PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

Agenda ID #23834
RESOLUTION W-5306
November 20, 2025

R E S O L U T I O N

Resolution W-5306 McMor Chlorination Inc. General Rate Cases

PROPOSED OUTCOME:

- Grants McMor Chlorination Inc. (MMCI) a general rate increase of $48,600, or 76.84%, estimated to provide a Rate of Margin (ROM) of 27.50% for its water operations and $30,535, or 19.70%, estimated to provide a Rate of Margin (ROM) of 27.50% for its sewer operations.
- The water rate increase is phased in over three years: Test Year (TY) 2025, Escalation Year (EY) 2026, and Escalation Year (EY) 2027. The sewer rate increase is implemented in Test Year (TY) 2025.

SAFETY CONSIDERATIONS:

- MMCI has no outstanding compliance issues with the State Water Resources Control Board, Division of Drinking Water. Past minor compliance issues with the Regional Water Quality Control Board regarding sewer operations have been resolved. These general rate increases provide additional funding to MMCI to ensure the utility remains current with its infrastructure updates and system repairs.

ESTIMATED COST:

- Producing an increase in gross annual revenues for water of $26,029 or 41.16% for TY 2025, $10,025 or 11.23% for EY 2026 and $12, 546 or 12.63% for EY 2027; and for sewer of $30,535 or 19.70% for TY 2025.

By Advice Letters 28-W, Filed on May 15, 2025, and 18-S filed on June 23, 2025

SUMMARY

This Resolution grants McMor Chlorination Inc. (MMCI) a general rate increase for its water operations producing an increase in gross annual revenues of $48,600, or 76.84%, estimated to provide a ROM of 27.50%. This increase is phased-in over three years: TY 2025, EY 2026, and EY 2027. The rate increase will be implemented to produce an increase in gross annual revenues of $26,029 or 41.16% for TY 2025, $10,025 or 11.23% for EY 2026 and $12,546 or 12.63% for EY 2027. This Resolution also grants MMCI a general rate increase for its sewer operations producing an increase in gross annual revenue of $30,535, or 19.70%, for TY 2025 estimated to provide a ROM of 27.50%.

BACKGROUND

By submission of Advice Letters (AL) 28-W and 18-S to the Commission, MMCI requested authority under General Order (GO) 96-B, Rules 1.7 and 7.6.2, Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code to increase its annual water revenues by $50,235 or 79.43%, to be phased in for 2025, 2026, and 2027, based on a Rate of Margin (ROM) of 27.50% and to increase its sewer annual revenue by $38,973 or 25.14%, based on a Rate of Margin (ROM) of 27.50%.

MMCI's present water rates became effective on September 30, 2024, with the approval of AL 26-W, which authorized a Consumer Price Index (CPI) increase of $1,933, or 3.40%. MMCI's present sewer rates became effective on October 25, 2024, with the approval of AL 16-S which authorized a CPI increase of $4,892 or 3.40%.

MMCI's last water General Rate Case (GRC) increase became effective on October 16, 2003, pursuant to Commission Resolution (Res.) W-4431, which authorized a general rate increase of $14,068 or 32.90%, for Test Year (TY) 2002, estimated to provide a Rate of Return (ROR) of 12.50%.

MMCI's last sewer GRC increase became effective on January 19, 2004, pursuant to Commission Resolution (Res.) W-4435, which authorized a general rate increase of $28,699 or 34.50%, for Test Year (TY) 2003, estimated to provide a Rate of Return (ROR) of 12.50%.

MMCI is comprised of a water and a sewer operation. MMCI is located approximately 23 miles west of Bakersfield in the unincorporated area of Kern County near Buttonwillow. As a Class D water utility, MMCI serves 18 metered commercial customers. Its water system consists of two wells and two steel storage tanks. As a Class D sewer utility, MMCI serves 18 commercial customers.

NOTICE

In accordance with GO. 96-B, MMCI served a copy to its service list of AL 28-W on May 15, 2025, and AL 18-S on June 23, 2025. A customer notice regarding both the proposed rate increases and a public meeting was mailed to each customer and to the general service list on August 1, 2025.

PROTESTS

There were no protests received for ALs 28-W and 18-S.

Site Visit

WD staff, with the assistance of the general manager and plant personnel for both the water and sewer operations, inspected the sewer and water systems on August 13, 2025.

Sewer

On July 2, 2024, the Central Valley Regional Water Quality Control Board (Regional Board) staff inspected MMCI's sewer system. The sewer system is permitted to discharge wastewater to percolation/evaporation ponds. Even though the system is old, the Regional Board staff found the sewer system in adequate condition. Regional Board staff noted reporting violations that MMCI has since addressed. The Regional Board observed minor issues on site such as mild odors, one missing sign, and some vegetation around a pond (not excessive). The other two ponds were dry with no odors or vectors (mosquitoes) detected.

The sewer system receives wastewater from about eight service stations, four fast food restaurants, two truck washing facilities, and four motels. The sewer system consists of the headworks and three treatment units operated in parallel which discharge treated sewage into percolation and evaporation ponds. WD staff observed the sewer system was partially replaced with new components. The sewer system operators must manually remove the large debris and solids from the headworks because the pump is not operating. Treatment unit no. 1, made of concrete, is cracked and prevents MMCI staff from working on top of the unit to perform maintenance operations. As a result, MMCI staff must work around the unit to complete operational tasks. The sewer system has an empty sludge drying bed that is not used as the sludge from the units is added back to the intakes and run back to the system. The sewer system does not generate sludge for offsite disposal. The percolation and evaporation ponds are located outside the fenced sewer system. Minor vegetation was noted around one pond. While not excessive, the pond should be monitored and maintained to prevent seepage that may lead to mosquito issues.

Water

WD staff together with staff of the Division of Drinking Water (DDW) of the State Water Resources Control Board (SWCB) inspected the water system.

DDW staff led the inspection and directed MMCI staff to replace missing components of the water system caused by routine maintenance addressing corrosion and a booster pump leak. Regarding the water quality monitoring, DDW staff requested MMCI to increase frequency of nitrate sampling from annually to quarterly for wells 1 and 2. DDW staff noted that the rest of the water system appeared to be fairly maintained.

Public Meeting

An informal public meeting was scheduled for August 13, 2025, at 2:00 PM, at the end of the street located at 27784 Lagoon Dr. in Buttonwillow, California. MMCI's general manager and WD staff waited until 2:30 PM. However, no customers attended the public meeting.

DISCUSSION

In reviewing MMCI's GRC requests, the WD conducted an independent analysis of the utility's proposed rate increases and its current operational conditions. Appendix A provides a comparison of MMCI's present and proposed Summary of Earnings (SOE) for both its ALs 28-W and 18-S GRC applications.

