

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



Draft Resolution No. W-4759
Agenda ID #8468

May 18, 2009

TO: All Interested Parties

Enclosed is draft Resolution W-4759 of the Division of Water and Audits. It will be on the Commission's June 18, 2009 agenda. The Commission may then act on this Resolution or it may postpone action until later.

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

Parties to this matter may file comments on this draft resolution. An original and 2 copies of the comments, with a certificate of service, should be submitted to:

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

Parties may submit comments on or before June 8, 2009. The date of submission is the date the comments are received by the Division of Water and Audits. Parties must serve a copy of their comments on Del Oro Water Company on the same date that the comments are submitted to the Division of Water and Audits.

Comments shall be limited to five pages in length plus a subject index listing the recommended changes to the draft resolution, a table of authorities and appendix setting forth the proposed findings and ordering paragraphs.

Comments shall focus on factual, legal or technical errors in the draft resolution, and shall make specific reference to the record or applicable law. Comments which fail to do so will be accorded no weight and are not to be submitted.

Persons interested in comments of parties may write to Martin Bragen or telephone him at (415) 703-2276.

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

Enclosures: Draft Resolution W-4759
Certificate of Service
Service List

DRAFT

AGENDA ITEM #8468

WATER/RSK/FLC/JB5/MRB/jrb

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
Water and Sewer Advisory Branch

RESOLUTION NO. W-4759
June 18, 2009

RESOLUTION

(RES. W-4759), DEL ORO WATER COMPANY, RIVER ISLAND DISTRICT (DORI). ORDER AUTHORIZING A GENERAL RATE INCREASE PRODUCING ADDITIONAL ANNUAL REVENUES OF \$159,128 OR 67.6% IN 2009.

SUMMARY

Del Oro Water Company, a Class B water utility serving 336 residential customers in its River Island District (DORI), has requested authority under General Order 96-B, Rule 7.6.2 and Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code to increase its water rates by \$166,501 or 83.49% for DORI in test year 2009. By Draft Advice Letter accepted on November 19, 2008, Del Oro requests this increase in rates to recover increases in operating costs and to provide a return on its rate base at an adequate rate of return. The requested increase would provide a 10.8% rate of return on a rate base of \$829,927. For test year 2009 this resolution grants DORI an increase in gross annual revenues of \$159,128 or 67.6%. This increase will provide a 10.8% rate of return on a rate base of \$778,956.

DORI's present interim rates became effective on January 26, 2009, pursuant to Decision (D.) 92-03-093 and Res. W-4540. The last general rate increase was granted on November 9, 2006, pursuant to Res. W-4622.

SYSTEM DESCRIPTION

The water system consists of two separate service territories, about one mile apart, which are not interconnected. Each has its own wells and mains. DORI provides metered domestic water service to approximately 336 customers and metered non-potable irrigation water to 15 of those same customers through a separate system. The

service area is adjacent to the River Island Golf Course, about 3 miles southwest of Springville in Tulare County. The water system is comprised of one inactive and 17 active hard rock wells ranging from 19 to 55 gallons per minute (gpm), five storage tanks with total storage capacity of 492,000 gallons, and 63,672 feet of distribution pipelines.

Two wells have high amounts of nitrates, and one well has high amounts of uranium. Water from those wells is blended with better water from several wells but does not meet California Department of Public Health (CDPH) requirements for drinking water. Current CDPH compliance orders require DORI to provide an adequate amount of better-quality water.

In addition to plant currently in service, DORI owns a site for a future water treatment plant, plus rights to water from a canal with water rights from the Tule River.

DISCUSSION

At the time of the last General Rate Case (GRC), when River Island Water Company (RIWC) was a separate Class D water company, Res. W-4622 approved an inverted block rate structure to help reduce water demand. The rate structure was granted subject to re-evaluation in one year. At the same time, Res. W-4622 approved an irrigation rate schedule for non-agricultural customers, to be re-evaluated at the end of a year. RIWC was also to complete long-range plans for system improvement and submit them at the end of a year.

RIWC did not submit the required materials a year later. Instead, one-and-one-half years later, they sold the water company to Del Oro. The sale was approved in Commission D. 08-07-034 on July 31, 2008. After this acquisition the CDPH ordered Del Oro to provide additional water supplies of good-quality water for the DORI district.

