

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION  
Water Utilities BranchRESOLUTION NO. W-3522  
October 12, 1990

## R E S O L U T I O N

(RES. W-3522) RIO PLAZA WATER COMPANY (RPWC).  
ORDER AUTHORIZING A GENERAL RATE INCREASE PRODUCING  
\$17,467 OR 20.4% ADDITIONAL ANNUAL REVENUE.

RPWC, by draft advice letter accepted by the Water Utilities Branch (Branch) on March 15, 1990, 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 \$37,465 or 43.8%. RPWC estimates that 1990 gross revenue of \$85,633 at present rates would increase to \$123,098 at proposed rates to produce a rate of return on rate base of 11.15%. RPWC presently serves 520 metered customers in an unincorporated Ventura County area north of the City of Oxnard.

The present rates became effective January 1, 1984 pursuant to Resolution W-3092, dated May 4, 1983 which authorized a general rate increase of 36.3%.

The Branch made an independent analysis of RPWC's summary of earnings. Appendix A shows RPWC's and Branch's estimated summary of earnings at present, requested, and adopted rates for test year 1990. Appendix A shows differences in revenues, expenses, and rate base.

The Branch's estimate of revenues is higher than RPWC's at requested rates. RPWC made a calculation error in its estimate.

The differences in estimates for operating expenses are in purchased power; other volume related expenses; employee labor; materials; contract work; office salaries; management salaries; transportation expense; uncollectibles; office services and rentals; office supplies; professional services; insurance; general expense; franchise tax; depreciation expense; payroll taxes; and income taxes.

The Branch's estimate for purchased power is lower than RPWC's. The Branch calculated the total kilowatt hours required for pumping and based its cost estimate on the most recent Southern California Edison Company rate schedules (effective February 1, 1990). RPWC based its estimate on a 20% increase over 1989 expense.

The Branch's estimate for other volume related expenses is slightly higher than RPWC's. This account covers the ground water replenishment charges assessed by the local water conservation district. The Branch's estimate

reflects the current assessment rate while RPWC used the rate previously in effect.

The Branch estimated an amount for employee labor while RPWC included these expenses in contract work. The Branch based its estimate on RPWC's actual meter reader and service personnel work-time records for 1989 and escalated the expense to 1990 by the labor escalation factor. The escalation factors used by the Branch for this and other accounts were those recommended by the Advisory Branch of the Commission Advisory and Compliance Division.

The Branch's estimate for materials is lower than RPWC's. The Branch based its estimate on the past three years of recorded expenses and escalated the average to 1990 by the non-labor escalation factor. RPWC provided no explanation for its high estimate.

The Branch's estimate of contract work is lower than RPWC's. In addition to the cost of water testing, RPWC included the cost of payments to its meter reader and other service personnel. The Branch based its estimate only on the current costs of water testing. The Branch excluded amounts paid to employees in this account but did consider them in its employee labor estimate described above.

The Branch's estimate of office salaries is lower than RPWC's. The Branch used the recorded 1989 expense and increased it by the labor escalation factor to calculate its estimate. RPWC applied a 15% increase in 1989 office salaries to arrive at its estimate.

The Branch's estimate of management salaries is lower than RPWC's. The Branch based its estimate on management salaries allowed for ratemaking purposes to other small water utilities of a similar size where the utility owners have similar duties and responsibilities. RPWC's request was for an amount which it could not reasonably justify.

The Branch's estimate of transportation expense is lower than RPWC's. The Branch estimated that RPWC would operate its motor vehicles a total of 6,000 miles per year in connection with water utility business based on normal driving needs for serving a compact urban area. A rate of \$0.24 per mile, the rate allowed by the Internal Revenue Service for tax purposes, was used to calculate the expense from this mileage estimate. RPWC vehicle use is shared with other business enterprises of the utility's owner. RPWC based its estimate on driving 15,179 miles per year at \$0.28 per mile but could provide no basis for that mileage or cost estimate.

The Branch estimated an allowance for uncollectibles whereas RPWC made no such estimate but included a fixed amount under general expense for collection agency fees. The Branch estimated the 1989 unpaid revenue and the amount collected by the collection agency less the agency fees and calculated the percentage of 1989 uncollectible revenue compared to 1989 total revenue. The Branch used this factor (0.50%) in making its estimates for uncollectibles at present and proposed rates.

The Branch's estimate for office services and rentals is slightly lower than RPWC's. The Branch based its estimate on the rent paid for the home of RPWC's office worker and on the area used for utility work compared to the

home's total area. RFWC estimated an amount which it could not reasonably justify.

