

DWA/RSK/BMD/PTL/MCV/jlj

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION NO. W-4896
January 12, 2012

R E S O L U T I O N

**(RES. W-4896), DEL ORO WATER COMPANY, INC.'S (DOWC)
PARADISE PINES DISTRICT (PPD). ORDER AUTHORIZING A
GENERAL RATE INCREASE (GRC), PRODUCING ADDITIONAL
ANNUAL REVENUE OF \$222,853 OR 13.54% FOR TEST YEAR (TY)
2011.**

SUMMARY

By Advice Letter (AL) 304, filed on July 29, 2011, DOWC seeks to increase its rates for water service for PPD to recover increased operating expenses and account for water consumption reductions from the adopted amount in Res. W-4760, DOWC's GRC for TY 2009, and earn an adequate return on its plant investment. For TY 2011, this Resolution grants an increase in gross annual revenues of \$222,853 or 13.54%, over current rates, which is estimated to provide a rate of return (ROR) of 10.80%.

BACKGROUND

DOWC has requested authority under Rule 7.6.2 of General Order 96-B (GO 96-B), Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code to increase its water rates for PPD by \$266,692 or 16.21% for TY 2011, over the current rates. The purpose of the rate increase is to recover increased operating expenses, adjust the adopted quantity for water sold to customers to reflect more accurately the current consumption, and provide an adequate rate of return. DOWC's request was based on a rate of return of 10.80%.

PPD's present interim rates became effective on July 27, 2011, by approval of AL 303, which authorized a Consumer Price Index (CPI) rate increase of \$27,949 or 1.5%, subject to refund or increase to the rates established in this GRC. The last GRC for PPD was granted on July 9, 2009, pursuant to Res. W-4760, which granted an increase in revenues of \$341,135 or 22.8%.

DOWC is a Class B multi-district water utility which includes the PPD. DOWC's PPD is located in the city of Paradise Pines, in Butte County, and currently serves

approximately 4,696 customers, mostly residential but has some commercial customers. DOWC currently allocates transportation and labor expenses among four districts, PPD, Magalia, Lime Saddle, and Stirling Bluffs districts. All other operational costs are allocated among all of DOWC's seventeen districts. The percentage amount of costs allocated to each district is based on the number of customers in each district. PPD is the largest of DOWC's districts and in this GRC, DOWC is allocating to PPD 85.5% of the total transportation expenses and labor costs and 57.83% for all other operational costs. Division agrees with DOWC's cost allocation percentages for PPD.

PPD's water distribution system consist of five wells, all located in its service area and three storage tanks with a capacity of 2,900,000 gallons. PPD uses four water wells as the primary water supply source and Well No. 1 is used as a standby well. DOWC also purchases water from the Paradise Irrigation District to supplement its supply during the peak water usage period. Separate from this GRC, DOWC is also participating in a Regional Intertie Project to modify the existing lake intake from Lake Orville and increase its overall water supply capacity to eliminate the need to purchase water to meet PPD's demand.

NOTICE AND PROTEST

In accordance with GO 96-B, AL 304 was served on July 29, 2011, on adjacent utilities and persons on the general service list. On August 24, 2011, a notice of the proposed rate increase was mailed to each customer's permanent address and to the general service list. Two customer letters questioning the rate increase were timely received and the utility replied. The Division of Water and Audits (Division) has reviewed and considered the customers' letters.

An informal public meeting was held on September 22, 2011, at 7:00 PM at the Paradise Pines Golf Course Club House. Six customers from PPD attended the meeting. Division staff explained the Commission procedures, while DOWC's representatives cited justification for the proposed rate increase. Division staff and the DOWC representatives answered questions until approximately 9:00 PM.

In setting rates in this resolution, we have balanced the financial requirements of DOWC's PPD with the rate concerns of its customers.

DISCUSSION

The Division made an independent analysis of DOWC's operations. Appendix A provides DOWC's and the Division's estimated summary of earnings at present and proposed rates for TY 2011 and the Division's recommended rates for TY 2011. DOWC

is in agreement with the Division's recommended revenue requirement, shown in Appendix A, and the Division's recommended rates, shown in Appendix B. The Division recommends that the Commission approve the rate increases and resulting rates included in Appendix B.

