

DEC. 9 1996

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OPINION

Decision 96-12-004 December 9, 1996

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Ambler Park Water Utility, requesting an increase of \$77,320 or 44.12% for 1996 in an unincorporated area of Monterey County along the Salinas-Monterey Highway (State Route 68). Application 96-03-016 (Filed March 7, 1996)

Steeffel, Levitt & Weiss, by Daryl S. Landy, Attorney at Law, and Dave Stephenson and Chris Le Vasseur, of the California-American Water Company, for Ambler Park Water Utility, applicant; Thomas R. Adcock, for Toro Water Service; Ralph P. Guenther, for Meadows Community Association, Inc.; Russell L. Hatch, for Concerned Ambler Park Water Utility Users; and Charles G. Williams, for The Meadows; interested parties. Richard Tom, for the Division of Ratepayer Advocates.

Background: APWU serves approximately 300 metered rate customers and 23 private line protection customers in an unincorporated area of Monterey County along the Salinas-Monterey Highway (State Route 68). The current rates were established on May 30, 1985 pursuant to Resolution No. W-3236 which authorized an increase in annual revenues of \$30,910 or 23% for an 11.5% return on rate base of \$256,680. APWU received a one-time surcharge for reimbursement of California Department of Health Services (DHS) fees in 1991. On June 6, 1996, the Commission approved Resolution W-3987 authorizing an interim increase in rates of \$23,615, or 13.6%. This increase is subject to refund pending

OPINION

Summary of Decision

Ambler Park Water Utility (APWU) is granted a general rate increase of \$54,072 or 30.23% for test year 1996.

Procedure

APWU requests authority under Section VI of General Order (GO) 96-A and Section 454 of the Public Utilities (PU) Code to increase rates for water service by \$77,320, or 44.12% for Test Year 1996 (TY). The purposes of the rate increase are to recover increased operating expenses and to earn the recommended rate of return on rate base.

A public meeting was held in applicant's service area on February 5, 1996, which was attended by approximately 70 customers. The primary concerns expressed related to the magnitude of the proposed rate increase and the possible sale of the utility to California-American Water Company (Cal-Am).

A duly-noticed evidentiary hearing was held in Salinas in the afternoon and evening of July 11, 1996, and the matter was submitted following the filing of briefs and reply briefs on August 24, 1996.

Background

APWU serves approximately 368 metered rate customers and 38 private fire protection customers in an unincorporated area of Monterey County along the Salinas-Monterey highway (State Route 68).

The current rates were established on May 20, 1985, pursuant to Resolution No. W-3236 which authorized an increase in annual revenues of \$39,940 or 53%, for an 11.25% return on rate base of \$226,680. APWU received a one-time surcharge for reimbursement of California Department of Health Services (DHS) fees in 1994. On June 6, 1996, the Commission approved Resolution W-3987 authorizing an interim increase in rates of \$23,612, or 13.6%. This increase is subject to refund pending

the final resolution of the request. Present rates assumed in this report are those rates in effect prior to June 6, 1996.

System Description

APWU obtains its water from three wells (#4, #5, and #6) located in close proximity to one another within the service area. Well #4 is equipped with an 80 horsepower (hp) pump and has a capacity of approximately 240 gallons per minute (gpm). Well #5 has a 100 hp pump with 520 gpm capacity, and well #6 has a 40 hp pump with 460 gpm capacity. Water from the well #5 travels through eight-inch mains directly into two 55,000-gallon steel tanks which are the main storage tanks for APWU's system. Water from wells #4 and #6 is pumped first to a filtration plant consisting of four filter tanks, for gas chlorination. From the filter tanks, the water travels to a 25,000-gallon holding tank where it is then fed, through eight-inch mains, to the two main storage tanks.

From the main storage tanks, three booster pumps (#1, #2) and #3) are used to disperse the water, mainly through eight-inch and six-inch mains, to four 25,000-gallon steel tanks and one 15,000-gallon redwood tank to serve most of APWU's customers. A fourth booster pump (#4) is used to send water to a pressurized system serving approximately 12 customers.

