

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3546
February 21, 1991

RESOLUTION

(Res. W-3546) GRAEAGLE WATER COMPANY (GWC). ORDER
AUTHORIZING A GENERAL RATE INCREASE PRODUCING
ADDITIONAL REVENUE OF \$45,087 OR 25.26% IN 1991,
\$1,523 OR 0.67% IN 1992 AND \$3,779 OR 1.66% IN 1993.

GWC, by draft advice letter accepted by the Water Utilities Branch (Branch) on September 11, 1990, requested authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates for water service by \$52,550 or 29.34% in 1991, \$2,730 or 1.2% in 1992 and \$2,730 or 1.2% in 1993. After removing the effects of GWC's user fee surcharges which are not considered for rate making, GWC's request shows a 1991 gross revenue of \$178,521 at present rates increasing to \$230,907 at proposed rates to produce a rate of return on rate base of 11.67%. GWC presently serves 681 flat rate customers and one metered customer in the unincorporated community of Graeagle and vicinity, located approximately twelve miles southwest of the City of Portola, Plumas County.

The present rates became effective on November 5, 1988, pursuant to Commission Decision (D.) 88-10-056, dated October 27, 1988, which authorized a general rate increase of \$22,113 or 14.3%.

The Branch made an independent analysis of GWC's summary of earnings. Appendix A shows GWC's and Branch's estimated summary of earnings at present, requested and adopted rates for test year 1991. Appendix A shows differences in expenses and rate base.

The differences in estimates for operating expenses are in purchased power; contract work; other plant maintenance; office supplies and expenses; general expenses; regulatory commission expense; metering application expense; depreciation expense; property taxes; and income taxes.

The Branch's estimate of purchased power is lower than GWC's. The difference between the Branch and GWC estimates of purchased power is due to the different estimating methodologies used. GWC's estimate is based on the average recorded purchased power expense for 1987, 1988 and 1989, escalated by 12% for inflation and 1% for customer growth to test year 1991. The Branch based its estimate on GWC's average recorded power consumption for 1987, 1988 and 1989, escalated by 1% for customer growth to test year 1991. To this estimated power consumption, the Branch applied Plumas Sierra

Rural Electric Cooperative's latest electric rates to arrive at its purchased power estimate for test year 1991. Since increases in purchased power are offsettable, an escalation for inflation is not appropriate for this item.

Operation and maintenance of GWC's system is provided under contract by Graeagle Land and Water Company (GLWC), which makes up the largest portion of the contract work expense account. Contract work expenses also include water testing costs and other small miscellaneous contracts for operation and maintenance work not done by GLWC. The Branch's estimate of contract work expenses is lower than GWC's because of its lower estimate of employee labor hours needed to perform the required work by GLWC personnel.

The Branch's estimate of other plant maintenance is higher than GWC's because the Branch included propane costs which were transferred from the office supplies and expenses category. Propane is used to run an emergency generator at the system's filter plant and its costs should be recorded in the other plant maintenance account in conformance with the Uniform System of Accounts.

Most of the difference between the Branch's and GWC's estimates of office supplies and expenses is due to propane costs being transferred to other plant maintenance, as addressed earlier in the other plant maintenance discussion. The rest of the difference is due to the difference in estimating methodologies used. GWC based its estimate on recorded 1989 expenses plus 1/3 of the difference between recorded 1988 and 1989 recorded expenses escalated by 10% for inflation to test year 1991 without any logical explanation. The Branch based its estimate on the three year average of recorded 1987 through 1989 figures escalated for inflation to test year 1991. The Branch's escalation factors were provided by the Energy Rate Design and Economics Branch of the Commission's Division of Ratepayer Advocates.

Both the Branch and GWC based their estimates of general expenses on the average of recorded 1985 through 1989 figures escalated for inflation to test year 1991. The Branch's estimate is lower than GWC's because the escalation factors used by the Branch were lower.

