

INFORMATION SHEET

NAME: _____

ADDRESS: _____

NAME OF PERSON TO CONTACT REGARDING THIS FILING:

PHONE: _____

DESCRIBE OWNERSHIP OF COMPANY:

DATE OF LAST GENERAL RATE CASE FILING: _____

DATE OF LAST OFFSET: _____

This workbook is organized in a manner whereby the user can work through each section to:

- 1st Estimate revenues at present rates**
- 2nd Estimate operating expenses**
- 3rd Calculate return for rate making purposes**
- 4th Estimate taxes other than income**
- 5th Estimate summary of operations at present rates**
- 6th Determine revenue requirements**
- 7th Demonstrate a summary of earnings at proposed rates**
- 8th Design proposed rates**

This workbook is intended to provide the CPUC with a base of information to begin processing of Advice Letter filings for changes in rates. Utilities are to provide all information necessary to support amounts entered herein. Cross reference all information.

_____ WATER COMPANY
 ADVICE LETTER RATE INCREASE
 WORKPAPERS

**Complete all of the following schedules for your
 Class B or C water utility**

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FOR TEST YEAR _____

DATE SUBMITTED TO CPUC: _____

	Attachment Sheet	Items Checked
SECTION I		
<u>REVENUES AT PRESENT RATES</u>		
Summary of Revenues at Present Rates <u>Include the appropriate schedules:</u>	I-1	<input type="checkbox"/>
Estimate of Metered Customers by Meter Size	I-2	<input type="checkbox"/>
Estimate of Flat Rate Customers	I-3	<input type="checkbox"/>
Estimate of Private Fire Protection Customers and Revenues for Present Rates	I-4	<input type="checkbox"/>
Estimate of Metered Revenues at Present Rates	I-5	<input type="checkbox"/>
Estimate of Flat Rate Revenues at Present Rates	I-6	<input type="checkbox"/>
 SECTION II		
<u>OPERATING EXPENSES</u>		
Summary - Estimate of Operating Expenses	II-1	<input type="checkbox"/>
Estimate of Water Production (no flat rates)	II-2a	<input type="checkbox"/>
Estimate of Water Production (with flat rates)	II-2b	<input type="checkbox"/>
Estimated Purchased Water	II-3	<input type="checkbox"/>
Power Expense - Test Year	II-4a	<input type="checkbox"/>
Power Schedule - Recorded Year	II-4b	<input type="checkbox"/>
Power Expense by Rate Schedule - Test Year	II-4c	<input type="checkbox"/>
Power Expense by Power Schedule - Test Year	II-4d	<input type="checkbox"/>
Other Volume Related Expenses	II-5	<input type="checkbox"/>
Estimate of Payroll Costs and Expenses	II-6	<input type="checkbox"/>
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Contract Work	II-8	<input type="checkbox"/>
Transportation Expenses	II-9	<input type="checkbox"/>
Other Plant Maintenance	II-10	<input type="checkbox"/>
Employee Pensions/Benefits	II-11	<input type="checkbox"/>
Uncollectibles	II-12	<input type="checkbox"/>
Office Services and Rentals	II-13	<input type="checkbox"/>
Office Supplies and Expense	II-14	<input type="checkbox"/>
Professional Services	II-15	<input type="checkbox"/>
Insurance	II-16	<input type="checkbox"/>
Regulatory Commission Expense	II-17	<input type="checkbox"/>
General Expense	II-18	<input type="checkbox"/>

	<u>Attachment Sheet</u>	<u>Items Checked</u>
SECTION III	<u>RETURN</u>	
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	Estimate of Average Utility Plant	III-3 <input type="checkbox"/>
	Estimate of Average Construction Work in Progress	III-4 <input type="checkbox"/>
	Estimate of Average Materials and Supplies Inventory	III-4 <input type="checkbox"/>
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	Estimated Depreciation	III-6 <input type="checkbox"/>
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	Estimated Average Advances for Construction	III-8 <input type="checkbox"/>
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	Estimated Average Deferred Income Taxes	III-9 <input type="checkbox"/>
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	Schedule of Other Taxes and Licenses	IV-1b <input type="checkbox"/>
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	Income Tax Net to Gross 15%	VI-2a <input type="checkbox"/>
	Income Tax Net to Gross 28%	VI-2b <input type="checkbox"/>
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SECTION I

The intent of Section I is to estimate revenues at present rates. The following tables can be completed by using data from recent annual reports (CPUC Rpt.). The following instructions should be completed in sequence. The first page of this section is the SUMMARY page and thus is completed last.

Instructions for Section I

- 1 Complete line 10 of Sheet I-5 using data from CPUC Rpt.
- 2 Complete Sheet I-2.
- 3 Complete Sheet I-3 (if applicable).
- 4 Complete Sheet I-4 (if applicable).
- 5 Complete Sheet I-6 (if applicable).
- 6 Complete remainder of Sheet I-5.
- 7 Complete Sheet I-1.

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 SUMMARY OF REVENUES AT PRESENT RATES
 TEST YEAR _____

Line No.	Description	Revenues at Present Rates	Reference
1	Metered Customers	\$	Sheet I-5, Line 17, Column F
2	Flat rate customers		Sheet I-6, Line 8, Column F
3	Private fire protection customers		Sheet I-4, Line 9, Column I
4	Other revenues: (describe)		
5			
6			
7			
8			

Line No.	Description	Previous Years Revenues See Annual Reports		
		Year		
1	Metered Customers	\$	\$	\$
2	Flat rate customers			
3	Private fire protection customers			
4	Other revenues: (describe)			
5				
6				
7				
		\$	\$	\$

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATE OF METERED CUSTOMERS BY METER SIZE
 TEST YEAR _____

A	B	C	D	E	F	G	H
		Number of Customers					
Line No.	Meter Size	End of Prior Year	Estimated Test Year Additions	End of Test Year	Average	Meter Ratios	Meter Equivalencies
		PUC report Sch. D-4		(C + D)	[(C + E)/2]		(F + G)
1	5/8" x 3/4"					1.0	
2	3/4"					1.5	
3	1"					2.5	
4	1 1/2"					5.0	
5	2"					8.0	
6							
7							
8							
9	Total						

	Year	_____	_____	_____	_____
10	Number of Customers (end of year)				
11	Average number of customers [(prior year + current year)/2]				