DORI does not have a detailed, formal long-range plan for system improvements. They have engaged a Consulting Engineers firm, Luhdorff and Scalmanini of Woodland, California, to develop and help implement a long-range plan. An engineer from Luhdorff and Scalmanini meets periodically with CDPH for this purpose. In general, DORI proposes to build a treatment plant for about 115 acre-feet per year of canal water, and to also acquire more well water.

There have been no company studies of the inverted block rate structure or of the irrigation rate schedule. Due to drought and the need for water conservation, the Water and Sewer Advisory Branch (Branch) staff recommends that the inverted block rate for

Del Oro/Draft AL/RSK/FLC/JB5/MRB/jrb

domestic water should be kept. Furthermore, since the drawdown of water for irrigation may affect the wells producing water for domestic production, Branch

considers it prudent to require customers of irrigation water to have an inverted block rate.

Res. W-4622 provided that the then-new irrigation rate schedule should be handled separately from the potable water rate schedule and revenue generated from this new schedule would be taken into consideration at the one year re-evaluation period. Since the electrical supply, well, pump, pressure tank, mains, and meters are separate from the rest of DORI plant in service; a separate rate structure for irrigation water should be developed on a cost-of-service basis to avoid cross-subsidization of the domestic and irrigation customers.

Some of the plant for irrigation water was contributed, and does not appear as part of plant in service or as part of rate base. Records from RIWC are not clear on the original cost of equipment. There is no separation of expenses for maintaining the irrigation system, except for electricity. The irrigation tariff should be based on cost of service. Because irrigation water consumed is 3.8% of total consumption, the Branch has imputed values for applicable expenses other than electricity to be 3.8% of the applicable DORI amounts.

DORI should be required to track expenses and plant in service for the irrigation system separately from overall expenses. By the time of the next GRC, there should be sufficient information to make any necessary adjustments to irrigation rates.

In recent summers the water supply has been inadequate and customers are asked to conserve water. The system is under CDPH compliance orders to provide more water of better quality. CDPH has not imposed a moratorium on service connections, nor has DORI asked CPUC to grant one. DORI is trying to purchase enough water from local well owners to supply its customers until a treatment plant is built.

CDPH has ordered daily monitoring of groundwater by DORI to estimate whether sufficient water will be available during summer months. If their evaluation of monitoring records does not predict an adequate supply of acceptable-quality water, CDPH will recommend that CPUC impose a general moratorium on new connections

NOTICE TO CUSTOMERS

A Notice to Customers concerning DORI's requested rate increase was mailed on January 2, 2009. A copy of the notice was published on January 7, 2009 in a local newspaper.

PUBLIC MEETING

A public meeting was held on January 27, 2009. Customers were concerned with the annually-occurring water shortages and drought notices expected in the summer. One man felt his property's resale value was lowered by insufficient water. The company explained their plans for a future water treatment plant. Some of the customers asked whether the Commission would impose a service connection moratorium on River Island, noting that there was not now enough water in the summer months to fully supply customers. CPUC staff explained that either CDPH or CPUC could impose a moratorium after a finding that not enough water is available for existing customers. The company would have to provide water supply data to justify a CPUC moratorium.

The primary concern of customers was the size of the proposed rate increase. Del Oro said it was because about \$500,000 of plant now in service had not been included in the last GRC (which was based on 2005 plant in service). Customers wanted Del Oro to absorb the cost.

Some customers said the former owner of RIWC, also a developer, had sold lots to customers at a higher price, saying wells had been built to allow them a water supply. Those customers believe they have paid for the wells.

CUSTOMER COMPLAINTS

There have been no complaints received by the utility or CPUC about water service or water quality since its purchase by Del Oro. Since the mailing of the Notice to Customers and the public meeting, there have been more than 30 letters objecting to the proposed increase.

SUMMARY OF EARNINGS

Revenues

DORI proposes test year 2009 irrigation revenues of \$12,798 and \$419,049 of general service revenues, for a total of \$431,847. The Branch proposes test year 2009 irrigation revenues of \$15,055 and \$379,430 of general service revenues, for a total of \$394,485. Total revenues differ because DORI assumed a higher rate base than Branch.

Operating Expenses

The differences between DORI and Branch estimates include:

Purchased Water

DORI estimated \$22,150 per year, and Branch estimated \$21,070. DORI had made a calculation error in the annual cost of canal water rights.

