

WATER/RSK/PTL/CCG/jlj

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

DIVISION OF WATER AND AUDITS  
Water and Sewer Advisory Branch

RESOLUTION NO. W-4817  
December 17, 2009

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

**(RES. W-4817), COLD SPRINGS WATER COMPANY (COLD SPRINGS). ORDER AUTHORIZING A GENERAL RATE INCREASE (GRC) PRODUCING ADDITIONAL ANNUAL REVENUE OF \$42,043 OR 21.1% FOR TEST YEAR (TY) 2009.**

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**SUMMARY**

By Draft Advice Letter, filed on June 29, 2009, Cold Springs seeks an increase in rates for water service to recover increased operating expenses and to provide an adequate rate of return. The Division of Water and Audits (Division) accepted this draft advice letter as complete for filing on July 30, 2009.

This resolution grants a GRC increase in gross annual revenues of \$42,043 or 21.1% for TY 2009 and a change in the current general metered and flat rate service tariff's billing cycle from annual to monthly and tri-monthly, respectively. The gross annual revenues produced by the water service rates were estimated to provide a Rate of Margin (ROM) of 23%.

**BACKGROUND**

Cold Springs has requested authority under General Order 96-B, Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code (PU Code) to increase rates for water service to produce additional revenues of \$23,385 or 12%. Cold Springs' request shows 2009 gross revenues of \$194,875 at present rates increasing to \$218,260 at proposed rates to produce a Rate of Return (ROR) 12.18%.

Cold Springs' present rates became effective on March 5, 2008, through a Consumer Price Index increase of 4.1%, pursuant to Decision (D.) 92-03-093 effective April 30, 1992.

The last GRC became effective on January 7, 1994, pursuant to Res. W-3818, which authorized a rate increase of \$6,850 or 5.6% for TY 1994 and a ROR of 13.6%.

Cold Springs is a California corporation and a Class C water utility under the Commission's jurisdiction. As of December 31, 2008, Cold Springs serves approximately 523 customers, composed of 441 metered customers and 82 flat rate customers in the Cold Springs and Peter Pam subdivisions - which are located about one mile apart from each other - adjacent to Highway 108 and approximately eight miles east of Long Barn, in unincorporated Tuolumne County. For TY 2009, the Division estimates that of Cold Springs' 523 customers, 445 will be metered and 78 will be flat rate. Approximately ten percent of the residences in Cold Springs' service area are occupied year round, with the balance used as vacation properties occupied primarily on the weekends and in the summer.

Cold Springs' water system is mainly supplied by treated surface water, which is diverted from Tuolumne River's North Fork and gravity fed to a 160,000-gallon per day treatment plant. The treated water is then pumped to the system, and when necessary, combined with water pumped from a groundwater well with a capacity of 100 gallons per minute.

### **NOTICE AND PUBLIC MEETING**

A notice of the proposed rate increase was mailed to each customer on August 20, 2009. The Division received no responses to the proposed rate increase. The Consumer Affairs Division has not received any complaints on Cold Springs.

An informal public meeting was held on Wednesday, September 23, 2009. The meeting started at 6:09 p.m. with one customer in attendance. The Commission's representative declared the meeting open and explained Commission rate-setting procedures, as well as the purpose of the meeting. Cold Springs' representative explained the need for the rate increase. The rest of the meeting consisted of comments and questions by the one customer in attendance. This customer recognized that no rate increase has taken effect in fifteen years and expressed high satisfaction with Cold Springs' service while supporting the rate increase. Cold Springs' representative and Division staff answered questions and provided information as requested.

### **DISCUSSION**

The Division made an independent analysis of Cold Springs' summary of earnings and issued its report in November, 2009. Appendix A shows Cold Springs' and Division's estimates of the summary of earnings at present, requested, and recommended rates.

