

PUBLIC UTILITIES COMMISSION  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



January 25, 2011

Draft Resolution W-4871  
Agenda ID #10111

TO: All Interested Persons

Enclosed is draft Resolution W-4871 of the Division of Water and Audits entitled Del Oro Water Company - Strawberry District for a rate base offset revenue increase. Draft Resolution W-4871 will be on the Commission's February 24, 2011 agenda. The Commission may act then on this resolution or it may postpone action until later.

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

Interested persons may submit comments on draft Resolution W-4871. An original of the comments, with a certificate of service, should be submitted to:

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

Interested persons must serve a written or electronic copy of their comments on the utility on the same date that the comments are submitted to the Division of Water and Audits. Interested persons may submit comments on or before February 14, 2011.

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

Persons interested in receiving comments submitted to the Division of Water and Audits may write to Moises Chavez, email him at [mcv@cpuc.ca.gov](mailto:mcv@cpuc.ca.gov), or telephone him at (415) 703-2805.

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

Enclosures: Draft Resolution W-4871  
Certificate of Service  
Service List

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

DIVISION OF WATER AND AUDITS

RESOLUTION W-4871

Water and Sewer Advisory Branch

February 24, 2010

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

**(RES. W-4871), DEL ORO WATER COMPANY (DOWC)- STRAWBERRY DISTRICT. ORDER AUTHORIZING A RATE BASE OFFSET REVENUE INCREASE, PRODUCING AN INCREASE IN GROSS ANNUAL REVENUES OF \$52,573 OR 18.07% TO CURRENT APPROVED GROSS REVENUES.**

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**SUMMARY**

By Advice Letter (AL) 274 filed on July 13, 2010, DOWC seeks a rate base offset of \$481,576 for capital improvements to its Strawberry District water distribution system which would result in an increase in annual revenues of \$74,524 or 25.42%.

This resolution authorizes an increase in gross annual revenues of \$52,573 or 18.07% from DOWC's 2009 actual revenues and expenditures. This resolution finds DOWC's \$481,576 in capital improvements made during the time period of September 2007 through June 2010 prudent investments for inclusion into DOWC's Strawberry District's rate base. The authorized revenue increase will not result in a rate of return greater than that last authorized for DOWC.

**BACKGROUND**

DOWC is a class B multi-district water company which includes the Strawberry District service area. DOWC's Strawberry District is a Class D water district located 31 miles east of Sonora in Tuolumne County and has approximately 393 service connections. Most of the DOWC's customers in the Strawberry District are part-time residents that utilize their residences seasonally.

DOWC requests authority under General Order 96-B (GO 96-B), Water Industry Rules 7.3.3 (8), and Section 454 of the Public Utilities Code to increase its rates by \$74,524 or 25.42% for a rate base offset of \$481,576 for the Capital Improvement Projects (CIPs) listed in Table 1 below.

Table 1  
DOWC's Strawberry District  
Capital Improvements Projects

	A	B
Tasks	Capital Improvements Projects	AL 274 Ratebase Offset Request
1	Emergency Intake Pump Motor	\$585
2	Water Treatment Plant (WTP) Pipe and Valve Replacement	\$110,088
3	Backup Pump for the Georges System	\$1,979
4	Main WTP Boosters- wiring and controls	\$21,560
5	Emergency Generator	\$62,856
6	Completion of Engineering Study Including Mapping	\$7,583
7	Water Leakage Study	\$4,972
8	Engineering Studies for Roadway Access to WTP	\$35,827
9	Lower Diamond Booster Tank Removal	\$2,710
10	Engineering/Surveying/Construction	\$6,835
11	Alternative Water Sources	\$11,381
12	Treatment Plant Tank Painting	\$23,875
13	U.S Forestry Permit	\$7,467
14	Water Rights Research	\$21,797
15	Test Wells	\$45,793
16	210 Meter Installations	\$66,012
	<b>Total</b>	<b>\$481,576</b>

On July 18, 2007, DOWC requested in AL 160 Commission authority to add to Strawberry District's rate base \$497,000 for CIPs that included tasks 1 through 9 in Table 1 above, which DOWC is currently seeking to add to rate base as part of AL 274. The CIPs included in AL 160 had been identified by DOWC's engineering consultant, Luhdorff and Scalmanini Consulting Engineers (LSCE), as necessary improvements for ensuring water system reliability and the production of good quality water.<sup>1</sup>

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1. May 31, 2007, Luhdorff and Scalmanini Consulting Engineers technical memo to Mr. Robert Fortino, Del Oro Water Company filed in AL 160.

