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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS RESOLUTION NO. W-4744
Water and Sewer Advisory Branch February 20, 2009

R E S O L U T I O N

(RES. W-4744), DEL ORO WATER COMPANY - STRAWBERRY DISTRICT (DOWC). ORDER AUTHORIZING A GENERAL RATE INCREASE, PRODUCING ADDITIONAL ANNUAL REVENUES OF $71,042 OR 31.98% FOR TEST YEAR 2009.

SUMMARY

By Draft Advice Letter filed on August 14, 2008, Del Oro Water Company - Strawberry District seeks to increase its rates for water service to recover increased operating expenses and earn an adequate return on rate base.

For Test Year (TY) 2009, this resolution grants an increase in gross annual revenues of $71,042 or 31.98%. The increase will provide a rate of return of 10.80%.

BACKGROUND

Del Oro Water Company (DOWC) - Strawberry District, a Class B water utility, has requested authority under Section VI of General Order 96-B, and Section 454 of the Public Utilities Code to increase its water rates by 31.52% or $73,512 for TY 2009. The purpose of the rate increase is to recover increased operating expenses and to provide an adequate rate of return. DOWC's request shows 2009 gross revenues of $233,190 and a rate of return of -11.02% at present rates, increasing to gross revenues of $306,702 and a rate of return of 10.8% at proposed rates.

The present rates were established during the last general rate case on May 25, 2007, pursuant to Resolution (Res.) W-4648, which authorized a rate increase of $58,255, or 40.00%, resulting in a negative net revenue of $35,015. By Res. W-4686 dated May 15, 2008 and Res. W-4689 dated May 22, 2008, DOWC – Strawberry District was authorized to add $181,818 to rate base for certain capital improvements that were completed in 2007. The addition to rate base resulted in an increase in revenues by $27,014 or, 13.25%.

DISCUSSION

DOWC - Strawberry's service area is approximately nine square miles. A majority of the customers are part-time residents who utilize their residences seasonally. As of End of Year (EOY) 2008, the utility had 391 service connections (177 metered and 214 flat rate). Customers with metered connections are billed for actual water used and also a willingness to serve service charge. Flat rate customers pay a flat rate that does not depend on the water usage. The utility expects to install meters on all customer premises by end of 2009.

DOWC - Strawberry District's main water source is surface water from the Herring Creek below the Herring Reservoir. The utility pumps water to its treatment facility, treats the water, accumulates the water in a holding tank, and pumps the treated water to a storage tank. Distribution consists of water mains, valves, four storage tanks and a booster pump. Water is distributed to customers by gravity from the storage tanks. Water treatment is through conventional filtration and chlorination treatment.

Adequacy of water supply

During periods of drought, the quantity of available water from Herring Creek has been inadequate. Recently, due to a severe water shortage, the utility declared a water emergency and ordered all residents of the Strawberry Water District to refrain from all outside watering activities.[1] In August 2008, the utility entered into an agreement with the Tuolumne Utility District (TUD) to purchase up to 100 acre feet of water through December 2008 on an emergency basis. The water would be pumped from the South Fork of the Stanislaus River, upstream of TUD's normal diversion point. Under terms of the agreement, the utility would purchase water from TUD at the rate of $380 per acre foot. TUD's cost for that water was $220 per acre foot.[2] The utility did not need to purchase any water from TUD in 2008 under its contract. The utility investigated the use of wells as an alternative source of water for the system. However, the yield from three test wells drilled by the utility proved to be insufficient. The utility is currently in negotiations with TUD for a long term contract for alternative water supply. Division of Water and Audits (DWA) Staff (Staff) recommends that the utility continue its search for alternative sources of water supply for the Strawberry Water District.

DOWC provides overall management and engineering services for all 14 districts that it operates. All regulatory, accounting, secretarial, customer relations, oversight of district field operations and secretarial functions are provided on a centralized basis from

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[1] "Del Oro Declares Water Shortage Emergency," Press Release, January 28, 2008.
[2] "Strawberry gets water from TUD," The Union Democrat, August 5, 2008.

Chico, DOWC's headquarters. For DOWC - Strawberry District's operations, two full time plant operators are responsible for plant, equipment, pipe maintenance, water quality and control and meter reading. All labor expenses are pro-rated according to actual time spent for Strawberry.