In this GRC, DOWC requests a revenue increase in the amount of \$266,692 to account for decreases in water sales from those adopted in Res. W-4760, and increases in operating expenses in employee labor, transportation expenses, office services and rentals, and office supplies and expenses. DOWC does not seek to increase other operating expenses listed in the summary of earnings in Appendix A, therefore the expense levels would remain at the 2009 adopted amounts for TY 2011. DOWC, in its GRC filing, also reports decreases in its Regulatory Commission expense by \$3,960 and other volume related expenses by \$891.

DOWC requests \$219,846 for employee labor for PPD, an increase of \$36,461 from the \$183,385 adopted in Res. W-4760. DOWC attributes the increase to the company's 5.0% annual increase it provides its employees to maintain comparable wages in the area and qualified employees. Division reviewed the employee salaries and recommends \$191,333 for employee labor for TY 2011 based on the 2009 adopted amount adjusted by the wage escalation rates provided by Division of Ratepayer Advocates (DRA) in its July 2011 escalation memorandum¹ (DRA Escalation Memo) for 2010, 2011, and 2012. Division adjusted the 2009 adopted employee labor cost by -0.3%, 1.6%, and 3.0% wage escalation factors for 2010, 2011, and 2012, respectively. Division recommends using the wage escalation factors to adjust DOWC's employee wages because it provides a more reasonable wage increase that is more aligned with current economic conditions.

DOWC requests \$51,751 for transportation expenses for TY 2011. Division reviewed DOWC's request and recommends \$45,523 for transportation expenses based on 2008 through 2010 recorded transportation expenses plus a 5.4% non-labor escalation factor for 2011 from DRA's escalation memo. DOWC is now in agreement with the Division's estimates.

DOWC requests \$99,867 for office supplies and expenses, an increase of \$18,202 from the \$81,665 authorized by Res. W-4760. DOWC attributes the increase to increases in postage and general office supplies associated with the implementation of its new

1. DRA July 31, 2011 memorandum on the estimates of non-labor and wage escalation rates for 2011 through 2015 from the July 2011 IHS Global Insight U.S. Economic Outlook.

billing system in 2010. According to DOWC, with the new billing system it is able to relay water conservation information to its customers. Division reviewed DOWC's requests and recommends \$95,966 for office supplies based on DOWC's office supplies and expenses over the last three years (2008 through 2010) plus a 5.4% non-labor escalation factor.

DOWC requests an adjustment in the adopted quantities for water sales in Res. W-4760 to reflect more accurately 2010 water sales. DOWC reports a decrease in water sales of 110,840 one hundred cubic feet (Ccf) or 24% from the 577,000 Ccf adopted amount in Res. W-4760 for TY 2009. DOWC attributes the reduction in water sales to wetter weather conditions in 2009 and 2010, water conservation, and an increased number of vacant homes in PPD due to foreclosures and customers not residing full-time in their homes.

Division reviewed DOWC's water sales for the last three years and confirmed that water sales have decreased as indicated by DOWC. Division therefore agrees with DOWC and recommends adjusting the water sales for TY 2011 to provide DOWC an opportunity to earn the authorized rate of return. Accordingly, Division recommends using the 2010 actual sales amount of 466,166 CCF to compute the volumetric rates for TY 2011.

For TY 2011, DOWC does not request a decrease in its purchased power expenses from the amount adopted in Res. W-4760. Division reviewed DOWC's purchased power expenses for 2008 through 2010 and the average of these expenses approximates the 2009 adopted level. Division therefore does not recommend any changes to purchase power expenses for TY 2011.

DOWC in this GRC requests a 10.80% ROR, which is the last approved ROR. Division accepts DOWC's request as reasonable and based its analysis on a ROR of 10.80%. Using this ROR, Division calculates a revenue requirement of \$1,868,400.

DOWC's PPD rate structure consists of one schedule: PP-1-A, General Metered Service. The rates proposed by the Division are shown in Appendix B. At the Division's recommended rates, the increase in revenue will be \$222,853 or 13.54% for TY 2011. At the recommended rates for 2011, monthly rates for an average consumption of 8.3 Ccf will increase from \$34.41 to \$38.45, a difference of \$4.03 or 11.70%. A comparison of customer bills at present and recommended rates is shown in Appendix C. The adopted quantities and tax calculations are shown in Appendix D.