By Res. W-4686, the Commission granted DOWC's request in part and authorized DOWC to add to its Strawberry District's rate base \$181,818 of the \$497,000 requested in AL 160 for CIPs completed in 2007.<sup>2</sup> Res. W-4686 also authorized DOWC to rate base the components of the tasks 1 through 9 that had been completed, which have been accounted for in DOWC's rate base offset request in AL 274. Furthermore, DWA staff, in Res. W-4686, also determined after conducting a site visit to each project site that the proposed CIPs requested in AL 160 were necessary and prudent investments that would benefit customers in the DOWC's Strawberry District.<sup>3</sup>

By AL 274, DOWC requests authority to add \$481,576 to its Strawberry District's rate base, for CIPs made during the period of September 2007 through June 2010, as follows: 1) \$272,065 for the CIP Tasks 1 through 10 and Task 12 in Table 1 above; 2) \$86,438 for the Project Tasks 11, 13, 14, and 15 in Table 1 above; and 3) \$66,012 for the installation of 210 meters, Project Task 16 in Table 1.

DOWC's last General Rate Case (GRC) increase for the Strawberry District was on February 20, 2009, by Res. W-4744, which authorized an increase of \$71,042 or 31.98% with a 10.80% return on rate base. DOWC's present rates for the Strawberry District became effective on February 25, 2009, per Res. W-4744.

## **NOTICE AND PROTEST**

On July 12, 2010, DOWC served AL 274 in accordance with GO 96-B including on adjacent utilities and persons on DOWC's Strawberry District advice letter service list. Per GO 96-B, Water Industry Rule 3.1, DOWC gave notice of its rate base offset request to customers in the Strawberry District by mail on July 29, 2010.

Three protests letters were received on DOWC's AL 274 request opposing the rate increase and questioning the need for the project improvements. One protestant raised concerns about having to pay a high monthly service fee during periods when there is no one at the residence and thus no water usage.

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2. Res. W-4686, Ordering Paragraph 2.

3. Resolution W-4686, pg. 1.

## **DISCUSSION**

On August 5, 2010, DWA staff conducted a field visit to examine the CIPS DOWC had done to the Strawberry District's water distribution system. DWA met with company representatives and confirmed that the CIPs in Tasks 1 through 5, 9, 12, and 16 (listed in Table 1 above) were completed and are used and useful. DWA reviewed the reasonableness of the project expenditures for each task based on the scope of work involved, as well as DOWC's contractor selection process for tasks that were contracted out, and determined the expenditures for Tasks 1 through 5, 9, 12, and 16 to be reasonable.

DWA also confirmed that the project studies in Tasks 6, 7, 8, and 10 were necessary components of DOWC's CIPs for its Strawberry District and have been completed. Based on DWA staff's field visit and review of the project expenditures and invoices for Tasks 1 through 10 and Task 12, DWA finds the \$272,035 for these CIPs prudent investments for inclusion into the Strawberry District's rate base. Task 16, the meters installation project is discussed below.

