

PROPOSED RESOLUTION

Resolution W-5039
DWA

AGENDA ID #13893 (Rev. 1)
ITEM #7

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION W-5039
May 21, 2015

RESOLUTION

**(RES. W-5039) EAST PASADENA WATER COMPANY. ORDER
AUTHORIZING A RATE INCREASE PRODUCING AN
ADDITIONAL ANNUAL REVENUE OF \$357,854, OR 12.88%,
FOR TEST YEAR 2015.**

SUMMARY

By Advice Letter 86, filed on January 20, 2015, East Pasadena Water Company seeks an increase in rates to recover increased operating expenses and utility plant investment. This Resolution grants East Pasadena Water Company an increase in gross annual revenues of \$357,854 or 12.88% for Test Year 2015, which is estimated to provide a Rate of Return of 9.74%.

BACKGROUND

East Pasadena Water Company (EPWC) is a Class B investor-owned water utility with 2,961 service connections. EPWC's service area is located within the San Gabriel Valley and the company provides water service to parts of the cities of Arcadia, Temple, Pasadena, and unincorporated areas of Los Angeles. EPWC's water system has three active water wells numbered 8 (W8), 9 (W9), and 11 (W11), four storage tanks (two 750,000 gallon storage tanks for the Duarte and Mountainview plants, and two 175,000 gallon tanks for the Woodward plant), and eight booster pump stations. W8, located within the Raymond Basin, has a production capacity of 850 gallons per minute (gpm) and W9 and W11, located within the Main San Gabriel Basin, each well has a production capacity between 1,400 to 1,600 gpm. EPWC's water distribution system consists of approximately 39 miles of mains ranging from 2- to 12-inches in diameter. EPWC has a Supervisory Control and Data Acquisition (SCADA) system installed on its water distribution system to remotely monitor, operate, and manage the water system.

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EPWC has adjudicated water rights for the groundwater that is pumped from its existing water wells since they are located within the Raymond and Main San Gabriel water basins. The water production for W9 and W11 is administered by the Main San Gabriel Basin Watermaster¹ which is also responsible for setting the annual water pumping assessment fees for the groundwater water that is pumped from sources located within the basin. The groundwater production and pumping assessment fees for groundwater pumped from W8 are administered by the Raymond Basin Management Board.

EPWC has requested authority under General Order (GO.) 96-B, Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code to increase its water rates by \$408,976 or 14.72% for Test Year (TY) 2015 estimated to produce a Rate of Return (ROR) of 9.74%. EPWC's last general rate case (GRC) was granted on November 10, 2011 by Commission Resolution (Res.) W-4892 which authorized a rate increase in revenues of \$180,994, or 8.64% for TY 2011.

EPWC has also requested authority to update tariff Rule No. 9, Rendering and Payment of Bills, of its tariffs. EPWC is requesting to increase the charges from \$5.00 to \$10.00 for customer returned checks and electronic funds transfers not honored. EPWC is also requesting authority to add a late payment clause to its tariff Rule No. 9 to allow the company to charge a late payment fee of 10% amount of the unpaid bill balance applied to the water commodity and service charge only, after 30 days from the date the bill is mailed and not paid.

EPWC has also requested authority to modify Section 5 of tariff Rule No. 11, Discontinuance and Restoration of Service, of its tariffs to: 1) allow the company to assess a \$100.00 "broken lock fee" to customers that remove the utility's lock or device to restore water service in cases where the utility has locked the customer's water service for obtaining water service by fraudulent means; and 2) increase its service reconnection charge from \$10.00 to \$25.00 for reconnecting a customer's water service that has been discontinued for violation of the company's tariff rules or for nonpayment of bills.

¹ The Main San Gabriel Basin Watermaster is the agency charged with administering adjudicated water rights and managing groundwater resources within the watershed and groundwater basin known as the Main San Gabriel Basin.

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NOTICE AND PROTESTS

In accordance with GO. 96-B, EPWC served a copy of the advice letter (AL) to its service list on January 16, 2015, and a notice of the proposed rate increase was mailed to each customer and to the general service list on February 9, 2015.

Three customer letters questioning the magnitude of the rate increase were timely received, and the utility replied. In setting rates in this resolution, we have balanced the financial requirements of EPWC with rate concerns of its customers.