PPD's interim rates became effective on July 27, 2011, by approval of AL 303, which authorized a CPI rate increase of \$27,949 or 1.5%, subject to refund or increase to the

rates established in this GRC. The rates authorized by this Resolution are higher than the interim rates; therefore, DOWC should be allowed to file a Tier 2 advice letter within 30 days from the effective date of this Resolution to collect the under-collected revenues from the interim rate date to the effective date of the new rates.

COMPLIANCE

The utility has been filing annual reports as required. However, DOWC needs to file a Tier 1 advice letter within 30 days from the effective date of this resolution to update Schedule LC, Late Payment Charge, of its tariff book to meet the current commission standards.

The utility has no outstanding water quality violations and is in compliance with California Department of Public Health water quality standards.

Compliance with GO 103-A requirements for submission of plans of operation is required. The Division recommends that DOWC should conform to GO 103-A² requirements by submitting its current operational and maintenance plans for its PPD, electronically or hard copy, to the Division within six months from the effective date of this resolution.

COMMENTS

Public Utilities Code Section 311(g) (1) provides that resolutions generally must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission.

Accordingly, the draft resolution was mailed to the utility, all protestants (whether or not they filed timely protests), and those requesting service at the public meeting, and made available for public comment on November 15, 2011. One comment letter was filed on the draft resolution questioning: 1) DOWC's requested increase for office supplies and expenses, and employee labor; 2) the recommended ROR; and 3) adjustment in water sales.

First, Division is recommending adjusted amounts for office supplies and expenses and employee labor from those requested by DOWC. As explained in the resolution, the recommended amount for office supplies and expenses is based on the average of

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2. The Commission's Rules Governing Water Service, Including Minimum Standards for Operation, Maintenance, Design and Construction.

DOWC's actual recorded expenses for the last three years (2008 through 2010) adjusted for inflation for test year 2011. Similarly, the recommended amount for employee labor is based on the 2009 adopted amount escalated by the wage escalation factors provided in DRA's Escalation Memo.

Division continues to support the recommended ROR which is the Commission's last authorized ROR rate for DOWC's PPD.

Division also continues to support its recommendation to adjust the district's estimated water sales for test year 2011 which is based on 2010 actual water usage.

FINDINGS

1. DOWC has requested authority to increase water rates for its PPD by \$266,692 or 16.21%, over current rates for TY 2011.
2. The increase in rates is due to water consumption reduction and increases in operating expenses in employee labor, transportation expenses, office services and rentals, and office supplies and expenses.
3. AL 304 was served in accordance with General Order 96-B on July 29, 2011. On August 24, 2011, a notice of the proposed rate increase was mailed to each customer and to the general service list.
4. In reviewing DOWC's request, the Division made an independent analysis of DOWC's operations for the PPD.
5. The Division used the 2009 adopted employee labor costs adjusted by wage escalation factors for 2009, 2011, and 2012. These factors are shown in the July 31, 2011 escalation memorandum from the Division of Ratepayer Advocates to estimate employee labor costs for TY 2011.
6. The Division used DOWC's 2008 through 2010 recorded transportation expenses plus a 5.4% non-labor escalation factor to estimate transportation expenses for TY 2011.
7. The Division used DOWC's 2008 through 2010 recorded office supplies and expenses plus a 5.4% non-labor escalation factor to estimate office supplies and expenses for TY 2011.

8. Division recommends adjusting DOWC's water sales to 2010 levels to provide DOWC an opportunity to earn the authorized rate of return.
9. The Division informed DOWC of how the methodologies and escalation rates it used differed from those used in DOWC's request. DOWC now agrees with the Division's recommended revenue requirement.
10. The Division's recommended summary of earnings (Appendix A) are reasonable and should be adopted.
11. The rates recommended by the Division (Appendix B) are reasonable and should be adopted.
12. The quantities (Appendix D) used to develop the Division's recommendations are reasonable and should be adopted.
13. For TY 2011, it is appropriate to grant DOWC an increase in gross annual revenues of \$222,853 or 13.54%, which is estimated to provide a rate of return of 10.80%.
14. DOWC should be ordered to file a Tier 1 advice letter within 30 days from the effective date of this resolution to update Schedule LC, Late Payment Charge, in its tariff book to meet the current commission standards.
15. DOWC should be allowed to file a Tier 2 advice letter within 30 days from the effective date of this Resolution to collect the under-collected revenues from the interim rate date to the effective date of the new rates. This advice letter should become effective upon approval by Staff of the Division of Water and Audits.
16. DOWC should conform to GO 103-A requirements by submitting its current operational and maintenance plans for its PPD, electronically or hard copy, to the Division within six months from the effective date of this resolution.
17. This draft resolution was mailed to the utility and protestants and made available for public comment on November 15, 2011.
18. One comment letter was filed on the draft resolution questioning: 1) DOWC's requested increase for office supplies and expenses, and employee labor; 2) the recommended ROR; and 3) adjustment in water sales.

