

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



April 30, 2019

Proposed Resolution W-5195

Agenda ID: 17391

To: All Interested Persons

Enclosed is Proposed Resolution W-5195 of the Water Division, which authorizes Point Arena Water Works, Inc. a general rate increase producing an additional annual revenue of \$91,486 or 30.00%, for test year 2019 to be paid by the Ratepayers. Proposed Resolution W-5195 is scheduled to appear on the May 30, 2019 Commission Meeting Agenda (ID# 17391).

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-5195 via email to Water.Division@cpuc.ca.gov on or before **May 20, 2019**. **Please reference "Proposed Resolution W-5195" 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 or (415) 703-1133. Please reference "Proposed Resolution W-5195."

/s/RAMI S. KAHLON

Rami S. Kahlon, Director
Water Division

Enclosures: Proposed Resolution W-5195
Certificate of Service
Service List

PROPOSED RESOLUTION

Resolution W-5195
WD

Agenda ID #17391

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION W-5195

May 30, 2019

RESOLUTION

**(RES. W-5195) POINT ARENA WATER WORKS, INC.
ORDER AUTHORIZING A GENERAL RATE INCREASE
PRODUCING AN ADDITIONAL ANNUAL REVENUE OF
\$91,486, OR 30.00%, FOR TEST YEAR 2019, TO BE PAID BY
THE RATEPAYERS.**

SUMMARY

By Advice Letter (AL) 86, filed on January 15, 2019, Point Arena Water Works, Inc. (PAWW) seeks a general rate increase producing additional annual revenues of \$91,486, or 30.00%, to recover increased operating expenses and utility plant investments.

This Resolution grants PAWW an increase in gross annual revenues of \$91,486, or 30.00%, for Test Year (TY) 2019, which is estimated to provide a Rate of Margin (ROM) of 18.17%. This increase equates to an approximate 4% increase per year since PAWW's last general rate increase granted in 2012. A monthly bill for an average residential customer with a 5/8 x 3/4 -inch meter size using 4.80 hundred cubic feet (CCF)¹ will increase from \$90.76 to \$127.26, or 40.22%.

BACKGROUND

PAWW 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 \$91,486, or 30.00%, for TY 2019 which is estimated to provide a ROM of 18.17%. PAWW's last general rate increase was granted on June 21, 2012 by Commission Resolution (Res.) W-4922 which authorized a rate increase of \$37,414, or 15.86%, for TY

¹ One CCF equals 748.1 gallons.

PROPOSED RESOLUTION

Resolution W-5195
WD

May 30, 2019

2011. PAWW's present rates became effective on July 10, 2018, by Advice Letter 80 which authorized a Consumer Price Index rate increase of \$5,996, or 2.10%.

PAWW is a Class D investor-owned water utility with 207 service connections and provides service to the City of Point Arena and vicinity and Whiskey Shoals Subdivision Unit Nos. 1, 2 & 3, in Mendocino County. The median household income for Point Arena is \$45,694.²

PAWW has two separate water distribution systems. Water System No. 1 serves the entire City of Point Arena from two water wells. Well #1 is located approximately 350 feet south of the Garcia River and is currently used as a stand-by well due to the level of iron and manganese in the water supply. Well #2 is located 250 feet from well #1 and has a water supply capacity of approximately 160 gallons per minute. The water supply from these wells is pumped to a 125,000-gallon storage tank where the water is chlorinated and then pumped to the main storage tank with a capacity of 285,000 gallons. The water is distributed from the main storage tank to a 125,000-gallon tank to serve Zone 1, Point Arena's downtown area and Arena Cove. Zone 2, the entire uptown area and the east side of Point Arena where the industrial park is located is also served from the 125,000-gallon tank using two 15-horsepower booster pumps.

Water system No. 2 serves the Whiskey Shoals area located two miles south of Point Arena on the west side of Highway 1. This water distribution system has three wells and one 22,000-gallon tank. Well #1, however, is no longer producing water, and well #2's production has also diminished to 3 gallons per minute. Well #3 is a newer well that was constructed as a result of Case (C.) 08-12-007 and has a capacity of approximately 50 gallons per minute.