DISCUSSION

The Division of Water and Audits (Division) made an independent analysis of EPWC's rate increase request. Appendix A provides EPWC's and the Division's estimated Summary of Earnings (SOE) at present, requested and recommended rates. EPWC was informed of the Division's differing views of revenues, expenses, and rate base and agrees with the Division's findings.

Operating Expenses

The Division reviewed operating revenue and expenses including employee labor, materials, contract work, transportation expenses, other volume related expenses, office and management salaries, office supplies and expenses, insurance, general expense, depreciation, and taxes other than income. The Division verified the operating expenses by reviewing supporting documents for substantiation and accuracy, and included the amounts that were deemed reasonable and prudent.

The Division's recommended salary amounts for employee labor, office and management salaries are based on the Division's review of salaries for comparable positions in the surrounding areas for the cities of Arcadia and Pasadena. The Division's recommended salary amounts for employee labor, office and management salaries also took into account the fact that EPWC is a well-managed and operated water utility and that the salary amounts the company pays its employees play an important role in the retention of qualified employees.²

² Seven of EPWC's employees are certified water distribution operators with D1, D2, and D3 certifications and five employees are certified water treatment operators with T1, T2, and T3 certifications.

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The Division's recommended amount for EPWC's other volume related expenses is based on the estimated amount of groundwater the company will pump for TY 2015 (82,403,400 one-hundred cubic feet or 1,892 Acre-feet (AF)) to meet its customers' water demand at the current pumping assessment fees for EPWC's water wells located within the Main San Gabriel and Raymond Basins. Additionally, Commission Res. W-3669, Ordering Paragraph 2 directed EPWC to maintain balancing accounts for pumping and purchased power costs.³ EPWC's other volume related expenses and purchase power costs are therefore subject to balancing account treatment since these expenses will vary depending on the actual amount of groundwater pumped from each well and annual changes in the pumping assessment fees. The Division reviewed EPWC's tariffs and found that the required balancing accounts have not been added to its tariffs. The Division therefore recommends that EPWC add these balancing accounts to its preliminary statement of its tariffs.

Utility Plant and Rate Base

For TY 2015, the Division's analysis of EPWC's rate base estimate included examining utility plant-in-service from the company's last authorized rate base offset, granted by Res. W-4944 in 2013, utility plant additions, material and supplies, working cash, and depreciation reserve. The Division overall concurs with EPWC's rate base calculations for TY 2015; the only difference is a lower working cash amount resulting from a lower recommended amount for operating expenses. EPWC's and the Division's rate base estimates for TY 2015 are provided in Appendix A of this resolution.

Rate of Return

EPWC's rate increase request was based on a ROR on utility investment of 9.74%. EPWC's requested ROR on its utility investment is based on its current capital structure consisting of 16.00% long-term debt and 84.00% equity.⁴ The Division finds EPWC's requested ROR reasonable since it is lower than the company's last authorized ROR of 10.80% and the average authorized ROR rates for class B water utilities of 10.20%.⁵ The

³ Res. W-4467 dated April 22, 2004 ordered all water and sewer utilities to establish reserve sub-accounts for purchase water, purchase power, and pump tax.

⁴ The 9.74 % is computed by taking the weighted average on the company's percentage amount of long-term debt with a rate of return of 5.25% and the percentage amount of equity with a rate of return of 10.60%.

⁵ Division of Water and Audits' March 12, 2015, memorandum regarding Rates of Return and Rates of Margin for Class C and D Water Utilities:

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Division's analysis was therefore based on an ROR of 9.74%. Using this ROR, the Division calculates a revenue requirement of \$3,135,976.

Rates and Rate Design

EPWC's rate structure consists of two (2) rate schedules: Schedule No. 1, General Metered Service; Schedule No. 4, Private Fire Protection Service.

At the recommended ROR the increase in revenue will be \$357,854 or 12.88% for TY 2015. The rates proposed by the Division are shown in Appendix B. At the recommended rates for TY 2015, a monthly customer's bill for a customer with a 5/8 x 3/4-inch meter size service connection with an average water consumption of 15 Ccf will increase from \$48.53 to \$54.83 or 12.98%. A comparison of customer bills at present and recommended rates is provided in Appendix C of this resolution.