For project Task 11 (search for alternative water resources) and Task 15 (testing of groundwater wells) in Table 1, DOWC provided as part of its CIPs reasonable justification to support undertaking its investigation into finding alternative groundwater sources for the Strawberry District. DOWC sought alternative water sources to augment and potentially replace its Herring Creek water source, the only water source currently available to the Strawberry District, which has not been a completely reliable source. DOWC has indicated that the Herring Creek ran dry at least once since it took over the water distribution system. The Commission in Res. W-4744 acknowledged this water supply issue and DWA staff recommended that DOWC continue its search for alternative water supply sources.<sup>4</sup>

DOWC's groundwater search included a district-wide geological review by LSCE to determine potential sites for developing groundwater. LSCE identified and test-bored-drilled three potential well sites, however, none of the sites yielded an adequate water supply to develop them into a permanent source. DOWC is currently investigating an alternative water source withdrawal from the south fork of the Stanislaus River near Highway 108 bridge crossing. DWA recommends directing DOWC to report on the status of its investigation as part of its July 31, 2011 water usage report filing to the

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4. Res. W-4744, pg. 2

Commission which is discussed below. DWA Staff reviewed the invoices and scope of work for Tasks 11 and 15 and finds them reasonable for inclusion into rate base.

As part of the CIPs to find alternative water sources for the Strawberry District, DOWC conducted a detailed water rights research, under Task 14, to confirm the origin and annual amount of water that DOWC is permitted to withdraw from the Herring Creek based on the water rights granted to the original owner of the water system. DOWC undertook the research because there were discrepancies in the water rights information provided by the previous owner, and to determine whether it could augment the amount of water it withdraws from the creek. DWA reviewed the expenditures associated with the water rights research and finds them prudent for inclusion into rate base.

The Commission in Res. W-4744, Ordering Paragraph (OP) 5, ordered DOWC to convert all flat rate customers in the Strawberry District to metered service no later than October 31, 2009, which requires that customers have a water meter installed. DOWC reports that it completed the meter installations on June of 2010, and that all customers are now on its metered service tariff. In AL 274, DOWC seeks authority to add to rate base \$66,012 for the installation costs of 210 meters, Task 16 in Table 1 above. DOWC in its November 12, 2010 response to DWA's data request indicates that the \$66,012 are for the costs of the meters, materials for the meter installations, and rental equipment. Furthermore, the meter installations were done by DOWC's Strawberry District employees, saving ratepayers the labor costs for the meter installations. DWA reviewed the invoices for meter costs, materials, and rental equipment costs and finds them prudent for inclusion into rate base.

For task 13, the United States Forestry Department (USFD) required that DOWC renew its permit for the water system components located on USFD's lands. The USFD required review of all available mapping to discern which facilities shown on the older maps and descriptions would remain in service. In addition, the USFD required for permit application that a new detailed map be developed showing all of the water facilities on their land. DWA staff reviewed the costs incurred to renew the permit and finds them prudent for inclusion into rate base.

DWA has reviewed the documentation associated with all projects listed in Table 1 above including invoices supporting the expenditures and confirmed that: (1) the cost recovery requested for the capital improvements meets the earnings test and DOWC does not exceed its authorized rate of return; and (2) the CIPs have been completed and are used and useful. Based on the field inspection conducted and DWA Staff review of the project expenditures, Staff finds DOWC's \$481,576 for the capital improvement

projects listed in Table 1 prudent investments for inclusion into the Strawberry District's rate base.

DOWC computed an increase in its authorized revenue requirement of \$74,524 for the \$481,576 rate base off-set amount, based on its last GRC's authorized revenues, expenses, and rate of return. DWA staff has computed a different revenue requirement amount of \$52,573 that is based on DOWC's 2009 actual revenues and expenses as reported in DOWC's 2009 Annual Report to the Commission as shown in Appendix A to this resolution. The main difference in the revenue requirement amounts is due to DOWC's lower operating expenses than those authorized in its last GRC by Res. W-4744. DOWC agrees with DWA's revenue requirement calculation and the summary of earnings in Appendix A.

DWA has computed the recommended rates in Appendix B to this resolution based on DWA's recommended revenue requirement and the adopted rate design in Res. W-4744. DOWC in Res. W-4744 however was directed to file a revised rate design when it makes its water usage report filing in 2011, using actual customer metered water usage data. As discussed in the compliance section below, DWA recommends that DOWC file its modified rate design by July 31, 2011, once the company has collected one year's worth of water usage data. DOWC agrees with the recommended rates contained in Appendix B.