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATE OF FLAT RATE CUSTOMERS
 TEST YEAR _____

A	B	C	D	E	F
		Number of Customers			
Line No.	Flat Rate Unit	End of Prior Year	Test Year Additions	End of Year	Average
		PUC report Sch. D-4		(C + D)	[(C + E)/2]
1					
2					
3					
4					
5	Total				

	Year	_____	_____	_____	_____
6	Number of Customers (end of year)				
7	Average number of customers [(prior year + current year)/2]				

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATE OF PRIVATE FIRE PROTECTION CUSTOMERS
 TEST YEAR _____

FIRE PROTECTION:

A	B	C	D	E	F	G	H	I
		Number of Customers					Present Rates	
Line No.	Connection Size	End of Prior Year	Additions	End of Test Year	Average	Annual No. of Bills	Rate per Unit	Revenues
				(C + D)	[(C + E)/2]	(F x 12)		(G x H)
1	1"							\$
2	1 1/2"							
3	2"							
4	3"							
5	4"							
6	6"							
7								
8								
9	Total							\$

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATE OF METERED REVENUES AT PRESENT RATES
 TEST YEAR _____

SERVICE CHARGE REVENUE:

A	B	C	D	E	F	G
				Number of Customers		
Line No.	Meter Size	Average No. of Customers	Annual No. of Monthly Bills	Service Charge Rates	Service Charge Revenue	
		Sheet I-2	(C x 12)		(D x E)	
1	5/8" x 3/4"					
2	3/4"					
3	1"					
4	1 1/2"					
5	2"					
6						
7						
8						
9	Total					

QUANTITY REVENUE:

		Recorded Year			Test Year	
	Description	_____	_____	_____	_____	Reference
10	Total water sold (CCF)					CPUC rpt Sch. D-7
11	Average number of customers					Sheet I-2 Line 11
12	Average water sold per customer (Line 10/Line 11)					Average of recorded years
13	Test year average number of customers					Sheet I-2 Col F, Line 9
14	Test year water sold					Lines 12 x 13
15	Quantity rate (CCF) (Present rates)					
16	Total quantity revenue (Test year)					Lines 14 x 15
17	Total revenues at present rates					Column F Lines 9 + 16

_____ WATER COMPANY
WORKPAPERS - ADVICE LETTER RATE INCREASE
ESTIMATE OF FLAT RATE REVENUES
TEST YEAR _____

A	B	C	D	E	F
Line No.	Flat Rate Unit	Average No. of Customers	Annual No. of Bills	Present Rates per Unit	Total Revenues
		Sheet I-3, Col. F	(C x 12)		(D x E)
1					\$
2					
3					
4					
5					
6					
7					
8	Total				\$

SECTION II

The purpose of Section II is to allow for the estimation of operating expenses for the test year.

Instructions for Section II

Using the three (3) most recent PUC reports (on the PUC annual report Sch. B-2 is the operating expenses) complete columns D, E & F of Sheet II-1.

Working through Sheets II-2 through II-18, complete each and transfer test year amounts to column G of Sheet II-1.

Insert and reference additional sheets as necessary. For example, you may wish to use schedules that are more unique to your company.

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATE OF OPERATING EXPENSES - TEST YEAR _____

A	B	C	D	E	F	G	H
			Recorded Year ____ _			Test Year	
Line No.	Acct. No.	Account Name					Reference/ Instructions
1		Volume related expenses:					
2	610	Purchased water					Sheet II-3
3	615	Purchased Power					Sheet II-4d Lines 7 + 14 + 22
4	618	Other volume related expenses					Sheet II-5
5		Total volume related exp.					Add lines 2-4
6		Non-volume related expenses					
7	630	Employee labor					Sheet II-6
8	640	Materials					Sheet II-7
9	650	Contract work					Sheet II-8
10	660	Transportation expenses					Sheet II-9
11	664	Other plant maintenance expenses					Sheet II-10
12		Total non-volume related exp.					Add lines 7-11
13		Admin. & general expenses:					
14	670	Office salaries					Sheet II-6
15	671	Mgmt. salaries					Sheet II-6
16	674	Employee pensions & benefits					Sheet II-11
17	676	Uncollectible accounts expense					Sheet II-12
18	678	Office services & rentals					Sheet II-13
19	681	Office supplies & expenses					Sheet II-14
20	682	Professional services					Sheet II-15
21	684	Insurance					Sheet II-16
22	688	Regulatory commission expense					Sheet II-17
23	689	General expenses					Sheet II-18
24		Total admin. & general exp.					Add lines 14-23
25	800	Expenses capitalized					
26		Net admin. & general expenses					Line 24 - Line 25
27		Total operating expenses					Lines 5 + 12 + 26

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATE OF WATER PRODUCTION
 TEST YEAR _____

**WATER PRODUCTION:
 (COMPANIES WITHOUT FLAT RATE CUSTOMERS)**

Line No.	Estimated Water (CCP's)	A	B	C	D	E
		Recorded Year			Test Year	Reference
		____	____	____		
1	Total water pumped					PUC report Sch. D-1
2	Total water purchased					PUC report Sch. D-1
3	Total water produced & purchased					Lines 1 + 2
4	Total water sold					PUC report Sch. D-7
5	Total unaccounted for water					Lines 3 - 4
6	Percentage					Line 5 / Line 3
7	Average of recorded years					Line 6, Col. A thru C/3
8	Total water estimated to be sold					Sheet I-5 Line 14
9	Total water requirements					Line 8/(1-Line 7)
10	Estimated test year water pumped					
11	Estimated test year water purchased					
12	Total test year water production					

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATE OF WATER PRODUCTION
 TEST YEAR _____

**WATER PRODUCTION:
 (COMPANIES WITH FLAT RATE CUSTOMERS)**

Line No.	Description	Recorded Year			Test Year	Reference
		____	____	____		
13	Water Purchased (CCFs)					CPUC rpt Sch. D 1
14	Water pumped (CCFs)					CPUC rpt Sch. D 1
15	Total production (CCFs)					Lines 13 + 14
16	Average No. of customers					Sheet I-2 + I-3
17	Average production per customer					Line 15/Line 16
18	Average of recorded years					Line 17, Col. A thru C divided by 3
19	Total test year water produced					Line 16 x 18
20	Est. test year water pumped					
21	Est. test year water purchased					

