

Decision 99-09-060 September 16, 1999

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Elk Grove Water Works (U 45-W) for an order authorizing it to increase rates for water service for its total service area, and approving its planned water filtration plant installation.

Application 98-12-028
(Filed December 29, 1998)

Daniel M. Conway and Mark Fogelman,
Attorney at Law, for Elk Grove Water
Works, applicant.

Sung B. Han and Peter G. Fairchild,
Attorney at Law, for Ratepayer Representation
Branch, Water Division, protestant.

OPINION

1. Summary

Based on a settlement reached between Elk Grove Water Works (EGWW) and the Ratepayer Representation Branch (RRB) of the Water Division, this decision authorizes an increase in rates for EGWW of \$183,697, or 13.73%, beginning immediately, with no increase in rates to offset attrition in the years 2000, 2001 or 2002. The average metered residential customer in Tariff Area 1 will see a monthly bill increase from \$10.52 to \$12.36, or 17.5%. The average metered residential customer in Tariff Area 2, which is served with more expensive county water, will see a monthly bill increase from \$22.73 to \$23.82, or 4.8%. The average unmetered residential customer will see a monthly bill increase from \$14.14 to \$16.03, or 13.4%. Our decision also authorizes the installation of two water treatment plants to combat severe iron and manganese

problems, with an authorized increased return on rate base when those plants go into service.

These increases are based on a rate of return on rate base of 9.40%, with a corresponding rate of return on common equity of 9.40%. Following installation of the first treatment plant, the return on equity will increase to 9.90%, with a return on rate base of approximately 9.53%. If and when the second plant is installed, return on equity would increase to 10.40%, with a return on rate base of approximately 9.59%.

2. Background

EGWW, formed in 1893, serves the rapidly growing community of Elk Grove, 15 miles south of Sacramento. It has close to 8,000 service connections serving a population of 23,000, and it expects the number of connections to double in the next 10 years. All connections installed before January 1, 1992, are billed at a flat rate, while connections installed after that date are billed on metered rates. The company has 13 wells, 12 of them operational, and it also purchases water from the Sacramento County Water Agency.

The company filed this application on December 29, 1998, updating its operations data in April 1999. EGWW sought to increase revenues by 18% in test year 1999, 11% in the year 2000 if a treatment plant is installed, and by 2% in each of the years 2001 and 2002. RRB completed its analysis in June 1999, recommending increased revenues of 10.4%, with further adjustments to be made via advice letter based on the cost of two new water treatment plants. RRB also conducted an audit of the company's accounts for the period 1994-1998.

The Commission conducted two Public Participation Hearings in Elk Grove, and the RRB project manager and the assigned administrative law judge later toured plant facilities. Most of the customer comments at the public

hearings dealt with poor water quality, caused by excessive concentrations of iron and manganese.

Prior to the beginning of evidentiary hearings on July 20, 1999, EGWW and Branch reached agreement on all issues in the application, including plans for improving water quality. At a one-day hearing on August 20, 1999, the settlement agreement was proffered formally to the Commission, and this proceeding was deemed submitted for decision upon receipt of comments five days later. All exhibits and written testimony have been received into evidence.

3. Cleaning Up the Water

EGWW operates a \$1.2 million iron and manganese treatment plant at its newest well, Well No. 13. The facility, contributed by developers, has a capacity of 1,000 gallons per minute. The company states, and the Commission's staff affirms, that the quality of water delivered through the treatment plant is high despite significant manganese levels in the source water. There have been no water quality complaints by customers served through Well No. 13.

By contrast, the company in 1997 received 1,200 water quality complaints from customers served by Well No. 12. Growing iron and manganese contamination at the source has caused stained laundry and appliances, and undesirable taste, color and odor of water. On March 10, 1999, the Department of Health Services notified the company that iron and manganese levels at Well No. 12 exceeded the state's secondary standards, and it recommended installation of a treatment plant. EGWW has similar contamination problems at its Well No. 10, though contamination there is not quite so severe.

Based on its experience with its existing treatment plant, EGWW believes that it can eliminate the contamination problem at Well No. 12 through installation of another treatment plant. It asks Commission authority to construct

such a plant in the year 2000, followed in the year 2003 by a second treatment plant at Well No. 10.

Branch agrees with the company on the need to treat water at Wells No. 10 and 12. Branch reviewed less costly alternatives – sequestering at the well site, connecting two or more wells to one treatment plant, and purchasing water from other sources – but it concluded that the alternatives were either more expensive or less effective than on-site treatment plants.

Branch in its recommendations urged approval of the Well No. 12 plant in the year 2000, but it also recommended that EGWW scale back non-essential features of the plant and seek competitive bids to try to reduce the cost. It noted that California Water Service Company was able to install a similar treatment plant at a cost of \$660,000 through competitive bidding. Branch also urged that the company install the second plant at Well No. 10 sooner than the year 2003 if reasonable financing can be arranged.

In their proposed settlement, EGWW and Branch agree to work together to establish plans for technical specifications, financing and competitive bidding. EGWW is to present its preliminary plans to the Commission's Water Division within six months. After the first treatment plant is in service, EGWW would be authorized to file an Advice Letter increasing rates to achieve a return on equity of 9.9% and a return on rate base of approximately 9.5%. Similar Advice Letter treatment would be available when the company puts the second treatment plant into service.

At the settlement hearing, EGWW stated that it hopes to have the treatment plant at Well No. 12 in service by September 1, 2000. Depending on the final cost of these plants and the availability of financing, EGWW stated that the second treatment plant at Well No. 10 could be in service by mid-year 2002 or earlier.

4. Problems of Low Pressure

The parties agreed that EGWW will continue its efforts to reduce problems of fluctuating water pressure in the Camden Passage/Camden Park area. The company also agreed to survey about 900 customers in the area to see whether they are willing to pay higher rates to receive better water with less fluctuation in pressure. This would be accomplished by combining the Camden area (where well water is supplemented during the summer with water purchased from the Sacramento County Water Agency) with the company's adjoining Tariff Area 2 (where all water is purchased from the county). The purchased water is pumped into Tariff Area 2 through a 12-inch intertie with the water agency.

5. Compromise on Rate of Return

With approximately 8,000 service connections, EGWW is classified as a Class B water company. However, because of growth in the area, both Branch and the company expect EGWW to become a Class A water company (10,000 or more connections) before its next general rate case. Generally, Class B water companies expect a greater return on equity than their larger cousins because of greater financial risk.

Branch's analysis, using discounted cash flow and risk premium financial models, suggested that investors would expect a return on equity of 8.78% if EGWW were a Class A water company (compared to the company's requested 10% return on equity). Because the company has not yet reached Class A size, however, Branch's analysis concluded that a 9.40% return on equity reasonably recognizes the higher return expected. The analysis recommended 9.40% assuming no debt (and thus reduced risk) or 9.90% assuming debt.

In the settlement, the parties adopted Branch's reasoning, with some adjustment. Return on equity would be 9.40% prior to construction of the new treatment plants. Based on the debt EGWW would assume in constructing the

first treatment plant, return on equity would increase to 9.90% when the plant is put into service. A return on equity of 10.40% would be authorized when the second treatment plant begins operation. At peak, a return on common equity of 10.40%, combined with projected financing, would result in a return on rate base of approximately 9.59%.

At the settlement hearing, both EGWW and Branch defended their compromise as a means to cap a general rate increase (at 13.73%, with no further increase in rates to offset attrition through the year 2002), and to provide incentive for installing the new treatment plants and improving water quality. Both parties state that EGWW rates have been and continue to be relatively low, as compared to other water purveyors in the Sacramento area.

The parties further recommend that the Commission permit the new rates to go into effect after the effective date of this order, rather than waiting until January 2000.

6. Adjustments Based on Audit

Branch audited EGWW's records for the period 1994-1998. Branch found, and EGWW agreed, that \$122,305 had been booked inappropriately to expenses rather than to capital during that period. The net effect of the adjustments was a \$122,305 addition to plant accounts, a \$35,302 increase in depreciation reserve, and a corresponding reduction in expense accounts. Branch also recommended disallowance of certain expenses as being non-utility expenditures. A reduction in recorded expenses tends to reduce the proposed revenue requirement.

Branch stated that while the company was cooperative during the audit, the state of its records left room for improvement, in part because of the company's small size (10 employees) and because of a change from manual to computer record-keeping. Branch recommended, and EGWW agreed to, maintaining copies of all ledgers prepared in-house and by outside consultants;

maintaining a list of all additions and retirements of plant by year; and maintaining a work order system to track all capital projects and repairs in excess of \$1,000.

7. Other Changes

In its update showing in April 1999, EGWW reduced its requested rate relief, primarily by canceling plans for a \$100,000 booster facility in the year 2000 and by various other reductions in expenses. The rate request also was reduced by the company's acceptance of Branch's audit recommendations. In the settlement, EGWW agreed to most of Branch's adjustments in expenses, and Branch agreed to the company's estimates of payroll, sales and revenues, and customer growth. The calculations of both parties and their stipulated adjustments are shown in Appendix A to the Settlement Agreement (Attachment A).

8. Waiver of 30-Day Comment Period

At the settlement hearing on August 20, parties were given a copy of the initial draft of this decision and invited to review it for accuracy and to suggest technical corrections within five days. The final draft incorporates corrections, where appropriate. In view of this review, the parties waived the 30-day comment period, pursuant to Pub. Util. Code § 311(g)(2).

The settlement, attached to this decision as Attachment A, describes the agreements of the parties in detail. Reconciliation exhibits, shown in the appendices of the settlement, recite in detail the original proposals by EGWW, the original responses by Branch, the reductions or increases agreed to by each of these parties, and the final numbers agreed upon by the parties.

