

WATER/JPT/MXK/EYC/jj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4626
November 30, 2006

R E S O L U T I O N

**(RES. W-4626), LAKE ALPINE WATER COMPANY (LAWC). ORDER
AUTHORIZING A GENERAL RATE INCREASE PRODUCING
ADDITIONAL ANNUAL REVENUE OF \$64,368 OR 20.8% IN 2005.**

SUMMARY

By Draft Advice Letter, filed on August 29, 2005, LAWC seeks an increase in its rates for water service to recover increased expenses of operation and earn an adequate return on its plant investment. For Test Year 2005, this resolution grants an increase in gross annual revenues of \$64,368 or 20.8%, which is estimated to provide a return on rate base of 13.4%.

BACKGROUND

LAWC has requested authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase its water rates by \$159,100 or 51.4%, in Test Year 2005. The purpose of the rate increase is to recover increased operating expenses and to provide an adequate rate of return on investment. LAWC's request shows gross revenues of \$309,631 at present rates would increase to \$468,731 at proposed rates. LAWC is requesting a return-on-rate base of 13.4%.

The present rates were established on May 11, 2006 by Res. No.W-4600, which authorized an interim rate base offset revenue increase, subject to refund or increase, to offset the cost associated with capital improvements put into service in 2005 producing \$76,202 or 23.8% additional annual revenue. The last general rate increase was granted on July 8, 1999 by Res. No. W-4157, which authorized a gross revenue increase of \$16,767 or 7.01% additional annual revenue.

LAWC is an incorporated entity with Toeniskoetter, Breeding, and Hallgrimson, (TBH) Partners owning 50% of the 10,000 total shares. The other 5,000 shares are owned by the various members of the Orvis family. Mr. Bruce Orvis is the President, Mrs. Roma Orvis is the Secretary-Treasurer, and Mr. Bruce Orvis III is the Manager of LAWC. LAWC provides water service to the community of Bear Valley, which is located north of State

Highway 4 in the western portion of Alpine County. LAWC serves approximately 18 metered service and 449 flat service connections serving approximately 150 permanent residents and up to 2,500 customers during peak seasons near the town of Bear Valley in Alpine County.

LAWC's system is supplied from surface water obtained from Bear Lake through a treatment plant. The treatment plant consists of prechlorination, coagulation, in-line pressure filtration, pH adjustment, and chlorination filters along with an onsite chlorine generator. The treated water is then stored in the three reservoirs. The total capacity of the three tanks is approximately 640,000 gallons. The water distribution system has three pressure zone using booster pumps. The piping is mainly 1.5 to 8 inch diameter asbestos cement and some steel and polyvinyl chloride pipes. The total footage of the pipes is approximately 70,606 feet.

NOTICE, PROTESTS AND PUBLIC MEETING

A notice of the proposed general rate increase was mailed to each customer on September 23, 2005. The Water Branch (Branch) received one letter and three emails of complaint regarding the proposed rate increase. LAWC representatives responded to all four inquiries satisfactorily. During the past six years, no complaints were filed with the Commission's Consumer Services Division against LAWC.

An informal public meeting was held Wednesday October 19, 2005 at 7:00 p.m., at the Perry Walther Community Center in Bear Valley. The meeting started at 7:00 p.m., and adjourned at 8:10 p.m., with two people attended who were not stockholders in the water company in attendance. The Division representative explained Commission procedures, as well as the purpose of the meeting. LAWC's representative made a presentation to explain the need for the rate increase. The rest of the meeting consisted of comments and questions by the customers. Most of the questions and comments were general in nature and dealt with LAWC's revenues, expenses, investments, and requested increase.

Customers mentioned the fact that for many ratepayers the Bear Valley properties were vacation homes and the fairness of the service charge. Company representatives explained that this was one of the primary reasons for metering the system. One customer questioned whether the new tank was being oversized to accommodate expected growth. The customer wanted to know what mechanism there was to assure that the new customers paid their fair share. Company representatives explained that there is a facilities fee for new customers and that they had requested it be increased in this rate case. Generally, customers are satisfied with the performance of the company.