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATE OF PURCHASED WATER
 TEST YEAR _____

Line No.	A	B	C	D
	Purchased from:	Units purchased (in _____) (e.g. CCF's, AC - FT)	Price Per Unit	Total (B x C)
1				
2				
3				
4	Total	*		

* Must agree with Sheet II-2, Line 11 or Line 21

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 POWER EXPENSE
 TEST YEAR _____

- 1 Average number of customers - most recent recorded year _____
 - 2 Total ccf pumped - most recent recorded year _____
 - 3 Water pumped per customer (in ccf) in recorded year.
 (Divide total water pumped (in ccf) for the recorded year (line 2) by
 the average number of customers in recorded year (line 1)) _____
 - 4 Estimated average number of customers - test year _____
 - 5 Total water pumped (in ccf) - test year (line 3 x 4) _____
 - 6 Grand total KWH - recorded year (from Sheet II-4b, line 29, Col h) _____
 - 7 KWH per ccf for the recorded year
 [Divide Grand Total KWH - recorded year (line 6)
 by the Total ccf pumped - recorded year (line 2)] _____
 - 8 Total KWH - test year
 [Multiply KWH per ccf - recorded year (line 7)
 by the Total water pumped in ccf - Test Year (line 5)] _____
 - 9 Prepare Sheet II-4c to segregate total KWH - test year (line 8)
 among the three power schedules.
- Prepare Sheet II-4d to calculate power costs in dollars for each rate
 schedule, and combine the three rate schedules to determine the
 Grand Total Power Expense for the Test Year. _____

Note: See also supporting power Sheets II-4b, II-c and II-d.

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 POWER EXPENSE (By Rate Schedule)
 TEST YEAR _____

(The purpose of Sheet II-4c is to segregate total KWH for the test year, from Sheet II-4a, line 8, among the three power schedules.)

Percentage of Grand Total KWH, by Rate Schedule

(Multiply by Total KWH, for Test Year (line 1) by percentages on lines 2, 3 and 4, Col C and enter the results in Col D.)

A	B	C	D
Line No.		Percent	KWH
1	Total Estimated KWH for Test Year (from Sheet II-4a, line 8)		
2	Sched. A-1 (from Sheet II-4b, line 9, Col I)	%	
3	Sched. A-1P (from Sheet II-4b, line 18, Col I)	%	
4	Sched. A-10 (from Sheet II-4b, line 28, Col I)	%	
5	Grand Total (from Sheet II-4b, line 29, Col I)	100 %	

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 POWER EXPENSE (By Power Schedule)
 TEST YEAR _____

Schedule A-1

Total KWH, Segregated between Winter and Summer Power Schedules

	A	B	C	D	E
		Percent	KWH	Rate Per KWH	Total
1	Total KWH from Sheet II-4c, line 2, Col D:				
2	Winter				\$
3	Summer				\$
4	Subtotal				\$
5	Energy Tax				\$
6	Customer Charge				\$
7	Total				\$

Schedule A-1P

Total KWH, Segregated between Winter and Summer Power Schedules

	A	B	C	D	E
		Percent	KWH	Rate Per KWH	Total
8	Total KWH from Schedule II-4c, line 3, Col D:				
9	Winter				\$
10	Summer				\$
11	Subtotal				\$
12	Energy Tax				\$
13	Customer Charge				\$
14	Total				\$

Schedule A-10

Total KWH, Segregated between Winter and Summer Power Schedules

	A	B	C	D	E
		Percent	KWH	Rate Per KWH	Total
15	Total KWH from Schedule II-4c, line 4, Col D:				
16	Winter				\$
17	Summer				\$
18	Subtotal				\$
19	Energy Tax				\$
20	Customer Charge				\$
21	Demand Charge				\$
22	Total				\$

23 Grand Total - Power Cost - All Schedules

_____KWH

This page is supplemental information. It is required to complete Sheet II-1.

References below refer to Sheet II-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
4	618	Other volume related expenses

Other volume related expenses

List the amount spent on other volume related expenses for the last three record periods and estimated for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items. If the estimate for the Test Year is higher than previous years, indicate the reason for the anticipated increase:

Year	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
Test Year _____	\$ _____

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATE OF PAYROLL COSTS AND EXPENSES
 TEST YEAR _____

SEE GENERAL ORDER NUMBER 77 PARTS H AND G SOME SALARIES MUST BE FILED IN THIS REPORT
 ESTIMATE OF PAYROLL COSTS:

	A	B	C	D	E	F	G	H	
Line No.	Employee Name	Test Year Payroll	Capitalized Payroll	Expensed Payroll	1st 7,000	7,001 to 55,500	55,501 to 130,200	Over 130,200	Total Payroll
1									
2									
3									
4									
5									
6									
7									
8									
9	Total								

ALLOCATION OF PAYROLL TO EXPENSE:

Line No.	Acct No.	Account Name	Test Year Expense
10	630	Employee labor	
11	670	Officer salaries	
12	671	Management salaries	
13		Total Payroll Expenses	

This page is supplemental information. It is required to complete Sheet II-1.

References below refer to Sheet II-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
8	640	Materials

Materials

List the amount spent on materials for the last three record periods and estimated for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items. If the estimate for the Test Year is higher than previous years, indicate the reason for the anticipated increase:

Year	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
Test Year _____	\$ _____

This page is supplemental information. It is required to complete Sheet II-1.

References below refer to Sheet II-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
9	650	Contract work

Contract work

List the amount spent on contract work for the last three record periods and estimated for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items. If the estimate for the Test Year is higher than previous years, indicate the reason for the anticipated increase:

Year	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
Test Year _____	\$ _____

This page is supplemental information. It is required to complete Sheet II-1.

References below refer to Sheet II-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
10	660	Transportation expense

Transportation expense

List the type of vehicles used by the water company and allocate the percent used for business purposes. For example, is there one vehicle used solely for the Water Company, or is it used for non-business activities too? Is there a vehicle involved that is part of the Company's Plant in Service and thus is already depreciated?

Vehicle expenses reported using a cost per unit (say 27 cents per mile) probably have the depreciation factor included. A vehicle which is part of the Plant in Service should show only actual operating and maintenance expenses (oil, gas, repairs, maintenance) excluding insurance. The purpose of this supplemental page is to ensure that vehicle expense will be recorded properly and that vehicle depreciation is not listed twice or totally omitted.

