

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3425
December 9, 1988R E S O L U T I O N

(RES. W-3425) TAHOE PARK WATER COMPANY (TPWC).
ORDER AUTHORIZING A GENERAL RATE INCREASE
PRODUCING \$20,466 OR 43.4% ADDITIONAL ANNUAL
REVENUE.

TPWC, by draft advice letter accepted by the Water Utilities Branch (Branch) on May 31, 1988, requested authority under Section VI of General Order (G.O.) 96-A and Section 454 of the Public Utilities Code to increase rates for water service by \$31,862 or 69.2%. After removing the effects of TPWC's Safe Drinking Water Bond Act (SDWBA) loan which are considered separately from general rate increases, TPWC's request shows 1988 gross revenue of \$46,037 at present rates increasing to \$77,899 at proposed rates to produce a rate of return on rate base of 2.56%. TPWC serves 379 flat rate customers and 27 metered customers on the west shore of Lake Tahoe one to two miles south of Tahoe City, Placer County.

The present metered rates were established by Resolution W-3159 dated January 4, 1984 which authorized a general rate increase. The present flat rates became effective at the same time the surcharge for the SDWBA loan was established on December 12, 1986.

The Branch made an independent analysis of TPWC's summary of earnings. Appendix A shows TPWC's and the Branch's estimated summary of earnings at present, requested and adopted rates. Appendix A shows differences in revenue, expenses and rate base.

The Branch's estimate of metered service revenue is higher and its estimate of flat rate revenue is lower than TPWC's. The differences are the result of small differences in the number of customers in each category as evidenced by later recorded data that the Branch used, and metered usage by a recently added metered customer (a resort) being much higher than TPWC initially estimated.

The differences in estimates for operating expenses are in purchased power, transportation, office services and rentals, office supplies and expense, insurance, depreciation, property tax, payroll tax and income tax.

The Branch's estimate of purchased power is lower than TPWC's. Major SDWBA plant reconstruction work and the addition of a large water user skewed the recorded data TPWC used in its estimate. The Branch also had access to later recorded data for the amount of water pumped and power used. The Branch used the latest Sierra Pacific Power Company rates in deriving its estimate.

The Branch's \$1,250 estimate of transportation expense is lower than TPWC's \$3,500. In its investigation, the Branch found that TPWC's claimed vehicle mileage was far in excess of the transportation needs of this small water utility, presumably due to the owner's personal use or in connection with his other businesses. The Branch estimated the daily mileage needed based on the size the service area and the distance to the nearest source of supplies, and applied a rate of \$0.315 per mile. The Branch's use of \$0.315 per mile is based on the need for a specialized four wheel drive vehicle which the Branch priced at one and a half times the standard rate of \$0.21 cents per mile allowed by the Internal Revenue Service for business mileage.

TPWC inadvertently included \$750 for its telephone bill under office services and rentals. The Branch shifted this amount to the office supplies and expense account as called for in the Uniform System of Accounts.

TPWC estimated insurance expense at \$9,381 although, due to the high cost, TPWC does not have liability insurance coverage. The Branch has not included an amount for liability insurance, but notes that the Commission's offset policy for insurance expense approved May 2, 1986 would allow TPWC to file an advice letter offset request to recover most of the actual cost if it later were to obtain it. The Branch's \$486 estimate includes only workers' compensation insurance.

The Branch's \$3,348 estimate of depreciation expense is considerably lower than TPWC's \$5,477. The difference is due to the Branch's much lower plant estimate as explained later, and to the Branch's use of a lower depreciation rate. Since its last general rate case in 1983, TPWC has used a variety of rates, some based on the shorter plant service lives established for federal tax purposes rather than the 2.7% composite rate determined by the Commission. The Branch conducted a straight line remaining life depreciation study following the Commission's Standard Practice U-4, "Determination of Straight Line Remaining Life Depreciation Accruals," to confirm that the 2.7% rate is still appropriate.