DISCUSSION

The Water Division (Division) made an independent analysis of LAWC's summary of earnings and issued its report in September 2006. Appendix A shows LAWC's and the Division's estimates of the summary of earnings at present, requested, and recommended rates. Appendix A also shows differences in LAWC's and the Division's estimates in operating revenues, expenses, and rate base. LAWC was informed of the Division's differing views of revenues, expenses and rate base and agrees with the Division's findings.

The differences in expenses were in the power and property tax accounts. The Division estimates were made using actual billings and past-recorded expenses. The Division audited actual bills for property taxes and general expenses to make its estimates, and relied on past recorded amounts and current tariffs. For the power account, the Division applied the latest electric rate schedules for Pacific Gas and Electric Company to determine test year costs. LAWC later revised its estimate for power expense based on 2006 actual bills, and Division took this into account based on significant increases in the power expenses due to start-up operation of the new water treatment plant in January 2006. LAWC also revised its estimate of property tax since it had not originally included the property tax for the new treatment plant. Division revised its estimate of property tax accordingly.

LAWC did not provide an estimate of the average accumulated depreciation. Branch requested LAWC to perform a depreciation study and provided Standard Practice U-4-SM as a guide. However, LAWC did not perform the study. Branch determined an amount of \$416,431 for average accumulated depreciation. Branch estimated the depreciation reserve by using year 1999 adopted depreciation reserve and then recalculating the depreciation for every year since 1999 using the depreciation rate of 2.72%. Branch found the current depreciation rate of 2.72% to be reasonable in the interim period. Branch started with a beginning of year 2005 accumulated depreciation amount of \$409,544. Branch then added the depreciation expense of \$13,774 for the test year depreciation expense as explained above. Therefore the ending balance is \$423,318 and the average balance is \$416,431. Division then recommends that LAWC be required to perform the depreciation study within 90 days of the effective date of this resolution. Branch will determine if rates shall be modified based on the new depreciation rate.

LAWC has also requested authorization to establish a purchased power reserve account for LAWC. LAWC is authorized to establish a reserve account for purchased power in accordance with provision of the Public Utilities Code Section § 792.5¹.

RATE DESIGN

In Decision (D.) 92-03-093, effective April 30, 1992, the Commission adopted the operating ratio method of ratemaking as an alternative to the rate of return method on rate base for Class C and D utilities. Ordering paragraph of D.92-03-093 states:

Division is directed to calculate rates using both return-on-rate base and operating ratio methods of ratemaking for Class C and Class D water companies requesting new rates and to recommend to the Commission the rate method that produces the higher results.

LAWC's draft advice letter requested rates that would produce a return-on-rate-base of 13.4%. The Division's Audit & Compliance Branch has conducted an analysis of the financial market changes with the high operational risk faced by Class D water companies and has determined that the appropriate range for return on rate base is the midpoint (12.75% to 13.75% for Class D) for 2006. The company has invested significantly in its infrastructure and succeeded in water conservation efforts to date by converting flat rate to meter rate services and replacing a leaky tank. Recognizing LAWC's conservation efforts, the Division recommends a rate of return of 13.4% on rate base. Using the rate of return of 13.4% on rate base, Division calculates a revenue requirement of \$457,330.

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1. ¹ Public Utilities Code Section § 792.5 states:
 2. "Whenever the commission authorizes any change in rates reflecting and passing through to customers specific changes in costs, except rates set for common carriers, the commission shall require as a condition of such order that the public utility establish and maintain a reserve account reflecting the balance, whether positive or negative, between the related costs and revenues, and the commission shall take into account by appropriate adjustment or other action any positive or negative balance remaining in any such reserve account at the time of any subsequent rate adjustment."

The Division's Audit and Compliance Division's memorandum dated February 27, 2006, recommends an operating margin of 25% as reasonable for Class D water utilities (fewer than 500 customers). Using the operating ratio method with a return on margin of 25%, the revenue requirement is \$349,899. The Division recommends using return on rate base method since it produces higher revenue requirements.