GWC's estimate of regulatory commission expense is the three year amortization of \$8,720 for the fee charged by its hired consultant to prepare and process this rate increase request plus \$2,120 which was the difference between what was requested and what was adopted by the Commission in GWC's last general rate increase (D.88-10-056, dated October 26, 1988). The Branch conducted a detailed analysis into what a reasonable consultant fee should be for the preparation of this rate increase request taking into consideration the size and operational characteristics of the system, the complexity of the rate increase request and comparisons with similar charges by consultants in other recent informal general rate increase proceedings. Results of this analysis indicated \$4,485 to be a reasonable consultant fee for the preparation and processing of this rate increase request. GWC's request to include the \$2,120 cost disallowed in D.88-10-056 is inappropriate and not considered in the Branch's estimate. Therefore, the Branch's estimate of regulatory commission expense in the test year is its

estimate of the rate increase preparation and processing cost of \$4,485 amortized over three years.

G/C estimated a metering application expense of \$2,860 or \$17,194 amortized over six years to recover costs it incurred in a metering application (A.88-09-033, filed September 15, 1988) which was decided in Commission D.90-06-030, dated June 6, 1990. This request for the recovery of costs incurred in the past constitutes retroactive ratemaking which is contrary to a long established Commission policy. The Branch, therefore, has not considered this expense in its metering application expense estimate.

Ordering Paragraph 1 of Commission D.90-11-017, dated November 9, 1990, ordered G/C to compensate Graeagle Property Owners Association (GPOA) for the costs it incurred while participating in the metering application described above. The Branch's estimate includes the amount of compensation, in conformance with Section 1807 of the Public Utilities Code, which allows G/C to recover this expense within one year of its payment. The Branch's recommended rate design is set such that the total compensation paid to GPOA by G/C will be recovered by the end of test year 1991.

Both the Branch and G/C used the straight-line-remaining-life method of determining depreciation with a composite rate of 2.42%. The Branch's estimate is higher than G/C's because the Branch estimated higher average plant.

G/C's estimate of property taxes is based on the recorded 1989-90 property tax bill escalated by 2% per year to the test year. The Branch's estimate is based on the utility's 1990-91 property tax bill adjusted to take into account the additions made to utility plant in service in test year 1991.

Both the Branch's and G/C's income tax estimates reflect the current rates under the Federal Tax Reform Act of 1986 and the corresponding state rates for 1991. The difference in estimates is due to the differences in expense and rate base estimates.

The difference in rate base estimates is due to the differences in estimates of utility plant, accumulated depreciation, advances and contributions.

The Branch's estimate of utility plant in service is higher than G/C's because of a higher estimate of plant additions in test year 1991 based on later information not available to G/C when it made its estimate and an inadvertent error made by G/C in its utility plant calculation.

The Branch's estimate of accumulated depreciation is higher than G/C's because of its higher estimate of utility plant in service.

The Branch's estimate of advances is lower than G/C's because G/C did not include 1989 refunds on advances in its calculations.

The Branch's estimate of contributions is lower than G/C's because G/C did not take into account 1989 depreciation of contributed plant in its calculations.

GWC's draft advice letter requested rates which it estimated would produce a return on rate base of 11.67% in 1991. The Branch's recommended summary of earnings would produce a rate of return of 11.00% at the Branch's recommended rates. This 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 utilities. With an 11.00% rate of return on rate base, GWC's capital structure would be:

	<u>Percentage</u>	<u>Cost</u>	<u>Wtd. Cost</u>
Debt	37.1	10.00%	3.71%
Equity	62.9	11.59%	7.29%
Total Investment	100.0		11.00%

The 11.59% rate of return on equity resulting from this capital structure reasonably represents shareholder risk based on GWC's size and operational characteristics.

GWC also requested additional revenue increases of \$2,730 or 1.2% in both 1992 and 1993 for attrition based on the rate of return change from its estimated 1990 summary of earnings to its estimated 1991 summary of earnings assuming no change in rates in 1991. The Branch recommends increases in revenue for attrition of \$1,523 or 0.67% in 1992 and \$3,779 or 1.66% in 1993 based on the change in rate of return from its estimated test year 1991 summary of earnings to an estimated 1992 summary of earnings assuming no change in rates in 1992. The Branch's 1992 summary of earnings considered customer growth, proposed plant investment and expense escalation due to inflation. Also, the recommended attrition increase in 1992 takes into account the removal of intervenor expenses allowed in 1991 to recover compensation paid Graeagle Property Owners Association for costs it incurred while participating in metering A.88-09-033, explained earlier in the expenses discussion.