Summary of Earnings

The Water Utilities Branch (Branch)' performed an independent analysis of APWU's summary of earnings. Appendix A shows applicant's and Branch's agreed estimates of the summary of earnings at present and recommended rates for the TY.

" By action of the Executive Director, on September 10, 1996, the functions performed by "Branch" in this proceeding now reside with the Water Division.

Ongoing discussions between APWU and Branch resulted in these parties reaching agreement upon all elements of the summary of earnings, including revenue requirement, as shown in Appendix A.

At the evidentiary hearing on this application, differences developed as several groups of applicant's ratepayers entered appearances in the case - Meadows Community Association, Inc., Concerned Ambler Park Utility Users, and The Meadows. These new differences related to rate of return and rate spread. Rate of Return - Branch and applicant concur that the appropriate rate of return in this case should be 13.25%. This is the midpoint of the rate of return range (12.75% - 13.75%) recommended by the Finance Branch of the Commission Advisory and Compliance Division² for small water utilities in its memorandum dated May 16, 1996.

Concerned customers of APWU contend that the rate of return for applicant should be the lower rate accorded Cal-Am, a Class A water utility, because APWU has an agreement to sell to Cal-Am which will shortly be consummated. Cal-Am representatives appeared in this case on behalf of APWU, and applicant's owner testified to his confidence that the conditions precedent to final approval by the parties to the contract would soon be met.

The Water Utilities Branch (Branch) performed an independent analysis of APWU's summary of earnings. Appendix A shows applicant's and Branch's agreed estimates of the summary of earnings at present and recommended rates for the FY.

² Effective September 10, 1996, the functions of this Branch now reside within the Auditing and Finance Branch of the Water Division.

Table 1
Appendix C

Applicant correctly states, however, that this application can affect only the rates of APWU, a Class D utility, and not those of Cal-Am, a Class A utility. If and when the parties file an application under Public Utilities Code Section 851, Cal-Am's rate of return will become an issue, together with any rate base additions, under established Commission policies. Until Commission approval of any proposed transfer, APWU's rates must be predicated upon rates of return accorded Class D utilities.

We find 13.25% to be a reasonable rate of return in this proceeding.

Rate Spread

Table 1 following is Appendix C of the Branch Report on the Results of Operation of Ambler Park Water Utility for TY 1996. It compares Branch recommended rates with present rates showing an escalating service charge from \$8.10 or 80% over present rates for a 5/8-inch meter to \$202.10 or 560% over present rates for a four-inch meter.

Meter Size	Present Rate	Recommended Rate	% Increase
4-inch meter	\$30.60	\$202.10	560%
3-inch meter	\$12.20	\$64.62	430%
2-inch meter	\$9.00	\$40.40	330%
1 1/2-inch meter	\$6.80	\$20.20	197%
1-inch meter	\$4.20	\$8.10	80%

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

Monthly Usage (100 cu. ft.)	Present Bills	Recommended Bills	Amount Increase	Percent Increase
0	\$6.80	\$20.20	\$13.40	197%
10	\$12.20	\$36.40	\$24.20	198%
20	\$18.60	\$52.60	\$34.00	183%
30	\$25.00	\$68.80	\$43.80	175%
40	\$31.40	\$85.00	\$53.60	171%

Table 1
Appendix C

AMBLER PARK WATER UTILITY
COMPARISON OF RATES
A comparison of the present and Branch's recommended rates is shown below. Note that the present rates shown are the rates before the interim increase.

METERED SERVICE

Quantity Charged	Present Rate	Recommended Rate	Percent Increase
First 300 cu.ft., per CCP	\$ 1.14		
Over 300 cu.ft., per CCP	\$ 1.62		
For all water, per CCP		\$ 1.62	

Service Charge

5/8 - inch meter	\$ 4.50	\$ 8.10	80%
3/4 - inch meter	\$ 5.00	\$ 12.15	143%
1 - inch meter	\$ 6.80	\$ 20.20	197%
1 1/2 - inch meter	\$ 9.00	\$ 40.40	349%
2 - inch meter	\$ 12.20	\$ 64.65	430%
4 - inch meter	\$ 30.60	\$ 202.10	560%

