

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Water Utilities Branch

RESOLUTION NO. W-3999\*  
September 4, 1996

R E S O L U T I O N

(RES. W-3999), BIDWELL WATER COMPANY, INC. (BWC). ORDER  
AUTHORIZING A GENERAL RATE INCREASE PRODUCING ADDITIONAL  
ANNUAL REVENUES OF \$56,210, OR 66.6%, IN 1996.

BY DRAFT ADVICE LETTER FILED ON FEBRUARY 2, 1996.

SUMMARY

This Resolution authorizes a general rate increase for BWC producing an additional \$56,210, or 66.6%, for Test Year (TY) 1996. The revenue requirement includes the interim rate increase granted by Resolution W-3963 and was calculated using the operating ratio method to allow for a 20% margin.

BACKGROUND

BWC requested authority under Section VI of General Order No. (OO) 96-A and Section 454 of the Public Utilities Code to increase rates for water service to produce additional revenues of \$192,803, or 155.8%, in TY 1996. BWC's request shows 1996 gross revenues of \$123,737 at present rates--increasing to \$316,540 at proposed rates to produce a rate of return on rate base of 24%. BWC also requested authority to convert its existing Safe Drinking Water Bond Act (SDWBA) loan to a rate base loan.

BWC presently serves 496 metered rate and 24 flat rate customers in Greenville and vicinity, Plumas County.

The present interim rates became effective on January 10, 1996, pursuant to Resolution No. W-3963, which authorized an interim increase of \$15,395, or 18.4%. (W-3963's appendix was corrected by Resolution No. W-3968) BWC's last general rate increase was authorized by Decision No. (D.) 90-07-035, dated July 31, 1990.

DISCUSSION

The Water Utilities Branch (Branch) made an independent analysis of BWC's summary of earnings and issued its report in August 1996. Appendix A shows BWC's and the Branch's estimated summaries of earnings at present, requested, and adopted rates for the TY 1996. Appendix A also shows differences in operating revenues, operating expenses, and rate base.

BWC was informed of the Branch's differing views of revenues, expenses, and rate base and stated that it disagreed with the Branch's findings. Following discussions between BWC and the Branch, both agreed to the summary of earnings as shown in the column headed "Adopted Rates".

The Branch, however, evaluated BWC's request using the two methodologies authorized by the Commission for Class C and D water utilities. In D.92-03-093, dated April 30, 1992, the Commission adopted the Operating Ratio Method (ORM) as an alternative to the standard Return on Ratebase Method for Class C and D utilities. Accordingly, the Branch applied these two methods to BWC's request. Branch estimates BWC's TY rate base at \$11,730. Applying the traditional return on ratebase approach provides revenues of just \$1,484. The ORM provided a net revenue of \$22,740. Per D.92-03-093, the Branch must recommend the higher of the two revenue requirements to the Commission.

Safe Drinking Water Bond Act (SDWBA) Loan:

Branch's investigation into BWC's SDWBA loan surcharge trust account revealed a number of irregularities--prompting a complete financial audit of BWC by the Commission's Accounting and Auditing (A&A) Branch. The audit report found that BWC (1) was not separating SDWBA transactions from regular operating transactions, (2) was mixing SDWBA plant with rate base plant, (3) had failed to institute adequate internal control mechanisms in regards to the SDWBA loan, and (4) had underfunded the trust account by \$218,874.

The A&A Branch is continuing its investigation into the SDWBA loan improprieties and will soon prepare a separate resolution to adjust BWC's SDWBA surcharge.

Branch, however, recommends that BWC deposit those revenues in excess of its debt service into the SDWBA account to offset the shortfall amount. The rate increase recommended in this resolution provides \$22,740 in net revenues--of which approximately \$12,000 is needed by BWC for debt service for loans not related to the SDWBA account. The \$12,000 figure is BWC's estimate and Branch concurs with it. Thus, \$10,740 of the remaining net increase should be deposited at a monthly rate of at least \$800 into the SDWBA trust account. This monthly amount provides BWC a "cushion" of \$1,140 annually to meet unexpected expenses.