## **COMPLIANCE**

The Commission, in OP 1 of Res. W-4744 ordered DOWC to complete the mapping of the Strawberry District water distribution system and inform DWA by June 2009. DOWC reports that it completed its first draft of the distribution system mapping on July 18, 2007, and revised it on August 4, 2008, and on April 2010. DOWC will continue to update the base map annually. DWA finds that DOWC has complied with OP 1 of Res. W-4744.

The Commission, in OP 2 of Res. W-4744 ordered DOWC to make an assessment of the condition of its water tanks for possible repairs and replacement and to report the results to DWA by June 30, 2009. DOWC reports that it completed its assessment of the four water storage tanks (a 420,000 gallon-steel tank located at the treatment plant, a 126,000-gallon lower diamond steel tank, a 126,000-gallon upper diamond steel tank, and a 25,000-gallon redwood tank on George's Drive) in the Strawberry District, and that all but the main storage tank at the treatment plant needed some level of attention. DOWC found that the lower diamond tank was in worst condition, which it has removed from service as part of Task 9 in Table 1 above. DOWC modified its water distribution system to pump water directly into the upper diamond tank. DOWC also

restored and painted the main storage tank at the treatment plant, included as Task 12 in Table 1 above. DWA finds that DOWC has complied with OP 2 of Res. W-4744.

The Commission, in OP 3 of Res. W-4744 ordered DOWC to develop and submit to DWA, a contingency plan to prevent water outages to its customers in the eventual failure of the tanks. DOWC reports that it has obtained the necessary stand-by equipment and permission from the Tuolumne Utilities District to draw water from the South Fork of the Stanislaus River in a water emergency. DOWC is also investigating this site as a potential alternative water source. DOWC has complied with OP 3; however, DWA recommends that DOWC report the findings of its investigation when it provides the water usage report to the Commission in 2011, discussed below.

The Commission, in OP 4 of Res. W-4744 ordered DOWC to investigate the option of obtaining funding for the tank repairs and replacements through the recently enacted Federal Economic Stimulus Plan and report its progress to DWA by June 30, 2009. DOWC reports that it investigated this option and determined that the cost of selecting this funding option would be approximately 25% higher than the conventional option due to the specific lending requirements, such as prevailing wage, labor compliance supervisors, environmental review requirements, and various soil reports and site surveys. DOWC therefore elected to fund the tank repairs and replacement through conventional lending option. DWA finds that DOWC investigated funding option required by OP 4 and that it complied with OP 4 of Res. W-4744.

The Commission, in OP 5 of Res. W-4744 ordered DOWC to complete the conversion of all flat rate customers to metered service no later than October 31, 2009. As indicated above, DOWC completed the meter installations in June of 2010, and all customers are now on DOWC's metered service tariff. DWA finds that DOWC has complied with OP 5 of Res. W-4744.

The Commission, in OP 9 of Res. W-4744 ordered DOWC to submit to DWA a report with customers' metered water usage data, no later than January 31, 2011, and also simultaneously file an AL with a modified metered service rate design that is based on actual customer water usage data. DOWC reports that given that it completed the meter installations in June 2010 it plans to provide to DWA the water usage data report that covers six months from June through December 2010 by January 31, 2011, and in June 2011 provide an additional report that covers a full year's worth of data through May 2011. DWA recommends directing DOWC to provide one report that covers a full year of water usage data by July 31, 2011, and simultaneously make an AL filing to revise metered service rate design based on actual water usage.

## **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 on the Commission.

Accordingly, this draft resolution was mailed to the utility and protestants and made available for public comment on January 24, 2011.

