

WATER/RSK/FLC/PTL/TS2/OE2/lij

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

**DIVISION OF WATER AND AUDITS**  
Water and Sewer Advisory Branch

**RESOLUTION NO. W-4730**  
December 18, 2008

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

**(RES. W-4730), SIERRA CITY WATER WORKS (Sierra City).  
ORDER AUTHORIZING A GENERAL RATE INCREASE,  
PRODUCING AN INCREASE OF \$28,391 OR 95.89% IN TEST  
YEAR 2009 AND \$11,295 OR 19.47% FOR ESCALATION YEAR  
2010.**

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**SUMMARY**

By Advice Letter 21 filed on August 7, 2008, Sierra City seeks to increase its rates for water service to recover increased operating expenses and earn an adequate return on its plant investment. The Division of Water and Audits (Division) accepted this advice letter as complete for filing on September 8, 2008.

This resolution grants an increase of \$39,686 or 134% by phasing in the increase for two years, \$28,391 or 95.89% for 2009 test year revenue of \$58,000 with a resulting return-on-rate base of 2.94% and \$11,295 or 19.47% for 2010 escalation year revenue of \$69,295 with a resulting return-on-rate base of 13.50%

**BACKGROUND**

Sierra City, a Class D water utility, has requested authority under General Order 96-B, Rule 7.6.2 and Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code to increase its water rates by 165% or \$50,812 for test year 2009. The purpose of the rate increase is to recover increased operating expenses and to provide an adequate rate of return. Sierra City's requests shows 2007 gross revenues of \$29,609, increasing to \$81,690 at proposed rates. Sierra City is requesting a rate of return of 13.85%.

The present rates were established on August 7, 2008 by approval of a Consumer Price Index increase producing revenues for Test Year 2008 totaling \$1,214, or a 4.1% increase. The last general rate increase was granted on January 10, 1992, pursuant to Res. W-3628, which authorized a rate increase of \$12,042, or a 107.02%, resulting in a rate of return on rate base of 7.7% for test year 1992.

Sierra City serves 50 metered and 39 flat rate customers in the city of Sierra, Sierra County. Sierra City is owned by Charles K. Smith and Winabeth Smith. Mr. Smith provides overall management and engineering services, as well as the day-to-day operations. These day-to-day operations include the following: customer relations, plant, equipment, and pipe maintenance along with water quality and control and meter reading. Winabeth Smith assists as an office employee and her primary function is that of a billing clerk. She is responsible for accounts receivable, billings, banking, bookkeeping, customer relations, and assisting Mr. Smith with meter readings. Approximately 30% of Mr. Smith's time is devoted to management work involving Sierra City, while the other 70% is devoted to engineering services and other operations.

Sierra City's resident income levels are in the middle to low income range. Although some of Sierra City's customers are in the work force, many of them are retirees.

### **NOTICE AND PROTEST**

A notice of the proposed rate increase was mailed to each customer on September 22, 2008. The Division and Sierra City received three letters opposed to the rate increase. One of the letters also expressed concern about comparable rates with other similar utilities. Sierra City responded promptly to the letter and shared its response with the Division.

An informal public meeting was held on Wednesday, October 15, 2008, at the Sierra City Community Hall located in Sierra City. Fifteen customers attended the meeting. The Division representative, Project Manager, Peter Liu introduced the project team: Terence Shia explained Commission procedures, as well as the purpose of the meeting, and Oge Enyinwa discussed the expenses section of the GRC before handing the meeting over to the utility representative, Jack Hawks of the California Water Association. Mr. Hawks made a presentation to explain the need for the rate increase with Mr. Smith adding a few comments at the end. The Division staff and Sierra City's representatives responded to various questions from the attendees.

### **DISCUSSION**

The Division made an independent analysis of Sierra City's operations. Appendix A shows Sierra City's and the Division's estimated summary of earnings at present, proposed, and recommended rates for test year 2009 and escalation year 2010. Sierra City is in agreement with the summary of earnings at the Division's recommended rates shown in Appendix A.