MMCI has informed WD that all water customers are metered commercial customers. Of the utility's 18 metered water customers; 4 are served by 1" meter; 8 by 2" meter; while the remaining 6 customers are served by a 3" meter. Of the utility's 18 sewer customers, 4 are served by 1" meter, 8 by 2" meter while the remaining 6 customers are served by a 3" meter.[1]

MMCI requests that the rate increases for its water operations be phased-in over three years: TY 2025, EY 2026, and EY 2027. The WD agrees to this recommendation to avoid rate shock for customers. WD notes that the last GRC water rate increase was 21 years ago and consequently this rate increase is substantial. MMCI agrees with the WD's recommended revenues for its water operations for TY 2025, EY 2026, and EY 2027 as shown in Appendix A, and the recommended rates shown in Appendix B.

MMCI requests that the rate increase for its sewer operations be recovered over one year, i.e., TY 2025. WD agrees and notes that the last sewer GRC rate increase was 22 years ago. MMCI agrees with the WD's recommended revenue for its sewer operations for TY 2025 as shown in Appendix A, and the recommended rates shown in Appendix B.

<u>Operating Expenses</u>

The WD verified MMCI's operating expense estimates by reviewing supporting documents for substantiation and accuracy, by requesting numerous data requests[2] and by including the amounts that were deemed reasonable and prudent including: purchased power, uncollectable accounts, office services and rentals, office supplies and expenses, professional services, insurance, regulatory compliance expense and general expenses.

MMCI's operating expenses estimates were based on applying the relevant Consumer Price Index (CPI) published by the United States U.S. Bureau of Statistics to each year reported on their Annual Reports, 2022 to 2024, and then escalating the three-year average to the year 2025 using the California Public Advocates Office (CPAO)

---

[1] The monthly sewer service charge is based on the meter size equivalent calculation using the size of the customer's water meter.

[2] WD sent a total of 5 data requests for AL 28-W and 4 data requests for AL 18-S.

Escalation Memo dated May 30, 2025.[3] WD used a different calculation method, but the results were very close to the MMCI requested amounts.[4]

AL 28-W (Water)

WD concurs with MMCI's requested amounts for contract work, transportation expenses, other plant maintenance, uncollectable accounts, office supplies and expenses, professional services, regulatory compliance expenses, and general expenses.

The difference between WD's and MMCI's estimates for purchased power is explained below.

Purchased Power

WD's recommendation for purchased power expense is based on the 3-year average escalated to 2025 using the labor escalation factor of 2.3% totaling $35,741. The 3-year average consists of recorded 2022-2023 and for 2024 actual PGE purchased power invoices. MMCI used the 3-year average of recorded expenses from 2022 to 2024 for a requested amount of $37,731. However, for the year 2024, MMCI used the amount of $40,119, which is only an estimate and not supported by actual invoices. Therefore, the WD disagrees with the utility's use of a higher estimated amount for the 2024 purchased power expenses. MMCI agrees with the use of actual PG&E's bills for 2024 purchased power expense.

AL 18-S (Sewer)

WD concurs with MMCI's estimates for the following operating expenses: transportation expenses, other plant maintenance, office supplies and expenses, uncollectible accounts, professional services and general expenses.

---

[3] Escalation factor is the rate of inflation for the costs of the utility's purchase of labor and materials. More information on escalation factor can be found on this website: https://www.cpuc.ca.gov/-/media/cal-advocates-website/files/legacy3/dra-10-bves-escalation-and-ntgf.pdf.

[4] WD used the three-year average of the expense amounts from MMCI's 2022-2024 Annual Reports and applied the relevant escalation factors from CPAO's May 30, 2025, escalation memo.

Differences between MMCI's and WD's recommended estimated expenses for Purchased Power, Contract Work, and Regulatory Compliance Expense are explained below.

Purchased Power

WD's recommended amount of $52,459 for Purchased Power is lower than MMCI's requested amount of $55,100. WD's recommendation is based on the three-year average purchase power expense from 2022 to 2024 using the actual PG&E billed amount of $68,539 for purchase power expense for 2024 instead of MMCI's recorded amount of $70,392. MMCI agrees with the use of PG&E's bills for 2024 purchased power expense.

Contract Work

WD's recommended amount of $35,424 is lower than MMCI's requested amount of $36,502. WD's recommendation is based on the three-year average of recorded contract work expense from 2022 to 2024. However, there was an error in MMCI's computation as they were referencing incorrect recorded amounts in their workpapers. WD corrected the computation error in MMCI's workpapers and used the correct amounts. MMCI agrees with WD's corrected historical figures.

Regulatory Compliance Expense

WD's recommended amount for Regulatory Compliance Expense of $31,948 is lower than MMCI's requested amount of $35,150. WD's recommendation is based on the straight-line trend analysis method to estimate the amount for TY 2025. In this case, the three-year average method overestimates this amount. WD used 3 years of actual invoices billed by the Water Board because they reflect actual billed costs. However, the invoices are based on fiscal years, so WD converted them to calendar years from 2022 to 2024. Since the Water Board does not send invoices until the end of the year, the most recent invoice is for fiscal year 2024 to 2025.[5] For the straight-line trend analysis and to estimate the amount for TY 2025, WD used 2022 to 2024 invoices , while MMCI used recorded fiscal amounts including payments for prior-year invoices, covering fees owed to the Water Board from 2019 to 2021. 2022, WD used the amount of $24,235 based on

[5] Invoice for fiscal year 2025 to 2026 will not be available until December 2025 and could not be used for the trending analysis.

the actual invoice instead of MMCI's recorded amount of $27,550.[6] For the year 2023, WD used $25,736 based on the actual invoice instead of MMCI's recorded amount of $35,644. For the year 2024, WD used $29,645 based on the actual invoice instead of $35,986 recorded amount. The straight-line trend analysis used these 3 years of data to estimate WD's recommended amount of $31,948 for Regulatory Compliance Expense for TY 2025. MMCI agrees with WD's recommended Regulatory Compliance Expense for TY 2025.

Taxes Other Than Income

WD agrees with MMCI's estimates for Taxes Other Than Income for both ALs 28-W and 18-S. WD, however, added the minimum assessment of $800 for franchise tax for both water and sewer to the expense for taxes other than income originally proposed by MMCI .[7]

Income Taxes

MMCI is an S Corporation,[8] hence, it does not pay federal corporate income tax and state income tax. WD's federal income tax estimates are zero ("$0") for both ALs 28-W and 18-S. WD's estimated state income taxes are also zero ("$0") for both ALs 28-W and 18-S. However, MMCI developed income tax expenses for both ALs 28-W and 18-S as if MMCI was a C corporation and used the corporate tax rates for State and Federal income of 8.84% and 21.00%, respectively. MMCI recognizes this difference in applying income tax expense estimates and agrees with the WD's estimates for income tax which do not include income taxes.

The tax calculations are shown in Appendix D of this resolution for TY 2025, EY 2026 and EY 2027 for AL 28-W and for TY 2025 for AL 18-S.

---

[6] MMCI recorded amounts include payments for prior-year invoices, covering fees owed to the Water Board from 2019 to 2021.

[7] S-Corporation utilities pay no federal corporate income tax, as income passes through to shareholders (IRS, S Corporations). In California, they must pay a franchise tax of 1.5% of net income, with a minimum of $800 (Franchise Tax Board, S Corporations).

