



September 11, 2012

Draft Resolution W-4931
Agenda ID #11577

TO: All Interested Persons

Enclosed is draft Resolution W-4931 of the Division of Water and Audits for The Sea Ranch Water Company's request for a general rate increase and an annual revenue decrease for escalation year 2014. Draft Resolution W-4931 will be on the Commission's October 11, 2012 Agenda. The Commission may act then on this resolution or it may postpone action until later.

When the Commission acts on a draft resolution, the Commission may adopt all or part of the draft resolution, as written, or amend or modify the draft resolution; or the Commission may set the draft resolution aside and prepare a different resolution. Only when the Commission acts does the resolution become binding.

Interested persons may submit comments on draft Resolution W-4931. An original of the comments, with a certificate of service, should be submitted to:

Division of Water and Audits, Third Floor
Attention: Moises Chavez
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Division of Water and Audits, Third Floor
Attention: Rami Kahlon
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Interested persons must serve a written or electronic copy of their comments on the utility on the same date that the comments are submitted to the Division of Water and Audits. Interested persons may submit comments on or before October 1, 2012.

Comments should focus on factual, legal, or technical errors or policy issues in the draft resolution.

Persons interested in receiving comments submitted to the Division of Water and Audits may write to Moises Chavez, email him at mcv@cpuc.ca.gov, or telephone him at (415) 703-2805.

/s/ RAMI S. KAHLON
Rami S. Kahlon, Director
Division of Water and Audits

Enclosures: Draft Resolution W-4931
Certificate of Service
Service List

WATER/RSK/BMD/PTL/MCV/jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION NO. W-4931
October 11, 2012

R E S O L U T I O N

**(RES. W-4931) THE SEA RANCH WATER COMPANY (SRWC).
ORDER AUTHORIZING A GENERAL RATE INCREASE
PRODUCING ADDITIONAL ANNUAL REVENUE OF \$697,677 OR
57.08% FOR TEST YEAR 2012 AND \$577,647 OR 30.09% FOR
ESCALATION YEAR 2013, AND AN ANNUAL REVENUE DECREASE
OF \$63,415 OR -2.54% FOR ESCALATION YEAR 2014.**

SUMMARY

By Advice Letter (AL) 86, filed on March 2, 2012, the SRWC seeks to increase its gross water revenues by \$759,410 or 62.23% for Test Year (TY) 2012 and \$593,270 or 29.97% for escalation year 2013, and a decrease in annual revenues of \$59,034 or -2.24% in escalation 2014. SRWC's rate increase request will cover \$5,733,784 in new water plant in 2012, \$750,300 in 2013, and \$100,000 in 2014.

This resolution grants an increase in gross annual revenues of \$697,677 or 57.08% for TY 2012 and \$577,647 or 30.09% for escalation year 2013, and a decrease in annual revenues of \$63,415 or -2.54% for escalation year 2014, which is estimated to provide a rate of return (ROR) of 11.50%.

This resolution also approves \$6.58 million in capital improvements for inclusion into SRWC's rate base, once the capital improvements are completed and are used and useful.

BACKGROUND

SRWC has requested authority under General Order 96-B, Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code to increase its gross water revenues by \$759,410 or 62.23% for TY 2012 and \$593,270 or 29.97% for escalation year 2013, and a decrease in annual revenues of \$59,034 or -2.24% in escalation 2014.

The purpose of the rate increase is to cover \$5,733,784 in new water plant in 2012, \$750,300 in 2013 and \$100,000 in 2014.

The SRWC's present interim rates became effective on March 1, 2012, by approval of AL 85, which authorized a Consumer Price Index (CPI) increase of \$36,611 or 3.0%, to gross revenues, subject to refund or increase to the rates established in this General Rate Case (GRC). The SRWC's last GRC was for TY 2009 and was approved by Res. W-4798, which granted an increase in gross revenues of \$444,660 or 49.5%.

The SRWC, a California Corporation and a Class C water utility under the Commission's jurisdiction, is a fully-owned subsidiary of The Sea Ranch Association (TSRA), a non-profit mutual benefit corporation. The majority of SRWC's customers are also voting members of TSRA. However, the SRWC remains a regulated water utility under the Commission's jurisdiction because it serves a number of customers that are not members of TSRA. The SRWC currently serves 1,841 metered customers and two irrigation customers in the Sea Ranch area, which is located approximately 7 miles southeast of Gualala in Sonoma County.

The SRWC has an agreement with the Sonoma County Water Association (SCWA), a state agency, to maintain and operate two of the agency's wastewater treatment plants using several company employees. The SRWC also uses the company employees to monitor and issue permits for the On-Site Waste Disposal Zone (OSWDZ), a county service district. Res. W-4798 established the cost allocation percentages (shown in Appendix E) for labor expenses (including allocation of employee salaries, taxes, health insurance, employee benefits and pensions, and workers' compensation insurance) common to water duties and unregulated services provided to SCWA and TSRA¹, and the OSWDZ, based on time spent by the SRWC's employees on non-tariffed service activities. For TY 2012 and escalation years 2013 and 2014, the SRWC made minor modifications to the allocation percentages which are shown in Appendix E of this resolution. Division reviewed SRWC's allocation percentages and found them reasonable based on the percentages adopted by Res. W-4798.

The SRWC's existing water system consist of approximately 46 miles of water mains, seven storage tanks and eight pumping systems. SRWC's water supply comes from

¹ 3.0% of labor expenses is also allocated to TSRA for the time the SRWC's Director of Works spends overseeing TSRA's facilities and resource department.

two water wells with a combined capacity of about 1,050 gallons per minute (gpm) that are situated near the South Fork of the Gualala River.² The State Water Resources Control Board (SWRCB) water rights permits limit the amount of water that can be diverted from pumping water when the Gualala River flows fall below set limits, at which time the water supply source is switched to the 90-million gallon open reservoir owned by the SRWC. The reservoir is filled during times when the wells are in use and simultaneously feeding water to the system.

From 2012 through 2014, the SRWC plans to undertake \$6.58 million in capital improvements projects (CIP) to address several deficiencies in its water system (low fire flow and distribution system pressures, capacity, and other corresponding system upgrades) identified through the engineering study conducted by Brown and Caldwell in its 2009 Water Master Plan (WMP) report³ to bring the water system into compliance with the Commission's General Order (GO) 103-A, the CA Department of Public Health's (DPH) Title 22 requirements, and the Sonoma County fire flow requirements. A summary of the CIPs and associated costs are listed in Table 1 below.

² The wells pump water thought to be from alluvial aquifers associated with the Gualala River, using three water rights granted by the State Water Resources Control Board. These rights include a direct diversion right (for water pump directly to users or stored for no more than 30 days) of 613 Acre feet per year (AFY) and two diversion-to-storage rights (for water pumped to the 300-AF reservoir and held for at least 30-days) of 300 AFY (Brown and Caldwell's April 2009 Water Mater Plan).

³ April 2009 Water Master Plan report, prepared by Brown and Caldwell.

Table 1
Capital Improvement Projects

		2012	2013	2014	Total
1	Reservoir Bypass at Water Treatment Plant		\$ 50,000		
2	Water Treatment Plant Upgrades	\$ 50,000	\$ 295,000		
3	Tank No. 1 Area Upgrade		\$ 180,000		
4	Tank No. 8 Construction	\$ 1,514,310			
5	Zone 2 Water Mains from Tank No. 8 to Verdant View	\$ 1,708,545			
6	Zone 2 Water Mains from Verdant View to River Beach	\$ 785,211			
7	PS 2 PRV and 6-inch Water Main	\$ 188,000			
9	Water Mains within Tank No. 8	\$ 151,885			
10	Zone 4 Hydro pneumatic Replacement	\$ 122,395			
11	4 Pressure Reducing Valve Stations	\$ 210,494			
12	Electrical & Instrumentation with SCADA	\$ 327,644			
13	Booster Pump Station	\$ 450,000			
14	Additional Water Plant			\$ 100,000	
15	Capitalize Interest	\$ 225,300	\$ 225,300		
		\$ 5,733,784	\$ 750,300	\$ 100,000	

NOTICE AND PUBLIC MEETING

In accordance with GO 96-B, AL 86 was served on March 2, 2012, to adjacent utilities and persons on the general service list. On March 16, 2012, a notice of the proposed rate increase was mailed to each customer and to the general service list.

