STATE OF CALIFORNIA EDMUND G. BROWN JR., Governor
PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

July 28, 2015

Proposed Resolution W-5056
Agenda ID: 14175

To: All Interested Persons

Enclosed is Proposed Resolution W-5056 of the Division of Water and Audits, which authorizes Timberland Water Company a rate increase producing additional annual revenue of $14,575, or 12.29%, for Test Year 2015; and also approves Timberland Water Company's Water Main Capital Improvement Project with a cost cap of $35,000. Proposed Resolution W-5056 is scheduled to appear on the August 27, 2015 Commission Meeting Agenda (ID#14175).

The Commission may act on this resolution or it may postpone action until later. When the Commission acts on a proposed resolution, the Commission may adopt all or part of the proposed resolution, as written, or amend or modify the proposed resolution; or the Commission may set the proposed resolution aside and prepare a different resolution. Only when the Commission acts does the resolution become binding.

Interested persons may submit comments on Proposed Resolution W-5056 via email to Water.Division@cpuc.ca.gov; **please reference "Proposed Resolution W-5056" in the subject line**. Comments may also be submitted via mail to the following addresses below:

California Public Utilities Commission
Division of Water and Audits
505 Van Ness Avenue
San Francisco, CA 94102

Interested persons must also serve an electronic or written 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 August 17, 2015.

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

Persons interested in receiving comments submitted may contact the Division of Water and Audits at Water.Division@cpuc.ca.gov or (415) 703-1133.

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

Enclosures: Proposed Resolution W-5056
Certificate of Service
Service List

# PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**DIVISION OF WATER AND AUDITS** **RESOLUTION W-5056**
**Water and Sewer Advisory Branch** **August 27, 2015**

## R E S O L U T I O N

**(RES. W-5056) TIMBERLAND WATER COMPANY. ORDER AUTHORIZING A RATE INCREASE PRODUCING AN ADDITIONAL ANNUAL REVENUE OF $14,575, OR 12.29%, FOR TEST YEAR 2015; ORDER ALSO APPROVES TIMBERLAND WATER COMPANY'S WATER MAIN CAPITAL IMPROVEMENT PROJECT WITH A COST CAP OF $35,000.**

## SUMMARY

By Advice Letter 28, filed on May 4, 2015, and supplemental Advice Letter 28-A filed on May 27, 2015, Timberland Water Company seeks: 1) a rate increase in revenues of $26,284 or 22.16% for Test Year 2015 to recover increased operating expenses and utility plant investments; 2) Commission approval for its proposed water main capital improvement project at Highway 89 crossing and intersection of Timberland Road with an estimated cost of $35,000; and 3) Commission authority to add to its Metered Service Tariff a $250.00 additional charge for meter service customers with a second residential unit on their premises.

This Resolution: 1) grants Timberland Water Company an increase in gross annual revenues of $14,575, or 12.29%, for Test Year 2015, which is estimated to provide a Rate of Return of 11.50%; 2) approves Timberland Water Company's proposed water main capital improvement project with a cost cap of $35,000, and provides the authority for the company to file a Tier 2 Advice Letter filing to add the utility plant to its rate base and in rates, once the project is completed; and 3) denies the Timberland Water Company's request to add to its Metered Service Tariff a $250.00 additional charge for customers with a second residential unit on their premises since customers already pay for all water usage through the commodity charge; Timberland Water Company also has the option of increasing the size of the service connection, if necessary, to accommodate the required capacity placed on the water system and charge the applicable tariff rate for the size of the service connection.

## BACKGROUND

Timberland Water Company (TWC) is a Class D investor-owned water utility with 135 service connections. TWC's service area is located about three miles south of Tahoe City in Placer County. TWC's water system consists of one main water well with an estimated pumping capacity of 100 gallons per minute (gpm), and a 30,000 gallon capacity storage tank. The TWC water system has a secondary water well which the company can only use during system emergencies since the well is not approved by Placer County Environmental Health Services (PCEHS) for use as a permanent or standby source due to the well construction and proximity to a sewer line.[1] TWC's water distribution system has approximately 11,487 feet of water mains ranging from two to eight inches in diameter.