Changes to Tariff Rules No. 9 and No. 11

The Division finds EPWC's request to increase the fee for returned check or electronic funds transfer not honored from \$5.00 to \$10.00 reasonable. EPWC's current fee was set in 1981, and based on the Division's review of fees charged by other water utilities for returned checks or electronic transfer not honored EPWC's proposed fee is one-half the amount charged by similar utilities.

The Division finds EPWC's request to add late payment clause to Rule No. 9 of its tariffs to allow the company to charge a late payment fee reasonable. Based on the Division's review of EPWC's uncollectable expense accounts over the last three years, the company has a very low percentage amount of uncollectable expenses, less than 0.10% of its total revenues. Furthermore, a late payment fee of 10% of the unpaid bill balance (applicable only to the commodity and service charge) for an average bill of \$58.83 would be \$5.88. For these reasons the Division finds EPWC's request reasonable.

The Division reviewed EPWC's request to add \$100.00 "broken lock fee" to its tariff Rule No. 11, Discontinuance and Restoration of Service. EPWC did not provide a reasonable justification in support of the \$100.00 fee amount, except to state that the amount of the fee was intended to deter customers from breaking the locks or devices.

<http://www.cpuc.ca.gov/NR/rdonlyres/B0B16EBF-3955-4C03-BDE7-C74A83462991/0/2015DWAMemoROR.pdf>.

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The Division supports having a “broken lock fee” as a deterrent for fraudulent water use but recommends a lower amount of \$75.00 since under the utility’s current tariff Rule No. 11, customers are responsible for the costs the utility incurs to restore their water service plus the service reconnection charge. For these reasons the Division recommends a lower fee amount of \$75.00.

The Division finds EPWC’s request to increase its current reconnection charge under in Rule No. 11 from \$10.00 to \$25.00 reasonable for water service that is discontinued for violation of company’s tariff rules or for nonpayment of water bills. EPWC current service reconnection charge was set in 1993 and the requested amount is consistent with what other water utilities are currently charging customers for reconnecting their water services.

COMPLIANCE

EPWC has no outstanding compliance orders and has been filing annual reports as required. EPWC is in compliance with the State Water Resources Control Board’s (SWRCB) Division of Drinking Water applicable water quality standards for safe drinking water.

UTILITY SAFETY

Safety for water utilities considers a number of factors such as water quality, system design, operation and maintenance, and service. The Commission’s GO. 103-A provides the rules for water service, minimum standards for operation, maintenance, design and construction for the regulated water utilities. Based on the Division’s review of EPWC’s operations and the documentation provided by the company in support of its compliance with Commission’s GO. 103-A, the Division finds that EPWC is complying with the GO. 103-A regulations. Furthermore, as previously noted, EPWC is in compliance with the SWRCB’s water quality standards for safe drinking water. Accordingly, the Division finds EPWC is adequately maintaining and operating its water system in order to maintain a safe and reliable water service for its customers.

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COMMENTS

Public Utilities Code section 311(g)(1) requires that a proposed resolution be served on all parties, and be subject to a public review and comment period of 30 days or more, prior to a vote of the Commission on the resolution.

Accordingly, this proposed resolution was mailed to the utility and its service list, and made available for public comment on April 17, 2015. No comments were received.

FINDINGS

1. The Summary of Earnings (Appendix A) recommended by Division of Water and Audits (Division) is reasonable and should be adopted.
2. The rates recommended by the Division (Appendix B) are reasonable and should be adopted.
3. The quantities (Appendix D) used to develop the Division's recommendations are reasonable and should be adopted.
4. EPWC should add to its preliminary statement of its tariff the pumping and purchase power balancing accounts.
5. The changes to EPWC's tariff Rules No. 9 and No. 11 provided in Appendix B are reasonable and should be adopted.

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THEREFORE, IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 for East Pasadena Water Company to file a supplemental Advice Letter with the revised rate schedules attached to this Resolution as Appendix B, and concurrently cancel its presently effective rate Schedules: Schedule No. 1, General Metered Service; and Schedule No. 4, Private Fire Protection Service. The effective date of the revised schedules shall be five days after the date of filing.
2. East Pasadena Water Company shall add to its preliminary statement of its tariff the pumping and purchase power costs balancing accounts.
3. East Pasadena Water Company's revised Tariff Rules No. 9 and No. 11 as provided in Appendix B of this Resolution are adopted.