Year	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
Test Year _____	\$ _____

This page is supplemental information. It is required to complete Sheet II-1.

References below refer to Sheet II-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
11	664	Other plant maintenance

Other plant maintenance

List the amount spent on other plant maintenance for the last three record periods and estimated for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items. If the estimate for the Test Year is higher than previous years, indicate the reason for the anticipated increase:

Year	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
Test Year _____	\$ _____

Large Items:

This page is supplemental information. It is required to complete Sheet II-1.

References below refer to Sheet II-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
16	674	Employee pensions and benefits

Employee pensions and benefits

List the amount spent on Employee's pensions and benefits for the last three record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all items by category. For example, Pensions includes such items as ESOPs and IRAs. The "Other" column includes such items as dental, vision, life insurance, etc. Also include the number of employees covered and charged to account 674 and indicate the cost per employee. If the estimate for the Test Year is higher than previous years, indicate the reason for the anticipated increase:

List types of Pensions & Benefits:

_____	\$ _____	\$ _____	\$ _____	\$ _____
Year	Total Amount	Pensions	Health	Other

Number of Employees covered: _____

Cost per Employee: _____

List types of Pensions & Benefits:

_____	\$ _____	\$ _____	\$ _____	\$ _____
Year	Total Amount	Pensions	Health	Other

Number of Employees covered: _____

Cost per Employee: _____

List types of Pensions & Benefits:

_____	\$ _____	\$ _____	\$ _____	\$ _____
Year	Total Amount	Pensions	Health	Other

Number of Employees covered: _____

Cost per Employee: _____

List types of Pensions & Benefits:

_____	\$ _____	\$ _____	\$ _____	\$ _____
Year	Total Amount	Pensions	Health	Other

Number of Employees covered: _____

Cost per Employee: _____

This page is supplemental information. It is required to complete Sheet II-1.

References below refer to Sheet II-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
17	676	Uncollectibles

Uncollectibles

List the recorded amount the company was unable to collect for the last three years, and estimate the uncollectible amount for the Test Year. If the estimate for the Test Year is higher than previous years, indicate the reason for the anticipated increase.

Year	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
Test Year _____	\$ _____

This page is supplemental information. It is required to complete Sheet II-1.

References below refer to Sheet II-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
18	678	Office services & rentals

Office services & rentals

List the amount spent on office services and rentals for the last three record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items. If the estimate for the Test Year is higher than previous years, indicate the reason for the anticipated increase:

Year	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
Test Year _____	\$ _____

Large Items:

This page is supplemental information. It is required to complete Sheet II-1.

References below refer to Sheet II-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
19	681	Office supplies & expenses

Office supplies & expenses

List the amount spent on office supplies and expenses for the last three record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items. If the estimate for the Test Year is higher than previous years, indicate the reason for the anticipated increase:

Year	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
Test Year _____	\$ _____

Large Items:

This page is supplemental information. It is required to complete Sheet II-1.

References below refer to Sheet II-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
20	682	Professional services

Professional services

List the amount spent on professional services for the last three record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items. If the estimate for the Test Year is higher than previous years, indicate the reason for the anticipated increase:

Year	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
Test Year _____	\$ _____

Large Items:

This page is supplemental information. It is required to complete Sheet II-1.

References below refer to Sheet II-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
21	684	Insurance

Insurance

List the amount spent on each insurance policy by indicating the cost, period covered, type of coverage, and the insurance company's name for the last record period and the Test Year. For "type", indicate fire, theft, liability, worker's compensation, vehicle, etc. If the estimate for the Test Year is higher than previous years, indicate the reason for the anticipated increase:

<u>Year</u>	<u>Total amount</u>	<u>Period Covered</u>	<u>Type</u>	<u>Company</u>
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<u>Year</u>	<u>Total amount</u>	<u>Period Covered</u>	<u>Type</u>	<u>Company</u>
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<u>Year</u>	<u>Total amount</u>	<u>Period Covered</u>	<u>Type</u>	<u>Company</u>
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Test Year

<u>Year</u>	<u>Total amount</u>	<u>Period Covered</u>	<u>Type</u>	<u>Company</u>
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<u>Year</u>	<u>Total amount</u>	<u>Period Covered</u>	<u>Type</u>	<u>Company</u>
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<u>Year</u>	<u>Total amount</u>	<u>Period Covered</u>	<u>Type</u>	<u>Company</u>
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This page is supplemental information. It is required to complete Sheet II-1.

References below refer to Sheet II-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
22	688	Regulatory commission expense

Regulatory commission expense

List the amount spent on regulatory commission expense for the last three record periods and estimate for the Test Year. Do not include Public Utilities Commission Reimbursement Fees (User Fees). This section is to record Commission filing fees or fees to consultants, attorneys, etc. in formal and informal rate cases, complaints, or other dealings with the Commission, which are not reported under Professional Services. Indicate the kinds of expenses included in this account by identifying all large items. If the estimate for the Test Year is higher than previous years, indicate the reason for the anticipated increase:

Year	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
Test Year _____	\$ _____

Large Items:

This page is supplemental information. It is required to complete Sheet II-1.

References below refer to Sheet II-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
23	689	General expense

General expense

List the amount spent on general expense for the last three record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items. If the estimate for the Test Year is higher than previous years, indicate the reason for the anticipated increase:

Year	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
Test Year _____	\$ _____

Large Items:

SECTION III

Section III provides working tables to allow the calculation of estimated rate base and return on rate base.

Instructions for Section III

Complete Sheets III-3 through III-9 as they apply to your company.

Transfer the resulting average balances (last line of each table) to Sheet III-2.

Complete Line 1 of Sheet III-1 using Line 16 of Sheet III-2. If your company has long term debt, complete lines 4-7 of Sheet III-1. If there is no long term debt for your company, your rate of return range is dependent on D.92-03-093.