State of the system

After acquiring the water system in 2006, DOWC hired an engineering consultant to evaluate the state of the system. The consultant reported that: (1) the utility system and storage tanks were in a state of serious disrepair; (2) the filtration plant had not been maintained and the media needed replacement; (3) some of the electrical systems at the treatment facility needed improvement; (4) there was no system map showing the location of distribution pipes in the system; and (5) there were extensive leaks from corroded pipes in the distribution network.

Based on the engineering consultant's report, the utility submitted a capital improvement plan (CIP) to the Commission. That plan was approved and is being implemented. The filtration plant media has been replaced, the electrical system has been repaired, and the mapping of the utility system is mostly completed. The utility is currently upgrading and replacing corroded distribution pipes and has initiated a "leak detection" program to reduce water losses in the system. Staff recommends that the utility complete the mapping of its distribution system on a priority basis.

The previous owners, Conlin-Strawberry Water Company, hired a consultant to evaluate the state of the four water tanks in the system. The consultant reported that the system's four water tanks had not been maintained and some of them were leaking. Recommendations included the eventual replacement of two of the tanks and extensive repairs for the other two.[3] Based on these recommendations, the California Department of Public Health (previously known as Department of Health Services), recommended that the utility develop a contingency plan to prevent a water outage to its customers in the eventuality that one of the tanks ruptures.[4] Conlin-Strawberry Water Company did not submit the requested contingency plan.

Staff verified the state of disrepair of the system's tanks during an inspection in October 2008. Staff recommends that DOWC should: (1) Evaluate the condition of its tanks; (2) Estimate the costs of rehabilitating and/or repairing the tanks; and (3) Develop a

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[3] General Clearwell Reservoir Inspection Report, Porter Cal-Western Report, June 2004.
[4] Compliance with inspection report requests from the Conlin-Strawberry Water Company, Tuolumne County, Letter from Carl Carlucci, Department of Health Services to Danny Conlin, June 9, 2004.

contingency plan to prevent water outage to its customers in the eventuality of failure of the tanks. DOWC should submit a report with its recommendations on the course of action to resolve the issues related to the tanks no later than June 30, 2009. Simultaneously, DOWC should investigate obtaining funding for tank replacement and repairs through the recently enacted Federal Economic Stimulus plan. Details are available at the CDPH website (www.cdph.ca.gov).

Installation of meters on all properties
During summer months, the population and the corresponding water consumption goes up significantly. Since a majority of the properties are on flat rates, it is difficult to ascertain the exact amount of water usage. The utility has been installing meters throughout the system with an eventual goal of converting all flat rate customers to metered service. Meter installation can only be accomplished from April through October each year because of weather conditions. Staff recommends that the utility complete the conversion of flat rate customers to metered service by October 31, 2009.

Water production
The utility reported that water production at its treatment plant went down by 42% in 2008 compared with 2006. See Table 1. Such trends are expected to continue in the foreseeable future with infrastructure improvements, better leak detection, distribution system pipe repairs, conversion of flat rate customers to metered service, and conservation by customers.

Table 1: Del-Oro Water Company - Stawberry District - Schedule of Pumped Water at Treatment Plant

Year	Water Pumped gallons [1]	Year over Year Reduction		Total Reduction from 2006	
		gallons	%	gallons	%
2006	51,717,065				
2007	38,702,405	13,014,660	25.17%		
2008	29,965,159	8,737,246	22.58%	21,751,906	42.06%

Notes
1 Source: Communication from Janice Hanna to Ravi Kumra, January 09, 2009.

NOTICE, PROTESTS AND PUBLIC MEETING

On September 29, 2008, a Notice of Proposed Rate Increase was mailed to all customers announcing DOWC – Strawberry District's request to increase water rates by $73,512 or, 31.52%, and announcing a public meeting for October 18, 2008. The public meeting was held on Saturday October 18, at Pinecrest Elementary School, Pinecrest. Attendees

included 15 customers, Staff, and utility representatives. Staff explained the purpose of the meeting and Commission procedures. Utility representatives discussed the justification of the rate increase. A number of concerns were raised by the attendees during the public meeting. Written letters of opposition were also received from six customers and from the Strawberry Homeowners Association. The following issues and concerns were brought to the Division's attention:

- Need to have a safe, clean, adequate and reliable water supply.
- Utility should look for additional sources of water.
- The quality of water is unacceptable.
- The system is old and in need of repairs.
- Utility should identify all capital improvement projects and have a time line for implementing the same.
- The storage tanks that supply the system are leaking, have inadequate capacity and need to be repaired or replaced.
- Utility should have metered connections for all properties.
- The utility schedule for completing the meter installations should be accelerated.
- Rates should be tiered and based on actual water usage.
- Metered customers should not be charged for unaccounted for water due to leaks or bad management of the utility.
- The proposed rate increase is excessive and disproportionately penalizes metered customers and favors Flat Rate customers.
- The fire flow is inadequate.
- The commission should investigate life line rates for senior citizens based on a "means" testing or an income formula.
- The utility should be more communicative regarding its plans for the system.

The utility responded to concerns that were raised during the public meeting and posted its responses on its web site. The utility also addressed the concerns that were brought to the Division's attention via written comments.

Evaluation of Application

Staff reviewed operating revenues and expenses including water production, purchased power, volume related expenses, employee labor, materials, contract work, water testing, transportation expenses, other plant maintenance, office salaries, management salaries, employee benefits, uncollectables, office service and rentals, office supplies and expenses, professional services, insurance, general expenses, depreciation, and taxes other than income. Staff verified the operating expenses by reviewing supporting documents and included the amounts that were deemed reasonable and prudent.

In its analysis, Staff used recorded values for 2008 escalated for TY 2009. The utility estimates were based on recorded 2007 quantities that were escalated to TY 2009. Also, Staff considered the trend in decreased water production due to capital improvements to the water system, the impact of the proposed conversion of all flat rate to metered service, and conservation by consumers.

Summary of Earnings
Appendix A shows DOWC – Strawberry District's estimates of the summary of earnings at present, requested, and recommended rates for TY 2009. The last column shows the revenues and expenses adopted by the Commission.

Staff estimates for DOWC – Strawberry District return on rate base at present rates and at proposed rates are -9.84% and 10.80% respectively. The corresponding utility estimates are -11.02% and 10.80% respectively. The differences are primarily due to differences in net revenues and rate base calculated by the Staff and by the utility. See Appendix A for details.

Revenues
Utility gross operating revenues are $233,190 at present rates and $306,702 at proposed rates. Staff estimate is $222,158 at present rates and $293,199 at proposed rates. The difference in revenues is because Staff recommendations are based on converting all flat rate connections to metered connections by end of the TY 2009.

Operating Expenses
Staff used recorded values for 2008 to estimate TY 2009 expenses. Staff also used trends in water production to estimate water consumption, water treatment, power related expenses and much lower fuel related expenses to determine transportation expenses. Utility estimates were based on recorded expenses for 2007 and an inflation rate of 3% across most non-labor expense categories.

At utility proposed rates, the utility operating expenses without Depreciation and Taxes are $242,636 versus Staff's recommendation of $228,235. The difference is because of lower transportation expenses, lower purchased power costs, lower office salaries and lower management salaries.

Transportation expenses
Utility projected transportation expenses at $11,900. Staff recommends $7,060. The difference is because of much lower fuel costs projections used by Staff, based on recommendations from the Department of Energy.[5]

The utility has no control over fuel costs. Staff recommends that the utility file an advice letter requesting establishment of a balancing account to track the difference between actual and adopted gasoline prices. The utility may seek to amortize balancing account amounts in rates through a Tier 1 advice letter.

Purchased power and water treatment expenses
Reduced water production will require lower power consumption and lower the water treatment costs. Assuming a reduction of 10% in water production, Staff estimated purchased power and water treatment related expenses of $4,142 and $5,049 respectively for TY 2009. This compares with $6,693 and $5,610 respectively estimated by the utility.

A review of utility records indicates that the utility is using its pumps and related equipment during peak hours when the rates charged are the highest. Staff recommends that when possible, the utility should use electrical equipment during off-peak hours, use timers to switch pumps and consider the use of time of day metering. The utility should evaluate power usage and report the results on power consumption to DWA no later than January, 2010.

Staff recommends that the utility should record all costs for purchased power into a balancing account that is subject to true-up. The utility may request through a Tier 1 Advice Letter that rates be adjusted based on the difference between actual and estimated purchased power costs.

Income Taxes
For TY 2009, utility estimates Income Taxes of $800 at current rates increasing to $9,341 at proposed rates. Staff estimates Income taxes of $9,520 at recommended rates. The difference is due to change in the net income from $32,147 proposed by the utility to $32,763 recommended by Staff.

