

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchRESOLUTION NO. W-3445
May 10, 1989R E S O L U T I O N

(RES. W-3445) CONLIN STRAWBERRY WATER COMPANY, (CSWC).
ORDER AUTHORIZING A GENERAL RATE INCREASE PRODUCING
\$29,917 OR 72.7% ADDITIONAL ANNUAL REVENUE.

CSWC, by draft advice letter accepted by the Water Utilities Branch (Branch) on November 10, 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 \$41,750 or 100.7%. CSWC's request shows 1989 gross revenue of \$41,450 at present rates increasing to \$83,200 at proposed rates to produce a rate of return on rate base of 10.49%. CSWC serves 248 flat rate customers and 97 metered customers in Strawberry and Diamond's Strawberry Ridge subdivisions located approximately 30 miles northeast of Sonora, Tuolumne County.

The present rates became effective April 1, 1984 pursuant to Decision (D) 83-05-052 which authorized a general rate increase and a surcharge for CSWC's Safe Drinking Water Bond Act (SDWBA) loan. No change in the surcharge is proposed at this time.

The Branch made an independent analysis of CSWC's summary of earnings. Appendix A presents CSWC's and the Branch's estimated summary of earnings at present, proposed and adopted rates for test year 1989. Appendix A shows differences in revenues, expenses and rate base.

The Branch's estimates of revenues differ slightly from CSWC's because the Branch based its estimates on the current number of customers and average recorded water consumption per customer during 1985, 1986, 1987 and 1988, while CSWC used average revenues for those years.

The differences in estimates for operating expenses are in purchased power, other volume related expenses, employee labor, transportation, office services and rent, professional services, regulatory commission expense, depreciation expense, property tax, payroll taxes and income taxes.

The Branch's estimate of purchased power is slightly higher than CSWC's because the Branch had access to later 1988 recorded data for the amount of power consumed and used the latest Pacific Gas and Electric Company rates in

deriving its estimate. In D.83-05-052 the Commission noted the low efficiencies of two of CSWC's pumps and ordered that improvements be made. One of those pumps has since been replaced, but the other is still in service and its low efficiency is reflected in the recorded power usage. The Branch therefore imputed an efficiency of 50% (fair) and adjusted its purchased power expense accordingly.

The Branch's \$317 estimate of other volume-related expense is considerably lower than CSWC's \$1,300. The Branch based its estimate on a detailed review of vouchers provided by the utility for the costs of running its filtration plant in 1987, whereas CSWC used the average of its 1985 and 1986 recorded amounts which included the one-time start-up costs of the new filtration plant.

The Branch's \$11,263 estimate of employee labor is based on the \$5,060 estimated cost of a part time plant operator and his backup, \$300 per month (the actual amount paid) for one part time employee doing meter reading and minor maintenance work, \$2,118 for an additional part time worker the owner plans to hire, and escalation to the 1989 test year. CSWC did not provide any detail as to how it arrived at its estimate of employee labor.

The Branch estimated \$3,909 for transportation expense compared to CSWC's \$5,400. The Branch's figure was derived by estimating the total annual travel mileage based on the size of the service territory and the distance to the nearest source of supplies, and applying a rate of \$0.36 per mile. The \$0.36 per mile rate is one and one-half times the standard \$0.24 per mile rate allowed by the Internal Revenue Service for business mileage, to account for the higher costs of operating a four-wheel drive vehicle. The Branch's figure also includes an allowance for the use of a backhoe belonging to CSWC's owner and used primarily in his other business. CSWC did not provide details for the method it used for transportation expense.

Both the Branch and CSWC used a test year 1983 adopted amount for office services and rent, escalated to 1989, and agree on an additional amount to compensate for computer usage charges. The difference is due to the escalation factors used. The Branch used inflation factors recommended by the Advisory Branch of Commission Advisory and Compliance Division for this account and others.

The Branch's \$1,061 estimate of professional services is lower than CSWC's \$2,100. CSWC arrived at its estimate by averaging what it claimed were the recorded expenses for 1986 and for 1987, but it was unable to produce backup for the exceptionally high 1986 figure. The Branch reviewed CSWC's vouchers and based its estimate on the inflation-adjusted average of those recorded professional services expenses that could be verified for 1984, 1985, 1986 and 1987.