The Division staff reviewed operating revenues and expenses including purchased power, employee labor, materials, contract work, water testing, transportation

expenses, other plant maintenance, office salaries, management salaries, employee benefits, uncollectibles, office services and rentals, office supplies and expenses, professional services, insurance, regulatory commission expenses, general expenses, depreciation, and taxes other than income. Staff verified the operating expenses by reviewing supporting documents for substantiation and accuracy, and included the amounts that were deemed reasonable and prudent.

The Division staff audited actual invoices for expenses to make its estimates, and also used different inflation rates than Sierra City, who used an inflation rate of 5% across all expenses. Based on the Office of Ratepayer Advocates memorandum of July 31, 2008, the Division uses a non-labor inflation rate of 3.7% and a labor inflation rate of 5.3% for the appropriate operating expense.

Sierra City has requested a rate of return of 13.80%. The Division's Utility Audit, Finance and Compliance Branch (UAFCB) recommends a rate of return from 12.75% to 13.75% for a Class D, 100% equity-financed utility. Two methods are available for the Division to utilize in the rate-making process: (1) Rate of Return and (2) Rate of Margin. 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 rate of return and rate of margin methods. Both methods are to be used. Per Decision 92-03-093, dated March 31, 1992, the Division must recommend the method that produces the higher revenues. In the rate of margin method, the utility's revenue requirements is defined as the sum of its operating and maintenance expenses, depreciation, income and other taxes, multiplied by the rate of margin. This method gives the small water utilities the opportunity to earn a more reasonable and appropriate revenue requirement when the utility has "little rate base". If only the Rate of Return Method was used, a utility with little or no rate base would earn little or no return. UAFCB has recommended a rate of margin of 20% for Class D water utilities. A comparison of the two methods indicates that at 13.50% rate of return, the middle range of what the UAFCB recommends, the rate of return method produces a higher revenue requirement; therefore, the Division recommends the rate of return method.

Sierra City's current rate structure consists of two schedules: 1, General Metered Service, and 2, General Flat Rate Service. The rates proposed by the Division are shown in Appendix B. At the recommended rate of return the increase in revenue will be \$28,391 or 95.89% for 2009 test year revenue of \$58,000 with a resulting return-on-rate base of 2.94% and \$11,295 or 19.47% for 2010 escalation year revenue of \$69,295 with a resulting return-on-rate base of 13.50%. Sierra City will be required to file an advice letter on or before December 23, 2009 for the escalation rates of 2010, and the escalation rates will be made effective on January 1, 2010.

At the Division's recommended rates shown in Appendix B, the bill for a 5/8-inch metered customer using 15 Ccf would increase from \$28.54 to \$47.02, which is \$18.48 or 64.7% in test year 2009 and increase from \$47.02 to \$57.99, which is \$10.97, or 23.3% in escalation year 2010. 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.

### **COMPLIANCE**

Sierra City has no outstanding compliance orders. The utility has been filing annual reports as required. As of September 24, 2008, the California Department of Public Health (DPH) findings were that the system has no major deficiencies. DPH confirmed that Sierra City has not had any major compliance issues except the water system is past due on monitoring for lead and copper in the distribution system and most raw water chemical monitoring. As such, DPH considers Sierra City to be in compliance with all applicable water quality regulations and standards.

The Division recommends that Sierra City also needs to update the following tariff rules and forms: Title Page; Schedule UF, Surcharge to Fund CPUC Reimbursement Fee; Rules 5, Special Information Required on Forms; 7, Deposits; 9, Rendering and Payment of Bills; 10, Disputed Bills; 11, Discontinuance and Restoration of Service; 21, Fire Protection; Forms Nos. 2, Customer's Deposit Receipt; and 3, Form for Bill for Service.