TWC 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 $26,284, or 22.16%, for Test Year (TY) 2015 estimated to produce a Rate of Return (ROR) of 11.80%. TWC also seeks Commission approval of its proposed water main capital improvement project at the Highway 89 crossing and intersection of Timberland Road at an estimated cost of $35,000. TWC also requests Commission authority to add to its Metered Service Tariff a $250.00 additional charge for customers with a second residential unit[2] on their premises, similar to the charge currently imposed under the company's Flat Rate Service Tariff.

TWC's interim rates became effective on May 10, 2015, by Advice Letter (AL) 27-A which authorized an interim rate increase of $949, or 0.8%, based on the Consumer Price Index (CPI), subject to refund or increase, relative to the rates established in this General Rate Case (GRC). TWC's last GRC rate increase was granted on February 1, 2012 by Commission Resolution (Res.) W-4900 which authorized a rate increase in revenues of $14,359, or 14.40%, for TY 2011.

## NOTICE AND PROTESTS

In accordance with GO. 96-B, TWC served a copy of the AL and supplemental AL filings to its service list on May 4, 2015 and May 26, 2015, respectively. A notice of the

[1] Placer County Environmental Health Services August 26, 2014 Sanitary Survey.
[2] TWC did not provide a definition of what would constitute a second/additional residential unit.

proposed rate increase was mailed to each customer and to the general service list on May 28, 2015.

Two customer letters questioning the magnitude of the rate increase were timely received, and the utility replied. An informal public participation meeting was held on June 25, 2015, at the Rideout Community Center, located in TWC's service area. The meeting started at 6:30 PM and eight (8) customers attended the meeting. Staff from the Division of Water and Audits (Division) provided an overview of the Commission's GRC process for Class B, C, and D water utilities,[3] and TWC provided an overview of its rate increase request and also explained the reasons for the proposed rate increase. Customers primarily asked clarifying questions regarding the company's expenses and the utility operations. Division staff and the TWC's president answered the customers' questions until approximately 8:00 PM.

In setting rates in this resolution, we have balanced the financial requirements of TWC with rate concerns of its customers.

## DISCUSSION

The Division made an independent analysis of TWC's rate increase request. Appendix A provides TWC's and the Division's estimated Summary of Earnings (SOE) at present, requested and recommended rates. TWC 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 TWC's 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.

[3] As defined in General order 96-B Water Industry Rules Section 1.2., Class B, C, and D investor-owned water utilities serve 2,001 through 10,000, 501 through 2,000, and less than 500 service connections, respectively.

For Other Volume Related Expenses (expense account 618), TWC requested $5,000 for TY 2015 based on its 2014 expenditures. The Division reviewed the 2014 expenses the company booked to account 618 and found that these expenses were incorrectly accounted for in account 618 since they were not specifically water volume related (expenses such as chemicals used in water treatment or water rights leases, etc.) and instead should have been accounted for in Other Plant Maintenance expense account (expense account 664) since these expenses are more closely related to the company's operations. These expenses included the annual memorandum of understanding fee paid to the Tahoe Regional Planning Agency (TRPA) and the annual fee to Placer County Health and Human Services and Air Quality Board. The Division therefore included $4,957 in its recommended amount for other plant maintenance expenses for TY 2015, as shown in the SOE in appendix A of this resolution, and adjusted other volume related expenses accordingly.

***Utility Plant and Rate Base***

For TY 2015, the Division's analysis of TWC's rate base estimate included examining utility plant-in-service from the company's last general rate increase authorized by Res. W-4900 in 2012, utility plant additions, materials and supplies, working cash, and depreciation reserve. For TY 2015, TWC requests Commission approval of its water main capital improvement project at the Highway 89 crossing and intersection of Timberland Road at an estimated cost of $35,000. TWC plans to upgrade a 2-inch line with an 8-inch main in order to allow the company to add an additional hydrant in the subdivision for fire protection and to comply with North Tahoe Fire Protection District's applicable fire flow suppression requirements.[4] The water main upgrade will help TWC improve fire protection in the area since an additional fire hydrant will be added. This water main upgrade will also allow TWC to eliminate the dead-end in this portion of the system to create a system loop which should improve the water flow and pressure throughout the system, once the loop is completed.