RATERASE EVALUATION:

In its application, BWC proposed a capital improvement program for 1996 through 1998. The majority of the projects are main line replacements. Branch evaluated the proposed plant improvements and their projected costs. Branch concurs with BWC's project list and related costs. The total cost of the projects total \$246,300. Because of the uncertainty in the time frame in which BWC will make these improvements, Branch recommends that BWC be allowed to file an Advice Letter for a rate base offset as these projects are brought on line and placed in service. Appendix D, page 3, of this resolution contains a complete list of projects and costs.

Although this resolution establishes BWC's rate based on the ORM method, Branch believes BWC should be authorized to file for a rate base offset adjustment as well. This offset should supplement BWC's ORM revenues. Without such a provision, Branch believes that BWC will have no incentive to make these much needed capital improvements. As BWC completes the projects from the list and places them in service, BWC should be allowed to apply for a rate base offset and earn at the midpoint of the authorized rate of return in effect at the time for Class C water utilities.

RATE DESIGN:

Current rate design policy as set by D.92-03-093 allows BWC to recover up to 65% of its fixed costs through its service charges. For Schedule No. 1, Branch applied 65% of the fixed costs to the service charge. The remainder of the metered revenue was then applied to the quantity charge. Rates for the other schedules were increased by the approximate gross revenue percentage increase.

At the Branch's recommended rates shown in Appendix B, the monthly bills for a typical metered customer using 1620 cubic feet of water from a 5/8 x 3/4-inch meter will increase from \$13.82 to \$21.69. A comparison of customer bills at present and recommended rates is shown in Appendix C. The adopted quantities and tax calculations are shown in Appendix D.

PAST ORDERS:

Res. W-3963 granted BWC an interim rate increase producing additional annual revenue of \$15,395, or 18.4%. This interim increase was granted to provide BWC adequate monies to pay its current operating expenses, including interest and principal payments on its long-term debt.

Because of irregularities discovered by Branch in its investigation of BWC's SDWBA loan, Res. W-3963 contained several orders relating to BWC's SDWBA loan. BWC was required to: (1) to establish and maintain a separate balancing account for the SDWBA loan account, (2) to track actual SDWBA loan surcharge revenues more accurately, (3) refund to its customers any surplus accrued in the SDWBA account, and (4) to acquire the services of a trustee to ensure the adequate maintenance of the SDWBA account.

To Branch's knowledge, BWC has complied with the orders contained in Res. W-3963.

TARIFFS:

BWC's filed tariffs currently contain five rate schedules: (1) Schedule 1, General Metered Service, (2) Schedule 2L, Limited Flat Rate Service, (3) Schedule 2R, Residential Flat Rate Service, (4) Schedule F-1, Private Hydrant Service, and (5) Schedule LC, Late Payment Charge. Branch recommends Schedule No. 2L, Limited Flat Rate Service, be cancelled as there are no services under this tariff schedule.

BWC files Annual Reports regularly and there are no outstanding Commission orders requiring improvements. BWC has not filed updated tariff sheets for its Title Page, Service Area Map, Schedule UF, Rule Nos. 5, 10, 11, 15, 16, 20, and 21, and the Connection Fee Data Form.

September 4, 1996

### NOTICE AND PROTESTS

A notice of the proposed rate increase was mailed to each customer on February 14, 1996. A total of 12 letters were received from customers in protest to this proposed rate increase. Almost all of the letters expressed concern over the large proposed increase. Several letters expressed concern over the customers on fixed incomes paying any increase in rates.

The Commission's Consumer Affairs Branch (CAB) has received no complaints regarding BWC's over the past year. Branch also reviewed BWC's complaint records from January 1991 to June 1995. Branch's review found that BWC experiences quite a bit of main and service line leaks.

