



September 21, 2017

Proposed Resolution W-5151

Agenda ID: 16003

To: All Interested Persons

Enclosed is Proposed Resolution W-5151 of the Water Division, which authorizes Llano Del Rio Water Company a General Rate Increase to produce additional annual revenues of \$35,446 or 19.9% for Test Year 2017 and \$23,049 or 10.8% for Escalation Year 2018, to be paid for by the Ratepayers. Proposed Resolution W-5151 is scheduled to appear on the October 26, 2017 Commission Meeting Agenda (ID #16003).

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-5151 via email to Water.Division@cpuc.ca.gov on or before **October 16, 2017**. Please reference **"Proposed Resolution W-5151"** in the subject line.

Interested persons must also serve a copy of their comments on the utility on the same date that the comments are submitted to the Water Division. If email is unavailable, please submit comments to:

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

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

Persons interested in receiving comments submitted may contact the Water Division at Water.Division@cpuc.ca.gov or (415) 703-1133. Please reference "Proposed Resolution W-5151."

/s/RAMI S. KAHLON

Rami S. Kahlon, Director
Water Division

Enclosures: Proposed Resolution W-5151
Certificate of Service
Service List

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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION W-5151

October 26, 2017

RESOLUTION

**(RES. W-5151) LLANO DEL RIO WATER COMPANY.
ORDER AUTHORIZING A GENERAL RATE INCREASE
PRODUCING ADDITIONAL ANNUAL REVENUES OF
\$35,446 OR 19.9% FOR TEST YEAR 2017 AND \$23,049 OR
10.8% FOR ESCALATION YEAR 2018, TO BE PAID FOR
BY THE RATEPAYERS.**

SUMMARY

Llano Del Rio Water Company filed Advice Letter 34-W on June 5, 2017, requesting authority under Rule 7.6.2 of General Order (G.O.) 96-B, Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code to increase rates for water service to produce additional annual revenues of \$60,300 or 33.8%¹, above current revenues to recover increased expenses, to be phased in over two years.

This resolution grants Llano Del Rio Water Company a general rate increase producing additional annual revenues of \$35,446, or 19.9%, and a rate of margin 16.06% for Test Year 2017, and additional annual revenues of \$23,049 or 10.8% and a rate of margin of 23.87% for Escalation Year 2018.

As a result of this resolution the average monthly bill for a customer with a ¾ inch meter and using 16 ccf will increase by \$9.29. The average monthly bill for a customer with a 1 inch meter and using 16 ccf will increase by \$13.36.

Llano Del Rio Water Company is not a good candidate for consolidation as it is approximately five miles from the nearest larger system, and would therefore not appear to benefit customers.

¹ Llano Del Rio's Advice Letter 34-W states that the requested increase is \$10,084 or 4.41% over the authorized revenue from the last general rate case. While factual, this does not conform to Water Division's standard practice of comparing requested revenues to estimated revenues at current rates.

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BACKGROUND

Llano Del Rio Water Company (Llano Del Rio) serves 180 customers in the Llano District of Antelope Valley, in the vicinity of Big Rock Creek, Los Angeles County.

The last general rate case (GRC) increase for Llano Del Rio became effective November 20, 2009, pursuant to Resolution W-4801, which authorized an increase of \$14,818 or 9.0% for Test Year (TY) 2009 and an increase of \$49,670 or 27.7% for Escalation Year (EY) 2010. Llano Del Rio's current rates were established on December 1, 2010 by Advice Letter 27, which implemented the Escalation Year increase.

NOTICE AND PROTESTS

Notice of the proposed rate increase was mailed to Llano Del Rio's customers on July 11, 2017. One protest regarding the proposed rate increase has been received and the utility responded.

A public meeting was held on August 7, 2017 and 36 people attended. Water Division (Division) staff explained Commission procedures for a general rate case. The utility made a thorough presentation regarding the need for the increase and illustrating how the increase would affect various customers. The customers then asked questions and made comments.