GWC was informed of the Branch's differing views of 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 October 3, 1990. The Commission received eleven letters of response. In addition to protesting the magnitude of the increase, the responses included complaints that GWC's proposal to eliminate seasonal rates was unfair to the seasonal customers who utilized service for only part of the year and should not have to pay the same rate as year-around customers, that the Feather River Park Golf Course was not paying its fair share for water use in the system and that ownership of water rights had not been transferred to GWC in compliance with the Commission D.89-07-012 which authorized the incorporation of GWC. The Consumer Affairs Branch has received two service complaints against the utility over the last three years. The complaints were immediately taken care of by the utility with no further problems.

On October 24, 1990, a public meeting, attended by approximately 25 members of the public, was held in GWC's service area. A Branch representative conducted the meeting and GWC's consultant explained GWC's request and answered questions. The complaints by customers at the meeting were the same as the complaints in the letters of response to the rate increase notice discussed earlier. With regard to the elimination of seasonal rates, the Branch representative explained that a water utility has a fundamental obligation to stand ready to serve its customers at all times and in doing so incurs certain fixed costs. These fixed costs, which make up most of a water utility's operational expenses, are independent of the costs to deliver water and its recovery should be shared equally by each customer. Fixed costs include system maintenance expenses, customer accounting expenses, insurance premiums, property taxes and depreciation expenses. The Branch representative assured customers who complained about the unfairness of the Feather River Park Golf Course water rates that the Branch would look into the matter very carefully to insure that all rates are fair and reasonable. The Branch representative informed customers who were concerned that water rights had not been transferred to GWC pursuant to D.89-07-012, that the transfer has, in fact, taken place and GWC owns the rights to the water it provides to its customers.

According to the State Department of Health Services, GWC meets all drinking water standards currently in effect. There are no outstanding Commission orders requiring system improvements.

Branch engineers conducted a field investigation of GWC's facilities and service area on September 18 and 19, 1990. Visible portions of the water system were inspected, utility books reviewed, customers and company employees interviewed and methods of operation checked. The investigation indicated that service was satisfactory and that GWC's system complies with the requirements of the Commission's General Order 103 "Rules Governing Water Service Including Minimum Standards for Design and Construction."

GWC's conservation program consists of providing customers with conservation literature, reminders of water conservation on bills and constantly patrolling the system looking for water wasters. GWC also informed the Branch that it has an adequate water supply that has not been adversely impacted by the current drought situation. In view of this, the Branch believes that no further conservation measures are necessary.

GWC currently has six rate schedules: Schedule No. 1, General Metered Service; Schedule No. 2, Annual General Flat Rate Service; Schedule No. 2S, Seasonal General Flat Rate Service; Schedule No. 4, Private Fire Protection Service; Schedule No. 5, Public Fire Hydrant Service; and Schedule No. 6, Schedules of Rates on Land Owned by Graeagle Land and Water Company.

GWC provides metered service to one customer. The rates proposed by the Branch in Schedule No. 1, General Metered Service, included in Appendix B, were determined by increasing both the service charge and water consumption rates by the system average increase adopted in this resolution.

Most of GWC's customers are provided service under Schedule No. 2, Annual General Flat Rate Service. The rates proposed by the Branch under this

schedule, included in Appendix B, were determined by increasing each element of the flat rate structure by the system average increase adopted in this resolution. This proposed schedule also cancels the rates in the current schedule for the Graeagle Golf Course and Feather River Park Golf Course. The Graeagle Golf Course is no longer a customer of the GWC system and the Feather River Park Golf Course rate was transferred to tariff Schedule No. 2S, Seasonal Flat Rate Service where it more appropriately belongs.

The Branch proposes that Schedule No. 4, Private Fire Protection Service rates be increased by the system average increase adopted in this resolution.

Section 2713 of the Public Utilities Code prohibits Commission regulated water utilities from charging rates for public fire hydrant maintenance without a formal agreement with a local fire protection agency. GWC has a firm contract with its local fire district, which has agreed to pay rates set forth in Schedule No. 5, Public Fire Hydrant Service. The Branch, therefore, recommends that Schedule No. 5, Public Fire Hydrant Service, be maintained and that its present rates be increased by the system average increase adopted in this resolution.