A public meeting was held on March 4, 1996, at the Town Hall within BWC's service area. The meeting was attended by approximately 105 people, as well as by a Department of Health Services (DHS) representative. Almost all of the customers in attendance expressed concern over the magnitude of the increase requested. Most of the customers present agreed that some increase would be needed, but that the requested increase was excessive. The customers stressed that they could not financially handle a large increase due to low income status.

According to the DHS representative, BWC has had an on-going problem with turbidity and will be ordered by the Courts to monitor turbidity levels and take necessary steps to reduce turbidity.

### 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. BWC should deposit revenues in excess of those needed to pay operating expenses and debt service into the SLWBA trust account. Branch estimates that BWC should deposit at least \$800 monthly to the SLWBA trust account.
5. Upon completion and placement in service of the specific projects listed in Appendix D, page 3, BWC may file for a rate base offset to recover its costs-- up to the amount listed in Appendix D for each project. In cases where BWC's actual costs exceed the projected costs, Branch will evaluate the additional expenditures and determine reasonableness. BWC should be allowed to earn at the midpoint of the rate of return in effect for Class C water utilities at the time of its plant additions. Such revenue will be in addition to revenues BWC will be collecting under the ORM method.

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

IT IS ORDERED that:

1. Bidwell Water Company, Inc. is authorized to make effective revised Schedule 1, General Metered Service, Schedule 2R, Residential Flat Rate Service, and Schedule F1, Fire Hydrant Service, attached to this resolution as Appendix A, and to concurrently cancel its presently effective rate schedules - including Schedule No. 2L, Limited Flat Rate Service. The effective date of the revised schedules and the cancellation of the current schedules shall be five days after the date of its filing.
2. Bidwell Water Company, Inc. is ordered to deposit at least \$800 monthly into its SDWBA trust account.
3. Bidwell Water Company, Inc. is authorized to file an advice letter(s) requesting recovery of the costs of the specific projects listed in Appendix D, Page 3 of this resolution, after they are completed and placed in service. For these projects, Bidwell Water Company, Inc. shall be authorized to earn at the midpoint of the authorized rate of return in effect at that time for Class C water utilities.
4. This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 4, 1996. The following Commissioners approved it:

*Wesley Franklin*

WESLEY M. FRANKLIN  
Executive Director

DANIEL Wm. FESSLER  
JESSIE J. KNIGHT, Jr.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioners

President P. Gregory Conlon,  
being necessarily absent, did not  
participate.