Staff reviewed operating revenues and expenses including purchased power, employee labor, volume related expenses, materials, contract work, water testing, other plant maintenance, office and management salaries, office services and rentals, office supplies

and expenses, professional services, insurance, general expenses, regulatory commission expenses, depreciation, and taxes other than income. Staff verified the operating expenses by reviewing the company's supporting documents for substantiation and accuracy, and included the amounts that were deemed reasonable and prudent.

During the course of this GRC investigation, the California Department of Public Health (CDPH) informed all water systems of an increase in its operating fees payable by all small water systems. For Cold Springs, this is a fee increase of approximately 330%, or \$2,404, over the current fee, bringing the estimated fee total to \$3,132 per year. As part of its recommendation, the Division included \$3,132, corresponding to CDPH fees, to be recovered through the proposed rates in order to avoid any financial hardship to Cold Springs as a consequence of this significant fee increase.

Cold Springs was informed of the Division's differing views of operating revenues and expenses and accepts Division's estimates as shown in Appendix A. Cold Springs is in agreement with the Division's estimates, recommended revenue requirement and the rates shown in Appendix B.

Cold Springs has requested a ROR of 12.18%. Through its previous GRC, the Division considered Cold Springs as a Class D water utility (less than 500 connections); however, the growth in its customer base - 523 service connections for TY 2009 - warrants that Cold Springs now be reclassified as a Class C water utility (greater than 500 service connections but less than 2000) for rate-making purposes. The Division's Utility Audit, Finance and Compliance Branch (UAFCB) recommend a ROM of 23% and a ROR from 12.00% to 13.00% for a Class C, 100% equity-financed utility for TY 2009. There are two methods available for the Division to utilize in the rate-making process: (1) ROR and (2) ROM. In Res. W-4524 (March 17, 2005), the Commission adopted a revised set of standard practices for determining the profit for Class C and D water utilities using the ROR and ROM methods. Both methods are to be used. Per D.92-03-093, dated March 31, 1992, the Division must recommend the method that produces the higher revenues. The ROM method gives small water utilities the opportunity to earn a more reasonable and appropriate revenue requirement when the utility has "little rate base". If only the ROR method was used, a utility with little or no rate base would earn little or no return. The UAFCB has recommended a ROM of 23% for Class C water utilities. The ROR of 12.50% calculation yields allowable revenues of \$197,450, while ROM of 23% yields allowable revenues of \$240,935. The Division recommends \$240,935 in TY revenue. Class C water utilities are allowed to recover up to 65% of fixed costs in their readiness-to-serve charge. The service charge rates depicted in Appendix B recover 65% of the utility's fixed costs.

The effect of reclassifying Cold Springs from a Class D to a Class C water utility is reflected as a reduction in the proposed service charge. Cold Springs' current rates are structured for a Class D water utility which allow recovery of 100% of the fixed costs through the service charge, whereas the proposed rates are consistent with Class C rate structures and recover only 65% of such costs through the service charge, causing a proposed reduction in said charge.

Cold Springs's current rate structure consists of Schedules 1, Annual General Metered Service, and 2, Annual Flat Rate Service. The rates proposed by the Division are shown in Appendix B. The Division also revised current Schedules 1, Annual General Metered Service, and 2, Annual Flat Rate Service, to reflect the actual current billing cycles as monthly for metered service and tri-monthly for flat rate service.

The Division analyzed the current rate structure considering that average service connection's water consumption among Cold Springs' flat rate customers is approximately twice that of general metered customers. In order to avoid any cross-subsidizing of flat rate customers by general metered customers, the Division's proposed flat rates are designed to more closely resemble actual water usage by that group of customers. The Division achieved this goal through increasing flat rates by a percentage that does not violate Division policy, which limits this specific increase to twice the system's average increase.

At the Division's recommended rates, shown in Appendix B, the average monthly bill for a 5/8-inch metered customer using 2.78 Ccf (one Ccf is equal to one hundred cubic feet) of water would increase from \$31.63 to \$36.32, or 14.8%. A comparison of customer bills at present and recommended rates is included in Appendix C. The adopted quantities are shown in Appendix D.

