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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS  
Water and Sewer Advisory Branch

RESOLUTION NO. W-4900  
February 1, 2012

R E S O L U T I O N

**(RES. W- 4900), TIMBERLAND WATER COMPANY, INC. (TWC).  
ORDER AUTHORIZING A GENERAL RATE INCREASE (GRC),  
PRODUCING ADDITIONAL ANNUAL REVENUE OF \$14,359 OR 14.4%  
FOR TEST YEAR (TY) 2011, AND FACILITIES FEES.**

**SUMMARY**

By Advice Letter (AL) 24, filed on June 13, 2011<sup>1</sup>, TWC seeks to increase its rates for water service to recover increased operating expenses and earn an adequate return on its plant investment. For TY 2011, this Resolution grants an increase in gross annual revenues of \$14,359 or 14.4%, over current rates, which is estimated to provide a rate of return of 12.50%. Authority to establish facilities fees is also granted.

**BACKGROUND**

TWC, a Class D water utility, has requested authority under Rule 7.6.2 of General Order (GO) 96-B, Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code to increase its water rates by \$38,940 or 39.76% for TY 2011, over the current rates. The purpose of the rate increase is to recover increased operating expenses and to provide an adequate rate of return. TWC's request was based on a rate of return of 12.50%.

The present rates became effective on May 6, 2011, by approval of AL 23, which authorized a Consumer Price Index increase of \$1,440 or 1.5%. The last GRC for TWC was granted on May 29, 2008, pursuant to Res. W-4688, which granted an increase in revenues of \$21,873 or 29.4%.

TWC serves approximately 134 customers in and near Timberland Subdivision about three miles South of Tahoe City in Placer County. Eighteen of the customers are

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<sup>1</sup> AL 24 was mailed to the service list and noticed to the public on May 20, 2011. Due to a miscommunication, AL 24 was not filed with the Division of Water and Audits until June 13, 2011.

metered and the balance are flat rate. The TWC system is supplied from one well with a pumping capacity of 240 gallons per minute. The system has one storage tank with a capacity of 30,000 gallons. TWC's distribution system consists of 11,487 feet of mains sized from two to six inches.

### **NOTICE AND PROTEST**

AL 24 was served on May 20, 2011, to adjacent utilities and persons on the general service list. As noted above, due to a miscommunication, AL 24 was not filed with the Division of Water and Audits (DWA) until June 13, 2011. Also on May 20, 2011, a notice of the proposed rate increase was mailed to each customer's permanent address and to the general service list. Seven customer letters or emails questioning the rate increase were timely received and the utility replied. Two emails were received after the comment period as a follow up to the public meeting. The Division of Water and Audits (Division) has reviewed and considered the customer comments whether timely or not.

An informal public meeting was held on Thursday, June 9, 2011, at 6:30 PM at the Rideout Community Center. Approximately twenty-one customers attended the meeting. Division staff explained the Commission procedures, while TWC representatives cited justification for the proposed rate increase. Division staff and the TWC representatives answered questions until approximately 8:00 PM.

Much of the discussion with the customers focused on the size of the increase and general rate-making procedure. In setting rates in this resolution, we have balanced the financial requirements of TWC with the rate concerns of its customers. Several of the customers were concerned that fire service was being discontinued because the utility has requested discontinuance of the fire tariff. The utility explained that it was no longer able to collect these charges from the fire agency and that fire service would be unchanged. There was also some concern that taking service under the newly proposed Private Fire Protection Service tariff was mandatory. The utility explained that this was being provided for new construction and would be optional for existing customers. Some customers questioned the proposed project to rehabilitate the standby well and two customers raised the issue of low pressure in a certain area of the service territory. The well issue is now moot as the plan has been abandoned. The pressure issue will be discussed below. One customer had a service complaint regarding a shallow line. DWA staff has followed up on this and believes the utility has resolved the problem.

## **DISCUSSION**

The Division made an independent analysis of TWC's operations. Appendix A shows TWC'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. The Division informed TWC of how the methodologies and escalation rates it used differed from those used in TWC's request. TWC is now 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 shown in Appendix B.