Thirteen customer letters questioning the rate increase were timely received, and the utility replied. Most of the customer letters oppose the rate increase, specifically the service charge increase. One letter requests that the service charge for 1-inch meter for fire sprinklers be reduced to the 5/8 x 3/4-inch meter charge. The Division of Water and Audits (Division) reviewed the SRWC’s rate design and confirmed that the service charge is consistent with the Commission’s rate design policy for Class C water utilities, which allows the company to recover up to 65% of fixed costs through the service charge.⁴ Division also reviewed Res. W-4539, which established the service charge for 1-inch meter for fire sprinklers based on the service charge for 5/8 x 3/4-inch meters rate plus an added 25% surcharge instead of the full charge for 1-inch meters. No evidence was provided to support changing the service charge adopted by Res. W-4539 for the 1-inch meter for fire sprinklers service, and therefore Division does not recommend making any changes to this rate.

⁴ D.92-03-093, Ordering Paragraph 6.

An informal public meeting was held on April 18, 2012, at 6:00 pm at Del Mar Hall in Sea Ranch. Nine SRWC customers attended the meeting. Division Staff explained the Commission procedures, and SRWC representatives explained the need for the proposed rate increase. Division and SRWC's representatives answered questions until approximately 8:00 pm.

DISCUSSION

The Division made an independent analysis of the SRWC's operations. Appendix A provides the SRWC's and Division's estimated summary of earnings at present and proposed rates for TY 2012 and escalation years 2013 and 2014. The SRWC is in agreement with Division's recommended revenue requirement for TY 2012 and escalation years 2013 and 2014 shown in Appendix A, and the Division's recommended rates shown in Appendix B. Division recommends that the Commission approve the rate increases and resulting rates included in Appendix B for TY 2012 and escalation year 2013 and the rate decrease for escalation year 2014.

Operating Expenses

The Division's estimate of the SRWC's operating expenses for TY 2012 is based on data from the years 2009 through 2011, except for expenses relating to purchased power, employee labor, employee pensions and benefits, insurance, office and management salaries. For these expenses, Division accepted the SRWC's estimates for TY 2012 and escalation years 2013 and 2014. For estimating all other expense categories, Division escalated the averaged expenses for 2009 through 2011 using the annual escalation factors provided by the Division of Ratepayer Advocates (DRA) in its May 31, 2012 escalation memorandum (DRA's Escalation Memo⁵). The Division escalated the TY 2012 recommended amounts to estimate the expenses and revenue requirement for escalation years 2013 and 2014.

Division informed SRWC of how the methodologies and escalation rates it used differ from those used in the SRWC's request. The SRWC now agrees with the Division's recommended revenue requirement and rates for TY 2012 and escalation years 2013 and 2014.

⁵ DRA's May 31, 2012 memorandum on the estimates of non-labor and wage escalation rates for 2012 through 2016 from the May 2012 IHS Global Insight U.S. Economic Outlook.

Utility Plant and Rate Base

Division reviewed SRWC's proposed CIPs in Table 1 and found the CIPs are warranted and consistent with the recommendations made by Brown and Caldwell in its April 2009 WMP report for correcting the system deficiencies identified in the report. Division therefore finds the proposed CIPs reasonable for Commission approval.

Division also confirmed that the SRWC used a competitive bidding process for selecting the construction firms for the proposed CIPs and the costs estimates included in Table 1. Division therefore finds the \$6.58 million for the CIPs listed in Table 1 prudent for inclusion into SRWC's rate base, once the CIPs are completed and are used and useful. The SRWC should be authorized to make the necessary Tier 2 advice letter filings to add the utility plant listed in Table 1 to its rate base, once the plant is completed and used and useful. The amount that SRWC may add to rate base for a specific CIP should be capped at the level reflected in Table 1 for that project, and the total amount that SRWC may add to rate base for all CIPs should be capped at \$6.58 million, as reflected in Table 1. The SRWC may file a Tier 3 advice letter, for approval by the Commission, to include in rate base capital expenditures over the amounts listed in Table 1. However, given the competitive selection for contractors and review of costs discussed above regarding the completion of these projects, we expect the utility to stay at or below these caps and put the utility on notice that it remains at risk for any costs it incurs in excess of the project caps reflected in Table 1 above.

Division reviewed the SRWC's rate base calculations for TY 2012 and escalation years 2013 and 2014 and concurs with its rate base estimates as shown in Appendix A of this resolution.

Rate of Return:

The SRWC has requested an 11.75% ROR for TY 2012 and escalation years 2013 and 2014. Division recommends a ROR of 11.50% based on the recommended ROR range for Class C water utilities provided in the Division's March 6, 2012 Memorandum.⁶ Division therefore based its analysis on a ROR of 11.50%. Using this ROR Division calculates a revenue requirement of \$1,920,035 for TY 2012 and \$2,497,682 and \$2,434,267 for escalation years 2013 and 2014, respectively.

⁶ March 6, 2012 memorandum, "Rates of Return and Rates of Margin for Class C and D Water Utilities."

Rates and Rate Design

The SRWC's current rate structure consists of Schedules Nos. 1, General Metered Service; 1-A, General Metered Service-Outside Users; 3, Irrigation Service, and 3-A, Irrigation Service-Outside Users. The rate structure/design adopted by Res. W-4798 remains the same for these rate schedules. No evidence was presented to support modifying the current rate structure. The rates proposed by the Division are shown in Appendix B. At the recommended ROR the increase in revenue will be \$697,677 or 57.08% for TY 2012 and \$577,647 or 30.09% for escalation year 2013, and a revenue decrease of \$63,415 or -2.54% in escalation year 2014. At the recommended rates for TY 2012, a bi-monthly bill with average consumption of 5,337 gallons will increase from \$108.70 to \$169.29 (or from \$54.35 to \$84.64 per month) a difference of \$60.59 or 55.74%. A comparison of customer bills at present and recommended rates for TY 2012 and escalation years 2013 and 2014 is shown in Appendix C. The adopted quantities and tax calculations are shown in Appendix D.

COMPLIANCE

The utility has no outstanding water quality violations and is in compliance with the Commission and DPH's water quality standards.

The CIPs the SRWC is undertaking, once completed, will bring the company in compliance with Commission's GO 103-A and DPH's Title 22 requirements, and Sonoma County fire flow requirements.

California Environmental Quality Act

The California Environmental Quality Act (CEQA) applies to projects that require discretionary approval from a governmental agency, unless exempted by statute or regulation. It is long established that the act of ratemaking by the Commission is exempt from CEQA review. As stated in the California Public Resources Code, the "establishment, modification, structuring, restructuring or approval of rates, tolls, fares, or other charges by public agencies" is exempt from CEQA.⁷

This Resolution does not authorize any construction projects. To the extent capital expenditures are financed with the proceeds authorized in this resolution those projects are necessary to maintain service within an existing service area.

⁷ Public Resource Code Section 21080(b)(8).

COMMENTS

PU Code Section 311(g) (1) provides that resolutions generally must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission.

Accordingly, this draft Resolution was mailed to the utility, all protestants (whether or not they filed timely protests), and those requesting service at the public meeting, and was made available for public comment on September 11, 2012.