[8] MMCI's email dated July 18, 2025.

Utility Plant and Rate Base

WD's analysis of MMCl's rate base estimate included examining utility plant-in-service, utility plant additions, materials and supplies, working cash, and depreciation reserve. Both WD and MMCl applied the same estimating method for rate base, with depreciation calculated using the straight-line remaining life method consistent with the Uniform System of Accounts (USOA).

AL 28-W (Water)

For MMCI's Water Utility, which requested a three-year GRC covering TY 2025 through EY 2027, MMCl provided an estimated rate base amount of $72,252 for both TY 2025 and EY 2026 but did not provide an estimate for EY 2027. WD reviewed MMCl's submitted estimates, identified minor inconsistencies in the depreciation reporting, and adjusted the amounts accordingly. WD's corrected rate base estimates are $72,076 for TY 2025, $66,522 for EY 2026 and $60,968 for EY 2027. MMCI agrees with the WD's rate base estimates.

AL 18-S (Sewer)

MMCl's estimated rate base for its Sewer Utility for TY 2025 was $77,873. WD reviewed MMCI's calculation and determined that certain adjustments were needed to correct minor errors in depreciation and related accounting entries. WD recalculated the rate base using the straight-line remaining life method for depreciation and determined an adjusted amount of $77,297 for TY 2025. MMCI agrees with the WD's adjusted rate base amount for TY 2025.

Although rate base is typically associated with setting rates under the rate of return (ROR) methodology, WD is applying the rate of margin (ROM) method in this GRC because it results in higher revenue requirements for MMCI. Under ROM, the adopted revenue requirement is not tied directly to rate base; instead, it is determined by applying the authorized margin to operating expenses, total taxes other than income taxes, depreciation expense, and operating revenues. Thus, WD presents rate base values for reference and transparency, but they are not the basis of the adopted revenue requirement in this case.

Average Plant

AL 28-W (Water)

For MMCl's Water Utility, which requested a three-year GRC covering TY 2025 through EY 2027, MMCl provided estimated average plant amount of $277,679 for TY 2025 and EY 2026 but did not provide an estimate for EY 2027. MMCI's average accumulated depreciation is $211,753 for a net plant of $65,926. WD reviewed MMCl's estimates. WD agrees with MMCI's average plant of $277,679 for TY 2025, EY 2026 and EY 2027 since there are no proposed new plant investments for these years. WD corrected MMCI's accumulated depreciation of $211,753 since MMCI used an incorrect depreciation expense amount.[9] WD's corrected accumulated depreciation for TY 2025 is $211,763. WD's accumulated depreciation considering the yearly depreciation expense of $5,554 are $217,317 and $222,871 for EY 2026 and EY 2027, respectively. WD's net plant amounts are $65,916, for TY 2025, $60,362 for EY 2026 and $54,808 for EY 2027.

AL 18-S (Sewer)

MMCl's estimated average plant for its Sewer Utility for TY 2025 was $405,346. MMCI's average accumulated depreciation is $338,393 for a net plant of $66,953. WD agrees with MMCI's net plant of $66,953 for TY 2025.

Working Cash

WD and MMCI determined working cash by taking the total operating expenses and dividing that amount by twelve (12) per Standard Practice SP-U-16 for Class D Water Companies.[10] After review of WD's estimated operating expenses, MMCI agrees with WD's recommended total operating expenses of $73,922 for AL 28-W and $124,127 for AL 18-S. Therefore, the working cash estimate is $6,160 and $10,344 for ALs 28-W and 18-S, respectively.

Depreciation

A review of the annual reports shows that MMCI has not made any investments in new plants for either its water or sewer operations since it acquired Interstate 5 Utility

---

[9] MMCI used $5,534 instead of the correct depreciation expense of $5,554.

[10] Standard Practice SP-U-16 for Class D Water Companies can be found on this website: http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M055/K059/55059235.PDF

Company in 2016. MMCl adopted WD's corrected depreciation expenses of $5,554 and $8,107 for ALs 28-W and 18-S, respectively. The composite depreciation rates are 2.0% for both ALs 28-W and 18-S and fall within the reasonable range as prescribed in Standard Practice U-4-SM.[11]

Rate of Return vs. Rate of Margin

Commission Decision D.92-03-093, effective April 30, 1992, directed the WD to utilize both the ROR and ROM methods of ratemaking for Class C and Class D[12] water utilities requesting new rates and to recommend the ratemaking method that produces the higher revenue requirement.[13]

MMCI, in its general rate increase requests for both its water and sewer operations, utilized the ROM method with a ROM of 27.50% to determine its requested revenue requirements of $113,480 for AL 28-W and $193,980 for AL 18-S. The WD's 2025 memorandum for the recommended ROR and ROM for Class C and D water and sewer utilities was issued on March 12, 2025. For Class D water and sewer utilities, the WD recommends a ROR range of 12.80% to 14.30% and a ROM of 27.50%.[14]

The WD utilized both ROR and ROM methods to determine comparable revenue requirements. MMCI requested 27.50% ROM for both ALs 28-W and 18-S. The ROM method at 27.50% produced, for both ALs 28-W and 18-S, revenue requirements higher than the revenue requirements using the range of recommended RORs. The WD, therefore adopted the revenue that resulted in using the ROM method for both ALs 28-W and 18-S for TY 2025.

WD's estimated revenue increases are $48,600 for AL 28-W and $30,535 for AL 18-S. MMCI proposed a three-year phase-in of any revenue increases for AL 28-W from TY 2025 to EY 2027. WD agrees to this 3-year phase-in of the significant increase in water rates as it minimizes rate shock for customers. Therefore, WD recommends MMCI to

---

[11] Standard Practice U-4-SM, page 7: "the overall composite depreciation rate produced by the accrual calculation should normally fall within the range from 2.0% to 3.5%."
[12] Per Commission General Order 96-B, a water utility is Class C if it serves 501 through 2,000 service connections and Class D if it serves no more than 500 service connections.
[13] See Ordering Paragraph 8, D.92-03-093.
[14] The ROR/ROM memorandum can be found at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/water-division/reports/wd-memorandum/rorandrom-classcd2025.pdf

increase its water revenues by $26,029 in TY 2025, $10,025 in EY 2026, and $12,546 in EY 2027. Further, WD recommends that sewer rates increase by $30,535, or 19.7% for 2025.

Rates and Rate Design

AL 28-W (Water)

MMCI's Water Utility rate structure consists of one rate schedule: Schedule No. 1, General Metered Service, which includes both a monthly service charge (by meter size) and a quantity rate (per CCF of usage). MMCI requested a three-year GRC covering TY 2025 through EY 2027. WD reviewed the proposed rate design and recommends adopting rates that phase in the increases across the three-year period. MMCI agreed with WD's recommended approach.