	Utility Estimated @		Branch Estimated @		Adopted Revenues
	Present Revenues	Proposed Revenues	Present Revenues	Proposed Revenues	
Metered	\$ 73,638	\$ 295,925	\$ 78,870	\$ 315,180	\$ 131,430
Flat	\$ 3,350	\$ -	\$ 3,110	\$ 12,960	\$ 5,180
Fire Protection	\$ 912	\$ 20,615	\$ 910	\$ 2,280	\$ 1,530
Other	\$ 4,260	\$ -	\$ 1,440	\$ 2,090	\$ 2,400
SDWBA Surcharge	\$ 41,577	\$ -	\$ -	\$ -	\$ -
<b>Total Revenue:</b>	<b>\$ 123,737</b>	<b>\$ 316,540</b>	<b>\$ 84,330</b>	<b>\$ 332,510</b>	<b>\$ 140,540</b>
<b>Operating Expenses</b>					
615-Purchased Power	\$ 976	\$ 976	\$ 980	\$ 980	\$ 980
618-Other Volume related	\$ 4,635	\$ 4,635	\$ 4,640	\$ 4,640	\$ 7,560
630-Employee Labor	\$ 15,591	\$ 15,591	\$ 15,590	\$ 15,590	\$ 17,030
640-Materials	\$ 4,716	\$ 4,716	\$ 4,720	\$ 4,720	\$ 4,720
650-Contract Work	\$ 1,416	\$ 1,416	\$ 1,190	\$ 1,190	\$ 1,190
660-Transportation	\$ 2,344	\$ 2,344	\$ 4,660	\$ 4,660	\$ 4,660
664-Other Plant Maintenance	\$ -	\$ -	\$ 100	\$ 100	\$ 100
670-Office Salaries	\$ 14,287	\$ 14,287	\$ 12,010	\$ 12,010	\$ 12,010
671-Management Salaries	\$ 20,068	\$ 20,068	\$ 20,070	\$ 20,070	\$ 20,070
674-Employee Pensions and Benefits	\$ 9,048	\$ 9,048	\$ 4,470	\$ 4,470	\$ 4,470
676-Uncollectibles	\$ 2,466	\$ 2,466	\$ 840	\$ 3,330	\$ 1,410
678-Office Services	\$ -	\$ -	\$ 1,320	\$ 1,320	\$ 1,320
681-Office Supplies	\$ 5,153	\$ 5,153	\$ 4,470	\$ 4,470	\$ 4,470
682-Professional Services	\$ 13,644	\$ 13,644	\$ 8,570	\$ 8,570	\$ 13,710
684-Insurance	\$ 2,566	\$ 2,566	\$ 3,410	\$ 3,410	\$ 3,410
688-Regulatory Expense	\$ 2,054	\$ 2,054	\$ 2,500	\$ 2,500	\$ 2,500
689-General Expense	\$ 10,108	\$ 10,108	\$ 550	\$ 550	\$ 550
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 109,072</b>	<b>\$ 109,072</b>	<b>\$ 90,090</b>	<b>\$ 92,580</b>	<b>\$ 100,160</b>
<b>Depreciation</b>	<b>\$ 18,792</b>	<b>\$ 18,792</b>	<b>\$ 6,990</b>	<b>\$ 6,990</b>	<b>\$ 6,990</b>
<b>Non-Income Taxes</b>	<b>\$ 6,727</b>	<b>\$ 6,727</b>	<b>\$ 7,940</b>	<b>\$ 7,940</b>	<b>\$ 8,010</b>
<b>State Income Taxes</b>	<b>\$ 800</b>	<b>\$ 10,497</b>	<b>\$ 800</b>	<b>\$ 20,925</b>	<b>\$ 1,070</b>
<b>Federal Income Taxes</b>	<b>\$ -</b>	<b>\$ 23,175</b>	<b>\$ -</b>	<b>\$ 30,611</b>	<b>\$ 1,570</b>
<b>TOTAL EXPENSES:</b>	<b>\$ 135,391</b>	<b>\$ 168,263</b>	<b>\$ 105,820</b>	<b>\$ 159,046</b>	<b>\$ 117,800</b>
<b>Net Revenue:</b>	<b>\$ (11,654)</b>	<b>\$ 148,277</b>	<b>\$ (21,490)</b>	<b>\$ 173,464</b>	<b>\$ 22,740</b>
<b>Ratebase</b>					
Average Utility Plant	\$ 760,219	\$ 760,219	\$ 183,240	\$ 183,240	\$ 183,240
Average Depreciation Reserve	\$ 172,748	\$ 172,748	\$ 81,820	\$ 81,820	\$ 160,340
<b>Net Plant</b>	<b>\$ 587,471</b>	<b>\$ 587,471</b>	<b>\$ 101,420</b>	<b>\$ 101,420</b>	<b>\$ 22,900</b>
<b>Less:</b>					
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Advances	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Deferred Income taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Deferred Investment Tax Credit	\$ 27,216	\$ 27,216	\$ 24,520	\$ 24,520	\$ 24,520
<b>Plus:</b>					
CWIP	\$ 30,250	\$ 30,250	\$ -	\$ -	\$ -
Materials and Supplies	\$ 12,283	\$ 12,283	\$ 2,350	\$ 2,350	\$ 5,000
Working Cash	\$ 13,914	\$ 13,914	\$ 7,510	\$ 7,510	\$ 8,350
<b>RATEBASE</b>	<b>\$ 616,702</b>	<b>\$ 616,702</b>	<b>\$ 86,760</b>	<b>\$ 86,760</b>	<b>\$ 11,730</b>
<b>Rate of Return</b>	<b>-2%</b>	<b>24%</b>	<b>-25%</b>	<b>200%</b>	<b>—</b>
<b>Return on Margin</b>					<b>20%</b>

APPENDIX B  
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Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all domestic, commercial and industrial metered water service.