As documented by Res. W-3818, there exists a perception of inequity between metered and flat rate customers, and full time and seasonal residents serviced by Cold Springs, prompting Res. W-3818 to order Cold Springs to continue a meter conversion program it had commenced but abandoned in 1992. Since 1994, Cold Springs has converted 65% of its then flat rate customers to metered service; however, this conversion program has greatly slowed in recent years. The exceedingly high water consumption among flat rate customers is alarming to the Division, and it is evident from the disparity between metered and flat rate water usage values that metering will result in significant water consumption reductions within the service area. Pursuant to the Commission's Water Action plan, the Division recommends that Cold Springs continue the meter conversion program at a more aggressive rate, by converting a minimum of ten flat rate connections per year starting in 2010. (See also PU Code Section 781 (a) (2) as enacted by AB 975 effective January 1, 2010.) This conversion would help achieve the water conservation efforts, with an estimated 15% reduction in total water consumption once

the conversion program is complete.

*Sale of Utility Assets*

As part of this GRC, the Division reviewed Cold Springs' sale of utility real property for \$60,000 in 2007. Cold Springs informed the Division it had sold the property because it was no longer useful in its water operations. As expressed in D.06-05-041, dated May 25, 2006, such review is intended to give the Division the opportunity to determine whether the utility is selling off any key portions or assets, to which, per D.03-09-021, dated September 4, 2003, "the Commission has exclusive authority to determine used, useful or necessary status of any and all infrastructure improvements and investments".

The Division learned that this property had been previously included in rate base. The property sold contained a groundwater well which Cold Springs abandoned many years ago due to its low capacity. The Division determined that the insufficiency of the subject well as a contributing source of water supply for Cold Springs' customer base made the property insignificant to the company's water utility service, and agrees with Cold Springs' conclusion that this property was no longer used or useful at the time of sale. The Division reviewed all the necessary documents pertinent to the sale of the property, including a property appraisal which determined the \$60,000 sale price to be conforming to its fair market value. The Division found this sale transaction consistent with the Water Utility Infrastructure Improvement Act of 1995, PU Code Section 789, et seq. (Infrastructure Act) which encourages utilities to sell no longer needed property.

The Infrastructure Act also governs the allocation of gain on sale of water utility real property that is no longer necessary or useful by requiring the water corporations to reinvest those sale proceeds in new infrastructure within a period of eight years, or else allocate those gains to ratepayers. Ordering Paragraph 17 of D.06-05-041 mandated all water utilities to comply with the following requirements, in accordance with the Infrastructure Act:

"Track all utility property that was at any time included in rate base and maintain sales records for each property that was at any time in rate base but which was subsequently sold to any party, including a corporate affiliate.

Obtain Commission authorization to establish a memorandum account in which to record the net proceeds from all sales of no longer needed utility property.

Use the memorandum account fund as the utility's primary source of capital for investment in utility infrastructure.

Invest all amounts recorded in the memorandum account within eight years of the calendar year in which the net proceeds were realized.”

Pursuant to the orders cited above, Cold Springs should be directed to establish a memorandum account and be required to transfer the net sale proceeds described in this resolution to such account. All net proceeds should be reinvested in water system infrastructure within a period of eight years from the end of the calendar year in which Cold Springs received the proceeds, in accordance with the Infrastructure Act. The proceeds booked to this memorandum account can only be used to invest in utility infrastructure, plant, or facilities that are necessary or useful in providing water utility service to the public. Any proceeds that are not invested within the eight years must be returned or allocated solely to the ratepayers.

### **COMPLIANCE**

There are no outstanding Commission orders requiring system improvements. The utility has been filing annual reports as required.

The Division recommends that Cold Springs remove Schedule No., Surcharge to Fund New Tank, while adding the tank surcharge as a special condition to the General Metered and Flat Rate Schedules as shown in Appendix B. Cold Springs should also remove Schedule No., Surcharge to offset CDPH’s fees and Lead and Copper Testing as this one time surcharge has already been collected. Cold Springs also needs to update its following tariffs: Title Page; Rules: 3, Application for Service; 5, Special Information Required on Forms; 7, Deposits; 8, Notices; 9, Rendering and Payment of Bills; 10, Disputed Bills; 11, Discontinuance and Restoration of Service; 15, Main Extensions; 16, Service Connections, Meters, and Customer’s Facilities; substitute current 20, Fire Protection Service with 20, Water Conservation, and add 21, Fire Protection.