The Division's estimate of TWC's operating expenses, excluding purchased power, contract work, insurance, office and management salaries, is based on recorded data from years 2008-2010. For estimating the electric portion of purchased power costs, the Division used the twelve months of usage ending in March 2011, and applied the Liberty Energy<sup>2</sup> rates effective January 1, 2011. The gas portion of purchased power was based on recorded costs for the same period. The quantities used to calculate purchased power are found in Appendix D. The Division used current actual costs for insurance and accepted TWC's estimate for contract work and office salaries. The Division made an independent estimate for management salaries based on prevailing wages and estimated work load. For estimating all other expense categories, Division escalated and averaged 2008-2010 expenses using factors from the April 30, 2011 escalation memorandum from the Division of Ratepayer Advocates. The Division's estimate differences from TWC's figures in regulatory commission expense and general expenses is due to TWC's use of only one data year and the rebooking of expenses to proper accounts by the Division.

TWC's rate base request included a well rehabilitation, a project to install a new transmission line from the rehabilitated well, and an isolation valve project. Since the request TWC concluded that the well rehabilitation and transmission line projects will not be undertaken. The Division recommendation includes construction work in progress on the isolation valve project, other used and useful plant additions and application of a 2.70% depreciation rate to arrive at the rate base shown in Appendix A.

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<sup>2</sup> Liberty Energy is TWC's electric provider.

TWC requested a 12.50% rate of return. The current range recommended for rate of return for a Class D utility is 12.00% to 13.00%<sup>3</sup>, and Division found 12.50%, the midpoint of the range, as reasonable. In Decision (D.) 92-03-093, effective April 30, 1992, the Commission adopted the Return on Margin (ROM) ratemaking as an alternate to the Return on Net Investment (Rate Base) method for calculating net revenue for Class C and Class D Utilities and required the Division to recommend the method that produces the higher net revenue result. The Division found that using the 24.89% rate of margin currently allowed<sup>4</sup> would produce \$20,777 in net revenue, which is less than the \$23,675 calculated using rate of return on rate base method. Therefore, Division recommends revenues using the 12.50% rate of return.

TWC's rate structure for domestic water service consists of two schedules: Schedule No. 1A, Annual General Metered Service, and Schedule No. 2AR, Annual Residential Flat Rate Service. The rates proposed by the Division are shown in Appendix B. At the recommended rates, the increase in revenue will be \$14,359 or 14.4% for TY 2011.

At the Division's recommended rates shown in Appendix B, annual flat rates will increase from \$576.19 to \$658.26, a difference of \$82.07 or 14.2%. The cost for a metered customer with a ¾ inch meter and average usage will increase from \$95.03 per month to \$108.66, a difference of \$13.62 or 14.3%. 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.

TWC requested by AL 24 to establish a facilities fee. Facilities fees for Class D utilities were established by Res. W-4110, on September 3, 1998. This resolution authorized generic tariffs for facilities fees with a charge of \$2,000 for the smallest meter and increasing for larger meter sizes according to standard meter ratios<sup>5</sup>. However, Class D utilities have also been allowed to apply Consumer Price Index (CPI) increases to facilities fees each year. Therefore, Division recommends a facilities fee of \$2,678 for the smallest meter based on inflating the generically authorized \$2,000 fee to 2011 dollars. Division recommends facilities fees for larger meters based on applying standard meter ratios to the fee for the smallest meter. The recommended Schedule F, Facilities Fees, is included in Appendix B.

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<sup>3</sup> This recommendation is set forth in a March 1, 2011 memorandum to the Commission entitled Rates of Return and Rates of Margin for Class C and Class D Water Utilities (March Memorandum).

<sup>4</sup> See the March Memorandum.

<sup>5</sup> Standard meter ratios are in proportion to the upper limits of normal test flows.

TWC requested by AL 24 to discontinue Schedule No. 5, Public Fire Hydrant Service, stating that it was no longer able to collect these charges. The Division recommends that TWC be allowed to discontinue this tariff. G. O. 103-A provides that these charges are negotiated between the utility and the local fire agency.

TWC requested by AL 24 to add a tariff for private fire service. There was no protest on this issue and Division recommends approval. The rate and special conditions are found in Schedule 4, Private Fire Protection Service, included in Appendix B.

Subsequent to filing AL 24 TWC requested to update its late charge. TWC is in a heavy snow area and bills annually in January. In Res. W-4880, the Commission allowed a similarly situated utility a late fee of \$10 per month to be billed until snow conditions allowed the utility to carry out a disconnection under Rule 11, Discontinuance and Restoration of Service. The Division recommends the same late charge and conditions for TWC. The proposed Schedule LC, Late Payment Charge, is included in Appendix B.