### **COMMENTS**

This is an uncontested matter in which the resolution grant the relief requested. Accordingly, pursuant to PU Code 311(g) (2), the otherwise 30 day period for public review and comment is being waived.

### **FINDINGS**

1. The Division's recommended summary of earnings (Appendix A) are reasonable and should be adopted.
2. The rates recommended by the Division (Appendix B) are reasonable and should be adopted.
3. The quantities (Appendix D) used to develop the Division's recommendations are reasonable and should be adopted.
4. Sierra City needs to update the following tariff rules and forms: Title Page; Schedule UF, Surcharge to Fund CPUC Reimbursement Fee; Rules 5, Special Information Required on Forms; 7, Deposits; 9, Rendering and Payment of Bills; 10, Disputed

Bills; 11, Discontinuance and Restoration of Service; 21, Fire Protection; Forms Nos. 2, Customer's Deposit Receipt; and 3, Form for Bill for Service.

5. Sierra City should be required to file an advice letter on or before December 23, 2009 for the escalation rates of 2010, and the escalation rates shall be made effective on January 1, 2010.

**THEREFORE IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454 to Sierra City Water Works, to file an advice letter incorporating the summary of earnings and the revised rate schedules attached to this resolution as Appendix A and B, respectively and concurrently cancel its presently effective Schedules Nos. 1, General Metered Service, and 2, General Flat Rate Service. The effective date of the revised rate schedules shall be five days after the date of its filing.
2. Sierra City Water Works is authorized to increase its annual revenues by \$28,391 or 95.89% for test year 2009 and \$11,295 or 19.47% for escalation year 2010.
3. Sierra City Water Works shall file the escalation rates increases for year 2010 as set forth in Appendix B by December 23, 2009, to be effective January 1, 2010.
4. Sierra City Water Works shall update the following tariff rules and forms: Title Page; Schedule UF, Surcharge to Fund CPUC Reimbursement Fee; Rules 5, Special Information Required on Forms; 7, Deposits; 9, Rendering and Payment of Bills; 10, Disputed Bills; 11, Discontinuance and Restoration of Service; 21, Fire Protection; Forms Nos. 2, Customer's Deposit Receipt; and 3, Form for Bill for Service.
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 December 18, 2008; the following Commissioners voting favorably thereon:

/s/ PAUL CLANON

Paul Clanon  
Executive Director

MICHAEL R. PEEVEY  
President

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG

TIMOTHY ALAN SIMON

Commissioners

<b>Appendix A</b>					
<b>Sierra City Water Works, Inc.</b>					
<b>Summary of Earnings</b>					
<b>Test Year 2009</b>					
<b>Item</b>	<b>Utility Estimated</b>		<b>Branch Estimated</b>		<b>Recommended</b>
	<b>Present</b>	<b>Requested</b>	<b>Present</b>	<b>Requested</b>	
	<b>Rates</b>	<b>Rates</b>	<b>Rates</b>	<b>Rates</b>	<b>Rates</b>
					<b>2009</b>
<b><u>Operating Revenue</u></b>					
Flat Rates	\$ 14,154	\$ 35,797	\$ 14,154	\$ 35,797	\$ 25,794
Metered Rates	\$ 15,455	\$ 45,893	\$ 15,455	\$ 45,893	\$ 32,206
Private Fire	\$ -	\$ -	\$ -	\$ -	
	\$ 29,609	\$ 81,690	\$ 29,609	\$ 81,690	\$ 58,000
<b><u>Operating Expenses</u></b>					
615 Purchased Power	\$60	\$60	\$ 60	\$ 60	\$ 60
630 Employee Labor	\$0	\$0	\$ 9,122	\$ 9,122	\$ 9,122
640 Materials	\$2,500	\$2,500	\$ 2,214	\$ 2,214	\$ 2,214
650 Contract Work	\$2,000	\$2,000	\$ 1,882	\$ 1,882	\$ 1,882
Water Testing	\$1,000	\$1,000	\$ 298	\$ 298	\$ 298
660 Transportation Expenses	\$10,000	\$10,000	\$ 6,577	\$ 6,577	\$ 6,577
664 Other Plant Maintenance	\$1,500	\$1,500	\$ 1,908	\$ 1,908	\$ 1,908
670 Office Salaries	\$7,000	\$7,000	\$ 3,791	\$ 3,791	\$ 3,791
671 Management Salaries	\$20,000	\$20,000	\$ 6,318	\$ 6,318	\$ 6,318
676 Uncollectibles Expense	\$440	\$440	\$ -	\$ -	\$ -
678 Office Services & Rentals	\$300	\$300	\$ 131	\$ 131	\$ 131
681 Office Supplies & Expenses	\$1,600	\$1,600	\$ 1,909	\$ 1,909	\$ 1,909
682 Professional Services	\$1,800	\$1,800	\$ 1,400	\$ 1,400	\$ 1,400
684 Insurance	\$2,100	\$2,100	\$ 3,849	\$ 3,849	\$ 3,849
688 Regulatory Commission Expense	\$700	\$700	\$ 695	\$ 695	\$ 695
689 General Expenses	\$1,000	\$1,000	\$ 965	\$ 965	\$ 965
<b>Subtotal</b>	<b>\$ 52,000</b>	<b>\$ 52,000</b>	<b>\$ 41,118</b>	<b>\$ 41,118</b>	<b>\$ 41,118</b>
Depreciation	\$ 5,705	\$ 5,705	\$ 9,125	\$ 9,125	\$ 9,125
Taxes other than Income	\$ 2,000	\$ 2,000	\$ 3,960	\$ 3,960	\$ 3,960
Income Taxes	\$ 800	\$ 4,949	\$ 800	\$ 6,189	\$ 1,250
<b>Total Deductions</b>	<b>\$60,505</b>	<b>\$64,654</b>	<b>\$55,002</b>	<b>\$60,391</b>	<b>\$55,452</b>
<b>Net Revenue</b>	<b>-\$30,896</b>	<b>\$17,036</b>	<b>-\$25,393</b>	<b>\$21,299</b>	<b>\$2,548</b>
<b><u>Rate Base</u></b>					
Average Plant	\$ 265,734	\$ 265,734	\$ 265,657	\$ 265,657	\$ 265,657
Ave. Accumulated Depreciation	\$ 121,887	\$ 121,887	\$ 157,820	\$ 157,820	\$ 157,820
<b>Net Plant</b>	<b>\$ 143,847</b>	<b>\$ 143,847</b>	<b>\$ 107,836</b>	<b>\$ 107,836</b>	<b>\$ 107,836</b>
Less Advances	\$ -	\$ -			
Contributions	\$ 21,195	\$ 21,195	\$ 21,195	\$ 21,195	\$ 21,195
<b>Rate Base:</b>	<b>\$ 122,652</b>	<b>\$ 122,652</b>	<b>\$ 86,641</b>	<b>\$ 86,641</b>	<b>\$ 86,641</b>
<b>Rate of Return</b>	<b>-25.19%</b>	<b>13.89%</b>	<b>-29.31%</b>	<b>24.58%</b>	<b>2.94%</b>

(continued)