Transportation Expense

DORI estimated \$10,373 per year, and Branch estimated \$9,063. Del Oro based their estimate on gasoline at \$3.50 per gallon; the Branch estimate is based on the Federal projection of gasoline prices for 2009 and 2010.

Office Supplies Expense

DORI estimated \$12,030 per year, and Branch estimated \$9,330. Del Oro revised their estimate downward to \$9,330 after reevaluation of expenses for the cost of utilities and phone services for the onsite River Island maintenance person's office.

Depreciation Expense

DORI estimated \$49,680 per year, and Branch estimated \$27,962. Del Oro used a depreciation rate of 3.33% and Branch used a 2.7% depreciation rate. ¹Also, Del Oro calculated depreciation expense including plant built with not-yet-repaid advances for construction, while Branch excluded plant built with not-yet-repaid advances²

PLANT IN SERVICE

D.08-07-034 showed a purchase price of \$6,112 less than book value. Branch has added a purchase adjustment of -\$6,112 to intangible assets to make rate base equal to the purchase price. Public Utilities Code Section 2720 says the fair market value shall be used in establishing the value of rate base for the water system, and in D.08-07-034 the Commission found that the purchase price of \$6,112 less than book value was fair market value.

¹ Commission Standard Practice U3-SM (U3-SM) provides that small water companies should use a flat 2.5% depreciation rate on total plant in service unless the Commission has adopted a higher or lower depreciation figure in a previous rate case. The Commission has adopted a depreciation rate of 2.7% for River Island in previous rate cases.

² Depreciation expense is a replacement, over time, of the original investment which a company has made in utility plant; outstanding advances represent plant in which the utility has not yet made an investment.

RATE BASE

Del Oro's estimate of rate base included the land purchased for a future treatment plant, plus the cost of shares in the canal which will provide water to the future treatment plant. Branch did not include the land or canal shares in its estimate of rate base because they are not currently in service. U3-SM provides that plant held for future use may be included in utility plant if there is a specific plan for the plant (usually land). If there is not specific plan, plant held for future use is to be excluded.

When construction plans have been prepared, DORI should file an advice letter requesting a rate base offset for the cost of the land and shares in the canal. DORI should consider requesting incremental increases over a several-year period to avoid rate shock.

General rate cases should be filed every three years. When a utility makes a significant investment in plant in service between GRC's, the utility may file for a rate base offset increase to begin recovering the cost of the new plant in service. A rate base offset takes the quantities adopted in the last GRC and increases or decreases the required revenues to compensate for the changed rate base.

The land and water rights now held for future use will increase DORI's rate base by about 15%; design and construction of the water treatment plant will have a larger impact on future rate base. It will create less of a financial burden on ratepayers to have this project added to rate base in phases rather than one large increase. Phasing this project into rate base will also be financially less burdensome on the utility than waiting for the project to be completed and used and useful.

Some customers contend that rate base should be reduced because they were told by the previous owner that they were paying for wells in the purchase price for their lots. These wells were properly included in rate base at the time Del Oro purchased the system, as Del Oro paid the prior owner for them. Any dispute between the customers and the developer (concerning the price they paid for their lots or any alleged misrepresentation) is a matter for civil courts and not the Public Utilities Commission.

COST OF CAPITAL

Rate of Return on Rate Base

The Utility Audit, Finance and Compliance Branch found that 10.8% is a fair return on rate base for DORI.

Rate of Margin

Because DORI is a district of a Class B water company, a Rate of Margin was not determined. Rate of Margin is a way of calculating revenue requirements for Class C or D water utilities with little or no rate base.

RATE STRUCTURE

The two-tiered rate structure for domestic water supplies is reasonable for utilities such as DORI without ample water supplies. The rate structure for irrigation water should be converted to a two-tier system to encourage conservation.

The revenues from and expenses for irrigation water were compared to the revenues and expenses of domestic water. Under present rates, the revenues from irrigation water sales are 2% of total revenues, while irrigation water expense is estimated to be 3.8% of total expenses. It appears that the domestic water system is subsidizing the irrigation water system. Branch's proposed new rates would bring irrigation revenues up to 3.0% of total revenues. A comparison of current and new rates is shown in Appendix C.