TERRITORY

Greenville and vicinity, Plumas County.

RATES

Quantity Rates:

For all water delivered, per 100 cu. ft.      \$    0.66                      (I)

Service Charge:

	<u>Per Service Connection Per Month</u>		
	<u>Service Charge</u>		<u>SDWA Surcharge</u>
For 5/8 x 3/4-inch meter.....	\$ 11.00	(I)	\$ 6.05
For 3/4-inch meter.....	16.45		6.05
For 1-inch meter.....	27.40		10.30
For 1 1/2-inch meter.....	54.80		19.95
For 2-inch meter.....	87.70		32.05
For 3-inch meter.....	164.45	(I)	60.00

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 SDWA (Safe Drinking Water Bond Act) surcharge is in addition to the regular metered water bill. This surcharge must be identified on each bill. The surcharge is specifically for the repayment of the California SDWA loan authorized by Decision No. 92512. (D)
2. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the company, service to subsequent tenants in that unit, at the company's option, will be furnished on the account of the landlord or property owner. (D)
3. A late charge will be imposed per Schedule IC. (D)
4. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (L)  
(L)

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Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to flat rate residential water service.

TERRITORY

Greenville and vicinity, Plumas County.

RATES

	<u>Per Service Connection</u> <u>Per Month Charge</u>	
For a single-family residential unit, including premises not exceeding 500 square feet in irrigated area (lawn and garden).....	\$18.00	(I)
For each additional single-family residential unit on the same premises and served from the same service connection.....	\$16.60	(I)
For each 100 sq.ft. of irrigated area in excess of 500 sq.ft.....	.45	(I)

SPECIAL CONDITIONS

1. The above flat rates apply to a service connection not larger than one-inch in diameter.
2. If the utility elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service.
3. The surcharge in the table below shall be applied to each size service line (may be more than one) which provides flat rate water service to a premise under this schedule.

<u>Size of Service</u>	<u>Monthly Surcharge</u>
Residential - less than 1-inch	\$ 6.05
1-inch	10.30
1 1/2-inch	19.95
2-inch	32.05
3-inch	60.00



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Schedule No. 2R  
(Continued)

RESIDENTIAL FLAT RATE SERVICE

The SDWA (Safe Drinking Water Bond Act) surcharge is in addition to the regular flat rate water bill. This surcharge must be identified on each bill. The surcharge is specifically for the prepayment of the California SDWA loan authorized by Decision No. .

4. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the company, service to subsequent tenants in that unit, at the company's option, will be furnished on the account of the landlord or property owner. (D)
5. A late charge will be imposed per Schedule LC. (D)
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (L)  
(L)

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Schedule No. F1

PRIVATE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service for private or public agencies.

TERRITORY

The entire territory served from the company's piped distribution system.

RATES

	<u>Per Month</u>	
Per Hydrant .....	\$3.35	(1)

SPECIAL CONDITIONS

1. The company 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.
2. The customer shall indemnify the company and save it harmless against any and all claims arising out of service under this schedule and shall further agree to make no claim against the company for any loss or damage resulting from service hereunder.
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

APPENDIX C

Bidwell Water Company

COMPARISON OF RATES

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

METERED SERVICE

Quantity Charge:	<u>Pre-interim Rate</u>	<u>Proposed Rate</u>	<u>Percent Increase</u>
Per Ccf.....	\$ .52	\$ .66	27%
Service Charge:			
5/8-inch meter.....	\$ 5.40	\$ 11.00	104%
3/4-inch meter.....	\$ 5.90	\$ 16.45	180%
1 -inch meter.....	\$ 8.00	\$ 27.40	243%
1 1/2 -inch meter.....	\$ 10.80	\$ 54.80	407%
2 -inch meter.....	\$ 13.85	\$ 87.70	533%
3 -inch meter.....	\$ 26.30	\$ 164.45	525%