The customers at the meeting stated that the community includes some fixed income retirees who cannot afford the increase. They also stated that water is plentiful and therefore a conservation rate design is not warranted. Customers also commented that it seemed unfair to reduce the maximum allowable usage in tier 1 and, at the same time increase the tier 2 rate. Written comments reflect these same concerns.

In setting rates in this resolution, we have balanced the financial requirements of Llano Del Rio with the rate concerns of its customers. We have also considered the state mandate to make water conservation a way of life.²

DISCUSSION

In reviewing Llano Del Rio's rate increase request, the Water Division (Division) made an independent analysis of the utility's operations. Appendix A of this resolution

² Governor Brown's Executive Order B-37-16, May 9, 2016 and Executive Order B-40-17, April 7, 2017.

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shows Llano Del Rio's and the Division's estimates of operating revenues, expenses and rate base. Appendix A also shows the differences in Llano Del Rio's and the Division's estimates in operating revenues, expenses, and rate base which are discussed below. Llano Del Rio was informed of the Division's differing views of revenues, expenses and rate base and agrees with the Division's recommended revenue requirement in Appendix A and the rates found in Appendix B.

Expenses

The Division used data from 2014 through 2016 to estimate Llano Del Rio's 2017 operating expenses. For all expenses except employee labor, contract work, water testing, office salaries, management salaries, office rental, regulatory commission expense, and general expenses, the Division's estimate is based on constant dollar averaging of the three years of data and differs from the utility's estimate only in inflation methodology. For the aforementioned expenses, except for regulatory commission expense, the Division accepted the utility's estimates, which were based on recorded 2016 expenses inflated to 2017. The utility's estimate for regulatory commission expense was comprised solely of the Commission's user fee, which Division disallowed because these fees are collected over and above the rates authorized herein. Costs for doing business with the Commission were included in general expenses. The Division adjusted expenses for EY 2018 for inflation. The utility's estimate did not inflate expenses to 2018 dollars. The utility is in agreement with the resulting new estimate.

Rate Base and Depreciation

The Division reviewed Llano Del Rio's plant accounts from the last authorized test year (2010) through Llano Del Rio's 2016 Annual Report and agrees with the annual report figures for total plant in service. The Division uses the 1.6% depreciation rate requested by the utility, which is lower than the 2.5% specified by Standard Practice U-3-SM. The Division agreed to use the lower depreciation rate because it results in a lower revenue requirement. Division used the 1.6% rate to depreciate plant in service adopted in the last authorized test year to make its estimate of rate base \$200,668 for TY 2017 and \$193,255 for EY 2018 (Appendix A).

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Rate of Margin

The current range recommended for rate of return for a Class D utility is 10.50% to 11.50%³, and the Division based its analysis on 11.00%, the midpoint of the range. In Decision (D.) 92-03-093, effective April 30, 1992, the Commission adopted Rate of Margin (ROM) ratemaking as an alternate to the Return on Net Investment (Rate Base) method for calculating net revenue for Class C and Class D Utilities and required the Division to recommend the method that produces the higher net revenue result. The Division found that using the 23.87% rate of margin currently allowed⁴ for a Class D utility would produce \$43,229 of net revenue whereas the rate of return on rate base method would produce \$22,074 of net revenue for EY 2018. Therefore, the Division recommends using the 23.87% rate of margin to calculate the proposed revenues for EY 2018. Due to the fact that the utility requested to phase in rates over two years, Division based the estimate of TY 2017 revenues on intermediate rates as discussed below. This results in estimated net revenue of \$28,460 and a rate of margin of 16.06% for TY 2017. As discussed below the utility will not begin collecting the Phase 2 rates until it has collected Phase 1 rates for a full year. Therefore, Phase 1 is for 12 months from the effective date of this resolution. Phase 2 are the rates in effect following Phase 1.