D.92-03-093 allows Class D utilities to recover up to 100% of fixed costs in their readiness to serve charge. The metered service charges shown in Appendix B recover 87% of the utility's fixed cost. The majority of LAWC's connections are flat rate. LAWC is scheduled to complete converting flat rate to meter rate service after the end of this year. The Division recommends that LAWC be required to file an advice letter for a meter rate schedule adjustment after compiling 12 months of recorded water consumption data. LAWC's current rate structure consists of three rate schedules: 1A, Annual Metered Service, 2AR, Annual Residential Flat Rate Service, and 4, Private Fire Protection Service.

At the Branch's recommended rates shown in Appendix A, the annual bill for a 3/4-inch metered customer using 10.0 Ccf (One Ccf equals 100 cubic feet) will increase from \$456.17 to \$526.88 or 15.5%. Bill comparisons are shown in Appendix C. The adopted quantities and tax calculations are shown in Appendix D.

LAWC requested facilities fees for new service connections in order to fund plant improvements, which includes the replacement of an idle storage tank. Branch recommends the implementation of Schedule F, Facilities Fees, and to fund new plant and replacement of existing plant with a \$2,000 facilities fee for a new 5/8 x 3/4-inch service connection. Division recommends funds collected should be placed in interest-bearing accounts and be used only to build or replace plant. As funds are used, the expenditures are required to be recorded as contributed plant. The new rate schedules can be found in Appendix B.

The Division staff audited operating expenses, including purchased power, other volume related, employee labor, materials, contract work, water testing portion of contract work, transportation, other plant maintenance, office salaries, management salaries, employee pensions and benefits, uncollectibles, office services and rentals, office supplies and expenses, professional services, insurance, regulatory commission expenses, and general expenses. Staff verified the operating expenses by reviewing supporting documents for substantiation and accuracy, and included those expenses that were deemed reasonable and prudent.

CONSERVATION, LOW INCOME, INFRASTRUCTURE IMPROVEMENT PROGRAMS, AND WATER QUALITY

The Commission, through its Water Action Plan, encourages conservation and metering of all LAWC's services under certain economic conditions. Lake Alpine is currently converting all of its flat service connections to metered connections to promote conservation among its customers.

LAWC has not proposed the establishment of a rate assistance program for low-income customers. LAWC indicates that less than 0.5% of the population in the company's service territory have income levels that are at or below 175% of the poverty level. LAWC already provides a payment plan for customers who may need one. The Division has reviewed the company's setup and determined that this is reasonable. Therefore, Division does not recommend adoption of the low-income rate assistance program.

The company does not have any deterioration of infrastructure that requires major mains to be replaced. LAWC is actively participating in the metering program and approximately 85% of the flat meters in the system have been replaced so far. The company's new mandated water filtration plant was placed online successfully at the end of 2005, thereby improving water quality.

COMPLIANCE

LAWC files its Annual Reports regularly for each district. However, the data for Schedule G – Sources of supply and water developed wells needs to be completed. All tariffs are currently up to date. There are no outstanding Commission orders.

According to the Department of Health Services (DHS), LAWC is generally well operated but had some deficiencies. Since last annual report on October 28, 2003, DHS requested some actions to be performed and LAWC has complied. The utility currently meets all applicable water quality standards.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to Public Utilities Code 311(g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS

1. The summary of earning (Appendix A) developed by the Branch is reasonable and should be adopted.
2. The rates proposed by the Branch (Appendix B) are reasonable and should be adopted.
3. The quantities (Appendix D) used in preparation of this report are reasonable and should be adopted.
4. The rate increase proposed by the Branch is justified and the resulting rates are just and reasonable.
5. The company should be required to perform a depreciation study within 90 days of the effective date of the resolution. Branch will determine if rates will be modified based on the depreciation rate.
6. LAWC is authorized to establish a reserve account for purchased power in accordance with provision of the Public Utilities Code Section 792.5.
7. The company should be required to file an advice letter for a meter rate structure adjustment after compiling 12 months of recorded water consumption data.
8. The Facilities Fees are reasonable to fund plant improvements and should be implemented.
9. Facilities fees collected should be placed in interest-bearing accounts and be used only to build or replace plant. As funds are used, the expenditures are required to be recorded as contributed plant.
10. The company should be required to include data in the Annual Reports for Schedule G – Sources of supply and water developed wells.