The total increase in water revenues from present rates is $48,600 or 76.84% and is based on a 27.50% ROM. To minimize rate shock, the WD divided the rate increase based on a 27.50% ROM over 3 years with TY 2025 having a ROM of 9.17%, EY 2026 an additional 9.17 % for a total ROM of 18.34% and finally for EY 2027, the last 9.17% for a total ROM of 27.50%. The estimated revenue increase is $26,029 or 41.16% for TY 2025 at a recommended ROM of 9.17%; $10,025 or 11.23% for EY 2026 at a recommended ROM of 18.34%; and $12,546 or 12.63% for EY 2027 at the recommended ROM of 27.50%. The rates proposed by WD are shown in Appendix B.

At the recommended rates for TY 2025, a monthly metered commercial customer's bill with a 2-inch meter and 10 CCF of usage under Schedule No. 1 will increase from $154.94 to $181.58, or 17.19%.

At the recommended rates for EY 2026, a monthly metered commercial customer's bill with a 2-inch meter and 10 CCF of usage under Schedule No. 1 will increase from $181.58 to $214.84, or 18.32%.

At the recommended rates for EY 2027, a monthly metered commercial customer's bill with a 2-inch meter and 10 CCF of usage under Schedule No. 1 will increase from $214.84 to $256.46, or 19.37%.

A comparison of customer bills at present and recommended rates is provided in Appendix C of this resolution.

AL 18-S (Sewer)

MMCl's Sewer Utility rate structure consists of one rate schedule: Schedule No. 2, Flat Rate Sewer Service, which is a flat monthly service charge based on meter size with no quantity rate component. MMCl requested a TY 2025 rate increase to recover rising operating costs. WD reviewed the request and recommends adopting rates based on the agreed-upon revenue requirement.

At the recommended ROM of 27.50%, the increase in sewer revenues is estimated at $30,535 or 19.70%, for TY 2025. The rates proposed by WD are shown in Appendix B.

At the recommended rates for TY 2025, a monthly customer's bill for an average commercial customer with a 2-inch meter size will increase from $572.30 to $754.24, or 31.79%.

A comparison of customer bills at present and recommended rates is provided in Appendix C of this resolution.

ENVIRONMENTAL AND SOCIAL JUSTICE

In February 2019, the Commission adopted an Environmental and Social Justice Action Plan (ESJ Action Plan) to serve as a roadmap to expand public inclusion in Commission decision-making processes to targeted communities across California. The ESJ Action Plan establishes a series of goals related to health and safety, consumer protection, program benefits, and enforcement in all the sectors the Commission regulates. On April 7, 2022, the Commission adopted Version 2.0 of the ESJ Action Plan to guide its decisions and make sure its broad regulatory authority continues to advance equity throughout the state. However, the ESJ Action Plan does not apply to this GRC since MMCI's end users are non-residential commercial customers.

COMPLIANCE

The WD reviewed the utility's compliance with water and wastewater quality standards, financial regulations, filing of annual reports, and required User Fee payments to the Commission as part of the GRC analysis.

DDW Sanitary Survey

MMCI currently complies with the State Water Resources Control Board's (SWRCB) Division of Drinking Water applicable water quality standards, inspections, and management of water quality and regulations for safe drinking water.

Regional Water Quality Control Board

The Regional Water Quality Control Board (Regional Board) sets permit requirements by issuing Waste Discharge Requirements (WDRs) permits for sewer operations, audits system maintenance, enforces rules against illegal spills or discharge violations, and investigates complaints about poor sewer performance. All the work performed by MMCI is under contract work. In March 2025, the Regional Board notified MMCI that its sewer system was out of compliance with its WDRs. In June 2025, MMCI submitted written responses describing actions taken and the plan to address ongoing and future violations. X MMCI's sewer system is now in compliance with the operation and maintenance requirements of the Regional Board.

UAB Financial Review

WD reviewed MMCI's compliance for water and sewer operations with financial audit reviews conducted by the Commission's Utility Audit Branch (UAB). The most recent UAB financial audit for both water and sewer were conducted on MMCI's Financial Statements on November 7, 2022, for the year ended on December 31, 2020. UAB identified 11 material misstatements in MMCI's Annual Reports and a non-compliance with a CPUC directive: an understated Plant In-Service in its 2020 Annual Report because of accounting errors and omissions

The CPUC audit for water and sewer operations of MMCI's 2020 Annual Reports found widespread errors, including misclassified goodwill, overstated debt, interest, and expenses, understated receivables and revenues, and misreported regulatory costs and payables. The utility also used inconsistent methods to allocate expenses between water and sewer operations, misclassified revenues, misstated depreciation, retained earnings, and cash balances by commingling funds, and incorrectly reported affiliate payables despite having none. Additionally, it failed to properly record water plant acquisition adjustments and related amortization and filed its report late. MMCI agreed to correct its journal entries and submit revised financial statements to address the material misstatements. Accordingly, the Annual Reports from 2022 through 2024 used in this GRC review reflect these corrections which now comply with UAB's audit findings.

User Fees

Pursuant to Public Utilities Code section 433(a), public utilities are required to pay an annual Public Utilities Reimbursement Fee (annual fee) to the Commission. The WD confirmed with the Commission's Fiscal Office that MMCI is current with its annual fee payments for both its water and sewer operations.

Annual Reports

MMCI filed its annual reports on time as required by the Commission.[15]

UTILITY SAFETY

AL 28- -W (Water)

The primary utility safety matter for water utilities is that the water be potable, not harmful or dangerous, and comply with State and Federal Standards.[16] MMCI treats its water wells using continuous chlorination. In addition, the water system meets all primary and secondary drinking water standards. MMCI conducts routine water quality monitoring and testing at set intervals as directed by DDW.

AL 18-S (Sewer)

The primary utility safety matter for sewer utilities is compliance with sewer regulations that protect public health and the environment.

---

[15] However, in referencing data from the Annual Reports for 2022 to 2024 for both water and sewer operations, WD found some inconsistencies. For example, account 114 (Water Plant Acquisition Adjustments) has remained constant at $19,665 since the 2020 Annual Report. Per D.16-08-004 **(**Decision Approving a Transfer of Control of Interstate 5 Utility Company), the Water Plant Acquisition Account should be amortized over a 10-year period from 2016. Thus by 2026, this account should zero-out, but it is still at $19,655 as of the 2024 Annual Report. These observations were brought to MMCI's attention on September 16, 2025. MMCI will inform their accountants of these findings so the 2025 Annual Reports will be corrected.

[16] Per General Order 103-A, Section II, (2) Water Quality and Supply Requirements.

On March 27, 2025, the Regional Board notified MMCI's that the sewer system was in violation of sewer regulations, more specifically its waste discharge requirements, with several violations related to self-monitoring reports on effluent limitations. On June 4, 2025, MMCI submitted written responses to the Regional Water Quality Control Board describing the actions taken and the plan to address current and future violations The Regional Board indicated that MMCI response was adequate and that no further enforcement actions are planned.[17]

COMMENTS

These are uncontested matters that pertain solely to a water/sewer corporation in which the resolution grants the reliefs requested.

Accordingly, pursuant to Public Utilities Code section 311(g)(3), the otherwise 30-day period for public review and comment is being waived.