Regulatory commission expense for CSWC is the cost of its consultant for this rate case. The Branch's initial estimate was much lower than CSWC's to exclude part of the high consulting costs caused by CSWC's delays in providing supporting information and CSWC's inability to support its initial plant estimates. After discussion with the consultant, however, the Branch agreed to use a higher total regulatory commission expense spread over a longer period equal to the time since CSWC's last rate case.

The Branch's \$4,682 estimate of depreciation expense is higher than CSWC's \$4,450. The difference is due to the Branch's 2.20% composite depreciation rate compared to CSWC's 1.79% on old plant and 2.00% on new plant. CSWC has used a variety of depreciation rates since its last general rate case in 1983. By D.66037 in 1963, the Commission ordered CSWC to use a composite rate of 3.00%, and to review the rate at intervals of not more than five years and submit the result to the Commission. CSWC has not done so. 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 derive its 2.20% composite depreciation rate, and CSWC concurs.

The Branch recommends that CSWC be directed to use a composite depreciation rate of 2.20% to compute depreciation expense until a future study reviewed by the Branch indicates that a change is warranted.

The Branch's estimate of property taxes is lower than CSWC's. The Branch used the average of the recorded 1988/89 and estimated 1989/90 property tax figures to arrive at its estimate of \$3,574, whereas CSWC based its \$4,030 figure on recorded 1987 taxes and a much higher escalation rate.

The Branch's estimate of payroll taxes is lower than CSWC's because of the Branch's lower payroll.

The Branch's estimate for income taxes reflects current rates under the federal Tax Reform Act of 1986 and the corresponding state tax rate for 1989.

The difference in rate base between CSWC and Branch is due to differences in utility plant, depreciation reserve and working cash.

The Branch's estimate of average plant is slightly lower than CSWC's. The Branch included the cost of a turbidity monitor that was installed in 1988 at a cost of \$1,665 but which CSWC had not accounted for; deleted a \$2,000 investment and \$800 retirement for the old Strawberry Ridge pump which CSWC had shown as being replaced in 1988 but was not; and deleted \$2,000 in net additions for small main replacements in 1989 because CSWC had no specific plans to make them.

The Branch's \$126,990 estimate for depreciation reserve is higher than CSWC's \$123,340 because of the differing depreciation rates noted earlier. The Branch started with the 1983 balance and recalculated CSWC's depreciation reserve for each subsequent year. CSWC used a similar method but lower depreciation rates.

CSWC showed an arbitrary \$5,480 for its working cash without providing any explanation. The Branch used the revised simplified working cash procedure approved by the Commission on January 27, 1989.

CSWC's draft advice letter requested rates which it estimated would produce a rate of return on rate base of 10.49%. The Branch recommends 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.

CSWC 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 November 14, 1988. Twenty-four letters of protest were received; their major concern was the magnitude of the proposed increase. Four metered customers complained of excessive water use by those on flat rates, suggesting that all connections be metered, and three others complained of too much chlorine in the water. The Branch recently sent a letter to each customer who wrote in, explaining the Branch's increase recommendation and what steps the Branch would recommend CSWC be ordered to take as a condition of receiving an increase.

On December 13, 1988 an informal public meeting attended by forty-five customers was held in Strawberry. A Branch representative conducted the meeting and CSWC's owner and his consultant were there to answer questions. Most of those who spoke were opposed to a 100% increase, but several acknowledged the need for a lesser increase to cover the higher costs of operating the new filtration plant which they believe has improved water quality.

A member of the board of directors of the Strawberry Property Owners Association delivered a statement on behalf of the organization neither supporting nor opposing the proposed increase. The Association's statement: 1) objected to the fifteen day advance notice of the public meeting as being too short; 2) asked for additional time to review the company's request and supporting workpapers, and questioned a number of items upon which CSWC relied in making its estimates; 3) questioned CSWC's compliance with previous Commission orders; 4) noted a discrepancy in the proposed rates cited in the public notice; and 5) stated that the G.O. 96-A draft advice letter process was not appropriate for increases of the magnitude proposed by CSWC. The Branch wrote a letter in reply explaining that: 1) the public meeting is primarily for the purpose of receiving input to guide the Branch