The all-party settlement conforms with the requirements of Article 13.5 of our Rules of Practice and Procedure. All active parties support the settlement. No party opposes it. The settlement meets the tests we outlined in San Diego Gas

& Electric Co. (1992) 46 CPUC2d 538 (Decision (D.) 92-12-019) in that each party is adequately represented; the interests of ratepayers have been asserted by Branch; no terms of the settlement contravene any statutory provision or any decision of this Commission, and the settlement, together with the record in this proceeding, convey sufficient information to permit us to make an informed evaluation. The settlement should be adopted and the motion for approval of the settlement should be granted.

In Resolution ALJ 176-3007, dated January 7, 1999, the Commission preliminarily categorized this proceeding as ratesetting, and preliminarily determined that a hearing was necessary. Public hearings were conducted on July 20, 1999, and on August 20, 1999. Based on the record, we conclude that it is not necessary to alter the preliminary determinations in Resolution ALJ 176-3007.

Findings of Fact

1. As set forth in Attachment A, the parties have reached settlement on all issues in this proceeding.
2. The settlement is supported by EGWW and by Branch.
3. No party opposes the settlement

Conclusions of Law

1. The settlement conforms to Article 13.5 and meets the tests outlined in San Diego Gas & Electric Co., supra.
2. The settlement should be adopted and the motion for approval of the settlement should be granted.
3. EGWW should be authorized to file the rates set forth in the appendices of Attachment A, as specified in the order.
4. EGWW should be authorized to file advice letters requesting rate relief as specified in the order.

O R D E R

IT IS ORDERED that:

1. The settlement appended hereto as Attachment A and agreed to by Elk Grove Water Works (EGWW) and the Ratepayer Representation Branch (Branch) of the Water Division is approved.
2. The motion for approval of the stipulation is granted.
3. EGWW is authorized to file the revised schedules attached to this order as an Appendix D to Attachment A. The filing shall comply with General Order (GO) 96-A. The effective date of the revised schedules shall be 5 days after the filing. The revised schedules shall apply to service rendered on or after the effective date.
4. On or after start of service of a plant for treatment of iron and manganese contamination at EGWW's Well No. 12, EGWW is authorized to file an Advice Letter, with appropriate work papers, requesting an increase in return on common equity to 9.90%. This filing shall comply with GO 96-A. The requested increase shall be reviewed by Branch to determine its conformity with this order. The revised schedules shall apply only to service rendered on or after their effective date.
5. On or after start of service of a plant for treatment of iron and manganese contamination at EGWW's Well No. 10, EGWW is authorized to file an Advice Letter, with appropriate work papers, requesting an increase in return on common equity to 10.40%. This filing shall comply with GO 96-A. The requested increase shall be reviewed by Branch to determine its conformity with this order. The revised schedules shall apply only to service rendered on or after their effective dates.

6. Application 98-12-028 is closed.

This order is effective today.

Dated September 16, 1999, at San Francisco, California.

RICHARD A. BILAS

President

HENRY M. DUQUE

JOSIAH L. NEEPER

JOEL Z HYATT

CARL W. WOOD

Commissioners

ATTACHMENT A

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Elk)
Grove Water Works (U 45-W) for an order)
authorizing it to increase rates for water)
service for its total service area, and)
approving its planned water filtration)
plant installation.)

Application No. 98-12-028

SETTLEMENT

1.00 GENERAL

1.01 The Parties to this settlement before the California Public Utilities Commission (Commission) are Elk Grove Water Works ("EGWW") and the Ratepayer Representation Branch ("RRB") of the Water Division - collectively, "the Parties". The Parties, desiring to avoid the expense, inconvenience, and uncertainty attendant to litigation of the matters in dispute between them have agreed on this Settlement which they now submit for approval.

1.02 In addition, since this Settlement represents a compromise by them, the Parties have entered into each Stipulation on the basis that its approval by the Commission not be construed as an admission or concession by any Party regarding any fact or manner or law in dispute in this proceeding. Furthermore, the Parties intend that the approval of this Settlement by the Commission not be construed as a precedent or statement of policy of any kind for or against any Party in any current or future proceeding.

1.03 The Parties agree that no signatory to this Settlement nor any member of RRB assumes any personal liability as a result of their agreement. The Parties agree that no legal action may be brought by any party in any state or federal court, or any other forum, against any individual signatory representing the interests of RRB, attorneys representing RRB, or the RRB itself related to this Settlement. All rights and remedies of the Parties are limited to those available before the Commission.

1.04 No Party to this Settlement will provide, either privately or publicly, before this Commission any rationale or strategy for support of any compromise reached herein beyond that stated herein unless otherwise agreed to by the Parties.

1.05 All issues between the Parties have been resolved. The Settlement between the Parties would result in an increase in rates for EGWW of \$183,697, or 13.73 %, in 1999 following the issuance of a Decision in this proceeding, with no increase in 2000, 2001 or 2002. The average unmetered residential customer would see its monthly bill increase from \$14.14 to \$16.03, or 13.37%. The average metered residential customer in Tariff Area No. 1 using approximately 20 Ccf per month would see its monthly bill increase from \$10.52 to \$12.36, or 17.49 %. The average metered residential customer in Tariff Area No. 2 using approximately 20 Ccf per month

would see its monthly bill increase from \$22.73 to \$23.82, or 4.80 %. Rates for private fire service would increase by 13.83%.

1.06 The following discussion lists the items settled by the Parties. Attached as Appendix A to this Settlement are tables which show RRB's and EGWW's stipulated estimates .

2.00 RETURN ON COMMON EQUITY. EGWW and RRB agree to a Return on Common Equity of 9.40% prior to installation of any new plant for treating iron and manganese which, without debt, results in a return on ratebase of 9.40%. The Parties further agree that, following the installation of a single plant, the Return on Common Equity should increase to 9.90% which, combined with projected financing, would result in a return on ratebase of approximately 9.53%. The Parties also agree that, if two plants are found to be feasible and are installed, the Return on Common Equity should increase to 10.40% which, combined with projected financing, would result in a return on ratebase of approximately 9.59%.

3.00 CUSTOMERS, SALES, AND REVENUES

3.01 Average number of customers. RRB accepts EGWW's estimates of customers.

3.02 Sales and revenues. RRB accepts EGWW's estimates of sales and revenues at present rates.

4.00 EXPENSES

4.01 EGWW agrees to RRB's adjustments to various expenses, except for the items listed below. Differences between EGWW's and RRB's estimates for the most part are due to the findings in RRB's audit, and in some instances due to information that had not previously been made available to RRB. The Parties agree to use RRB's factors for projecting inflation. Agreed expenses for Contract Services, Professional Services , and General Expenses are the consequence of additional discussion between the Parties with results which are less than EGWW's estimates, but more than RRB's estimates.

4.02 RRB agrees to EGWW's payroll following resolution of a computational error.

4.03 The Parties agree to use current prices for purchased water and power, and agree to EGWW's estimated expenses for both purchased water and purchased power.

5.00 PLANT. EGWW accepts RRB's estimates of plant in service, with each adjustment resulting from the audit of EGWW's records conducted by RRB.

6.00 DEPRECIATION

6.01 RRB and EGWW agree that depreciation should be adjusted to reflect adjustments to Plant in Service and proposed rates for depreciation.

6.02 EGWW accepts RRB's adjustments to the Accumulated Depreciation Reserve to reflect the impact of adjustments to Plant in Service.

6.03 RRB agrees that EGWW's proposed rates for depreciation should become effective as of the date of the Decision in this proceeding. Present and proposed rates for depreciation are shown in Appendix C to this Settlement.

7.00 TAXES

7.01 Federal Taxes on Income. The Parties agree on a rate of 15% for computation of current federal taxes on income, and agree to EGWW's treatment of deferred taxes on income.

7.02 California's Taxes on Income. The Parties agree on a rate of 8.84% for California's Corporate Franchise Tax.

8.00 EFFECTIVE DATE OF RATES. To avoid the necessity for filing an increase shortly thereafter, the Parties agree that rates for Test Year 2000 should become effective at the same time as the date of the Decision in this proceeding.

9.00 TREATMENT OF IRON AND MANGANESE. EGWW and RRB agree to work together to establish the most prudent technical specifications for treating iron and manganese, to obtain the most favorable financing, and to select the best contractors based on competitive bids. EGWW will submit the results of this work and its proposed date of construction to the Water Division for its review and approval no later than six months after the effective date of the Decision in this proceeding. EGWW and RRB also agree that EGWW should be authorized to file an Advice Letter to establish increased rates when the treatment thus selected is placed in service. New rates will not go into effect prior to the placement in service of any treatment. The computation of the required increase in revenues and rates should be consistent with the Commission's procedures. The impact on rates of the treatment selected should be applied on the basis of a full year.

10.00 DESIGN OF RATES. EGWW and RRB agree that the new rates should be based on the revenues adopted by the Commission and the proposed change in the allocation of costs between metered and unmetered service.

11.00 PURCHASED POWER. EGWW agrees to file an Advice Letter to pass through any savings resulting from a change in rates charged for electric power exceeding 5 % from the adopted results in this proceeding.

12.00 PROBLEMS OF PRESSURE IN THE CAMDEN AREA. EGWW agrees to continue efforts to reduce problems of pressure in its Camden Area. EGWW also agrees to survey customers in the Camden Area to determine whether they would be willing to transfer to Tariff Area No. 2 where they would pay higher rates, but receive better water with less fluctuations in pressure. If the response to that survey is positive, EGWW should be authorized to submit an Advice Letter expanding its Tariff Area No. 2 to include the Camden Area. EGWW further agrees

to submit a report to the Water Division on this matter three months from the effective date of the Decision in this proceeding.