The Branch recommends that TPWC be directed to use a composite depreciation rate of 2.7% until a future straight line remaining life depreciation study reviewed by the Branch indicates that a revision is warranted.

The Branch's \$941 estimate of property taxes is based on a composite of the recorded 1987/88 property taxes and estimated 1988/89 property taxes. The 1988/1989 figure was estimated by escalating the 1987/88 figure by 2% as permitted by state law. TPWC could not explain how it derived its estimate.

The Branch's estimate of payroll taxes is higher than TPWC's because the Branch corrected a mathematical error in TPWC's estimate.

The Branch's estimates for income taxes reflect current tax rates under the federal Tax Reform Act of 1986 and the corresponding state rates for 1988. TPWC did not include calculations supporting its income tax estimates.

The significant differences in rate base are in plant in service, depreciation reserve, working cash, and materials and supplies:

The Branch's estimate of plant in service is considerably lower than TPWC's. TPWC has been a company in upheaval during the past four years. In 1985 its owner died leaving the company to his wife. By Decision (D) 85-08-092 the utility was transferred to corporate status. By D.86-09-007 control was transferred to its present owner. During this same 1985 through 1987 period it added over \$500,000 in new SDWBA plant construction. Many records of the older non-SDWBA plant from this period are lost, and some of the records that do exist are in disarray. As a result, the Branch made a variety of adjustments as explained below, dating as far back as TPWC's last general rate case for test year 1983.

TPWC inappropriately combined its SDWBA plant with its other plant in the initial increase request; the Branch reversed those amounts out and the Appendix A summary of earnings shows only the remaining true differences.

As a result of auditing plant records, the Branch: added water rights of \$1,290 which had been left out in 1983; removed \$552 in duplicated 1985 main additions; removed from the land account \$16,000 which was inappropriately added during the 1985 incorporation even though the land had already been included in the previous plant value; removed \$8,672 representing plant items not received that were supposed to have been included in the 1986 transfer; removed \$3,308 representing excess valuation placed on plant items brought in by the new owner at the time of the 1986 transfer; and removed \$20,556 representing vehicles that were unusable, overvalued, and not registered in TPWC's name after the 1986 transfer.

The Branch's estimate of depreciation reserve is lower than TPWC's. In preparing its estimate, the Branch brought the depreciation reserve forward from the last rate proceeding in 1983, accounting where appropriate for the depreciation reserve effects of the plant adjustments explained above. As noted earlier, the Branch used depreciation rates that were lower than those used by TPWC, thus producing the lower depreciation reserve figure.

To prevent future inconsistencies between the figures adopted by the Commission and the figures shown in TPWC's annual reports, the Branch recommends that TPWC be directed to record on its books of account the plant in service and depreciation reserve balances upon which the average amounts adopted in this resolution are based, and to reflect those balances in its 1988 annual report to the Commission. Those balances are \$121,494 for plant in service and \$64,687 for depreciation reserve as of December 31, 1987.

TPWC showed an arbitrary \$1,000 for its working cash. The purpose of a working cash allowance is to pay a return to utility owners for funds invested in the company to meet expenses before receipt of the corresponding revenues. Because over 80% of TPWC's revenues come from billing rendered six months in advance, it receives its revenues well before its expenses come due. The Branch therefore did not include an amount for working cash.

The Branch's estimate of materials and supplies is lower than TPWC's. The investigation found that many of the items claimed as materials and supplies were in fact remnants and salvage from plant construction and had likely been included in plant in service. TPWC's records of materials purchased and on hand were inadequate for it to properly support its estimate.

TPWC's draft advice letter requested rates which it estimated would produce a rate of return on rate base of 3.52%. After recasting into the standard ratemaking format of Appendix A, TPWC's summary of earnings at its proposed rates shows a rate of return of 2.56%. The Branch recommends a rate of return of 10.50%, the midpoint of the 10.25% to 10.75% standard rate of return range recommended by the Accounting and Financial Branch of Commission Advisory and Compliance Division for small, 100% equity financed water utilities.