FINDINGS

1. The Sea Ranch Water Company (SRWC) has requested authority to increase its gross annual water revenues by \$759,410 or 62.23% for Test Year (TY) 2012 and \$593,270 or 29.97% for escalation year 2013, and to decrease its annual revenues by \$59,034 or -2.24% for escalation year 2014.
2. The SRWC's stated purpose for the rate increase request is to cover \$5,733,784 in new water plant in 2012, \$750,300 in 2013, and \$100,000 in 2014.
3. AL 86 was served in accordance with GO 96-B on March 2, 2012. On March 16, 2012, a notice of the proposed rate increase was mailed to each customer and the general service list.
4. In reviewing SRWC's request, the Division of Water and Audits (Division) made an independent analysis of SRWC's operations.
5. The SRWC provides unregulated services through an agreement with the Sonoma County Water Agency (SCWA). The SRWC also engages in other affiliate transactions, by assigning water utility employees with non-utility duties to perform work for The Sea Ranch Association (TSRA) and the On-site Waste Disposal Zone (OSWDZ).
6. Res. W-4798 established the cost allocation percentages for labor expenses common to water duties and unregulated services provided to SCWA, TSRA, and the OSWDZ, based on time spent by SRWC's employees on non-tariffed service activities.
7. For TY 2012 and escalation years 2013 and 2014 the SRWC made minor modifications to the allocation percentages, which are shown in Appendix E of this resolution.

8. Division reviewed SRWC's allocation percentages and found them reasonable based on the percentages adopted by Res. W-4798.
9. The Division's estimate of the SRWC's operating expenses for TY 2012 is based on data from the years 2009 through 2011, except for expenses relating to purchase power, employee labor, employee pensions and benefits, insurance, office and management salaries.
10. Division accepts the SRWC's estimates for purchase power, employee labor, employee pensions and benefits, insurance, office and management salaries for TY 2012 and escalation years 2013 and 2014.
11. For estimating all other expense categories, Division escalated the averaged expenses for 2009 through 2011 using the annual escalation factors provided in the Division of Ratepayer Advocate's (DRA's) Escalation Memo.
12. The Division's recommended operating expenses for escalation years 2013 and 2014 are based on the recommended amounts for TY 2012 escalated by the corresponding labor and non-labor escalation rates for 2013 and 2014 provided in DRA's Escalation Memo.
13. From 2012 through 2014 the SRWC plans to undertake \$6.58 million in Capital Improvement Projects (CIPs) to address several system deficiencies identified in the engineering study conducted by Brown and Caldwell in its 2009 Water Master Plan (WMP) report, and to bring the water system into compliance with the Commission's General Order 103-A, the Department of Public Health's Title 22 requirements, and the Sonoma County fire flow requirements.
14. Division reviewed the SRWC's proposed CIPs and found the CIPs are warranted and consistent with the recommendations made by Brown and Caldwell in the April 2009 WMP report for addressing the water system deficiencies.
15. Division confirmed that the SRWC used a competitive bidding process for selecting the construction firms for the proposed CIPs and for the costs estimates listed in Table 1.
16. Division finds the SRWC's \$6.58 million for the CIP listed in Table 1 prudent for inclusion into SRWC's rate base, once the CIPs are completed and are used and useful.

17. The SRWC should be authorized to make the necessary Tier 2 advice letter filings to add the utility plant to its rate base, once the plant is completed and used and useful. The rate base amount for inclusion into the SRWC's rate base should be capped at \$6.58 million, and the rate base amount for inclusion into the SRWC's rate base for each specific CIP should be capped at the amount listed in Table 1 in this Resolution reflects for that particular CIP.
18. The SRWC may file a Tier 3 advice letter, for approval by the Commission, to include in rate base any capital expenditures over the in the amounts listed in Table 1 for each project. However, given the competitive selection for contractors and review of costs discussed above regarding the completion of these projects, we expect the utility to stay at or below these caps and put the utility on notice that it remains at risk for any costs it incurs in excess of the project caps reflected in Table 1 in this Resolution.
19. Division concurs with the SRWC's rate base calculations for TY 2012 and escalation years 2013 and 2014 shown in Appendix A of this Resolution.
20. The SRWC requested an 11.75% ROR for TY 2012 and escalation years 2013 and 2014.
21. Division recommends a Rate Of Return (ROR) of 11.50% based on the recommended ROR for Class C water utilities provided in the Division's March 6, 2012 Memorandum.
22. Using this ROR of 11.50% Division calculates a revenue requirement for TY 2012 of \$1,920,035, and a revenue requirement of \$2,497,682 and \$2,434,267 for escalation years 2013 and 2014, respectively.
23. The rate structure/design adopted by Res. W-4798 remains the same for the SRWC's existing tariff schedules.
24. Division informed SRWC of how the methodologies and escalation rates it used differ from those used in the SRWC's request. The SRWC now agrees with the Division's recommended revenue requirement and rates for TY 2012 and escalation years 2013 and 2014.
25. Division's recommended summary of earnings (Appendix A) are reasonable and should be adopted.
26. The rates recommended by the Division (Appendix B) are reasonable and should be adopted.

27. The quantities (Appendix D) used to develop Division's recommendations are reasonable and should be adopted.
28. It is appropriate to grant the SRWC an increase in gross annual revenues of \$697,677 or 57.08% for TY 2012 and \$577,647 or 30.09% for escalation year 2013, and a decrease in annual revenue of \$63,415 or -2.54% for escalation year 2014.
29. SRWC should be allowed to file a Tier 2 advice letter within 30 days from the effective date of this Resolution to collect the under-collected revenues from the interim rate date to the effective date of the new rates. This advice letter should become effective upon approval by Staff of the Division of Water and Audits.
30. The authorization of rates in this instance meets the CEQA exemption for the approval of rates under Public Resource Code Section 21080(b) (8).

THEREFORE IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 for The Sea Ranch Water Company to file an advice letter with the revised schedules attached to this resolution as Appendix B and concurrently cancel its presently effective rate Schedules Nos. 1, General Metered Service; 1-A, General Metered Service-Outside Users; 3, Irrigation Service; and 3-A, Irrigation Service-Outside Users.
 - a. For Test Year 2012, The Sea Ranch Water Company is authorized to file a supplemental advice letter, and the effective date of the revised rate schedules for Test Year 2012 shall be five days after the date of its filing.
 - b. For Escalation Year 2013, The Sea Ranch Water Company is authorized to file a Tier 2 advice letter. The Sea Ranch Water Company shall file this advice letter no later than November 20, 2012, and the effective date of the revised rates for Escalation Year 2013 shall be January 1, 2013.
 - c. For Escalation Year 2014, The Sea Ranch Water Company is authorized to file a Tier 2 advice letter. The Sea Ranch Water Company shall file this advice letter no later than November 20, 2013, and the effective date of the revised rates for Escalation Year 2014 shall be January 1, 2014.
2. The quantities (Appendix D) used to develop the Division of Water and Audits' recommendations are adopted.
3. The Sea Ranch Water Company is authorized to file a Tier 2 advice letter within 30 days from the effective date of this Resolution to collect the under-collected revenues from March 1, 2012, the interim rate date, to the effective date of the new

rates established in this Resolution. This advice letter shall become effective upon approval by Staff of the Division of Water and Audits.