19. Division continues to support the recommended amount for office supplies and expenses which is based on actual recorded expenses as described in finding number 7 above.
20. Division continues to support the recommended employee labor which is based on 2009 Commission's authorized amount escalated to test year 2011, as specified in Finding 5 above.
21. Division continues to support the recommended ROR for DOWC's PPD which is the Commission's last authorized ROR rate for this district.
22. Division supports its recommendation to adjust the district's estimated water sales for test year 2011 which is based on 2010 actual water usage.

THEREFORE IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 to Del Oro Water Company, Inc., to file a supplemental advice letter with the revised rate schedule attached to this Resolution as Appendix B for its Paradise Pines District and concurrently cancel its presently effective rate Schedule No. PP-1A, Annual General Metered Service. The effective date of the revised schedule shall be five days after the date of filing.
2. The quantities (Appendix D) used to develop the Division of Water and Audits' recommendations are adopted.
3. Del Oro Water Company, Inc. is ordered to file a Tier 1 advice letter within 30 days from the effective date of this resolution to update Schedule LC, Late Payment Charge, in its tariff book to meet the current commission standards.
4. Del Oro Water Company, Inc. is authorized to file a Tier 2 advice letter within 30 days from the effective date of this Resolution to collect the under-collected revenues from the interim rate date to the effective date of the new rates. This advice letter shall become effective upon approval by Staff of the Division of Water and Audits.
5. DOWC shall conform to General Order 103-A requirements by submitting its current operational and maintenance plans for its PPD, electronically or hard copy, to the Division within six months from the effective date of this resolution.

6. 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 January 12, 2011; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

MICHAEL R. PEEVEY
President
TIMOTHY ALAN SIMON
MICHEL PETER FLORIO
CATHERINE J. K. SANDOVAL
MARK J. FERRON
Commissioners