FINDINGS AND CONCLUSIONS

1. The Summary of Earnings (Appendix A) recommended by the Water Division (WD) for AL 28-W is reasonable and should be adopted.

2. The Summary of Earnings (Appendix A) recommended by the WD for AL 18-S is reasonable and should be adopted.

3. The rates recommended by the WD (Appendix B) for AL 28-W are reasonable and should be adopted.

4. The rates recommended by the WD (Appendix B) for AL 18-S are reasonable and should be adopted.

5. The quantities (Appendix D) used to develop the WD's recommendations for AL 28-W are reasonable and should be adopted.

[17] Emails from Jeffrey Hanel, Engineering Geologist, dated September 6, 2025 and October 9, 2025, Region 5 Enforcement, Underground Storage Tank and Cleanup, Central Valley-Fresno, Regional Water Quality Control Boards.

6. The quantities (Appendix D) used to develop the WD's recommendations for AL 18-S are reasonable and should be adopted.

7. The water rate increases authorized herein are justified and the resulting rates are just and reasonable.

8. The sewer rate increase authorized herein are justified and the resulting rates are just and reasonable.

9. The water served by McMor Chlorination Inc. (MMCI) meets all applicable water quality standards set forth by State Water Resources Control Board's Division of Drinking Water.

10. The wastewater discharge from MMCI operations meets all applicable wastewater Waste Discharge Requirements (WDRs), waste discharges, and operation and maintenance standards set forth by Regional Water Quality Control Board (Regional Board).

11. MMCI should be authorized to file a supplement to Advice Letter Nos. 28-W and 18-S to incorporate the revised rate schedules (Appendix B) for TY 2025 effective December 1, 2025, and to concurrently cancel its presently effective rate schedules.

12. MMCI should be authorized to file a Tier 1 Advice Letter, thirty (30) days before the effective date of December 1, 2026, to implement the revised water rates attached to this Resolution as Appendix B for EY 2026.

13. MMCI should be authorized to file a Tier 1 Advice Letter, thirty (30) days before the effective date of December 1, 2027, to implement the revised water rates attached to this Resolution as Appendix B for EY 2027.

THEREFORE, IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454, for McMor Chlorination Inc. to submit within five days of this resolution a supplement to Advice Letters 28-W and 18-S to incorporate the approved TY 2025 rate schedules attached to Res. W-5306 as Appendix B for TY 2025 to be effective December 1, 2025 and concurrently cancel its presently effective rate Schedules: Schedule No. 1, General Metered Service and Schedule No. 2, Flat Rate Sewer Service.

2. McMor Chlorination Inc. shall submit a Tier 1 Advice Letter, at least 30 days before the effective date, to implement the revised water rates attached to this Resolution as Appendix B for EY 2026 and concurrently cancel its then presently-effective rate Schedule No. 1, General Metered Service. The effective date of the revised schedules shall be December 1, 2026.

3. McMor Chlorination Inc. shall submit a Tier 1 Advice Letter, at least 30 days before the effective date, to implement the revised water rates attached to this Resolution as Appendix B for EY 2027 and concurrently cancel its then presently-effective rate Schedule No. 1, General Metered Service. The effective date of the revised schedules shall be December 1, 2027.

RESOLUTION

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 November 20, 2025; the following Commissioners voting favorably thereon:

ALICE REYNOLDS
President

DARCIE L. HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
MATTHEW BAKER
Commissioners

APPENDIX A
McMor Chlorination, Inc. (Water Utility)
Summary Of Earnings
Test Year 2025
(Page 1 of 4)

	MCMOR CHLORINATION		WD	
Operating Revenues	**Present Rates**	**Test Year 2025 Requested Rates**	**Present Rates**	**Test Year 2025 Recommended Rates**
470 Metered Water Revenue	$ 63,245	$ 113,480	$ 63,245	$ 89,274
Total Revenue	**$ 63,245**	**$ 113,480**	**$ 63,245**	**$ 89,274**
Operating Expenses				
610 Purchased Water	$ -	$ -	$ -	$ -
615 Purchased Power	$ 32,242	$ 37,731	$ 32,242	$ 35,741
618 Other Volume Related Expenses	$ -	$ -	$ -	$ -
630 Employee Labor	$ -	$ -	$ -	$ -
640 Materials	$ -	$ -	$ -	$ -
650 Contract Work	$ 22,825	$ 34,635	$ 22,825	$ 34,635
660 Transportation Expenses	$ -	$ 79	$ -	$ 79
664 Other Plant Maintenance	$ -	$ 576	$ -	$ 576
670 Office Salaries	$ -	$ -	$ -	$ -
671 Management Salaries	$ -	$ -	$ -	$ -
674 Employee Pensions and Benefits	$ -	$ -	$ -	$ -
676 Uncollectable Accounts	$ -	$ 973	$ -	$ 973
678 Office Services and Rentals	$ -	$ -	$ -	$ -
681 Office Supplies and Expenses	$ 50	$ 17	$ 50	$ 17
682 Professional Services	$ 875	$ 1,547	$ 875	$ 1,547
684 Insurance	$ -	$ -	$ -	$ -
688 Regulatory Compliance Expense	$ 192	$ 339	$ 192	$ 339
689 General Expenses	$ -	$ 17	$ -	$ 17
800 Caplitalized Expenses	$ -	$ -	$ -	$ -
Subtotal	**$ 56,184**	**$ 75,913**	**$ 56,184**	**$ 73,922**
403 Depreciation	$ 5,554	$ 5,554	$ 5,554	$ 5,554
408 Taxes Other Than Income	$ 821	$ 811	$ 821	$ 1,611
409 State Income Taxes	$ -	$ 2,545	$ -	$ -
410 Federal Income Taxes	$ -	$ 5,512	$ -	$ -
427 Interest	$ 2,372	$ 2,411	$ 2,372	$ -
Total Expenses	**$ 64,931**	**$ 92,746**	**$ 64,931**	**$ 81,088**
Net Revenue	**$ (1,686)**	**$ 20,734**	**$ (1,686)**	**$ 8,186**
Rate Base				
Average Plant	$ 277,679	$ 277,679	$ 277,679	$ 277,679
Average Accumulated Depreciation	$ 200,655	$ 211,753	$ 200,655	$ 211,763
Net Plant	**$ 77,024**	**$ 65,926**	**$ 77,024**	**$ 65,916**
Less:				
Advances	$ -	$ -	$ -	$ -
Contributions in Aid of Construction	$ -	$ -	$ -	$ -
Plus:				
Assets/Working Cash	$ 4,682	$ 6,326	$ 4,682	$ 6,160
Construction Work in Progress	$ -	$ -	$ -	$ -
Total Rate Base	**$ 81,706**	**$ 72,252**	**$ 81,706**	**$ 72,076**
Rate of Margin	**1.08%**	**27.50%**	**1.08%**	**9.17%**

APPENDIX A
McMor Chlorination, Inc. (Water Utility)
Summary Of Earnings
Escalation Year 2026
(Page 2 of 4)