### **COMMENTS**

This is an uncontested matter that pertains solely to a water corporation. Accordingly, pursuant to PU Code 311(g) (3), the otherwise applicable 30-day period for public review and comment is not required.

### **FINDINGS**

1. Cold Springs Water Company, a California corporation, is a Class C water utility serving 441 metered customer and 82 flat rate customers as of December 31, 2008. For Test Year 2009, the Division estimates 445 metered customers and 78 flat rate customers.

2. The last general rate increase was effective on January 7, 1994, pursuant to Res. W-3818, which considered Cold Springs a Class D water utility and authorized a rate increase of \$6,850 or 5.6% and a Rate of Return on rate base of 13.6%.
3. Cold Springs' current rate structure consists of Schedules 1, Annual General Metered Service, and 2, Annual Flat Rate Service. The Division recommends these schedules be revised to reflect Cold Springs' actual billing cycles as monthly for metered service and tri-monthly for flat rate service.
4. Average water consumption per service connection among Cold Springs' flat rate customers is approximately twice that of general metered customers.
5. Since its last general rate increase in 1994, Cold Springs has converted 65% of its then flat rate customers to metered service; however, this conversion program has slowed significantly in recent years.
6. Given the exceedingly high water consumption among flat rate customers, it is evident to the Division that metering will result in significant water reductions. Pursuant to the Commission's Water Action Plan, Cold Springs should be required to convert a minimum of ten flat rate connections per year starting 2010. This conversion could achieve an estimated 15% reduction in water consumption once the program is complete.
7. The utility real property sold by Cold Springs for \$60,000 in 2007 was previously included in rate base. That real property contained a well that had been abandoned by Cold Springs many years ago due to its low capacity. The insufficiency of that well as a contributing source of water supply for Cold Springs' customer base made the property insignificant to the company's water utility service. Therefore the property was no longer necessary or useful at the time of sale. The sale transaction was consistent with the Infrastructure Act, PU Code Section 789 which encourages utilities to sell no longer needed property.
8. The Infrastructure Act governs the allocation of gain on sale of water utility real property that is no longer necessary or useful by requiring the water corporations to reinvest those sale proceeds in new water infrastructure within a period of eight years.
9. Pursuant to Ordering Paragraph 17 of D.06-05-041, Cold Springs should establish a memorandum account and transfer the net proceeds from its sale of the utility real property, described under item 7. above, into that memorandum account.

10. Cold Springs should file in the "Preliminary Statement" of its tariff a new sheet describing the memorandum account as follows:

**“A Net Proceeds from Utility Property Sale Memorandum Account** to track the net proceeds from the sale of utility property subject to reinvestment in useful or necessary water utility infrastructure, plant or facilities, within eight years of the end of the calendar year in which the proceeds were received, pursuant to the Water Utilities Infrastructure Improvement Act of 1995, Public Utilities Code Section 790, et seq.

Net Sale Proceeds	Date Proceeds Received
\$ (amount of net proceeds)	(date proceeds received)