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 REQUESTED RETURN
 TEST YEAR _____

Return on Rate Base:

Line No.	Description	Test Year Amount
1	Average rate base (from III-2)	
2	Requested rate of return (see below)	
3	Return on rate base (Line 1 x Line 2)	

Rate of Return:

(Note: If the Company has no long term debt, do not complete the schedule below. The rate of return on Line 2 will equal to the return on equity that the Company is requesting. Therefore, put that amount on Line

A	B	C	D	E	F	G
Line No.	Description	Amount	Percentage	Rate	Reference	Weighted Average Rate
			Amount from previous column divided by Line 6, Column C			(D x E)
4	Equity (Line 6, Sch. A of latest PUC report)	\$	%	%	Requested return on equity	%
5	Long Term Debt and Advances from Associated Companies PUC Report Sched. A, Liabilities Section		%	%	Average rate on debt	%
6	Total capitalization (Line 4 + Line 5)	\$	100%			%
7	Return on rate base (rounded to nearest 0.1%)					%

* ROE = Return on Equity

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATED RATE BASE
 TEST YEAR _____

AVERAGE RATE BASE FOR THE TEST YEAR _____

Line No.	Description	Amount	Reference
1	Additions:		
2	Utility plant	\$	Sheet III-3, Line 23
3	Construction work in progress		Sheet III-4, Line 5
4	Materials and supplies		Sheet III-4, Line 8
5	Working cash		Sheet III-5
6			
7	TOTAL ADDITIONS (Add Lines 2 through 6)	\$	
8	Deductions:		
9	Reserve for depreciation	\$	Sheet III-7, Line 8
10	Contributions in aid of construction		Sheet III-8, Line 12
11	Advances for construction		Sheet III-8, Line 6
12	Accumulated deferred income taxes		Sheet III-9, Line 4
13	Accumulated deferred investment tax credits		Sheet III-9, Line 8
14			
15	TOTAL DEDUCTIONS (Add Lines 9 through 14)	\$	
16	AVERAGE RATE BASE (Line 7, less Line 15)	\$	

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATE OF AVERAGE UTILITY PLANT
 TEST YEAR _____

AVERAGE UTILITY PLANT:

A	B	C	D
Line No.	Description	Amount	Amount
1	Beginning balance		
2	Test year plant additions:		
3		\$	
4			
5			
6			
7			
8			
9			
10			
11	Total additions (Add Lines 3 through 10, Col. C)		\$
12	Test year plant retirements:		
13		\$	
14			
15			
16			
17			
18			
19			
20			
21	Total retirements (Add Lines 13 through 20, Col. C)		\$
22	Ending balance (Line 1 = Line 11 - Line 21)		\$
23	Average balance - test year (Line 1 plus Line 22, divided by 2)		\$

WORKING CASH ALLOWANCE CALCULATIONS
FOR
SMALL WATER UTILITIES

1. No working cash allowance is permitted when a utility bills its customers in advance and provides service to flat rate customers only.

2. A utility which has all metered customers and bills monthly shall divide its annual Operating and Maintenance (O&M) expenses (excluding all taxes and depreciation) by 12 to compute its working cash as shown in the following example:

1. Annual Expenses	\$70,000
2. Taxes and depreciation	<u>(10,000)</u>
3. Net Expenses (Line 1 - Line 2)	60,000
4. Working Cash (Line 3 divided by 12)	\$5,000

3. If the utility bills its metered customers on a bi-monthly basis, the above expenses shown on Line 3 should be divided by six resulting in a working cash allowance of \$10,000.

4. An appropriate allocation of operating and maintenance expense should be applied when a utility has a mixture of metered and flat rate customers.

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATED DEPRECIATION
 TEST YEAR _____

Depreciation at the rate of _____% is calculated on the _____ depreciable utility plant balance. (beginning or average)

A	B	C	D	E
Line No.	Description	Beginning Year	End Year	Average
				(C + D / 2)
1	Total utility plant:	\$	\$	\$
2	Less:			
3	Land	()		()
4	Intangibles	()		()
5		()		()
6	Depreciable balance (Line 1 less Lines 3, 4, and 5)			
7	Depreciation rate		%	%
8	Test year Depreciation (Line 6 x Line 7)			
9	Contributions in aid of construction			
10	Depreciation on contributions (Line 7 x Line 9)	()		()
11	Test year depreciation expense (Line 8 less Line 10)			

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATED AVERAGE ACCUMULATED FOR DEPRECIATION
 TEST YEAR _____

AVERAGE ACCUMULATED DEPRECIATION:

Line No.	Description	Test Year Amount
1	Beginning balance	
2	Test year depreciation (Sheet III-6, Line 11)	
3	Test year depreciation (Sheet III-3, Line 21)	()
4	Test year salvage value received **	()
5	Test year cost of removal	()
6	Test year other adjustments	
7	Ending balance (Add Lines 1 through 6)	
8	Average balance - test year (Line 1 plus Line 7, divided by 2)	

**** MONEY RECEIVED FOR SOLD VEHICLES, PUMPS, METERS, ETC.**

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATED AVERAGE ADVANCES FOR CONSTRUCTION AND
 ESTIMATED AVERAGE CONTRIBUTIONS IN AID OF CONSTRUCTION
 TEST YEAR _____

ESTIMATED AVERAGE ADVANCES FOR CONSTRUCTION:

Line No.	Description	Test Year Amount
1	Beginning balance	\$
2	Test year additions	
3	Test year refunds	()
4	Other adjustments	
5	Ending Balance	
6	Average balance - test year (Line 1 plus Line 5, divided by 2)	\$

ESTIMATED AVERAGE CONTRIBUTIONS IN AID OF CONSTRUCTION:

A	B	C	D	E
Line No.	Description	Amount	Amortization	Net
7	Beginning balance - test year	\$	\$()	\$
8	Test year additions			
9	Test year amortization (Sheet III-7, Line 8)		()	()
10	Test year other adjustments			
11	Ending balance - test year		()	
12	Average balance - test year (Line 7 plus Line 11, divided by 2)			\$

_____ WATER COMPANY
WORKPAPERS - ADVICE LETTER RATE INCREASE
ESTIMATE OF AVERAGE DEFERRED INCOME TAXES AND
AVERAGE DEFERRED INVESTMENT TAX CREDITS
TEST YEAR _____

AVERAGE DEFERRED INCOME TAXES:

Line No.	Description	Test Year Amount
1	Beginning balance	
2	Test year additions	
3	Ending balance	
4	Average Balance - test year (Line 1 plus Line 3, divided by 2)	

AVERAGE DEFERRED INVESTMENT TAX CREDITS:

5	Beginning balance	
6	Test year amortization	
7	Ending balance	
8	Average balance - test year (Line 5 plus Line 7, divided by 2)	

SECTION IV

Section IV is used to estimate taxes other than income.