Rate Design

Llano Del Rio requested to change its rate design from two tiers to three tiers. Division agrees that this will further encourage conservation. However, due to customer concerns, Division recommends adjusting the first tier limit from the requested 15ccf to 18ccf, adjusting the second tier limit from 25ccf to 28ccf, and moderating the tier two rate at the expense of the tier three rate. Based on these new limits and data from January 2013 through August of 2017, Division estimates that 59% of sales will occur in tier one, 14% in tier two, and 27% in tier three. The resulting rates are shown in Appendix B.

To reduce rate shock, Llano Del Rio requested to phase in domestic metered rates over two years earning the full revenue requirement beginning the second year, and Division agrees. For this reason, Division first calculated rates based on the target revenues of EY 2018. TY 2017 rates were calculated such that one half of the increase in each price category occurs in the first year. Llano Del Rio and the Division agree that the EY 2018

³ This recommendation is set forth in a February 24, 2017 memorandum to the Commission entitled Rates of Return and Rates of Margin for Class C and Class D Water Utilities (February 24, 2017 Memorandum).

⁴ See the February 24, 2017 Memorandum.

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rate should be charged only after a full year of collecting the intermediate rates, rather than at the beginning of 2018.

The single 10% irrigation rate increase requested in Advice Letter 34-W was uncontested. The irrigation water is non-potable and gravity fed and therefore not subject to the same expenses as domestic water. Division believes the rates are reasonable and recommends they be adopted. The irrigation tariff is included in Appendix B.

Class D utilities are authorized By Decision 92-03-093 to request to recover *up to 100%* of fixed costs in the service charge. Llano Del Rio based its request on recovering 90% of fixed costs in the service charge to encourage conservation. The Division agrees and based its recommended rates on 90% of fixed costs in the service charge.

At the Division's recommended rates shown in Appendix B, an average customer using 16 ccf would see a bill increase from \$64.65 to \$71.33 per month or 10.3% for Phase 1 of the increase and from \$71.33 to \$78.01 or 9.4% for Phase 2. A customer using 40 ccf would see a bill increase from \$98.61 to \$122.53 per month or 24.3% for Phase 1 of the increase and from \$122.53 to \$149.93 or 17.5% for Phase 2. A comparison of customer bills at present and recommended rates is shown in Appendix C. The adopted quantities and tax calculations are shown in Appendix D. The table below is a rate comparison to equivalent bills charged to customers of nearby utilities.

Nearby Utility Comparison for 3/4 inch Meter and Usage as Shown

<u>Usage</u>	Palmdale	Pearblossom	Mutual	Llano Del Rio	
				Phase 1	Phase 2
Winter*					
20CCF	\$68.32	\$44.36	\$47.62	\$57.34	\$62.78
30CCF	\$125.38	\$59.44	\$58.82	\$77.16	\$86.92
Summer					
30CCF	\$70.89	\$58.44	\$58.82	\$77.16	\$86.92
40CCF	\$98.64	\$73.52	\$72.42	\$102.26	\$121.62

* Palmdale and Pearblossom have seasonal rates.

Affordability of Proposed Rates

As discussed above, at Staff's proposed rates, the water bill for a typical Llano Del Rio customer using a 3/4 inch meter and consuming 16 ccf would increase to \$55.70 in Phase

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2 which is 1.19% of the median household income of \$56,205⁵ for the zip code that includes Llano Del Rio's service territory.

It should be noted that no affordability criteria has been developed and adopted in any Commission Decision or legislation. Instead, the discussion regarding affordability is presented to indicate to the Commission the relationship between the proposed rates and local incomes.

Facilities Fees

Llano Del Rio requested to make effective the facilities fees⁶ authorized for all Class D utilities by Resolution W-4110 on September 3, 1998, and the Division agrees. These fees are also found in Appendix B.

SAFETY AND COMPLIANCE

Llano Del Rio has no outstanding compliance orders and the utility has been filing annual reports as required. Llano Del Rio meets all applicable drinking water quality standards as required by the State Water Resources Control Board, Division of Drinking Water.

CONSOLIDATION

Division does not believe that Llano Del Rio is a good candidate for consolidation. The nearest larger system is approximately five miles away, and consolidation would therefore not appear to benefit customers.

COMMENTS

Public Utilities 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.