TWC proposes to construct the water main upgrade during the month of September, the time period when Caltrans allows construction on the Highway 89 crossing[5] during the day time. Otherwise, construction will need to be done during night time at a much

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[4] California Fire Code Section 507.5.1, exception #1, as amended and supplemented by Placer County Code and District Ordinance, requiring a fire hydrant to be located within 600 feet of all parts of ground floor exterior Group R3 (single and two family residences).

[5] Construction on Highway 89 in the Tahoe City and surrounding areas is only allowed by Caltrans during May 1st through October 15th.

higher cost. TWC has obtained the Caltrans permit for the construction of the project and is currently waiting for the construction companies to agree to a construction timeline and schedule since several companies will be involved in the construction of the project.

In support of the water main project upgrade, TWC provided the Caltrans approved engineering drawings for the project and bidding documents to support its cost estimate. Division staff reviewed TWC's proposed project and the estimated costs and finds that the project is warranted and the associated costs reasonable based on the cost comparison TWC provided for similar projects involving Highway 89 crossings undertaken by Tahoe City Public Utility District in the area. The Division therefore recommends Commission approval of TWC's water main upgrade project with a cost cap of $35,000. Accordingly, the Division recommends that TWC be granted the authority to make a rate base offset via a Tier 2 AL filing once the project has been completed to allow the company to add the utility plant associated with the project to its rate base and include these costs in rates.

TWC's and the Division's rate base estimates for TY 2015 without the additional capital improvement are provided in Appendix A of this resolution.

***Rate of Return***

TWC's rate increase request was based on a ROR on utility investment of 11.80%. In accordance with Commission ratemaking policies adopted for Class C and D water utilities by Decision (D.) 92-03-09, two methods can be used for ratemaking, the ROR and Rate of Margin (ROM) methods.[6] D. 92-03-09 directs the Division to calculate the company's rates and revenue requirement using both of these methods and to recommend the ratemaking method resulting in the greater return.[7] In this case, the Division determined that the ROR method produced the higher revenue requirement and therefore recommends that the ROR method be used for TWC's TY 2015 GRC.

[6] The revenue requirement and rates under the ROR method are based on company's rate base and under the ROM method the revenue requirement is based on the company's overall expenses which include operating and maintenance and depreciation expenses, income and other taxes, and an operating margin percentage.
[7] D. 92-03-093, Ordering Paragraph 8.

The Division's current recommended range of ROR for Class D water utilities is between 10.80% and 11.80%.[8] Division considers a number of factors in determining the range of the recommended rates of return, which include an assessment of the movement in actual and forecasted interest rates over last year's rate, the operational risk faced by Class C and D water utilities, and the authorized rates of returns for Class A utilities in 2015 and 2014. For TWC's TY 2015 GRC, the Division recommends a ROR of 11.50%, based on the quality of service provided and management of the company's operations. Using a ROR of 11.50%, the Division estimated a revenue requirement of $133,170.

***Rates and Rate Design***

TWC's rate structure consists of three (3) rate schedules: Schedule No. 1A, Annual General Metered Service; Schedule No. 2RA, Annual Residential Flat Rate Service; and Schedule No. 4, Private Fire Protection Service.

The Division analyzed the amounts TWC's customers are currently paying under the company's flat and metered service tariffs and found that ¾-inch metered service customers are paying approximately 13.49% more annually than the flat rate customers, based on an average annual water usage of 96.28 Ccf.[9] The Division therefore recommends adjusting the annual flat rate to make it more comparable to what customers are paying under the existing metered service tariff, since annual flat rate service includes unlimited water use. Increasing flat rates in comparison to metered customer rates also promotes greater conservation, which is extremely important during this drought year. Accordingly, the Division in this GRC recommends allocating an additional 3.71% of the total revenues to flat rate service, which will increase the annual flat rate by 16.00%, and to limit the increase of the metered service charge to 5.70% while maintaining the 12.29% (the overall percentage of the rate increase) increase for the volumetric charge. By making these rate adjustments, the Division estimates that the differential between TWC's annual flat rate and average metered bill should decrease from 13.49% to 5.29%.

