

DEC 6 1990

Decision 90-12-001 December 6, 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of Bishop Water Company for a)
general rate increase for water)
service of 877.6% in Laguna Seca)
Ranch Estates in Monterey County.)

ORIGINAL
Application 89-12-001
(Filed December 5, 1989)

Leonard McIntosh, for Bishop Water Company,
applicant.
Mathew F. Pasztalaniec, for Laguna Seca Ranch
Estates No. 1, interested party.
Sazedur Rahman, for Water Utilities Branch.

O P I N I O N

Background

Bishop Water Company (Bishop) is an operating public utility corporation located in Monterey, California. It provides water service to Laguna Seca Ranch Estates I and II and vicinity, located approximately six miles east of Monterey in Monterey County.

On December 5, 1989 Bishop filed an application requesting a rate increase of 877.6% in 1990 based on a 12.00% return on common equity, and a 12.00% return on rate base.

Bishop notes that it has had no rate increases since it began service in 1963, which accounts in large part for the size of the increase sought. Bishop further states that the increase is necessary to make the company economically viable, since it can no longer be subsidized by Bishop McIntosh and McIntosh, which is a separate business enterprise. The two shareholders of Bishop also own a two-thirds interest in Bishop McIntosh and McIntosh. Because of the common ownership, the same personnel were used to run both operations. This is no longer possible due to changes in the operation of Bishop McIntosh and McIntosh. Therefore, Bishop

must now become self-sufficient, which necessitates a substantial rate increase.

Bishop serves approximately 105 metered residential/commercial customers, 27 fire protection customers, and the irrigation needs of a golf course on an as-needed basis. In addition, the Monterey Peninsula Water Management District (District) has recently authorized Bishop to serve the Laguna Seca Office Park, which is under construction. This increases Bishop's allowable connections to 194.

Most of Bishop's water is obtained from the new East Valley well, which began service on February 21, 1990. This well was drilled in an attempt to overcome the problems of the two older wells which exceed the allowable content of selenium and nitrate for drinking water. Hardness of the water from the two older wells was a lesser problem. Those two wells are now kept operable for possible use during emergencies if needed. At the present time, Bishop's water supply is capable of meeting its customers' needs. All customers are metered for usage.

Two redwood storage tanks are used, with capacities of 100,000 and 200,000 gallons, respectively. Water from the East Valley well is pumped into the 100,000-gallon storage tank where it is chlorinated before being pumped to the 200,000-gallon storage tank. The water is then gravity fed to the customers through the distribution system.

As a result of inadequate maintenance, the system has deteriorated over the years it has been in service. The 100,000-gallon storage tank has been leaking through the joints in the wood slats, and repairs have not been fully successful in stopping the leaks. Because of the significant resulting water loss, the District has requested Bishop to institute a leak detection program and reduce leakage to less than 17% by July 1990, and to less than 15% by July 1994.

Customer Service

As part of its investigations, the Water Utilities Branch (Branch) of the Commission Advisory and Compliance Division (CACD) made a field investigation of Bishop, which included inspecting visible portions of the system, checking pressures, reviewing operations, and interviewing both customers and company employees. Branch found the pressures to be generally in compliance with the requirements of the Commission's General Order 103.

Branch discovered that Bishop had occasionally delivered water to the golf course at no charge. Bishop discontinued that practice in January 1990, when it began charging the golf course for all water furnished.

Public Participation and Evidentiary Hearings

Customers were notified of the proposed rate increase in accordance with the Commission's Rules of Practice and Procedure. Twenty-nine customers sent letters protesting the proposed rate increase and complaining about water quality. One letter stated that the golf course was charged a lower rate for water. Branch held an informal public meeting in Monterey on the evening of March 23, 1990 in order to allow customers an opportunity to express their views and discuss the proposed increase with Bishop and Branch representatives. About twenty customers attended the meeting. Branch reported that the meeting was dominated by complaints about the proposed rate increase, which would allegedly bring Bishop's rates to several times the rates of other utilities or agencies in the surrounding area. Two customers complained about water hardness and several complained about selenium and nitrate contamination. Walter Wong of the Monterey County Health Department (Department) stated that the Department is concerned about Bishop exceeding the allowable levels of selenium and nitrate which are primary standards; hardness is a secondary standard which is an aesthetic rather than a health consideration. Wong stated

that the first analysis of the East Valley well indicates that selenium and nitrate contents are below allowable limits.