The Branch's estimate for office supplies is lower than RFWC's. The Branch based its estimate on recorded figures escalated for inflation. RFWC assumed an amount for its estimate which it could not adequately support.

The Branch's estimate for professional services is lower than RFWC's. The Branch's estimate is based upon an existing contract between RFWC and its certified public accountant. RFWC improperly included amounts for regulatory commission expense and for duplicate work performed by RFWC office personnel.

The Branch's estimate for insurance is lower than RFWC's. RFWC's estimate is based on its present policy premium. The Branch based its estimate on a lower premium quotation received for equivalent coverage from the National Association of Water Companies.

The Branch's estimate for general expense is lower than RFWC's. RFWC included water association dues and collection agency fees in its estimate. The Branch included water association dues only. The Branch accounted for collection agency fees in its allowance for uncollectibles as described above.

The Branch's estimate of franchise tax is lower at present rates and higher at proposed rates than RFWC's. The Branch based its franchise tax estimate on a percentage of operating revenue, which is the method on which the tax is assessed. RFWC erroneously assumed the tax would remain constant irrespective of operating revenue.

Both the Branch and RFWC based their depreciation expense estimates on a composite depreciation rate of 2.62 percent. The Branch's estimate is lower than RFWC's because the Branch made a lower estimate of average plant as explained below.

The Branch made an estimate for payroll tax whereas RFWC did not include any. The Branch's tax estimate is based on the total estimated labor and salaries and the current rates for social security and unemployment taxes.

The Branch's income tax estimates are higher than RFWC's. The Branch's estimates reflect the current federal and state rates for 1990. RFWC made errors in applying minimum state taxes and using the proper income for federal taxes.

The difference in rate base is due to differences in plant, accumulated depreciation, and working cash.

The Branch's estimate of plant in service is slightly lower than RFWC's. The Branch used 1989 recorded plant balance whereas RFWC used 1988 data with estimated plant additions in 1989 which did not occur.

The Branch's estimate of accumulated depreciation is higher than RFWC's. The difference is due to the differences in plant estimates as described above and the Branch including one more year's depreciation expense (for 1990) than RFWC.

The allowance for working cash estimated by the Branch is lower than that estimated by RFWC. The Branch used the simplified method of calculating working cash allowance adopted by the Commission on January 27, 1989, while RFWC used an outdated estimating method.

RFWC's draft advice letter requested rates which it estimated would produce a return on rate base of 11.15% in 1990. The Branch's recommended summary of earnings would produce a rate of return of 11.00% at the Branch's recommended rates. The 11.00% rate of return is the high point of 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 water companies.

RFWC 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 30, 1990. No complaints were received by Branch. No informal complaints concerning RFWC have been received by the Consumer Affairs Branch in the past three years.

Nine area residents attended the public meeting at the Rio Plaza School in the service area on June 20, 1990. A Branch engineer conducted the meeting and RFWC's owner, service person, and accounting consultant explained RFWC's request and answered questions. Most questions concerned water quality and one customer complained of low water pressure.

Branch engineers conducted an inspection of RFWC's facilities and service area on March 26, 1990. They checked visible portions of the system and methods of operation, audited RFWC's books and talked to customers. Their investigation indicated that RFWC has maintained the system well and is providing good service with water pressures meeting the requirements of G.O. 103, "Rules Governing Water Service Including Minimum Standards for Design and Construction." RFWC has no outstanding Commission orders requiring system improvements.

The inspection noted, however, that one additional measuring device was required on the discharge lines of RFWC's wells. RFWC presently uses one measuring device to measure the output of two wells. G.O. 103 requires that the utility shall install a suitable measuring device, or otherwise determine production, at each source of supply in order that a record may be maintained of the quantity of water produced by each source. RFWC should be required to install the additional measuring device.

According to the California Department of Health Services, RFWC's water meets all primary and secondary drinking water standards currently in effect.

RFWC has made an effort to educate its customers in the merits of water conservation which may be partially responsible for the fact that the water level in its deep wells has remained relatively constant over the past four drought years. For this reason, the Branch believes that no further conservation measures should be ordered at this time.

RFWC currently provides service under Schedule No. 1, General Metered Service, and under Schedule No. 4, Private Fire Protection Service. Under the terms of Section 2713 of the Public Utilities Code, RFWC is precluded from charging for service under Schedule No. 3, Public Fire Hydrant Service, without a formal agreement with the local fire protection agency. Therefore, this schedule should be withdrawn and cancelled.