11. The proceeds booked to the memorandum account should be Cold Springs’ primary source of capital for investment, and can only be used to invest in utility infrastructure, plant, or facilities that are necessary or useful in providing water utility service to the public, in accordance with the Infrastructure Act.
12. Pursuant to PU Code Section 790 (a), Cold Springs should maintain all records necessary to document the investment of the net proceeds.
13. Any proceeds that are not reinvested within eight years of the end of the calendar year in which the proceeds were received must be returned or allocated solely to the ratepayers, as stated by Public Utilities Code Section 790 (c).
14. Cold Springs should remove Schedule No., Surcharge to Fund New Tank, while adding the tank surcharge as a special condition to the General Metered and Flat Rate Schedules as shown in Appendix B. Cold Springs should also remove Schedule No., Surcharge to offset California Department of Public Health fees and Lead and Copper Testing, as this one time surcharge has already been collected.
15. Cold Springs should update its following tariffs: Title Page; Rules 3, Application for Service; 5, Special Information Required on Forms; 7, Deposits; 8, Notices; 9, Rendering and Payment of Bills; 10, Disputed Bills; 11, Discontinuance and Restoration of Service; 15, Main Extensions; 16, Service Connections, Meters, and Customer’s Facilities; substitute current 20, Fire Protection Service with 20, Water Conservation, and add 21, Fire Protection.
16. The Division’s UAFCB recommends a ROM of 23% and a ROR from 12.00% to 13.00% for a Class C, 100% equity-financed utility for TY 2009. D.92-03-093, dated March 31, 1992, requires the Division to use both ROM and ROR methods and to recommend the method that produces the higher revenues; therefore the Division

- recommends the ROM of 23% calculation in lieu of the ROR of 12.18% requested by Cold Springs, as it yields higher revenues due to Cold Spring's "little rate base".
17. Cold Springs' current rates are structured for a Class D water utility which allow recovery of 100% of the fixed costs through the service charge, whereas the proposed rates are consistent with Class C rate structures and recover only 65% of such costs through the service charge. Thus the effect of the new rate structure is reflected as a reduction in the proposed service charge.
  18. To avoid any cross-subsidizing of flat rate customers by general metered customers, the Division's proposed flat rates are designed to more closely resemble actual water usage by that group of customers. The Division achieved this goal through increasing flat rates by a percentage that does not violate Division policy, which limits this specific increase to twice the system's average increase
  19. Cold Springs is in agreement with the Division's estimates, recommended revenue requirement and the rates shown in Appendix B.
  20. Division's recommended summary of earnings (Appendix A) is reasonable and should be adopted.
  21. The rates recommended by the Division (Appendix B) are reasonable and should be adopted.
  22. The quantities (Appendix D) used to develop Division's recommendations are reasonable and should be adopted.
  23. The rate increase recommended by Division is justified and the resulting rates are just and reasonable.
  24. This is an uncontested matter that pertains solely to a water corporation. Accordingly, pursuant to PU Code 311(g) (3), the otherwise applicable 30-day period for public review and comment is not required.

**THEREFORE IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454 for Cold Springs Water Company, to file an advice letter incorporating the summary of earnings and the revised schedules attached to this resolution as Appendices A and B, respectively, and concurrently cancel its presently effective rate Schedules 1, General Metered Service, and 2, Flat Rate Service. Filing shall comply with General Order 96-B. The effective date of the revised schedule shall be five days after the date of its filing.

2. Cold Springs Water Company shall within 5 days of the effective date of this resolution establish a memorandum account by filing an advice letter adding to its Preliminary Statement the language contained in Ordering Paragraph No. 3. This advice letter shall be effective when filed, and thereafter subject to review by the Division of Water and Audits for compliance with this resolution. Cold Springs must transfer to this account the net proceeds from its sale of the utility real property discussed in this resolution. Cold Springs shall include with its advice letter its calculation of the "net proceeds" of the sale.
3. Cold Springs must file in the "Preliminary Statement" of its tariff a new sheet describing the memorandum account as follows:

**"A Net Proceeds from Utility Property Sale Memorandum Account** to track the net proceeds from the sale of utility property subject to reinvestment in useful or necessary water utility infrastructure, plant or facilities, within eight years of the end of the calendar year in which the proceeds were received, pursuant to the Water Utilities Infrastructure Improvement Act of 1995, Public Utilities Code Section 790, et seq.