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[5] Source: Dept. of Energy Short-Term Energy Outlook, January, 2009.

Rate Base
Utility estimates a rate base of $297,757. Staff is recommending a Rate Base of $ 303,464. The difference is due to differences in working cash because of a change in the mix for metered and flat rate customers.

Rate of return on rate base
Utility has requested a rate of return on rate base of 10.8%. Staff considers this rate of return as reasonable.

Rate design
For proposed rates, the monthly bill for an average 5/8 inch metered service customer who uses 3.42 Ccf of water will go up from $45.58 to $62.09, a 36.22% increase. For comparison, the flat rate customer's rate will increase from $50.27 to $66.35, a 31.99% increase at proposed rates.

Staff recommendations for rate design are based on all flat rate customers being converted to metered service by end of TY 2009. Once that process has been completed, actual system water consumption will be known. Staff recommends that the utility should collect data on water usage and submit a water usage report to the Commission no later than January 31, 2011. Simultaneously, DOWC should file an advice letter with its proposed modifications to the metered rate design based on actual water usage. Staff should evaluate and modify the rate design as appropriate. In the interim, Staff recommends rate design as shown in Appendix C. The utility concurs with staff's recommended rate design.

Consideration of life line rates
Life line rates are subsidized rates for customers who meet certain Commission established criteria based on household income. The subsidy amount is collected through rates from non-lifeline customers. The extent of that subsidy will depend on the number of eligible customers. If the number of customers is significant, it could result in substantial rate increase for other non-lifeline customers. Staff recommends that DOWC collect information from its customers to determine the number of customers who are eligible for life line rate. DOWC should file a report with DWA on the number of eligible lifeline customers and recommendations for modifications to rates to accommodate those customers no later that January 31, 2010.

COMPLIANCE

DOWC – Strawberry District has no outstanding compliance orders. The utility has been filing annual reports with the Commission as required.

One incident of low water pressure was reported to California Department of Public Health (CDPH) in 2007. According to CDPH, this could have been due to customer plumbing issues and condition of water mains. During a field inspection, Staff found the water pressure to be adequate.

One water quality related complaint was received from a customer of the district. CDPH has indicated that the utility exceeded the Maximum Contaminant Level (MCL) requirements for that quarterly sample but, since compliance is based on a running annual average, the utility was in compliance with all applicable water quality regulations and standards.

COMMENTS

This is an uncontested matter where DOWC concurs with Staff's recommendations. Accordingly, pursuant to PU Code 311(g) (2), the otherwise 30- day period for public review and comment is being waived.

FINDINGS

1. DOWC should continue its search for alternative sources of water supply at a reasonable cost.
2. DOWC should complete the mapping of its distribution system on a priority basis.
3. DOWC should immediately assess the condition of its water tanks for possible repairs and replacement on a priority basis.
4. DOWC should develop and submit to the Division of Water and Audits a contingency plan to prevent water outage to its customers in the eventuality of failure of the tanks no later than June 30, 2009.
5. DOWC should investigate obtaining funding for tank replacements and repairs through the recently enacted Federal Economic Stimulus plan.
6. DOWC should complete the conversion of flat rate customers to metered service by October 31, 2009.
7. DOWC should file an Advice Letter to request the establishment of a balancing account to track the difference between actual and adopted gasoline prices and purchased power. The utility may seek to amortize balancing account amounts in rates through a Tier 1 advice letter.
8. DOWC should reduce purchased power costs by using electrical equipment during off-peak hours, use timers to switch pumps and consider the use of time of day metering.

9. DOWC should submit a metered water usage report to the Division of Water and Audits no later than January 31, 2011.
10. DOWC should file a report on number of customers who are eligible for life line rates along with recommendations for modifications to rate design with the Division of Water and Audits no later than January 31, 2010.
11. DOWC concurs with staff's recommended rate design.
12. The Division of Water and Audit's recommended summary of earnings (Appendix A) are reasonable and should be adopted.
13. The rates recommended by the Division of Water and Audits (Appendix B) are reasonable and should be adopted.
14. The quantities (Appendix D) used to develop the Division of Water and Audit's recommendations are reasonable and should be adopted.
15. DOWC should file an Advice Letter with its recommendations to modify rate design shown in Appendix C based on actual water usage no later that January 31, 2011.