Private Fire Protection:

4 - inch meter	\$ 6.00	\$ 8.00	33%
6 - inch meter	\$ 9.00	\$ 12.00	33%

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

Monthly Usage 100 cu. ft.	Present Bills	Recommended Bills	Amount Increase	Percent Increase
0	\$ 6.80	\$ 20.20	\$ 13.40	197%
10	21.56	36.40	14.84	69%
21 (Avg)	39.38	54.22	14.84	38%
30	53.96	68.80	14.84	28%
50	86.36	101.20	14.84	17%

Many of applicant's customers expressed opposition to Table 1 as inequitably producing the increased revenues almost entirely through increased service charges rather than through higher quantity charges.

Meadows Community Association, Inc. (Meadows), a group of 121 homeowners in applicant's service area, explained that 62 homes in its membership have one-inch meters solely because the county required fire sprinkler systems. The remaining 59 similar homes have a 5/8-inch meter, because they are not obliged to have a fire sprinkler system. Thus, members will have an 80% increase in service charge or a 197% increase in service charge depending only upon whether or not they were required to install fire sprinklers.

As a result of these and other rate spread concerns expressed at the evidentiary hearing, the parties were invited to confer together to seek a consensus tariff to implement the agreed-upon gross revenue requirement. A briefing schedule was set to receive the product of the parties' conference.

While a consensus was not reached among the parties, Meadows Concerned Customers and applicant each submitted a revised tariff sheet which, upon review by Branch, met with no major objections from staff. This decision adopts the rate design recommended by APWU as being the most reasonable response to

customers' concerns. Applicant describes its proposal as follows:

Since the July 11 hearings, APWU's representatives have had several discussions with the representatives of interested ratepayers concerning revising staff's original Tariff Sheet. Despite these efforts, APWU, and the ratepayers' representatives were unable to reach a consensus upon a revised Tariff Sheet. As a result, APWU submits a proposed revised Tariff Sheet. ...

"The revised Tariff Sheet maintains the same revenue increase for APWU but shifts a portion of the burden for the increase to quantity charges and away from service charges. Specifically, the proposed revised tariff (1) imposes a 200

percent increase on all service charges, which in some instances is a reduction from the staff Tariff Sheet; (2) imposes one quantity charge on all customers; and (3) maintains the same fire rates of \$8 and \$12 as staff proposed.

The 200 percent service charge increase is intended to reduce the burden on certain customers and to maintain the same ratio among service charges that previously existed.

The amount of fixed costs recovered remains the amount staff requested.

In addition, for billing purposes APWU has agreed to reduce the charge for one-inch meters to three-quarters of an inch, for three-quarter inch meters to five-eighths of an inch, and for the lone one and one-half inch meter to three-quarters of an inch. This reduction is imposed because these meters were registered for fire protection purposes.

Discussion

In Decision (D.) 93-03-093, March 31, 1992 (Risk Oil Phase I), we modified the percentage of the fixed costs to be recovered in the service charge for Class D utilities to full recovery, or 100% (Ordering Paragraph 7). Additionally, in D.85-06-064 (California Water Service Co. General Rate Increase), we directed the Water Branch to confer with all Class A Utilities concerning the spread of the service charges based on meter size.

The results of the latter conference were disseminated in a letter to Water Branch Staff dated January 18, 1991, adopting a rate spread policy based on the square of the meter size. Thus a two-inch metered customer would pay four times the service charge of a one-inch metered customer, a four inch metered customer would pay 16 times the one-inch charge, and so forth. This spread was adopted in part to mitigate the percentage of the rate increase that falls on the smaller metered, or residential, customer, by shifting costs to the larger metered, or commercial-industrial customer. This policy has been in place since that time.

Nevertheless, there have been many instances where the Commission has adopted less than the fully-allocated rate spread. Rate stability is also a policy objective of good rate design, as is the phasing-in substantial rate impacts due to changes in rate design policy.