TPWC was informed of the Branch's differing views of revenues, expenses and rate base and has stated that it accepts the Branch's estimates.

A notice of the proposed rate increase and public meeting was mailed to each customer on June 7, 1988. Seven letters of protest were received; their major concern was the magnitude of the proposed increase. Several also cited problems of low pressure and outages. The Branch recently responded with a letter conveying the results of the investigation and explaining why it is recommending an increase.

On June 30, 1988 an informal public meeting attended by 17 customers was held in Tahoe City. A Branch representative conducted the meeting and TPWC's owner was there to answer questions. Questions asked at the meeting were related to inadequate water pressure at some specific locations, a recent sewage spill into Lake Tahoe, the possibility of receiving service from the local public utility district rather than TPWC, telephone response to the public, and chlorine odor. Several customers noted that service, while not perfect, was far superior to that existing before the present owner took over. The owner reported that pressures would be improved with the completion of a plant construction project the following week. Pressure recordings taken at the locations in question later indicated that the problem was indeed remedied.

A Branch engineer conducted a field investigation of TPWC's service area on June 30, 1988. Visible portions of the system were inspected, pressures checked and company records researched. The investigation revealed that service is satisfactory and the system is well run and maintained. Despite the difficulties caused by having received inadequate plant documentation when he took the system over in 1986, the present owner is making excellent progress in rehabilitating the system, improving service and reconstructing plant records. No major water supply or water quality problems were found.

According to the Placer County Environmental Health Department, TPWC's water meets all state quality standards. There are no outstanding Commission orders requiring system improvements.

TPWC's water supply is a winter spring in the upper part of the system and two pickup points in Lake Tahoe. It has an abundant water supply and most of its larger users are metered. With its SDWBA construction nearing completion, it has a very well constructed and maintained system which will likely prove to have low water losses. No additional conservation measures are needed at this time.

TPWC's current rates consist of an annual metered service schedule, an annual flat rate schedule, and a private fire protection service schedule. The Branch proposes to increase each by approximately the system overall average increase.

The Commission's rate design policy for water companies established in D86-05-064 calls for phasing out lifeline rates, allows for reduction of multiple blocks to a single block, and specifies that up to 50% of fixed expenses should be recovered through the service charge. TPWC presently has a minimum rate schedule with up to 5 Ccf (one Ccf is one hundred cubic feet) included in the minimum charge, and a single block for usage above the minimum. TPWC's present minimum charges recover revenue in proportion to 39.2% of its fixed costs. The Branch's recommended metered rate schedule includes service charges which increase that proportion to 42.2%, and establishes a single quantity block for all water used.

The Branch recommends that the Commission authorize an increase in gross annual revenue of \$20,466 or 43.4%. This increase provides a 10.50% rate of return on rate base in test year 1988.

At the Branch's recommended rates shown in Appendix B, the bill for a typical flat rate residential customer would increase from \$7.65 to \$11.07 per month, exclusive of the SDWBA surcharge. The bill for a typical metered rate customer using 15 Ccf per month would increase from \$10.60 to \$16.35 per month. Customers' SDWBA surcharges will remain unchanged. A comparison of present and recommended rates is shown in Appendix C.

FINDINGS

1. The Branch's recommended summary of earnings (Appendix A) is reasonable and should be adopted.
2. The rates recommended by the Branch (Appendix B) are reasonable and should be authorized.
3. The quantities (Appendix D) used to develop the Branch's recommendations are reasonable and should be adopted.

4. TPWC should use a 2.7% composite depreciation rate until a future straight line remaining life depreciation study reviewed by the Water Utilities Branch indicates that a revision is warranted.

5. TPWC should be required to record on its books of account the plant in service and depreciation reserve beginning balances upon which the average amounts adopted in this resolution are based, and to reflect those balances in its 1988 annual report to the Commission. Those balances are \$121,494 for plant in service and \$64,687 for depreciation reserve as of December 31, 1987.

