

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3472
November 22, 1989

RESOLUTION

(RES. W-3472) TAHOE SWISS VILLAGE UTILITIES, INC.,
(TSV). ORDER AUTHORIZING A GENERAL RATE INCREASE
PRODUCING \$14,861 OR 23.98% ADDITIONAL ANNUAL
REVENUE.

TSV, by draft advice letter accepted by the Water Utilities Branch (Branch) on May 9, 1989, 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 \$14,861 or 23.98%. TSV estimates that 1989 gross revenue of \$61,968 at present rates would increase to \$76,829 at proposed rates to produce a rate of return on rate base of 4.24%. TSV serves 348 flat rate customers in the Tahoe Swiss Village and the Tahoe Pines Tracts located in Homewood, Placer County.

TSV was formed from two predecessor water companies, Tahoe Swiss Village Utility, and Tahoe Pines Water Company. The Commission authorized this transfer by Decision 87-10-028. Tahoe Swiss Village Utility received its last rate increase pursuant to Decision No. 82-04-083 which authorized a general rate increase producing \$5,550 or 67.0 % additional annual revenues. Tahoe Pines Water Company received its last rate increase pursuant to Resolution No. W-3027, dated October 20, 1982 which authorized a general rate increase producing \$10,200 or 35.2 % additional annual revenues.

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

The significant differences in estimates for operating expenses are in purchased power, other volume related expenses, transportation, office salaries, management salaries, office services and rent, office supplies and expenses, professional services, general expenses, depreciation expense, property taxes, payroll taxes, and income taxes.

The Branch's estimate of purchased power is slightly higher than TSV's. The main reason for this difference is because the Branch had access to Sierra Pacific Power Company's latest power rates. TSV used the power rates which were in effect at the time it prepared its purchased power estimate.

The Branch's estimate for other volume related expense is lower than TSV's. The Branch based its estimate on a detailed review of vouchers provided by the utility for the costs of chemicals, leased signal line, and maintenance of the hypo-chlorinators for the recorded year 1988 and then escalated these.

amounts for the test year, and added the projected water testing expense. The escalation factors used for this account and for other accounts were those recommended by the Advisory Branch of the Commission Advisory and Compliance Division. TSV provided no explanation for its estimates.

The Branch's estimate for transportation expense is lower than TSV's. The Branch's figure was derived by estimating the total annual travel mileage based on the size of the service territory and the travel distance to the nearest source of supplies. The Branch then applied a rate of \$0.24 per mile, the rate allowed by the Internal Revenue Service for business mileage. TSV did not adequately explain its method of estimation.

The Branch's estimate for office salary of \$3,330 is lower than TSV's estimate of \$3,600. The Branch believes one person can do both the secretarial and bookkeeping work for a utility of this size by working eight hours per week at \$8.00 per hour. The utility estimated two office employees are necessary to do these jobs. The utility recorded no amounts in this account in 1988.

The Branch's estimate of management salary is lower than TSV's. The Branch estimates that 30 hours per week is a reasonable amount of time to spend managing a utility of the size of TSV. The Branch applied a rate of \$10 per hour to yield an estimate of \$15,600. TSV provided no explanation for its estimate of \$18,000.

The Branch's estimate of office rent is lower than TSV's. The Branch's investigations revealed that TSV's office and the house in which TSV's president lives are owned by TSV's two directors, who are his parents. The president pays the directors \$200 per month rent and TSV is claiming this entire amount as office rent. The Branch allocated the \$200 per month rent between personal use and utility use on a square foot basis and estimates office rent as \$437 per year.

The Branch's estimate of office supplies and expense is higher than TSV's. The Branch's estimate is based on an average of five years recorded data escalated for inflation while TSV's estimate was based on only 1988 recorded data. The Branch used a five year average because office supplies and expense per year has fluctuated over the five years, showing no apparent trend.

The Branch's estimate for professional services is lower than TSV's. The Branch's estimate is based on an inflation adjusted five year average of recorded costs. The Branch used the five year average because professional services expense has fluctuated over the five years, showing no apparent trend. TSV could not adequately explain its estimate.