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 May 21, 2015; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director

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APPENDIX A East Pasadena Water Company Summary of Earnings Test Year 2015

	EPWC		DWA	
	Present Rates	Requested Rates	Present Rates	Recommended Rates
Operating Revenues				
Metered	\$ 2,756,906	\$ 3,162,759	\$ 2,756,906	\$ 3,112,027
Private Fire	\$ 21,216	\$ 24,339	\$ 21,216	\$ 23,949
Total Revenue	\$ 2,778,122	\$ 3,187,098	\$ 2,778,122	\$ 3,135,976
Operating Expenses				
610 Purchased Water	\$ -	\$ -	\$ -	\$ -
615 Purchased Power	\$ 200,413	\$ 200,413	\$ 210,832	\$ 210,832
618 Other Volume Related Expenses	\$ 430,719	\$ 430,719	\$ 430,719	\$ 430,719
630 Employee Labor	\$ 326,299	\$ 326,299	\$ 318,973	\$ 318,973
640 Materials	\$ 55,079	\$ 55,079	\$ 55,079	\$ 55,079
650 Contract Work	\$ 87,464	\$ 87,464	\$ 87,464	\$ 87,464
660 Transportation Expenses	\$ 68,662	\$ 68,662	\$ 66,609	\$ 66,609
664 Other Plant Maintenance	\$ 24,657	\$ 24,657	\$ 24,657	\$ 24,657
670 Office Salaries	\$ 124,268	\$ 124,268	\$ 118,679	\$ 118,679
671 Management Salaries	\$ 271,887	\$ 271,887	\$ 255,000	\$ 255,000
674 Employee Pensions and Benefits	\$ 148,471	\$ 148,471	\$ 148,471	\$ 148,471
676 Uncollectable Accounts	\$ 3,038	\$ 3,038	\$ 3,038	\$ 3,038
678 Office Services and Rentals	\$ 106,757	\$ 106,757	\$ 90,000	\$ 90,000
681 Office Supplies and Expenses	\$ 40,891	\$ 40,891	\$ 39,143	\$ 39,143
682 Professional Services	\$ 80,185	\$ 80,185	\$ 72,000	\$ 72,000
684 Insurance	\$ 137,793	\$ 137,793	\$ 137,793	\$ 137,793
688 Regulatory Commission Expense	\$ 23,928	\$ 23,928	\$ 23,500	\$ 23,500
689 General Expenses	\$ 61,283	\$ 61,283	\$ 61,283	\$ 61,283
Subtotal	\$ 2,191,794	\$ 2,191,794	\$ 2,143,240	\$ 2,143,240
403 Depreciation	\$ 272,278	\$ 272,278	\$ 272,278	\$ 272,278
408 Taxes Other Than Income	\$ 103,888	\$ 103,888	\$ 101,507	\$ 101,507
409 State Income Taxes	\$ 15,631	\$ 51,785	\$ 20,134	\$ 51,768
410 Federal Income Taxes	\$ 46,116	\$ 181,566	\$ 64,224	\$ 181,508
Total Expenses	\$ 437,913	\$ 609,517	\$ 458,143	\$ 607,061
Net Revenue	\$ 148,415	\$ 385,787	\$ 176,738	\$ 385,675
Rate Base				
Average Plant	\$ 10,283,024	\$ 10,283,024	\$ 10,283,024	\$ 10,283,024
Average Accumulated Depreciation	\$ 4,479,599	\$ 4,479,599	\$ 4,479,599	\$ 4,479,599
Net Plant	\$ 5,803,425	\$ 5,803,425	\$ 5,803,425	\$ 5,803,425
Less:				
Advances	\$ 3,442	\$ 3,442	\$ 3,442	\$ 3,442
Contributions in Aid of Construction	\$ 690,973	\$ 690,973	\$ 690,973	\$ 690,973
Deferred Income Tax	\$ 1,351,607	\$ 1,351,607	\$ 1,351,607	\$ 1,351,607
Plus:				
Unamortized Investment	\$ 910	\$ 910	\$ 910	\$ 910
Construction Work in Progress	\$ -	\$ -	\$ -	\$ -
Working Cash	\$ 182,650	\$ 182,650	\$ 178,603	\$ 178,603
Materials and Supplies	\$ 23,028	\$ 23,028	\$ 23,028	\$ 23,028
Rate Base	\$ 3,962,171	\$ 3,962,171	\$ 3,959,034	\$ 3,959,034
Rate of Return	3.75%	9.74%	4.46%	9.74%

END OF APPENDIX A

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APPENDIX B East Pasadena Water Company (Page 1 of 4)

Schedule No. 1 GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The territory within and adjacent to the Cities of Arcadia and Temple City and adjacent to the Cities of Pasadena and San Gabriel, Los Angeles County, and as described on the service area map.