⁵ <https://www.incomebyzipcode.com/california/93544>

⁶ Facilities fees are applicable to customers applying for new service from the utility for premises not previously connected to its distribution mains, for additional service connections to existing premises, and for increases in size of service connection to existing premises.

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Accordingly, the draft resolution was mailed to the utility, all protestants, and made available for public comment on September 21, 2017.

FINDINGS

1. The Summary of Earnings (Appendix A) recommended by the Water Division is reasonable and should be adopted.
2. The rates (Appendix B) recommended by the Water Division are reasonable and should be adopted.
3. The quantities (Appendix D) used to develop the recommendations of the Water Division are reasonable and should be adopted.
4. The water rate increase authorized herein is justified and the resulting rates are just and reasonable.
5. Llano Del Rio Water Company should be authorized to file a supplemental advice letter with the revised schedules for Test Year 2017 attached to this Resolution in Appendix B and to concurrently cancel its presently effective Rate Schedules.
6. Llano Del Rio Water Company should be authorized to file a Tier 1 advice letter one year from the date of this Resolution with the revised schedule for Escalation Year 2018 attached to this Resolution in Appendix B and to concurrently cancel its then effective Rate Schedule.
7. Llano Del Rio Water Company is in compliance with the State Water Resources Control Board, Division of Drinking Water, water quality standards for safe drinking water.

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THEREFORE, IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 to Llano Del Rio Water Company to file a supplemental advice letter with the revised rate schedules for Test Year 2017 attached to this Resolution in Appendix B, and concurrently cancel its presently effective Rate Schedules No. 1, General Metered Service and No. 3L, Irrigation Service. The effective date of the revised schedules shall be five days after the date of filing.
2. Authority is granted under Public Utilities Code Section 454 to Llano Del Rio Water Company to file a Tier 1 advice letter one year from the date of this Resolution with the revised rate schedule for Escalation Year 2018 attached to this Resolution in Appendix B, and concurrently cancel its then effective Rate Schedule No. 1, General Metered Service. The effective date of the revised schedule shall be five days after the date of filing.
3. 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 26, 2017; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director

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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-5151 on all parties in these filings or their attorneys as shown on the attached lists.

Dated September 21, 2017, at San Francisco, California.

/s/JENNIFER PEREZ

Jennifer Perez

Parties should notify the Water Division, 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.

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Appendix A
Llano Del Rio Water Company
SUMMARY OF EARNINGS
Test Year 2017 and Escalation Year 2018