## **FINDINGS**

1. By Advice Letter 274 filed on July 13, 2010, Del Oro Water Company seeks a rate base offset of \$481,576 for capital improvements made to its Strawberry District water distribution system during the time period of September 2007 through June 2010, which it estimates would result in an increase in annual revenue of \$74,524 or 25.42%.
2. Del Oro Water Company is a class B multi-district water company which includes the Strawberry District. Del Oro Water Company's Strawberry District is a Class D water district located 31 miles east of Sonora in Tuolumne County and has approximately 393 service connections.
3. On July 18, 2007, Del Oro Water Company requested by Advice Letter 160 Commission authority to add to Strawberry District's rate base \$497,000 for Capital Improvement Projects that included Tasks 1 through 9 in Table 1 above, which Del Oro Water Company is currently seeking to add to rate base by Advice Letter 274.
4. By Res. W-4686 the Commission granted Del Oro Water Company's request in part and authorized Del Oro Water Company to add to its Strawberry District's rate base \$181,818 of the \$497,000 requested by Advice Letter 160 for capital improvements completed in 2007.
5. Division of Water and Audits' Staff in Res. W-4686 determined that the proposed Capital Improvement Projects requested by Del Oro Water Company in Advice Letter 160 were necessary and prudent investments that would benefit customers in Del Oro Water Company's Strawberry District.
6. By Advice Letter 274, DOWC requests authority to add \$481,576 to its Strawberry District's rate base for capital improvements made during the period of September 2007 through June 2010, as follows: 1) \$272,065 for the Capital Improvement Projects Tasks 1 through 10 and Task 12 in Table 1 above; 2) \$86,438 for the projects Tasks 11, 13, 14 and 15 in Table 1 above; and 3) \$66,012 for the installation of 210 meters, project Task 16 in Table 1 above.

7. Del Oro Water Company's last General Rate Case increase for its Strawberry District was on February 20, 2009, by Res. W-4744, which authorized an increase of \$71,042 or 31.98% with a 10.80% return on rate base.
8. Advice Letter 274 was served in accordance with General Order 96-B on July 12, 2010. Three protests letters were received on Del Oro Water Company's Advice Letter 274 request opposing the rate increase and questioning the need for the project improvements.
9. On August 5, 2010, Division of Water and Audits met with company representatives and confirmed that the Capital Improvement Projects, Tasks 1 through 5, 9, 12, and 16 listed in Table 1 above, have been completed and are use and useful.
10. Division of Water and Audits confirmed that the project studies in Tasks 6, 7, 8, and 10 were necessary and part of Del Oro Water Company's Capital Improvement Projects, and have been completed.
11. Based on the Division of Water and Audits Staff's field visit and review of the project expenditures and invoices for Tasks 1 through 10 and Task 12, the Division of Water and Audits finds the \$272,035 for these Capital Improvement Projects prudent investments for inclusion into the Strawberry District's rate base.
12. For project Task 11 (search for alternative water resources) and Task 15 (testing of groundwater wells) Del Oro Water Company has provided as part of its Capital Improvement Projects a reasonable justification to support undertaking its investigation into finding alternative ground water sources for the Strawberry District.
13. Del Oro Water Company is currently investigating an alternative water source withdrawal from the south fork of the Stanislaus River near Highway 108 bridge crossing. Division of Water and Audits recommends directing Del Oro Water Company to report on the status of its investigation as part of its July 31, 2011 water usage report filing to the Commission.
14. Division of Water and Audits Staff reviewed the invoices and scope of work for Tasks 11 and 15 and finds the expenses for these tasks reasonable for inclusion into rate base.
15. As part of the Capital Improvement Project to find alternative water sources for its Strawberry District, Del Oro Water Company conducted a detailed water rights research, under Task 14, to confirm the origin and annual amount of water that Del Oro Water Company is permitted to withdraw from the Herring Creek based on the water rights granted to the original owner of the water distribution system.
16. Division of Water and Audits reviewed the expenditures associated with the water rights research and finds them prudent for inclusion into rate base.