NOTICE, PROTESTS, AND PUBLIC MEETING

In accordance with GO. 96-B, PAWW served a copy of AL 86 to its service list on January 15, 2019. A notice of the proposed rate increase was mailed to each customer and to the general service list on March 4, 2019.

Two customer protests were timely received on PAWW's rate increase request and the utility replied. The first protest is from a senior citizen living on a fixed income who opposes the rate increase because it would cause financial hardship. The customer also

² <https://www.niche.com/places-to-live/point-arena-mendocino-ca/>

PROPOSED RESOLUTION

Resolution W-5195
WD

May 30, 2019

noted that PAWW's rates are already among the highest in California. The second protest is also from a senior citizen living on a fixed income. This customer noted that PAWW's proposed rate increase more than doubles the present commodity rate, that PAWW's rates are higher than other locations in California, and that PAWW already assessed a monthly surcharge of \$17.92 for 36 months.

PAWW in its responses to the protests acknowledged its customers living on fixed income and noted that it is not requesting the maximum authorized rate increase to ease the increased cost to its customers. Furthermore, PAWW explained that the rate increase is needed for the utility to continue to provide water service while facing increased operating costs. Also, PAWW explained that a separate surcharge was approved in 2018 to cover expenses that resulted from flooding in 2017.

A letter of support from North Gualala Water Company (NGWC) for PAWW's rate increase was timely received. NGWC noted that PAWW's choice to apply most of the rate change to the quantity rate brought PAWW more in line with its neighboring water systems. NGWC believes that the rate increase is substantiated because of common regional challenges faced by utilities in the area, increased labor costs, increased water rights costs, and modern engineering and environmental standards. NGWC concludes that although most of Mendocino County qualifies as economically disadvantaged, utilities need rate increases to operate sustainably and meet standards.

An informal public meeting was held on April 4, 2019 at 6:00 PM, at Point Arena City Hall located at 451 School Street in Point Arena, California. The meeting started at 6:00 PM and approximately twelve 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 PAWW's representatives provided a general overview of its rate increase request, including information on the system improvements the company has made since its last GRC.

Customers mainly expressed concerns over the magnitude of the rate increase and the affordability of the service for the residents in the community that are retired, elderly, and/or on fixed incomes. Other concerns included the disproportionate burden of the rate increase on small businesses and the necessity of some costly state-mandated upgrades. Some customers suggested a step rate increase to ease the immediate burden of the rate increase.

PROPOSED RESOLUTION

Resolution W-5195
WD

May 30, 2019

PAWW explained that it has not requested a general rate increase since 2011, that it needs the rate increase to hire a new full time employee to service the water system and complete several major upgrades and repairs, and that the rate increase was reasonable on a cost-per-gallon basis. PAWW also explained that it has relieved the ratepayers of many costs by not including them in the utility rate base, since PAWW's owner has elected to pay for prior system upgrades from his own finances rather than charging them to the water utility.

In setting rates in this resolution, the WD has balanced the financial requirements of PAWW with the rate concerns of its customers.

DISCUSSION

In reviewing PAWW's rate increase request, the WD made an independent analysis of the utility's rate increase request and its operations. Appendix A provides PAWW's and the WD's estimated Summary of Earnings (SOE) at present, requested and recommended rates, which is further discussed below. Therefore, WD recommends that the Commission approve the rate increase and resulting rates included in Appendix B.

Operating Expenses

The WD reviewed operating revenue and expenses including employee labor, materials, contract work, transportation expenses, other volume related expenses, office and management salaries, office supplies and expenses, insurance, general expense, depreciation, and taxes other than income. The WD verified the operating expenses by reviewing supporting documents for substantiation and accuracy and included the amounts that were deemed reasonable and prudent.