	MCMOR CHLORINATION		WD	
Operating Revenues	**Present Rates**	**Test Year 2025 Requested Rates**	**Present Rates**	**Escalation Year 2026 Recommended Rates**
470 Metered Water Revenue	$ 63,245	$ 113,480	$ 63,245	$ 99,299
Total Revenue	**$ 63,245**	**$ 113,480**	**$ 63,245**	**$ 99,299**
Operating Expenses				
610 Purchased Water	$ -	$ -	$ -	$ -
615 Purchased Power	$ 32,242	$ 37,731	$ 32,242	$ 35,741
618 Other Volume Related Expenses	$ -	$ -	$ -	$ -
630 Employee Labor	$ -	$ -	$ -	$ -
640 Materials	$ -	$ -	$ -	$ -
650 Contract Work	$ 22,825	$ 34,635	$ 22,825	$ 34,635
660 Transportation Expenses	$ -	$ 79	$ -	$ 79
664 Other Plant Maintenance	$ -	$ 576	$ -	$ 576
670 Office Salaries	$ -	$ -	$ -	$ -
671 Management Salaries	$ -	$ -	$ -	$ -
674 Employee Pensions and Benefits	$ -	$ -	$ -	$ -
676 Uncollectable Accounts	$ -	$ 973	$ -	$ 973
678 Office Services and Rentals	$ -	$ -	$ -	$ -
681 Office Supplies and Expenses	$ 50	$ 17	$ 50	$ 17
682 Professional Services	$ 875	$ 1,547	$ 875	$ 1,547
684 Insurance	$ -	$ -	$ -	$ -
688 Regulatory Compliance Expense	$ 192	$ 339	$ 192	$ 339
689 General Expenses	$ -	$ 17	$ -	$ 17
800 Caplitalized Expenses	$ -	$ -	$ -	$ -
Subtotal	**$ 56,184**	**$ 75,913**	**$ 56,184**	**$ 73,922**
403 Depreciation	$ 5,554	$ 5,554	$ 5,554	$ 5,554
408 Taxes Other Than Income	$ 821	$ 811	$ 821	$ 1,611
409 State Income Taxes	$ -	$ 2,545	$ -	$ -
410 Federal Income Taxes	$ -	$ 5,512	$ -	$ -
427 Interest	$ 2,372	$ 2,411	$ 2,372	$ -
Total Expenses	**$ 64,931**	**$ 92,746**	**$ 64,931**	**$ 81,088**
Net Revenue	**$ (1,686)**	**$ 20,734**	**$ (1,686)**	**$ 18,211**
Rate Base				
Average Plant	$ 277,679	$ 277,679	$ 277,679	$ 277,679
Average Accumulated Depreciation	$ 200,655	$ 211,753	$ 200,655	$ 217,317
Net Plant	**$ 77,024**	**$ 65,926**	**$ 77,024**	**$ 60,362**
Less:				
Advances	$ -	$ -	$ -	$ -
Contributions in Aid of Construction	$ -	$ -	$ -	$ -
Plus:				
Assets/Working Cash	$ 4,682	$ 6,326	$ 4,682	$ 6,160
Construction Work in Progress	$ -	$ -	$ -	$ -
Total Rate Base	**$ 81,706**	**$ 72,252**	**$ 81,706**	**$ 66,522**
Rate of Margin	**1.08%**	**27.50%**	**1.08%**	**18.34%**

APPENDIX A
McMor Chlorination, Inc. (Water Utility)
Summary Of Earnings
Escalation Year 2027
(Page 3 of 4)

	MCMOR CHLORINATION		WD	
Operating Revenues	**Present Rates**	**Test Year 2025 Requested Rates**	**Present Rates**	**Escalation Year 2027 Recommended Rates**
470 Metered Water Revenue	$ 63,245	$ 113,480	$ 63,245	$ 111,845
Total Revenue	**$ 63,245**	**$ 113,480**	**$ 63,245**	**$ 111,845**
Operating Expenses				
610 Purchased Water	$ -	$ -	$ -	$ -
615 Purchased Power	$ 32,242	$ 37,731	$ 32,242	$ 35,741
618 Other Volume Related Expenses	$ -	$ -	$ -	$ -
630 Employee Labor	$ -	$ -	$ -	$ -
640 Materials	$ -	$ -	$ -	$ -
650 Contract Work	$ 22,825	$ 34,635	$ 22,825	$ 34,635
660 Transportation Expenses	$ -	$ 79	$ -	$ 79
664 Other Plant Maintenance	$ -	$ 576	$ -	$ 576
670 Office Salaries	$ -	$ -	$ -	$ -
671 Management Salaries	$ -	$ -	$ -	$ -
674 Employee Pensions and Benefits	$ -	$ -	$ -	$ -
676 Uncollectable Accounts	$ -	$ 973	$ -	$ 973
678 Office Services and Rentals	$ -	$ -	$ -	$ -
681 Office Supplies and Expenses	$ 50	$ 17	$ 50	$ 17
682 Professional Services	$ 875	$ 1,547	$ 875	$ 1,547
684 Insurance	$ -	$ -	$ -	$ -
688 Regulatory Compliance Expense	$ 192	$ 339	$ 192	$ 339
689 General Expenses	$ -	$ 17	$ -	$ 17
800 Caplitalized Expenses	$ -	$ -	$ -	$ -
Subtotal	**$ 56,184**	**$ 75,913**	**$ 56,184**	**$ 73,922**
403 Depreciation	$ 5,554	$ 5,554	$ 5,554	$ 5,554
408 Taxes Other Than Income	$ 821	$ 811	$ 821	$ 1,611
409 State Income Taxes	$ -	$ 2,545	$ -	$ -
410 Federal Income Taxes	$ -	$ 5,512	$ -	$ -
427 Interest	$ 2,372	$ 2,411	$ 2,372	$ -
Total Expenses	**$ 64,931**	**$ 92,746**	**$ 64,931**	**$ 81,088**
Net Revenue	**$ (1,686)**	**$ 20,734**	**$ (1,686)**	**$ 30,757**
Rate Base				
Average Plant	$ 277,679	$ 277,679	$ 277,679	$ 277,679
Average Accumulated Depreciation	$ 200,655	$ 211,753	$ 200,655	$ 222,871
Net Plant	**$ 77,024**	**$ 65,926**	**$ 77,024**	**$ 54,808**
Less:				
Advances	$ -	$ -	$ -	$ -
Contributions in Aid of Construction	$ -	$ -	$ -	$ -
Plus:				
Assets/Working Cash	$ 4,682	$ 6,326	$ 4,682	$ 6,160
Materials and Supplies	$ -	$ -	$ -	$ -
Construction Work in Progress	$ -	$ -	$ -	$ -
Total Rate Base	**$ 81,706**	**$ 72,252**	**$ 81,706**	**$ 60,968**
Rate of Margin	**1.08%**	**27.50%**	**1.08%**	**27.50%**

APPENDIX A
McMor Chlorination, Inc. (Sewer Utility)
Summary Of Earnings
Test Year 2025
(Page 4 of 4)