TWC has a low pressure zone affecting customers on Owl Lane and Quail Lane. The utility's current Rule 2, Description of Service, as updated September 19, 1975, states,

“ Within designated areas as shown or described on utility's service area map the utility will endeavor to maintain normal minimum operating pressure between 25 p.s.i.g. and 40 p.s.i.g with peak load pressures above 20 p.s.i.g.”

However, a new service area map was filed in 2003, which failed to identify the low pressure zone. The Division recommends that TWC be ordered to correct the discrepancy by filing a new service area map.

## **COMPLIANCE**

The utility has been filing annual reports as required. Placer County Department of Public Health reports that TWC is in compliance with water quality requirements.

TWC needs to file a Tier 1 advice letter within 30 days from the effective date of this resolution revising the following forms and rules in its tariff book to meet the current commission standards: Title Page, Schedule UF, Surcharge to Fund Public Utilities Commission Reimbursement Fee, and Rule 3, Application for Service.

## **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 December 9, 2011. No comments were received.

## **FINDINGS**

1. TWC has requested authority to increase its water rates by \$38,940 or 39.76% for TY 2011.
2. AL 24 was served in accordance with General Order 96-B on May 20, 2011. On May 20, 2011, a notice of the proposed rate increase was mailed to each customer and to the general service list.
3. AL 24 was filed with the Division on June 13, 2011.
4. In reviewing TWC's request, the Division made an independent analysis of TWC's operations.
5. The Division used 12 months of actual power usage to estimate purchased power costs.
6. The Division used current actual costs to estimate test year insurance.
7. The Division accepted TWC's estimate of contract work and office salaries.
8. The Division made an independent estimate for management salaries based on prevailing wages and estimated work load.
9. For estimating all other expense categories, the Division escalated and averaged these expenses using factors from the April 30, 2011 escalation memorandum from the Division of Ratepayer Advocates.
10. The Division recommendation includes construction work in progress, used and useful plant additions and applies a 2.70% depreciation rate.
11. The Division informed TWC of how the methodologies and escalation rates it used differed from those used in TWC's request. TWC now agrees with the Division's recommended revenue requirement.
12. The Division's recommended summary of earnings (Appendix A) is reasonable and should be adopted.

13. The rates recommended by the Division (Appendix B) are reasonable and should be adopted.
14. The quantities (Appendix D) used to develop the Division's recommendations are reasonable and should be adopted.
15. For TY 2011, it is appropriate to grant TWC an increase in gross annual revenues of \$14,359 or 14.4%, which is estimated to provide a rate of return of 12.50%.
16. TWC should be allowed to establish the Facilities Fees tariff included in Appendix B.
17. TWC should be allowed to remove Schedule 5, Public Fire Hydrant Service, from its tariffs.
18. TWC should be allowed to establish the Private Fire Protection Service tariff included in Appendix B.
19. TWC should be allowed to increase its late payment fee and update the associated special conditions to those found in the Late Payment Charge tariff included in Appendix B.
20. TWC should be ordered to file a new service area map, which clearly identifies the low pressure zone.
21. TWC should be ordered to file a Tier 1 advice letter within 30 days from the effective date of this resolution revising the following forms and rules in its tariff book to meet the current commission standards: Title Page; Schedule UF, Surcharge to Fund Public Utilities Commission Reimbursement Fee, and Rule 3, Application for Service.

**THEREFORE IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454 to Timberland Water Company, Inc., to file a supplemental advice letter with the revised and new rate schedules attached to this Resolution as Appendix B and concurrently cancel its presently effective Schedules 1A, Annual General Metered Service; 2AR, Annual Residential Flat Rate Service; 5, Public Fire Hydrant Service; and LC, Late Payment Charge. 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.