4. The Sea Ranch Water Company is authorized to include in rate base no more than \$6.58 million for the capital improvements projects identified in Table 1 in this Resolution, once the capital improvement projects are completed and are used and useful. The Sea Ranch Water Company is authorized to file Tier 2 advice letters to add the capital improvement projects identified in Table 1 in this Resolution to its rate base, once each project is completed and used and useful. The amount that Sea Ranch Water Company is authorized to add to rate base for each specific capital improvement project is capped at the levels reflected in Table 1 of this Resolution for that particular project. These Tier 2 filings shall become effective upon approval by Staff of the Division of Water and Audits or the Commission.
5. 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 October 11, 2012; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

APPENDIX A
 Sea Ranch Water Company
 Summary Of Earnings
 Test Year 2012
 (page 1 of 3)

	Sea Ranch		Division		Division
	Present Rates	Requested Rates	Present Rates	Requested Rates	Recommended Rates
Operating Revenues					
Metered	\$ 1,219,167	\$ 1,977,783	\$ 1,221,073	\$ 1,978,532	\$ 1,917,900
Irrigation	\$ 1,186	\$ 1,186	\$ 1,285	\$ 2,135	\$ 2,135
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 1,220,353	\$ 1,978,969	\$ 1,222,358	\$ 1,980,667	\$ 1,920,035
Operating Expenses					
610 Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
615 Purchased Power	\$ 46,568	\$ 46,568	\$ 46,568	\$ 46,568	\$ 46,568
618 Other Volume Related Expenses	\$ 17,297	\$ 17,297	\$ 15,099	\$ 15,099	\$ 15,099
630 Employee Labor	\$ 279,304	\$ 279,304	\$ 279,304	\$ 279,304	\$ 279,304
640 Materials	\$ 4,114	\$ 4,114	\$ 4,114	\$ 4,114	\$ 4,114
650 Contract Work	\$ 73,321	\$ 73,321	\$ 55,545	\$ 55,545	\$ 55,545
660 Transportation Expenses	\$ 21,793	\$ 21,793	\$ 21,793	\$ 21,793	\$ 21,793
664 Other Plant Maintenance	\$ 60,452	\$ 60,452	\$ 50,683	\$ 50,683	\$ 50,683
670 Office Salaries	\$ 36,253	\$ 36,253	\$ 36,253	\$ 36,253	\$ 36,253
671 Management Salaries	\$ 89,091	\$ 89,091	\$ 89,091	\$ 89,091	\$ 89,091
674 Employee Pensions and Benefits	\$ 77,803	\$ 77,803	\$ 77,803	\$ 77,803	\$ 77,803
676 Uncollectable Accounts	\$ 3,960	\$ 3,960	\$ 1,505	\$ 1,505	\$ 1,505
678 Office Services and Rentals	\$ 11,417	\$ 11,417	\$ 11,417	\$ 11,417	\$ 11,417
681 Office Supplies and Expenses	\$ 27,098	\$ 27,098	\$ 27,098	\$ 27,098	\$ 27,098
682 Professional Services	\$ 29,930	\$ 29,930	\$ 22,349	\$ 22,349	\$ 22,349
684 Insurance	\$ 101,783	\$ 101,783	\$ 101,783	\$ 101,783	\$ 101,783
688 Regulatory Commission Expense	\$ 10,458	\$ 10,458	\$ 10,000	\$ 10,000	\$ 10,000
689 General Expense	\$ 40,038	\$ 40,038	\$ 38,688	\$ 38,688	\$ 38,688
Subtotal	\$ 930,680	\$ 930,680	\$ 889,093	\$ 889,093	\$ 889,093
403 Depreciation	\$ 96,907	\$ 96,907	\$ 96,907	\$ 96,907	\$ 96,907
408 Taxes Other Than Income	\$ 92,518	\$ 92,518	\$ 92,518	\$ 92,518	\$ 92,518
409 State Income Taxes	\$ 7,281	\$ 74,197	\$ 10,947	\$ 77,982	\$ 72,622
410 Federal Income Taxes	\$ 13,780	\$ 260,145	\$ 25,028	\$ 273,417	\$ 254,624
Total Deductions	\$ 1,141,166	\$ 1,454,447	\$ 1,114,493	\$ 1,429,917	\$ 1,405,764
Net Revenue	\$ 79,187	\$ 524,522	\$ 107,865	\$ 550,750	\$ 514,271
Rate Base					
Average Plant	\$ 12,642,015	\$ 12,642,015	\$ 12,642,015	\$ 12,642,015	\$ 12,642,015
Average Dep. Reserve	\$ 3,967,818	\$ 3,967,818	\$ 3,967,818	\$ 3,967,818	\$ 3,967,818
Net Plant	\$ 8,674,197				
Less:					
CIAC	\$ 4,874,926	\$ 4,874,926	\$ 4,874,926	\$ 4,874,926	\$ 4,874,926
Acc. Deferred Income Taxes	\$ 109,448	\$ 109,448	\$ 109,448	\$ 109,448	\$ 109,448
Advances	\$ -	\$ -	\$ -	\$ -	\$ -
Plus:					
Construction Work in Progress	\$ 631,117	\$ 631,117	\$ 631,117	\$ 631,117	\$ 631,117
Working Cash	\$ 149,840	\$ 149,840	\$ 149,840	\$ 149,840	\$ 149,840
Materials and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Base	\$ 4,470,780				
Rate of Return	1.77%	11.73%	2.41%	12.32%	11.50%

APPENDIX A
 Sea Ranch Water Company
 Summary Of Earnings
 Escalation Year 2013
 (page 2 of 3)

	Sea Ranch		Division		
	Present Rates	Requested Rates	TY 2012 Rates	Requested Rates	Recommended Escalation Rates 2013
Operating Revenues					
Metered	\$ 1,221,538	\$ 2,570,460	\$ 1,917,900	\$ 2,674,568	\$ 2,494,900
Irrigation	\$ 1,186	\$ 2,573	\$ 2,135	\$ 2,782	\$ 2,782
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 1,222,724	\$ 2,573,033	\$ 1,920,035	\$ 2,677,350	\$ 2,497,682
Operating Expenses					
610 Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
615 Purchased Power	\$ 46,644	\$ 46,644	\$ 46,568	\$ 46,568	\$ 46,568
618 Other Volume Related Expenses	\$ 17,694	\$ 17,694	\$ 15,295	\$ 15,295	\$ 15,295
630 Employee Labor	\$ 284,332	\$ 284,332	\$ 284,332	\$ 284,332	\$ 284,332
640 Materials	\$ 4,209	\$ 4,209	\$ 4,209	\$ 4,209	\$ 4,209
650 Contract Work	\$ 74,641	\$ 74,641	\$ 56,267	\$ 56,267	\$ 56,267
660 Transportation Expenses	\$ 22,294	\$ 22,294	\$ 22,294	\$ 22,294	\$ 22,294
664 Other Plant Maintenance	\$ 61,843	\$ 61,843	\$ 51,342	\$ 51,342	\$ 51,342
670 Office Salaries	\$ 36,905	\$ 36,905	\$ 36,905	\$ 36,905	\$ 36,905
671 Management Salaries	\$ 90,108	\$ 90,108	\$ 90,108	\$ 90,108	\$ 90,108
674 Employee Pensions and Benefits	\$ 81,124	\$ 81,124	\$ 81,124	\$ 81,124	\$ 81,124
676 Uncollectable Accounts	\$ 5,146	\$ 5,146	\$ 1,525	\$ 1,525	\$ 1,525
681 Office Services and Rentals	\$ 11,680	\$ 11,680	\$ 11,680	\$ 11,680	\$ 11,680
681 Office Supplies and Expenses	\$ 27,721	\$ 27,721	\$ 27,721	\$ 27,721	\$ 27,721
682 Professional Services	\$ 30,469	\$ 30,469	\$ 22,639	\$ 22,639	\$ 22,639
684 Insurance	\$ 118,665	\$ 118,665	\$ 118,665	\$ 118,665	\$ 118,665
688 Regulatory Commission Expense	\$ 10,458	\$ 10,458	\$ 10,000	\$ 10,000	\$ 10,000
689 General Expense	\$ 40,959	\$ 40,959	\$ 39,191	\$ 39,191	\$ 39,191
Subtotal	\$ 964,892	\$ 964,892	\$ 919,865	\$ 919,865	\$ 919,865
403 Depreciation	\$ 184,143	\$ 184,143	\$ 184,143	\$ 184,143	\$ 184,143
408 Taxes Other Than Income	\$ 135,505	\$ 135,505	\$ 135,505	\$ 135,505	\$ 135,505
409 State Income Taxes	\$ 800	\$ 93,949	\$ 38,716	\$ 106,942	\$ 91,306
410 Federal Income Taxes	\$ -	\$ 329,400	\$ 141,093	\$ 374,956	\$ 320,131
Total Deductions	\$ 1,285,340	\$ 1,707,889	\$ 1,419,322	\$ 1,721,412	\$ 1,650,950
Net Revenue	\$ (62,616)	\$ 865,144	\$ 500,713	\$ 955,938	\$ 846,732
Rate Base					
Average Plant	\$ 15,681,307	\$ 15,681,307	\$ 15,681,307	\$ 15,681,307	\$ 15,681,307
Average Dep. Reserve	\$ 4,048,254	\$ 4,048,254	\$ 4,048,254	\$ 4,048,254	\$ 4,048,254
Net Plant	\$ 11,633,053				
Less:					
CIAC	\$ 4,737,766	\$ 4,737,766	\$ 4,737,766	\$ 4,737,766	\$ 4,737,766
Acc. Deferred Income Taxes	\$ 109,448	\$ 109,448	\$ 109,448	\$ 109,448	\$ 109,448
Advances	\$ -	\$ -	\$ -	\$ -	\$ -
Plus:					
CWIP	\$ 419,134	\$ 419,134	\$ 419,134	\$ 419,134	\$ 419,134
Working Cash	\$ 157,964	\$ 157,964	\$ 157,964	\$ 157,964	\$ 157,964
Materials and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Base	\$ 7,362,937				
Rate of Return	-0.85%	11.75%	6.80%	12.98%	11.50%