The Branch found material in RFWC's tariffs that is obsolete and should be brought up to date. Examples are: the Title Page; Preliminary Statement; Rule 9, Rendering and Payment of Bills; Rule 12, Information Available to the Public; Rule 13, Temporary Service; and Rule 18, Meter Tests and Adjustment of Bills for Meter Error.

The present metered rate tariff consists of a service charge determined by the size of the meter plus a quantity rate for the first 300 cubic feet of water and a higher rate for water in excess of 300 cubic feet.

By Decision No. 86-05-064, the Commission adopted a policy calling for recovery of up to 50% of a water utility's fixed expenses through service charges. This policy also calls for phasing out lifeline rates and encourages the reduction of multiple blocks to a single block.

The rates proposed by the Branch were designed by setting the level of the service charge to approach recovering 50% of RFWC's fixed expenses but not exceeding twice the system average increase for any customer. The single quantity block rate was designed to recover the remainder of the revenue requirement.

The Branch's recommended Summary of Earnings shown in Appendix A shows an increase in gross revenue of \$17,467 or 20.4%. This increase provides an 11.00% rate of return on rate base.

At the Branch's recommended rates shown in Appendix B, the bill for a typical residential customer using 2,000 cubic feet per month would increase from \$13.86 to \$16.40 or 18.3%. 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 adopted.
3. The quantities (Appendix D) used to develop the Branch's recommendations are reasonable and should be adopted.
4. RFWC's tariff Schedule No. 3, Public Fire Hydrant Service, is no longer applicable and should be withdrawn and cancelled.
5. RFWC should be ordered to comply with G.O. 103 by installing suitable measuring devices or otherwise determining production at each source of supply. RFWC should be authorized to file an advice letter to begin

recovering the reasonable costs of its installations after they have been placed in service.

6. RFWC's tariff book contains outdated sheets. These include: the Title Page; Preliminary Statement; and Rules 9, 12, 13 and 18. RFWC should be operating with current Commission tariffs.

IT IS ORDERED that:

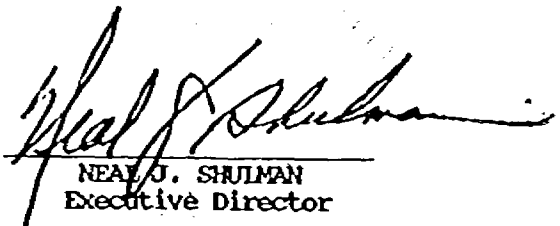
1. Authority is granted under Public Utilities Code Section 454 for Rio Plaza Water Company to file an advice letter incorporating the summary of earnings and revised rate schedules attached to this resolution as Appendices A and B, respectively, and concurrently to cancel its presently effective rate Schedules No. 1, No. 3, and No. 4. This filing shall also contain updated tariff items including: Title Page, Preliminary Statement, and Rules 9, 12, 13 and 18. Its filing shall comply with General Order 96-A. The effective date of the revised rate schedules shall be the date of filing.

2. Rio Plaza Water Company shall install suitable measuring devices to determine production at each source of supply within one year of the effective date of this order. Rio Plaza Water Company is authorized to file an advice letter to begin recovering the reasonable costs of its installations after they have been completed and placed in service.

3. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on October 12, 1990. The following Commissioners approved it:

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

  
NEAL J. SHULMAN  
Executive Director

## APPENDIX A

RIO PLAZA WATER COMPANY  
SUMMARY OF EARNINGS  
Test Year 1990

Item	: Utility Estimated :		: Branch Estimated :		: Adopted :
	: Present :	: Requested :	: Present :	: Requested :	
	: Rates :	: Rates :	: Rates :	: Rates :	: Rates :
<u>Operating Revenue</u>					
Metered	\$85,633	\$123,098	\$85,633	\$126,785	\$103,100
Flat Rate	0	0	0	0	0
Total Revenue	85,633	123,098	85,633	126,785	103,100
<u>Operating Expenses</u>					
Purchased Power	18,790	18,790	15,400	15,400	15,400
Other Vol. Related Expense	13,050	13,050	13,780	13,780	13,780
Employee Labor	0	0	8,100	8,100	8,100
Materials	5,500	5,500	1,540	1,540	1,540
Contract Work	17,085	17,085	8,060	8,060	8,060
Other Plant Maintenance	0	0	0	0	0
Office Salaries	9,780	9,780	8,930	8,930	8,930
Management Salaries	15,500	15,500	12,000	12,000	12,000
Transportation Expense	4,250	4,250	1,440	1,440	1,440
Uncollectibles	0	0	428	634	516
Office Services & Rentals	2,950	2,950	2,750	2,750	2,750
Office Supplies	4,200	4,200	3,000	3,000	3,000
Professional Services	5,670	5,670	2,130	2,130	2,130
Insurance	5,550	5,550	2,580	2,580	2,580
General Expense	1,550	1,550	100	100	100
Regulatory Expense	350	350	350	350	350
Subtotal	104,225	104,225	80,588	80,794	80,676
Franchise Tax	2,260	2,260	1,713	2,662	2,062
Depreciation Expense	5,022	5,022	4,960	4,960	4,960
Property Taxes	650	650	650	650	650
Payroll Taxes	0	0	4,179	4,179	4,179
Income Taxes	0	1,698	800	7,682	2,422
Total Deductions	112,157	113,855	92,890	100,927	94,949
<u>Net Revenue</u>	(26,524)	9,243	(7,257)	25,858	8,151
Average Plant	190,772	190,772	189,740	189,740	189,740
Avg. Accum. Depreciation	121,010	121,010	123,180	123,180	123,180
Net Plant	69,762	69,762	66,560	66,560	66,560
Less: Advances	0	0	0	0	0
Contributions	0	0	0	0	0
Plus: Working Cash	12,620	12,620	7,113	6,751	7,032
Mat'l & Supplies	512	512	512	512	512
<u>Rate Base</u>	82,894	82,894	74,185	73,823	74,104
<u>Rate of Return</u>	(loss)	11.15%	(loss)	35.03%	11.00%

APPENDIX B  
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RIO PLAZA WATER COMPANY

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Rio Plaza Subdivision and vicinity located northeast of (T)  
the El Rio section of the City of Oxnard, Ventura County. (T)

RATES

Quantity Rate:

All water used per 100 cubic feet . . . . . \$ 0.52 (C)

Service Charges

	<u>Per Meter</u>		<u>Per Month</u>
	<u>Service</u>		<u>SDWBA</u>
	<u>Charge</u>		<u>Surcharge</u>
For 3/4-inch meter . . . . .	6.00	(I)	4.10
For 1-inch meter . . . . .	8.20		5.55
For 1-1/2-inch meter . . . . .	10.90		7.40
For 2-inch meter . . . . .	14.70		10.00
For 3-inch meter . . . . .	27.30		18.50
For 4-inch meter . . . . .	37.00	(I)	25.20

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rates.

SPECIAL CONDITIONS

1. The SDWBA (Safe Drinking Water Bond Act) surcharge is in addition to the regular water bill. This surcharge shall be identified on each bill. The surcharge is specifically for the repayment of California SDWBA loan authorized by Decision No. 92512. (N)  
(T)  
|  
(T)
2. All bills are subject to the reimbursement fee set forth in Schedule No. UF. (L)  
(L)



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RIO PLAZA 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

Rio Plaza Subdivision and vicinity located northeast of the El Rio section of the City of Oxnard, Ventura County

RATE

For each inch of diameter of service connection . . . \$ 3.60

(T)  
(T)

(I)

GENERAL 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.
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 to the premises where located within the premises, the right of ingress and its duly authorized agents shall have the right 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.

(continued)

# CORRECTION

THIS DOCUMENT HAS  
BEEN REPHOTOGRAPHED  
TO ASSURE  
LEGIBILITY

APPENDIX B

Page 2

RIO PLAZA 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

Rio Plaza Subdivision and vicinity located northeast of the El Rio section of the City of Oxnard, Ventura County (T)  
(T)

RATE

Per Service  
Per Month

For each inch of diameter of service connection . . \$ 3.60 (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.
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.

(continued)

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RIO PLAZA WATER COMPANY

Schedule No. 4  
(continued)

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS

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 connection 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 immediately discontinuing private fire service without liability to the utility.
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 hold it (T) 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.