in its investigation, and offering to meet again at the Association's convenience if it so desired; 2) the Branch would be pleased to receive input at any time up to the completion of its investigation, and would investigate the specific items noted; 3) the Branch would look into CSWC's compliance with previous Commission orders and recommend that any increase be made contingent on compliance if warranted; 4) there was indeed a typographical error in the rates shown in the notice (the Branch subsequently renoticed the one affected customer); and 5) the G.O. 96-A general rate increase process is appropriate and why it was being used in this case. Branch representatives discussed the Association's concerns with the board member by telephone at the time the initial reply letter was prepared, and also recently conveyed the investigation's findings and recommendations to him.

Branch engineers conducted a field inspection of CSWC's water system on December 12, 13 and 14, 1988. Visible portions of the system were inspected, pressures checked, and company records researched. Customers contacted during the investigation indicated that low pressure had not been a problem and no major water supply or water quality problems were found.

According to Tuolumne County Environmental Health Department, CSWC's water meets all state quality standards.

Commission Decision 83-05-052 in CSWC's last general rate proceeding ordered it to undertake the following measures to improve service:

- a. Improve pump efficiency to 50% or better for both pumps within one year.
- b. Purchase a turbidity monitor within three months.
- c. Use a telephone answering machine or answering service to handle customer calls, within 30 days.
- d. Begin a main flushing program within 30 days.
- e. Replace worn pipes as necessary to prevent service breakdowns.

CSWC has rebuilt one of the pumps and relocated it to the new filtration plant. The efficiency of the other pump has not been improved and CSWC has not provided the efficiency tests requested by the Branch for its pumps. Therefore, as noted in the purchased power section above, the Branch has imputed an efficiency rating of fair to the remaining pump in calculating electric power usage, so any further delay will work to CSWC's detriment, not its ratepayers'.

CSWC has purchased and installed the turbidity monitor as ordered.

CSWC has purchased a telephone answering machine, but has never put it in service. With its personnel working much less than full time, the need for a reliable arrangement to take customers' emergency calls and inquiries is obvious. Completion of this Commission-ordered item is so simple and CSWC's compliance so long overdue (six years) that the Branch recommends that the increase in this proceeding be made contingent on the Branch's confirmation of compliance.

CSWC does not have a main flushing program but, according to local health officials, has made significant progress in reducing siltation and turbidity through the use of the new filtration plant so that they are no longer a significant problem. In keeping with good operating practice, CSWC should continue to monitor water turbidity closely and should flush its water mains as necessary before customers complain of poor water quality.

Through its SDWBA loan plant improvements, CSWC has made progress on upgrading its distribution system. The Branch recommends that it continue to replace aged pipes and other plant where necessary.

CSWC's water supply originates in Herring Creek, and the utility has also made a request to the California Department of Health Services to use the South Fork of the Stanislaus River as an emergency source of supply should the Herring Creek source be insufficient to meet demand. Strawberry being a resort area, most customers are not there much of the year; as a result, average water usage is relatively low. About 28% of CSWC's connections are metered and it has provisions in its tariffs to convert the remainder to meters at its option. Recent improvements in the utility's distribution system, replacement of worn pipes, and the installation of a new tank will likely prove to have lowered water losses from past levels. No additional conservation measures are needed at this time.

CSWC does not have a meter to record water production as required by G.O. 103, "Rules Governing Water Service Including Minimum Standards for Design and Construction." In order to detect large system water losses, and to measure the pumps' power consumption accurately so as to alert CSWC's management if the pumps show a decline of efficiency which may affect water service, the Branch recommends that CSWC be directed to install a production meter at its water source. CSWC should be allowed to file an advice letter to recover the reasonable costs of its installation when it has been placed in service.

CSWC's current rates consist of an annual metered service schedule and an annual flat rate schedule. The Branch proposes to increase each by approximately the system overall average increase.

The Commission's metered rate design policy for water companies established by D.86-05-064 specifies that up to 50% of a water utility's fixed expenses should be recovered through the metered service charges. CSWC's present

metered schedule has service charges which recover revenue in proportion to 43% of its fixed costs. The Branch's recommended metered rate design raises both the service charge and quantity charge by the overall system percentage increase, thus increasing the proportion of fixed costs covered by the metered service charge to 75%. Because the average metered customer's water use is only 390 cubic feet per month, reducing that percentage by shifting more of the metered revenue requirement away from the service charge would result in an excessive quantity charge.