5/8 x 3/4-inch meter comparison:

<u>Monthly Usage 100 cu. ft.</u>	<u>Pre-interim Bills</u>	<u>Recommended Bills</u>	<u>Amount Increase</u>	<u>Percent Increase</u>
0	\$ 5.40	\$ 11.00	\$ 5.60	104%
10	10.60	17.60	7.00	66%
16.2	13.82	21.69	7.87	57% AVG
20	15.80	24.20	8.40	53%
30	21.00	30.80	9.80	47%
40	26.20	37.40	11.20	43%

APPENDIX D  
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Bidwell Water Company

ADOPTED QUANTITIES  
Test Year 1996

Expenses

1. Purchased Power Total: \$ 980  
Vendor: Pacific Gas and Electric Company

1)

TY kWh 299

Schedule No.	A-1
Effective Date	Jan 01, 1996
Customer Charge	\$ 8.10 per month
Energy Charge	
Summer - 80%	\$0.14870
Winter - 20%	\$0.10193

Cost: \$149

2)

TY kWh 6,138

Schedule No.	A-1 P
Effective Date	Jan 01, 1996
Customer Charge	\$12.00 per month
Energy Charge	
Summer - 82%	\$0.14870
Winter - 18%	\$0.10193

Cost \$831

APPENDIX D  
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Bidwell Water Company

ADOPTED QUANTITIES  
Test Year 1996

Expenses

2. Insurance Expense	\$ 3,410
3. Ad Valorem Taxes	\$ 1,720

Service Connections

Domestic Metered Rate:	Number:
5/8 inch meter	459
3/4 inch meter	12
1 inch meter	14
1 1/2 inch meter	5
2 inch meter	5
3 inch meter	1
Total	496
Flat Rate:	
Single Family	21
Commercial	3
Total	24
Private Fire:	
6-inch	38
Contract:	
Park & Camp Barry Ranch Cemetery	

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Bidwell Water Company

ADOPTED QUANTITIES  
Test Year 1996

Authorized Ratebase Offset Plant Additions:

1) Main Street mainline replacement	\$ 57,000
2) Jesse Street mainline replacement	\$ 14,000
3) Railroad line mainline replacement	\$ 63,000
4) Kinder Street mainline replacement	\$ 45,000
5) Creek line mainline replacement	\$ 1,500
6) Intake line to treatment plant	\$ 1,500
7) Exterior reservoir painting	\$ 17,000
8) Interior reservoir painting	\$ 9,000
9) Meters for Kinder Flats	\$ 1,900
10) Services for Kinder Flats	\$ 9,900
11) Residential service replacements	\$ 4,950
12) Pump station and control wiring	\$ 5,000
13) Pump station electrical hookups	\$ 13,000
14) Ditch cleaning	\$ 800
15) Metal bracket replacement at spillway	\$ 2,000
16) Valves & Piping installation (abandoned ponds)	\$ 750
TOTAL	\$ 246,300

APPENDIX D  
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Bidwell Water Company

ADOPTED TAX QUANTITIES  
Test Year 1996

Federal Tax Rate: 15%  
California Corporate Franchise Rate: 9.3%

ITEM	State Tax	Federal Tax
1. Operating Revenue	\$140,830	\$140,830
2. O & M Expense	\$100,160	\$100,160
3. Taxes Other Than Income	\$ 8,010	\$ 8,010
4. Depreciation	\$ 6,990	\$ 6,990
5. Interest Expense	\$ 14,150	\$ 14,150
6. Taxable Income for CCFT	\$ 11,520	
7. CCFT @ 9.3% or \$800 minimum	\$ 1,070	
8. Taxable Income for FIT	\$ 10,450	
9. Federal Income Tax @ 15%		\$ 1,570
10. Total Income Tax		\$ 2,640