Item	Utility Estimated		Division Estimated		
	Present Rates	Requested Rates	Present Rates	Recommended Rates TY 2017	Recommended Rates EY 2018
<u>OPERATING REVENUES</u>					
Unmetered Revenue	\$595	\$594	\$586	\$586	\$586
Irrigation Revenue	\$31,676	\$39,267	\$31,676	\$39,267	\$39,267
Metered Revenue	\$138,071	\$190,781	\$138,071	\$165,926	\$188,975
Other Water Revenue	\$8,308	\$8,308	\$8,190	\$8,190	\$8,190
Total Revenue	\$178,650	\$238,950	\$178,523	\$213,969	\$237,018
<u>OPERATING EXPENSES</u>					
Purchased Water	\$11,800	\$11,800	\$11,197	\$11,197	\$11,567
Purchased Power	\$32,379	\$32,379	\$30,762	\$30,762	\$31,777
Other Volume Related Expenses	\$2,276	\$2,276	\$1,740	\$1,740	\$1,798
Employee Labor	\$27,016	\$27,016	\$27,016	\$27,016	\$27,367
Materials	\$4,138	\$4,138	\$3,572	\$3,572	\$3,690
Contract Work	\$1,880	\$1,880	\$1,880	\$1,880	\$1,904
Water Testing	\$13,868	\$13,868	\$13,868	\$13,868	\$14,048
Transportation	\$11,353	\$11,353	\$8,325	\$8,325	\$8,600
Other Plant Maintenance	\$2,430	\$2,430	\$2,285	\$2,285	\$2,360
Office Salaries	\$17,875	\$17,875	\$17,875	\$17,875	\$18,107
Management Salaries	\$19,289	\$19,289	\$19,289	\$19,289	\$19,540
Employee Benefits	\$0	\$0	\$0	\$0	\$0
Uncollectibles	\$442	\$442	\$415	\$415	\$429
Office Services & Rental	\$2,765	\$2,765	\$2,765	\$2,765	\$2,856
Office Supplies and Exp	\$4,522	\$4,522	\$4,299	\$4,299	\$4,441
Professional Services	\$4,081	\$4,081	\$4,081	\$4,081	\$4,216
Insurance	\$12,973	\$12,973	\$12,335	\$12,335	\$12,742
Regulatory Comm Exp	\$3,441	\$3,441	\$0	\$0	\$0
General Expenses	\$3,789	\$3,789	\$3,789	\$3,789	\$3,914
Subtotal	\$176,317	\$176,317	\$165,494	\$165,494	\$169,357
Depreciation Expense	\$7,232	\$7,232	\$7,414	\$7,414	\$7,414
Taxes other than income	\$4,332	\$4,332	\$4,332	\$4,332	\$4,332
State Income Tax	\$800	\$4,301	\$800	\$3,247	\$4,943
Federal Income Tax	\$0	\$6,653	\$0	\$5,022	\$7,743
Total Deductions	\$188,681	\$198,835	\$178,040	\$185,509	\$193,789
NET REVENUE	-\$10,031	\$40,115	\$483	\$28,460	\$43,229
<u>RATE BASE</u>					
Total Average Plant	\$467,969	\$467,969	\$479,340	\$479,340	\$479,340
Average Depreciation Reserve	\$297,685	\$297,685	\$295,434	\$295,434	\$302,847
Net Plant	\$170,284	\$170,284	\$183,906	\$183,906	\$176,493
Working Cash	\$14,693	\$14,693	\$14,693	\$14,693	\$14,693
Materials and Supplies	\$4,138	\$4,138	\$2,069	\$2,069	\$2,069
Less Advances	\$0	\$0	\$0	\$0	\$0
Contributions	\$0	\$0	\$0	\$0	\$0
Rate Base	\$189,115	\$189,115	\$200,668	\$200,668	\$193,255
RATE OF MARGIN	-5.3%	21.4%	0.3%	16.06%	23.87%

(END OF APPENDIX A)

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APPENDIX B
Llano Del Rio Water Company

Schedule No. 1
GENERAL METERED SERVICE
Test Year 2017

APPLICABILITY

Applicable to all metered water service with the exception of irrigation service and metered service for resale purposes.

TERRITORY

An area comprising approximately 1,250 acres located in portions of Section 4,5, and 6, T.4 N., and Sections 31 and 32, T.5 N., all in R.9, S. B B. & M., and vicinity, near Llano, Los Angeles County.

RATES

Quantity Rates	Per Meter	Per Month
First 18 hundred cubic feet of water (per Ccf)	\$1.29	(l)
All water in excess of 18 Ccf but less than 28Ccf	\$1.85	(l)
All water in excess of 28 Ccf	\$2.51	(l)
Service Charge:		
For 5/8 x 3/4 meter	\$20.28	(l)
For 3/4-inch meter	\$30.42	(l)
For 1-inch meter	\$50.69	(l)
For 1-1/2 inch meter	\$101.38	(l)
For 2-inch meter	\$162.21	(l)

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

SPECIAL CONDITIONS

- 1 In accordance with section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the company, service to subsequent tenants in that unit will, at the company's option, be furnished on the account of the landlord or property owner.
- 2 All bills are subject to the Reimbursement Fee set forth in Schedule No. UF.

(continued)

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APPENDIX B
Llano Del Rio Water Company

Schedule No. 1

GENERAL METERED SERVICE

Escalation Year 2018

APPLICABILITY

Applicable to all metered water service with the exception of irrigation service and metered service for resale purposes.