Customers also questioned Bishop's backbilling the Laguna Seca Ranch Estates I and II Homeowner's Associations (Associations) for public fire hydrant service for three years, 1987 through 1989. Bishop representative Leonard McIntosh indicated that because of an oversight the Associations were not billed for those charges.

Branch Project Manager Sazedur Rahman promised to investigate this matter. By letter of April 6, 1990 to McIntosh with copies to the Associations, Rahman noted that Public Utilities Code § 2713 prohibits any water utility under Commission jurisdiction from charging for water or for facilities related to furnishing the water to an entity providing for fire protection to another entity, except on written agreement with the entity providing fire protection services. The entity providing fire protection for Laguna Seca Ranch Estates I and II is the local fire department. Absent a written agreement with the fire department, Bishop cannot separately charge the fire department. Neither can it charge Laguna Seca Ranch Estates I and II or its customers for serving the hydrants. Operation and maintenance expenses for the hydrants can be recovered through water rates in the same manner as other expenses are recovered. Since no other hydrants are served, except at York School, which is discussed below, Branch recommends that Bishop cancel its Tariff Schedule No. 5, Public Fire Hydrant Service.

The situation is different with respect to the York School hydrants, which the school owns and uses to provide its own fire protection. Since the school does not provide fire protection service to another entity, fire protection service charges are applicable under Tariff Schedule No. 4, Private Fire Protection Service.

Duly noticed hearings were held on June 18, June 19, and August 15, 1990, in Monterey before Administrative Law Judge (ALJ)

Stalder. Bishop presented its evidence through testimony of Leonard McIntosh. Branch presented reports and testimony of policy witness Rahman, technical witness Peter Liu, and CACD Auditing and Compliance Branch financial witness Carolyn Wong.

Association member Mathew Pasztalaniec (Pasztalaniec) testified to Exhibit 3 which estimates the amount of water and corresponding revenue that the golf course is expected to generate. In Pasztalaniec's opinion, the need for a revenue increase could be substantially reduced as a result of considering the golf course revenue.

Branch was hampered in its initial review of the golf course water consumption by limited records. Because of the potential significance of the golf course revenue on rates, the ALJ directed Branch to prepare a supplemental report dealing with that issue. When the golf course revenue is considered, Branch's recommended revenue increase for Bishop is reduced as shown in Table 1.

TABLE 1

Branch's Recommended Revenue Increase

	<u>1990</u>		<u>1991</u>		<u>1992</u>		<u>Total</u>	
<u>Initial Report</u>								
Resid/Com'l	\$20,448	100%	\$20,448	50%	\$5,106	8.3%	\$46,002	225%
Irrigation	----- no recommendation -----							
<u>Supplem. Report</u>								
Resid/Com'l	\$20,448	100%	\$11,144	27.2%	0	0	\$31,592	154%
Irrigation	7,080	114%	9,650	72.6%	0	0	16,730	269%

Table 1 is based on a rate of return on equity of 11.00% as recommended by the CACD Auditing and Compliance Branch.

The corresponding rates are shown in Table 2.