COMMENTS

A Notice of Proposed Rate Increase and Public Meeting (Notice) was sent to all customers. In accordance with Public Utilities Code (PU Code) Section 454, the notice showed the total amount of the proposed increase, the percentage of increase over existing rates, and the proposed increase for each class of customer. A staff report was circulated to the utility and to 57 customers who requested copies at the public meeting. Comments received in writing in response to the Notice or the staff report were considered and, where relevant, are reflected in this Resolution. In accordance with PU Code Section 311(g), copies of this Draft Resolution will be served on all parties who submitted such comments in writing (including by e-mail). The service list is attached as Appendix E. Comments on this Draft Resolution were received from _____ and reply comments were received from _____.

FINDINGS AND CONCLUSIONS

1. The Branch excluded plant held for future use from DORI's estimate of rate base, in accordance with Water Standard Practice U3-SM.
2. DORI now agrees with Branch's estimate for office supplies expense.

3. The Branch reduced DORI's estimate of Operating Expenses to reflect: a calculation error in the annual cost of canal water rates; the Federal projection of gasoline prices for 2009 and 2010; use of a depreciation rate of 2.7% as required by Water Standard Practice U3-SM; and the exclusion of depreciation for plant built with not-yet-repaid advances for construction.
4. The rate increase proposed by the Branch is justified and the resulting rates are just and reasonable.
5. The Branch's recommended summary of earnings (Appendix A) is reasonable and should be adopted.
6. The rates proposed by the Branch (Appendix B) are reasonable and should be adopted.
7. The quantities (Appendix D) used in preparation of this resolution are reasonable and should be adopted.
8. DORI should separately record expenses and rate base for the irrigation system, and should present them at the time of the next general rate case.
9. When construction plans have been prepared, DORI should file an advice letter for a rate base offset.

IT IS ORDERED that:

1. Authority is granted under Public Utilities Code §454 for Del Oro Water Company to file an advice letter for their River Island District incorporating the Summary of Earnings and the revised schedules attached to this resolution as Appendices A and B, respectively, and concurrently to cancel its presently effective rate schedules RI-1, General Metered Service, and RI-3, Irrigation Service. The effective date of the revised schedules shall be five days after the date of its filing.
2. Del Oro Water Company shall keep separate records of expenses and rate base for its River Island Irrigation service system, and shall submit them at the time of the next general rate case.

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 May 7, 2009; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