**Appendix A**  
**Timberland Water Company, Inc.**  
**SUMMARY OF EARNINGS**  
**Test Year 2011**

<u>Item</u>	Utility Estimated Current Rates	Requested Rates	Branch Estimated Current Rates	Requested Rates	Recommended Rates
<b><u>OPERATING REVENUES</u></b>					
Flat Rates	\$68,463	\$95,580	\$69,419	\$97,020	\$79,307
Metered Rates	\$29,485	\$41,164	\$30,251	\$42,279	\$34,579
Private Fire Protection	\$0	\$144	\$0	\$144	\$144
<b>Total Revenue</b>	<b>\$97,948</b>	<b>\$136,888</b>	<b>\$99,671</b>	<b>\$139,444</b>	<b>\$114,030</b>
<b><u>OPERATING EXPENSES</u></b>					
Purchased Power	\$2,642	\$2,642	\$2,646	\$2,646	\$2,646
Other Volume Related Expenses	\$0	\$0	\$0	\$0	\$0
Employee Labor	\$0	\$0	\$0	\$0	\$0
Materials	\$907	\$907	\$934	\$934	\$934
Contract Work (Excl Water Testing)	\$15,246	\$15,246	\$15,246	\$15,246	\$15,246
Water Testing	\$2,525	\$2,525	\$1,717	\$1,717	\$1,717
Transportation	\$3,800	\$3,800	\$3,852	\$3,852	\$3,852
Other Plant Maintenance	\$1,825	\$1,825	\$656	\$656	\$656
Office Salaries	\$5,250	\$5,250	\$5,250	\$5,250	\$5,250
Management Salaries	\$25,200	\$25,200	\$29,120	\$29,120	\$29,120
Employee Benefits	\$0	\$0	\$0	\$0	\$0
Uncollectibles	\$1,713	\$1,713	\$588	\$588	\$588
Office Services & Rental	\$89	\$89	\$92	\$92	\$92
Office Supplies and Exp	\$3,809	\$3,809	\$4,407	\$4,407	\$4,407
Professional Services	\$3,882	\$3,882	\$1,500	\$1,500	\$1,500
Insurance	\$2,053	\$2,053	\$1,997	\$1,997	\$1,997
Regulatory Comm Exp	\$1,027	\$1,027	\$0	\$0	\$0
General Expenses	\$1,513	\$1,513	\$2,554	\$2,554	\$2,554
Subtotal	\$71,482	\$71,482	\$70,559	\$70,559	\$70,559
Depreciation Expense	\$10,175	\$10,175	\$8,043	\$8,043	\$8,043
Taxes other than income	\$4,874	\$4,874	\$4,874	\$4,874	\$4,874
State Income Tax	\$1,009	\$4,452	\$1,432	\$4,948	\$2,701
Federal Income Tax	\$1,561	\$7,552	\$2,214	\$7,653	\$4,178
<b>Total Deductions</b>	<b>\$89,101</b>	<b>\$98,535</b>	<b>\$87,122</b>	<b>\$96,077</b>	<b>\$90,355</b>
<b>NET REVENUE</b>	<b>\$8,847</b>	<b>\$38,352</b>	<b>\$12,549</b>	<b>\$43,367</b>	<b>\$23,675</b>
<b><u>RATE BASE</u></b>					
Plant in Service	\$434,818	\$434,818	\$314,826	\$314,826	\$314,826
Accumulated Depreciation	\$123,070	\$123,070	\$125,466	\$125,466	\$125,466
<b>Net Plant</b>	<b>\$311,748</b>	<b>\$311,748</b>	<b>\$189,360</b>	<b>\$189,360</b>	<b>\$189,360</b>
Advances	\$0	\$0	\$0	\$0	\$0
Net Contributions	(\$9,604)	(\$9,604)	(\$9,604)	(\$9,604)	(\$9,604)
Construction Work in Progress	\$0	\$0	\$4,971	\$4,971	\$4,971
Working Cash	\$675	\$675	\$675	\$675	\$675
Materials and Supplies	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
<b>Rate Base</b>	<b>\$306,819</b>	<b>\$306,819</b>	<b>\$189,402</b>	<b>\$189,402</b>	<b>\$189,402</b>
<b>RATE OF RETURN</b>	<b>2.88%</b>	<b>12.50%</b>	<b>6.63%</b>	<b>22.90%</b>	<b>12.50%</b>

(END OF APPENDIX A)

**APPENDIX B**  
**Sheet 1**

**Timberland Water Company, Inc.**

**Schedule No. 1A**

**ANNUAL GENERAL METERED SERVICE**  
**Test Year 2011**

**APPLICABILITY**

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

**TERRITORY**

Timberland and vicinity, located approximately three miles south of Tahoe City,  
Placer County.