(continued)

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RIO PLAZA WATER COMPANY

Schedule No. 4  
(continued)

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS

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)

(END OF APPENDIX B)

APPENDIX C

RIO PLAZA WATER COMPANY

COMPARISON OF RATES

A comparison of the present and Branch's recommended rates is shown below:

Service Charges:

		<u>Per Meter Per Month</u>			
		<u>Present</u>	<u>Proposed</u>	<u>Increase</u>	
		<u>Rates</u>	<u>Rates</u>	<u>Amount</u>	<u>Percent</u>
For	3/4-inch meter	\$ 4.35	\$ 6.00	\$ 1.65	37.9
For	1-inch meter	5.90	8.20	2.30	39.0
For	1-1/2-inch meter	8.00	10.90	2.90	36.3
For	2-inch meter	11.00	14.70	3.70	33.6
For	3-inch meter	20.00	27.30	7.30	36.5
For	4-inch meter	27.00	37.00	10.00	37.0

Quantity Rate:

First 300 cubic feet per month, per 100 cubic feet	\$ 0.45	\$ 0.52	\$ 0.07	15.6
Over 300 cubic feet per month, per 100 cubic feet	0.48	0.52	\$0.04	8.3

Monthly bill for a typical user with a 3/4-inch meter:

		<u>Per Meter Per Month</u>			
		<u>Present</u>	<u>Proposed</u>	<u>Increase</u>	
		<u>Rates</u>	<u>Rates</u>	<u>Amount</u>	<u>Percent</u>
	0	\$4.35	\$6.00	\$1.65	37.9
	3	5.70	7.56	1.86	32.6
	5	6.66	8.60	1.94	29.1
	8	8.10	10.16	2.06	25.4
	10	9.06	11.20	2.14	23.6
	15	11.46	13.80	2.34	20.4
Average	20	13.86	16.40	2.54	18.3
	50	28.26	32.00	3.74	13.2
	75	40.26	45.00	4.74	11.8
	100	52.26	58.00	5.74	11.0

Note: The above monthly bill comparisons exclude the Safe Drinking Water Bond Act surcharge which remains unchanged.

## APPENDIX D

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## RIO PLAZA WATER COMPANY

ADOPTED QUANTITIES

Test Year 1990

Federal Income Tax Rate	15.0%
California Income Tax Rate	9.3%
Uncollectible Rate	0.5%
County Franchise Tax Rate	2.0%

Expenses:

## 1. Power

Southern California Edison Company:

Rate Schedule No. PA-1 (Effective date, February 1, 1990):

KWH used	149,050	
Rate per KWH	\$ 0.08726	
Amount		\$ 13,006

Customer Charge:		
Number of meters	1	
Rate per meter per month	\$ 10.95	
Amount		\$ 131

Energy Charge:		
Number of Horsepower	160	
Rate per Horsepower per Month	\$ 1.10	
Amount		\$ 2,112

Rate Schedule No. GS-SP (Effective date, February 1, 1990):

KWH used	369	
Rate per KWH	\$ 0.11130	
Amount		\$ 41

Customer Charge:		
Number of meters	1	
Rate per meter per day	\$ 0.30	
Amount		\$ 110

Total Power		\$ 15,400
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2. Purchased Water		None
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ADOPTED QUANTITIES  
Test Year 1990  
(continued)

3. Payroll and Employee Benefits:		
Employee Labor		\$ 8,100
Office Salaries		8,930
Management Salaries		<u>12,000</u>
Total		\$ 29,030
Payroll Taxes		\$ 4,179
4. Ad Valorem Tax:		
Tax Rate		1.080%
Assessed Valuation		\$ 60,185
Tax Paid		\$ 650
5. Water Testing Expense (in Contract Work)		\$ 7,025
6. Groundwater Replenishment Charges:		
United Water Conservation District:		
Total Quantity Pumped, Acre-Feet		293.21
Amount Assessed, Per Acre-Foot		\$ 47.00
Total Charge		\$ 13,780
7. Number of Services:		
3/4-inch meter	516	
1-inch meter	3	
1-1/2-inch meter	0	
2-inch meter	0	
3-inch meter	1	
4-inch meter	<u>0</u>	
Total	520	
8. Metered Water Sales, Ccf:		127,724

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APPENDIX D  
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RIO PLAZA WATER COMPANY  
ADOPTED INCOME TAX CALCULATIONS  
Test Year 1990

Line No.	Item	State Tax	Federal Tax
1	Operating Revenue	\$ 103,100	\$ 103,100
2	Expenses	80,676	80,676
3	Taxes Other than Income	6,891	6,891
4	Depreciation	4,960	4,960
5	Interest	0	0
6	Taxable Income for State Tax	10,573	
7	State Tax @ 9.3% (\$800 min.)	983	
8	Taxable Income for Federal Tax		9,590
9	Federal Tax @ 15% of 1st \$50,000		1,439
10	Total Income Tax		2,422

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(END OF APPENDIX D)