TABLE 2

Bishop Water Company

Staff Recommended Rates

<u>Service Charge</u>	<u>Per Meter Per Month</u>	
	<u>1990</u>	<u>1991</u>
For 5/8 x 3/4 - inch meter	\$ 6.34	\$ 8.70
For 3/4 - inch meter	\$ 6.97	\$ 9.57
For 1 - inch meter	\$ 9.51	\$13.05
For 1 1/2 - inch meter	\$12.68	\$17.40
For 2 - inch meter	\$17.12	\$23.49
For 3 - inch meter	\$31.70	\$43.50
For 4 - inch meter	\$43.11	\$59.16
For 6 - inch meter	\$71.64	\$98.31
<u>Quantity Rates</u>		
For all water delivered, per 100 cu.ft. (Resi. & Comm.)	\$ 0.85	\$ 1.08
For all water delivered, per 100 cu.ft. (Irrigation)	\$ 0.20	\$ 0.35

The service charge is applicable to all meter service. It is a readiness-to-service charge to which is added the charge computed at the Quantity Rate, for water used during the billing period.

Overview of Results of Operations

CACD proposed an allowable rate of return on equity of 11.00%, and a 17% water loss due to leakage. Bishop stipulated to all CACD's recommendations regarding results of operations. Bishop's stipulation to CACD's recommendations is due, in large part, to the quality, completeness, and reasonableness of CACD's investigation.

CACD's diligence was noted by Pasztalaniec, who testified "Again, I say the staff did an amazing job, I think, based on the information that was available to them and, Miss Wong, I commend you on your audit report." (T. 86, l. 25-27)

CACD's results of operations are reasonable and will be adopted.

Summary of Earnings

Table 3 shows the original 1990 summary of earnings at present rates as estimated by Branch and Bishop, while Table 4 shows the same at proposed rates.

Table 5 shows the summary of earnings for the adopted results of operations for test years 1990 and 1991.

Utility Plant in Service

Table 6 summarizes the 1990 test year levels of plant in service corresponding to the adopted results of operation. We will order Bishop to use the 1990 beginning of year (BOY) value in its books.

Depreciation Reserve

Table 7 summarizes the 1990 test year levels of depreciation reserve and expense which correspond to the adopted results of operation. We will order Bishop to use the 1990 BOY value in its books.

TABLE 3

Bishop Water Company
SUMMARY OF EARNINGS

TEST YEAR	1990		(PRESENT RATES)	
Item	Staff	Utility	Utility Exceeds Staff Amount	\$
Operating Revenues	\$20,448	\$ 17,556	\$(2,892)	(14.1%)
<u>Operating Expenses</u>				
Operation & Maintenance	28,821	49,300	20,479	71.1
Admin. & General	13,990	53,700	39,710	283.8
Depreciation Expense	4,344	10,900	6,556	150.9
Taxes Other than Income	2,995	3,500	505	16.9
Income Taxes	800	800	0	0
Total Operating Exp.	50,950	122,200	71,250	139.8
Net Operating Revenue	(30,502)	(104,644)	(74,142)	243.1
Rate Base	113,409	235,040	121,631	107.2
Return on Rate Base	Loss	Loss		

(Negative Figure)

TABLE 4

Bishop Water Company

SUMMARY OF EARNINGS

TEST YEAR	1990	(PROPOSED RATES)	
Item	Staff	Utility	Utility Exceeds Staff Amount %
Operating Revenues	\$199,655	\$171,629	\$(28,026) (14.0%)
<u>Operating Expenses</u>			
Operation & Maintenance	28,821	49,300	20,479 71.1
Admin. & General	13,990	53,700	39,710 283.8
Depreciation Expense	4,344	10,900	6,556 150.9
Taxes Other than Income	2,995	3,500	505 16.9
Income Taxes	60,008	24,200	35,808 59.7
Total Operating Exp.	110,158	142,200*	32,042 29.1
Net Operating Revenue	89,497	28,200	(61,297) (68.5)
Rate Base	113,409	235,040	121,631 107.2
Return on Rate Base	78.9%	12.0%	66.9
(Negative Figure)			

*Based on the utility's workpapers, which contain arithmetical errors.