APPENDIX A
Sea Ranch Water Company
Summary Of Earnings
Escalation Year 2014
 (page 3 of 3)

	Sea Ranch		Division		
	Present Rates	Requested Rates	2013 Rates	Requested Rates	Recommended Escalation Rates 2014
Operating Revenues					
Metered	\$ 1,224,275	\$ 2,511,485	\$ 2,494,900	\$ 2,618,757	\$ 2,431,485
Irrigation	\$ 1,162	\$ 2,514	\$ 2,782	\$ 2,782	\$ 2,782
other	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 1,225,437	\$ 2,513,999	\$ 2,497,682	\$ 2,621,540	\$ 2,434,267
Operating Expenses					
610 Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -
615 Purchased Power	\$ 46,719	\$ 46,719	\$ 46,568	\$ 46,568	\$ 46,719
618 Other Volume Related Expenses	\$ 18,437	\$ 18,437	\$ 15,571	\$ 15,571	\$ 15,571
630 Employee Labor	\$ 290,018	\$ 290,018	\$ 290,018	\$ 290,018	\$ 290,018
640 Materials	\$ 4,385	\$ 4,385	\$ 4,385	\$ 4,385	\$ 4,385
650 Contract Work	\$ 76,134	\$ 76,134	\$ 57,280	\$ 57,280	\$ 57,280
660 Transportation Expenses	\$ 23,231	\$ 23,231	\$ 23,231	\$ 23,231	\$ 23,231
664 Other Plant Maintenance	\$ 64,440	\$ 64,440	\$ 52,266	\$ 52,266	\$ 52,266
670 Office Salaries	\$ 37,643	\$ 37,643	\$ 37,643	\$ 37,643	\$ 37,643
671 Management Salaries	\$ 91,258	\$ 91,258	\$ 91,258	\$ 91,258	\$ 91,258
674 Employee Pensions and Benefits	\$ 84,638	\$ 84,638	\$ 84,638	\$ 84,638	\$ 84,638
676 Uncollectable Accounts	\$ 5,028	\$ 5,028	\$ 1,552	\$ 1,552	\$ 1,552
678 Office Services and Rentals	\$ 12,170	\$ 12,170	\$ 12,170	\$ 12,170	\$ 12,170
681 Office Supplies and Expenses	\$ 28,886	\$ 28,886	\$ 28,886	\$ 28,886	\$ 28,886
682 Professional Services	\$ 31,078	\$ 31,078	\$ 23,047	\$ 23,047	\$ 23,047
684 Insurance	\$ 122,934	\$ 122,934	\$ 122,934	\$ 122,934	\$ 122,934
688 Regulatory Commission Expense	\$ 10,458	\$ 10,458	\$ 10,000	\$ 10,000	\$ 10,000
689 General Expense	\$ 42,679	\$ 42,679	\$ 39,897	\$ 39,897	\$ 39,897
Subtotal	\$ 990,136	\$ 990,136	\$ 941,343	\$ 941,343	\$ 941,494
403 Depreciation	\$ 195,622	\$ 195,622	\$ 195,622	\$ 195,622	\$ 195,622
408 Taxes Other Than Income	\$ 143,032	\$ 143,032	\$ 143,032	\$ 143,032	\$ 143,032
409 State Income Taxes	\$ 800	\$ 64,913	\$ 67,797	\$ 77,982	\$ 62,191
410 Federal Income Taxes	\$ -	\$ 227,594	\$ 237,707	\$ 273,417	\$ 218,051
Total Deductions	\$ 1,329,590	\$ 1,621,297	\$ 1,585,501	\$ 1,631,396	\$ 1,560,391
Net Revenue	\$ (104,153)	\$ 892,702	\$ 912,181	\$ 990,144	\$ 873,876
Rate Base					
Average Plant	\$ 16,186,457	\$ 16,186,457	\$ 16,186,457	\$ 16,186,457	\$ 16,186,457
Average Dep. Reserve	\$ 4,471,039	\$ 4,471,039	\$ 4,471,039	\$ 4,471,039	\$ 4,471,039
Net Plant	\$ 11,715,418				
Less:					
CIAC	\$ 4,590,566	\$ 4,590,566	\$ 4,590,566	\$ 4,590,566	\$ 4,590,566
Acc. Deferred Income Taxes	\$ 109,448	\$ 109,448	\$ 109,448	\$ 109,448	\$ 109,448
Advances	\$ -	\$ -	\$ -	\$ -	\$ -
Plus:					
CWIP	\$ 419,134	\$ 419,134	\$ 419,134	\$ 419,134	\$ 419,134
Working Cash	\$ 162,919	\$ 162,919	\$ 162,919	\$ 162,919	\$ 162,919
Materials and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Base	\$ 7,597,457				
Rate of Return	-1.37%	11.75%	12.01%	13.03%	11.50%

(End of APPENDIX A)

APPENDIX B - (page 1 of 12)
The Sea Ranch Water Company
Test Year 2012

Schedule No. 1
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as The Sea Ranch, and vicinity, located approximately 7 miles Southeast of Gualala, Sonoma County.

RATES

Quantity Rate:

For each 100 gallons\$1.57 (I)

Service Charge	<u>Per Meter per</u> <u>BI-MONTHLY billing period</u>	
For 5/8 x 3/4 inch.....	\$ 85.66	(I)
For 1-inch for fire sprinkler.....	\$ 107.07	
For 3/4" inch.....	\$ 128.48	
For 1 inch.....	\$ 214.14	
For 2- inch for fire suppression.....	\$ 268.10	
For 1-1/2 inch.....	\$ 428.28	
For 2 inch.....	\$ 685.25	
For 3 inch.....	\$1,284.84	
For 4 inch.....	\$2,141.40	(I)

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

SPECIAL CONDITIONS

1. Any customer prior to resuming service within twelve months after such service was discontinued will be required to pay all service charges that would have been billed if service had not been discontinued.
2. All bills shall be subject to the Plant Replacement Fee set forth in Schedule No. R.
3. Any service to a residential customer who requires a 1-inch meter only because of fire flow requirements for a fire sprinkler system will be billed at the above 5/8 x 3/4 inch meter service charge plus a 25% surcharge.
4. Any service to a residential customer who requires a 2-inch meter only because of fire flow requirements to a fire suppression system will be billed at the above 1-inch meter service charge plus a 25% surcharge.