APPENDIX A
DOWC's Paradise Pines
Summary Of Earnings
Test Year 2011

	DOWC_PP Present Rates	DOWC_PP Requested Rates	Staff Present Rates	Staff Requested Rates	Staff Recommended Rates
Operating Revenues					
Metered	\$1,645,032	\$1,911,724	\$ 1,645,547	\$1,912,294	\$1,868,400
Other Revenues					
Total Revenue	\$1,645,032	\$1,911,724	\$1,645,547	\$1,912,294	\$1,868,400
Operating Expenses					
610 Purchased Water	\$70,580	\$70,580	\$70,580	\$70,580	\$70,580
615 Purchased Power	\$299,382	\$299,382	\$299,382	\$299,382	\$299,382
618 Other Volume Related Expenses	\$1,183	\$1,183	\$1,183	\$1,183	\$1,183
630 Employee Labor	\$219,848	\$219,848	\$191,333	\$191,333	\$191,333
640 Materials	\$31,504	\$31,504	\$31,504	\$31,504	\$31,504
650 Contract Work	\$27,398	\$27,398	\$27,398	\$27,398	\$27,398
660 Transportation Expenses	\$51,751	\$51,751	\$45,523	\$45,523	\$45,523
664 Other Plant Maintenance	\$2,074	\$2,074	\$2,074	\$2,074	\$2,074
670 Office Salaries	\$298,884	\$298,884	\$298,884	\$298,884	\$298,884
671 Management Salaries	\$76,510	\$76,510	\$76,510	\$76,510	\$76,510
674 Employee Pensions and Benefits	\$122,226	\$122,226	\$122,226	\$122,226	\$122,226
676 Uncollectable Accounts	\$2,016	\$2,016	\$2,016	\$2,016	\$2,016
678 Office Services and Rentals	\$68,092	\$68,092	\$68,092	\$68,092	\$68,092
681 Office Supplies and Expenses	\$99,867	\$99,867	\$95,966	\$95,966	\$95,966
682 Professional Services	\$21,178	\$21,178	\$21,178	\$21,178	\$21,178
684 Insurance	\$43,528	\$43,528	\$43,528	\$43,528	\$43,528
688 Regulatory Commission Expense	\$0	\$0	\$0	\$0	\$0
689 General Expense	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Subtotal	\$1,441,021	\$1,441,021	\$1,402,377	\$1,402,377	\$1,402,377
403 Depreciation	\$135,669	\$135,669	\$135,669	\$135,669	\$135,669
408 Taxes Other Than Income	\$64,706	\$64,706	\$64,706	\$64,706	\$64,706
409 State Income Taxes	\$800	\$23,893	\$8,752	\$26,834	\$22,954
410 Federal Income Taxes	\$426	\$79,341	\$18,935	\$91,170	\$75,565
Total Deductions	\$1,642,622	\$1,744,630	\$1,630,439	\$1,720,756	\$1,701,271
Net Revenue	\$2,410	\$167,094	\$15,108	\$191,538	\$167,129
Rate Base					
Average Plant	\$6,292,778	\$6,292,778	\$6,292,778	\$6,292,778	\$6,292,778
Average Dep. Reserve	\$4,598,651	\$4,598,651	\$4,598,651	\$4,598,651	\$4,598,651
Net Plant	\$1,694,127	\$1,694,127	\$1,694,127	\$1,694,127	\$1,694,127
Less: Contributions	\$77,106	\$77,106	\$77,106	\$77,106	\$77,106
Advances	\$197,187	\$197,187	\$197,187	\$197,187	\$197,187
Plus: Working Cash	\$120,085	\$120,085	\$120,085	\$120,085	\$120,085
Mat'l & Supplies	\$7,157	\$7,157	\$7,157	\$7,157	\$7,157
Rate Base	\$1,547,076	\$1,547,076	\$1,547,076	\$1,547,076	\$1,547,076
Rate of Return	0.16%	10.80%	0.98%	12.38%	10.80%

(END OF APPENDIX A)

APPENDIX B
Sheet 1
Del Oro Water Company, Inc.

SCHEDULE NO. PP-1A

GENERAL METERED SERVICE
PARADISE PINES DISTRICT

APPLICABILITY

Applicable to all metered water service furnished on an annual basis to the Paradise Pines District service area.

TERRITORY

All territory served by Del Oro Water Company Inc. in the area known as Fir Haven Subdivision, Sierra Del Oro Subdivision, Paradise Pines Subdivision, located approximately 6 miles north of Paradise, Butte County.

RATES

Quantity Charge:

For all water, per 100 cu. ft.	\$2.510	(I)
		(D)

Per Meter Per Month

¹Monthly Service Charge:

For 5/8 x 3/4 inch meter	\$11.74	(I)
For 3/4 inch meter	\$17.61	
For 1 inch meter	\$29.35	
For 1 1/2 inch meter	\$58.71	
For 2 inch meter	\$93.93	
For 3 inch meter	\$176.12	
For 4 inch meter	\$293.54	
For 6 inch meter	\$587.07	(I)

Per Meter Per Month

²SRF Surcharge:

For 5/8 x 3/4 inch meter	\$3.26
For 3/4 inch meter	\$4.89
For 1 inch meter	\$8.15
For 1 1/2 inch meter	\$16.30
For 2 inch meter	\$26.07
For 3 inch meter	\$48.89
For 4 inch meter	\$81.48
For 6 inch meter	\$162.96