TABLE 5

Bishop Water Company

SUMMARY OF EARNINGS

Item	At 1990	Adopted Rates	1991
<u>Operating Revenues</u>			
Res. & Com. Revenues	\$ 40,896		\$ 52,040
Irrigation Revenues	13,300		22,950
Other Revenues	0		0
Total Revenues	54,196		74,990
<u>Operating Expenses</u>			
Opera. & Maint.	37,277		37,277
Admin. & General	13,990		13,990
Depreciation Expense	4,344		4,344
Taxes Other than Income	2,995		2,995
Income Taxes	800		3,862
Total Operating Expenses	59,406		62,468
Net Operating Revenue	(5,210)		12,477
Rate Base	113,409		113,409
Return on Rate Base	Loss		11%

(Negative Figure)

TABLE 6
Bishop Water Company
Plant in Service
TEST YEAR 1990

<u>Item</u>	<u>Staff</u>	<u>Utility Exceeds Staff Amount</u>	<u>%</u>
Plant in Service - EOY	\$ 60,188	\$ 45,142	75.0
<u>Additions</u>			
Utility Funded	90,196	134,804	149.5
Contributions	<u>90,196</u>	<u>(90,196)</u>	(100.0)
Total Additions	180,392	44,608	24.7
Plant in Service - EOY	240,580	89,420	37.2
Weighting Factor	100%		
Wtd. Avg. Plant in Svc.	240,580	89,420	37.2

TABLE 7
Bishop Water Company
Depreciation Reserve and Expense
TEST YEAR 1990

<u>Item</u>	
Depreciation Res. - BOY	\$30,917
<u>Accruals</u>	
Contributions	3,006
Depreciation Exp.	<u>4,344</u>
Total Accruals	7,350
Depreciation Res. - EOY	38,267
Weighting Factor	100%
Wtd. Avg. Depr. Res.	38,267

Conservation

Bishop is exempt from the District's 20% rationing standard since Bishop's water supply was adequate during the past drought year.

Assembly Bill (AB) 797, signed into law on September 21, 1983, requires every urban water supplier providing water to 3,000 or more customers to prepare and adopt a water management plan to achieve conservation and efficient use of water. In Decision (D.) 86-05-064, we required smaller utilities, who are exempt from AB 797, to file a conservation plan as part of their future rate applications. Bishop did not include a conservation plan in this application.

Branch recommends that Bishop be required to submit a conservation and rationing plan to the Commission. The plan would be reviewed by Branch, and if found satisfactory, Bishop would then file an advice letter to include the plan in its tariffs. Even though Bishop is exempt from the District's rationing requirement, Branch believes such a plan is needed because its water supply may not continue to be adequate if the drought continues. The plan would allow Bishop to declare a shortage and limit usage in the event the supply could not meet the demand for water. Branch further notes that the plan would encourage conservation, which results in lower rates and the best use of water. Branch offers to assist Bishop in preparing and filing the plan.

Discussion

We agree with Branch that it is appropriate to require Bishop to file a conservation and rationing plan. Bishop's supply may not continue to be adequate if the drought continues, as Branch points out, especially considering that Bishop will shortly be serving many more customers when the Laguna Seca Office Park is completed. While the new East Valley well currently is satisfying the demand, it may experience declining deliverability and quality over time, as demand increases.

We will order Bishop to file the plan.

Rate Design

Bishop's metered rates currently consist of three declining blocks. Bishop asks that it be authorized to replace the three-block structure with a single block. Branch concurs with this request. We agree with Bishop and Branch that the current declining block rate structure should be eliminated. Declining blocks are not consistent with conservation goals.

As a result of Branch's investigation, Branch believes that Bishop would qualify for an increase of 154% for residential/commercial, and 269% for irrigation customers in its Supplementary Report.

However, Branch has a policy of recommending an increase of no greater than 100% in any test year for small water utilities, unless one of two conditions exist.

1. A larger increase would be required to eliminate a negative rate of return or out-of-pocket loss.
2. A larger increase is caused by a large investment in new facilities primarily to improve service, if the utility has provided prior notification to customers as well as the Commission.