Those concerns apply here. The proposed rate spread has caused customer consternation and distress. The subsequent proposal by Meadows Concerned Customers and APWU mitigates much of the concern of the original rate spread, but still reasonably allocates revenue recovery. The special provision for customers with home sprinkler systems is also in accordance with Commission policy in that the costs imposed by sprinkler systems are not as great as the costs normally imposed by larger meters, due to the infrequent need for full water flow for this application, as compared to the normal continuous need necessitating large meters. We will adopt applicant's proposal.

Comments

Pursuant to the Commission's Rules of Practice and Procedure, the proposed decision of the assigned administrative law judge for this proceeding was filed with the Commission and mailed to the parties on November 7, 1996.

Applicant filed comments on November 22, 1996, resulting in the following non-substantive changes being made to the proposed decision. Branch Estimated Present and Requested Rates columns in Appendix A are revised to correctly state Transportation Expense (Account 660) and Materials Expense (Account 640) as agreed to by the parties at hearing. Metered Rates Revenues (Account 470) is correspondingly revised. As a result the general rate increase is correctly calculated at \$54,072 or 30.23% of present revenues for test year 1996.

Special Condition 1 set forth in Appendix B, page 1 of 3, is revised to include one-inch meters with ¾-inch meters as eligible for the rate treatment described in the Special Condition.

The Order is amended to include the recommendation of staff that applicant should be authorized to file an advice letter or letters requesting recovery of the costs of installing a new booster plant and 800 feet of main after they have been installed and are in full operation.

There is no dispute respecting the aforesaid corrections.

Findings of Fact

1. The summary of earnings is reasonable (Appendix A).

2. The increased rates and charges authorized by this decision are justified and reasonable (Appendix B). Present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.

3. APWU's rate of return on rate base is 13.25%.

4. The effective date of this order should be the date of signature as the increased rates are designed to recover expenses already being incurred by applicant.

Conclusion of Law

The application should be granted to the extent provided by the following order.

ORDER

IT IS ORDERED that:

1. Ambler Park Water Utility is authorized to file the tariff schedule attached as Appendix B. (This filing shall comply with General Order 96-A) The effective date of the tariff schedule shall be five days after the date of filing. The revised schedule shall apply to service rendered on or after the effective date.

Special Condition 1 set forth in Appendix B, page 1 of 3, is revised to include one-inch meters with 2-inch meters as eligible for the rate treatment described in the Special Condition.

2. Ambler Park Water Utility is authorized to file advice letters requesting recovery of the costs of installing a new booster station and 800 feet of main. Such advice letters may be filed after these capital projects have been installed and are in operation.

3. This proceeding is closed.

This order is effective today.

Dated December 9, 1996, at San Francisco, California.