Net Sale Proceeds	Date Proceeds Received
\$(amount of net proceeds)	(date proceeds received)

"

4. Pursuant to Public Utilities Code Section 790, Cold Springs must use the proceeds in the memorandum account discussed herein as its primary source of capital for investment in utility infrastructure, plant, or facilities that are necessary or useful in providing water service to the public. Any proceeds that are not reinvested within eight years of the end of the calendar year in which the proceeds were received must be returned or allocated to the ratepayers.
5. Cold Springs must continue the meter conversion program, and convert a minimum of ten flat rate service connections to metered service, per year starting in 2010.
6. Cold Springs must remove Schedule No., Surcharge to Fund New Tank, and Schedule No., Surcharge to offset California Department of Public Health's fees and Lead and Copper Testing.
7. Cold Springs shall update its following tariffs: Title Page; Rules: 3, Application for Service; 5, Special Information Required on Forms; 7, Deposits; 8, Notices; 9, Rendering and Payment of Bills; 10, Disputed Bills; 11, Discontinuance and Restoration of Service; 15, Main Extensions; 16, Service Connections, Meters, and

Customer's Facilities; substitute current 20, Fire Protection Service with 20, Water Conservation, and add 21, Fire Protection.



APPENDIX A  
 Cold Springs Water Company  
SUMMARY OF EARNINGS  
 TEST YEAR 2009

<u>Item</u>	<u>Utility Estimated</u>		<u>Branch Estimated</u>		<u>Recommended Rates</u>
	<u>Present Rates</u>	<u>Requested Rates</u>	<u>Present Rates</u>	<u>Requested Rates</u>	
<b><u>Operating Revenue</u></b>					
Unmetered Revenue	\$28,640	\$32,077	\$29,993	\$46,849	\$46,849
Metered Revenue	\$166,235	\$186,183	\$168,899	\$194,086	\$194,086
<b>Total Operating Revenue</b>	<b>\$194,875</b>	<b>\$218,260</b>	<b>\$198,892</b>	<b>\$240,935</b>	<b>\$240,935</b>
<b><u>Operating Expenses</u></b>					
Purchased Water	\$0	\$0	\$0	\$0	\$0
Purchased Power	\$15,534	\$15,534	\$15,341	\$15,341	\$15,341
Other Volume Related Expenses	\$2,065	\$2,065	\$2,181	\$2,181	\$2,181
Employee Labor	\$49,743	\$49,743	\$44,785	\$44,785	\$44,785
Materials	\$1,029	\$1,029	\$743	\$743	\$743
Contract Work		\$0	\$0	\$0	\$0
Water Testing	\$4,205	\$4,205	\$3,456	\$3,456	\$3,456
Transportation Expenses	\$3,000	\$3,000	\$4,648	\$4,648	\$4,648
Other Plant Maintenance	\$3,600	\$3,600	\$2,377	\$2,377	\$2,377
Office Salaries	\$29,400	\$29,400	\$26,880	\$26,880	\$26,880
Management Salaries	\$26,000	\$26,000	\$24,000	\$24,000	\$24,000
Employee Benefits	\$11,323	\$11,323	\$9,144	\$9,144	\$9,144
Uncollectibles Expense	\$0	\$0	\$0	\$0	\$0
Office Services & Rentals	\$16,470	\$16,470	\$16,470	\$16,470	\$16,470
Office Supplies & Expenses	\$6,346	\$6,346	\$5,252	\$5,252	\$5,252
Professional Services	\$725	\$725	\$725	\$725	\$725
Insurance	\$10,078	\$10,078	\$9,354	\$9,354	\$9,354
Regulatory Commission Expense	\$969	\$969	\$286	\$286	\$286
General Expenses	\$400	\$400	\$3,692	\$3,692	\$3,692
<b>Subtotal</b>	<b>\$180,887</b>	<b>\$180,887</b>	<b>\$169,334</b>	<b>\$169,334</b>	<b>\$169,334</b>
Depreciation	\$3,843	\$3,843	\$9,389	\$9,389	\$9,389
Taxes other than Income	\$9,860	\$9,860	\$9,170	\$9,170	\$9,170
Income Taxes	\$800	\$800	\$2,476	\$11,942	\$11,942
Interest	\$0	\$0	\$0	\$0	\$0
<b>Total Deductions</b>	<b>\$195,390</b>	<b>\$195,390</b>	<b>\$190,369</b>	<b>\$199,835</b>	<b>\$199,835</b>
<b>Net Revenue</b>	<b>(\$515)</b>	<b>\$22,870</b>	<b>\$8,522</b>	<b>\$41,100</b>	<b>\$41,100</b>
<b><u>Rate Base</u></b>					
Average Plant	\$499,535	\$499,535	\$479,957	\$479,957	\$479,957
Ave. Accumulated Depreciation	\$355,433	\$355,433	\$367,121	\$367,121	\$367,121
<b>Net Plant</b>	<b>\$144,102</b>	<b>\$144,102</b>	<b>\$112,836</b>	<b>\$112,836</b>	<b>\$112,836</b>
<u>Less</u> Advances	\$20,293	\$20,293	\$20,293	\$20,293	\$20,293
Contributions	\$34,672	\$34,672	\$56,485	\$56,485	\$56,485
<u>Plus</u> Working Cash	\$74,000	\$74,000	\$23,169	\$23,169	\$23,169
Materials & Supplies	\$0	\$0	\$0	\$0	\$0
<b>Rate Base:</b>	<b>\$163,137</b>	<b>\$163,137</b>	<b>\$59,227</b>	<b>\$59,227</b>	<b>\$59,227</b>
<b>Rate of Margin</b>					23.00%