**RATES**

Quantity Rate:		
All Water, per 100 cu. Ft.	\$ 2.16	(I)
Annual Service Charge:		
	<u>Per Meter</u>	
	<u>Per Year</u>	
For 5/8 x 3/4-inch meter	\$ 368.91	(I)
For 3/4-inch meter	\$ 553.38	
For 1-inch meter	\$ 922.29	
For 1.5-inch meter	\$ 1,844.58	
For 2-inch meter	\$ 2,951.33	
For 3-inch meter	\$ 5,533.73	
For 4-inch meter	\$ 9,222.90	(I)

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

(continued)

**APPENDIX B**  
**Sheet 2**

**Timberland Water Company, Inc.**

**Schedule No. 2RA**

**ANNUAL RESIDENTIAL FLAT RATE SERVICE**  
**Test Year 2011**

**APPLICABILITY**

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

**TERRITORY**

Timberland and vicinity, located approximately three miles south of Tahoe City, Placer County.

**RATES**

	<u>Per Service Connection</u> <u>Per Year</u>	
For each-single-family residential unit, including premises	\$658.26	(I)
For each additional single family residential unit on the same premises and served from the same service connection	\$421.28	(I)

**SPECIAL CONDITIONS**

1. The above flat rates apply to a service connection not larger than one inch in diameter.
2. An additional single family residential unit shall qualify for additional charge only if such a residential unit includes cooking and bathing facilities.
3. For services covered by the above classifications, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1A, Annual Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day.

(continued)

**APPENDIX B**  
**Sheet 3**

**Timberland Water Company, Inc.**

**Schedule No. 4**

**PRIVATE FIRE PROTECTION SERVICE**  
**Test Year 2011**

**APPLICABILITY**

Applicable to all water service furnished to privately owned fire protection systems.

**TERRITORY**

Timberland and vicinity, located approximately three miles south of Tahoe City, Placer County.

**RATES**

Per Year

For each inch of diameter of service connection	\$144.24
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**SPECIAL CONDITIONS**

1. The facilities for service connection to a privately-owned fire protection system will be installed by the utility or under the utility's direction and the cost paid by the applicant. Such cost will not be subject to refund. The facilities paid for will be the sole property of the applicant.
2. The minimum diameter for the private service connection will be 1 inch. The maximum diameter will not be larger than the diameter of the water main to which the service is connected.
3. If a main of adequate size to serve a private fire protection system in addition to all other normal service does not exist adjacent to the premises to be served, then a new main from the nearest existing main of adequate capacity will be installed by the utility and the cost paid by the applicant. Such cost will not be subject to refund. The main where located in the public right-of-way or utility easement will be the sole property of the utility.
4. The utility will supply only such water at such pressure as may be available at any time as a result of the normal operation of the utility system.

**APPENDIX B**  
**Sheet 4**

**Timberland Water Company, Inc.**

**SCHEDULE F**

**FACILITIES FEES**  
**Test Year 2011**

**APPLICABILITY**

Applicable to all customers applying for service from the Utility in the territory served for premises not previously connected to its distribution mains and for additional service connections to existing premises.

(N)

**TERRITORY**

This schedule is applicable within the entire territory served by the utility.

**RATES**

Initial Fee for each Service Connection:

For 5/8 x 3/4-inch meter	\$ 2,678
For 3/4-inch meter	\$ 4,017
For 1-inch meter	\$ 6,695
For 1.5-inch meter	\$13,390
For 2-inch meter	\$21,424
For 3-inch meter	\$40,170
For 4-inch meter	\$66,950

**SPECIAL CONDITIONS**

1. Facility fees are payable in addition to and do not limit any charges for extensions of mains that may be applicable under Rule 15, Main Extensions.
2. These fees are not subject to the Public Utility Commission Reimbursement Fee surcharge in Schedule UF.
3. These fees shall be used only for the repair and replacement or the installation of new infrastructure.
4. These fees shall be deposited in a separate trustee account and used only upon permission of the Division of Water and Audits or its successor.

(N)

**APPENDIX B**  
**Sheet 5**

**Timberland Water Company, Inc.**

**Schedule LC**

**LATE PAYMENT CHARGE**  
**Test Year 2011**

**APPLICABILITY**

Applicable to all water services.

(N)

**TERRITORY**

This schedule is applicable within the entire territory served by the utility.

**RATES**

Late Charge: A late charge of \$10.00 will accrue each month on unpaid balance subject to special conditions below.