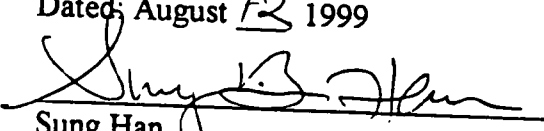
13.00 COMPARISON OF REVENUES, RATES, AND BILLS. Tables showing comparisons of present and proposed rates, revenues and bills are included as Appendix B to this Settlement.

14.00 ADOPTED QUANTITIES. Tables showing recommended quantities are included as Appendix C to this Settlement.


15.00 PROPOSED RATES. Proposed rates in full tariff format are included as Appendix D to this Settlement.

Respectfully Submitted

Dated: August 12 1999


Sung Han
Project Manager, Water Division
Ratepayer Representation Branch
California Public Utilities Commission
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(Tel) 415 703 1578

Dated: August 9 1999


J.B. Jones
President
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9257 Elk Grove Boulevard
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APPENDICES

- APPENDIX A: Comparison of EGWW, RRB, and Stipulated Results of Operations.
- APPENDIX B: Comparison of Revenues, Rates, and Bills.
- APPENDIX C: Recommended Quantities..
- APPENDIX D: Proposed Rates..

ELK GROVE WATER WORKS (EGWW) AND RATEPAYER REPRESENTATION BRANCH (RRB) COMPARATIVE EXHIBIT
TOTAL COMPANY, APPLICATION 98-12-028, TEST YEAR 2000
SUMMARY OF EARNINGS AT PROPOSED RATES, DOLLARS

APPENDIX A

ELKGRCAE
Page 1

Description	RRB			Difference	EGWW		
	Per Report 06/99	Stipulated Adjustment	Per Joint Exhibit		Per Joint Exhibit	Stipulated Adjustment	Per Update Filing 04/99

SUMMARY OF EARNINGS AT PROPOSED RATES

OPERATING REVENUES, PRESENT RATES

Water Service Revenues, Less P.U.C. Reimb Fee	1,625,955	(104,251)	1,521,704	0	1,521,704	(48,000)	1,569,704
Other Water Revenues	8,770	0	8,770	0	8,770	0	8,770
Amortization Of Deferred Revenues	44,523	0	44,523	0	44,523	(0)	44,523
TOTAL OPERATING REVENUES, PRESENT RATES	1,679,248	(104,251)	1,574,997	0	1,574,997	(48,000)	1,622,997

OPERATION EXPENSES

Payroll Expense	403,283	7,381	410,664	0	410,664	(916)	411,580
Volume Related Expenses	391,047	(10,108)	380,939	0	380,939	27	380,912
Uncollectibles	559	(28)	531	0	531	(17)	548
Other Operating Expenses	320,535	22,661	343,196	0	343,196	(54,939)	398,135
Subtotal O & M and A & G Operating Expenses	1,115,423	19,907	1,135,330	0	1,135,330	(55,845)	1,191,175
Depreciation Expense	164,079	2,410	166,489	0	166,489	6,347	160,142
Payroll Taxes	33,271	609	33,880	0	33,880	(75)	33,955
Ad Valorem Taxes	28,748	1,485	30,233	0	30,233	1,808	28,425
Franchise Taxes	18,399	(949)	17,450	0	17,450	(541)	17,991
Current Income Taxes, State	22,156	(11,564)	10,592	0	10,592	(86)	10,678
Deferred Income Tax Expense, State	2,268	0	2,268	0	2,268	0	2,268
Subtotal, State Income Tax Expense	24,424	(11,564)	12,861	0	12,861	(86)	12,946
Current Income Taxes, Federal	17,211	(19,128)	(1,917)	0	(1,917)	(111)	(1,806)
Deferred Income Tax Expense, Federal	48,082	250	48,332	0	48,332	250	48,082
Subtotal, Federal Income Tax Expense	65,293	(18,878)	46,414	0	46,414	139	46,276
TOTAL OPERATION EXPENSES	1,449,638	(6,981)	1,442,657	0	1,442,657	(48,253)	1,490,910
Net Operating Income	229,610	(97,270)	132,340	0	132,340	253	132,087
Rate Base	1,407,906	0	1,407,906	0	1,407,906	87,003	1,320,903
Rate of Return, Percent	16.31%	-6.91%	9.40%	0	9.40%	-0.60%	10.00%

ELK GROVE WATER WORKS (EGWW) AND RATEPAYER REPRESENTATION BRANCH (RRB) COMPARATIVE EXHIBIT
TOTAL COMPANY, APPLICATION 98-12-028, TEST YEAR 2000
COMPUTATION OF TAXES ON INCOME AT PROPOSED WATER RATES, DOLLARS

APPENDIX A

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Description	RRB			Difference	EGWW		
	Per Report 06/99	Stipulated Adjustment	Per Joint Exhibit		Per Joint Exhibit	Stipulated Adjustment	Per Update Filing 04/99
STATE INCOME TAXES							
Water Service Revenues, Excludes CPUC Reimbursement Fee	1,625,955	(104,251)	1,521,704	0	1,521,704	(48,000)	1,569,704
Other Water Revenues	8,770	0	8,770	0	8,770	0	8,770
Total Taxable Revenues, State	1,634,725	(104,251)	1,530,474	0	1,530,474	(48,000)	1,578,474
<u>Deductions, State</u>							
Operating Expenses, Excludes CPUC Reimbursement Fee	1,115,424	19,905	1,135,329	0	1,135,329	(55,847)	1,191,176
Tax Depreciation And Net Salvage Deduction, State	188,245	5,512	193,757	0	193,757	7,626	186,131
Taxes Other than Income	80,418	1,146	81,564	0	81,564	1,193	80,371
Interest Expense	0	0	0	0	0	0	0
Subtotal, Deductions, State	1,384,087	26,563	1,410,650	0	1,410,650	(47,028)	1,457,678
Taxable Income, CCFT	250,638	(130,814)	119,824	0	119,824	(972)	120,796
CCFT Rate	8.84%	0	8.84%	0	8.84%	0	8.84%
Current California Corporation Franchise Tax	22,156	(11,564)	10,592	0	10,592	(86)	10,678
Plus State Deferred Tax Expense, Depn, Taxable Cont	2,268	0	2,268	0	2,268	0	2,268
Total State Income Tax Expense	24,424	(11,564)	12,861	0	12,861	(86)	12,946
FEDERAL INCOME TAXES							
Taxable Income, CCFT	250,638	(130,814)	119,824	0	119,824	(972)	120,796
Plus Tax Depn And Net Salvage Deduction, State	188,245	5,512	193,757	0	193,757	7,626	186,131
Less Tax Depn And Net Salvage Deduction, Federal	306,975	11,685	318,660	0	318,660	7,021	311,639
Less Prior Year Current CCFT	17,169	(9,467)	7,702	0	7,702	371	7,331
Taxable Income, Federal	114,739	(127,520)	(12,781)	0	(12,781)	(738)	(12,043)
eral Tax Rate	15.00%	0	15.00%	0	15.00%	0	15.00%
Current Federal Income Taxes	17,211	(19,128)	(1,917)	0	(1,917)	(111)	(1,806)
Amortization Of Investment Tax Credits	0	0	0	0	0	0	0
Plus Def Tax Expense, Depreciation Timing Differences	4,549	250	4,799	0	4,799	250	4,549
Plus Fedl Deferred Tax Expense, Depn, Taxable Cont	43,533	0	43,533	0	43,533	0	43,533
Total Deferred Federal Income Tax Expense	48,082	250	48,332	0	48,332	250	48,082
Total Federal Income Tax Expense	65,293	(18,878)	46,414	0	46,414	139	46,276
Total State Income Tax Expense	24,424	(11,564)	12,861	0	12,861	(86)	12,946
Total Income Tax Expense	89,717	(30,442)	59,275	0	59,275	53	59,222

ELK GROVE WATER WORKS (EGWW) AND RATEPAYER REPRESENTATION BRANCH (RRB) COMPARATIVE EXHIBIT
TOTAL COMPANY, APPLICATION 98-12-028, TEST YEAR 2000
SUMMARY OF EARNINGS AT PRESENT RATES, DOLLARS