6. The rate increase authorized herein is justified and the resulting rates are just and reasonable.

IT IS ORDERED that:

1. Authority is granted under Public Utilities Code Section 454 for Tahoe Park Water Company to file an advice letter incorporating the summary of earnings and revised rate schedules attached to this resolution as Appendices A and B respectively, and concurrently to cancel its presently effective rate Schedule Nos. 1A, 2RA and 4. Its filing shall comply with General Order 96-A. The effective date of the revised rate schedules shall be the date of filing.

2. Tahoe Park Water Company shall use a 2.7% depreciation accrual rate until a future straight line remaining life depreciation study reviewed by the Water Utilities Branch indicates that a revision is warranted.

3. Tahoe Park Water Company shall record on its books of account the plant in service and depreciation reserve beginning balances upon which the average amounts adopted in this resolution are based, and shall reflect those balances in its 1988 annual report to the Commission.

4. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on December 9, 1988. The following commissioners approved it:

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners



VICTOR R. WEISSER
Executive Director

APPENDIX A

TAHOE PARK WATER COMPANY

SUMMARY OF EARNINGS
Test Year 1988

Item	Utility Estimated		Branch Estimated		Adopted Rates
	Present Rates	Requested Rates	Present Rates	Requested Rates	
<u>Operating Revenue</u>					
Metered	\$ 7,421	\$ 12,611	\$ 8,991	\$ 15,278	\$ 12,976
Flat Rate	38,616	65,288	38,132	64,466	54,613
Total Revenue	46,037	77,899	47,123	79,744	67,589
<u>Operating Expenses</u>					
Purchased Power	9,735	9,735	8,498	8,498	8,498
Other Volume Related	900	900	900	900	900
Employee Labor	4,000	4,000	4,000	4,000	4,000
Materials	6,105	6,105	6,105	6,105	6,105
Contract Work	2,000	2,000	2,000	2,000	2,000
Office Salaries	4,000	4,000	4,000	4,000	4,000
Management Salaries	18,000	18,000	18,000	18,000	18,000
Transportation	3,500	3,500	1,250	1,250	1,250
Office Serv. & Rent	750	750	0	0	0
Office Supplies	2,500	2,500	3,250	3,250	3,250
Professional Services	3,000	3,000	3,000	3,000	3,000
Insurance	9,381	9,381	486	486	486
General Expense	407	407	407	407	407
Reg. Com. Expense	0	0	0	0	0
Subtotal	64,278	64,278	51,896	51,896	51,896
Depreciation Exp.	5,477	5,477	3,348	3,348	3,348
Property Tax	1,700	1,700	941	941	941
Payroll Tax	2,013	2,013	2,553	2,553	2,553
Income Taxes	400	1,200	300	4,811	2,027
Total Deductions	73,868	74,668	59,038	63,549	60,765
Net Revenue	(27,831)	3,231	(11,915)	16,195	6,824
<u>Rate Base</u>					
Average Plant	192,224	192,224	132,694	132,694	132,694
Avg. Depr. Reserve	69,710	69,710	66,361	66,361	66,361
Net Plant	122,514	122,514	66,333	66,333	66,333
Less: Advances	0	0	0	0	0
Contributions	2,500	2,500	2,339	2,339	2,339
Plus: Working Cash	1,000	1,000	0	0	0
Mat'l & Supplies	5,000	5,000	1,000	1,000	1,000
Rate Base	126,014	126,014	64,994	64,994	64,994
Rate of Return	(Loss)	2.56%	(Loss)	24.92%	10.50%

APPENDIX B
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TAHOE PARK WATER COMPANY

Schedule No. 1A

ANNUAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

The unincorporated areas including Tahoe Park, Miramar Heights and Tahoe Sierra Estates Subdivision, and vicinity, located adjacent to State Highway 89 approximately 1 to 2 miles south of the community of Tahoe City, Placer County.