P. GREGORY CONLON

President

DANIEL Wm. FESSLER

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEEPER

Commissioners

APPENDIX A
 AMBLER PARK WATER UTILITY
 SUMMARY OF EARNINGS
 Test Year 1996

	Utility Estimated		Branch Estimated		Adopted Rates
	Present Rates	Requested Rates	Present Rates	Requested Rates	
<u>Operating Revenues</u>					
460 - Flat Rates	\$0	\$0	\$0	\$0	\$0
470 - Metered Rates	172,358	248,425	176,008	248,470	229,120
462 - Private Fire Protection	2,880	4,133	2,880	4,132	3,840
Total:	175,238	252,558	178,888	252,613	232,960
<u>Operating Expenses</u>					
610 - Purchased Water	0	0	0	0	0
615 - Purchased Power	43,741	43,741	42,988	42,988	42,988
618 - Other Volume Related	942	942	942	942	942
630 - Employee Labor	21,286	21,286	21,286	21,286	21,286
640 - Materials	8,412	8,412	7,206	7,206	7,206
650 - Contract Work	8,162	8,162	8,162	8,162	8,162
660 - Transportation	6,126	6,126	4,938	4,938	4,938
664 - Other Plant Maint.	0	0	0	0	0
670 - Office Salaries	0	0	19,200	19,200	19,200
671 - Management Salaries	38,400	38,400	19,200	19,200	19,200
674 - Employee Pen/Ben	1,796	1,796	1,796	1,796	1,796
676 - Uncollectibles	0	0	0	0	0
678 - Office Services	1,497	1,497	1,497	1,497	1,497
681 - Office Supplies	4,163	4,163	4,163	4,163	4,163
682 - Professional Services	1,482	1,482	1,482	1,482	1,482
684 - Insurance	7,136	7,136	6,477	6,477	6,477
688 - Regulatory Expenses	0	0	0	0	0
689 - General Expenses	1,117	1,117	304	304	304
Sub-Total:	144,260	144,260	139,641	139,641	139,641
Depreciation	24,058	24,058	22,911	22,911	22,911
<u>Non-Income Taxes:</u>					
Property Tax	5,262	5,262	3,878	3,878	3,878
Payroll Tax	5,193	5,193	5,193	5,193	5,193
Franchise Tax	3,505	5,051	3,578	5,050	4,551
Total Non-Income Taxes	13,960	15,506	12,648	14,121	13,621
<u>Income Taxes:</u>					
State	800	6,392	800	7,320	5,281
Federal	0	10,586	449	12,846	7,876
Total Income Tax	800	16,978	1,249	20,166	13,158
Total Deductions:	183,078	200,802	176,341	196,730	189,331
<u>Net Revenue</u>	-7,840	51,756	2,547	55,783	43,629
Rate Base	363,201	363,201	329,278	329,278	329,278
Rate of Return	-2.16%	14.25%	0.77%	16.94%	13.25%

(END OF APPENDIX A)

APPENDIX B
Page 1 of 3

Ambler Park Water Utility

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service

TERRITORY

Ambler Park Subdivision, Rim Rock Subdivision, and Rancho El Toro Country Club, located 9 miles southwest of Salinas, Monterey County

RATES

Quantity Rate:

All water used per 100 cubic feet \$ 1.68 (I)

Service Charges:

	Per Meter	Per Month	
For 5/8 x 3/4-inch meter	\$ 13.50		(I)
For 3/4-inch meter	\$ 15.00		
For 1-inch meter	\$ 20.40		
For 1-1/2-inch meter	\$ 27.00		
For 2-inch meter	\$ 36.60		
For 4-inch meter	\$ 91.80		(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

- Any residential customer who has been required to install a Residential Fire Sprinkler System (RFSS) at their place of residence by local fire ordinances will be allowed to have their monthly service charge reduced by one meter size for 3/4-inch meters and 1-inch meters, and a reduction of two meter sizes for all 1-1/2-inch meters, provided it has been requested by the customer and verified by the Company that the lower size of meter would be large enough to provide adequate service to the residence. The RFSS Service is not considered a fire service by the Company, but is considered an oversized general metered service and therefore, only the rules and conditions of service for general metered service apply. (N)
- All bills are subject to the reimbursement fee as set forth in Schedule No. UF. (N)

APPENDIX B
Page 2 of 3

San Jose Water Utility

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished to privately-owned fire protection systems.

TERRITORY

Ambler Park Subdivision, Rim Rock Subdivision, and Rancho El Toro Country Club, located 9 miles southwest of Salinas, Monterey County.

RATE

Per Service
Per Month

- (1) For each inch of diameter of service connection..... \$ 2.00 (1)

SPECIAL CONDITIONS

- The fire protection service connection shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
- The minimum diameter for fire protection service shall be four inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.
- If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and cost paid by the applicant. Such payment shall not be subject to refund.
- Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage, or waste of water and the cost paid by applicant. Such payment shall not be subject to refund.

All bills are subject to the terms and conditions set forth in Schedule No. 4.

APPENDIX B
Page 3 of 3

Ambler Park Water Utility

Schedule No. 4
(continued)

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS (continued)

5. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.
6. All bills are subject to the reimbursement fee as set forth in Schedule No. UF.