The WD concurs with PAWW's estimate of \$23,655 for purchased power expense for TY 2019. PAWW's purchased power estimate is based on the company's actual energy consumption from 2017-2018, the estimated number of customers in year 2019, and the most recent PG&E rate schedules, effective September 1, 2018. The WD agrees with PAWW using an energy consumption budget for estimated purchased power for TY 2019 since it accounts for the different rate schedules PAWW uses, the relative proportions of energy consumed under each schedule, and future growth of energy consumption based on the estimated number of customers. The WD therefore finds PAWW's purchased power estimate of \$23,655 for TY 2019 reasonable.

PROPOSED RESOLUTION

Resolution W-5195
WD

May 30, 2019

For other volume related expenses, materials expenses, contract work, transportation, office supplies and expenses, and general expenses, PAWW used a three-year average for estimating these expenses for TY 2019. Based on the WD's analysis of PAWW's operating expenses, the WD found the company's approach and expense estimates reasonable for the size and complexity of the utility's operations.

For employee labor, PAWW used expected hourly wages and hours worked for each employee for TY 2019. The WD finds PAWW's estimate of \$46,674 for labor expenses for TY 2019 reasonable for one water operator, a standby water operator, and additional laborers. PAWW's water system operator has a Grade D-1 water system operator license. The standby water operator requested in this case is a full-time position and is tasked with providing supporting assistance during times of absence of PAWW's owner and operator. Hiring the standby water operator is necessary because PAWW's owner works part-time, which limits his ability to perform on-call tasks. Most of the utility's water system maintenance, repairs and upgrades are done by PAWW's employees, in addition to meter reading, water sampling, and routine system inspections which help keep the utility's maintenance costs lower. For these reasons, WD finds PAWW's labor expense estimate reasonable and necessary for the company's retention of qualified personnel.

PAWW's other plant maintenance costs amounting to \$28,308 for TY 2019 included leases for the Garcia Well, the water system property, and Whiskey Shoals. It also included the cost of phone lines at pump stations, backflow testing, and other expenses not recorded in any of the other operation and maintenance accounts. The estimated costs are similar to the costs for years 2015-2017. For this reason, WD finds PAWW's other plant maintenance cost estimate of \$28,308 for TY 2019 reasonable.

The WD finds the requested management salary amount of \$64,221 reasonable based on the level of responsibility the PAWW's manager has as the owner of the water utility which includes: 1) managing the utility's operations, system repairs, and improvements to ensure that the utility provides safe and reliable water service; 2) ensuring the utility is financially viable to continue to make the necessary water system improvements to meet existing and new water quality requirements and regulations; and 3) maintaining water service at a reasonable cost. In this case, the WD found that the PAWW manager has done a reasonable job managing its utility operations, including making the necessary system improvements to have a more efficient and reliable water distribution system (i.e., replacement of old pipes and pumps). Furthermore, PAWW's manager

PROPOSED RESOLUTION

Resolution W-5195
WD

May 30, 2019

holds a Grade D-1 and T-1 water operating license. PAWW's co-manager/secretary is responsible for 1) billing and collecting, 2) customer service, and 3) secretarial and general office work. WD found that PAWW's co-manager/secretary has done a reasonable job managing the office. For these reasons, WD finds the requested management salary of \$64,221 reasonable for TY 2019.

For insurance expenses, PAWW includes business and liability insurance and workers compensation insurance, totaling \$11,483 for TY 2019. PAWW has chosen to increase its business and liability insurance coverage in the event of a natural disaster, which would add \$2000 per year to the insurance costs. WD finds this expense to be reasonable because of PAWW's experience with flood damage, which resulted in the Commission authorizing surcharge revenues totaling \$124,484 to be paid by ratepayers in Resolution W-5162. Workers compensation insurance is provided to the employees only, not the managers, for the benefit of the customers. For these reasons, WD finds the requested amount of \$11,483 reasonable for TY 2019.

Taxes

The WD applied the 2018 corporate tax rates for Federal and State income at 21.00% and 8.84 % respectively. The tax calculations are shown in Appendix D for the TY 2019.