The Branch's estimate for general expenses is lower than TSV's. The Branch's estimate is based on an inflation adjusted five year average of recorded costs. The Branch used a five year average because general expenses per year have fluctuated over the five years, showing no apparent trend. TSV could not adequately explain its estimate.

Both the Branch and TSV used a 2.7% composite depreciation rate to compute depreciation expense and depreciation reserve. The main difference in the depreciation expense and reserve is due to the Branch's lower estimate for

average plant on which depreciation expense and reserve are computed. TSV also inadvertently computed depreciation on land and intangibles.

The Branch's estimate of property taxes is lower than TSV's. The Branch used the average of the recorded 1988-1989 and estimated 1989-1990 property tax figures to arrive at its estimate. TSV based its estimate on recorded 1988 property taxes and escalated it by 9.8%, which is higher than the 2% limit imposed by Proposition 13.

The Branch's estimate of payroll taxes is lower than TSV's because of a lower payroll estimate. The Branch also used the latest payroll tax rates for federal and state unemployment insurance.

The Branch's estimate for income taxes reflects current rates under the federal Tax Reform Act of 1986 and the California Corporation Franchise Tax rate for 1989. TSV provided no explanation of its estimate of income taxes.

The differences in estimates for rate base are in average plant in service, and average depreciation reserve.

The Branch's estimate for average plant in service is lower than TSV's. In 1989, TSV proposes to add (1) an altitude valve for \$3,500; (2) three meters at the pump stations for \$4,300; (3) electrical and signal rehabilitation work on the system connecting St. Francis Well, Tahoe Pines lake intake, and the main storage tank for \$10,000; (4) rehabilitate old wooden tank and float valve to increase storage capacity by 12,000 gallons for \$3,500; (5) and related administrative and engineering capital costs for \$4,000. The Branch reviewed these proposed additions and agrees they are necessary, however, Branch notes that TSV has no specific plans to implement these additions. The Branch excluded these costs and recommends that TSV be authorized to file an advice letter to begin recovering the reasonable cost associated with the improvements after these plant items have been placed in operation.

TSV's draft advice letter requested rates which it estimated would produce a return on rate base of 4.24%. The Branch's recommended summary of earnings would produce a rate of return of 9.73% at the Branch's recommended rates. The 9.73% rate of return, although lower than the 10.50% to 11.00% standard rate of return range recommended by the Finance Branch of the Commission Advisory and Compliance Division for small 100% equity financed utilities results in TSV being granted the total revenue increase it requested. The authorized rate of return in the last rate case is generally used to determine whether a utility's earnings are excessive when the Commission is considering granting rate relief for offsettable items such as purchased power. The Branch, therefore, recommends that the Commission find a rate of return on rate base not exceeding 11.0% to be reasonable for the purpose of future earnings tests for TSV.

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

A notice of the proposed rate increase and public meeting was mailed to each customer on May 18, 1989. Thirteen letters protesting the magnitude of the proposed increase were received. The Branch recently sent a letter to each customer who wrote in, explaining the Branch's recommendations.

On June 13, 1989 a public meeting attended by 22 members of the public was held in Tahoe City. A Branch representative conducted the meeting and TSV's owner was there to answer questions. Questions were asked regarding the possibility of obtaining a water supply from a spring instead of wells or Lake Tahoe, legality of drilling private wells, and complaints were made about sand in the water. Several customers stated that they were satisfied with the water quality and the service provided by TSV. TSV's owner explained that the problem of sand in the water was remedied by recent work on the intake pipeline from Lake Tahoe.

Branch engineers conducted a field investigation of TSV's water system on June 13 and 14, 1989. Visible portions of the system were inspected, pressures checked, and the company's records reviewed. Customers contacted during the investigation indicated that there were no major water supply or water quality problems.

TSV obtains its water from a well that is in fairly good condition and two pickup points from Lake Tahoe and foresees no problem with its water supply. Average water use per customer is moderate. The utility has had no water shortages in the past either during the 1976 drought or the current dry period. No additional conservation measures are needed at this time.

TSV's current rate structure consists of three schedules: Schedule No. 2A, Annual General Flat Rate Service; Schedule No. 2RS, Seasonal Flat Rate Service; and Schedule No. 4, Private Fire Protection Service.