THEREFORE IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 to Lake Alpine Water Company to file an advice letter incorporating the summary of earnings and the revised rate schedules attached to this resolution as Appendices A and B, respectively, and concurrently cancel its presently effective rate Schedules: 1A, Annual Metered Service, 2AR Annual Residential Flat Rate Service, and 4, Private Fire Protection Service. The effective date of the revised schedules shall be five days after the date of filing.
2. Lake Alpine Water Company is authorized to increase its annual revenues by of \$64,368 or 20.8%, based on reasonable rates for 2005.
3. Lake Alpine Water Company is directed to perform a depreciation study within 90 days of the effective date of the resolution. Branch will determine if rates will be modified based on the depreciation rate.
4. Lake Alpine Water Company is authorized to add Schedule F, Facilities Fees, to its tariff schedule.
5. Lake Alpine Water Company authorized to establish a memorandum account to track changes to purchased power expenses as required by Public Utilities Code Section 792.5.
6. Lake Alpine Water Company is directed to file an advice letter for a meter rate structure adjustment after compiling 12 months of recorded water consumption data.
7. Lake Alpine Water Company is directed to have facilities fees collected placed in an interest bearing accounts and be used only to build or replace plant. As funds are used, the expenditures are required to be recorded as contributed plant.

8. 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 November 30, 2006; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director

DRAFT

Resolution W-4626
LAWC/DRAFT AL/JPT/MXK/EYC/jj

November 30, 2006

APPENDIX A

LAKE ALPINE WATER COMPANY

SUMMARY OF EARNINGS

TEST YEAR 2005

Item	Utility Estimated		Branch Estimated		Recommended Rates
	Present Rates	Requested Rates	Present Rates	Requested Rates	
Operating Revenue					
Flat Rate Revenue	\$ 286,473	NA	\$ 367,265	NA	\$ 421,488
Fire Protection Services	2,079	NA	2,578	NA	3,001
Metered Water Revenue	20,341	NA	23,118	NA	32,104
Other Water Revenue	738	NA	-	NA	738
Total Revenue	\$ 309,631	\$ 468,731	\$ 392,962	\$ 468,731	\$ 457,330
Operating Expenses					
Purchased Power	12,000	12,000	11,505	11,505	27,897
Purchased Chemicals	9,000	9,000	9,000	9,000	9,000
Other Volume Related	0	0	0	0	0
Employee Labor	12,000	12,000	12,000	12,000	12,000
Materials	7,500	7,500	7,500	7,500	7,500
Contract Work	4,000	4,000	4,000	4,000	4,000
Water Testing	7,000	7,000	7,000	7,000	7,000
Transportation Exp.	5,000	5,000	5,000	5,000	5,000
Other Plant Maintenance	2,500	2,500	2,500	2,500	2,500
Office Salaries	25,914	25,914	25,914	25,914	25,914
Management Salaries	56,798	56,798	56,798	56,798	56,798
Employee Benefits	19,016	19,016	19,016	19,016	19,016
Uncollectibles	0	0	-	-	0
Office Services & Rental	3,600	3,600	3,600	3,600	3,600
Office Suppl. & Exp.	7,000	7,000	7,000	7,000	7,000
Professional Services	12,000	12,000	12,000	12,000	12,000
Insurance	17,789	17,789	17,789	17,789	17,789
Regulatory Comm. Exp.	1,000	1,000	1,000	1,000	1,000
General Expenses	4,500	4,500	4,500	4,500	4,500
Subtotal	\$206,617	\$206,617	\$206,122	\$206,122	\$222,514
Depreciation Expense	\$25,348	\$25,348	\$13,774	\$13,774	\$13,774
Property Taxes	6,323	6,323	6,323	6,323	25,100
Payroll Taxes	16,375	16,375	12,401	\$12,401	\$12,401
State Income Tax	4,859	13,497	13,644	20,342	16,225
Federal Income Tax	8,742	37,533	38,122	65,060	48,503
Total Deductions	\$268,264	\$305,693	\$290,386	\$324,022	\$338,517
Net Revenue	\$41,367	\$163,038	\$102,576	\$144,709	\$118,813
Rate Base					
Average Plant	NA	NA	1,397,312	1,397,312	1,397,312
Avr. Accum. Deprec.	NA	NA	416,431	416,431	416,431
Net Plant	NA	NA	980,880	980,880	980,880
Plus: CWIP	NA	NA	315,117	315,117	315,117
Working Cash	NA	NA	0	0	0
Materials & Supplies	NA	NA	7,377	7,377	7,377
Less: CIAC	NA	NA	416,710	416,710	416,710
Advances for Construction	NA	NA	0	0	0
Rate Base	\$1,216,691	\$1,216,691	\$886,664	\$886,664	\$886,664
Rate of Return	3.40%	13.40%	11.57%	16.32%	13.40%