Utility Plant and Rate Base

For TY 2019, the WD's analysis of PAWW's rate base estimate included examining utility plant-in-service since the company's last GRC was authorized by Res. W-4922. WD also analyzed utility plant additions, materials and supplies, working cash, and depreciation reserve.

The WD's average plant estimate of \$296,163 for TY 2019 is higher than PAWW's estimate of \$296,150 because of a slight difference in the amount of working cash, which ultimately stemmed from the difference in calculation for office supplies & expenses (PAWW mistakenly excluded the 2019 Escalation Factor from their calculation, resulting in a difference of \$157). However, the miscalculation does not represent a material difference. Therefore, WD finds the average plant estimate of \$296,150 for TY 2019 reasonable.

PAWW estimated an average accumulated depreciation amount of \$868,998 for TY 2019 based on its reported depreciation expense in its annual reports from 2011 through 2017

PROPOSED RESOLUTION

Resolution W-5195
WD

May 30, 2019

and estimated depreciation expenses for 2018 and 2019. The WD finds the data to be accurate, the estimated depreciation expenses to be reasonable, and the calculations to be appropriate. Therefore, WD finds the average accumulated depreciation amount of \$868,998 for TY 2019 reasonable.

Rate of Return

PAWW's rate increase request was based on a ROM of 18.17%. In accordance with the Commission ratemaking policies adopted for Class C and D water utilities by D. 92-03-093, two methods can be used for ratemaking, the Rate of Return (ROR) and ROM methods.³ 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.⁴ In this rate case, the WD determined that the ROM method produced the higher revenue requirement. For 2019, the WD's recommended ROM for Class D water utilities is 23.65%.⁵ PAWW's requested ROM is lower than the authorized ROM in this case to ease the rate increase cost to customers. Using the requested ROM of 18.17%, the WD calculated a revenue requirement of \$396,615. By comparison, using the requested ROR on rate base of 11.06%, the revenue requirement would be \$374,265. Accordingly, the WD recommends that the ROM method be used for PAWW's TY 2019 GRC.

Rates and Rate Design

PAWW's rate structure consists of two rate schedules: Schedule No. 1, Metered Service and Schedule No. 4, Private Fire Protection Service. At the recommended ROM, the increase in revenues will be \$91,486 or 30.00% for TY 2019. This increase equates to an approximate 4% increase per year since PAWW's last general rate increase granted in 2012. The rates proposed by the WD are shown in Appendix B. At the recommended rates for TY 2019, a *monthly* bill for an average residential customer with a 5/8 x 3/4 - inch meter size using 4.80 CCF will increase from \$90.76 to \$127.26, or 40.22%.

³The 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.

⁴D. 92-03-093, Ordering Paragraph 8.

⁵Water Division's February 27, 2018 memorandum on the recommended Rates of Return and Rates of Margin for Class C and D Water Utilities:

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

PROPOSED RESOLUTION

Resolution W-5195
WD

May 30, 2019

PAWW used a 65% allocation of fixed costs to be recovered in the service charge for TY 2019 instead of the 75% allocation used in the previously authorized GRC for TY 2011. PAWW also proposed allocating most of the GRC increase on the quantity rate as this provide conservation incentives for customers using less water through their monthly bills. PAWW serves a moderately low-income area so the utility owner proposed keeping the service charge relatively stable while increasing the quantity rate to ensure that low-income customers or those on fixed incomes would not see a large increase in their bills from this GRC if they maintained their previous levels of conservation. WD concurs with PAWW's proposals as they provide an equitable solution for the population that the utility serves.