TSV proposes to eliminate Schedule No. 2RS, Seasonal Flat Rate Service; and add Schedule No. 1, Annual General Metered Service; a new schedule for Public Fire Hydrant Service; and Schedule No. SE, Service Establishment Charges.

Section 2713 of the Public Utilities Code prohibits water utilities from charging public fire protection agencies a fire hydrant rental fee unless there is a written agreement between the parties to pay such a fee. TSV has no such written agreement at this time. Therefore, the Branch recommends that TSV's request to initiate a Public Fire Hydrant Service Schedule without a written agreement with an appropriate public fire agency should be denied.

TSV proposes to add a new Schedule No. SE, Service Establishment Charges to its tariffs. This would allow TSV to collect a connection fee from new customers. The Branch has advised TSV that the charges of this type are prohibited by Section V.2.a (1) of General Order 103, "Rules Governing Water Service Including Minimum Standards for Design and Construction". Therefore, the Branch recommends that TSV not be authorized to file Schedule No. SE, Service Establishment Charges.

Of TSV's 348 flat rate customers, 25 take service for just the summer season from April 1 through October 31. None of the 25 seasonal customers take service for just the winter season. Since such a large proportion of TSV's revenues (86%) must be used to support the system whether its customers are connected during the off season or not, and since only a relatively small number of customers disconnect during the off season, a strong argument can be made that it is inequitable in this case to allow seasonal customers to pay an amount so much less than the fixed costs of serving them. TSV also points out that none of its five closest neighboring

water purveyors (four of them Commission-regulated) have seasonal rates. TSV would very much like to move these seasonal customers to year-round rates. In this instance, seasonal customers pay 60 percent of the rate annual customers pay, so abolishing the seasonal schedule would result in an increase of 106 percent. In return, these customers will now receive year-round service. Even though the Commission policy requires that no customer should receive more than twice the system average increase, the Branch believes that the utility's request to alleviate inequities in collection of fixed cost is reasonable. In view of this, the Branch recommends discontinuing seasonal rates.

The rates proposed by the Branch, included herein as Appendix B, were designed by applying approximately the system overall average percentage increase to both the flat rate and private fire protection categories. The Branch's Annual Metered Rate Schedule was designed so that the customer using the system average consumption of 18.4 Ccf per month (1 Ccf is equal to one hundred cubic feet) would pay the same amount as he would have on flat rate.

The Commission's metered rate design policy for water utilities outlined in D.86-05-064 established a goal to recover up to 50% of a water utility's fixed expenses through the metered service charges. The Branch's recommended metered rates are designed to recover revenue in proportion to approximately 50% of the utility's fixed costs and have a single metered quantity rate.

The Branch recommends that the Commission authorize an increase in gross annual revenue of \$14,861 or 23.98%. This increase provides a 9.73% rate of return on the rate base in test year 1989 and grants the full amount of the increase that TSV requested.

At the Branch's recommended rates shown in Appendix B, the monthly bill for a typical residential flat rate customer would increase from \$15.33 to \$18.50 (20.7%). 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. TSV should be authorized to recover the reasonable costs of the following programs after they have been placed into service:
 - a. An altitude valve at an approximate cost of \$3,500
 - b. Three meters at the pump stations at an approximate cost of \$4,300

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- c. Electrical and signal rehabilitation work on the system between the St. Francis Well, the Tahoe Pines lake intake, and the tank at an approximate cost of \$10,000.
 - d. Rehabilitate old wooden tank and float valve, and add 12,000 gallons of storage at an approximate cost of \$3,500
 - e. Related administrative and engineering costs at an approximate cost of \$4,000.
5. TSV's request to initiate a tariff schedule for Public Fire Hydrant Service should be denied.
6. TSV should be authorized to cancel Schedule No. 2RS, Seasonal Flat Rate Service, and to add Schedule No. 1A, Annual General Metered Service.
7. TSV's request to add Schedule No. SE, Service Establishment Charges should be denied.
8. For the purpose of earnings tests in any future offset rate increase requests for TSV, a rate of return on rate base not exceeding 10.75% should be considered reasonable.
9. 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 Swiss Village Utilities, Inc. 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 2A, 2RS, 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 Swiss Village Utilities, Inc. is authorized to file an advice letter to begin recovering the reasonable cost of the following items after they have been placed into service:
 - a. An altitude valve at an approximate cost of \$3,500
 - b. Three meters at the pump stations at an approximate cost of \$4,300
 - c. Electrical and signal rehabilitation work on the system between the St. Francis Well, the Tahoe Pines lake intake, and the tank at an approximate cost of \$10,000.
 - d. Rehabilitate old wooden tank and float valve, and add 12,000 gallons of storage at an approximate cost of \$3,500
 - e. Related administrative and engineering costs at an approximate cost of \$4,000.