APPENDIX A
Del Oro River Island District
Summary of Earnings – Test Year 2009

| DEL ORO RIVER ISLAND SUMMARY OF EARNINGS | | Del Oro 2009 at Present Rates | Del Oro 2009 at Proposed Rates | Branch 2009 at Present Rates | Branch 2009 at Proposed Rates | Test Year 2009 Adopted Rates |
|---|---------------------------------|--|---|---------------------------------------|--|---------------------------------------|
| acct. No. | Operating Revenue | | | | | |
| 460 | Unmetered Water Revenue | 0 | 0 | 0 | 0 | 0 |
| 462 | Fire Protection Revenue | 0 | 0 | 0 | 0 | 0 |
| 465 | Irrigation Revenue | 4,706 | 12,798 | 4706 | 15,055 | 15,055 |
| 470 | Metered Water Revenue | 230,651 | 419,049 | 230,651 | 379,430 | 379,430 |
| 480 | Other Water Revenue | 0 | 0 | 0 | 0 | 0 |
| | Total Water Revenue | 235,357 | 431,847 | 235,357 | 394,485 | 394,485 |
| | Operating Expenses | | | | | |
| 610 | Purchased Water | 22,150 | 22,150 | 21,070 | 21,070 | 21,070 |
| 615 | Power | 62,200 | 62,200 | 62,200 | 62,200 | 62,200 |
| 618 | Other Volume Related Expenses | 1,073 | 1,073 | 1,073 | 1,073 | 1,073 |
| 630 | Employee Labor | 41,344 | 41,344 | 41,344 | 41,344 | 41,344 |
| 640 | Materials | 918 | 918 | 918 | 918 | 918 |
| 650 | Contract Work | 21,367 | 21,367 | 21,367 | 21,367 | 21,367 |
| 660 | Transportation Expense | 10,373 | 10,373 | 9,063 | 9,063 | 9,063 |
| 664 | Other Plant Maintenance | 2,533 | 2,533 | 2,533 | 2,533 | 2,533 |
| 670 | Office Salaries | 25,828 | 25,828 | 25,828 | 25,828 | 25,828 |
| 671 | Management Salaries | 5,652 | 5,652 | 5,652 | 5,652 | 5,652 |
| 674 | Employee Pensions and Benefits | 6,037 | 6,037 | 6,037 | 6,037 | 6,037 |
| 676 | Uncollectable Expense | 36 | 36 | 36 | 36 | 36 |
| 678 | Office Services and Rentals | 4,291 | 4,291 | 4,291 | 4,291 | 4,291 |
| 681 | Office Supplies Expense | 12,030 | 12,030 | 9,330 | 9,330 | 9,330 |
| 682 | Professional Services | 1,565 | 1,565 | 1,565 | 1,565 | 1,565 |
| 684 | Insurance | 8,408 | 8,408 | 8,408 | 8,408 | 8,408 |
| 688 | Regulatory Comm. Expense | 1,980 | 1,980 | 1,980 | 1,980 | 1,980 |
| 689 | General Expense | 798 | 798 | 798 | 798 | 798 |
| | Total Operating Expenses | 228,583 | 228,583 | 223,493 | \$223,493 | 223,493 |
| 403 | Depreciation Expense | 49,680 | 49,680 | 27,828 | 27,878 | 27,878 |
| 408 | Taxes Other Than Income Taxes | 22,530 | 22,530 | 22,530 | 22,530 | 22,530 |
| 409 | Income Taxes | 800 | 41,432 | 800 | 36,456 | 36,456 |
| | Total Deductions | 301,593 | 342,225 | 274,701 | 310,357 | 310,357 |
| | Net Revenue | (66,236) | 89,622 | (39,344) | 84,127 | 84,127 |
| 427 | Interest Expense | 0 | 0 | 0 | 0 | 0 |
| | Net Income | (66,236) | 89,622 | (39,344) | 84,127 | 84,127 |
| | Rate Base Calculations | | | | | |
| | Average Plant | 1,605,562 | 1,605,562 | 2,030,962 | 2,030,962 | 2,030,962 |
| | Avg. Accum. Depreciation | -41,400 | -41,400 | -285,640 | -285,640 | -285,640 |
| | Net Plant | 1,564,162 | 1,564,162 | 1,745,322 | 1,745,322 | 1,745,322 |
| | Add: Materials | 0 | 0 | 0 | 0 | 0 |
| | Working Cash | 19,049 | 19,049 | 19,049 | 19,049 | 19,049 |
| | Construct. Work In Progress | 0 | 0 | 13,030 | 13,030 | 13,030 |
| | Less: Net Contributions | 0 | 0 | -245,160 | -245,160 | -245,160 |
| | Advances | -753,285 | -753,285 | -753,285 | -753,285 | -753,285 |
| | RATE BASE | 829,926 | 829,926 | 778,956 | 778,956 | 778,956 |
| | Rate of Return | 10.8% | 10.8% | 10.8% | 10.8% | 10.8% |
| | Amount of Return | 89,632 | 89,632 | 84,127 | \$84,127 | \$84,127 |

APPENDIX B
(Page 1 of 2)

Schedule No. RI-1
GENERAL METERED SERVICE
RIVER ISLAND DISTRICT

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Tract No. 389 and vicinity, adjacent to the River Island Golf Course. Located approximately 4 miles south of Springville, Tulare County.

RATES

Monthly Quantity Rates:

| | | |
|--|---------|-----|
| For all water up to 10,000 cu. ft., per 100 cu. ft | \$1.950 | (I) |
| For all water over 10,001 cu. ft., per 100 cu. ft | \$2.690 | (I) |

Monthly Service Charge:

| | <u>Per Connection</u> | |
|--------------------------|-----------------------|-----|
| | <u>Per Month</u> | |
| For 5/8 x 3/4 inch meter | \$ 27.30 | (I) |
| For 3/4 inch meter | \$ 40.95 | (I) |
| For 1 inch meter | \$ 68.25 | (I) |
| For 1-1/2 inch meter | \$136.50 | (I) |
| For 2 inch meter | \$218.40 | (I) |

The Service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the monthly charge computed at the Quantity Rate.