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[8] Division of Water and Audits' March 12, 2015 memorandum on the recommended Rates of Return and Rates of Margin for Class C and D Water Utilities: http://www.cpuc.ca.gov/NR/rdonlyres/B0B16EBF-3955-4C03-BDE7-C74A83462991/0/2015DWAMemoROR.pdf.

[9] Average was estimated using 2014 water usage of 1,152,323 gallons or 1,541 Ccf for TWC's sixteen (16) ¾-inch service connections.

The rates proposed by the Division are shown in Appendix B. At the recommended rates for TY 2015, an annual customer's bill for a flat rate customer will increase from $678.01 to $786.49 (or $56.50 to $65.54 per month) or 16.00%; and the annual bill for a 3/4-inch meter size service connection with an estimated annual average water consumption of 91 Ccf[10] (or 68,419 gallons per year) will increase from $773.04 to $830.46 (or $65.31 to 69.20 per month) or 7.43%. A comparison of customer bills at present and recommended rates is provided in Appendix C of this resolution.

The Division does not find support for TWC's request to add to its Metered Service Tariff the additional $250.00 charge for metered service customers with a second residential unit on their premises, similar to the charge currently imposed under the company's Flat Rate Service Tariff. The additional charge may be justified for TWC's Flat Rate Service Tariff, since it is one way customers pay for the additional water usage and/or added capacity on the system. However, this is not the case for metered service, since customers pay for the additional water use through the commodity charge; furthermore, if the company determines that the size of the service connection is not adequate for the required capacity for the dwelling(s) then it has the option of increasing the size of the service connection and charging the applicable service charge. For these reasons, the Division does not recommend granting TWC's request.

## COMPLIANCE

TWC has no outstanding compliance orders and has been filing annual reports as required. TWC is in compliance with the 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. One of the highest safety priorities for the Commission is ensuring that water utilities serving water for human consumption provide water that is not harmful or dangerous to health. As previously noted, TWC is in compliance with the applicable water quality standards for safe drinking water.

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[10] For estimating the average water use for TY 2015, Division staff adjusted the 2014 water sales by 5.0% to factor a reduction in water sales resulting from water conservation and higher water rates. Division used 5.0% because TWC's customer already reduced their water consumption by more than 20% in 2014 from their 2013 water use.

TWC also has a Supervisory Control and Data Acquisition (SCADA) system installed on its water supply and storage facility that allows the company to remotely monitor the operation of its main water well and storage facility, including power failures and the operation of its back-up generator. TWC, as part of its water system operations, also conducts visual inspections of the system on weekly basis. Furthermore, TWC's water main project upgrade will help improve the fire flow and protection in the area and the system's water flow and pressure once the company eliminates the dead end in this portion of the system and completes the system loop. For these reasons, the Division finds that the TWC is operating and maintaining its water system in a manner that provides safe and reliable water service for its customers.

## 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 sent to the utility and its service list, and made available for public comment on July 28, 2015.

## 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. After the rates approved by this Resolution become effective, Timberland Water Company should be allowed to file a Tier 2 Advice Letter (AL) within 30 days to collect the under-collected revenues from May 10, 2015, the interim rate date, to the effective date of the new rates. This AL should become effective upon approval by the Division.

5. Timberland Water Company's proposed water main capital improvement project at the Highway 89 crossing and intersection of Timberland Road is warranted and should be approved with a cost cap of $35,000.

6. Authority should be granted to Timberland Water Company to file a Tier 2 AL to add to its rate base and in rates the utility plant associated with its water main capital improvement project, once the project is completed.