Branch recommends that Bishop be limited to a 100% rate increase in 1990. Bishop does not oppose this recommendation.

Regarding the first condition, Branch's recommended rates would result in an out-of-pocket loss in 1990. However, those rates would be in effect for only a short time until the 1991 rates are effected, so the loss would be small, assuming Bishop files timely for the 1991 rates. In addition, the loss is caused in large part by the investment in the new East Valley well. That investment would qualify Bishop for a larger than 100% first year (1990) increase under the second condition, if Bishop had notified the customers; it did not.

We also note that the proceeding was delayed by the lack of adequate information on the golf course, necessitating further Branch investigation and further hearings. Absent that problem, this decision would have been issued earlier in the year, but considering the December 5, 1989 filing date, Bishop would not have had 1990 rates in effect for much of 1990 in any case.

We further note that the main reason for Bishop's need for a large increase is the length of time since its current rates became effective, approximately 27 years. We conclude that it is not justified to allow Bishop more than a 100% rate increase in 1990. However, because of the delay caused by Bishop not furnishing adequate information on the golf course in the application, the 1990 rates would be in effect for only about a month before the 1991 rates became effective. Rather than have two rate changes so close together, we believe it is appropriate to delay any rate change until 1991. The rates recommended by Branch for 1991 will be authorized beginning January 1, 1991.

Table 8 summarizes Branch's recommended 1991 increases for residential and commercial, and for irrigation customers.

TABLE 8

Bishop Water Company

Revenues

<u>Customer</u>	<u>1990 Present Rates</u>	<u>1991 Recom. Rates</u>	<u>Amount Increase</u>	<u>% Increase</u>
Residential & Commercial	\$20,448	\$52,040	\$31,592	154.5%
Irrigation	6,220	22,950	16,730	269.0%

We will adopt Branch's recommended rate increases and rate design for 1991.

Appendix A indicates the rates authorized for 1991.

Appendix B shows the adopted quantities, while Appendix C demonstrates the income tax calculations for 1990 and 1991.

Appendix D compares customer bills at present rates to the authorized rates.

Comments

No comments on the proposed decision of the ALJ were filed.

Findings of Fact

1. On December 5, 1989 Bishop filed an application requesting a rate increase of 877.6% in 1990, based on a 12.00% return on common equity and a 12.00% return on rate base.
2. Bishop has not had a rate increase since it began service in 1963.
3. Branch recommends an 11.00% return on common equity.
4. The results of operations estimates at present rates and at Branch's proposed rates were agreed to by Bishop and Branch.
5. Service provided by Bishop is satisfactory, and the water meets current state drinking water standards.
6. Bishop obtains all its water from wells, and has two storage tanks of 100,000- and 200,000-gallon capacity, respectively.
7. Bishop's water supply was adequate during the 1989 drought year.
8. Bishop serves the Laguna Seca golf course on an as-needed basis.
9. Prior to January 1990, Bishop had delivered water to the golf course at no charge.
10. The revenue effect of the golf course service is significant.
11. Bishop relies primarily on the East Valley well, which began service on February 21, 1990.
12. Bishop is exempt from the District's 20% rationing standard.
13. Urban water utilities serving fewer than 3,000 customers are exempt from AB 797, but are required by D.86-05-064 to file a conservation plan with the Commission in future rate applications.

14. Bishop currently has no conservation plan on file at the Commission, and has not furnished one in this application.

15. The District has authorized Bishop to serve the Laguna Seca Office Park, significantly increasing Bishop's allowable connections.

16. Bishop's water supply may not continue to be adequate if the drought continues.

17. The Bishop system has deteriorated over the years it has been in service due to inadequate maintenance.

18. Because of significant water loss on Bishop's system, especially at the 100,000-gallon redwood tank, the District has requested Bishop to implement a leak detection program and reduce leakage to less than 17% by July 1990, and to less than 15% by July 1994.