APPENDIX A

Page 3

Description	RRB			Difference	EGWW		
	Per Report 06/99	Stipulated Adjustment	Per Joint Exhibit		Per Joint Exhibit	Stipulated Adjustment	Per Update Filing 04/99
SUMMARY OF EARNINGS AT PRESENT RATES							
OPERATING REVENUES, PRESENT RATES							
Water Service Revenues, Less P.U.C. Reimb Fee	1,354,504	(16,498)	1,338,006	0	1,338,006	1,016	1,336,990
Other Water Revenues	8,770	0	8,770	0	8,770	0	8,770
Amortization Of Deferred Revenues	44,523	0	44,523	0	44,523	0	44,523
TOTAL OPERATING REVENUES, PRESENT RATES	1,407,797	(16,498)	1,391,299	0	1,391,299	1,016	1,390,283
OPERATION EXPENSES							
Payroll Expense	403,283	7,381	410,664	0	410,664	(916)	411,580
Volume Related Expenses	391,047	(10,107)	380,940	0	380,940	28	380,912
Uncollectibles	466	0	466	0	466	0	466
Other Operating Expenses	320,535	22,661	343,196	0	343,196	(54,939)	398,135
Subtotal O & M and A & G Operating Expenses	1,115,330	19,934	1,135,265	0	1,135,265	(55,828)	1,191,093
Depreciation Expense	164,079	2,410	166,489	0	166,489	6,347	160,142
Payroll Taxes	33,271	609	33,880	0	33,880	(75)	33,955
Ad Valorem Taxes	28,748	1,485	30,233	0	30,233	1,808	28,425
Franchise Taxes	14,906	(195)	14,711	0	14,711	21	14,690
Current Income Taxes, State	(1,523)	(3,876)	(5,399)	0	(5,399)	4,196	(9,594)
Deferred Income Tax Expense, State	2,268	0	2,268	0	2,268	0	2,268
Subtotal, State Income Tax Expense	745	(3,875)	(3,130)	0	(3,130)	4,196	(7,326)
Current Income Taxes, Federal	(19,779)	(6,899)	(26,677)	0	(26,677)	6,584	(33,261)
Deferred Income Tax Expense, Federal	48,082	250	48,332	0	48,332	250	48,082
Subtotal, Federal Income Tax Expense	28,303	(6,649)	21,654	0	21,654	6,833	14,821
TOTAL OPERATION EXPENSES	1,385,383	13,718	1,399,101	0	1,399,101	(32,502)	1,435,800
Net Operating Income	22,414	(30,216)	(7,802)	0	(7,802)	33,518	(45,517)
Rate Base	1,407,906	0	1,407,906	0	1,407,906	87,003	1,320,903
Rate of Return, Percent	1.59%	-2.15%	-0.55%	0	-0.55%	2.89%	-3.45%

ELK GROVE WATER WORKS (EGWW) AND RATEPAYER REPRESENTATION BRANCH (RRB) COMPARATIVE EXHIBIT
 TOTAL COMPANY, APPLICATION 98-12-028, TEST YEAR 2000
 OPERATING REVENUES AT PRESENT WATER RATES, DOLLARS

APPENDIX A

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Description	RRB			Difference	EGWW		
	Per Report 06/99	Stipulated Adjustment	Per Joint Exhibit		Per Joint Exhibit	Stipulated Adjustment	Per Update Filing 04/99
OPERATING REVENUES AT PRESENT WATER RATES							
Unmetered Water Service Revenues, Tariff Area No. 1	912,144	(1,242)	910,902	0	910,902	0	910,902
Metered Water Service Revenues, Tariff Area No. 1	268,067	(8,476)	259,591	0	259,591	0	259,591
Metered Water Service Revenues, Tariff Area No. 2	136,999	(6,780)	130,219	0	130,219	1,016	129,203
Private Fire Protection Service Revenues	37,294	0	37,294	0	37,294	0	37,294
Total Water Service Revenues	1,354,504	(16,498)	1,338,006	0	1,338,006	1,016	1,336,990
Miscellaneous Service Revenues	8,770	0	8,770	0	8,770	0	8,770
Amortization of Deferred Revenues	44,523	0	44,523	0	44,523	0	44,523
TOTAL OPERATING REVENUES	1,407,797	(16,498)	1,391,299	0	1,391,299	1,016	1,390,283

ELK GROVE WATER WORKS (EGWW) AND RATEPAYER REPRESENTATION BRANCH (RRB) COMPARATIVE EXHIBIT
TOTAL COMPANY, APPLICATION 98-12-028, TEST YEAR 2000
OPERATING EXPENSES, DOLLARS

APPENDIX A

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Description	RRB			Difference	EGWW		
	Per Report 06/99	Stipulated Adjustment	Per Joint Exhibit		Per Joint Exhibit	Stipulated Adjustment	Per Update Filing 04/99
PAYROLL EXPENSES							
Employee Labor, Water Production	54,392	2,062	56,454	0	56,454	(151)	56,605
Employee Labor, Transmission and Distribution	141,017	5,345	146,362	0	146,362	(393)	146,755
Employee Labor, Capitalized	0	6,273	6,273	0	6,273	(16)	6,289
Office Salaries	80,849	0	80,849	0	80,849	0	80,849
Management Salaries	147,943	0	147,943	0	147,943	(437)	148,380
Total Company Payroll	424,201	13,680	437,881	0	437,881	(997)	438,878
Less Payroll Capitalized	20,918	6,299	27,217	0	27,217	(81)	27,298
NET PAYROLL EXPENSES	403,283	7,381	410,664	0	410,664	(916)	411,580
OPERATING EXPENSES OTHER THAN PAYROLL							
Purchased Water, Tariff Area No. 1	38,500	0	38,500	0	38,500	0	38,500
Purchased Water, Tariff Area No. 2	76,165	(4,422)	71,743	0	71,743	0	71,743
Power	200,806	(5,686)	195,120	0	195,120	(0)	195,120
Other Volume Related Expenses	75,576	1	75,577	0	75,577	28	75,549
Total Volume Related Expenses	391,047	(10,107)	380,940	0	380,940	28	380,912
Materials, Water Production	12,439	0	12,439	0	12,439	71	12,368
Contract Work, Water Production	2,273	14,931	17,204	0	17,204	(6,662)	23,866
Transportation Expenses, Water Production	2,283	0	2,283	0	2,283	(249)	2,532
Total Water Production Expenses	16,995	14,931	31,926	0	31,926	(6,840)	38,766
Materials, Transmission and Distribution	12,439	0	12,439	0	12,439	71	12,368
Contract Work, Transmission and Distribution	12,085	0	12,085	0	12,085	(1,274)	13,359
Transportation Expenses, Trans. and Dist.	14,676	0	14,676	0	14,676	(1,204)	15,880
Other Plant Maintenance Exp., Trans. & Dist.	1,023	0	1,023	0	1,023	7	1,016
Total Trans & Dist Expenses	40,223	0	40,223	0	40,223	(2,400)	42,623
Total Plant Operation and Maintenance Expenses	57,218	14,931	72,149	0	72,149	(9,240)	81,389
Employee Pensions and Benefits	95,500	0	95,500	0	95,500	4,369	91,131
Uncollectible Accounts Expense	466	0	466	0	466	0	466
Postage	12,782	0	12,782	0	12,782	(1,671)	14,453
Other Office Services and Rentals	11,645	0	11,645	0	11,645	(881)	12,526
Office Supplies and Expenses	43,560	0	43,560	0	43,560	(2,261)	45,821
Professional Services	31,395	4,717	36,112	0	36,112	(20,872)	56,984
Insurance	29,512	0	29,512	0	29,512	(3,889)	33,401
Regulatory Commission Expense	23,000	0	23,000	0	23,000	0	23,000
General Expenses	21,853	3,013	24,866	0	24,866	(14,564)	39,430
Total Administrative and General Expenses	269,713	7,730	277,443	0	277,443	(39,769)	317,212
Expenses Capitalized	5,930	0	5,930	0	5,930	5,930	0
Net Administrative and General Expenses	263,783	7,730	271,513	0	271,513	(45,699)	317,212
TOTAL OPERATING EXPENSES OTHER THAN PAYROLL	712,048	12,554	724,601	0	724,601	(54,912)	779,513
TOTAL OPERATING EXPENSES	1,115,330	19,934	1,135,265	0	1,135,265	(55,828)	1,191,093

ELK GROVE WATER WORKS (EGWW) AND RATEPAYER REPRESENTATION BRANCH (RRB) COMPARATIVE EXHIBIT
 TOTAL COMPANY, APPLICATION 98-12-028, TEST YEAR 2000
 TAXES AT PRESENT RATES, DOLLARS

APPENDIX A

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Description	RRB			Difference	EGWW		
	Per Report 06/99	Stipulated Adjustment	Per Joint Exhibit		Per Joint Exhibit	Stipulated Adjustment	Per Update Filing 04/99
TAXES OTHER THAN INCOME							
CITY AND COUNTY AD VALOREM TAXES	28,748	1,485	30,233	0	30,233	1,808	28,425
PAYROLL TAX EXPENSE	33,271	609	33,880	0	33,880	(75)	33,955
FRANCHISE TAX EXPENSE	14,906	(195)	14,711	0	14,711	21	14,690
TOTAL TAXES OTHER THAN INCOME	76,925	1,899	78,824	0	78,824	1,754	77,070
INCOME TAXES							
State Income Tax Expense	744	(3,875)	(3,131)	0	(3,131)	4,197	(7,328)
Federal Income Tax Expense	28,303	(6,649)	21,654	0	21,654	6,834	14,820
TOTAL INCOME TAXES	29,047	(10,524)	18,523	0	18,523	11,031	7,492
TOTAL TAX EXPENSE	105,972	(8,625)	97,347	0	97,347	12,785	84,562

ELK GROVE WATER WORKS (EGWW) AND RATEPAYER REPRESENTATION BRANCH (RRB) COMPARATIVE EXHIBIT
TOTAL COMPANY, APPLICATION 98-12-028, TEST YEAR 2000
COMPUTATION OF TAXES ON INCOME AT PRESENT WATER RATES, DOLLARS