		McMor Chlorination, Inc.		Water Division	
		Present Rates	Requested Rates	Present Rates	Recommended Rates
Operating Revenues					
470	Metered Revenue	$ 155,007	$ 193,980	$ 155,007	$ 185,542
		$ -		$ -	$ -
		$ -		$ -	$ -
	Total Revenue	**$ 155,007**	**$ 193,980**	**$ 155,007**	**$ 185,542**
Operating Expenses					
610	Purchased Water	$ -	$ -	$ -	$ -
615	Purchased Power	$ 43,945	$ 55,100	$ 43,945	$ 52,459
618	Other Volume Related Expenses	$ -	$ -	$ -	$ -
630	Employee Labor	$ -	$ -	$ -	$ -
640	Materials	$ -	$ -	$ -	$ -
650	Contract Work	$ 30,927	$ 36,502	$ 30,927	$ 35,424
660	Transportation Expenses	$ -	$ 165	$ -	$ 165
664	Other Plant Maintenance	$ -	$ 258	$ -	$ 258
670	Office Salaries	$ -	$ -	$ -	$ -
671	Management Salaries	$ -	$ -	$ -	$ -
674	Employee Pensions and Benefits	$ -	$ -	$ -	$ -
676	Uncollectable Accounts	$ -	$ 2,286	$ -	$ 2,286
678	Office Services and Rentals	$ -	$ -	$ -	$ -
681	Office Supplies and Expenses	$ 50	$ 17	$ 50	$ 17
682	Professional Services	$ 875	$ 1,552	$ 875	$ 1,552
684	Insurance	$ -	$ -	$ -	$ -
688	Regulatory Compliance Expense	$ 35,644	$ 35,150	$ 35,644	$ 31,949
689	General Expenses	$ -	$ 17	$ -	$ 17
	Subtotal	**$ 111,441**	**$ 131,046**	**$ 111,441**	**$ 124,127**
403	Depreciation	$ 8,107	$ 8,107	$ 8,107	$ 8,107
408	Taxes Other Than Income	$ 1,475	$ 1,484	$ 1,475	$ 2,284
409	State Income Taxes	$ -	$ 4,431	$ -	$ -
410	Federal Income Taxes	$ -	$ 9,596	$ -	$ -
427	Interest	$ 3,275	$ 3,216	$ 3,275	$ -
	Total Expenses	**$ 12,857**	**$ 26,834**	**$ 12,857**	**$ 10,391**
	Net Revenue	**$ 30,709**	**$ 36,100**	**$ 30,709**	**$ 51,024**
Rate Base					
Average Plant		$ 401,026	$ 405,346	$ 401,026	$ 405,346
Average Accumulated Depreciation		$ 322,223	$ 338,393	$ 322,223	$ 338,393
	Net Plant	**$ 78,804**	**$ 66,953**	**$ 78,804**	**$ 66,953**
Less:					
Advances		$ -	$ -	$ -	$ -
Contributions in Aid of Construction		$ -	$ -	$ -	$ -
Plus:					
Construction Work in Progress		$ -	$ -	$ -	$ -
	Working Cash	$ 9,287	$ 10,920	$ 9,287	$ 10,344
	Materials and Supplies	$ -	$ -	$ -	$ -
Rate Base		**$ 88,090**	**$ 77,873**	**$ 88,090**	**$ 77,297**
	Rate of Return	34.86%	46.36%	34.86%	66.01%
	Rate of Margin	**21.92%**	**27.50%**	**21.92%**	**27.50%**

END OF APPENDIX A

APPENDIX B
McMor Chlorination, Inc. (Water Utility)
Test Year 2025
(Page 1 of 4)

Schedule No. 1
GENERAL METERED SERVICE
Test Year 2025

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The commercial and industrial development in the vicinity of the interchange of Interstate 5 and State Route 58, near Buttonwillow, in Kern County.

RATES

Quantity Rate:

All water per 100 cubic feet ……………………………........... $ 1.589 (I)

Service Charge:		Per Meter Per Month	
1-inch meter	……………………………………...........	$ 51.78	(I)
2-inch meter	……………………………………...........	$ 165.69	(I)
3-inch meter	……………………………………...........	$ 310.67	(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.

APPENDIX B
McMor Chlorination, Inc. (Water Utility)
Escalation Year 2026
(Page 2 of 4)

Schedule No. 1
GENERAL METERED SERVICE
Escalation Year 2026

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The commercial and industrial development in the vicinity of the interchange of Interstate 5 and State Route 58, near Buttonwillow, in Kern County.

RATES

Quantity Rate:

All water per 100 cubic feet	$	1.655	(I)

Service Charge:

		Per Meter Per Month	
1-inch meter	$	61.97	(I)
2-inch meter	$	198.29	(I)
3-inch meter	$	371.80	(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.

APPENDIX B
McMor Chlorination, Inc. (Water Utility)
Escalation Year 2027
(Page 3 of 4)

Schedule No. 1
GENERAL METERED SERVICE
Escalation Year 2027

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The commercial and industrial development in the vicinity of the interchange of Interstate 5 and State Route 58, near Buttonwillow, in Kern County.

RATES

Quantity Rate:

All water per 100 cubic feet ………………………………...........	$	1.737	(I)

Service Charge:		Per Meter Per Month	
1-inch meter …………………………………………...........	$	74.72	(I)
2-inch meter …………………………………………...........	$	239.09	(I)
3-inch meter …………………………………………...........	$	448.30	(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.

APPENDIX B
McMor Chlorination, Inc. (Sewer Utility)
Test Year 2025
(Page 4 of 4)

Schedule No. 2
Flat Rate Sewer Service
Test Year 2025

APPLICABILITY
Applicable to all sewer service.

TERRITORY
The commercial and industrial development in the vicinity of the interchange of Interstate 5 and State Route 58, near Buttonwillow, in Kern County.

RATES

Monthly charge on the bases of water meter size:		Per Meter Per Month	
1-inch meter	…………………………………	$ 235.70	(I)
2-inch meter	…………………………………	$ 754.24	(I)
3-inch meter	…………………………………	$ 1,414.19	(I)

SPECIAL CONDITIONS

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

END OF APPENDIX B

APPENDIX C
McMor Chlorination, Inc. (Water Utility)
Comparison Of Rates
Test Year 2025
(Page 1 of 4)

Metered Customers

	Present Rates	Recommended Rates	Amount Increase	Percent Increase
Service Charge:				
For 1-inch meters	$46.45	$51.78	$5.33	11.47%
For 2-inch meters	$148.66	$165.69	$17.03	11.46%
For 3-inch meters	$278.73	$310.67	$31.94	11.46%
Quantity Charge:				
All use, per 100 cu. ft.	$0.628	$1.589	$0.961	153.0%

A monthly bill comparison for a customer with a 2-inch meter is shown below:

Usage Per 100 cu. ft.		Present Rates	Recommended Rates	Amount Increase	Percent Increase
0.0		$148.66	$165.69	$17.03	11.46%
6.0		$152.43	$175.22	$22.79	14.95%
10.0	AVG	$154.94	$181.58	$26.64	17.19%
15.0		$158.08	$189.52	$31.44	19.89%
20.0		$161.22	$197.47	$36.25	22.48%

APPENDIX C
McMor Chlorination, Inc. (Water Utility)
Comparison Of Rates
Escalation Year 2026
(Page 2 of 4)

Metered Customers

	TY 2025 Rates	Recommended Rates	Amount Increase	Percent Increase
Service Charge:				
For 1-inch meters	$51.78	$61.97	$10.19	19.68%
For 2-inch meters	$165.69	$198.29	$32.60	19.68%
For 3-inch meters	$310.67	$371.80	$61.13	19.68%
Quantity Charge:				
All use, per 100 cu. ft.	$1.589	$1.655	$0.066	4.1%

A monthly bill comparison for a customer with a 2-inch meter is shown below:

Usage Per 100 cu. ft.		TY 2025 Rates	Recommended Rates	Amount Increase	Percent Increase
0.0		$165.69	$198.29	$32.60	19.68%
6.0		$175.22	$208.22	$33.00	18.83%
10.0	AVG	$181.58	$214.84	$33.26	18.32%
15.0		$189.52	$223.11	$33.59	17.72%
20.0		$197.47	$231.38	$33.92	17.17%

APPENDIX C
McMor Chlorination, Inc. (Water Utility)
Comparison Of Rates
Escalation Year 2027
(Page 3 of 4)

Metered Customers

	EscYr 2026 Rates	Recommended Rates	Amount Increase	Percent Increase
Service Charge:				
For 1-inch meters	$61.97	$74.72	$12.75	20.58%
For 2-inch meters	$198.29	$239.09	$40.80	20.58%
For 3-inch meters	$371.80	$448.30	$76.50	20.58%
Quantity Charge:				
All use, per 100 cu. ft.	$1.655	$1.737	$0.082	5.0%

A monthly bill comparison for a customer with a 2-inch meter is shown below:

Usage Per 100 cu. ft.		EscYr 2026 Rates	Recommended Rates	Amount Increase	Percent Increase
0.0		$198.29	$239.09	$40.80	20.58%
6.0		$208.22	$249.51	$41.29	19.83%
10.0	AVG	$214.84	$256.46	$41.62	19.37%
15.0		$223.11	$265.14	$42.03	18.84%
20.0		$231.38	$273.83	$42.44	18.34%

APPENDIX C
McMor Chlorination, Inc. (Sewer Utility)
Comparison Of Rates
Test Year 2025
(Page 4 of 4)

Test Year 2025

		Per Meter Per Month		
	Present Rates	Recommended Rates	Amount Increase	Percent Increase
Service Charge:				
For 1-inch meters	$ 179.86	$235.70	$55.84	31.05%
For 2-inch meters	$ 572.30	$754.24	$181.94	31.79%
For 3-inch meters	$ 1,072.67	$1,414.19	$341.52	31.84%

END OF APPENDIX C

APPENDIX D
McMor Chlorination, Inc. (Water Utility)
(Page 1 of 4)

Adopted Quantities
Test Year 2025
Page 1 of 3

1	Purchased Power	$ 35,740.72
	Energy Provider	Pacific Gas and Electric Company
	Energy Tariff Schedule	B-1

2. Service Connections

Meter Size		Metered
	1 - inch	4
	2 - inch	8
	3 - inch	6
	Subtotal	18
	Total	**18**

3. Annual Water Sales 30,533 CCF

4. Tax Calculations

Calculations		TY 2025
Operating Revenues	$	89,274
Operating Expenses	$	73,922
Taxes Other than Income	$	1,611
Depreciation	$	5,554
Interest	$	-
Taxable Income for State	$	8,186
State Taxes ($800 Minimum)	$	-
Taxable Income for Federal	$	8,186
Federal Income Taxes (21%)	$	-

APPENDIX D
McMor Chlorination, Inc. (Water Utility)
(Page 2 of 4)

Adopted Quantities
Escalation Year 2026
Page 2 of 3

1	Purchased Power	$ 35,740.72
	Energy Provider	Pacific Gas and Electric Company
	Energy Tariff Schedule	B-1

2. Service Connections

Meter Size		Metered
	1 - inch	4
	2 - inch	8
	3 - inch	6
	Subtotal	18
	Total	**18**

3. Annual Water Sales 30,533 CCF

4. Tax Calculations

Calculations		EscYr 2026
Operating Revenues	$	99,299
Operating Expenses	$	73,922
Taxes Other than Income	$	1,611
Depreciation	$	5,554
Interest	$	-
Taxable Income for State	$	18,211
State Taxes ($800 Minimum)	$	-
Taxable Income for Federal	$	18,211
Federal Income Taxes (21%)	$	-

APPENDIX D
McMor Chlorination, Inc. (Water Utility)
(Page 3 of 4)

Adopted Quantities
Escalation Year 2027
Page 3 of 3

1. Purchased Power $ 35,740.72
   Energy Provider Pacific Gas and Electric Company
   Energy Tariff Schedule B-1

2. Service Connections

Meter Size		Metered
	1 - inch	4
	2 - inch	8
	3 - inch	6
	Subtotal	18
	Total	**18**

3. Annual Water Sales 30,533 CCF

4. Tax Calculations

Calculations		EscYr 2027
Operating Revenues	$	111,845
Operating Expenses	$	73,922
Taxes Other than Income	$	1,611
Depreciation	$	5,554
Taxable Income for State	$	30,757
State Taxes ($800 Minimum)	$	-
Taxable Income for Federal	$	30,757
Federal Income Taxes (21%)	$	-

APPENDIX D
McMor Chlorination, Inc. (Sewer Utility)
(Page 4 of 4)

Adopted Quantities
Test Year 2025

1. Purchased Power $ 52,459.44
   Energy Provider Pacific Gas and Electric Company
   Energy Tariff Schedule B-1

2. Service Connections

Meter Size	Metered
1 - inch	4
2 - inch	8
3 - inch	6
Total	**18**

3. Tax Calculations

Calculations		TY 2025
Operating Revenues	$	185,542
Operating Expenses	$	124,127
Taxes Other than Income	$	2,284
Depreciation	$	8,107
Interest	$	-
Taxable Income for State	$	51,024
State Taxes ($800 Minimum)	$	-
Taxable Income for Federal	$	51,024
Federal Income Taxes (21%)	$	-

END OF APPENDIX D

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-5296 on all parties in these filings or their attorneys as shown on the attached lists.

Dated November 7, 2025 at San Francisco, California.

/s/ LEVI GOLDMAN

Levi Goldman

Parties should notify the Water Division, 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.

MCMOR CHLORINATION, INC. (SEWER UTILITY)
ADVICE LETTER 28-W
SERVICE LIST

State Water Resource Control Board
Drinking Water Division
265 W. Bullard, Ste. 101
Fresno, CA 93704

Kern County Environmental Health Services Department
2700 M Street, Ste. 300
Bakersfield, CA 93301