GWC proposes to eliminate tariff Schedule No. 2S, Seasonal General Flat Rate Service. This current schedule allows customers to take service for the summer season, March 15 through November 14. At the recommended summary of earnings in Appendix A, 93% of GWC's revenues will go to cover its fixed costs and only the remaining 7% covers variable water consumption costs. Of GWC's 681 customers, 43 take service under the seasonal flat rate schedule. Since such a large proportion of GWC's revenues (93%) must be used to support the system whether its customers are connected during the winter or not, and since only a relatively small number of customers disconnect during the winter, a strong case 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. In this instance, seasonal customers pay two-thirds of the rate annual customers pay, so abolishing the seasonal schedule would result in their rates increasing by more than twice the system average increase that will be adopted. The Branch recommends that in this general rate case the seasonal rate be increased to five-sixths of the annual rate. This would considerably narrow (but not eliminate) the gap between seasonal customers' rates and the fixed costs to serve them, but lessen the rate shock which immediate full parity would bring. During the next general rate case consideration should be given to eliminating the seasonal rate.

GWC's Schedule No. 6, Schedule of Rates on Land Owned by Graeagle Land and Water Company, is no longer valid in its present form. The Branch proposes a new Schedule No. 6, which includes all flat rate customers, either seasonal or annual, with service connections larger than 3/4-inch.

The Branch recommends that the Commission authorize an increase in gross revenue of \$45,087 or 25.26% in 1991 and additional increases of \$1,523 or 0.67% in 1992 and \$3,779 or 1.66% in 1993 for attrition. The increases provide an 11.00% rate of return on rate base in each of the three years.

At the Branch's recommended rates for annual general flat rate customers shown in Appendix B, a residential customer's annual bill will increase from \$19.00 to \$23.25 or 22.37% in 1991.

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 F) used to develop the Branch's recommendations are reasonable and should be adopted.
4. The rate increases authorized herein are justified and the resulting rates are just and reasonable.

IT IS ORDERED THAT:

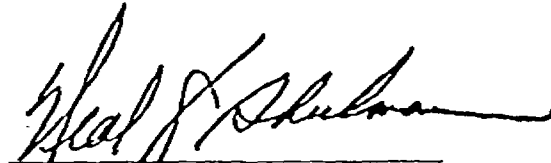
1. Authority is granted under the Public Utilities Code Section 454 for Graeagle Water Company to file an advice letter incorporating the summary of earnings and revised rate schedules attached to this resolution as Appendices A and B respectively and concurrently to cancel its presently effective rate Schedule No. 1, Schedule No. 2, Schedule No. 2S, Schedule No. 4, Schedule No. 5 and Schedule No. 6. Such filing shall comply with General Order 96-A. The effective date of the revised rate schedules shall be the date of filing.
2. On and after November 5, 1991, Graeagle Water Company is authorized to file an advice letter, with appropriate supporting workpapers, requesting the step rate increases for 1992 included in Appendix C, or to file a lesser increase in the event that the rate of return on rate base adjusted to reflect the rates then in effect and normal ratemaking adjustments from the 12-month period ending September 30, 1991, exceeds the rate of return found reasonable in this case. This filing shall comply with General Order 96-A. The requested step rates shall be reviewed by the Branch to determine their conformity with this order and shall go into effect upon such determination of conformity. Branch shall inform the Commission if it finds that the proposed rates are not in accord with this resolution, and the Commission may then modify the increase. The effective date of the revised schedules shall be no earlier than January 1, 1992 or 40 days after filing, which ever is later. The revised schedules shall apply only to service rendered on and after their effective date.
3. On and after November 5, 1992, Graeagle Water Company is authorized to file an advice letter, with appropriate supporting workpapers, requesting the step rate increases for 1993 included in Appendix D, or to file a lesser increase in the event that the rate of return on rate base adjusted to reflect the rates then in effect and normal ratemaking adjustments from the 12-month period ending September 30, 1992, exceeds the rate of return found reasonable in this case. This filing shall comply with General Order 96-A. The requested step rates shall be reviewed by the Branch to determine their

conformity with this order and shall go into effect upon such determination of conformity. Branch shall inform the Commission if it finds that the proposed rates are not in accord with this resolution, and the Commission may then modify the increase. The effective date of the revised schedules shall be no earlier than January 1, 1993 or 40 days after filing, whichever is later. The revised schedules shall apply only to service rendered on and after their effective date.