APPENDIX A

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Description	RRB			Difference	EGWW		
	Per Report 06/99	Stipulated Adjustment	Per Joint Exhibit		Per Joint Exhibit	Stipulated Adjustment	Per Update Filing 04/99
STATE INCOME TAXES							
Water Service Revenues, Excludes CPUC Reimbursement Fee	1,354,504	(16,498)	1,338,006	0	1,338,006	1,016	1,336,990
Other Water Revenues	8,770	0	8,770	0	8,770	0	8,770
Total Taxable Revenues, State	1,363,274	(16,498)	1,346,776	0	1,346,776	1,016	1,345,760
Deductions, State							
Operating Expenses, Excludes CPUC Reimbursement Fee	1,115,330	19,934	1,135,264	0	1,135,264	(55,829)	1,191,093
Tax Depreciation And Net Salvage Deduction, State	188,245	5,512	193,757	0	193,757	7,626	186,131
Taxes Other than Income	76,925	1,899	78,824	0	78,824	1,753	77,071
Interest Expense	0	0	0	0	0	0	0
Subtotal, Deductions, State	1,380,500	27,345	1,407,845	0	1,407,845	(46,450)	1,454,295
Taxable Income, CCFT	(17,226)	(43,843)	(61,069)	0	(61,069)	47,466	(108,535)
CCFT Rate	8.84%	0	8.84%	0	8.84%	0	8.84%
Current California Corporation Franchise Tax	(1,523)	(3,876)	(5,399)	0	(5,399)	4,196	(9,594)
Plus State Deferred Tax Expense, Depn, Taxable Cont	2,268	0	2,268	0	2,268	0	2,268
Total State Income Tax Expense	745	(3,875)	(3,130)	0	(3,130)	4,196	(7,326)
FEDERAL INCOME TAXES							
Taxable Income, CCFT	(17,226)	(43,843)	(61,069)	0	(61,069)	47,466	(108,535)
Plus Tax Depn And Net Salvage Deduction, State	188,245	5,512	193,757	0	193,757	7,626	186,131
Less Tax Depn And Net Salvage Deduction, Federal	302,876	15,784	318,660	0	318,660	7,021	311,639
Less Prior Year Current CCFT	0	(8,123)	(8,123)	0	(8,123)	4,180	(12,303)
Taxable Income, Federal	(131,857)	(45,991)	(177,849)	0	(177,849)	43,891	(221,740)
ederal Tax Rate	15.00%	0	15.00%	0	15.00%	0	15.00%
Current Federal Income Taxes	(19,779)	(6,899)	(26,677)	0	(26,677)	6,584	(33,261)
Amortization Of Investment Tax Credits	0	0	0	0	0	0	0
Plus Def Tax Expense, Depreciation Timing Differences	4,549	250	4,799	0	4,799	250	4,549
Plus Fedl Deferred Tax Expense, Depn, Taxable Cont	43,533	0	43,533	0	43,533	0	43,533
Total Deferred Federal Income Tax Expense	48,082	250	48,332	0	48,332	250	48,082
Total Federal Income Tax Expense	28,303	(6,649)	21,654	0	21,654	6,833	14,821
Total State Income Tax Expense	745	(3,875)	(3,130)	0	(3,130)	4,196	(7,326)
Total Income Tax Expense	29,049	(10,525)	18,524	0	18,524	11,029	7,495

ELK GROVE WATER WORKS (EGWW) AND RATEPAYER REPRESENTATION BRANCH (RRB) COMPARATIVE EXHIBIT
TOTAL COMPANY, APPLICATION 98-12-028, TEST YEAR 2000
RATE BASE, DOLLARS

APPENDIX A

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Description	RRB			Difference	EGWW		
	Per Report 06/99	Stipulated Adjustment	Per Joint Exhibit		Per Joint Exhibit	Stipulated Adjustment	Per Update Filing 04/99
RATE BASE							
Utility Plant in Service, Average for Year	10,890,073	0	10,890,073	0	10,890,073	122,305	10,767,768
Materials and Supplies, Average for Year	2,500	0	2,500	0	2,500	0	2,500
Working Cash	(10,103)	0	(10,103)	0	(10,103)	0	(10,103)
TOTAL ADDITIONS TO RATE BASE	10,882,470	0	10,882,470	0	10,882,470	122,305	10,760,165
LESS DEDUCTIONS FROM RATE BASE:							
Reserve for Depreciation	2,538,165	0	2,538,165	0	2,538,165	35,302	2,502,863
Advances for Construction	676,253	0	676,253	0	676,253	0	676,253
Contributions in Aid of Construction	5,949,237	0	5,949,237	0	5,949,237	0	5,949,237
Unamortized Investment Tax Credits	24,971	0	24,971	0	24,971	0	24,971
Accum Federal Def Taxes/ Revenues, Taxable Advances	(47,614)	0	(47,614)	0	(47,614)	0	(47,614)
Accumulated Deferred Taxes, Taxable Contributions in Aid of Construction:							
State	(40,677)	0	(40,677)	0	(40,677)	0	(40,677)
Federal	(448,466)	0	(448,466)	0	(448,466)	0	(448,466)
Unamortized Deferred Revenue, Taxable Contributions	476,142	0	476,142	0	476,142	0	476,142
Accum Def Federal Income Taxes, Depn Timing Diff	346,555	0	346,555	0	346,555	0	346,555
TOTAL DEDUCTIONS FROM RATE BASE	9,474,565	0	9,474,565	0	9,474,565	35,302	9,439,263
TOTAL RATE BASE	1,407,906	0	1,407,906	0	1,407,906	87,003	1,320,903

APPENDIX B
Page 1
Authorized Rate Changes, Test Year 2000
ELK GROVE WATER WORKS

GENERAL FLAT RATE SERVICE, TARIFF AREA NO. 1				
Flat Rate, Per Service Per Month	Present Rates	Proposed Rates	Change	Change, Percent
For 3/4-inch service	\$5.97	\$6.87	\$0.90	15.08%
For 1-inch service	\$10.64	\$12.08	\$1.44	13.53%
For 1-1/4-inch service	\$16.51	\$17.79	\$1.28	7.75%
For 1-1/2-inch service	\$23.46	\$24.05	\$0.59	2.51%
For 2-inch service	\$39.09	\$39.09	\$0.00	0.00%
For 3-inch service	\$92.29	\$92.29	\$0.00	0.00%
For each additional single family residential unit	\$2.23	\$2.56	\$0.33	14.80%
For each 100 sq. ft. of premises in excess of 4,000 sq	\$0.055	\$0.063	\$0.008	14.55%
Office, public hall or lodge room	\$4.99			
Grocery, produce mart, etc	\$6.09			
These Customers Will Be Billed At Service Size Rates.				
METERED SERVICE, TARIFF AREA NO. 1				
Quantity Rates, Per Meter Per Month				
All Usage, per 100 cu. ft.	\$0.187	\$0.224	\$0.037	19.79%
Service Charge, Per Meter Per Month				
For 5/8 x 3/4-inch meter	\$2.66	\$3.09	\$0.43	16.17%
For 3/4-inch meter	\$3.96	\$4.60	\$0.64	16.16%
For 1-inch meter	\$6.63	\$7.70	\$1.07	16.14%
For 1-1/2-inch meter	\$13.24	\$15.37	\$2.13	16.09%
For 2-inch meter	\$21.17	\$24.57	\$3.40	16.06%
For 3-inch meter	\$39.64	\$46.01	\$6.37	16.07%
For 4-inch meter	\$66.23	\$76.87	\$10.64	16.07%
For 6-inch meter	\$132.45	\$153.73	\$21.28	16.07%
METERED SERVICE, TARIFF AREA NO. 2				
Quantity Rates, Per Meter Per Month				
<u>Residential Usage</u>				
All Usage, per 100 cu. ft.	\$0.546	\$0.546	\$0.000	0.00%
<u>Non-residential Usage</u>				
First 4,200 cu. ft., per 100 cu. ft.	\$0.546	\$0.546	\$0.000	0.00%
Usage greater than 4,200 cu. ft., per 100 cu. ft.	\$0.665	\$0.665	\$0.000	0.00%
Service Charge, Per Meter Per Month				
For 5/8 x 3/4-inch meter	\$7.60	\$8.03	\$0.43	5.66%
For 3/4-inch meter	\$8.90	\$9.54	\$0.64	7.19%
For 1-inch meter	\$11.50	\$12.57	\$1.07	9.30%
For 1-1/2-inch meter	\$18.00	\$20.13	\$2.13	11.83%
For 2-inch meter	\$26.00	\$29.40	\$3.40	13.08%
For 3-inch meter	\$44.00	\$50.37	\$6.37	14.48%
For 4-inch meter	\$70.00	\$80.64	\$10.64	15.20%
For 6-inch meter	\$136.00	\$157.28	\$21.28	15.65%
CONSTRUCTION AND OTHER TEMPORARY SERVICE, TARIFF AREA NO. 1				
All Usage, per 100 cu. ft.	\$0.310			
CONSTRUCTION AND OTHER TEMPORARY SERVICE, TARIFF AREA NO. 2				
First 4,200 cu. ft., per 100 cu. ft.	\$0.910			
Usage greater than 4,200 cu. ft., per 100 cu. ft.	\$1.029			
Construction Water Will Be Billed At General Service Rates				
PRIVATE FIRE PROTECTION SERVICE				
Per Service Connection Per Month				
For each 3-inch or less connection	\$10.26	\$11.68	\$1.42	13.84%
For each 4-inch connection	\$12.05	\$13.71	\$1.66	13.78%
For each 6-inch connection	\$17.37	\$19.77	\$2.40	13.82%
For each 8-inch connection	\$22.26	\$25.34	\$3.08	13.84%
For each 10-inch connection	\$27.31	\$31.08	\$3.77	13.80%
For each 12-inch connection	\$34.09	\$38.80	\$4.71	13.82%