RATES

Quantity Rate:		(T)
All water, per 100 cu. ft.	\$ 0.63	(I)
Annual Service Charge:		(C)
	<u>Per Meter Per Year*</u> <u>Charge : Surcharge</u>	
For 5/8 x 3/4-inch meter	\$ 82.80 (I) \$ 95.40	
For 3/4-inch meter	132.00 143.40	
For 1-inch meter	192.00 238.80	
For 1 1/2-inch meter	288.00 476.40	
For 2-inch meter	396.00 763.20	
For 3-inch meter	492.00 1,431.00	

The Service Charge is a readiness-to-serve charge which is applicable to all metered service, and to which is to be added the charge computed at the Quantity Rate. (C)
|
(C)

METERED SERVICE SURCHARGE

*NOTE: This surcharge is in addition to the regular monthly metered water bill. The total monthly surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Water Bond Act loan as authorized by Decision No. 85-12-068 in Application No. 85-09-040.

(Continued)

ANNUAL METERED SERVICE
(continued)

SPECIAL CONDITIONS

1. The annual service charge and surcharge apply to service during the 12-month period commencing January 1, and are due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated service charges and surcharge in advance at intervals of less than one year (monthly, bimonthly, quarterly or semi-annually) in accordance with the utility's established billing periods. When meters are read bimonthly or quarterly, the charge will be computed by doubling or tripling, respectively, the number of cubic feet to which each block rate is applicable on a monthly basis, except that meters may be read and quantity charges billed during the winter season at intervals greater than three months. A nonpermanent resident may elect to pay the annual charge and surcharge in two equal installments. Where such a resident has failed to pay the first half of the annual charge and surcharge due January 1, service will not be restored until the total annual charge has been paid. (C)

2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual service charge and surcharge for the service. Where initial service is established after the first day of any year, the portion of such annual charge and surcharge applicable to the current year shall be determined by multiplying the annual charge and surcharge by one three-hundred-sixty-fifth ($1/365$) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge and surcharge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the annual charges and surcharge shall be due the customer. (C) (T)

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TAHOE PARK WATER COMPANY
Schedule No. 2RA

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service furnished on an annual basis.

TERRITORY

The unincorporated areas including Tahoe Park, Mirarar Heights and Tahoe Sierra Estates Subdivision, and vicinity, located adjacent to State Highway 89, approximately 1 to 2 miles south of the community of Tahoe City, Placer County. (T)
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|
(T)

RATES

	Per Service Connection Per Year	
	<u>Charge</u>	<u>Surcharge</u>
For a single-family residential unit or small business establishment, including premises	\$ 132.80 (I)	\$ 95.40*
For each additional single-family residential unit or small business establishment on the same premises and served from the same service connection	\$ 108.60 (I)	\$ 75.75

FLAT RATE SERVICE SURCHARGE

*NOTE: This surcharge is in addition to the regular charge of \$132.80 per one inch or less service connection, per year. The total surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan authorized by Decision No. 85-09-040 (C)

(Continued)

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TAHOE PARK WATER COMPANY

ANNUAL RESIDENTIAL FLAT RATE SERVICE

(continued)

SPECIAL CONDITIONS

1. The above flat rates and surcharge apply to a service connection not larger than one inch in diameter.

2. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge and surcharge for a period have been paid in advance, refund of the prorated difference between such flat rate payment and surcharge payment and the service charge and surcharge for the same period shall be made on or before that day. (T)
(C)

3. The annual flat rate charge and surcharge apply to service during the 12-month period commencing January 1, and are due in advance. A customer who has established his permanency by having paid for service during the preceding 12 months may elect, at the beginning of the calendar year, to pay prorated flat rate charges and surcharge in advance at intervals of less than one year (monthly, bi-monthly, quarterly, or semi-annually) in accordance with the utility's established billing periods. A nonpermanent resident may elect to pay the annual charge in two equal installments. Where such a resident has failed to pay the first half of the annual charge and surcharge due January 1, service will not be restored until the total annual charge has been paid. (T)
(T)

4. The opening bill for flat rate service shall be the established annual flat rate charge and surcharge for the service. Where initial service is established after the first day of any year, the portion of such annual charge and surcharge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth (1/365) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge and surcharge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges and surcharge shall be due the customer.