**Appendix A**  
**Sierra City Water Works, Inc.**

**Summary of Earnings**  
**Escalation Year 2010**

	<u>Utility Estimated</u>		<u>Branch Estimated</u>		<u>Recommended</u>
	<u>Present</u>	<u>Requested</u>	<u>Present</u>	<u>Adopted</u>	
	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>	
<u>Item</u>				<u>2009</u>	<u>2010</u>
<b>Operating Revenue</b>					
Flat Rates	\$ 14,154	\$ 35,797	\$ 14,154	\$ 25,794	\$ 29,954
Metered Rates	\$ 15,455	\$ 45,893	\$ 15,455	\$ 32,206	\$ 39,336
Private Fire	\$ -	\$ -	\$ -		\$ -
					\$ -
	\$ 29,609	\$ 81,690	\$ 29,609	\$ 58,000	\$ 69,295
<b>Operating Expenses</b>					
					\$ -
					\$ -
615 Purchased Power	\$60	\$60	\$ 60	\$ 60	\$ 60
630 Employee Labor	\$0	\$0	\$ 9,122	\$ 9,122	\$ 9,122
640 Materials	\$2,500	\$2,500	\$ 2,214	\$ 2,214	\$ 2,214
650 Contract Work	\$2,000	\$2,000	\$ 1,882	\$ 1,882	\$ 1,882
Water Testing	\$1,000	\$1,000	\$ 298	\$ 298	\$ 298
660 Transportation Expenses	\$10,000	\$10,000	\$ 6,577	\$ 6,577	\$ 6,577
664 Other Plant Maintenance	\$1,500	\$1,500	\$ 1,908	\$ 1,908	\$ 1,908
670 Office Salaries	\$7,000	\$7,000	\$ 3,791	\$ 3,791	\$ 3,791
671 Management Salaries	\$20,000	\$20,000	\$ 6,318	\$ 6,318	\$ 6,318
676 Uncollectibles Expense	\$440	\$440	\$ -	\$ -	\$ -
678 Office Services & Rentals	\$300	\$300	\$ 131	\$ 131	\$ 131
681 Office Supplies & Expenses	\$1,600	\$1,600	\$ 1,909	\$ 1,909	\$ 1,909
682 Professional Services	\$1,800	\$1,800	\$ 1,400	\$ 1,400	\$ 1,400
684 Insurance	\$2,100	\$2,100	\$ 3,849	\$ 3,849	\$ 3,849
688 Regulatory Commission Expense	\$700	\$700	\$ 695	\$ 695	\$ 695
689 General Expenses	\$1,000	\$1,000	\$ 965	\$ 965	\$ 965
<b>Subtotal</b>	\$ 52,000	\$ 52,000	\$ 41,118	\$ 41,118	\$ 41,118
					\$ -
Depreciation	\$ 5,705	\$ 5,705	\$ 9,125	\$ 9,125	\$ 9,125
Taxes other than Income	\$ 2,000	\$ 2,000	\$ 3,960	\$ 3,960	\$ 3,960
Income Taxes	\$ 800	\$ 4,949	\$ 800	\$ 1,250	\$ 3,398
					\$ -
<b>Total Deductions</b>	\$60,505	\$64,654	\$55,002	\$55,452	\$57,600
<b>Net Revenue</b>	-\$30,896	\$17,036	-\$25,393	\$2,548	\$11,695
<b>Rate Base</b>					
Average Plant	\$ 265,734	\$ 265,734	\$ 265,657	\$ 265,657	\$ 265,657
Ave. Accumulated Depreciation	\$ 121,887	\$ 121,887	\$ 157,820	\$ 157,820	\$ 157,820
<b>Net Plant</b>	\$ 143,847	\$ 143,847	\$ 107,836	\$ 107,836	\$ 107,836
<u>Less Advances</u>	\$ -	\$ -			\$ -
Contributions	\$ 21,195	\$ 21,195	\$ 21,195	\$ 21,195	\$ 21,195
<b>Rate Base:</b>	\$ 122,652	\$ 122,652	\$ 86,641	\$ 86,641	\$ 86,641
<b>Rate of Return</b>	-25.19%	13.89%	-29.31%	2.94%	13.50%

(END OF APPENDIX A)

**APPENDIX B**  
**Sierra City Water Works**

**Schedule No. 1**  
**GENERAL METERED SERVICE**  
**Test Year 2009**

**APPLICABILITY**

Applicable to all metered water service

**TERRITORY**

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

**RATES**

Quantity Rates:

All water, per 100 cu. ft.	\$ 1.55	(I)
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Service Charge:

	Per Meter	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$ 23.71	(I)
For 3/4-inch meter	\$ 35.56	
For 1-inch meter	\$ 59.27	
For 1-1/2-inch meter	\$ 118.54	
For 2-inch meter	\$ 189.67	
For 3-inch meter	\$ 355.63	(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.