Instructions for Section IV

Follow the instructions included with tables under the heading reference.

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATE OF TAXES OTHER THAN INCOME
 TEST YEAR _____

PROPERTY TAXES:

A Line No.	B Description	C Amount	D Amount	E Reference
1	Property taxes paid in year prior to test year			per property tax bills
2	Utility plant added in test year			Sheet III-3, Line 11
3	Utility plant added in year prior to test year			PUC report Sch A-1a, Line 11
4	Utility plant retirements in test year	()		Sheet III-3, Line 21
5	Utility plant retirements in year prior to test year	()		PUC report Sch A-1, Line 6
6	Average net additions			Line 2 + 3 - 4 - 5 divided by 2
7	Property tax rate	%		Per latest property tax bill
8	Test year property tax on additions			Line 6 times Line 7
9	Increase in prior year property taxes			Line 1 times 102%
10	Test year property tax expense			(Line 1 + Line 9, divided by 2) + Line 8

PAYROLL TAXES:

A Line No.	B Tax Type	C Wage Level	D Tax Rate	E Taxable Wages	F Reference	G Tax
					Sheet II-6	(D x E)
11	FICA	wages to _____	%	\$	Lines D + E	
12	Medicare	wages to _____	%		Lines D + E + F	
13	Federal unemployment	wages to _____	%		Line D	
14	State unemployment	wages to _____	%		Line D	
15	State employment training	wages to _____	%		Line D	
16	Total (add Lines 11 through 15)			\$		\$

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 ESTIMATE OF TAXES OTHER THAN INCOME
 TEST YEAR _____
 (CONTINUED)

PAYROLL TAXES:

H	I	J	K	L	M
		Recorded Year			Test Year
Line No.	Description				
17	Other taxes and licenses	\$	\$	\$	\$
18	Total taxes other than income (Line 10 + Line 16, Column G + Line 17, Column M)				\$

SECTION V

Section V summarizes results of operations at present rates.

Instrucitons for Section V

Complete Sheet V-1 and Sheet V-2 per instructions found in the reference column.

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 INCOME TAXES AT PRESENT RATES
 TEST YEAR _____

A	B	C	D	E	F
Line No.	Description	Federal	California	Total	Reference
1	Revenues	\$	\$		Sheet I-1, Line 8
2	Less:				
3	Operating expenses	()	()		Sheet II-1, Line 27, Column G
4	Depreciation	()	()		Sheet III-7, Line 8
5	Taxes other than income	()	()		Sheet IV-1, Line 10 + Line 17
6	California franchise tax	()			Column D, Line 12
7	Interest expense	()	()		
8	Depreciation on taxed contributions	()	()		
9					
10	Taxable income				
11	Tax rate	(see below)	9.3% but not less than \$800		
12	Tax at present rates	\$	\$	\$	

FEDERAL INCOME TAX CALCULATION:

Line No.	Tax Rate	Taxable Income	Tax Rate	Tax
		(Portion of Taxable Income in Level)		(C x D)
13	1st 50,000 of taxable income	\$	15%	\$
14	Next 25,000 of taxable income		25%	
15	Next 25,000 of taxable income		34%	
16	Next 235,000 of taxable income		39%	
17	Over 335,000 of taxable income		34%	
18	Total			\$

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 SUMMARY OF EARNINGS
 TEST YEAR _____

Line No.	A		B	C
	Item		Utility Estimated	
			Present Rates	Reference
OPERATING REVENUES				
1	460	Flat rates		
2	470	Metered rates		
3	462	Private Fire Protection		
4		TOTAL REVENUE		Sheet VI-1, Line 6, col. C
OPERATING EXPENSES				
6	610	Purchased water		Sheet II-1, Line 2, col. G
7	615	Purchased power		Sheet II-1, Line 3, col. G
8	618	Other volume related expenses		Sheet II-1, Line 4, col. G
9	630	Employee labor		Sheet II-1, Line 7, col. G
10	640	Materials		Sheet II-1, Line 8, col. G
11	650	Contract work		Sheet II-1, Line 9, col. G
12	660	Transportation expense		Sheet II-1, Line 10, col. G
13	664	Other plant maintenance		Sheet II-1, Line 11, col. G
14	670	Office salaries		Sheet II-1, Line 14, col. G
15	671	Management salaries		Sheet II-1, Line 15, col. G
16	674	Employee pensions and benefits		Sheet II-1, Line 16, col. G
17	674	Uncollectible		Sheet II-1, Line 17, col. G
18	678	Office services and rentals		Sheet II-1, Line 18, col. G
19	681	Office supplies and expenses		Sheet II-1, Line 19, col. G
20	682	Professional services		Sheet II-1, Line 20, col. G
21	684	Insurance		Sheet II-1, Line 21, col. G
22	688	Regulatory Commission Expenses		Sheet II-1, Line 22, col. G
23	689	General expenses		Sheet II-1, Line 23, col. G
24		SUBTOTAL		
25	403	Depreciation		Sheet III-7, Line 8
26	408	Taxes other than income		Sheet IV-1b, Line 17
27	409/10	Income taxes		Sheet V-1, Line 12, col. E
28		TOTAL DEDUCTIONS		Line 25 + Line 26 + Line 27
29		NET REVENUE		Line 24 less Line 28
30		RATE BASE		Sheet III-2, Line 16
31		RATE OF RETURN		Line 29 divided by Line 30

SECTION VI

Section IV develops proposed gross revenue.