19. Branch assumes a 17% water loss due to leakage in its calculations of water supply.

20. Bishop had improperly billed the Associations for public fire hydrant service.

21. York School may be billed for private fire protection service.

22. Bishop's current metered rates consist of three declining blocks.

23. Bishop requests and Branch concurs that the current rate blocks be replaced by a single block.

24. Declining rate blocks are not consistent with conservation goals.

25. Branch recommends that the rate increase be limited to 100% in each test year or calendar year.

26. The rate increase for 1990 could not take effect until approximately December 1990. Bishop would then be eligible for the 1991 rates a month later.

27. Rate stability is better achieved by deferring any rate increase until 1991.

Conclusions of Law

1. The results of operations agreed to by Branch and Bishop are reasonable and should be adopted.

2. Rate changes should be authorized to be effective January 1, 1991.

3. Bishop should be authorized to file the rates set forth in Appendix A, as specified in the following order.

4. Bishop should be ordered to use the adopted results of operations values for Utility Plant in Service, and for Depreciation Reserve, in its company books.

5. Bishop should be ordered to file a conservation and rationing plan with the Director of CACD.

O R D E R

IT IS ORDERED that:

1. Bishop Water Company (Bishop) is authorized to file the revised schedules attached as Appendix A, for rates to be effective January 1, 1991. The filing shall comply with General Order 96-A. The effective date of the revised schedules shall be 5 days after the date of filing. The revised schedules shall apply to service rendered on and after their effective date.

2. The adopted beginning of year 1990 results of operations values for Utility Plant in Service and for Depreciation Reserve are reasonable, and shall be used by Bishop in its books.

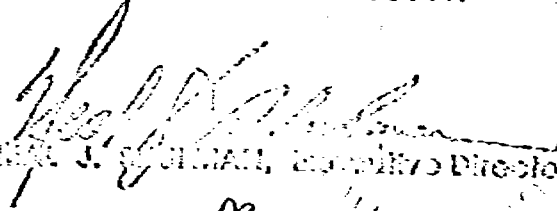
3. Bishop shall file a conservation and rationing plan with the Director of the Commission Advisory and Compliance Division (CACD) within 90 days of the effective date of this order. Bishop should coordinate this effort with the CACD Water Utilities Branch.

This order is effective today.

Dated December 6, 1990, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY


MARK J. SULLIVAN, Executive Director

APPENDIX A

BISHOP WATER COMPANY

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Laguna Seca Ranch Estates and vicinity, located approximately six miles east of Monterey, Monterey County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
	<u>1991</u>	
For all water delivered, per 100 cu.ft.,		
For residential & commercial customers....	\$ 1.08	(C)
For golf course customer.....	0.35	(C)
Service Charge:		(C)
For 5/8 x 3/4-inch meter	\$ 8.70	(C)
For 3/4-inch meter	9.57	
For 1-inch meter	13.05	
For 1-1/2-inch meter	17.40	
For 2-inch meter	23.49	
For 3-inch meter	43.50	
For 4-inch meter	59.16	
For 6-inch meter	98.31	(C)
The service charge is a readiness-to-serve charge which is		(C)
applicable to all metered service and which is added to the		
charge for water used computed at the Quantity Rate.		(C)
All bills are subject to the reimbursement fee set forth on		(L)
Schedule No. UF.		(L)

(End of Appendix A)