TERRITORY

An area comprising approximately 1,250 acres located in portions of Section 4,5, and 6, T.4 N., and Sections 31 and 32, T.5 N., all in R.9, S. B B. & M., and vicinity, near Llano, Los Angeles County.

RATES

Quantity Rates	Per Meter	Per Month
First 18 hundred cubic feet of water (per Ccf)	\$1.39	(l)
All water in excess of 18 Ccf but less than 28Ccf	\$2.15	(l)
All water in excess of 28 Ccf	\$3.47	(l)
Service Charge:		
For 5/8 x 3/4 meter	\$22.31	(l)
For 3/4-inch meter	\$33.46	(l)
For 1-inch meter	\$55.77	(l)
For 1-1/2 inch meter	\$111.53	(l)
For 2-inch meter	\$178.46	(l)

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

SPECIAL CONDITIONS

- 1 In accordance with section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the company, service to subsequent tenants in that unit will, at the company's option, be furnished on the account of the landlord or property owner.
- 2 All bills are subject to the Reimbursement Fee set forth in Schedule No. UF.

(continued)

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APPENDIX B
Llano Del Rio Water Company

Schedule No. 3L
IRRIGATION SERVICE
Test Year 2017

APPLICABILITY

Applicable to untreated gravity water service furnished to the Crystallaire Country Club.

TERRITORY

An area comprising approximately 1,250 acres located in portions of Section 4,5, and 6, T.4 N., and Sections 31 and 32, T.5 N., all in R.9, S. B B. & M., and vicinity, near Llano, Los Angeles County.

RATES

Quantity Rates	Per Year	
First 650 acre-feet	\$39,267.00	(I)
Over 650 acre-feet, per acre-foot	\$90.98	(I)

SPECIAL CONDITIONS

- 1 This schedule is available only upon written agreement, a copy of which is on file with the Public Utilities Commission, and all terms and conditions in said agreement are by reference included herein.
- 2 A monthly charge of \$3,272.25 (1/12) of the initial charge per year will be due and payable on the first day of each month. Charges for deliveries in excess of 650 acre-feet during the yearly period may be billed monthly or semi-annually at the option of the utility.
- 3 In the event that a water shortage prevents the utility from making 650 acre-feet suitably available during the year, the initial charge will be reduced \$45.48 per acre-foot and refunds will be made accordingly.
- 4 All bills are subject to the Reimbursement Fee set forth in Schedule No. UF.

(continued)

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APPENDIX B
Llano Del Rio Water Company
Schedule F
Facilities Fees
Test Year 2017

APPLICABILITY

Applicable to all customers applying for service from the Utility in the territory served for premises not previously connected to its distribution mains, for additional service connections to existing premises, and for increases in size of service connection to existing premises.

TERRITORY

This schedule is applicable within the entire territory served by the utility.

RATES

For	5/8 x 3/4 meter	.....	\$2,000
For	3/4-inch meter	.....	\$3,000
For	1-inch meter	.....	\$5,000
For	1-1/2 inch meter	.....	\$10,000
For	2-inch meter	.....	\$16,000

SPECIAL CONDITIONS

- 1 Facilities fees are payable in addition to and do not limit any charges for extensions of mains that may be applicable under Rule 15, Main Extensions.
- 2 Payments made under this schedule are not subject to the reimbursement fee set forth in Schedule No. UF.

(END OF APPENDIX B)