## THEREFORE, IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 for Timberland Water Company to increase general rates by $14,575, and 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. 1A, General Metered Service; Schedule No. 2RA, Annual Residential Flat Rate 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. Timberland Water Company is authorized to file a Tier 2 Advice Letter within 30 days from the effective date of the authorized rates to collect the under-collected revenues from May 10, 2015, the interim rate date, to the effective date of the new rates established by this Resolution. This Advice Letter should become effective upon approval by the Division of Water and Audits.

3. Timberland Water Company's proposed water main capital improvement project at the Highway 89 crossing and intersection of Timberland Road is approved with a cost cap of $35,000.

4. Authority is granted to Timberland Water Company to file a Tier 2 Advice Letter filing to add to its rate base and in rates the utility plant associated with its water main capital improvement project, once the project is completed.

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 August 27, 2015; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director

# PROPOSED RESOLUTION

**Resolution W-5056** **August 27, 2015**
**DWA**

## APPENDIX A

## Timberland Water Company
## Summary of Earnings – Test Year 2015

| | | TWC | | DWA | |
|---|---|---|---|---|---|
| | | Present Rates | Requested Rates | Present Rates | Recommended Rates |
| **Operating Revenues** | | | | | |
| | Metered | $ 43,188 | $ 52,758 | $ 43,188 | $ 48,496 |
| | Flat | $ 74,961 | $ 91,572 | $ 74,961 | $ 84,174 |
| | Fire Protection | $ 446 | $ 547 | $ 446 | $ 501 |
| | **Total Revenue** | **$ 118,595** | **$ 144,878** | **$ 118,595** | **$ 133,170** |
| **Operating Expenses** | | | | | |
| 610 | Purchased Water | $ - | $ - | $ - | $ - |
| 615 | Purchased Power | $ 3,200 | $ 3,200 | $ 3,121 | $ 3,121 |
| 618 | Other Volume Related Expenses | $ 5,000 | $ 5,000 | $ - | $ - |
| 630 | Employee Labor | $ - | $ - | $ - | $ - |
| 640 | Materials | $ 2,000 | $ 2,000 | $ 2,000 | $ 2,000 |
| 650 | Contract Work | $ 13,000 | $ 13,000 | $ 12,600 | $ 12,600 |
| 660 | Transportation Expenses | $ 10,000 | $ 10,000 | $ 9,942 | $ 9,942 |
| 664 | Other Plant Maintenance | $ 800 | $ 800 | $ 5,757 | $ 5,757 |
| 670 | Office Salaries | $ 4,500 | $ 4,500 | $ 4,500 | $ 4,500 |
| 671 | Management Salaries | $ 38,000 | $ 38,000 | $ 38,000 | $ 38,000 |
| 674 | Employee Pensions and Benefits | $ - | $ - | $ - | $ - |
| 676 | Uncollectable Accounts | $ - | $ - | $ - | $ - |
| 678 | Office Services and Rentals | $ 600 | $ 600 | $ 600 | $ 600 |
| 681 | Office Supplies and Expenses | $ 8,000 | $ 8,000 | $ 6,527 | $ 6,527 |
| 682 | Professional Services | $ 2,000 | $ 2,000 | $ 2,000 | $ 2,000 |
| 684 | Insurance | $ 4,500 | $ 4,500 | $ 3,962 | $ 3,962 |
| 688 | Regulatory Commission Expense | $ 979 | $ 979 | $ 979 | $ 979 |
| 689 | General Expenses | $ 4,000 | $ 4,000 | $ 3,142 | $ 3,142 |
| | **Subtotal** | **$ 96,579** | **$ 96,579** | **$ 93,129** | **$ 93,129** |
| 403 | Depreciation | $ 8,167 | $ 8,167 | $ 9,052 | $ 9,052 |
| 408 | Taxes Other Than Income | $ 2,094 | $ 2,094 | $ 2,094 | $ 2,094 |
| 409 | State Income Taxes | $ 825 | $ 3,363 | $ 961 | $ 2,554 |
| 410 | Federal Income Taxes | $ - | $ 5,201 | $ 1,486 | $ 3,951 |
| **Total Deductions** | | **$ 107,665** | **$ 115,404** | **$ 106,723** | **$ 110,781** |
| | **Net Revenue** | **$ 10,930** | **$ 29,474** | **$ 11,872** | **$ 22,389** |
| **Rate Base** | | | | | |
| | Average Plant | $ 613,521 | $ 613,521 | $ 613,521 | $ 613,521 |
| | Average Dep. Reserve | $ 151,181 | $ 151,181 | $ 151,181 | $ 151,181 |
| | **Net Plant** | **$ 462,341** | **$ 462,341** | **$ 462,341** | **$ 462,341** |
| **Less:** | Advances | | | | |
| | Contributions in Aid of Construction | $ 278,256 | $ 278,256 | $ 278,256 | $ 278,256 |
| | Deffered Income Tax | | | | |
| **Plus:** | Construction Work in Progress | $ 2,821 | $ 2,821 | $ 2,821 | $ 2,821 |
| | Working Cash | $ 8,048 | $ 8,048 | $ 7,761 | $ 7,761 |
| | Materials and Supplies | | | $ - | $ - |
| | **Rate Base** | **$ 194,954** | **$ 194,954** | **$ 194,666** | **$ 194,666** |
| **Rate of Return** | | **5.61%** | **15.12%** | **6.10%** | **11.50%** |