4. Graeagle Water Company's pro-forma calculations to justify its step-rate increases in 1992 and 1993 shall comply with the established procedures, dated October 31, 1985, for calculating pro-forma rates of return.

5. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on February 21, 1991. The following commissioners approved it:


NEIL J. SHULMAN
Executive Director

PATRICIA M. ECKERT
President
G. MITCHELL WILK
JOHN B. CHANIAN
Commissioners

I abstain.
DANIEL WM. FESSLER
Commissioner

I abstain.
NORMAN D. SHUMWAY
Commissioner

APPENDIX A

Graeagle Water Company

SUMMARY OF EARNINGS
Test Year 1991

Item	Utility Estimated		Branch Estimated		Adopted
	Present Rates	Requested Rates	Present Rates	Requested Rates	
<u>Operating Revenue</u>					
Flat Rate	\$166,921	\$216,030	\$166,921	\$216,030	\$209,360
Metered	4,344	5,566	4,344	5,566	5,317
Private Fire	590	763	590	763	722
Public Fire	4,666	6,048	4,666	6,048	5,709
Other	2,000	2,500	2,000	2,500	2,500
Total Revenue	178,521	230,907	178,521	230,907	223,608
<u>Operating Expenses</u>					
Purchased Power	4,180	4,180	3,749	3,749	3,749
Other Volume Related	1,160	1,160	1,160	1,160	1,160
Materials	3,860	3,860	3,860	3,860	3,860
Contract Work	43,500	43,500	42,318	42,318	42,318
Transportation	4,000	4,000	4,000	4,000	4,000
Other Plant Maint.	220	220	1,109	1,109	1,109
Office Salaries	28,860	28,860	28,860	28,860	28,860
Management Salaries	12,000	12,000	12,000	12,000	12,000
Office Suppl. & Exp.	5,470	5,470	4,501	4,501	4,501
Professional Services	3,420	3,420	3,420	3,420	3,420
Insurance	10,700	10,700	10,700	10,700	10,700
General Expenses	4,710	4,710	4,594	4,594	4,594
Regulatory Comm. Exp.	3,610	3,610	1,495	1,495	1,495
Metering Appl. Exp.	2,860	2,860	2,231	2,231	2,231
Subtotal	128,550	128,550	123,997	123,997	123,997
Depreciation	21,460	21,460	21,838	21,838	21,838
Property Taxes	7,880	7,880	6,693	6,693	6,693
Income Taxes	430	12,290	1,610	13,720	11,740
Total Deductions	158,320	170,180	154,138	166,248	164,268
Net Revenue	20,201	60,727	24,383	64,659	59,340
<u>Rate Base</u>					
Average Plant	990,570	990,570	997,568	997,568	997,568
Average Dep. Reserve	292,240	292,240	292,323	292,323	292,323
Net Plant	698,330	698,330	705,245	705,245	705,245
Less Advances	97,470	97,470	87,228	87,228	87,228
Contributions	81,060	81,060	79,172	79,172	79,172
Mat'l. & Supplies	735	735	735	735	735
Rate Base	520,535	520,535	539,580	539,580	539,580
Rate of Return	3.88%	11.67%	4.52%	11.98%	11.00%

APPENDIX B

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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water furnished.

TERRITORY

The unincorporated community of Graeagle, and vicinity located approximately 12 miles southwest of the city of Portola, Plumas County.

RATES

Quantity Charge

All water, per 100 cu. ft..... \$ 0.80 (I)

Service Charge

Per Meter Per Month

For 5/8x3/4-inch meter.....	\$ 11.63	(I)
For 3/4-inch meter.....	12.79	
For 1-inch meter.....	17.44	
For 1-1/2-inch meter.....	23.25	
For 2-inch meter.....	31.33	
For 3-inch meter.....	58.06	
For 4-inch meter.....	78.93	

The Service Charge is a readiness-to-serve charge, which is applicable to all metered service and to which is added the monthly charge computed at the Quantity Rates.

SPECIAL CONDITIONS

1. The established billing cycle for service is every two months. (D)
(N)
2. All bills are subject to the reimbursement fee set forth on (N)
Schedule No. UF. (N)

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Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated community of Graeagle, and vicinity located approximately 12 miles southwest of the city of Portola, Plumas County.