SPECIAL CONDITIONS

1. A late charge will be imposed per Schedule No. LC.
2. 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.
3. All bills are subject to the Reimbursement fee set forth in Schedule No. UF.

(D)

APPENDIX B
(Page 2 of 2)

Schedule No. RI-3
IRRIGATION SERVICE
RIVER ISLAND DISTRICT

APPLICABILITY

Applicable to all metered irrigation service.

TERRITORY

The area known as Tract No. 389 and vicinity, adjacent to the River Island Golf Course. Located approximately 4 miles south of Springville, Tulare County.

RATES

Monthly Quantity Rates:

| | | |
|---|--------|-----|
| For all water up to 2,500 cu. ft., per 100 cu. ft | \$1.65 | (N) |
| For all water over 2,501 cu. ft., per 100 cu. ft | \$2.54 | (N) |

Monthly Service Charge:

| | <u>Per Connection</u> <u>Per Month</u> | |
|--------------------------|---|-----|
| For 5/8 x 3/4 inch meter | \$ 16.00 | (I) |
| For 1 inch meter | \$ 24.00 | |
| For 2 inch meter | \$128.00 | (I) |

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the monthly charge computed at the Quantity Rate.

SPECIAL CONDITIONS

1. A late charge will be imposed per Schedule No. LC.
2. 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.
3. Each property owner shall be responsible to install back-flow prevention device on domestic supply per Water Company requirements.
4. All bills are subject to the Reimbursement fee set forth in Schedule No. UF.

(D)

APPENDIX C
(Page 1 of 2)

COMPARISON OF RATES
Test Year 2009
River Island District

Comparison of Rates - General Service

| | Per Service Connection Per Month | | |
|-----------------------------|----------------------------------|----------------|------------------|
| | Present Rates | Proposed Rates | Percent Increase |
| Service Charge | | | |
| For 5/8 X 3/4 - inch meters | \$16.46 | \$27.30 | 65.86% |
| For 3/4-inch meters | \$24.68 | \$40.95 | 65.92% |
| For 1-inch meters | \$41.14 | \$68.25 | 65.90% |
| For 1-1/2-inch meters | \$82.28 | \$136.50 | 65.90% |
| For 2-inch meters | \$131.64 | \$218.40 | 65.91% |
| Quantity Charge | | | |
| Per 100 cu. ft. | | | |
| 10,000 cu. ft. and less | \$1.181 | \$1.950 | 65.11% |
| 10,001 and over | \$1.602 | \$2.690 | 67.92% |

A monthly bill comparison for a potable water customer with a 5/8 by 3/4-inch meter:

| Usage 100 Cu.ft. | Present Rates | Proposed Rates | Amount Increase | Percent Increase |
|---------------------|---------------|----------------|-----------------|------------------|
| 0 | \$16.46 | \$27.30 | \$10.84 | 65.86% |
| 10 | \$28.27 | \$46.80 | \$18.53 | 65.55% |
| 20 | \$40.08 | \$66.30 | \$26.22 | 65.42% |
| 28.7(avg) | \$50.35 | \$83.27 | \$32.91 | 64.5.36% |
| 40 | \$63.70 | \$105.30 | \$41.60 | 65.31% |
| 50 | \$75.51 | \$124.80 | \$49.29 | 65.26% |
| 100 | \$134.56 | \$222.30 | \$87.74 | 65.21% |
| 110 | \$150.58 | \$249.20 | \$98.62 | 65.49% |

**APPENDIX C
 (Page 2 of 2)**

**COMPARISON OF RATES
 Test Year 2009
 River Island District**

Comparison of Rates - Irrigation Service

Service Charge

| | | | |
|-----------------------------|--------|----------|-------|
| For 5/8 X 3/4 - inch meters | \$4.20 | \$16.00 | 281% |
| For 1-inch meters | \$6.26 | \$24.00 | 283% |
| For 2-inch meters | \$8.34 | \$128.00 | 1435% |

Quantity Charge

| | | | |
|------------------------|---------|--------|------|
| Per 100 cu. ft. | | | |
| 2,500 cu. ft. and less | \$0.791 | \$1.65 | 109% |
| 2,501 and over | n/a | \$2.54 | -- |