## END OF APPENDIX A

**APPENDIX B**
**(Page 1 of 3)**

**Timberland Water Company**

**Schedule No. 1A**
**ANNUAL GENERAL METERED SERVICE**

## APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

## TERRITORY

Timberland and vicinity, located approximately three miles south of Tahoe City, Placer County.

## RATES

Quantity Rate:

| | | |
|---|---|---|
| All Water, per 100 cu. Ft. | $ 2.49 | (I) |

| Annual Service Charge: | Per Meter Per Year | |
|---|---|---|
| For 5/8 x ¾-inch meter | $ 401.62 | (I) |
| For ¾-inch meter | $ 602.44 | \| |
| For 1-inch meter | $ 1,004.06 | \| |
| For 1.5-inch meter | $ 2,008.12 | \| |
| For 2-inch meter | $ 3,212.99 | \| |
| For 3-inch meter | $ 6,024.34 | \| |
| For 4-inch meter | $10,040.59 | (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 computed at the Quantity Rate.

(continued)

**APPENDIX B**
**(Page 2 of 3)**

**Timberland Water Company**

**Schedule No. 2RA**
**ANNUAL RESIDENTIAL FLAT RATE SERVICE**

## APPLICABILITY

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

## TERRITORY

Timberland and vicinity, located approximately three miles south of Tahoe City, Placer County.

## RATES

| | Per Service Connection Per Year | |
|---|---|---|
| For each-single-family residential unit, including premises | $786.49 | (I) |
| For each additional single family residential unit on the same premises and served from the same service connection | $487.25 | (I) |

## SPECIAL CONDITIONS

1. The above flat rates apply to a service connection not larger than one inch in diameter.

2. An additional single family residential unit shall qualify for additional charge only if such a residential unit includes cooking and bathing facilities.

3. 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.

(continued)

**APPENDIX B**
**(Page 3 of 3)**

**Timberland Water Company**

**Schedule No. 4**
**PRIVATE FIRE PROTECTION SERVICE**

**APPLICABILITY**

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

**TERRITORY**

Timberland and vicinity, located approximately three miles south of Tahoe City, Placer County.

| **RATES** | Per Year |
|---|---|
| For each inch of diameter of service connection | $166.83 |

**SPECIAL CONDITIONS**

1. The facilities for service connection to a privately-owned fire protection system will be installed by the utility or under the utility's direction and the cost paid by the applicant. Such cost will not be subject to refund. The facilities paid for will be the sole property of the applicant.
2. The minimum diameter for the private service connection will be 1 inch. The maximum diameter will not be larger than the diameter of the water main to which the service is connected.
3. If a main of adequate size to serve a private fire protection system in addition to all other normal service does not exist adjacent to the premises to be served, then a new main from the nearest existing main of adequate capacity will be installed by the utility and the cost paid by the applicant. Such cost will not be subject to refund. The main where located in the public right-of-way or utility easement will be the sole property of the utility.