APPENDIX B
Page 2
Revenue Comparisons by Customer Class
ELK GROVE WATER WORKS

	Present Rate Rev	Proposed Rate Rev	Change	Change, Percent
UNMETERED WATER SERVICE REVENUES, TARIFF AREA NO. 1				
Single-Family Residential	830,397	945,599	115,202	13.87%
Commercial and Multi-Residential	80,378	91,623	11,245	13.99%
Other	128	145	17	13.28%
TOTAL	910,903	1,037,367	126,464	13.88%
METERED WATER SERVICE REVENUES, TARIFF AREA NO. 1				
Single-Family Residential	155,274	182,381	27,107	17.46%
Commercial and Multi-Residential	63,125	74,511	11,386	18.04%
Other	41,192	48,910	7,718	18.74%
TOTAL	259,591	305,802	46,211	17.80%
SUBTOTAL TARIFF AREA NO. 1	1,170,494	1,343,169	172,675	14.75%
METERED WATER SERVICE REVENUES, TARIFF AREA NO. 2				
Single-Family Residential	110,044	115,462	5,418	4.92%
Commercial and Multi-Residential	13,678	14,004	326	2.38%
Other	6,497	6,619	122	1.88%
TOTAL	130,219	136,085	5,866	4.50%
OTHER WATER SERVICE REVENUES				
Private Fire Protection Service	37,294	42,450	5,156	13.83%
TOTAL OTHER WATER SERVICE REVENUES	37,294	42,450	5,156	13.83%
TOTAL WATER SERVICE REVENUES	1,338,007	1,521,704	183,697	13.73%
OTHER WATER REVENUES				
Miscellaneous Service Revenues	8,770	8,770	0	0.00%
TOTAL OTHER WATER REVENUES	8,770	8,770	0	0.00%
AMORTIZATION OF DEFERRED REVENUES	44,523	44,523	0	0.00%
TOTAL OPERATING REVENUES	1,391,300	1,574,997	183,697	13.20%

APPENDIX B
Page 3
Bill Comparisons, Unmetered Water Service
ELK GROVE WATER WORKS

TARIFF AREA NUMBER 1:	Monthly Bill, Dollars			
	Present Rates	Proposed Rates	Increase Dollars	Percent
<u>Premises 4,000 sq. ft. or less</u>				
For 3/4-inch service				
For 1-inch service	\$6.05	\$6.97	\$0.92	15.21%
For 1-1/4-inch service	\$10.79	\$12.25	\$1.46	13.53%
For 1-1/2-inch service	\$16.74	\$18.04	\$1.30	7.77%
For 2-inch service	\$23.79	\$24.39	\$0.60	2.52%
For 3-inch service	\$39.64	\$39.64	\$0.00	0.00%
	\$93.58	\$93.58	\$0.00	0.00%
<u>Premises 7,000 sq. ft.</u>				
For 3/4-inch service				
For 1-inch service	\$7.73	\$8.86	\$1.13	14.62%
For 1-1/4-inch service	\$12.46	\$14.14	\$1.68	13.48%
For 1-1/2-inch service	\$18.41	\$19.93	\$1.52	8.26%
For 2-inch service	\$25.46	\$26.28	\$0.82	3.22%
For 3-inch service	\$41.31	\$41.53	\$0.22	0.53%
	\$95.26	\$95.47	\$0.21	0.22%
<u>Premises 10,000 sq. ft.</u>				
For 3/4-inch service				
For 1-inch service	\$9.40	\$10.75	\$1.35	14.36%
For 1-1/4-inch service	\$14.14	\$16.03	\$1.89	13.37%
For 1-1/2-inch service	\$20.09	\$21.82	\$1.73	8.61%
For 2-inch service	\$27.13	\$28.17	\$1.04	3.83%
For 3-inch service	\$42.98	\$43.42	\$0.44	1.02%
	\$96.93	\$97.36	\$0.43	0.44%
<u>Premises 15,000 sq. ft.</u>				
For 3/4-inch service				
For 1-inch service	\$12.19	\$13.90	\$1.71	14.03%
For 1-1/4-inch service	\$16.92	\$19.18	\$2.26	13.36%
For 1-1/2-inch service	\$22.88	\$24.97	\$2.09	9.13%
For 2-inch service	\$29.92	\$31.32	\$1.40	4.68%
For 3-inch service	\$45.77	\$46.57	\$0.80	1.75%
	\$99.72	\$100.51	\$0.79	0.79%
<u>Premises 20,000 sq. ft.</u>				
For 3/4-inch service				
For 1-inch service	\$14.98	\$17.05	\$2.07	13.82%
For 1-1/4-inch service	\$19.71	\$22.33	\$2.62	13.29%
For 1-1/2-inch service	\$25.66	\$28.12	\$2.46	9.59%
For 2-inch service	\$32.71	\$34.47	\$1.76	5.38%
For 3-inch service	\$48.56	\$49.72	\$1.16	2.39%
	\$102.51	\$103.66	\$1.15	1.12%
<u>Premises 30,000 sq. ft.</u>				
For 3/4-inch service				
For 1-inch service	\$20.55	\$23.35	\$2.80	13.63%
For 1-1/4-inch service	\$25.29	\$28.63	\$3.34	13.21%
For 1-1/2-inch service	\$31.24	\$34.42	\$3.18	10.18%
For 2-inch service	\$38.29	\$40.77	\$2.48	6.48%
For 3-inch service	\$54.14	\$56.02	\$1.88	3.47%
	\$108.08	\$109.96	\$1.88	1.74%
For each additional single family residential unit	\$2.26	\$2.60	\$0.34	15.04%

APPENDIX B
Page 4
Bill Comparisons, Metered Water Service
ELK GROVE WATER WORKS

Usage in Ccf	Present Rates	Monthly Bill, Dollars		
		Proposed Rates	Increase Dollars	Percent

TARIFF AREA NUMBER 1, 1-INCH METER

0	\$6.72	\$7.81	\$1.09	16.22%
5	\$7.67	\$8.94	\$1.27	16.56%
10	\$8.62	\$10.08	\$1.46	16.94%
15	\$9.57	\$11.22	\$1.65	17.24%
20	\$10.52	\$12.36	\$1.84	17.49%
25	\$11.46	\$13.49	\$2.03	17.71%
30	\$12.41	\$14.63	\$2.22	17.89%
42	\$14.69	\$17.36	\$2.67	18.18%
50	\$16.20	\$19.18	\$2.98	18.40%
60	\$18.10	\$21.46	\$3.36	18.56%
70	\$20.00	\$23.73	\$3.73	18.65%
80	\$21.89	\$26.01	\$4.12	18.82%
90	\$23.79	\$28.28	\$4.49	18.87%
100	\$25.68	\$30.56	\$4.88	19.00%

TARIFF AREA NUMBER 2, RESIDENTIAL, 1-INCH METER

0	\$11.66	\$12.75	\$1.09	9.35%
5	\$14.43	\$15.51	\$1.08	7.48%
10	\$17.20	\$18.28	\$1.08	6.28%
15	\$19.97	\$21.05	\$1.08	5.41%
20	\$22.73	\$23.82	\$1.09	4.80%
25	\$25.50	\$26.59	\$1.09	4.27%
30	\$28.27	\$29.36	\$1.09	3.86%
42	\$34.91	\$36.00	\$1.09	3.12%
50	\$39.34	\$40.43	\$1.09	2.77%
60	\$44.88	\$45.96	\$1.08	2.41%
70	\$50.42	\$51.50	\$1.08	2.14%
80	\$55.95	\$57.04	\$1.09	1.95%
90	\$61.49	\$62.57	\$1.08	1.76%
100	\$67.03	\$68.11	\$1.08	1.61%

TARIFF AREA NUMBER 2, NON-RESIDENTIAL, 1-INCH METER

0	\$11.66	\$12.75	\$1.09	9.35%
5	\$14.43	\$15.51	\$1.08	7.48%
10	\$17.20	\$18.28	\$1.08	6.28%
15	\$19.97	\$21.05	\$1.08	5.41%
20	\$22.73	\$23.82	\$1.09	4.80%
25	\$25.50	\$26.59	\$1.09	4.27%
30	\$28.27	\$29.36	\$1.09	3.86%
42	\$34.91	\$36.00	\$1.09	3.12%
50	\$40.31	\$41.39	\$1.08	2.68%
60	\$47.05	\$48.14	\$1.09	2.32%
70	\$53.79	\$54.88	\$1.09	2.03%
80	\$60.54	\$61.62	\$1.08	1.78%
90	\$67.28	\$68.37	\$1.09	1.62%
100	\$74.02	\$75.11	\$1.09	1.47%

APPENDIX C
Page 1
Adopted Quantities, Test Year 2000
ELK GROVE WATER WORKS

SUMMARY OF EARNINGS AT PROPOSED RATES

OPERATING REVENUES, PROPOSED RATES

Water Service Revenues, Excludes P.U.C. Reimbursement Fee	1,521,704
Other Water Revenues	8,770
Amortization Of Deferred Revenues	44,523
TOTAL OPERATING REVENUES	<u>1,574,998</u>

OPERATION EXPENSES

Payroll Expense	410,664
Volume Related Expenses	380,939
Uncollectibles	531
Other Operating Expenses	343,196
Subtotal, O & M and A & G Operating Expenses	<u>1,135,329</u>
Depreciation Expense	166,489
Ad Valorem Taxes	30,233
Payroll Taxes	33,880
Franchise Taxes	17,451
Deferred Income Tax Expense	50,599
Current Income Taxes	8,675
TOTAL OPERATION EXPENSES	<u>1,442,657</u>

NET OPERATING INCOME	<u>132,341</u>
RATE BASE	<u>1,407,906</u>
RETURN ON RATE BASE, PERCENT	<u>9.40%</u>

APPENDIX C
Page 2
Adopted Quantities, Test Year 2000
ELK GROVE WATER WORKS

COMPUTATION OF TAXES ON INCOME AT PROPOSED WATER RATES, DOLLARS

STATE INCOME TAXES

Water Service Revenues, Excludes CPUC Reimbursement Fee	1,521,704
Other Water Revenues	8,770
Total Taxable Revenues, State	<u>1,530,474</u>
Deductions, State	
Operating Expenses, Excludes CPUC Reimbursement Fee	1,135,329
Tax Depreciation And Net Salvage Deduction, State	193,757
Taxes Other than Income	81,564
Interest Expense	0
Subtotal, Deductions, State	<u>1,410,651</u>
Taxable Income, CCFT	119,823
CCFT Rate	8.84%
Current California Corporation Franchise Tax	10,592
Plus State Deferred Tax Expense, Depreciation, Taxable Contributions	2,268
Total State Income Tax Expense	<u>12,861</u>