* NA = Not Filed in the Advice Letter

APPENDIX B

LAKE ALPINE WATER COMPANY

Schedule No. 1A

ANNUAL METERED SERVICE

APPLICABILITY

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

TERRITORY

Bear Valley tracts, and vicinity located about three miles west of Lake Alpine, adjacent to State Highway 4, Alpine County.

RATES

Quantity Rate:

All water, per 100 cu. ft.....	\$ 2.29	(l)
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Per Meter
Per Year

Service Charge:

For 3/4 inch meter.....	\$ 504.00	(l)
For 1-inch meter.....	726.00	l
For 1 1/2-inch meter.....	1,116.00	l
For 2-inch meter.....	1,884.00	l
For 3-inch meter.....	3,120.00	l
For 4-inch meter.....	5,280.00	(l)

The annual service charge is applicable to all metered services. It is a readiness to serve charge to which is added the charge for water used during the billing period computed at the Quantity Rate.

SPECIAL CONDITIONS

1. The annual service charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated service charges in advance at intervals of less than one year (monthly, bimonthly, or quarterly) in accordance with the utility's established billing periods.

(continued)

APPENDIX B

LAKE ALPINE WATER COMPANY

Schedule No. 1A

ANNUAL METERED SERVICE

(continued)

SPECIAL CONDITIONS

2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual service charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by the one three-hundred-sixty-fifth (1/365) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If a service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

(D)

3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(L)

APPENDIX B

LAKE ALPINE WATER COMPANY

Schedule No. 2AR

ANNUAL RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

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

TERRITORY

Bear Valley tracts, and vicinity located about three miles west of Lake Alpine, adjacent to State Highway 4, Alpine County.

RATES

	<u>Per Service Connection Per Year</u>	
For a single-family residential unit including premises.....	\$ 912.00	(I)
For each additional single-family residential unit on the same premises and served from the same service connection.....	\$ 400.00	(I)

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than 3/4-inch diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. A meter may be installed at the option of the utility in which event service thereafter will be furnished only on the basis of 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 service charge for the same period shall be made on or before that day.

APPENDIX B

LAKE ALPINE WATER COMPANY

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

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

TERRITORY

Bear Valley tracts, and vicinity located about three miles west of Lake Alpine, adjacent to State Highway 4, Alpine County

RATES

For each inch of diameter of service connection..... \$ 15.32 (I)

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and the cost paid by the applicant.
2. The minimum diameter for fire protection service shall be four inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.
3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.

APPENDIX B

LAKE ALPINE WATER COMPANY

Schedule No. F

FACILITIES FEES

APPLICABILITY

Applicable to all customers applying for services 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 connections to existing premises.

TERRITORY

Bear Valley tracts, and vicinity located about three miles west of Lake Alpine, adjacent to State Highway 4, Alpine County.

RATES

Initial Fee for each Service Connection:

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

SPECIAL CONDITIONS

1. Facility 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. These fees **are not** subject to the Public Utility Commission Reimbursement Fee surcharge in Schedule UF.
3. Facilities fees authorized herein shall be deposited within five days of receipt in a separate bank account paying interest. A direct confirmation from the bank shall be mailed to the Director of the Water Division after making such deposit to verify the amount deposited.
4. Facilities fees shall be treated as Contributions-in-Aid-of-Construction and follow the requirements as specified in the Internal Revenue Code Section 118 to qualify as such.
5. Facilities fees shall be accounted for as Contributions-in-Aid-of-Construction in accordance with the Commission's prescribed Uniform System of Accounts. In addition the balance of facilities fees collected, including interest shall be reported in utility's annual report to the Commission.
6. The plant constructed with facilities fees shall be removed from rate base for rate-making purposes.