RATES

	<u>Per Service Per Year</u>	(C)
1. For a single-family residence, business establishment, or manager's quarters of a motel, or trailer park, including premises.....	\$ 279.00	(C)
2. For additional buildings on the same premises and served from the same service connection:		
(1) each residence, cabin, or trailer with housekeeping accommodations.....	116.74	(C)
(2) each hotel or motel room with bathroom facilities only.....	58.74	(C) (D)

SPECIAL CONDITIONS

1. The foregoing flat rates apply to service connections not larger than 3/4-inch in diameter. (C)
2. The established billing cycle for service is every two months. (H)
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (H)
(H)

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Schedule No. 2S

SEASONAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service furnished on a seasonal basis.

TERRITORY

The unincorporated community of Graeagle, and vicinity located approximately 12 miles southwest of the city of Portola, Plumas County.

RATES

	<u>Per Service Per Season</u>	(C)
1. For a single-family residence, business establishment, or manager's quarters of a motel, or trailer park, including premises.....	\$ 232.50	(C)
2. For additional buildings on the same premises and served from the same service connection:		
(1) each residence, cabin, or trailer with housekeeping accommodations.....	97.28	(C)
(2) each hotel or motel room with bathroom facilities only.....	48.95	(C)
(3) each trailer facility with partial plumbing.....	34.26	(C)
3. Feather River Park Golf Course.....	3875.21	(L) (C)

SPECIAL CONDITIONS

1. The foregoing flat rates apply to service connections not larger than 3/4-inch in diameter, with the exception of the Golf Course. (L)
2. The established billing cycle for service is every two months. (N)
3. The seasonal service charge applies to service during the 8-month period commencing March 16 and ending November 15. (N)
(N)
4. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (N)
(N)

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Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

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

TERRITORY

The unincorporated community of Graeagle, and vicinity located approximately 12 miles southwest of the city of Portola, Plumas County.

RATE

Per Month

For each of diameter of service connection \$ 2.45 (I)

SPECIAL CONDITIONS

1. The fire protection service shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
2. The minimum diameter for fire protection service shall be four inches, and the maximum diameter shall not be more than the diameter of the main to which the service is connected.
3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
4. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund.

(continued)

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Schedule No. 4

(continued)

PRIVATE FIRE PROTECTION SERVICE

5. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.
6. The established billing cycle for service is every two months. (N)
7. All bills are subject to the reimbursement fee set forth on Schedule No. UP. (N)
(N)

APPENDIX B

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Schedule No. 5

PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to municipalities, duly organized or incorporated fire districts of other political subdivisions of the State.

TERRITORY

The unincorporated community of Graeagle, and vicinity located approximately 12 miles southwest of the city of Portola, Plumas County.

RATE

Per Month

For each hydrant \$ 6.61 (I)

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rate under Schedule No. 1, General Metered Service.
2. Relocation of any fire hydrant shall be at the expense of the party requesting relocation.
3. Fire hydrants shall be attached to the utility's distribution mains upon receipt of proper authorization from the appropriate public authority. Such authorization shall designate the specific location at which each is to be installed.
4. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.
5. The established billing cycle for service is every two months. (N)
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (N)
(N)

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Schedule No. 6

FLAT RATES ON CONNECTIONS LARGER THAN 3/4 INCH

(c)

APPLICABILITY

Applicable to all flat rate water service furnished by connections larger than 3/4-inch.

TERRITORY

The unincorporated community of Graeagle, and vicinity located approximately 12 miles southwest of the city of Portola, Plumas County.

RATES

	Per Service Connection	
	Annual	Seasonal

1" Service.....	\$ 379.56	\$ 253.04
1 1/2" Service.....	\$ 580.95	\$ 387.50
2" Service.....	\$ 805.53	\$ 537.02
4" Service.....	\$1456.23	\$ 970.82

Any additional connections to the above listed 1" or larger connections will be charged at the following rates.