FEDERAL INCOME TAXES

Taxable Income, CCFT	119,823
Plus Tax Depreciation And Net Salvage Deduction, State	193,757
Less Tax Depreciation And Net Salvage Deduction, Federal	318,660
Less Prior Year Current CCFT	7,702
Taxable Income, Federal	<u>(12,781)</u>
Federal Income Tax Rate	15.00%
Current Federal Income Taxes	(1,917)
Amortization Of Investment Tax Credits	0
Plus Deferred Tax Expense, Depreciation Timing Differences	4,799
Plus Federal Deferred Tax Expense, Depreciation, Taxable Contributions	43,533
Total Deferred Federal Income Tax Expense	<u>48,331</u>
Deferred Tax Expense	50,599
Current Income Tax Expense	8,675
Total Income Tax Expense	<u>59,275</u>

APPENDIX C
Page 3
Adopted Quantities, Test Year 2000
ELK GROVE WATER WORKS

AVERAGE UNMETERED WATER SERVICE CUSTOMERS BY SERVICE SIZE

SINGLE FAMILY RESIDENTIAL

3/4-Inch	1,413
1-Inch	4,310
1-1/4-Inch	32
1-1/2-Inch	0
2-Inch	2
	<hr/> 5,757

Subtotal, Single-Family Residential Units

Additional Unit On Lot
Excess Square Feet

222
250,989

COMMERCIAL & MULTI-RESIDENTIAL

3/4-Inch	243
1-Inch	394
1-1/4-Inch	1
1-1/2-Inch	1
2-Inch	18
3-Inch	1
	<hr/> 658

Subtotal, Multi-Residential & Comm

Office, public hall or lodge Room Reclassified as 3/4-inch
Grocery, produce mart, etc Reclassified as 1-inch
Subtotal, Multi-Residential & Comm, Establishment

22
18

40

Subtotal, Multi-Residential & Comm

698

PUBLIC AUTHORITIES

3/4-Inch	0
1-Inch	1
1-1/4-Inch	0
1-1/2-Inch	0
2-Inch	0
3-Inch	0
	<hr/> 1

Subtotal, Public Authorities

TOTAL AVERAGE UNMETERED WATER SERVICE CUSTOMER

3/4-Inch	1,678
1-Inch	4,723
1-1/4-Inch	33
1-1/2-Inch	1
2-Inch	20
3-Inch	1
	<hr/> 6,456

TOTAL AVERAGE UNMETERED WATER SERVICE CUSTOMERS

6,456

APPENDIX C
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Adopted Quantities, Test Year 2000
ELK GROVE WATER WORKS

AVERAGE METERED WATER SERVICE CUSTOMERS			
SINGLE-FAMILY RESIDENTIAL CUSTOMERS			
		Tariff Area No. 1	Tariff Area No. 2
5/8 x 3/4		4	0
3/4		6	0
1		1,270	422
1-1/2		0	0
		<hr/> 1,280	<hr/> 422
SUB-TOTAL, SINGLE-FAMILY RESIDENTIAL CUSTOMERS			
COMMERCIAL AND MULTI-RESIDENTIAL CUSTOMERS			
5/8 x 3/4		0	0
3/4		0	0
1		21	0
1-1/2		5	8
2		73	3
3		7	0
4		7	0
6		1	0
		<hr/> 114	<hr/> 11
SUB-TOTAL, COMMERCIAL AND MULTI-RESIDENTIAL CUST			
OTHER METERED CUSTOMERS			
2		52	3
3		0	0
4		0	0
6		0	0
		<hr/> 52	<hr/> 3
SUB-TOTAL, OTHER METERED CUSTOMERS			
TOTAL AVERAGE METERED WATER SERVICE CUSTOMERS			
5/8 x 3/4		4	0
3/4		6	0
1		1,291	422
1-1/2		5	8
2		125	6
3		7	0
4		7	0
6		1	0
		<hr/> 1,446	<hr/> 436
TOTAL AVE METERED WATER SERVICE CUSTOMERS			
AVERAGE FIRE SERVICE CUSTOMERS			
PRIVATE FIRE PROTECTION SERVICE			
	3	2	
	4	10	
	6	67	
	8	81	
	10	0	
	12	0	
		<hr/> 160	
TOTAL AVERAGE PRIVATE FIRE PROTECTION SERVICE CUSTOMERS			

APPENDIX C
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Adopted Quantities, Test Year 2000
ELK GROVE WATER WORKS

WATER USAGE

AVERAGE METERED WATER SALES

SINGLE-FAMILY RESIDENTIAL SALES, CCF	224.9
COMMERCIAL AND MULTI-RESIDENTIAL SALES, CCF	1,595.8
OTHER METERED SALES (PUBLIC AUTHORITIES), CCF	2,877.6

AVERAGE UNMETERED WATER SALES

SINGLE-FAMILY RESIDENTIAL SALES, CCF	178.0
COMMERCIAL AND MULTI-RESIDENTIAL SALES, CCF	877.7
OTHER METERED SALES (PUBLIC AUTHORITIES), CCF	287.8

TOTAL WATER USAGE

WATER USAGE, UNMETERED CUSTOMERS, TARIFF AREA NO. 1, CCF

Single Family Residential	1,024,630
Commercial and Multi- Residential	612,635
Other Unmetered Customers	288
Sub-Total, Unmetered Customers, Tariff Area No. 1	<u>1,637,553</u>

WATER USAGE, METERED CUSTOMERS, TARIFF AREA NO. 1, CCF

Single Family Residential	287,808
Commercial and Multi- Residential	169,157
Other Metered Customers	149,635
Sub-Total, Water Usage, Metered Customers, Tariff Area No. 1, Ccf	<u>606,600</u>
Sub-Total, Water Usage, Tariff Area No. 1, Ccf	2,244,153

WATER USAGE, METERED CUSTOMERS, TARIFF AREA NO. 2, CCF

Single Family Residential	94,887
Commercial and Multi- Residential	17,554
Other Metered Customers	8,633
Sub-Total, Water Usage, Metered Customers, Tariff Area No. 2, Ccf	<u>121,074</u>

TOTAL WATER USAGE, CCF

2,365,227

TOTAL METERED WATER USAGE, CCF

727,674

Total Water sales, Tariff Area No. 1, Ccf	2,244,153
Estimated Unaccounted For percent, Ccf	7.50%
Total Water Production, Tariff Area No. 1, Ccf	2,426,111

Total Metered Water Sales, Tariff Area No. 2, Ccf	121,074
Estimated Unaccounted For, Percent	7.50%
Total Water Production, Tariff Area No. 2	130,890

Total Water Production, Total Company, Ccf	2,557,002
Total Water Production, Total Company, AF	5,870

APPENDIX C
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Adopted Quantities, Test Year 2000
ELK GROVE WATER WORKS

SOURCE OF SUPPLY EXPENSE

Total Water Production, Tariff Area No. 1, Ccf	2,426,111
Total Water Production, Tariff Area No. 1, AF	5,569.6
Less Pumped Water, AF	5,469.6
Purchased Water, Tariff Area No.1, Acre Feet	100.0
Equivalent Dwelling Units	400.0
Volume Rate, \$/AF	\$145.00
Demand Rate, \$/Year	\$60.00
Volume Cost	14,500
Demand Cost	24,000
Total Purchased Water Cost, Tariff Area No.1	<hr/> 38,500
Equivalent Dwelling Units Based on 400 from August 1999 - December 2000.	
Purchased Water, Tariff Area No.2, Ccf	130,890
Purchased Water, Tariff Area No.2, Acre Feet	300.5
Average Metered Customers	436
Non-Residential Usage over 46 Ccf/Month	18,459
Volume Rate, \$/AF	\$145.00
Demand Rate, \$/Year/ Customer	\$60.00
Volume Rate, Non-Residential Usage over 46 Ccf/Month, \$/Ccf	\$0.109
Volume Cost	43,573
Demand Cost	26,160
Volume Cost, Non-Residential Usage over 46 Ccf/Month	2,010
Total Purchased Water Cost, Tariff Area No.2	<hr/> 71,743
Computation Of Rate For Non-Residential Usage Over Base Amount	
Demand Rate, \$/Month/ Customer	\$5.00
Volume Rate, \$/ Ccf	\$0.33
User Charge, Maximum Of \$5.00 Or 33 Percent Of Volume Rate	\$0.109
Usage Included In Demand Rate Minimum, Ccf	46

APPENDIX C
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Adopted Quantities, Test Year 2000
ELK GROVE WATER WORKS

PURCHASED POWER EXPENSE

Pumped Water, AF, Tariff Area No. 1	5,470
Kwh/AF	448
Pumping Power, Kwh	2,451,251
Power Cost, \$/Kwh	\$0.0796
Purchased Power Expense, Tariff Area No. 1	195,120
Purchased Power, Cost Per Acre Foot	\$35.67