APPENDIX C

LAKE ALPINE WATER COMPANY

**COMPARISON OF RATES
TEST YEAR 2005**

METERED CUSTOMERS

Service Charges:

		Per Service Connection Per Year		
		Present	Recommended	Percent
		<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
For	3/4 inch meter	\$437.07	\$504.00	15.31%
For	1-inch meter	\$604.10	\$726.00	20.18%
For	1 1/2-inch meter	\$848.42	\$1,116.00	31.54%
For	2-inch meter	\$1,084.61	\$1,884.00	73.70%
For	3-inch meter	\$1,907.34	\$3,120.00	63.58%
For	4-inch meter	\$2,640.06	\$5,280.00	100.00%

Quantity Charges:

All water delivered per 100 cu. ft.	\$1.91	\$2.29	19.81%
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Comparison of average monthly customer bill at present and authorized rates for 3/4-inch meter service using various quantities of water:

Usage <u>100 cu.ft.</u>	Present <u>Rates</u>	Recommended <u>Rates</u>	Amount <u>Increase</u>	Percent <u>Increase</u>
0	\$437.07	\$504.00	\$66.93	15.31%
5	\$446.62	\$515.44	\$68.82	15.41%
10	\$456.17	\$526.88	\$70.71	15.50%
15	\$465.72	\$538.32	\$72.60	15.59%
20	\$475.27	\$549.77	\$74.50	15.67%
30	\$494.37	\$572.65	\$78.28	15.83%

FLAT RATE CUSTOMERS

		Per Service Connection Per Year		
		Present	Recommended	Percent
		<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
For	Single Family Residential	\$795.00	\$912.00	14.72%
For	Additional Units	\$343.67	\$400.00	16.39%

APPENDIX D

LAKE ALPINE WATER COMPANY

ADOPTED QUANTITIES
TEST YEAR 2005

Expenses:

1. Purchased power (Electric)		
Vendor	Pacific Gas & Electric Company	
Schedules	A-1: Small General Service	
Effective Date		5/1/2006
A-1: Winter Charge		\$0.13088
Summer Charge		\$0.17917
Winter kWh		151,131
Summer kWh		45,302
Total Power Consumption in kWh		196,433
Total Purchased Power (\$)		\$27,897
2. Professional Services		
(DHS and EPA Lab Fees not included)		\$12,000
3. Ad Valorem Taxes		\$25,100
Composite Tax Rate		1.00%
4. Payroll Taxes		
Federal Unemployment		56
State Unemployment		112
Other Payroll Taxes		11,945
Total		<u>12,113</u>
5. Number of Service Connections:		
Metered Rate		
3/4-inch service		8
1-inch service		4
1 1/2-inch service		1
2-inch service		4
3-inch service		0
3-inch service		1
Total		<u>18</u>
Flat Rate		
Single Family		449
Private Fire Protection		5
Total		<u>472</u>
6. Water Sales (Ccf) - Metered Customers:		4,910

APPENDIX D

LAKE ALPINE WATER COMPANY

TEST YEAR 2005

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ADOPTED QUANTITIES

Line No.	Item	State Tax	Federal Tax
1.	Operating Revenue	\$457,330	\$457,330
2.	O & M Expenses	\$222,514	\$222,514
3.	Taxes Other Than Income	\$37,501	\$37,501
4.	Depreciation	\$13,774	\$13,774
5.	Taxable Income for State Tax	\$183,541	
6.	State Tax	\$16,225	
7.	Taxable Income for FIT		\$167,316
8.	Federal Income Tax		\$48,503
9.	Total Income Tax		\$64,728
California Corporate Franchise Rate			8.84%
Federal Income Tax Rate			
	On first \$50,000 of taxable income		15%
	On next \$25,000 of taxable income		25%
	On next \$25,000 of taxable income		34%
	On next \$235,000 of taxable income		39%
	On next \$7,665,000 of taxable income		34%