3. The request of Tahoe Swiss Village Utilities, Inc. to initiate a Public Fire Protection Schedule without a written agreement with an appropriate public fire protection agency is denied.

4. The request of Tahoe Swiss Village Utilities, Inc. to add Schedule No. SE, Service Establishment Charges is denied.

5. For the purpose of earnings tests in any future offset rate increase requests for Tahoe Swiss Village Utilities, Inc., a rate of return on rate base not exceeding 11.0%, the top of the range recommended, shall be considered reasonable.

6. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on November 22, 1989. The following commissioners approved it:

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

Wesley Franklin
WESLEY FRANKLIN
Acting Executive Director

APPENDIX A

TAHOE SWISS VILLAGE UTILITIES, INC.
SUMMARY OF EARNINGS
Test Year 1989

Item	Utility Estimated		Branch Estimated		Adopted
	Present Rates	Requested Rates	Present Rates	Requested Rates	
<u>Operating Revenue</u>					
Flat Rate	\$ 61,968	\$ 76,829	\$ 61,968	\$ 76,829	\$ 76,829
Metered	0	0	0	0	0
Total Revenue	61,968	76,829	61,968	76,829	76,829
<u>Operating Expenses</u>					
Purchased Power	5,080	5,080	5,255	5,255	5,255
Other Volume Related	2,000	2,000	1,840	1,840	1,840
Materials	1,170	1,170	1,170	1,170	1,170
Employee Labor	3,000	3,000	3,000	3,000	3,000
Contract Work	4,000	4,000	4,000	4,000	4,000
Transportation	3,000	3,000	1,452	1,452	1,452
Office Salaries	3,600	3,600	3,330	3,330	3,330
Management Salaries	18,000	18,000	15,600	15,600	15,600
Office Serv. & Rent	2,400	2,400	437	437	437
Office Supplies	2,486	2,486	2,590	2,590	2,590
Professional Services	3,700	3,700	1,433	1,433	1,433
Insurance	7,318	7,318	7,318	7,318	7,318
General Expenses	2,400	2,400	2,163	2,163	2,163
Subtotal	58,154	58,154	49,588	49,588	49,588
Depreciation Exp.	7,622	7,622	7,280	7,280	7,280
Payroll Tax	3,250	3,250	2,235	2,235	2,235
Property Tax	828	828	836	836	836
Income Tax	409	409	814	3,869	3,869
Total Deductions	70,263	70,263	60,753	63,808	63,808
Net Revenue	(8,295)	6,566	1,215	13,021	13,021
Average Plant	287,302	287,302	274,652	274,652	274,652
Avg. Depr. Reserve	135,983	135,983	144,420	144,420	144,420
Net Plant	151,319	151,319	130,232	130,232	130,232
Less: Contributions	0	0	0	0	0
Advances	0	0	0	0	0
Plus: Working Cash	0	0	0	0	0
Mat'l & Suppl.	3,600	3,600	3,600	3,600	3,600
Rate Base	154,919	154,919	133,832	133,832	133,832
Rate of Return	(Loss)	4.24%	0.91%	9.73%	9.73%

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TAHOE SWISS VILLAGE UTILITIES, INC.

Schedule No. 1A

(N)

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

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

TERRITORY

An area 1 1/2 miles north of Homewood, Placer County.