THEREFORE IT IS ORDERED THAT:

1. Del Oro Water Company is to complete the mapping of its distribution system and inform the Division of Water and Audits no later than June 30, 2009.
2. Del Oro Water Company is to immediately make an assessment of the condition of its water tanks for possible repairs and replacement and report the results to the Division of Water and Audits no later than June 30, 2009.
3. By June 30, 2009, Del Oro Water Company is to develop and submit to the Division of Water and Audits, a contingency plan to prevent water outage to its customers in the eventuality of failure of the tanks.
4. Del Oro Water Company will investigate the option of obtaining funding for tank replacements and repairs through the recently enacted Federal Economic Stimulus plan and report its progress to the Division of Water and Audits by June 30, 2009.
5. Del Oro Water Company is to complete the conversion of all flat rate customers to metered service no later than October 31, 2009.
6. Del Oro Water Company should file an Advice Letter to request the establishment of a balancing account to track the difference between actual and adopted gasoline prices. DOWC may amortize balancing account amounts in rates through a Tier 1 advice letter.
7. Del Oro Water Company should file an Advice Letter to request the establishment of a balancing account to track the difference between actual and adopted purchased

power costs. DOWC may amortize balancing account amounts in rates through a Tier 1 advice letter.

8. Del Oro Water Company should reduce purchased power costs by using electrical equipment during off-peak hours, use timers to switch pumps and consider the use of time of day metering.
9. Del Oro Water Company should submit a metered water usage report to the Division of Water and Audits no later than January 31, 2011.
10. Del Oro Water Company should file a report with the Division of Water and Audits on the number of customers in Strawberry District who are eligible for life line rates and the impact of those rates on rate design no later than January 31, 2010.
11. Authority is granted under Public Utilities Code Section 454 to Del Oro Water Company - Strawberry District, to file an advice letter incorporating the summary of earnings and the revised rate schedules attached to this resolution as Appendices A and B, respectively and concurrently cancel its presently effective Schedules ST-1A: Annual Metered Service, Strawberry District, and Schedule No. ST-2A: Annual Flat Rate Service, Strawberry District. The effective date of the revised rate schedules shall be five days after the date of its filing.
12. Del Oro Water Company - Strawberry District is authorized to increase its annual revenues by $71,042 or 31.98 % for test year 2009.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on February 20, 2009.

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PAUL CLANON
Executive Director

Appendix A
Del Oro Water Company – Strawberry District
Summary of Earnings
Test Year 2009