RATES

Quantity Rates:

All water used, per 100 cu. ft _____ \$ 2.585 (l)

Monthly Service Charges:	Per <u>Meter/Mo.</u>	OEEPMA <u>Recovery(2)</u>	Bal Account <u>Refund(3)</u>	Total Rate Per Meter <u>Per Month</u>
For 5/8x3/4-inch meter _____	\$ 16.05 (l)	\$ 0.93	\$ (1.45)	\$ 15.53
For 3/4-inch meter _____	24.08	1.40	(2.17)	23.31
For 1-inch meter _____	40.13	2.32	(3.62)	38.83
For 1-1/2-inch meter _____	80.25	4.65	(7.25)	77.65
For 2-inch meter _____	128.40	7.44	(11.60)	124.24
For 3-inch meter _____	240.75	13.94	(21.74)	232.95
For 4-inch meter _____	401.25 (l)	23.24	(36.24)	388.25

The service charge is applicable to all service. It is a readiness to serve charge to which is added the monthly charge, computed at the Quantity Rate, for water used during the month.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. The net balance accumulated in the Operational Energy Efficiency Program Memorandum Account (OEEPMA) will be recovered through a surcharge over a period of 24 months, effective July 30, 2013.
3. The net over-collection in the balancing account will be refunded over a 12 month period beginning October 1, 2014.

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APPENDIX B

East Pasadena Water Company (Page 2 of 4)

Schedule No. 4
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all privately owned fire protection systems.

TERRITORY

Within the entire service area located within and adjacent to Cities of Arcadia and Temple City, also adjacent to the cities of Pasadena and San Marino, Los Angeles County, and as described on the service area map.

RATES

	Per Service Per Month Charge	OEEPMA Recovery (2)	Total Rate Per Service Per Month
For each inch of diameter of fire sprinkler service connection	\$ 14.67 (l)	\$ 0.32	\$ 14.99

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. The net balance accumulated in the Operational Energy Efficiency Program Memorandum Account (OEEPMA) will be recovered through a surcharge over a period of 24 months, effective December 10, 2013.

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APPENDIX B

East Pasadena Water Company (Page 3 of 4)

Rule No. 9

RENDERING AND PAYMENT OF BILLS

3. Proration of Bills (continued)

and the quantity in each of the several quantity rate blocks will be prorated on the basis of the ratio of the number of days in the period to the number of days in an average billing period. The measured quantity of usage will be applied to such prorated amounts and quantities.

(2) Flat Rate Service

The billing period charge will be prorated on the basis of the ratio of the number of days in the period to the number of days in an average billing period.

(3) Average Billing Period

The number of days in an average billing period is defined as 365 divided by the number of billing periods in a year. (It is 30.4 days for a monthly billing period.)

B. Payment of Bills

Bills for service are due and payable upon presentation and payment may be made at any commercial office of the utility or to any representative of the utility authorized to make collections. Collection of closing bills may be made at the time of presentation.

1. Returned Checks

The utility may charge \$10.00 for any returned check or electronic funds transfer not honored. (I) (I)

2. Late Payment

The utility may charge a late payment fee in the amount of 10% of the unpaid balance after 30 days of the mailing of the bill. (Water commodity and service charge only) (N) (N) (N)

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APPENDIX B

East Pasadena Water Company (Page 4 of 4)

Rule No. 11

DISCONTINUANCE AND RESTORATION OF SERVICE

- B. 4. For Unsafe Apparatus or Where Service is Detrimental or Damaging to the Utility or its Customers

If an unsafe or hazardous condition is found to exist on the customer's premises, or if the use of water there on by apparatus, appliances, equipment or otherwise is found to be detrimental or damaging to the utility or its customers, the service may be shut off without notice. The utility will notify the customer immediately of the reasons for the discontinuance and the corrective action to be taken by the customer before service can be restored.