APPENDIX B

Page 1

BISHOP WATER COMPANY

ADOPTED QUANTITIES

Name of Company: Bishop Water Company

1. Net-to-Gross Multiplier:	1.2971
2. Federal Tax Rate:	15%
3. State Tax Rate:	9.3%
4. <u>Purchased Power</u>	
Pacific Gas and Electric Company	<u>1990 & 1991</u>
Rate Schedule	A-1 (resi. & comm.)
Effective Date of Schedule:	1/1/90
Customer Charge: Polyphase Service	
\$8.75/meter/month x 3 meters x 12 months =	\$ 315
Energy Charge:	
Summer: \$0.12150/kwh x 79,019kwh =	\$ 9,601
Winter: \$0.09986/kwh x 45,224kwh =	\$ 4,516
Subtotal	\$14,432
Total kwh	124,243kwh
Rate Schedule	AG-1 (golf course)
Effective Date of Schedule:	1/1/90
Customer Charge:	
\$10/month x 12 months =	\$ 120
Demand Charge:	
Rate A(HP): \$1.80/month x 50 HP x 12 months =	\$ 1,080
Rate B(KW): \$2.20/month x 37 KW x 6 months =	\$ 488
Energy Charge:	
66,600kwh x \$0.10161/kwh =	\$ 6,767
Subtotal	\$ 8,456
Total kwh	66,600kwh
Total Power costs	\$22,888

APPENDIX B

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BISHOP WATER COMPANY

ADOPTED QUANTITIES

5. Ad Valorem Taxes:	\$ 1,961
Effective Tax Rates	1.00408%
6. Payroll:	
Employee Labor	\$ 6,000.
Office Salaries	\$ 6,000
Payroll Taxes	\$ 1,034
7. Insurance:	\$ 2,620
8. <u>Number of Services - Meter Size</u>	
5/8 x 3/4-inch meter	67
1-inch meter	33
2-inch meter	1
6-inch meter	<u>4</u>
Total	105
9. <u>Metered Water Sales</u>	
Residential & Commercial (83% production)	33,394 Ccf
Water Loss (17%)	6,840 Ccf
Golf Course	62,200 Ccf
Total Water Produced	102,434 Ccf
10. No. of Private Fire Protection Services	3

(End of Appendix B)

APPENDIX C

BISHOP WATER COMPANY
INCOME TAX CALCULATIONS

	<u>1990</u>	<u>1991</u>
Total Revenue	\$ 54,196	\$ 74,990
O & M Expenses	37,277	37,277
A & G Expenses	13,990	13,990
Ad Valorem Taxes	1,961	1,961
Payroll Taxes	1,034	1,034
Depreciation Expenses	4,344	4,344
Total Deductions	58,606	58,606
Net State Taxable Income	(4,410)	16,384
State Tax @ 9.3%	800	1,524
Federal Tax Deductions	59,406	59,406
Net Federal Taxable Income	(5,210)	15,584
Federal Tax @ 15%	0	2,338
Total Income Tax	800	3,862

(End of Appendix C)

Appendix D

Page 1

Bishop Water Company

Comparison of typical monthly bills for residential and commercial customers at various usage level and average usage level at present and authorized rates for the year 1991.

General Metered Service

(5/8 x 3/4 inch meters)

Monthly Usage 100 cu.ft.	At 1990 Present Rates	At 1991 Authorized Rates	Amount Increase	% Increase
0	\$ 8.00	\$ 8.70	\$ 0.70	8.7
10	\$ 8.00	\$19.50	\$11.50	143.8
20	\$14.00	\$30.30	\$16.30	116.4
26.5 (Average)	\$16.28	\$37.32	\$21.04	129.2
30	\$17.50	\$41.10	\$33.60	192.0
40	\$21.00	\$51.90	\$30.90	147.1
50	\$24.50	\$62.70	\$38.20	155.9

APPENDIX D

Page 2

Bishop Water Company

Comparison of Rates for Irrigation Customer

<u>Item</u>	<u>1990 Present Rates</u>	<u>1991 Adopted Rates</u>	<u>% Increase</u>
<u>Service Charge</u>			
For 6 - inch meter (per month)	0	\$ 98.31	-
For 6 - inch meter (per year)	0	\$1,179.72	-
<u>Quantity Rates</u>			
For all water delivered, Per 100 cu.ft.	\$ 0.10	\$ 0.35	250.0%
<u>Yearly Usage</u> 6,220,000 cu.ft.	\$ 6,220	\$21,770	250.0%
<u>Yearly Total</u>	\$ 6,220	\$22,950	269.0%

(END OF APPENDIX D)