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

<u>Utility</u>	<u>Utility Rate Comparison</u>		
	<u>Monthly Service Charge</u> <u>5/8 x 3/4-inch meter</u>	<u>Quantity Charge at CCF</u> <u>For Avg. CCF</u>	<u>Total</u>
Point Arena Water Works, Inc.	\$ 58.45	\$ 68.82	\$ 127.26
North Gualala Water Works	\$ 44.56	\$ 38.92	\$ 83.48
Rogina Water Company, Inc.	\$ 23.55	\$ 11.85	\$ 35.40
Sea Ranch Water Company	\$ 59.48	\$ 4.47	\$ 63.95

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 5/8 x 3/4 -inch meter size using 4.80 CCF will increase from \$90.76 to \$127.26, or 40.22%, which is 3.34% of the median household income (MHI) of \$45,694 for Point Arena where PAWW's service area is located. The Utility Rate Comparison table above shows that PAWW's rates remain the highest in the Mendocino County area.

It should be noted that no affordability criteria have been developed and adopted in any Commission Decision or legislation. However, in October 2017, the Health and Safety Code in the California Code of Regulations (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,

PROPOSED RESOLUTION

Resolution W-5195
WD

May 30, 2019

or \$37,091).⁶ The Commission adheres to cost-of-service regulatory principles in developing rates for its jurisdictional utilities, and the WD's recommended rates for PAWW 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

PAWW has no outstanding compliance orders and has been filing annual reports as required. PAWW is in compliance with the State Water Resources Control Board, Division of Drinking Water's, (SWRCB DDW) applicable water quality standards and regulations for safe drinking water.

UTILITY SAFETY

Safety for water utilities considers several factors such as water quality, system design, operation and maintenance, and service. One of the highest safety priorities for the Commission is ensuring that water utilities serving water for human consumption provide water that is not harmful or dangerous to health. As previously noted, PAWW is compliant with the SWRCB's applicable water quality standards for safe drinking water.

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.

⁶ See Assembly Bill 560 (Salas); Chaptered by Secretary of State on October 7, 2017- Chapter 552, Statutes of 2017.

PROPOSED RESOLUTION

Resolution W-5195
WD

May 30, 2019

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 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. The water served by Point Arena Water Works (PAWW) meets all applicable water quality standards set forth by State Water Resources Control Board, Division of Drinking Water.
6. PAWW should be allowed to file a supplement to Advice Letter No. 86 to incorporate the revised rate schedules (Appendix B) and to concurrently cancel its presently effective rate schedules.

PROPOSED RESOLUTION

Resolution W-5195
WD

May 30, 2019

THEREFORE, IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454, for Point Arena Water Works, Inc. to file a supplement to Advice Letter 86 to incorporate the rate schedules attached to this Resolution as Appendix B, and concurrently cancel its presently effective rate Schedules: Schedule No. 1, Metered Service and Schedule No. 4, Private Fire Protection Service. The effective date of the revised schedules shall be five days after the date of filing.

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:

ALICE STEBBINS
Executive Director

PROPOSED RESOLUTION

Resolution W-5195
WD

May 30, 2019

APPENDIX A Point Arena Water Works, Inc. Summary of Earnings Test Year 2019

<u>Item</u>	<u>Utility Estimated</u>		<u>Branch Estimated</u>	
	<u>Present Rates</u>	<u>Requested Rates</u>	<u>Present Rates</u>	<u>Recommended Rates</u>
<u>Operating Revenue</u>				
460 Unmetered Water Revenue	\$ -	\$ -	\$ -	\$ -
462 Fire Protection Revenue	\$ -	\$ -	\$ -	\$ -
465 Irrigation Revenue	\$ -	\$ -	\$ -	\$ -
470 Metered Water Revenue	\$ 304,939	\$ 396,425	\$ 304,939	\$ 396,425
480 Other Water Revenue	\$ 1,297	\$ -	\$ 1,297	\$ -
Total Revenue	\$ 306,236	\$ 396,425	\$ 306,236	\$ 396,425
<u>Operating Expenses</u>				
610 Purchased Water	\$ -	\$ -	\$ -	\$ -
615 Power	\$ 23,655	\$ 23,655	\$ 23,655	\$ 23,655
618 Other Volume Related Expenses	\$ 505	\$ 505	\$ 505	\$ 505
630 Employee Labor	\$ 46,674	\$ 46,674	\$ 46,674	\$ 46,674
640 Materials	\$ 12,156	\$ 12,156	\$ 12,156	\$ 12,156
650 Contract Work (Excluding Water Testing)	\$ 16,220	\$ 16,220	\$ 16,220	\$ 16,220
Water Testing Portion of Contract Work	\$ 2,996	\$ 2,996	\$ 2,996	\$ 2,996
660 Transportation Expenses	\$ 10,191	\$ 10,191	\$ 10,191	\$ 10,191
664 Other Plant Maintenance	\$ 28,308	\$ 28,308	\$ 28,308	\$ 28,308
670 Office Salaries	\$ -	\$ -	\$ -	\$ -
671 Management Salaries	\$ 64,221	\$ 64,221	\$ 64,221	\$ 64,221
674 Employee Pensions & Benefits	\$ -	\$ -	\$ -	\$ -
676 Uncollectibles Expense	\$ 793	\$ 793	\$ 793	\$ 793
678 Office Services & Rentals	\$ 8,760	\$ 8,760	\$ 8,760	\$ 8,760
681 Office Supplies & Expenses	\$ 7,490	\$ 7,490	\$ 7,647	\$ 7,490
682 Professional Services	\$ 45,622	\$ 45,622	\$ 45,622	\$ 45,622
684 Insurance	\$ 11,483	\$ 11,483	\$ 11,483	\$ 11,483
688 Regulatory Commission Expense	\$ 5,703	\$ 5,703	\$ 5,703	\$ 5,703
689 General Expenses	\$ 7,362	\$ 7,362	\$ 7,362	\$ 7,362
Subtotal	\$ 292,139	\$ 292,139	\$ 292,294	\$ 292,139
403 Depreciation	\$ 10,985	\$ 10,985	\$ 10,985	\$ 10,985
408 Taxes Other Than Income	\$ 16,815	\$ 16,815	\$ 16,815	\$ 16,815
409 State Income Taxes	\$ -	\$ 6,761	\$ -	\$ 6,761
410 Federal Income Taxes	\$ -	\$ 14,642	\$ -	\$ 14,642
Total Expenses	\$ 27,800	\$ 49,203	\$ 27,800	\$ 49,203
Net Revenue	\$ (13,703)	\$ 55,083	\$ (13,859)	\$ 55,083
<u>Rate Base</u>				
Average Plant	\$ 1,638,205	\$ 1,638,205	\$ 1,638,205	\$ 1,638,205
Ave. Accumulated Depreciation	\$ 854,390	\$ 854,390	\$ 854,390	\$ 854,390
Net Plant	\$ 783,815	\$ 783,815	\$ 783,815	\$ 783,815
Less Advances	\$ 31,187	\$ 31,187	\$ 31,187	\$ 31,187
Contributions in Aid of Construction	\$ 462,461	\$ 462,461	\$ 462,461	\$ 462,461
Deferred Income Tax	\$ 18,362	\$ 18,362	\$ 18,362	\$ 18,362
Plus Construction Work in Progress	\$ -	\$ -	\$ -	\$ -
Working Cash	\$ 24,345	\$ 24,345	\$ 24,358	\$ 24,345
Materials and Supplies	\$ -	\$ -	\$ -	\$ -
Rate Base:	\$ 296,150	\$ 296,150	\$ 296,163	\$ 296,150
Rate of Margin	-4.52%	18.17%	-4.57%	18.17%

END OF APPENDIX A

PROPOSED RESOLUTION

Resolution W-5195
WD

May 30, 2019

APPENDIX B

Point Arena Water Works, Inc. Test Year 2019 Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The City of Point Arena and vicinity and Whiskey Shoals Subdivision Unit Nos. 1, 2 & 3, Mendocino County.