(a) each residence, cabin, or trailer with housekeeping accommodations.....	\$ 116.74	\$ 97.28
(b) each hotel or motel room with bathroom facilities only.....	\$ 58.74	\$ 48.95
(c) each trailer facility with partial plumbing.....	\$ 41.12	\$ 34.26

(c)

(continued)

APPENDIX C
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Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

Effective Date
1-1-92

Schedule No. 1

GENERAL METERED SERVICE

RATES

Quantity Charge

All water, per 100 cu. ft..... \$ 0.01

Service Charge

Per Meter Per Month

For 5/8x3/4-inch meter.....	\$ 0.08
For 3/4-inch meter.....	0.09
For 1-inch meter.....	0.12
For 1-1/2-inch meter.....	0.16
For 2-inch meter.....	0.21
For 3-inch meter.....	0.39
For 4-inch meter.....	0.53

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Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

Effective Date
1-1-92

Schedule No. 2

GENERAL FLAT RATE SERVICE

RATES

	<u>Per Service</u> <u>Per Year</u>
1. For a single-family residence, business establishment, or manager's quarters of a motel, or trailer park, including premises.....	\$ 1.88
2. For additional buildings on the same premises and served from the same service connection:	
(1) each residence, cabin, or trailer with housekeeping accommodations.....	0.79
(2) each hotel or motel room with bathroom facilities only.....	0.40

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Page 3

Schedule No. 2S

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

Effective Date
1-1-92

SEASONAL FLAT RATE SERVICE

RATES

Per Service Per Year
Summer Season March 15
Through November 14

- | | |
|--|---------|
| 1. For a single-family residence, business establishment, or manager's quarters of a motel, or trailer park, including premises..... | \$ 1.57 |
| 2. For additional buildings on the same premises and served from the same service connection: | |
| (1) each residence, cabin, or trailer with housekeeping accommodations..... | 0.66 |
| (2) each hotel or motel room with bathroom facilities only..... | 0.33 |
| (3) each trailer facility with partial plumbing..... | 0.23 |
| 3. Feather River Park Golf Course..... | 26.15 |

APPENDIX C
Page 4

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

Effective Date
1-1-92

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

RATE

Per Month

For each of diameter of service connection \$ 0.02

APPENDIX C
Page 5

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

Effective Date
1-1-92

Schedule No. 5

PUBLIC FIRE PROTECTION SERVICE

RATE

Per Month

For each hydrant \$ 0.04

APPENDIX C
Page 6

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

Effective Date
1-1-92

Schedule No. 6

FLAT RATES ON CONNECTIONS LARGER THAN 3/4 INCH

RATES

	<u>Per Service Connection</u>	
	<u>Per Year</u>	
	<u>Annual</u>	<u>Seasonal</u>
1" Service.....	\$ 2.56	\$ 1.71
1 1/2" Service.....	\$ 3.92	\$ 2.61
2" Service.....	\$ 5.43	\$ 3.62
4" Service.....	\$ 9.83	\$ 6.55
Any additional connections to the above listed 1" or larger connections will be charged at the following rates.		
(a) each residence, cabin, or trailer with housekeeping accommodations.....	\$ 0.79	\$ 0.66
(b) each hotel or motel room with bathroom facilities only.....	\$ 0.40	\$ 0.33
(c) each trailer facility with partial plumbing.....	\$ 0.28	\$ 0.23

(END OF APPENDIX C)

APPENDIX D
Page 1

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

Effective Date
1-1-93

Schedule No. 1

GENERAL METERED SERVICE

RATES

Quantity Charge

All water, per 100 cu. ft..... \$ 0.01

Service Charge

Per Meter Per Month

For 5/8x3/4-inch meter.....	\$ 0.20
For 3/4-inch meter.....	0.22
For 1-inch meter.....	0.29
For 1-1/2-inch meter.....	0.39
For 2-inch meter.....	0.53
For 3-inch meter.....	0.98
For 4-inch meter.....	1.33

APPENDIX D

Page 2

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

Effective Date

1-1-93

Schedule No. 2

GENERAL FLAT RATE SERVICE

RATES

	<u>Per Service Per Year</u>
1. For a single-family residence, business establishment, or manager's quarters of a motel, or trailer park, including premises.....	\$ 4.72
2. For additional buildings on the same premises and served from the same service connection:	
(1) each residence, cabin, or trailer with housekeeping accommodations.....	1.97
(2) each hotel or motel room with bathroom facilities only.....	0.99