APPENDIX C

COMPARISON OF RATES

A comparison of the present and authorized rates is shown below:

METERED SERVICE

	<u>Per Meter Per Month</u>		<u>Percent Increase</u>
	<u>Present Rates</u>	<u>Authorized Rates</u>	
<u>Quantity Rates:</u>			
Per 300 cu.ft., per Ccf	\$ 1.14		
Over 300 cu.ft., per Ccf	1.62		
For all water, per Ccf		\$ 1.68	
<u>Service Charge:</u>			
For 5/8x3/4-inch meter	\$ 4.50	\$13.50	200
For 3/4-inch meter	5.00	15.00	200
For 1-inch meter	6.80	20.40	200
For 1-1/2-inch meter	9.00	27.00	200
For 2-inch meter	12.20	36.60	200
For 4-inch meter	30.60	91.80	200
<u>Private Fire Protection:</u>			
For 4-inch meter	\$ 6.00	\$ 8.00	33
For 6-inch meter	9.00	12.00	33

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

<u>Monthly Usage</u> <u>100 cu.ft.</u>	<u>At Present Rates</u>	<u>At Authorized Rates</u>	<u>Amount Increase</u>	<u>Percent Increase</u>
0	\$ 6.90	\$ 20.40	\$ 13.60	200%
10	21.56	37.30	15.64	73
21 (Avg.)	39.38	55.68	16.30	41
30	53.96	70.80	16.84	31
50	86.36	104.40	18.04	21

(END OF APPENDIX C)

APPENDIX D
Page 1 of 2

Amblar Park Water Utility

ADOPTED QUANTITIES
Test-Year 1996

Expenses:

1. Purchased Power Total:	\$42,988	
Vendor	Pacific Gas and Electric	
(1) Schedule No.	A-1	
Effective Date	January 1, 1996	
Customer Charge (polyphase)	\$12.00 per month	
Energy Charge:		
Summer	\$0.14870 per kWh	
Winter	\$0.10193 per kWh	
Energy Commission	\$0.0002 per kWh	
2. Property Taxes		\$ 3,878
	Composite Tax Rate	1.02926%

Service Connections

Meter Size

5/8x3/4-inch meter	213
3/4-inch meter	80
1-inch meter	63
2-inch meter	11
4-inch meter	4
Total	371
Private Fire Connections	
4-inch	34
6-inch	4
Metered Water Sales	
Used to Design Rates:	22,927

Operating Revenues	1.
O & M Expenses	2.
Taxes Other than Income	3.
Depreciation	4.
Interest	5.
Imp. Tax Contributions	6.
Taxable Income for O.P.T.	7.
COT @ 9.3%	8.
Taxable Income for FIT	9.
Federal Income Tax @ 15%	10.
Federal Income Tax @ 25%	11.
Total Income Tax	12.

APPENDIX D
Page 2 of 2

Ambley Park Water Utility

ADOPTED QUANTITIES
Test Year 1996

RATE BASE

Plant:

<u>BOY</u>	<u>Additions</u>	<u>Retirements</u>	<u>BOY</u>
\$1,169,127	\$ 12,459	\$10,000	\$1,171,586

Average Plant Age: \$1,170,356

Depreciation Reserve:

TY Depreciation: (3.82% composite rate)

Average Accumulated Depreciation:

\$ 3,818

ADOPTED TAX CALCULATIONS

- Federal Tax Rate (first \$50,000):
- Federal Tax Rate (next \$25,000):
- California Corporate Franchise Rate:
- Local Franchise Rate:

- 15%
- 25%
- 9.3%
- 2.0%

<u>Line No.</u>	<u>Item</u>	<u>State Tax</u>	<u>Federal Tax</u>
1.	Operating Revenue	\$232,960	\$ 232,960
2.	O & M Expenses	\$139,641	\$ 139,641
3.	Taxes Other Than Income	\$ 13,621	\$ 13,621
4.	Depreciation	\$ 22,911	\$ 22,911
5.	Interest	\$ 0	\$ 0
6.	Dep. Tax Contributions	\$ 0	\$ 0
7.	Taxable Income for CCFT	\$56,787	
8.	CCFT @ 9.3%	5,281	
9.	Taxable Income for FIT		\$ 51,506
10.	Federal Income Tax @ 15%		\$ 7,500
11.	Federal Income Tax @ 25%		376
12.	Total Income Tax		\$ 13,158

(END OF APPENDIX D)