Line No		Item	Adopted rates per Resolution W-4648	Utility Estimated Present Rates	Utility Estimated Requested Rates	Staff Estimated Present Rates	Staff Estimated Requested Rates	Adopted Rates (ROR)
		Operating Revenues						
1	460	Flat rates	120,543	*142,123*	*207,400*	*65,331*	*86,222*	*86,222*
2	470	Metered rates	83,349	*91,067*	*99,302*	*156,827*	*206,977*	*206,977*
3	462	Private fire protection	0	*0*	*0*	*0*	*0*	*0*
								0
4		***TOTAL REVENUE***	***203,892***	***233,190***	***306,702***	***222,158***	***293,199***	***293,199***
5	***Operating Expenses***							***0***
6	610	Purchased water	0	*0*	*0*	*0*	*0*	*0*
7	615	Purchased power	8,942	*6,693*	*6,693*	*4,142*	*4,142*	*4,142*
8	618	Other volume related	3,914	*5,610*	*5,610*	*5,049*	*5,049*	*5,049*
9	630	Employee labor	98,400	*103,778*	*103,778*	*103,778*	*103,778*	*103,778*
10	640	Materials	14,976	*10,196*	*10,196*	*6,550*	*6,550*	*6,550*
11	650	Contract work	2,085	*7,156*	*7,156*	*7,156*	*7,156*	*7,156*
12	660	Transportation expense	12,872	*11,900*	*11,900*	*7,060*	*7,060*	*7,060*
13	664	Other plan maintenance	583	*76*	*76*	*76*	*76*	*76*
14	670	Office salaries	20,061	*26,180*	*26,180*	*24,534*	*24,534*	*24,534*
15	671	Management salaries	6,333	*6,335*	*6,335*	*6,055*	*6,055*	*6,055*
16	674	Employee pension & benefits	28,217	*26,235*	*26,235*	*26,216*	*26,216*	*26,216*
17	676	Uncollectible	0	*699*	*699*	*699*	*699*	*699*
18	678	Office services & rentals	1,410	*4,781*	*4,781*	*4,661*	*4,661*	*4,661*
19	681	Office supplies & expense	3,295	*14,626*	*14,626*	*13,965*	*13,965*	*13,965*
20	682	Professional services	1,039	*1,753*	*1,753*	*1,676*	*1,676*	*1,676*
21	684	Insurance	16,312	*12,154*	*12,154*	*12,154*	*12,154*	*12,154*
22	688	Regulatory commission expense	3,400	*1,980*	*1,980*	*1,980*	*1,980*	*1,980*
23	689	General expenses	1,411	*2,484*	*2,484*	*2,484*	*2,484*	*2,484*
24	***SUBTOTAL - Total Operating Expenses***		***223,250***	***242,636***	***242,636***	***228,235***	***228,235***	***228,235***
25	403	Depreciation	3,300	*10,016*	*10,016*	*10,016*	*10,016*	*10,016*
26	408	Taxes other than income	11,557	*12,561*	*12,561*	*12,664*	*12,664*	*12,664*
27	409/10	Income taxes	800	*800*	*9,341*	*800*	*9,520*	*9,520*
28	***Total Deductions***		***238,907***	***266,014***	***274,555***	***251,716***	***260,436***	***260,436***
29	***Net Revenue***		***-35,015***	***-32,824***	***32,147***	***-29,559***	***32,763***	***32,763***
	Rate Base							
	Average Plant		117,500	305,061	305,061	305,061	305,061	305,061
	Ave. Accumulated Depreciation		1,650	16,412	16,412	16,412	16,412	16,412
		Net Plant	115,850	288,649	288,649	288,649	288,649	288,649
	Less				0		0	0
	Advances		0	0	0	0	0	0
	Contributions		0	0	0	0	0	0
	Plus				0		0	0
	Working Cash		7,113	8,108	8,108	13,815	13,815	13,815
	Materials & Supplies		1,000	1,000	1,000	1,000	1,000	1,000
30	***Rate Base***		***123,963***	***297,757***	***297,757***	***303,464***	***303,464***	***303,464***
31	***Rate of Return***		***-28.25%***	***-11.02%***	***10.80%***	***-9.74%***	***10.80%***	***10.80%***

Appendix B
Del Oro Water Company – Strawberry District
Rate Schedules

SCHEDULE NO. ST-1A

ANNUAL METERED SERVICE

STRAWBERRY DISTRICT

APPLICABILITY

Applicable to all metered water service furnished on monthly basis.

TERRITORY

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

RATES

Quantity Rate:

All water, per 100 cu. ft.	$ 3.79	(I)

Service Charge:	Per Meter Per Month	(D)
For 5/8 x 3/4-inch meter	$ 49.13	(I)
For 3/4-inch meter	73.69	|
For 1-inch meter	122.82	|
For 1-1/2-inch meter	245.64	|
For 2-inch meter	393.03	|
For 3-inch meter	736.92	|
For 4-inch meter	1,228.21	(I)

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

(D)

(Continued)

Appendix B
Del Oro Water Company – Strawberry District
Rate Schedules

SCHEDULE NO. ST-1A
(Continued)

ANNUAL METERED SERVICE

STRAWBERRY DISTRICT

SPECIAL CONDITIONS

1. The annual service charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he or she may elect, at the beginning of the utility calendar, to pay prorated service charge in advance at intervals of less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing periods. Meters will be read and quantity charges billed monthly, bimonthly or quarterly in accordance with the utility's established billing periods except that meters may be read and quantity charges billed during the winter season at intervals greater than three months.
2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual service charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth (1/365) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charges shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial charges shall be due to the customer.
3. All water bills are subject to the California Public Utilities Commission Reimbursement Fee set forth in Schedule No. UF.
4. In the event that a customer terminates service under this schedule and reinstates services at the same location within 12 months, there will be a reconnection charge equal to the minimum charge which would have been billed had the customer not terminated service.
5. To recover $13,478.63 for reimbursement of the 2007 emergency water supply costs, as reflected in the memorandum account established in accordance with Advice Letter No. 159 dated on or about July 10, 2007, a surcharge of $2.98 per service connection is to be applied to each bill for twelve (12) months from the effective date of Advice Letter No. 190.