RATES

Quantity Rates:

All use, per 100 cu. ft. \$ 0.51

Service Charge

Per Meter
Per Year

For 5/8 x 3/4-inch meter	\$ 86.40
For 3/4-inch meter	94.80
For 1-inch meter	129.60
For 1 1/2-inch meter	171.60
For 2-inch meter	232.80

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.

(Continued)

(N)

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TAHOE SWISS VILLAGE UTILITIES, INC.

Schedule No. 1A
(Continued)

ANNUAL GENERAL METERED SERVICE

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 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 on a semiannual basis in advance of January 1 and July 1.
2. The established billing cycle for water is monthly. The billing cycle may be at longer intervals during winter season.
3. 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 number of days remaining in the 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.
4. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(N)

(N)

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TAHOE SWISS VILLAGE UTILITIES, INC.

Schedule No. 2A

ANNUAL RESIDENTIAL FLAT RATE SERVICE (C)

APPLICABILITY

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

TERRITORY

An area 1 1/2 miles north of Homewood, Placer County. (T)

RATES

For a single-family residential unit, including premises. (C)

	<u>Per Service Connection</u> <u>Per Year</u>	
Served through a 3/4-inch service	\$ 222.00	(C)
1-inch service	283.00	(C)
1 1/2-inch service	681.00	(C)
For each additional single-family residential unit on the same premises and served from the same service same service connection.	153.00	(C)
For each Swimming Pool.	57.00	(N)

SPECIAL CONDITIONS

- (D)
(D)
1. For service covered by the above classifications, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual General Metered Service, effective 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 service charge for the same period shall be made on or before that day. (N)
(N)

(Continued)

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TAHOE SWISS VILLAGE UTILITIES, INC.

Schedule No. 2A
(Continued)

ANNUAL RESIDENTIAL FLAT RATE SERVICE

(C)

SPECIAL CONDITIONS (Continued)

2. The annual flat rate charge applies to service during the 12-month period commencing January 1 and is due in advance. If a 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 on a semiannual basis in advance of January 1 and July 1. Where such a resident has failed to pay the first half of the annual charge due January 1, service will not be restored until the total annual charge has been paid.
3. 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 number of days remaining in the 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.
4. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(C)

(C)

(D)

(N)

(N)

(L)

(L)

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TAHOE SWISS VILLAGE UTILITIES, INC.

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

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

TERRITORY

An area 1 1/2 miles north of Homewood, Placer County.

RATES

	<u>Per Service Connection Per Month</u>	
For each inch of diameter of service connection.	\$ 3.50	(C)

SPECIAL CONDITIONS

1. The facilities for service connection to a privately owned fire protection system will be installed by the utility or under the utility's direction and the cost paid by the applicant. Such cost will not be subject to refund. The facilities paid for will be the sole property of the applicant. (T)
2. The minimum diameter for the private service connection will be 4-inches. The maximum diameter will not be larger than the diameter of the water main to which the service is connected. (T)
3. If a main of adequate size to serve a private fire protection system in addition to all other normal service does not exist adjacent to the premises to be served, then a new main from the nearest existing main of adequate capacity will be installed by the utility and the cost paid by the applicant. Such cost will not be subject to refund. The main where located in public right-of-way or utility easement will be the sole property of the utility. (N)
(N)
(N)

(Continued)

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TAHOE SWISS VILLAGE UTILITIES, INC.

Schedule No. 4
(Continued)

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS (Continued)

4. Service hereunder is for private fire protection systems to which no connections other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction and maintained to the satisfaction of the utility. The service connection facilities are subject to the control of the utility, with right to alter, repair, replace and the right to remove upon discontinuance of service. The customer is required to maintain, repair, and to provide for the required periodic inspection of system. Failure to comply with this provision may be grounds for the utility's discontinuance of the service to the premises without liability to the utility.
5. The service connection will include the installation of a detector check valve with meter or other similar device acceptable to the utility for protection against theft, leakage, or waste of water. If the utility and its duly authorized agents have the right of access to and within the premises for all purposes related to said facility, the requirement for a detector check valve and meter may be waived.
6. For water delivered for other than fire protection purposes, charges will be made therefor under Schedule No. 1A, Annual General Metered Service. Unauthorized use of water from the private fire service may be grounds for the utility's discontinuance of the service to the premises without liability to the utility.
7. The utility will supply only such water at such pressure as may be available at any time as a result of the normal operation of the utility system.
8. No Structure except by written approval and authorization of the utility will be built over the facilities to serve private fire service and the customer will maintain and safeguard the area occupied by these facilities from traffic and other hazardous conditions. The customer will be responsible for any damage to the facilities.