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TAHOE PARK WATER COMPANY

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to water service furnished to private fire systems and to private fire hydrants.

TERRITORY

The unincorporated areas including Tahoe Park, Miramar Heights and Tahoe Sierra Estates Subdivision, and vicinity, located adjacent to State Highway 89, approximately 1 to 2 miles south of the community of Tahoe City, Placer County. (N)
|
|
(N)

RATE

	<u>Per Service Per Month</u>	
For each inch of diameter of service connection ...	\$ 4.90	(I)

SPECIAL CONDITIONS

1. The customer will pay, without refund, the entire cost of the private fire service facilities.
2. The private fire service facilities shall be installed by the utility or under the utility's direction and shall be the sole property of the applicant but subject to the control of the utility, with the right to alter, repair, replace and the right to remove upon discontinuance of service.
3. The minimum diameter for the private fire service connection will be 4 inches. The maximum diameter shall not be larger than the diameter of the water main to which the private fire service facilities are connected.
4. If a water main of adequate size is not available adjacent to the premises to be served, then a new main from the nearest existing main of adequate size will be installed by the utility at the cost of the customer. Such cost shall not be subject to refund.

(Continued)

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TAHOE PARK WATER COMPANY

PRIVATE FIRE PROTECTION SERVICE
(continued)

5. The private fire service facilities will include a detector check valve or other similar device acceptable to the utility which will indicate the use of water. The facilities may be located within the customer's premises or within public right-of-way adjacent thereto. Where located within the premises, the utility and its duly authorized agents shall have the right of ingress to and egress from the premises for all purposes related to said facilities. In the event the installation is solely a private fire hydrant facility, the requirement for a detector check valve or other similar device may be waived.

6. No structure shall be built over the private fire service facilities and the customer shall maintain and safeguard the area occupied by the private fire service facilities from traffic and other hazardous conditions. The customer will be responsible for any damage to the private fire service facilities whether resulting from the use or operation of appliances and facilities on customer's premises or otherwise.

7. Subject to the approval of the utility, any change in the location or construction of the private fire service facilities as may be requested by public authority or the customer will be made by the utility following payment to the utility of the entire cost of such change.

8. The customer's installation must be such as to separate effectively the private fire service facilities from that of the customer's regular domestic water service. Any unauthorized use of water from the private fire service facilities will be charged for at the applicable tariff rates and may be grounds for the utility's discontinuing private fire service without liability to the utility.

9. There shall be no cross connections between the systems supplied by water through the utility's private fire service facilities and any other source of supply without the specific approval of the utility. The specific approval, if given, will at least require at the customer's expense, a special double check valve installation or other backflow prevention device acceptable to the utility. Any unauthorized cross connection may be grounds for irremediably discontinuing service without liability to the utility.

(Continued)

TAHOE PARK WATER COMPANY

PRIVATE FIRE PROTECTION SERVICE

(continued)

10. The utility will supply only such water at such pressure as may be available from time to time as a result of its operation of the system. The customer shall indemnify the utility and save it harmless against any and all claims arising out of service under this schedule and shall further agree to make no claims against the utility for any loss or damage resulting from service under this schedule. Section 774 of the Public Utilities Code limits the liability of the utility resulting from a claim regarding adequacy of pressure or supply for fire protection service.

11. The customer shall be responsible for the periodic testing of any backflow prevention devices as required by public authority or the utility. Any repair or replacement of such devices or of any other facilities installed to provide private fire service shall be done at the customer's expense. Any refusal to comply with the above requirements may be grounds for the utility's discontinuing private fire service without liability to the utility.