17. The Commission in Res. W-4744, Ordering Paragraph (OP) 5, ordered Del Oro Water Company to convert all flat rate customers in the Strawberry District to metered service no later than October 31, 2009.
18. Del Oro Water Company reports that it completed all meter installations for its Strawberry District on June of 2010 and requests to rate base \$66,012 associated with the installation meter costs of 210 meters.
19. Division of Water and Audits reviewed the invoices for meter costs, materials, and rental equipment and finds them prudent for inclusion into Del Oro Water Company's Strawberry District rate base.
20. Division of Water and Audits finds that Del Oro Water Company has complied with Res. W-4744, Ordering Paragraph 5.
21. Division of Water and Audits reviewed the documentation associated with all projects listed in Table 1 above including invoices supporting the expenditures and confirmed that: (1) the cost recovery requested for the capital improvements meets the earnings test and Del Oro Water Company does not exceed its authorized rate of return; and (2) these capital improvements have been completed and are currently used and useful.
22. Based on the field inspection conducted and Division of Water and Audits Staff's review of the project expenditures, Staff finds Del Oro Water Company's \$481,576 associated with its Capital Improvement Projects prudent investments for inclusion into the Strawberry District's rate base.
23. Del Oro Water Company computed an increase in its authorized revenue requirement of \$74,524 for the \$481,576 rate base offset amount, based on its last GRC authorized revenues, expenses, and rate of return.
24. Division of Water and Audits staff computed a different revenue requirement amount of \$52,573 based on Del Oro Water Company's 2009 actual revenues, expenses and authorized rate of return.
25. Division of Water and Audits computed the recommended rates in Appendix B to this resolution based on its recommended revenue requirement and the adopted rate design in Res. W-4744.
26. Division of Water and Audits recommends that Del Oro Water Company file its modified rate design based on actual water usage data by July 31, 2011, when it files its water usage report.
27. Division of Water and Audits finds that Del Oro Water Company has complied with Ordering Paragraphs 1, 2, 3, and 4 of Res. W-4744.

28. By Ordering Paragraph 9 of Res. W-4744, the Commission ordered Del Oro Water Company to submit a metered water usage report to Division of Water and Audits no later than January 31, 2011 and to simultaneously file an advice letter with a proposed modification to its metered service rate design that is based on actual water usage.
29. Del Oro Water Company will not have a full year's worth of data by January 31, 2010. Division of Water and Audits therefore recommends extending the deadline to July 31, 2011, for filing water usage report and for Del Oro Water Company to simultaneously file an Advice Letter to revise its metered service rate design based on actual water usage.
30. The Division of Water and Audits' recommended Summary of Earnings (Appendix A) is reasonable and should be adopted. Del Oro Water Company agrees with the Summary of Earnings contained in Appendix A.
31. The rates recommended by the Division of Water and Audits (Appendix B) are reasonable and should be adopted. Del Oro Water Company agrees with the rates contained in Appendix B to this resolution.

**THEREFORE IT IS ORDERED THAT:**

1. Summary of Earnings, attached to as Appendix A to this resolution is reasonable and should be adopted.
2. The rate Schedule ST-1A, Annual Metered Service, attached to as Appendix B to this resolution is adopted.
3. Del Oro Water Company is authorized to file a supplemental Advice Letter incorporating the adopted rate schedule and concurrently cancel its presently effectively Schedule ST-1A, Annual Metered Service. The effective date of the revised schedule shall be five days after the date of filing.
4. Del Oro Water Company shall submit to the Division of Water and Audits its metered water usage report and an advice letter with a proposed modification to its metered service rate design that is based on actual water usage no later than July 31, 2011. Del Oro Water Company shall also include in its filing a status report on its investigation into finding an alternative water source withdrawal from the south fork of the Stanislaus River near Highway 108 bridge crossing.

5. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on February 24, 2011; the following Commissioners voting favorably thereon:

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PAUL CLANON  
Executive Director