**SPECIAL CONDITIONS**

1. The established billing cycle is quarterly, i.e. every three months. The utility may bill monthly at its own option.
2. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
3. All new customers are subject to a one-time pass-through charge. This charge offsets the Sierra City Fire Protection District Main Extension Contract.
4. A late charge will be imposed per Schedule No. LC.

(continued)

**APPENDIX B**  
**Sierra City Water Works**

**Schedule No. 2**  
**GENERAL FLAT RATE SERVICE**  
**Test Year 2009**

**APPLICABILITY**

Applicable to all flat rate water service.

**TERRITORY**

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

**RATES**

	Per Service Connection <u>Per Month</u>
For each single-family residential unit including premises not exceeding 11,000 sq. ft. in area.....	\$ 55.12 (I)

**SPECIAL CONDITIONS**

1. The established billing cycle is quarterly, i.e. every three months. The utility may bill monthly at its own option.
2. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
3. All new customers are subject to a one-time pass-through charge. This charge offsets the Sierra City Fire Protection District Main Extension Contract.
4. A late charge will be imposed per Schedule No. LC.

(continued)

**APPENDIX B**  
**Sierra City Water Works**

**Schedule No. 1**  
**GENERAL METERED SERVICE**  
**Escalation Year 2010**

**APPLICABILITY**

Applicable to all metered water service

**TERRITORY**

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

**RATES**

Quantity Rates:

All water, per 100 cu. ft.	\$ 2.00	(I)
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Service Charge:

	<u>Per Meter</u>	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$ 27.96	(I)
For 3/4-inch meter	\$ 41.95	
For 1-inch meter	\$ 69.91	
For 1-1/2-inch meter	\$ 139.82	
For 2-inch meter	\$ 223.72	
For 3-inch meter	\$ 419.47	(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.

**SPECIAL CONDITIONS**

1. The established billing cycle is quarterly, i.e. every three months. The utility may bill monthly at its own option.
2. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
3. All new customers are subject to a one-time pass-through charge. This charge offsets the Sierra City Fire Protection District Main Extension Contract.
4. A late charge will be imposed per Schedule No. LC.

(continued)

**APPENDIX B**  
**Sierra City Water Works**

**Schedule No. 2**  
**GENERAL FLAT RATE SERVICE**  
**Escalation 2010**

**APPLICABILITY**

Applicable to all flat rate water service.

**TERRITORY**

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

**RATES**

	Per Service Connection <u>Per Month</u>
For each single-family residential unit including premises not exceeding 11,000 sq. ft. in area.....	\$ 64.01 (I)

**SPECIAL CONDITIONS**

1. The established billing cycle is quarterly, i.e. every three months. The utility may bill monthly at its own option.
2. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
3. All new customers are subject to a one-time pass-through charge. This charge offsets the Sierra City Fire Protection District Main Extension Contract.
4. A late charge will be imposed per Schedule No. LC.