APPENDIX C

TAMOE PARK WATER COMPANY

COMPARISON OF RATES (1)

<u>Flat Rate Service</u>	<u>Per Service Connection Per Year</u>		
	<u>Present Rates</u>	<u>Recommended Rates</u>	<u>Percent Increase</u>
For a single-family residential unit, including premises	\$ 91.80	\$132.80	44.7%
Each additional unit	76.20	108.60	42.5

<u>Metered Rate Service</u>	<u>Per Service Connection Per Year</u>		
	<u>Present Rates</u> (Minimum Charge)	<u>Recommended Rates</u> (Service Charge)	<u>Percent Increase</u>
<u>Quantity Rates:</u>			
First 500 cu.ft. or less per month	\$ 0.00	\$ 0.63	-
Over 500 cu.ft., per 100 cu.ft.	0.50	0.63	24.0%
<u>Minimum/Service Charge:</u>			
For 5/8 x 3/4-inch meter	67.20	82.80	23.2%
For 3/4-inch meter	132.00	132.00	0
For 1-inch meter	192.00	192.00	0
For 1-1/2-inch meter	288.00	288.00	0
For 2-inch meter	396.00	396.00	0
For 3-inch meter	492.00	492.00	0

44.3%

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

<u>Usage</u> <u>100 cu. ft.</u>	<u>Present Bills</u>	<u>Recommended Bills</u>	<u>Amount Increase</u>	<u>Percent Increase</u>
0	\$ 5.60	\$ 6.90	\$ 1.30	23.2%
5	5.60	10.05	4.45	79.5
10	8.10	13.20	5.10	63.0
15	10.60	16.35	5.75	54.3
20	13.10	19.50	6.40	48.9
30	18.10	25.80	7.70	42.5
40	23.10	32.10	9.00	39.0
50	28.10	38.40	10.30	36.7

(1) Not including SDWBA surcharges

APPENDIX D

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TAHOE PARK WATER COMPANY

ADOPTED QUANTITIES

Test Year 1988

Federal Tax Rate:	15%
State Tax Rate:	9.3%
Local Franchise Rate:	0.0%
Uncollectible Rate:	0.0%

Expenses:

1. Purchased Power

Sierra Pacific Power Co.

Rate Schedule	A-1
Effective Date of Schedule	5/1/88
Kwh	91,278
\$/Kwh	0.08908
Energy Cost	\$ 8,131
Service Charge	108
Signal Cost (Phone Line)	259
Total Purchased Power	8,498

2. Purchased Water

None

3. Pump Tax - Replenishment Tax

None

4. Payroll

Employee Labor	\$ 4,000
Office Salaries	4,000
Management Salaries	18,000
Total Payroll	26,000
Payroll Taxes	2,553

5. Ad Valorem Taxes

	\$ 941
Tax Rate	1.21%
Assessed Value	77,800

6. Water Testing

360

APPENDIX D
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Service Connections:

Metered		
5/8 X 3/4-inch.....	14	
3/4-inch.....	0	
1-inch.....	8	
1-1/2-inch.....	3	
2-inch.....	1	
3-inch.....	<u>1</u>	
Total Metered	27	
Flat Rate		379
Additional Units	35	
Private Fire	1 (6")	
Public Hydrants	18	
Total		<u>406</u>

Metered Water Sales Used To Design Rates:

Flat Rate		76,203
Metered Rate		
Block 1 0 - 5 Ccf	3,852	
Block 2 > 5 Ccf	9,524	
		<u>13,376</u>
Total		89,579

ADOPTED TAX CALCULATIONS
1988 Test Year

Line No.	Item	State Tax	Federal Tax
1.	Operating Revenues	\$ 67,589	\$ 67,589
2.	Expenses	51,896	51,896
3.	Taxes Other Than Income	3,494	3,494
4.	Depreciation Expense	3,348	3,348
5.	Interest	0	0
6.	Taxable Income for State Tax	8,851	
7.	State Tax (@ 9.3%)	823	823
8.	Taxable Income for FIT		8,028
9.	Federal Income Tax (@ 15%)		1,204
10.	Total Income Tax		2,027