(C)
(N)
(N)
(D)
(N)
(N)

(Continued)

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TAHOE SWISS VILLAGE UTILITIES, INC.

Schedule No. 4
(Continued)

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS (Continued)

9. Subject to the approval of the utility, any change in the location or construction of the facilities to serve private fire service as may be requested by public authority or the customer will be made by the utility following payment to the utility for the entire cost of such change.
10. 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.
12. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(N)

(N)

(L)

(L)

APPENDIX C

TAHOE SWISS VILLAGE UTILITIES, INC.

COMPARISON OF RATESMETERED SERVICE

There are currently no metered rates and no metered customers.

FIAT RATE SERVICE

	<u>Per Service Connection Per Year</u>			
	<u>Present Rates</u>	<u>Recommended Rates</u>	<u>Increase Amount</u>	<u>Percentage</u>
For a single-family residential unit including premises:				
<u>Annual</u>				
With a 3/4-inch service	\$184.00	\$222.00	\$ 38.00	20.7%
1-inch service	184.00	283.00	99.00	53.8%
1 1/2-inch service	548.00	681.00	133.00	24.3%
For each additional single-family residential unit on the same premises and served from the same service connection.				
	122.00	153.00	31.00	25.4%
Swimming Pool	46.00	57.00	11.00	23.9%
<u>Seasonal</u>				
With a 3/4-inch service	108.00	222.00	114.00	105.5%
For each additional single-family residential unit on the same premises and served from the same service connection.				
	72.00	153.00	81.00	112.5%
<u>PRIVATE FIRE PROTECTION</u>				
For each inch of diameter of service connection.	33.75	42.00	8.25	24.4%

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TAHOE SWISS VILLAGE UTILITIES, INC.

ADOPTED QUANTITIES

Test Year 1989

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

Expenses:

1. Purchased Power:

Sierra Pacific Power Company	
Rate Schedule	A-1
Effective Date of Schedule	10/1/89
kwh Used - Total	56,363
\$/kwh	0.09068
Quantity Charge	\$ 5,111
Service Charge	144
Total Purchased Power	5,255

2. Purchased Water

None

3. Payroll and Employee Benefits:

Employee Labor	\$ 3,000
Office Salary	3,330
Management Salary	15,600
Total Payroll	21,720
Pensions & Benefits	0
Payroll Taxes	2,235

3. Ad Valorem Taxes:

Tax Rate Used	1.0%
Assessed Value	\$ 83,600
Total Taxes (Avg.)	836

4. Water Testing (in Other Volume Related Expense)

600

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TAHOE SWISS VILLAGE UTILITIES, INC.

ADOPTED QUANTITIES
Test Year 1989Service Connections:

Metered Rate	None
Flat Rate	
Annual	
3/4-inch service	308
1-inch service	1
1 1/2-inch service	2
Additional Units	11
Swimming Pool	<u>1</u>
Subtotal Annual	323
Seasonal	
3/4-inch service	23
Additional Units	2
Subtotal Seasonal	25
Private Fire Protection	None
Total Customers	348

ADOPTED INCOME TAX CALCULATIONS
Test Year 1989

Line No.	Item	State Tax	Federal Tax
1.	Operating Revenue	\$ 76,829	\$ 76,829
2.	Expenses	49,588	49,588
3.	Taxes Other Than Income	3,071	3,071
4.	Depreciation	7,280	7,280
5.	Interest	0	0
6.	Taxable Income for State Tax	16,890	
7.	State Tax @ 9.3% (\$600 Minimum)	1,571	1,571
8.	Taxable Income for FIT		15,319
9.	Federal Income Tax @ 15%		2,298
10.	Total Income Tax		3,869

(END OF APPENDIX D)