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APPENDIX C

Cold Springs Water Company

COMPARISON OF RATES TEST YEAR 2017 AND Escalation Year 2018

<u>Tariff Description</u>	<u>Tariff Rates</u> <u>Current</u>	<u>Phase 1 Increase</u>			<u>Phase 2 Increase</u>		
		<u>Recommended</u>	<u>Dollars</u>	<u>Percentage</u>	<u>Recommended</u>	<u>Dollars</u>	<u>Percentage</u>
Service Charge:							
5/8 x 3/4 inch meter	\$18.25	\$20.28	\$2.03	11.1%	\$22.31	\$2.03	10.0%
3/4-inch meter	\$27.37	\$30.42	\$3.05	11.1%	\$33.46	\$3.05	10.0%
1-inch meter	\$45.61	\$50.69	\$5.08	11.1%	\$55.77	\$5.08	10.0%
1-1/2 inch meter	\$91.23	\$101.38	\$10.15	11.1%	\$111.53	\$10.15	10.0%
2-inch meter	\$145.96	\$162.21	\$16.25	11.1%	\$178.46	\$16.25	10.0%
Quantity Charge:							
First 18 CCF Per CCF	\$1.19	\$1.29	\$0.10	8.4%	\$1.39	\$0.10	7.8%
Over 18 Ccf but less than 28Ccf	\$1.19	\$1.85	\$0.66	55.5%	\$2.15	\$0.30	16.2%
All water in excess of 28 Ccf	\$1.55	\$2.51	\$0.96	61.9%	\$3.47	\$0.96	38.2%

A monthly bill comparison for a customer with a 1-inch meter is shown below:

<u>Usage 100 cu. Ft.</u>	<u>Tariff Rates</u> <u>Current</u>	<u>Phase 1 Increase</u>			<u>Phase 2 Increase</u>		
		<u>Recommended</u>	<u>Dollars</u>	<u>Percentage</u>	<u>Recommended</u>	<u>Dollars</u>	<u>Percentage</u>
0	\$45.61	\$50.69	\$5.08	11.1%	\$55.77	\$5.08	10.0%
5	\$51.56	\$57.14	\$5.58	10.8%	\$62.72	\$5.58	9.8%
10	\$57.51	\$63.59	\$6.08	10.6%	\$69.67	\$6.08	9.6%
15	\$63.46	\$70.04	\$6.58	10.4%	\$76.62	\$6.58	9.4%
16	* \$64.65	\$71.33	\$6.68	10.3%	\$78.01	\$6.68	9.4%
20	\$69.41	\$77.61	\$8.20	11.8%	\$85.09	\$7.48	9.6%
30	\$83.11	\$97.43	\$14.32	17.2%	\$109.23	\$11.80	12.1%
40	\$98.61	\$122.53	\$23.92	24.3%	\$143.93	\$21.40	17.5%

* Average sales per customer is 16.10 ccf

(END OF APPENDIX C)

PROPOSED RESOLUTION

Resolution W-5151
WD

October 26, 2017

APPENDIX D

Llano Del Rio Water Company ADOPTED QUANTITIES ESCALATION YEAR 2018

1. Purchased power

	Vendor	Southern California Edison
	Adopted Usage KWH	199,077
	Total Cost	\$31,777
	Composite Energy Cost (\$/KWH)	\$0.15962

2. Water

	Sales-Potable:	Tier 1 CCF	20,593
		Tier 2 CCF	4,974
		Tier 3 CCF	9,253
		Total CCF	34,786
	Sales-Irrigation:	CCF	199,465

3. Number of Service Connections:

	Meter Size	Average Number of Customers
	5/8 x 3/4-inch	0
	3/4-inch	21
	1-inch	156
	1 1/2-inch	2
	2-inch	1

4. Tax calculation:

Line No.	Item	State Tax	Federal Tax
1.	Operating Revenue	\$237,018	\$237,018
2.	O & M Expenses	\$169,357	\$169,357
3.	Taxes Other Than Income	\$4,332	\$4,332
4.	Depreciation	\$7,414	\$7,414
5.	Interest Expense	\$0	\$0
6.	Taxable Income for State Tax	\$55,915	
7.	State Tax	\$4,943	
8.	Taxable Income for FIT		\$50,972
9.	Federal Income Tax		\$7,743
10.	Total Income Tax		\$12,686

California Corporate Franchise Rate 8.84%

Federal Income Tax Rate 1st \$50K 15%
Next \$25K 25%

(END OF APPENDIX D)

PROPOSED RESOLUTION

Resolution W-5151
WD

October 26, 2017

LLANO DEL RIO WATER COMPANY ADVICE LETTER NO. 34 SERVICE LIST

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