road, Suite 100 Pacific Grove, CA 93950	
David Stephenson	California American Water Co. 4701 Beloit Drive Sacramento, CA 93901	
President, Board of Directors	Spreckels Community Services District P.O.Box 7432 Spreckels, CA 93962	
Clerk to the Board	Monterey County Board of Supervisors 168 West Alisal St. Salinas, CA 93901	
Jan Sweigart	Division of Drinking Water #1 Lower Ragsdale Drive, Suite 120 Monterey, CA 93962	
David Kuhlmann	PO Box 7322 Spreckles 93962	<a href="mailto:DavidAKuhlmann@gmail.com">DavidAKuhlmann@gmail.com</a>
Rick & Shaheen Jorgensen	PO Box 7343 Spreckles 93926	<a href="mailto:perkyvta@sbcglobal.net">perkyvta@sbcglobal.net</a>
Ken Dursa	145 Harvest Street, Salinas, CA 93901	
Jim Riley	PO Box 7223 Spreckles CA 93962	
Mike & Lynn Petersen	71 First Street	<a href="mailto:mdplmp1155@yahoo.com">mdplmp1155@yahoo.com</a>
Kyle Harmon	PO Box 7063 27 Llano	<a href="mailto:keharmon23@yahoo.com">keharmon23@yahoo.com</a>
Kevin & Kimberly Strobridge	71 2nd Street	<a href="mailto:Kstrobridge@comcast.net">Kstrobridge@comcast.net</a>
Gary Kuhn	PO Box 7098 Spreckles	
Tom & Dian Reese	PO Box 7252 Spreckles	<a href="mailto:diantom@sbcglobal.net">diantom@sbcglobal.net</a>
Bill Pumphrey	PO Box 7454 Spreckles	
Richard & Marsha Lind	PO Box 7059 Spreckles	<a href="mailto:rjlind@redshift.com">rjlind@redshift.com</a>
Neil Gaucher	PO Box 7047 Spreckles	
Randy Phares	PO Box 7245 Spreckles	<a href="mailto:raphares@comcast.net">raphares@comcast.net</a>
Michael & Tamara Ranker	PO Box 7564 Spreckles 113 Third Street	<a href="mailto:tranker43@gmail.com">tranker43@gmail.com</a>

# PROPOSED RESOLUTION

Resolution W-5194  
WD

May 30, 2019

Name	Mailing Address	E-Mail Address
Ron & Hannah Britain	PO Box 7051 Spreckles	<a href="mailto:ronbritain@gmail.com">ronbritain@gmail.com</a>
Marjorie Callahan	PO Box 7403 Spreckles	
Teresa Guerra	PO Box 7481	<a href="mailto:tguerra55@gmail.com">tguerra55@gmail.com</a>
Greg & Amanda Lane	PO Box 7643	<a href="mailto:amandafabi@aol.com">amandafabi@aol.com</a>
Chris & Andrea Lane	PO Box 7654	<a href="mailto:andrea-lane@sbcglobal.net">andrea-lane@sbcglobal.net</a>
Mark & Liz Welden-Smith	PO Box 7016	<a href="mailto:smithy76@gmail.com">smithy76@gmail.com</a>
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