The Branch recommends that the Commission authorize an increase in gross annual revenue of \$29,917 or 72.7%. This increase provides a 10.50% rate of return on rate base in test year 1989.

At the Branch's recommended rates shown in Appendix B, the bill for a residential flat rate customer would increase from \$10.00 to \$17.33 per month. A comparison of the 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. CSWC should be ordered to use a 2.20% composite depreciation rate until a straight-line remaining life depreciation study reviewed by the Branch indicates that a revision is warranted.
5. A reliable arrangement to take customers' emergency calls and inquiries as ordered in D.83-05-052 is still needed. Completion of this Commission-ordered item is so simple and CSWC's compliance so long overdue that the increase in this proceeding should be made contingent on the Branch's confirmation of compliance.
6. CSWC should be ordered to comply with G.O. 103 by installing a suitable measuring device or otherwise determining production at its source of supply. CSWC should be authorized to file an advice letter to begin recovering the reasonable cost of its installation after it has been placed in service.
7. 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 Conlin Strawberry 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 Schedules 1A, 2A and 3B. Its filing shall comply with General Order 96-A. The revised rate schedules shall become effective upon the Water Utilities Branch's confirmation of Conlin Strawberry Water Company's compliance with Ordering Paragraph #3 below, or the date of filing, whichever is later.
2. Conlin Strawberry Water Company shall use a 2.20% 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. Conlin Strawberry Water Company shall place in service the answering machine required by Ordering Paragraph 2.c of Decision 83-05-052. The increase authorized by this resolution shall not be made effective until the Water Utilities Branch's confirmation of compliance.
4. Conlin Strawberry Water Company shall install a suitable measuring device to determine water production at its source of supply within one year of the effective date of this resolution. Conlin Strawberry Water Company is authorized to file an advice letter to begin recovering the reasonable cost of its installation after it has been placed in service.
5. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on May 10, 1989. The following commissioners approved it:

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



VICTOR R. WEISSER
Executive Director

APPENDIX A

CONLIN STRAWBERRY WATER COMPANY

SUMMARY OF EARNINGS
Test Year 1989

Item	Utility Estimated		Branch Estimated		Adopted Rates
	Present Rates	Requested Rates	Present Rates	Requested Rates	
<u>Operating Revenue</u>					
Flat Rate	\$ 28,880	\$ 57,970	\$ 28,924	\$ 57,848	\$ 49,955
Metered	12,570	25,230	12,220	24,440	21,106
Total Revenue	41,450	83,200	41,144	82,288	71,061
<u>Operating Expenses</u>					
Purchased Power	2,610	2,610	2,729	2,729	2,729
Other Volume Related	1,300	1,300	317	317	317
Employee Labor	16,760	16,760	11,263	11,263	11,263
Materials	2,000	2,000	2,000	2,000	2,000
Contract Work	900	900	900	900	900
Office Salaries	5,700	5,700	5,700	5,700	5,700
Management Salaries	3,630	3,630	3,630	3,630	3,630
Transportation	5,400	5,400	3,909	3,909	3,909
Office Serv. & Rent	2,510	2,510	1,895	1,895	1,895
Office Supplies	1,790	1,790	1,790	1,790	1,790
Professional Services	2,100	2,100	1,061	1,061	1,061
Insurance	6,380	6,380	6,380	6,380	6,380
General Expense	280	280	280	280	280
Reg. Comm. Expense	1,600	1,600	900	900	900
Subtotal	52,960	52,960	42,754	42,754	42,754
Depreciation Exp.	4,450	4,450	4,682	4,682	4,682
Property Tax	4,030	4,030	3,574	3,574	3,574
Payroll Tax	2,400	2,400	2,123	2,123	2,123
Income Taxes	300	4,430	600	6,678	4,137
Total Deductions	64,140	68,270	53,733	59,811	57,270
Net Revenue	(22,690)	14,930	(12,589)	22,477	13,925
<u>Rate Base</u>					
Average Plant	321,490	321,490	320,950	320,950	320,950
Avg. Depr. Reserve	123,340	123,340	126,990	126,990	126,990
Net Plant	198,150	198,150	193,960	193,960	193,960
Less: Advances	29,050	29,050	29,050	29,050	29,050
Contributions	32,860	32,860	32,860	32,860	32,860
Plus: Working Cash	5,480	5,480	0	0	0
Mat'l & supplies	570	570	570	570	570
Rate Base	142,290	142,290	132,620	132,620	132,620
Rate of Return	(Loss)	10.49%	(Loss)	16.95%	10.50%