Instructions for Section VI:

- 1 Complete Lines 1-4 of Sheet VI-1 first.
- 2 Depending on your projected income tax rate complete the appropriate income tax Sheet VI-2 a-d.
- 3 Complete lines 5 and 6 of Sheet VI-1
- 4 Complete Sheet VI-3

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 SCHEDULE OF REVENUE REQUIREMENTS
 TEST YEAR _____

A	B	C	D
Line No.	Description	Amount	Reference
1	Operating expenses	\$	Sheet II-1 Line 27, Col. G
2	Depreciation (average)		Sheet III-6 Line 11
3	Taxes other than income		Sheet IV-1b Line 17
4	Income taxes at proposed rates		Sheet VI-3 Line 12, Col. E
5	Return requested		Sheet III-1 Line 3
6	Total revenue requirements	\$	

_____ WATER COMPANY
WORKPAPERS - ADVICE LETTER RATE INCREASE
NET TO GROSS FORMULA
TEST YEAR _____

The following formula will compute the gross revenues needed based upon the return requested. The formula assumes a marginal federal tax rate of 15% and a state tax of 9.3% (but more than the \$800 minimum tax):

$$G = (1/(1 - b))[O - .297101I - .194565C(f) - .102536C(s) + 1.297101N]$$

Where,

- G = Gross revenue
- b = Bad debt %
- O = Operating expenses, depreciation and taxes other than income
- I = Interest expense
- C(f) = Depreciation on taxed contributions for federal purposes
- C(s) = Depreciation on taxed contributions for state purposes
- N = Net return requested

A	B	C	D	E	F
Line No.	Description	Amount	Factor	(C x D) Total	Reference
1	Operating expenses, depreciation and taxes other than income		1.000000		Sheet V-1 Lines 3-5
2	Interest expense		-0.297101		
3	Depreciation on taxed contributons (Federal)		-0.194565		
4	Depreciation on taxed contributons (California)		-0.102536		
5	Net return requested		1.297101		
6					
7	Total				Total of Col E Lines 1-5
8				1.0000	
9	Bad debt rate (e.g. 1% = .01)				
10					Line 8 - Line 9
11	Gross revenue				Line 7 divided by 10

Proof:

12	Gross revenue				Line 11, Col. E
13	Expenses:				
14	Operating expenses, depreciaton, and taxes other than income				Line 1, Col. C
15	Bad debts				Line 9, Col. E times Line 12
16	Federal income tax				
17	California income tax				
18	Total expenses				Total of Col. E Lines 14 - 17
19	Net return				Line 12 - Line 18

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 NET TO GROSS FORMULA
 TEST YEAR _____

The following formula will compute the gross revenues needed based upon the return requested. The formula assumes a marginal federal tax rate of 25% (15% for 1st \$50,000 of taxable income and 25% for the next \$25,000) and a state tax of 9.3% (but more than the \$800 minimum tax):

$$G = (1/(1 - b))[O - .470048I - .367512C(f) - .102536C(s) + 1.470048N - 7,350]$$

Where,

- G = Gross revenue
- b = Bad debt %
- O = Operating expenses, depreciation and taxes other than income
- I = Interest expense
- C(f) = Depreciation on taxed contributions for federal purposes
- C(s) = Depreciation on taxed contributions for state purposes
- N = Net return requested

A	B	C	D	E	F
Line No.	Description	Amount	Factor	(C x D) Total	Reference
1	Operating expenses, depreciation and taxes other than income		1.000000		Sheet V-1 Lines 3-5
2	Interest expense		-0.470048		
3	Depreciation on taxed contributons (Federal)		-0.367512		
4	Depreciation on taxed contributons (California)		-0.102536		
5	Net return requested		1.470048		
6					
7	Total				Total of Col E Lines 1-5
8				-7,350	
9	Bad debt rate (e.g. 1% = .01)				
10					Line 8 - Line 9
11	Gross revenue				Line 7 divided by 10

Proof:

11	Gross revenue				Line 11, Col. E
13	Expenses:				
14	Operating expenses, depreciaton, and taxes other than income				Line 1, Col. C
15	Bad debts				Line 9, Col. E times Line 12
16	Federal income tax				
17	California income tax				
18	Total expenses				Total of Col. E Lines 14 - 17
19	Net return				Line 12 - Line 18

_____ WATER COMPANY
WORKPAPERS - ADVICE LETTER RATE INCREASE
NET TO GROSS FORMULA
TEST YEAR _____

The following formula will compute the gross revenues needed based upon the return requested. The formula assumes a marginal federal tax rate of 34% (15% for 1st \$50,000 of taxable income; 25% for the next \$25,000; 34% for the next \$25,000) and a state tax of 9.3% (but more than the \$800 minimum tax):

$$G = (1/(1 - b))[O - .670509I - .567973C(f) - .102536C(s) + 1.670509N - 19,628]$$

- Where,
- G = Gross revenue
 - b = Bad debt %
 - O = Operating expenses, depreciation and taxes other than income
 - I = Interest expense
 - C(f) = Depreciation on taxed contributions for federal purposes
 - C(s) = Depreciation on taxed contributions for state purposes
 - N = Net return requested

A	B	C	D	E	F
Line No.	Description	Amount	Factor	(C x D) Total	Reference
1	Operating expenses, depreciation and taxes other than income		1.000000		Sheet V-1 Lines 3-5
2	Interest expense		-0.670509		
3	Depreciation on taxed contributons (Federal)		-0.567973		
4	Depreciation on taxed contributons (California)		-0.102536		
5	Net return requested		1.670509		
6				-19,628	
7	Total				Total of Col E Lines 1-5
8				1.0000	
9	Bad debt rate (e.g. 1% = .01)				
10					Line 8 - Line 9
11	Gross revenue				Line 7 divided by 10

Proof:

11	Gross revenue				Line 11, Col. E
13	Expenses:				
14	Operating expenses, depreciaton, and taxes other than income				Line 1, Col. C
15	Bad debts				Line 9, Col. E times Line 12
16	Federal income tax				
17	California income tax				
18	Total expenses				Total of Col. E Lines 14 - 17
19	Net return				Line 12 - Line 18

_____ WATER COMPANY
WORKPAPERS - ADVICE LETTER RATE INCREASE
NET TO GROSS FORMULA
TEST YEAR _____

The following formula will compute the gross revenues needed based upon the return requested. The formula assumes a marginal federal tax rate of 39% (i.e. federal taxable income between \$100,000 and \$335,000) and a state tax of 9.3% (but more than the \$800 minimum tax):

$$G = (1/(1 - b))[O - .807436I - .7049C(f) - .102536C(s) - 1.807436N - 30,275]$$

Where,

- G = Gross revenue
- b = Bad debt %
- O = Operating expenses, depreciation and taxes other than income
- I = Interest expense
- C(f) = Depreciation on taxed contributions for federal purposes
- C(s) = Depreciation on taxed contributions for state purposes
- N = Net return requested