RATES

<u>Quantity rates:</u>	<u>Per Meter Per Month</u>	
For all water, per 100 cubic feet (Ccf)	\$14.33	(I)
<u>Service Charge:</u>		
For 5/8 x 3/4-inch meter	\$58.45	
For 3/4-inch meter	\$87.67	
For 1 - inch meter	\$146.11	
For 1-1/2-inch meter	\$292.23	
For 2 - inch meter	\$467.57	
For 3 - inch meter	\$876.68	
For 4 - inch meter	\$1461.14	
For 6 - inch meter	\$1461.14	(I)

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

SPECIAL CONDITIONS

1. In addition to the above rates and charges rendered to all bills under this Schedule, a surcharge will be added as set forth in Schedule No. 2-X, General Metered Surcharge.
2. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
3. Point Arena Associates and Wharf Masters Inn will be charged the 4-inch meter charge pursuant to Resolution No. W-4233.

END OF APPENDIX B

PROPOSED RESOLUTION

Resolution W-5195
WD

May 30, 2019

APPENDIX C

Point Arena Water Works, Inc. Comparison of Rates Test Year 2019

	<u>Per Meter Per Month</u>		
<u>Test Year 2019:</u>			
General Metered Service (Schedule No. 1)	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
<u>Quantity Rates</u>			
All water, per 100 cubic feet	\$ 6.85	\$ 14.33	109%
<u>Service Charge Rates</u>			
For 5/8 x 3/4 inch meter	\$ 57.86	\$ 58.45	1.01%
For 3/4 inch meter	\$ 86.82	\$ 87.67	0.98%
For 1 inch meter	\$ 144.61	\$ 146.11	1.04%
For 1 1/2 inch meter	\$ 289.25	\$ 292.23	1.03%
For 2 inch meter	\$ 462.87	\$ 467.57	1.01%
For 3 inch meter	\$ 867.85	\$ 876.68	1.02%
For 4 inch meter	\$ 1,446.44	\$ 1,461.14	1.02%
For 6 inch meter	\$ 1,446.44	\$ 1,461.14	1.02%

A monthly bill comparison for a customer with a 5/8 x 3/4-inch meter is shown below

	<u>Usage (100 cu. Ft.)</u>	<u>Present Rates</u>	<u>Recommended Rates</u>	<u>Amount Increase</u>	<u>Percent Increase</u>
	0	\$ 57.86	\$ 58.45	\$ 0.59	1.01%
	2.5	\$ 74.99	\$ 94.27	\$ 19.28	25.72%
Avg.	4.8	\$ 90.76	\$ 127.26	\$ 36.50	40.22%
	7.5	\$ 109.24	\$ 165.91	\$ 56.68	51.89%
	10	\$ 126.36	\$ 201.74	\$ 75.38	59.65%

END OF APPENDIX C

PROPOSED RESOLUTION

Resolution W-5195
WD

May 30, 2019

APPENDIX D

Point Arena Water Works, Inc. Adopted Quantities Test Year 2019

1. Purchased Power \$23,655
Energy Provider Pacific Gas & Electric
Energy Tariff Schedule A-1 and A-1X

2. Service Connections –

<u>Meter Size</u>	<u>Average No. of Customers</u>
5/8 x 3/4 inch	174
3/4 inch	13
1 inch	12
1 1/2 inch	0
2 inch	6
3 inch	0
4 inch	0
6 inch	2
Total	207

3. Water Sales 11,930 CCF
4. Tax Calculations

<u>Calculations</u>	<u>TY 2019</u>
Operating Revenues	\$ 396,425
Operating Expenses	\$ 292,139
Taxes Other than Income	\$ 16,815
Depreciation	\$ 29,216
Interest	\$ -
Taxable Income for State	\$ 76,486
State Taxes (Corporate rate 8.84%)	\$ 6,761
Taxable Income for Federal	\$ 69,725
Federal Income Taxes (Corporate rate 21.0%)	\$ 14,642

END OF APPENDIX D

PROPOSED RESOLUTION

Resolution W-5195
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-5195 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-5195
WD

May 30, 2019

POINT ARENA WATER WORKS, INC. ADVICE LETTER 86 SERVICE LIST

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paww@mcn.org

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