APPENDIX B

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CONLIN STRAWBERRY WATER COMPANY

Schedule No. 1A

ANNUAL METERED SERVICE

(T)

APPLICABILITY

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

TERRITORY

Strawberry and vicinity, located approximately 31 miles east of Sonora, Tuolumne County.

RATES

Quantity Rate:

(D)

(T)

All water, per 100 cu. ft. \$1.64

(I)

Service Charge:

	<u>Per Meter Per Year</u>		<u>Per Meter Per Month Surcharge</u>
5/8 x 3/4-inch meter	\$145.00	(I)	\$10.60
3/4-inch meter	159.00		15.90
1-inch meter	218.00		26.50
1 1/2-inch meter	290.00		53.00
2-inch meter	390.00		84.80
3-inch meter	724.00		159.00
4-inch meter	984.00	(I)	265.00

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 for water used computed at the Quantity Rate.

(T)

(T)

The surcharge is in addition to the regular metered water bill. The surcharge must be identified on each bill. The surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan authorized by Decision 83-05-052.

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APPENDIX B
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CONLIN STRAWBERRY WATER COMPANY

Schedule No. 1A

ANNUAL METERED SERVICE
(Continued)

(T)

SPECIAL CONDITIONS

1. The annual service charge applies to service during the 12-month period commencing January 1 and is 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 in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods. Meters will be read and quantity charges billed monthly, bimonthly or quarterly in accordance with the utility's established billing periods except that meters may be read and quantity charges billed during the winter season at intervals greater than three months.

2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual service charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ($1/365$) of the the number of days remaining in the calendar year. The balance of the payment of the initial annual charge 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 shall be due the customer.

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CONLIN STRAWBERRY WATER COMPANY

Schedule No. 2A

ANNUAL FLAT RATE SERVICE

(T)

APPLICABILITY

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

TERRITORY

Strawberry and vicinity, located approximately 31 miles east of Sonora, Tuolumne County.

RATES

	<u>Per Service Connection Per Year</u>	<u>Surcharge Per Month</u>	(T)
For each single-family residential unit or business establishment	\$208.00 (I)	\$10.60	
For each additional residential unit or business establishment on the same premises and served from the same service connection	183.00 (I)	8.00	
Main resort, for each cabin	73.00 (I)	3.10	(T)
For each swimming pool	73.00 (I)	3.10	

The surcharge is in addition to the regular flat rate water bill. 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 83-05-052. This surcharge is applicable to flat rate service not larger than 3/4-inch.

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CONLIN STRAWBERRY WATER COMPANY

Schedule No. 2A

ANNUAL FLAT RATE SERVICE
(Continued)

(T)

SPECIAL CONDITIONS

1. The above flat rates apply to a service connection not larger than 3/4-inch in diameter. (C)

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

3. The annual flat rate charge applies to service during the 12-month period commencing January 1 and is 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 flat rate charges in advance (T) at intervals of not less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods.

4. The opening bill for flat rate service shall be the established annual flat rate charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ($1/365$) of the the number of days remaining in the calendar year. The balance of the payment of the initial annual charge 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 shall be due to the customer.

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CONLIN STRAWBERRY WATER COMPANY

Schedule No. 3B

STATE BOND ACT LOAN UNDEVELOPED LOT CHARGE

APPLICABILITY

Applicable to undeveloped lots within the service territory of Conlin Strawberry Water Co., Inc., Tuolumne County, effective February 27, 1984.

RATES

A service charge to provide for reduction of the Safe Drinking Water Bond Act loan surcharge is chargeable to customers requesting future service to undeveloped lots.