A monthly bill comparison for a potable water customer with a 5/8 by 3/4-inch meter:

| Usage 100 Cu. Ft. | Present Rates | Proposed Rates | Amount Increase | Percent Increase |
|----------------------|------------------|-------------------|--------------------|---------------------|
| 0 | \$4.20 | \$16.00 | \$11.80 | 281% |
| 10 | \$12.11 | \$32.50 | \$20.39 | 168% |
| 20 | \$20.02 | \$49.00 | \$28.98 | 145% |
| 27.0 (avg) | \$25.56 | \$62.33 | \$36.77 | 144% |
| 40 | \$35.84 | \$95.35 | \$59.51 | 166% |
| 50 | \$43.75 | \$120.75 | \$77.00 | 176% |
| 100 | \$83.30 | \$247.75 | \$164.45 | 197% |
| 110 | \$91.21 | \$273.15 | \$181.94 | 199% |

APPENDIX D
(Page 1 of 1)

ADOPTED QUANTITIES -- Test Year 2009
River Island District

Property Tax \$16,056
 Mgmt. Salary \$5,652

Purchased Power (Electric)

Vendor Southern California Edison
 Schedule PA-1, PA-2, GS-1

Composite Rate \$0.15439 / kWh
 Total Power Consumption (kWh) 402,871
 Total Purchased Power \$62,200

Service Connections

| | | Potable Water | Irrigation Water | Total |
|---------|----------|------------------|---------------------|-------|
| Metered | 5/8X 3/4 | 325 | 15 | 340 |
| | 3/4" | 0 | 0 | 0 |
| | 1" | 9 | 0 | 9 |
| | 1-1/2" | 0 | 0 | 0 |
| | 2" | 2 | 0 | 2 |
| | | 336 | 15 | 351 |

Income Tax Calculations

| | |
|-------------------------|-----------|
| Operating Revenue | 394,485 |
| Operating Expenses | (223,493) |
| Depreciation | (27,878) |
| Other Than Income Taxes | (22,530) |
| Income Before State Tax | 119,176 |
| Interest Expense | 0 |
| State Income Tax | 10,129 |
| Income Before FIT | 110,455 |
| Federal Income Tax | 26,327 |
| Total Income Taxes | 36,456 |
| Net Revenue | 84,127 |

**APPENDIX E
SERVICE LIST
PERSONS WHO COMMENTED IN WRITING ON THE NOTICE OF PROPOSED RATE
INCREASE OR PUBLIC MEETING, OR ON THE STAFF REPORT**

George Riggs
32563 Montgomery Drive
Springville, CA 93265

Ken and Kathy Rebensdorf
31212 Melanie Ct.
Springville, CA 93265

Ronald & Jean Lentes
33747 Globe Drive
Springville, CA 93265

Mr. and Mrs. K. Mellon
16231 Roberts Drive
Springville, CA 93265

Scott Hutlon
31202 Melanie Ct.
Springville, CA 93265

Janet Frazier
33751 Glove Drive
Springville, CA 93265

Gary Barber
16626 Goad Ranch Rd.
Springville, CA 93265

Phillip Hutlon
31311 Melanie Ct.
Springville, CA 93265

Rodger Patterson
33679 Globe Drive
Springville, CA 93265

William White
31715 Country Club Drive
Porterville, CA 93257

Florence Robl
31261 Melanie Ct.
Springville CA 93265

Judith Moore
33663 Globe Drive
Springville, CA 93265

Virgil Christianson
31756 Mill Drive
Springville, CA 93265

Thomas & Sylvia Fuentes
PRESIDENT
P.V. Home-owners
17745 Briana Lane
Springville, CA 93265