APPENDIX B - (page 2 of 12)
The Sea Ranch Water Company
Test Year 2012

Schedule No. 1-A
GENERAL METERED SERVICE – OUTSIDE USERS

APPLICABILITY

Applicable to all metered water service for use beyond the service area.

TERRITORY

The area known as The Sea Ranch, and vicinity, located approximately 7 miles Southeast of Gualala, Sonoma County.

RATES

Quantity Rate:

For each 100 gallons\$1.57 (I)

Service Charge	<u>Per Meter per</u> <u>BI-MONTHLY billing period</u>	
For 5/8 x 3/4 inch.....	\$ 85.66	(I)
For 1-inch for fire sprinkler.....	\$ 107.07	
For 3/4" inch.....	\$ 128.48	
For 1 inch.....	\$ 214.14	
For 2- inch for fire suppression.....	\$ 268.10	
For 1-1/2 inch.....	\$ 428.28	
For 2 inch.....	\$ 685.25	
For 3 inch.....	\$1,284.84	
For 4 inch.....	\$2,141.40	(I)

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

SPECIAL CONDITIONS

1. Any customer prior to resuming service within twelve months after such service was discontinued will be required to pay all service charges that would have been billed if service had not been discontinued.
2. All bills shall be subject to the Plant Replacement Fee set forth in Schedule No. R.
3. Any service to a residential customer who requires a 1-inch meter only because of fire flow requirements for a fire sprinkler system will be billed at the above 5/8 x 3/4 inch meter service charge plus a 25% surcharge.
4. Any service to a residential customer who requires a 2-inch meter only because of fire flow requirements to a fire suppression system will be billed at the above 1-inch meter service charge plus a 25% surcharge.

APPENDIX B - (page 3 of 12)
The Sea Ranch Water Company
Test Year 2012

Schedule No. 3
IRRIGATION SERVICE

APPLICABILITY

Applicable to all irrigation service except for use beyond the service area.

TERRITORY

The area known as The Sea Ranch, and vicinity, located approximately 7 miles Southeast of Gualala, Sonoma County.

RATES

Quantity Rate:

For each 100 gallons\$0.990 (I)

SPECIAL CONDITIONS

1. Irrigation service is interruptible at the discretion of the utility.
2. The customer shall bear all costs for the irrigation service and meter installation, including backflow prevention devices if required. The service and equipment shall become the property of the utility upon commencement of deliveries.
3. Any customer prior to resuming service within twelve months after such service was discontinued will be required to pay all minimum charges which have been billed if service had not been discontinued.
4. The established billing cycle is bimonthly.
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF and Plant Replacement Fee set forth in Schedule R.
6. Service under this Schedule will not be provided for water use beyond the service area of the Utility. Customers using water beyond the service area must take service under Schedule No. 3-A "Irrigation Service-Outside Users."

APPENDIX B - (page 4 of 12)
The Sea Ranch Water Company
Test Year 2012

Schedule No. 3-A
IRRIGATION SERVICE – OUTSIDE USERS

APPLICABILITY

Applicable to all irrigation service for use beyond the service area.

TERRITORY

The area known as The Sea Ranch, and vicinity, located approximately 7 miles Southeast of Gualala, Sonoma County.

RATES

Quantity Rate:

For each 100 gallons\$0.990 (I)

SPECIAL CONDITIONS

1. Irrigation service is interruptible at the discretion of the utility.
2. The customer shall bear all costs for the irrigation service and meter installation, including backflow prevention devices if required. The service and equipment shall become the property of the utility upon commencement of deliveries.
3. Any customer prior to resuming service within twelve months after such service was discontinued will be required to pay all minimum charges which have been billed if service had not been discontinued.
4. The established billing cycle is bimonthly.
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF and Plant Replacement Fee set forth in Schedule R.
6. The Utility, in its sole discretion, may discontinue service under this Schedule by providing the customer with 180 days notice.
7. The Utility may discontinue service under this Schedule to any customer who materially increases its water usage by providing the customer with 90 days notices.
8. This Schedule is closed to new applicants effective February 10, 2010.

APPENDIX B - (page 5 of 12)
The Sea Ranch Water Company
Escalation Year 2013

Schedule No. 1
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as The Sea Ranch, and vicinity, located approximately 7 miles Southeast of Gualala, Sonoma County.

RATES

Quantity Rate:

For each 100 gallons \$2.00 (I)

Service Charge	<u>Per Meter per</u> <u>BI-MONTHLY billing period</u>	
For 5/8 x 3/4 inch.....	\$ 113.02	(I)
For 1-inch for fire sprinkler.....	\$ 141.27	
For 3/4" inch.....	\$ 169.52	
For 1 inch.....	\$ 282.54	
For 2- inch for fire suppression.....	\$ 353.74	
For 1-1/2 inch.....	\$ 565.08	
For 2 inch.....	\$ 904.13	
For 3 inch.....	\$1,695.24	
For 4 inch.....	\$2,825.39	(I)

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

SPECIAL CONDITIONS

1. Any customer prior to resuming service within twelve months after such service was discontinued will be required to pay all service charges that would have been billed if service had not been discontinued.
2. All bills shall be subject to the Plant Replacement Fee set forth in Schedule No. R.
3. Any service to a residential customer who requires a 1-inch meter only because of fire flow requirements for a fire sprinkler system will be billed at the above 5/8 x 3/4 inch meter service charge plus a 25% surcharge.
4. Any service to a residential customer who requires a 2-inch meter only because of fire flow requirements to a fire suppression system will be billed at the above 1-inch meter service charge plus a 25% surcharge.

APPENDIX B - (page 6 of 12)
The Sea Ranch Water Company
Escalation Year 2013

Schedule No. 1-A
GENERAL METERED SERVICE – OUTSIDE USERS

APPLICABILITY

Applicable to all metered water service for use beyond the service area.

TERRITORY

The area known as The Sea Ranch, and vicinity, located approximately 7 miles Southeast of Gualala, Sonoma County.

RATES

Quantity Rate:

For each 100 gallons \$2.00 (I)

Service Charge	<u>Per Meter per</u> <u>BI-MONTHLY billing period</u>	
For 5/8 x 3/4 inch.....	\$ 113.02	(I)
For 1-inch for fire sprinkler.....	\$ 141.27	
For 3/4" inch.....	\$ 169.52	
For 1 inch.....	\$ 282.54	
For 2- inch for fire suppression.....	\$ 353.74	
For 1-1/2 inch.....	\$ 565.08	
For 2 inch.....	\$ 904.13	
For 3 inch.....	\$1,695.24	
For 4 inch.....	\$2,825.39	(I)

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

SPECIAL CONDITIONS

1. Any customer prior to resuming service within twelve months after such service was discontinued will be required to pay all service charges that would have been billed if service had not been discontinued.
2. All shall be subject to the Plant Replacement Fee set forth in Schedule No. R.
3. Any service to a residential customer who requires a 1-inch meter only because of fire flow requirements for a fire sprinkler system will be billed at the above 5/8 x 3/4 inch meter service charge plus a 25% surcharge.
4. Any service to a residential customer who requires a 2-inch meter only because of fire flow requirements to a fire suppression system will be billed at the above 1-inch meter service charge plus a 25% surcharge.