AVERAGE COST COMPUTATION

CUSTOMERS	Winter Season 72	Summer Season 72
USAGE		
RECORDED DEMAND, K	3,412	3,922
BILLING DEMAND, KW	4,575	4,632
1ST 30 KW DEMAND	2,160	2,160
OVER 30 KW DEMAND	2,415	2,472
ENERGY, KWH	803,404	1,571,288
1ST 8,750 KWH	255,287	457,896
OVER 8,750 KWH	548,117	1,113,392
SMUD RATE SCHED. 1-GS-1 RATES		
CUSTOMER CHARGE	\$17.95	\$17.95
1ST 30 KW DEMAND,/K	\$0.00	\$0.00
OVER 30 KW DEMAND,/	\$6.90	\$8.35
1ST 8,750 KWH,/KWH	\$0.073	\$0.080
OVER 8,750 KWH,/KWH	\$0.056	\$0.057
BILL CALCULATION		
CUSTOMER CHARGE	\$1,292.40	\$1,292.40
1ST 30 KW DEMAND	\$0.00	\$0.00
OVER 30 KW DEMAND	\$16,663.50	\$20,641.20
1ST 8,750 KWH	\$18,559.36	\$36,856.05
OVER 8,750 KWH	\$30,732.92	\$62,951.20
TOTAL	\$67,248.19	\$121,740.85
PURCHASED POWER COST		\$188,989.04
KWH ENERGY USAGE		2,374,692
AVERAGE COST, \$/KWH		\$0.0796

APPENDIX C
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Adopted Quantities, Test Year 2000
ELK GROVE WATER WORKS

UTILITY PLANT IN SERVICE, AVERAGE FOR YEAR

NON-DEPRECIABLE PLANT

301	Intangible Plant	0
303	Land	5,112
	Total Non-Depreciable Plant	<u>5,112</u>

DEPRECIABLE PLANT

304	Structures	
307	Wells	196,013
317	Other Water Source Plant	636,171
311	Pumping Plant	0
320	Water Treatment Plant	401,916
330	Reservoirs, Tanks and Standpipes	936,121
331	Water Mains	30,528
333	Services and Meter Installations	5,178,824
334	Meters	1,393,465
335	Hydrants	307,073
339	Other Equipment	1,426,950
340	Office Furniture and Equipment Excluding Computers	59,491
340	Personal Computers	87,625
341	Transportation Equipment	75,454
	Total Depreciable Plant	<u>155,330</u>
		10,884,961

TOTAL UTILITY PLANT IN SERVICE, AVERAGE FOR YEAR

10,890,073

DEPRECIATION RATES

	Present	Proposed
304 Structures		
307 Wells	2.47%	2.59%
317 Other Water Source Plant	2.78%	3.81%
311 Pumping Plant		
320 Water Treatment Plant	3.60%	3.04%
330 Reservoirs, Tanks and Standpipes	2.71%	3.56%
331 Water Mains	2.04%	3.35%
333 Services and Meter Installations	2.08%	2.01%
334 Meters	2.30%	4.04%
335 Hydrants	2.92%	8.79%
339 Other Equipment	3.10%	2.83%
340 Office Furniture and Equipment Excluding Computers	5.99%	4.86%
340 Personal Computers	3.43%	7.37%
341 Transportation Equipment	6.30%	25.46%
	7.29%	13.40%

COMPOSITE RATE

2.54% 3.05%

APPENDIX C
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Adopted Quantities, Test Year 2000
ELK GROVE WATER WORKS

RATE BASE

Utility Plant in Service, Average for Year	10,890,073
Materials and Supplies, Average for Year	2,500
Working Cash	(4,732)
TOTAL ADDITIONS TO RATE BASE	<u>10,887,841</u>
LESS DEDUCTIONS FROM RATE BASE:	
Reserve for Depreciation	2,538,165
Advances for Construction	676,253
Contributions in Aid of Construction	5,949,116
Unamortized Investment Tax Credits	24,971
Accumulated Federal Def Taxes/ Revenues, Taxable Advances	(47,614)
Accumulated Deferred Taxes, Taxable Contributions in Aid of Construction:	
State	(40,673)
Federal	(448,467)
Unamortized Deferred Revenue, Taxable Contributions	476,142
Accumulated Deferred Federal Income Taxes, Depn. Timing Diff.	349,618
TOTAL DEDUCTIONS FROM RATE BASE	<u>9,477,511</u>
TOTAL RATE BASE	<u>1,407,906</u>

APPENDIX D

Page 1

Schedule No. 1 GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Throughout all tariff areas, Elk Grove and vicinity, Sacramento County.

RATES

<u>Quantity Rate:</u>	TARIFF AREA NO. 1		TARIFF AREA NO. 2	
	Per Meter Per Month		Per Meter Per Month	
<u>Residential Usage:</u>				
All Usage, per 100 Cu. Ft.	\$ 0.224	(I)	\$0.546	
<u>Non-residential Usage:</u>				
First 4200 Cu. Ft, per 100 Cu. Ft.	\$ 0.224	(I)	\$0.546	
Sacramento County Water Agency Usage Charge, per 100 Cu. Ft.			<u>\$0.119</u>	
Total, all additional Usage, per 100 Cu. Ft.	<u>\$ 0.224</u>	(I)	<u>\$0.665</u>	
<u>Service Charge:</u>				
For 5/8 X 3/4-inch meter	\$3.09	(I)	\$8.03	(I)
For 3/4-inch meter	\$4.60	(I)	\$9.54	(I)
For 1-inch meter	\$7.70	(I)	\$12.57	(I)
For 1-1/2-inch meter	\$15.37	(I)	\$20.13	(I)
For 2-inch meter	\$24.57	(I)	\$29.40	(I)
For 3-inch meter	\$46.01	(I)	\$50.37	(I)
For 4-inch meter	\$76.87	(I)	\$80.64	(I)
For 6-inch meter	\$153.73	(I)	\$157.28	(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. A late charge will be imposed per Schedule No. LC.
2. All bills under this tariff schedule are subject to the reimbursement fee set forth on Schedule No. UF.

(D)

APPENDIX D

Page 2

Schedule No. 2 GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

Throughout Tariff Area No. 1, Elk Grove and vicinity, Sacramento County.

RATES

For any premises not exceeding 4,000 sq. ft. in area and served from a service connection having a diameter of:

	Per Service Connection	
	Per Month	
For 3/4-inch service	\$6.87	(I)
For 1-inch service	\$12.08	(I)
For 1-1/4-inch service	\$17.79	(I)
For 1-1/2-inch service	\$24.05	(I)
For 2-inch service	\$39.09	
For 3-inch service	\$92.29	
For each additional single family residential unit	\$2.56	(I)
For each 100 sq. ft. of premises, per 100 sq. ft.	\$0.063	(I)
		(D)

SPECIAL CONDITIONS

1. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service
2. A late charge will be imposed per Schedule No. LC.
3. All bills under this tariff schedule are subject to the reimbursement fee set forth on Schedule No. UF.

(D)

APPENDIX D

Page 3

Schedule No. 4 PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished for privately owned fire protection service.

TERRITORY

Throughout all tariff areas, Elk Grove and vicinity, Sacramento County.

RATES

	Per Service Connection Per Month	
For each 3-inch or less service connection	\$11.68	(I)
For each 4-inch service connection	\$13.71	(I)
For each 6-inch service connection	\$19.77	(I)
For each 8-inch service connection	\$25.34	(I)
For each 10-inch service connection	\$31.08	(I)
For each 12-inch service connection	\$38.80	(I)

SPECIAL CONDITIONS

1. The fire protection service shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
2. The minimum diameter for fire protection service shall be not less than the diameter of the main to which the service is connected.
3. 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 the cost paid by the applicant. Such payment shall not be subject to refund.
4. 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 the applicant. Such payment shall not be subject to refund.
5. The utility undertakes to supply only such water at such pressure as may be available from time to time as a result of its normal operation of its system.

APPENDIX D

Page 4

Schedule No. 4

(Continued)

PRIVATE FIRE PROTECTION SERVICE

6. A late charge will be imposed per Schedule No. LC.
(D)
7. All bills under this tariff schedule are subject to the reimbursement fee set forth on Schedule No. UF.

APPENDIX D

Page 5

Schedule No. 9C

CONSTRUCTION AND OTHER TEMPORARY SERVICE

APPLICABILITY

Applicable to all temporary water service rendered for street paving, grading and trench flooding, and for all water delivered to tank trucks from fire hydrants or other outlets for such purposes.

TERRITORY

Throughout all tariff areas, Elk Grove and vicinity, Sacramento County.

RATES

Service Charge:

The currently effective metered service charge for a 2-inch meter for the tariff area within which the water is delivered.

(N)

Quantity Charge:

For all water used, the charge shall be the currently effective metered service quantity rate for the tariff area within which the water is delivered.

SPECIAL CONDITIONS

1. The applicant for such temporary service must first make written application to the utility, and shall be required to pay to the utility in advance the cost of installing and removing facilities necessary in connection with furnishing such service.
2. The applicant for temporary shall be required to deposit with the utility a sum of money equal to the estimated amount of the utility's bill for such service, or to otherwise secure, in a manner satisfactory to the utility, the payment of any bills which accrue from the furnishing of such service.
3. A meter will be installed for this type of service, unless at the option of the utility, it appears impractical to do so. In such cases, the applicant and the utility shall agree, in writing, prior to the commencement of service, on the method which will be used to estimate the quantity of water delivered.
4. When a person takes water from a fire hydrant or other such outlet, without first having obtained written permission from the utility, the utility shall estimate the amount taken and render a bill under this tariff schedule. The minimum charge for such unauthorized usage shall be \$50.00 per occurrence.
5. All bills under this tariff schedule are subject to the reimbursement fee set forth on Schedule No. UF.

(N)

(END OF ATTACHMENT A)