**APPENDIX B - (page 1 of 2)**  
**Cold Springs Water Company**

**Schedule No. 1**

**GENERAL METERED SERVICE (C)**  
**Test Year 2009**

**APPLICABILITY**

Applicable to all metered water service.

**TERRITORY**

Cold Springs and Peter Pam Subdivisions and vicinity, located approximately 8 miles east of Long Barn, Tuolumne County.

**RATES**

Quantity Rates:

All water used, per 100 cu. ft..... \$5.21 (I)

Service Charge:

	Per Meter <u>Per Month (C)</u>
For 5/8 x 3/4-inch meter	\$ 21.90 (R)
For 3/4-inch meter	\$ 32.85 (I)
For 1-inch meter	\$ 54.75 (R)
For 1-1/2-inch meter	\$ 109.51 (R)
For 2-inch meter	\$ 175.22 (R)

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

**SPECIAL CONDITIONS**

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. All bills are subject to a monthly surcharge of \$3.79 in addition to the water bill. This surcharge is identified on each bill. The surcharge is specifically for the repayment of the Porter/Cal Western Inc. loan used for the purchase of a new water tank. The monthly surcharge will be applied beginning the effective date of Resolution W-4756 and will remain in effect for seven years until otherwise directed by the Commission. The amount collected will be tracked in a balancing account.

**APPENDIX B - (page 2 of 2)**  
**Cold Springs Water Company**

**Schedule No. 2**

**GENERAL FLAT RATE SERVICE (C)**  
**Test Year 2009**

**APPLICABILITY**

Applicable to all water service furnished on a flat rate basis.

**TERRITORY**

Cold Springs and Peter Pam Subdivisions and vicinity, located approximately 8 miles east of Long Barn, Tuolumne County.

**RATES**

	<u>Per Service Connection per</u> <u>TRI-MONTHLY billing period(C)</u>
For single-family residence or business establishment including premises.....	\$ 150.16 (I)
For each additional single-family residential unit on the same premises and served from the same service connection.....	\$ 128.44 (I)

**SPECIAL CONDITIONS**

1. The above flat rates apply to service connections not larger than  $\frac{3}{4}$  inch in diameter.
2. All service not covered by the above classification shall be furnished only on a metered basis. (N)
3. A meter may be installed at the option of the utility in which event service thereafter will be furnished under Schedule No.1, General Metered Service. (N)
4. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
5. All bills are subject to a monthly surcharge of \$3.79 in addition to the water bill. This surcharge is identified on each bill. The surcharge is specifically for the repayment of the Porter/Cal Western Inc. loan used for the purchase of a new water tank. The monthly surcharge will be applied beginning the effective date of Resolution W-4756 and will remain in effect for seven years until otherwise directed by the Commission. The amount collected will be tracked in a balancing account.