4. The utility will supply only such water at such pressure as may be available at any time as a result of the normal operation of the utility system.

**END OF APPENDIX B**

## APPENDIX C

## Timberland Water Company
## Comparison of Rates
## Test Year 2015

**Timberland Water Company**

**ANNUAL COMPARISON OF RATES**

**Test Year 2015**

Metered Service

| | Present Rates | Proposed Rates | Percent Increase |
|---|---|---|---|
| Per Meter Size: | | | |
| 5/8 x 3/4-inch | $ 379.98 | $ 401.62 | 5.70% |
| 3/4-inch | $ 569.98 | $ 602.44 | 5.70% |
| 1-inch | $ 949.96 | $ 1,004.06 | 5.70% |
| 1 1/2-inch | $ 1,899.92 | $ 2,008.12 | 5.70% |
| 2-inch | $ 3,039.87 | $ 3,212.99 | 5.70% |
| 3-inch | $ 5,699.74 | $ 6,024.34 | 5.70% |
| Quantity Charge: | | | |
| Per 100 Cubic Feet (Ccf) | $ 2.22 | $2.49 | 12.29% |

An estimated *Annual b*ill comparison for a customer with a 3/4-inch meter

| | Annual Usage per 100 cubic feet (Ccf) | Present Rates | Recommended Rates | Amount Increase | Percent Increase |
|---|---|---|---|---|---|
| | 0 | $ 569.98 | $ 602.44 | $ 32.46 | 5.70% |
| | 20 | $ 614.38 | $ 652.30 | $ 37.92 | 6.17% |
| | 50 | $ 680.98 | $ 727.08 | $ 46.10 | 6.77% |
| Average | 91 | $ 773.04 | $ 830.46 | $ 57.42 | 7.43% |
| | 110 | $ 814.18 | $ 876.65 | $ 62.47 | 7.67% |

**END OF APPENDIX C**

# PROPOSED RESOLUTION

**Resolution W-5056** **August 27, 2015**
**DWA**

## APPENDIX D

## Timberland Water Company
## Adopted Quantities
## Test Year 2015

| | |
|---|---|
| 1. Purchased Power | $3,121 |
| Total kWh | 16,972 |
| Estimated Average Cost Per kWh | $0.184 |
| Energy Provider | Liberty Utilities |
| Energy Tariff Schedule | E-50 |
| 2. Water sales to metered service customers | 5,798 Ccf |
| 3. Metered Service Connections | |
| 3/4 -inch | 16 |
| 1-inch | 6 |
| 2-inch | 3 |
| 3-inch | 1 |
| Total | 26 |
| 4. Flat Rate Services | |
| ¾-inch service connection | 108 |
| Additional units | 4 |

| Tax Calculations | TY 2015 |
|---|---|
| Operating Revenues | $ 133,171 |
| Operating Expenses | $93,129 |
| Taxes Other than Income | $2,094 |
| Depreciation | $9,052 |
| Taxable Income for State | $28,894 |
| State Taxes | 2,554 |
| Taxable Income for Federal | $26,340 |
| Federal Income Taxes | $3,951 |

**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-5056 on all parties in these filings or their attorneys as shown on the attached lists.

Dated July 28, 2015 at San Francisco, California.

/s/DANIEL SONG

Daniel Song

Parties should notify the Division of Water and Audits, 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.

**TIMBERLAND WATER COMPANY**
**ADVICE LETTER 28-A**
**SERVICE LIST**

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Penn Valley, CA 95946
timberlandh2o@aol.com

Placer County
Environmental Health
P.O. Box 1909
Tahoe City, CA 96145

Placer County Public Works
3091 County Center Dr. Ste. 220
Auburn, CA 95603

Tahoe City Public Utility District
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Tahoe City, CA 96145

Tahoe Park Water Company
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El Dorado Hills, CA 95762

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