**APPENDIX A**  
**Del Oro Water Company - Strawberry District**  
**Summary Of Earnings**

	Authorized W- 4744	Actual	Division Suggested	Earnings Test at Division Recommended
	2/20/2009	2009	( Rate Base Off-set	Rates
<b>Operating Revenues</b>				
460 Flat Rates	\$86,222	\$257,621		\$0
470 Metered Rates	\$206,977	\$32,543		\$343,500
480 Other Water Revenues		\$763		\$0
Total Revenue	\$293,199	\$290,927	\$52,573	\$343,500
<b>Operating Expenses</b>				
610 Purchased Water	\$0	\$0		\$0
615 Purchased Power	\$4,142	\$4,725		\$4,725
618 Other Volume Related Expenses	\$5,049	\$5,639		\$5,639
630 Employee Labor	\$103,778	\$79,445		\$79,445
640 Materials	\$6,550	\$7,825		\$7,825
650 Contract Work	\$7,156	\$0		\$0
660 Transportation Expenses	\$7,060	\$10,818		\$10,818
664 Other Plant Maintenance	\$76	\$101		\$101
670 Office Salaries	\$24,534	\$19,181		\$19,181
671 Management Salaries	\$6,055	\$6,149		\$6,149
674 Employee Pensions and Benefits	\$26,216	\$12,325		\$12,325
676 Uncollectable Accounts	\$699	\$55		\$55
678 Office Services and Rentals	\$4,661	\$4,709		\$4,709
681 Office Supplies and Expenses	\$13,965	\$14,508		\$14,508
682 Professional Services	\$1,676	\$1,593		\$1,593
684 Insurance	\$12,154	\$8,146		\$8,146
688 Regulatory Commission Expense	\$1,980	\$4,977		\$4,977
689 General Expense	\$2,484	\$11,525		\$11,525
<b>Subtotal</b>	<b>\$228,235</b>	<b>\$191,721</b>		<b>\$191,721</b>
403 Depreciation	\$10,016	\$10,920	\$15,892	\$26,812
408 Taxes Other Than Income	\$12,664	\$8,338		\$8,338
409/10 Income Taxes	\$9,520	\$17,828	\$17,196	\$35,024
<b>Total Deductions</b>	<b>\$260,435</b>	<b>\$228,807</b>		<b>\$261,895</b>
<b>Net Revenue/Operating Margin</b>	<b>\$32,764</b>	<b>\$62,120</b>		<b>\$81,605</b>
<b>Rate Base</b>				
Average Plant	\$305,061	\$310,667	\$473,630	\$784,297
Average Dep. Reserve	\$16,412	\$20,804		\$28,750
<b>Net Plant</b>	<b>\$288,649</b>	<b>\$289,863</b>		<b>\$755,547</b>
Less: CIAC	\$0	\$0		\$0
Advances	\$0	\$0		\$0
Plus: Working Cash	\$13,815	\$0		\$0
Mat'l & Supplies	\$1,000	\$0		\$0
CWIP	\$0	\$382,820		\$0
<b>Total Rate Base</b>	<b>\$303,464</b>	<b>\$672,683</b>		<b>\$755,547</b>
<b>Rate of Return on Rate Base</b>	<b>10.80%</b>	<b>9.23%</b>		<b>10.80%</b>
<b>Authorized Rate of Return: 10.80%</b>				

**APPENDIX B**

**Del Oro Water Company**

**Schedule No. ST- 1A**

**ANNUAL METERED SERVICE**

**APPLICABILITY**

Applicable to all metered water service furnished on monthly basis.

**TERRITORY**

Strawberry and vicinity, located approximately 31 miles east of Sonoma, Tuolumne County.

**RATES**

Quantity Rate:

All water, per 100 cu. ft.	\$4.82	(I)
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Per Meter Per Month

Service Charge:

For	5/8 x 3/4-inch meter	\$ 62.53	(I)
For	3/4-inch meter	\$ 93.79	
For	1-inch meter	\$156.31	
For	1-1/2-inch meter	\$312.63	
For	2-inch meter	\$500.21	(I)

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



**SERVICE LIST FOR  
DRAFT RESOLUTION W-4871**

Janice Hanna  
Director, Corporate Accounting  
Del Oro Water Company  
Drawer 5172  
Chico CA 95927

Mr. and Mrs. Alfred G. Lux  
18800 Almond Road  
Castro Valley, CA 94546

Don and Dee Martin  
P. O. Box 1  
Strawberry, CA 95375

Douglas J. Crook  
152 Paseo Del Rio  
Moraga, CA 94556