**(END OF APPENDIX B)**

**APPENDIX C**  
**Sierra City Water Works**  
**Comparison of Rates**

**Test Year 2009**

		Per Service Connection Per Month		
		Present	Recommended	Percent
		<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
<b>Service Charge:</b>				
	For 5/8 x 3/4-inch meters	\$ 14.59	\$ 23.71	62.4%
	For 3/4-inch meters	\$ 21.89	\$ 35.56	62.4%
	For 1-inch meters	\$ 36.49	\$ 59.27	62.4%
	For 1-1/2-inch meters	\$ 75.97	\$ 118.54	56.0%
	For 2-inch meters	\$ 116.77	\$ 189.67	62.4%
	For 3-inch meters	\$ 227.90	\$ 355.63	56.0%
<b>Flat Rate</b>		\$ 25.380	\$ 55.12	117.2%
<b>Quantity Charge:</b>				
<b>Metered</b> All use, per 100 cu. ft. . . .		\$ 0.930	\$ 1.55	67.1%

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

Usage	Present	Recommended	Amount	Percent
<u>100 cu. ft.</u>	<u>Rates</u>	<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
5	19.24	31.48	12.23	63.6%
10	23.89	39.25	15.35	64.3%
15 (avg)	28.54	47.02	18.48	64.7%
20	35.98	59.45	23.47	65.2%
30	42.49	70.33	27.83	65.5%

**Escalation Year 2010**

		Per Service Connection Per Month		
		Adopted	Recommended	Percent
		<u>Rates 2009</u>	<u>Rates</u>	<u>Increase</u>
<b>Service Charge:</b>				
	For 5/8 x 3/4-inch meters	\$ 23.71	\$ 27.96	17.9%
	For 3/4-inch meters	\$ 35.56	\$ 41.95	17.9%
	For 1-inch meters	\$ 59.27	\$ 69.91	17.9%
	For 1-1/2-inch meters	\$ 118.55	\$ 139.82	17.9%
	For 2-inch meters	\$ 189.67	\$ 223.72	17.9%
	For 3-inch meters	\$ 355.63	\$ 419.47	18.0%
<b>Flat Rate</b>		\$ 55.12	\$ 64.01	16.1%
<b>Quantity Charge:</b>				
<b>Metered</b> All use, per 100 cu. ft. . . .		\$ 1.554	\$ 2.00	28.8%

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

Usage	Adopted	Recommended	Amount	Percent
<u>100 cu. ft.</u>	<u>Rates 2009</u>	<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
5	31.48	37.97	6.50	20.6%
10	39.25	47.98	8.74	22.3%
15 (avg)	47.02	57.99	10.97	23.3%
20	59.45	74.01	14.56	24.5%
30	70.33	88.02	17.70	25.2%

**(END OF APPENDIX C)**

**APPENDIX D**  
**Sierra City Water Works**  
**Adopted Quantities**  
**Test Year 2009**

1. Purchased Power	
Total Cost	\$ 60
2. Water Sales in Ccf	8,000
3. Payroll	
Employee Labor	\$ 9,122
Office Salaries	\$ 3,791
Management Salaries	\$ 6,318
4. Payroll Taxes	\$ 1,640
5. Property Taxes	\$ 2,320
Service Connections - Meter Size	
5/8 x 3/4"	39
3/4"	8
1"	1
1-1/2"	0
2"	2
Flat Rate	39
Total Metered	89

**Adopted Tax Calculation Test Year 2009**

1. Operating Revenues	\$58,000
2. Expenses	\$41,118
3. Depreciation	\$ 9,125
4. Payroll Taxes	\$ 1,640
5. Property Taxes	\$ 2,320
6. Taxable Income for State Tax	\$ 3,797
7. State Tax (min 800)	\$ 800
8. Taxable Income for FIT	\$ 2,997
9. Federal Tax	\$ 450

(continued)

**APPENDIX D**  
**Sierra City Water Works**  
**Adopted Quantities**

**Adopted Tax Calculation Escalation Year 2010**

1. Operating Revenues	\$69,295
2. Expenses	\$41,118
3. Depreciation	\$ 9,125
4. Payroll Taxes	\$ 1,640
5. Property Taxes	\$ 2,320
6. Taxable Income for State Tax	\$15,093
7. State Tax (8.84%)	\$ 1,334
8. Taxable Income for FIT	\$13,758
9. Federal Tax	\$ 2,064

**(END OF APPENDIX D)**