(D)

Appendix B
Del Oro Water Company – Strawberry District
Rate Schedules

SCHEDULE NO. ST-2A

ANNUAL FLAT RATE SERVICE

STRAWBERRY DISTRICT

APPLICABILITY

Applicable to all flat rate service furnished on a monthly basis.

TERRITORY

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

RATES	Per Service Connection Per Month		
			(D)
For each single family residential unit or business establishment	$ 66.35	(I)	(D)
For each additional residential unit or business establishment on the same premises and service from the same service connection	$ 57.48	(I)	(D)
			(D)

(Continued)

Appendix B
Del Oro Water Company – Strawberry District
Rate Schedules

SCHEDULE NO. ST-2A

ANNUAL FLAT RATE SERVICE

STRAWBERRY DISTRICT

SPECIAL CONDITIONS

1. The above flat rates apply to a service connection not larger than 3/4-inch in diameter.
2. For services covered by the above classifications, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day.
3. The annual flat rate charge applies during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he or she may elect, at the beginning of the calendar year, to pay prorated flat rate charges in advance at intervals of not less than one year (monthly, bimonthly or quarterly) in accordance with the utility's established billing period.
4. The opening bill for flat rate service shall be the established annual flat rate charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth (1/365) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least t one year after the date of initial service, no refund of this initial annual charges shall be due to the customer.
5. In the event that a customer terminates service under this schedule and reinstates service at the same location within 12 months, there will be a reconnection charge equal to the minimum charge which would have been billed had the customer not terminated service.
6. All water bills are subject to the PUC Reimbursement Fee set forth in Schedule No. UF.
7. To recover $13,478.63 for reimbursement of the 2007 emergency water supply costs, reflected in the memorandum account established in accordance with Advice Letter No. 159 dated on or about July 10, 2007, a surcharge of $2.98 per service connection is to be applied to each bill for twelve (12) months from the effective date of Advice Letter No. 190.

(D)

Appendix C
Del Oro Water Company – Strawberry District
Comparison of Rates
Test Year 2009

Metered Rate Service

Meter size	Present Rates	Proposed Rates	Percent Increase
5/8" x 3/4"	39.53	**49.13**	24.29%
3/4"	59.30	**73.69**	24.27%
1"	98.83	**122.82**	24.27%
1 1/2"	197.64	**245.64**	24.29%
2"	316.23	**393.03**	24.29%
3"	592.94	**736.92**	24.28%
4"	988.24	**1,228.21**	24.28%
Rate per ccf	1.77	3.79	114.01%

Flat Rate Service

	50.27	**66.35**	31.99%
	43.55	**57.48**	31.99%

Bill Comparison - 5/8" x 3/4" Metered Rate Service

Usage (ccf)	Present Rates	Proposed Rates	$ Increase	% Increase
0	39.53	**49.13**	$ 9.60	24.285%
10	57.23	**87.01**	$ 29.78	52.036%
20	74.93	**124.89**	$ 49.96	66.676%
40	110.33	**200.65**	$ 90.32	81.864%
60	145.73	**276.41**	$ 130.68	89.673%
80	181.13	**352.17**	$ 171.04	94.429%
100	216.53	**427.93**	$ 211.40	97.631%

Bill Comparison - Flat Rate Service

Present Rates	Proposed Rates	$ Increase	% Increase
50.27	66.35	$ 16.08	31.987%
43.55	57.48	$ 13.93	31.986%

Appendix D
Del Oro Water Company – Strawberry District
Comparison of Recorded and Adopted Quantities
Test Year 2009

	Recorded 2008	***Adopted 2009***
Purchased Power (KWH)	24,355	19,754
Pumped Water (1000 ccf)	40,060	36,100
Water Sales (1000 ccf)	5,913	7,600
Service Connections		
	# Connections	# Connections
Metered Connections		
5/8" x 3/4"	172	386
1"	4	5
2"	1	2
Total Metered Connections	*177*	*393*
Flat Rate Connections	214	-
Total Connections	*391*	*393*
Tax Calculations		
Operating Revenues	222,158	293,199
Expenses	228,235	228,235
Depreciation	10,016	10,016
Taxes other than Income	12,664	12,664
Taxable Income for State	(28,759)	42,287
State Tax	800	3,738
Taxable Income for Federal	(29,559)	38,549
Federal Tax	-	5,782