APPENDIX B - (page 7 of 12)
The Sea Ranch Water Company
Escalation Year 2013

Schedule No. 3
IRRIGATION SERVICE

APPLICABILITY

Applicable to all irrigation service except for use beyond the service area.

TERRITORY

The area known as The Sea Ranch, and vicinity, located approximately 7 miles Southeast of Gualala, Sonoma County.

RATES

Quantity Rate:

For each 100 gallons\$1.290 (I)

SPECIAL CONDITIONS

1. Irrigation service is interruptible at the discretion of the utility.
2. The customer shall bear all costs for the irrigation service and meter installation, including backflow prevention devices if required. The service and equipment shall become the property of the utility upon commencement of deliveries.
3. Any customer prior to resuming service within twelve months after such service was discontinued will be required to pay all minimum charges which have been billed if service had not been discontinued.
4. The established billing cycle is bimonthly.
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF and Plant Replacement Fee set forth in Schedule R.
6. Service under this Schedule will not be provided for water use beyond the service area of the Utility. Customers using water beyond the service area must take service under Schedule No. 3-A "Irrigation Service-Outside Users."

APPENDIX B - (page 8 of 12)
The Sea Ranch Water Company
Escalation Year 2013

Schedule No. 3-A
IRRIGATION SERVICE – OUTSIDE USERS

APPLICABILITY

Applicable to all irrigation service for use beyond the service area.

TERRITORY

The area known as The Sea Ranch, and vicinity, located approximately 7 miles Southeast of Gualala, Sonoma County.

RATES

Quantity Rate:

For each 100 gallons\$1.290 (I)

SPECIAL CONDITIONS

1. Irrigation service is interruptible at the discretion of the utility.
2. The customer shall bear all costs for the irrigation service and meter installation, including backflow prevention devices if required. The service and equipment shall become the property of the utility upon commencement of deliveries.
3. Any customer prior to resuming service within twelve months after such service was discontinued will be required to pay all minimum charges which have been billed if service had not been discontinued.
4. The established billing cycle is bimonthly.
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF and Plant Replacement Fee set forth in Schedule R.
6. The Utility, in its sole discretion, may discontinue service under this Schedule by providing the customer with 180 days notice.
7. The Utility may discontinue service under this Schedule to any customer who materially increases its water usage by providing the customer with 90 days notices.
8. This Schedule is closed to new applicants effective February 10, 2010.

APPENDIX B - (page 9 of 12)
The Sea Ranch Water Company
Escalation Year 2014

Schedule No. 1
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as The Sea Ranch, and vicinity, located approximately 7 miles Southeast of Gualala, Sonoma County.

RATES

Quantity Rate:

For each 100 gallons\$1.82 (R)

Service Charge	<u>Per Meter per</u> <u>BI-MONTHLY billing period</u>	
For 5/8 x 3/4 inch.....	\$ 116.51	(I)
For 1-inch for fire sprinkler.....	\$ 145.64	
For 3/4" inch.....	\$ 174.77	
For 1 inch.....	\$ 291.28	
For 2- inch for fire suppression.....	\$ 364.69	
For 1-1/2 inch.....	\$ 582.57	
For 2 inch.....	\$ 932.11	
For 3 inch.....	\$1,747.70	
For 4 inch.....	\$2,912.83	(I)

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

SPECIAL CONDITIONS

1. Any customer prior to resuming service within twelve months after such service was discontinued will be required to pay all service charges that would have been billed if service had not been discontinued.
2. All bills shall be subject to the Plant Replacement Fee set forth in Schedule No. R.
3. Any service to a residential customer who requires a 1-inch meter only because of fire flow requirements for a fire sprinkler system will be billed at the above 5/8 x 3/4 inch meter service charge plus a 25% surcharge.
4. Any service to a residential customer who requires a 2-inch meter only because of fire flow requirements to a fire suppression system will be billed at the above 1-inch meter service charge plus a 25% surcharge.

APPENDIX B - (page 10 of 12)
The Sea Ranch Water Company
Escalation Year 2014

Schedule No. 1-A
GENERAL METERED SERVICE – OUTSIDE USERS

APPLICABILITY

Applicable to all metered water service for use beyond the service area.

TERRITORY

The area known as The Sea Ranch, and vicinity, located approximately 7 miles Southeast of Gualala, Sonoma County.

RATES

Quantity Rate:

For each 100 gallons\$1.82 (R)

Service Charge	<u>Per Meter per</u> <u>BI-MONTHLY</u> billing period	
For 5/8 x 3/4 inch.....	\$ 116.51	(I)
For 1-inch for fire sprinkler.....	\$ 145.64	
For 3/4" inch.....	\$ 174.77	
For 1 inch.....	\$ 291.28	
For 2- inch for fire suppression.....	\$ 364.69	
For 1-1/2 inch.....	\$ 582.57	
For 2 inch.....	\$ 932.11	
For 3 inch.....	\$1,747.70	
For 4 inch.....	\$2,912.83	(I)

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

SPECIAL CONDITIONS

1. Any customer prior to resuming service within twelve months after such service was discontinued will be required to pay all service charges that would have been billed if service had not been discontinued.
2. All bills shall be subject to the Plant Replacement Fee set forth in Schedule No. R.
3. Any service to a residential customer who requires a 1-inch meter only because of fire flow requirements for a fire sprinkler system will be billed at the above 5/8 x 3/4 inch meter service charge plus a 25% surcharge.
4. Any service to a residential customer who requires a 2-inch meter only because of fire flow requirements to a fire suppression system will be billed at the above 1-inch meter service charge plus a 25% surcharge.

APPENDIX B - (page 11 of 12)
The Sea Ranch Water Company
Escalation Year 2014

Schedule No. 3
IRRIGATION SERVICE

APPLICABILITY

Applicable to all irrigation service except for use beyond the service area.

TERRITORY

The area known as The Sea Ranch, and vicinity, located approximately 7 miles Southeast of Gualala, Sonoma County.

RATES

Quantity Rate:

For each 100 gallons\$1.290 (I)

SPECIAL CONDITIONS

1. Irrigation service is interruptible at the discretion of the utility.
2. The customer shall bear all costs for the irrigation service and meter installation, including backflow prevention devices if required. The service and equipment shall become the property of the utility upon commencement of deliveries.
3. Any customer prior to resuming service within twelve months after such service was discontinued will be required to pay all minimum charges which have been billed if service had not been discontinued.
4. The established billing cycle is bimonthly.
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF and Plant Replacement Fee set forth in Schedule R.
6. Service under this Schedule will not be provided for water use beyond the service area of the Utility. Customers using water beyond the service area must take service under Schedule No. 3-A "Irrigation Service-Outside Users."

APPENDIX B - (page12 of 12)
The Sea Ranch Water Company
Escalation Year 2014

Schedule No. 3-A
IRRIGATION SERVICE – OUTSIDE USERS

APPLICABILITY

Applicable to all irrigation service for use beyond the service area.

TERRITORY

The area known as The Sea Ranch, and vicinity, located approximately 7 miles Southeast of Gualala, Sonoma County.

RATES

Quantity Rate:

For each 100 gallons\$1.290 (I)

SPECIAL CONDITIONS

1. Irrigation service is interruptible at the discretion of the utility.
2. The customer shall bear all costs for the irrigation service and meter installation, including backflow prevention devices if required. The service and equipment shall become the property of the utility upon commencement of deliveries.
3. Any customer prior to resuming service within twelve months after such service was discontinued will be required to pay all minimum charges which have been billed if service had not been discontinued.
4. The established billing cycle is bimonthly.
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF and Plant Replacement Fee set forth in Schedule R.
6. The Utility, in its sole discretion, may discontinue service under this Schedule by providing the customer with 180 days notice.
7. The Utility may discontinue service under this Schedule to any customer who materially increases its water usage by providing the customer with 90 days notices.
8. This Schedule is closed to new applicants effective February 10, 2010.