James Fairbarn
33681 Bear Lane Drive
Springville, CA 93265

Richard Higgins
31866 Country Club Drive
Porterville, CA 93257

Mr. & Mrs. Walter D. Burleson
31047 Angus Loop Drive
Springville, CA 93265

Sharon Gawrilow
33646 Bear Lane Drive
Springville, CA 93265

Clay Mann
31916 Country Cub Drive
Porterville, CA 93257

Matt & Betty Maxwell
32740 Greene Drive
Springville, CA 93265

Richard Osborne
33757 Bear Lane Drive
Springville, CA 93265

Del & Nancy Pengilly
31576 Ave 176
Springville, CA 93265

Judith Koch
33720 Globe Drive
Springville, CA 93265

Bernadette Battles
33748 Bear Lane
Springville, CA 93265

Cliff Cantrell
32492 River Island
Springville, CA 93265

Richard Hubler
33721-C Glove Dr.
Springville, CA 93265

Mary Miller
32492 River Island
Springville, CA 93265

Robert & Carol Mardoch
32500 River Island Lane
Springville, CA 93265

Phillip & Josanna Pope
32300 River Island Drive
Springville, CA 93265

Clidella Graves
32233 Fairway Drive,
Springville, CA 93265

Jeffrey Cole
32681 Greene Drive
Springville, CA 93265

Robert Wilson
32185 River Island Drive
Springville, CA 93265

Jay & Louise Warnke
32235 Fairway Drive,
Springville, CA 93265

Omer K. Tingle
32693 Greene Drive
Springville, CA 93265

Claire Owen
31832 Country Club Drive
Springville, CA 93265

Henrietta Hughes
32339 Fairway Drive
Springfield, CA 93265

Bob & Rose Kelly
32708 Greene Drive
Springville, CA 93265

Greg & Susie Nichols
31837 Country Club Drive
Porterville, CA 93257

Norm Smith
32226 River Island Drive
Springville, CA 93265

Michael Coffey
32719 Greene Drive
Springville, CA 93265

Patti Lalanne
31811 Country Club Drive
Springville, CA 93265

William Herrich
32225 River Island Drive
Springville, CA 93265

Lorie Wilkinson
32161 River Island Drive
Springville, CA 93265

Ronald Maranai
32623 Greene Drive
Springville, CA 93265

Sharlene Hankins
32197 River Island Drive
Springville, CA 93265

Kathy Maxwell
32732 Greene Drive
Springville, CA 93265

Marilyn Dillon
31786 Country Club Drive
Porterville, CA 93257

Gary Gostanian
32162 River Island Drive
Springville, CA 93265

Joseph Haley
31756 Country Club Drive
Porterville, CA 93257

Bill Graves
32233 Fairway Drive,
Springville, CA 93265

Don Alexander
32281 Riverview Drive
Springville, CA 93265

James Claysen
32150 River Island Drive
Springville, CA 93265

Nina Cirimele
32119 River Island Drive
Springville, CA 93265

Michael Dixon
32334 River Island Drive
Springville, CA 93265

Judy Sarber
32162 River Island Drive
Springville, Ca 93265

Joseph Wood
32237 River Island Drive
Springville, CA 93265

Gail Gill
32250 River Island Drive
Springville, CA 93265

Beverly Anderson
32270 River Island Drive
Springville, Ca 93265

Claudia Pearson
32275 River Island Drive
Springville, CA 93265

Jay & Louise Warnke
32235 Fairway Drive
Springville, CA 93265

Adams Res
32366 River Island Drive
Springville, CA 93265

Doug Harvey
32398 River Island Drive
Springville, CA 93265

Louis Miich
32440 River Island
Springville, Ca 93265

Max Jamison
32462 River Island Ln.
Springville, CA 93265

Valerie Fogt
32476 River Island Ln.
Springville, CA 932

Kent Sorrells
32249 River Island Drive
Springville, CA 93265

Deborah Wood
32237 River Island Drive
Springville, CA 93265

Jeffery Cole
32681 Greene Drive
Springville, CA 93265

Phil & Christine Henry
32178 Appaloosa Drive
Springville, CA 93265

Rick & Janice McIntire
31862 Country Club Drive
Porterville, CA 93257

James Melching
16581 Coyote Drive
Springville, CA 93265

Del & Nancy Pengilly
31576 Avenue 176
Springville, CA 93265

Jack Vu Ransome
32235 Appaloosa Drive
Springville, CA 93265

Jack & Norma Ruf
P.O. Box 691
Porterville, CA 93258

Gregg Snyder
31062 Angus Loop Drive
Springville, CA 93265

Janice Hanna
Director of Corporate Accounting
Del Oro Water Co., Inc.
426 Broadway, Suite 301
Chico, CA 95928

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of Draft Resolution W-4759 on all parties in this filing or their attorneys as shown on the attached list.

Dated May 19, 2009, at San Francisco, California.

/s/ JOSIE L. JONES

Josie L. Jones

NOTICE

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.