The service charge shall be the accumulated total of the surcharges provided for in Schedules 1A and 2A, as applied to the property being furnished water service from February 27, 1984 to the date of connection. The maximum service charge shall be \$1,000. The service charge shall be due and payable upon connection of water service to the lot. The surcharge authorized by the Commission, as contained in the Utility's filed tariffs, will apply thereafter. (T)

The monthly surcharges established by the Public Utilities Commission in Decision 83-05-052 are subject to periodic adjustment. The calculation of the accumulated surcharges shall take into account such periodic adjustments. (T)

APPENDIX C

CONLIN STRAWBERRY WATER COMPANY

COMPARISON OF RATES

METERED SERVICE

	<u>Per Service Connection Per Year</u>		
	<u>Present Rates</u>	<u>Recommended Rates</u>	<u>Percent Increase</u>
Service Charge:			
For 5/8 x 3/4-inch meter	\$ 84.00	\$145.00	72.6%
For 3/4-inch meter	92.00	159.00	72.8
For 1-inch meter	126.00	218.00	73.0
For 1 1/2-inch meter	168.00	290.00	72.6
For 2-inch meter	226.00	390.00	72.6
For 3-inch meter	419.00	724.00	72.8
For 4-inch meter	570.00	984.00	72.6

Quantity Rates:

All use, per 100 cu.ft.	0.95	1.64	72.6
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FLAT RATE SERVICE

	<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	\$120.00	\$208.00	73.3%
For each additional unit	106.00	183.00	72.6
For each cabin, main resort building	42.00	73.00	73.8
For each swimming pool	42.00	73.00	73.8

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

<u>Usage 100 cu.ft.</u>	<u>Present Bills</u>	<u>Recommended Bills</u>	<u>Amount Increase</u>	<u>Percent Increase</u>
0	\$ 7.00	\$12.08	\$ 5.08	72.6%
4 (avg.)	10.80	18.64	7.84	72.6
10	16.50	28.48	11.98	72.6
15	21.25	36.68	15.43	72.6
20	26.00	44.88	18.88	72.6
30	35.50	61.28	25.78	72.6
50	54.50	94.08	39.58	72.6

APPENDIX D
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CONLIN STRAWBERRY WATER COMPANY

ADOPTED QUANTITIES
Test Year 1989

Federal Tax Rate: 15%
State Tax Rate: 9.3%

Expenses

1. Purchased Power:

Pacific Gas and Electric Company	
Rate Schedule	A-1
Effective Date of Schedule	1/1/89
kWh Used Total	25,412
kWh Used - Summer	6,954
kWh Used - Winter	18,458
\$/kWh - Summer	0.10976
\$/kWh - Winter	0.09024
Summer Charge	\$ 762
Winter Charge	1,662
Customer Charge	300
Total Purchased Power	2,729

2. Payroll and Employee Benefits:

Employee Labor	\$ 11,263
Management Salary	3,630
Office Salary	5,700
Total Payroll	20,593
Payroll Taxes	2,123

3. Ad Valorem Taxes:	\$ 3,574
Tax Rate	1.0%
Assessed Value	\$ 357,411

4. Water Testing (in contract work)	900
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APPENDIX D
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CONLIN STRAWBERRY WATER COMPANY

ADOPTED QUANTITIES
Test Year 1989

Service Connections:

Flat Rate

Residence/business	234
Additional units	4
Main resort cabins	9
Swimming pools	1
	<u>248</u>

Metered

5/8 x 3/4-inch	95
3/4-inch	0
1-inch	2
1-1/2-inch	0
2-inch	0
	<u>97</u>

Metered Water Sales Used To Design Rates: 4,198 Ccf

ADOPTED TAX CALCULATIONS
1989 Test Year

Line No.	Item	State Tax	Federal Tax
1.	Operating Revenues	\$ 71,061	\$ 71,061
2.	Expenses	42,754	42,754
3.	Taxes Other Than Income	5,563	5,563
4.	Depreciation Expense	4,682	4,682
5.	Interest	0	0
6.	Taxable Income for State Tax	18,062	
7.	State Tax (@ 9.3%)	1,680	1,680
8.	Taxable Income for FIT		16,382
9.	Federal Income Tax (@ 15%)		2,457
10.	Total Income Tax		4,137