(End of APPENDIX B)

APPENDIX C
(Page 1 of 3)

The Sea Rance Water Company
COMPARISON OF RATES
Test Year 2012

Per Service Connection Bi-Monthly

	<u>Present</u> <u>Rates</u>		<u>Recommended</u> <u>Rates</u>		<u>Percent</u> <u>Increase</u>
Service Charge:					
5/8 x 3/4"	\$ 63.44	\$	85.66		35.0%
3/4"	\$ 95.17	\$	128.48		35.0%
1"	\$ 158.61	\$	214.14		35.0%
1" Fire Sprinkler	\$ 79.30	\$	107.07		35.0%
2" Fire Suppresion	\$ 198.56	\$	268.10		35.0%
1-1/2"	\$ 317.20	\$	428.28		35.0%
2"	\$ 507.51	\$	685.25		35.0%
3"	\$ 951.61	\$	1,284.84		35.0%
4"	\$ 1,586.00	\$	2,141.40		35.0%
Quantity Charge:					
All water usage, per 100 gallons	\$ 0.85	\$	1.57		84.8%

A bi-monthly bill comparison for a customer with a 5/8 x3/4-inch meter is shown below:

	<u>Usage</u> <u>per 100 gallons</u>	<u>Present</u> <u>Rates</u>	<u>Recommended</u> <u>Rates</u>	<u>Amount</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
	0	\$63.44	\$85.66	\$22.22	35.02%
	20	\$80.40	\$117.00	\$36.60	45.52%
	40	\$97.36	\$148.34	\$50.98	52.36%
Average	53	\$108.70	\$169.29	\$60.59	55.74%
	60	\$114.32	\$179.68	\$65.36	57.17%

APPENDIX C
(Page 2 of 3)

The Sea Rance Water Company
COMPARISON OF RATES
Escalation Year 2013

Per Service Connection Bi-Monthly				
	TY 2012		Recommended	
	<u>Rates</u>		<u>Rates</u>	<u>Percent Increase</u>
Service Charge:				
5/8 x 3/4"	\$ 85.66	\$	113.02	31.9%
3/4"	\$ 128.48	\$	169.52	31.9%
1"	\$ 214.14	\$	282.54	31.9%
1" Fire Sprinkler	\$ 107.07	\$	141.27	31.9%
2" Fire Suppression	\$ 268.10	\$	353.74	31.9%
1-1/2"	\$ 428.28	\$	565.08	31.9%
2"	\$ 685.25	\$	904.13	31.9%
3"	\$ 1,284.84	\$	1,695.24	31.9%
4"	\$ 2,141.40	\$	2,825.39	31.9%
Quantity Charge:				
All water usage, per 100 gallons	\$1.57		\$2.00	27.6%

A bi-monthly bill comparison for a customer with a 5/8 x3/4-inch meter is shown below:

	Usage per 100 gallons	TY 2012 <u>Rates</u>	Recommended <u>Rates</u>	Amount <u>Increase</u>	Percent <u>Increase</u>
	0	\$85.66	\$113.02	\$27.36	31.94%
	20	\$117.00	\$153.02	\$36.01	30.78%
	40	\$148.35	\$193.02	\$44.66	30.11%
Average	53	\$169.31	\$219.76	\$50.45	29.80%
	60	\$179.70	\$233.02	\$53.32	29.67%

APPENDIX C
(Page 3 of 3)

The Sea Rance Water Company
COMPARISON OF RATES
Escalation Year 2014

Per Service Connection Bi-Monthly				
	2013 Escalation		Recommended	
	<u>Rates</u>		<u>Rates</u>	<u>Percent Increase</u>
Service Charge:				
5/8 x 3/4" \$	113.02	\$	116.51	3.1%
3/4" \$	169.52	\$	174.77	3.1%
1" \$	282.54	\$	291.28	3.1%
1" Fire Sprinkler \$	141.27	\$	145.64	3.1%
2" Fire Suppresion \$	353.74	\$	364.69	3.1%
1-1/2" \$	565.08	\$	582.57	3.1%
2" \$	904.13	\$	932.11	3.1%
3" \$	1,695.24	\$	1,747.70	3.1%
4" \$	2,825.39	\$	2,912.83	3.1%
Quantity Charge:				
All water usage, per 100 gallons	\$ 2.00	\$	1.82	-9.1%

A bi-monthly bill comparison for a customer with a 5/8 x3/4-inch meter is shown below:

	<u>Usage</u>	<u>Present</u>	<u>Recommended</u>	<u>Amount</u>	<u>Percent</u>
	per 100 gallons	<u>Rates</u>	<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
	0	\$113.02	\$116.51	\$3.50	3.09%
	20	\$153.02	\$152.87	-\$0.14	-0.09%
	40	\$193.02	\$189.23	-\$3.78	-1.96%
Average	53	\$219.59	\$213.39	-\$6.20	-2.82%
	60	\$233.02	\$225.59	-\$7.42	-3.19%

(End of APPENDIX C)

APPENDIX D

The Sea Ranch Water Company

Adopted Quantities

	<u>TY 2012</u>		<u>Escalation Year</u>	
			<u>2013</u>	<u>2014</u>
1 Purchase Power				
Total Cost	\$	46,568	\$	46,568
			\$	46,719
2 Water Sales (Ccf)		590,183		591,144
				592,105
3 Payroll				
Employee Labor	\$	279,304	\$	284,332
Office Salaries	\$	36,253	\$	36,905
Management Salaries	\$	89,091	\$	90,108
			\$	91,258
4 Payroll Taxes	\$	30,754	\$	31,308
			\$	31,934
5 Property Taxes	\$	61,764	\$	104,197
			\$	111,098
Service Connections		<u>TY 2012</u>	<u>2013</u>	<u>2014</u>
General Metered Service				
5/8 - inch by 3/4 -inch meter		1,700	1,702	1,704
1-inch meter for fire sprinklers		113	113	113
3/4 inch meter		11	11	11
1- inch meter		10	11	12
2- inch meter for fire suppression		1	1	1
1-1/2 inch meter		6	6	6
2- inch meter		2	2	2
3- inch meter		0	0	0
4- inch meter		0	0	0
Total		1,843	1,846	1,849
Tax Calculations		<u>TY 2012</u>	<u>2013</u>	<u>2014</u>
Operating Revenues	\$	1,920,035	\$	2,497,682
Expenses	\$	889,093	\$	919,865
Depreciation	\$	96,907	\$	184,143
Taxes Other than Income	\$	92,518	\$	135,505
Taxable Income for State	\$	821,517	\$	1,032,869
State Taxes	\$	72,622	\$	91,306
Taxable Income for Federal	\$	748,895	\$	941,563
Federal Taxes	\$	254,624	\$	320,131
			\$	218,051

(End of APPENDIX D)

APPENDIX E

The Sea Ranch Water Company

Labor Cost Allocation

	Res W-4798 Adopted	TY 2012 and Escalation years 2013 and 2014
The Sea Ranch Association	3.8%	3.0%
Onsite Waste Disposal Zone	15.0%	13.84%
Sonoma Count Water Agency	21.8%	24.46%
The Sea Ranch Water Company	59.4 %	58.70%

(End of APPENDIX E)

CERTIFICATE OF SERVICE

I certify that I have by electronic mail and mail this day served a true copy of draft Resolution W-4931 on all parties in these filings or their attorneys as shown on the attached list.

Dated September 11, 2012, at San Francisco, California.

_____/s/ JOSIE L. JONES

Josie L. Jones

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