**SPECIAL CONDITIONS**

1. The balance is unpaid and subject to a late charge if the bills is past due, or delinquent, as defined in Rule 11, Section B.1.a.
2. The late charge shall be imposed each month on a delinquent bill until such time that the weather reasonably permits execution of discontinuance of service under Rule 11.

(N)

**(END OF APPENDIX B)**

**APPENDIX C**

**Timberland Water Company, Inc.**

**COMPARISON OF RATES**  
**TEST YEAR 2011**

<u>Service</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Amount Increase</u>	<u>Percent Increase</u>
Annual Flat Rate	\$576.19	\$658.26	\$82.07	14.2%
Additional Unit	\$368.76	\$421.28	\$52.52	14.2%

Metered Rates

<u>Tariff Description</u>	<u>Annual Tariff Rates</u>		<u>Recommended Increase</u>	
	<u>Current</u>	<u>Recommended</u>	<u>Dollars</u>	<u>Percentage</u>
Service Charge:				
5/8 x 3/4 inch meter	\$322.92	\$368.91	\$45.99	14.2%
3/4-inch meter	\$484.39	\$553.38	\$68.99	14.2%
1-inch meter	\$807.31	\$922.29	\$114.98	14.2%
1-1/2 inch meter	\$1,614.61	\$1,844.58	\$229.97	14.2%
2-inch meter	\$2,583.38	\$2,951.33	\$367.95	14.2%
3-inch meter	\$4,843.83	\$5,533.73	\$689.90	14.2%
4-inch meter	\$8,073.06	\$9,222.90	\$1,149.84	14.2%

Quantity Charge:				
All use per 100 cubic feet	\$1.885	\$2.16	\$0.27	14.4%

A monthly bill comparison for a customer with a 3/4 meter is shown below:

<u>Annual Usage 100 cu. Ft.</u>	<u>Tariff Rates</u>		<u>Recommended Increase</u>	
	<u>Current</u>	<u>Recommended</u>	<u>Dollars</u>	<u>Percentage</u>
0	\$40.37	\$46.12	\$5.75	14.2%
10	\$59.22	\$67.68	\$8.46	14.3%
20	\$78.07	\$89.25	\$11.18	14.3%
29 (average usage)	\$95.03	\$108.66	\$13.62	14.3%
40	\$115.77	\$132.38	\$16.61	14.3%
50	\$134.62	\$153.94	\$19.33	14.4%

**(END OF APPENDIX C)**

**APPENDIX D**  
**Sheet 1**  
**Timberland Water Company, Inc.**  
 ADOPTED QUANTITIES  
 TEST YEAR 2011

Expenses:

1. Purchased power (Electric and Gas)

Vendor	Liberty Energy
Schedule	A-1, Rate Code E50
Effective Date	January 1, 2011
Number of Meters	2
Customer Charge per Meter	\$12.22
Energy Charge per KWH	\$0.12882
Adopted Usage KWH	16,849
Annual Cost Electric	\$2,464
Composite Energy Cost (\$/KWH)	\$0.14623
Vendor	Southwest Gas
Annual Cost Gas	\$182
Total Purchased Power Cost	\$2,646

2. Water Sales to Metered Customers 6,198 CCF

3. Number of Service Connections:

	Average Number of Customers
Flat Rate	116
Additional Unit	7
5/8 x 3/4-inch meter	0
3/4-inch meter	11
1-inch meter	4
1-1/2 inch meter	0
2-inch meter	2
3-inch meter	1
4-inch meter	0
Private Fire Protection (inches)	1

**APPENDIX D**  
**Sheet 2**  
**TIMBERLAND WATER COMPANY**  
**ADOPTED QUANTITIES**  
**TEST YEAR 2010**  
(continued)

4. Tax calculation:

Line No.	Item	State Tax	Federal Tax
1.	Operating Revenue	\$114,030	\$114,030
2.	O & M Expenses	\$70,559	\$70,559
3.	Taxes Other Than Income	\$4,874	\$4,874
4.	Depreciation	\$8,043	\$8,043
5.	Interest Expense	\$0	\$0
6.	Taxable Income for State Tax	\$30,554	
7.	State Tax	\$2,701	
8.	Taxable Income for FIT		\$27,853
9.	Federal Income Tax		\$4,178
10.	Total Income Tax		\$6,879
	California Corporate Franchise Rate		8.84%
	Federal Income Tax Rate		15%

**(END OF APPENDIX D)**