APPENDIX D
Page 3

Schedule No. 2S

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

Effective Date
1-1-93

SEASONAL FLAT RATE SERVICE

RATES

Per Service Per Year
Summer Season March 15
Through November 14

- | | |
|--|---------|
| 1. For a single-family residence, business establishment, or manager's quarters of a motel, or trailer park, including premises..... | \$ 3.93 |
| 2. For additional buildings on the same premises and served from the same service connection: | |
| (1) each residence, cabin, or trailer with housekeeping accommodations..... | 1.64 |
| (2) each hotel or motel room with bathroom facilities only..... | 0.83 |
| (3) each trailer facility with partial plumbing..... | 0.58 |
| 3. Feather River Park Golf Course..... | 65.50 |

APPENDIX D
Page 4

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

Effective Date
1-1-93

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

RATE

Per Month

For each inch of diameter of service connection..... \$ 0.04

APPENDIX D
Page 5

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

Effective Date
1-1-93

Schedule No. 5

PUBLIC FIRE PROTECTION SERVICE

RATE

Per Month

For each hydrant \$ 0.11

APPENDIX D
Page 6

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

Effective Date
1-1-93

Schedule No. 6

FLAT RATES ON CONNECTIONS LARGER THAN 3/4 INCH

RATES

	Per Service Connection Per Year	
	<u>Annual</u>	<u>Seasonal</u>
1" Service.....	\$ 6.42	\$ 4.28
1 1/2" Service.....	\$ 9.82	\$ 6.55
2" Service.....	\$ 13.61	\$ 9.08
4" Service.....	\$ 24.61	\$ 16.41
Any additional connections to the above listed 1" or larger connections will be charged at the following rates.		
(a) each residence, cabin, or trailer with housekeeping accommodations.....	\$ 1.97	\$ 1.64
(b) each hotel or motel room with bathroom facilities only.....	\$ 0.99	\$ 0.83
(c) each trailer facility with partial plumbing.....	\$ 0.70	\$ 0.60

(END OF APPENDIX D)

APPENDIX E
COMPARISON OF RATES

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

FLAT RATE SERVICE

	<u>Per Connection Per Month</u>		
	<u>Present Rates</u>	<u>Recommended Rates</u>	<u>Percent Increase</u>
1. For a single-family residence, business establishment, or manager's quarters of a motel, or trailer park, including premises.....	\$19.00	\$23.25	22.37%
2. For additional buildings on the same premises and served from the same service connection:			
(1) each residence, cabin, or trailer with housekeeping accommodations.....	\$ 7.95	\$ 9.73	22.37%
(2) each hotel or motel room with bathroom facilities only.....	\$ 4.00	\$ 4.90	22.37%

Appendix F
Page 1

Graeagle Water Company

ADOPTED QUANTITIES
Test Year 1991

Expenses:

1. Purchased power	
Vendor	Plumas Sierra Rural Electric Cooperative
Schedule	A-1
Effective Date	March 1, 1990
Energy Charge, per Kwh	\$0.0695
Consumption, Kwh	38,521
Total Cost	\$4,918
2. Purchased water	None
3. Insurance Expenses	\$10,700
4. Ad Valorem Taxes	\$6,693
Composite Tax Rate	1.058%
Assessed Value	\$542,552
Special Assessments	\$540
5. Water Testing Expenses	\$1,298

Service Connections

Flat Rate	
Residential	635
Non-Residential	46
Private Fire	5
Public Fire	72
Metered Rate	
5/8x3/4-inch meter	0
3/4-inch meter	0
1-inch meter	0
1-1/2-inch meter	0
2-inch meter	0
3-inch meter	1
4-inch meter	0

APPENDIX F
Page 2

Graeagle Water Company
ADOPTED TAX CALCULATIONS
Test Year 1991

Line No.	Item	State Tax	Federal Tax
1.	Operating Revenue	\$223,608	\$223,608
2.	O & M Expenses	\$123,997	\$123,997
3.	Taxes Other Than Income	\$6,693	\$6,693
4.	Depreciation	\$21,838	\$21,838
5.	Interest	\$19,820	\$19,820
6.	Taxable Income for State Tax	\$51,260	
7.	State Tax	\$4,767	\$4,767
8.	Taxable Income for FIT		\$46,493
9.	Federal Income Tax	On first \$50,000	15% \$6,974
		On next \$25,000	25% 0
		Over \$75,000	34% 0
10.	Total FIT		\$6,974
11.	Total Income Taxes		\$11,741

(END OF APPENDIX F)