APPENDIX B
Sheet 2

Del Oro Water Company, Inc.
Paradise Pines District

SCHEDULE NO. PP-1A

GENERAL METERED SERVICE

SPECIAL CONDITIONS

1. The annual service charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, the resident may elect, at the beginning of the calendar year, to pay prorated service charge above flat rate charges apply to service connections not larger than one-inch (C) in diameter. (C)
2. The established billing cycle for water used is monthly.
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
4. A late charge will be imposed per Schedule No. LC.
5. In accordance with Section 2714 of the Public Utilities Code, if a tenant 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.
6. Charge for Commitment of Future Service. By Decision No. 08-05-032, the Commission authorized the Utility to impose a surcharge (SRF surcharge) for repayment of a State Revolving Fund Loan to fund the construction of the Regional Intertie Project authorized by that Decision. In lieu of the SRF Surcharge set forth in Schedule PP-1A, an Applicant for new service who does not wish to actually receive service at the time of application but rather seeks only a firm commitment by the utility to provide service at some date in the future, shall be assessed a one-time charge equal to (a) the applicable monthly SRF Surcharge for the meter size for which a service commitment is sought times (b) 240 months. An applicant assessed the charge described herein shall not be subject to the SRF Surcharge or SRF Surcharge Connection Fee set forth in Schedule PP-1A when the applicant actually begins receiving water service.

Within each of the three districts all new customers [applicants] requesting service to any previously un-served premises will be charged a SRF Surcharge Connection Fee calculated as the total of the monthly surcharges applicable from the effective date of the original tariff schedule [May 30, 2008] authorizing the surcharge to the date of connection.

(D)
(D)

APPENDIX B

**Del Oro Water Company, Inc.
Paradise Pines District**

**SCHEDULE NO. PP-1-A
(continued)**

ANNUAL GENERAL METERED SERVICE

SPECIAL CONDITIONS (continued)

¹ The Service Charge is a readiness-to-serve charge which is applicable to all metered water service and to which is added the monthly charge for water used computed at the Quantity Rate.

² The monthly surcharge is specifically for the repayment of the State Revolving Fund for the Regional Intertie Project as authorized by Decision 08-05-032.

(D)

(END OF APPENDIX B)

APPENDIX C
Del Oro Water Company, Inc
Paradise Pines District

Comparison of Rates

Test Year 2011

		Per Service Connection Per Month		
		Present	Recommended	Percent
		<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
Service Charge:				
	For 5/8 x 3/4-inch meters	\$ 11.60	\$11.74	1.2%
	For 3/4-inch meters	\$ 17.39	\$17.61	1.3%
	For 1-inch meters	\$ 28.99	\$29.35	1.3%
	For 1-1/2-inch meters	\$ 57.98	\$58.71	1.3%
	For 2-inch meters	\$ 92.76	\$93.93	1.3%
	For 3-inch meters	\$ 173.92	\$176.12	1.3%
	For 4-inch meters	\$ 289.87	\$293.54	1.3%
	For 6-inch meters	\$ 579.76	\$587.07	1.3%
Quantity Charge:				
	Metered All use, per 100 cubic feet	\$ 2.051	\$ 2.510	22.4%
Monthly bill comparison for a customer with a 5/8 x 3/4-inch meter is shown below (average usage is 8.3 Ccf):				
Usage	Present	Recommended	Amount	Percent
<u>100 cubic feet</u>	<u>Rates</u>	<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
5	21.86	24.29	2.44	11.1%
8.3	34.41	38.45	4.03	11.7%
10	32.11	36.84	4.73	14.7%
15	42.37	49.39	7.03	16.6%
20	52.62	61.94	9.32	17.7%
30	73.13	87.04	13.91	19.0%
40	93.64	112.14	18.50	19.8%

(END OF APPENDIX C)

APPENDIX D
Del Oro Water Company, Inc
Paradise Pines District

Adopted Quantities
Test Year 2011

1. Purchased Power	
Total Cost	\$299,382
2. Water Sales	466,166 Ccf
3. Payroll	
Employee Labor	\$191,333
Office Salaries	\$298,884
Management Salaries	\$ 76,510
4. Payroll taxes	\$46,829
5. Property Taxes	\$17,877

Service Connections

5/8 -inch by 3/4 inch	4653
1 -inch	25
1 ½ -inch	11
2 - inch	7
3- inch	2
4- inch	2
6- inch	<u>8</u>
Total	4701

Water Consumption

Tax Calculations

	<u>2011</u>
Operating Revenues	\$1,868,400
Expenses	\$1,402,377
Depreciation	\$ 135,669
Taxes other than Income	\$ 64,706
Taxable Income for State	\$259,658
State tax	\$ 22,954
Taxable Income for Federal	\$236,704
Federal tax	\$ 75,565

(END OF APPENDIX D)