5. For Fraudulent Use of Service

When the utility has discovered that a customer has obtained service by fraudulent means, or has diverted the water service for unauthorized use, the service to that customer may be discontinued without notice. The utility will not restore service to such customer until that customer has complied with all filed rules and reasonable requirements of the utility and the utility has been reimbursed for the full amount of the service rendered and the actual cost to the utility incurred by reason of fraudulent use. Where the customer has removed the utility's lock or device to restore service, the customer shall be assessed a "broken lock fee" in the amount of \$75.00. (N)
(N)
(N)

- C. Restoration of Service

1 Reconnection Charge

Where service has been discontinued for violation of these rules or for nonpayment of bills, the utility may charge \$25.00 for reconnection of service. (I)

2 To be Made During Regular Working Hours

The utility will endeavor to make reconnections during regular working hours on the day of the request, if conditions permit, otherwise reconnections will be made on the regular working day following the day the request is made.

END OF APPENDIX B

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APPENDIX C

East Pasadena Water Company Comparison of Rates Test Year 2015

Metered Service					
		Present Rates	Recommended Rates	Amount Increase	Percent Increase
<u>Service Charge Per Meter Size:</u>					
	5/8" X 3/4-inch	\$ 14.37	\$ 16.05	\$ 1.68	11.69%
	3/4-inch	\$ 21.55	\$ 24.08	\$ 2.53	11.74%
	1-inch	\$ 35.90	\$ 40.13	\$ 4.23	11.78%
	1 1/2-inch	\$ 71.80	\$ 80.25	\$ 8.45	11.77%
	2-inch	\$ 114.88	\$ 128.40	\$ 13.52	11.77%
	3-inch	\$ 215.42	\$ 240.75	\$ 25.33	11.76%
	4-inch	\$ 359.03	\$ 401.25	\$ 42.22	11.76%
<u>Quantity Charge:</u>					
	All water usage, per CCF	\$ 2.277	\$ 2.585	\$ 0.308	13.53%
<u>A monthly bill comparison for a customer with a 5/8 x 3/4-inch meter</u>					
	Usage per 100 cubic feet (CCF)	Present Rates	Recommended Rates	Amount Increase	Percent Increase
	0	\$ 21.55	\$ 24.08	\$ 2.53	11.74%
	7	\$ 30.31	\$ 34.15	\$ 3.84	12.66%
Average	15	\$ 48.53	\$ 54.83	\$ 6.30	12.98%
	20	\$ 59.91	\$ 67.75	\$ 7.84	13.09%
	25	\$ 71.30	\$ 80.68	\$ 9.38	13.16%

END OF APPENDIX C

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APPENDIX D

East Pasadena Water Company Adopted Quantities Test Year 2015

1. Purchased Power	\$210,832
Total kWh	1,732,484
Estimated Average Cost Per kWh	\$0.12169
Energy Provider	Southern California Edison
Energy Tariff Schedules	TOU-PA-2 and TOU-PA-3
2. Water Sales in Ccf	771,790
Pumped Water in Ccf	824,034
3. Metered Service Connections	
5/8" X 3/4-inch	1,190
3/4 -inch	886
1-inch	680
1 1/2-inch	88
2-inch	95
3-inch	17
4-inch	5
	<hr/>
Total:	2,961
4. Payroll	
Employee Labor	\$318,973
Office Salaries	\$118,679
Management Salaries	\$255,000
5. Payroll Taxes	\$53,370
<u>Tax Calculations</u>	<u>TY 2015</u>
Operating Revenues	\$3,135,976
Operating Expenses	\$2,143,240
Taxes Other than Income	\$101,507
Depreciation	\$272,278
Interest	\$33,336
Taxable Income for State	\$585,615
State Taxes	\$51,768
Taxable Income for Federal	\$533,846
Federal Income Taxes	\$181,508

END OF APPENDIX D

CERTIFICATE OF SERVICE

I certify that I have by either electronic mail or postal mail, this day, served a true copy of Proposed Resolution No. W- 5039 on all parties in these filings or their attorneys as shown on the attached lists.

Dated April 17, 2015 at San Francisco, California.

/s/DANIEL SONG

Daniel Song

Parties should notify the Division of Water and Audits, Third Floor, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the Resolution number on which your name appears.

**EAST PASADENA WATER COMPANY
ADVICE LETTER 86
SERVICE LIST**

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