**APPENDIX C**  
**Cold Springs Water Company**

**COMPARISON OF RATES**  
 Test Year 2009

**Metered Service**

**Per Service Connection Per Month**

		<u>Present</u>	<u>Recommended</u>	<u>Percent</u>
		<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
<b>Service Charge:</b>				
	For 5/8 x 3/4-inch meters	\$ 26.95	\$21.90	-18.7%
	For 3/4-inch meters	\$ 29.56	\$32.85	11.1%
	For 1-inch meters	\$ 70.39	\$54.75	-22.2%
	For 1-1/2-inch meters	\$ 134.74	\$109.51	-18.7%
	For 2-inch meters	\$ 215.59	\$175.22	-18.7%
<b>Quantity Charge:</b>				
<b>General Water Service</b>	All water per CCF . . .	\$ 1.69	\$ 5.21	208.3%

**Flat Rate Service**

	Per Service Connection	\$ 32.04	\$ 50.05	56.2%
	Per additional connection	\$ 27.41	\$ 42.81	56.2%

**A Monthly bill comparison for a customer with a 5/8 x 3/4-inch meter is shown below:**

<u>Usage</u>	<u>Present</u>	<u>Recommended</u>	<u>Percent</u>
<u>CCF</u>	<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
0	\$ 26.95	\$ 21.90	-18.7%
1.0	\$ 28.64	\$ 27.11	-5.3%
2.0	\$ 30.33	\$ 32.32	6.6%
2.7687 (average)	\$ 31.63	\$ 36.32	14.8%
3	\$ 32.02	\$ 37.53	17.2%
4	\$ 33.71	\$ 42.74	26.8%
5	\$ 35.40	\$ 47.95	35.5%

**APPENDIX D**  
**Sheet 1 of 2**  
**Cold Springs Water Company**

**ADOPTED QUANTITIES**  
 Test Year 2009

**1. Purchased Power**

Pacific Gas & Electric Company

Total Usage KWH/CCF Produced	5.2297
<u>Sch A-1</u> Usage Percentage	1.00%
<u>Sch A-6</u> Usage Percentage	99.00%
Peak	3.96%
Part Peak	21.12%
Off Peak	74.92%
Effective Date of all Schedules	
Composite Expense \$/KWH	\$ 0.1418

Total Pumped, Ccf	20,561
Total KWH	107,529

**2. Property Taxes** \$ 317.56

**3. Payroll**

Employee Labor	\$ 44,785
Office Salaries	\$ 26,880
Management Salaries	<u>\$ 24,000</u>
	\$ 95,665

**4. Service Connections**

Potable Water Service	Number of Customers
<b>General Metered</b>	
<b>Meter Size</b>	
5/8 x 3/4-inch meters	445
3/4-inch meters	
1-inch meters	
1-1/2-inch meters	
2-inch meters	
<b>Flat Rate</b>	
Main Residence on premise	78
Additional Residence on premise	
<b>TOTAL</b>	<b>523</b>

**5. Consumption** 20,561 Ccf

**APPENDIX D**  
**Sheet 2 of 2**  
**Cold Springs Water Company**

**ADOPTED QUANTITIES**

Test Year 2009

**6. Tax Calculations**

State Tax Rate:	8.84%
Federal Tax Rate:	15% for 1 <sup>st</sup> \$50,000 taxable income
	25% for next \$25,000 taxable income
	34% for next \$25,000 taxable income
	39% above

Operating Revenues	\$ 240,935
Expenses	\$ 169,334
Taxes other than Income	\$ 9,170
Depreciation	\$ 9,389
Taxable Income for State	\$ 53,042
State tax	\$ 4,689
Taxable Income for Federal	\$ 48,353
Federal tax	\$ 7,253