A	B	C	D	E	F
Line No.	Description	Amount	Factor	(C x D) Total	Reference
1	Operating expenses, depreciation and taxes other than income		1.000000		Sheet V-1 Lines 3-5
2	Interest expense		-0.807436		
3	Depreciation on taxed contributons (Federal)		-0.7049		
4	Depreciation on taxed contributons (California)		-0.102536		
5	Net return requested		1.807436		
6				30,275	
7	Total				Total of Col E Lines 1-5
8				1.0000	
9	Bad debt rate (e.g. 1% = .01)				
10					Line 8 - Line 9
11	Gross revenue				Line 7 divided by 10

Proof:

11	Gross revenue				Line 11, Col. E
13	Expenses:				
14	Operating expenses, depreciaton, and taxes other than income				Line 1, Col. C
15	Bad debts				Line 9, Col. E times Line 12
16	Federal income tax				
17	California income tax				
18	Total expenses				Total of Col. E Lines 14 - 17
19	Net return				Line 12 - Line 18

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 INCOME TAXES AT PROPOSED RATES
 TEST YEAR _____

A	B	C	D	E	F
Line No.	Description	Federal	California	Total	Reference
1	Revenues	\$	\$		Sheet VI-1, Line 6
2	Less:				
3	Operating expenses	()	()		Sheet II-1, Line 27, Column G
4	Depreciation	()	()		Sheet III-7, Line 8
5	Taxes other than income	()	()		Sheet IV-1b, Line 17
6	California franchise tax	()			Column D, Line 12
7	Interest expense	()	()		
8	Depreciation on taxed contributions	()	()		
9					
10	Taxable income				
11	Tax rate	(see below)	9.3% but not less than \$800		
12	Tax at present rates	\$	\$	\$	

FEDERAL INCOME TAX CALCULATION:

Line No.	Tax Rate	Taxable Income	Tax Rate	Tax
		(Portion of Taxable Income in Level)		(C x D)
13	1st 50,000 of taxable income	\$	15%	\$
14	Next 25,000 of taxable income		25%	
15	Next 25,000 of taxable income		34%	
16	Next 235,000 of taxable income		39%	
17	Over 335,000 of taxable income		34%	
18	Total			\$

SECTION VII

Section VII is used to show the summary of earnings at proposed rates.

Instructions for Section VII:

Complete Sheet VII-1

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE
 SUMMARY OF EARNINGS
 TEST YEAR _____

Line No.	A		B	C	D
	Item		Present Rates From Sheet V-2	Utility Estimated	
				Proposed rates	Reference
	OPERATING REVENUES				
1	460	Flat rates			
2	470	Metered rates			
3	462	Private Fire Protection			
4		TOTAL REVENUE			Sheet VI-1, Line 6, col. C
5	OPERATING EXPENSES				
6	610	Purchased water			Sheet II-1, Line 2, col. G
7	615	Purchased power			Sheet II-1, Line 3, col. G
8	618	Other volume related expenses			Sheet II-1, Line 4, col. G
9	630	Employee labor			Sheet II-1, Line 7, col. G
10	640	Materials			Sheet II-1, Line 8, col. G
11	650	Contract work			Sheet II-1, Line 9, col. G
12	660	Transportation expense			Sheet II-1, Line 10, col. G
13	664	Other plant maintenance			Sheet II-1, Line 11, col. G
14	670	Office salaries			Sheet II-1, Line 14, col. G
15	671	Management salaries			Sheet II-1, Line 15, col. G
16	674	Employee pensions and benefits			Sheet II-1, Line 16, col. G
17	676	Uncollectible			Sheet II-1, Line 17, col. G
18	678	Office services and rentals			Sheet II-1, Line 18, col. G
19	681	Office supplies and expenses			Sheet II-1, Line 19, col. G
20	682	Professional services			Sheet II-1, Line 20, col. G
21	684	Insurance			Sheet II-1, Line 21, col. G
22	688	Regulatory Commission expenses			Sheet II-1, Line 22, col. G
23	689	General expenses			Sheet II-1, Line 23, col. G
24		SUBTOTAL			
25	403	Depreciation			Sheet III-7, Line 8
26	408	Taxes other than income			Sheet IV-1b, Line 17
27	409/10	Income taxes			Sheet V-1, Line 12, col. E
28	TOTAL DEDUCTIONS				Line 25+Line 26+Line 27
29	NET REVENUE				Line 24 less Line 28
30	RATE BASE				Sheet III-2, Line 16
31	RATE OF RETURN				Line 29 divided by Line 30

SECTION VIII

Section VIII is used for rate design.

Instructions for Section VIII:

While this section is optional, it is recommended. Sheet VIII-1 will design a set of rates at your requested revenue requirement.

_____ WATER COMPANY
 WORKPAPERS - ADVICE LETTER RATE INCREASE: RATE DESIGN
 TEST YEAR _____

Rates designed under criteria established by D.85-06-064:

Line No.	A	B	C
	DETERMINATION OF FIXED COSTS		
1	Gross reveues at proposed rates	Sheet VI-1, line 6	\$
	Less:		
2	Purchased power - Account 615	Sheet II-1, line 3	()
3	Purchased water - Account 610	Sheet II-1, line 2	()
4	Other volume related - Account 618	Sheet II-1, line 4	()
5	Income taxes	Sheet VI-3	()
6	Uncollectibles - Account 676	Sheet II-1, line 17	()
7	Franchise fee		()
8			()
9			()
10	FIXED COSTS		\$
11	% OF FIXED COSTS RECOVERED IN SERVICE CHARGE (Class B = 50%, Class C = 66%)		%
12	TO BE RECOVERED THROUGH SERVICE CHARGE		\$
	RECAP:		
13	RECOVERED THROUGH SERVICE CHARGE		\$
14	RECOVERED THROUGH COMMODITY RATE		\$
	TOTAL		\$
	TO BE RECOVERED THROUGH SERVICE CHARGE		
15	TOTAL METER EQUIVALENTS	Sheet I-2, line 9	
16	CHARGE PER 5/8" x 3/4" METER (line 14 ÷ line 15)		\$
	TO BE RECOVERED THROUGH COMMODITY RATE		\$
17	TOTAL ESTIMATED WATER SALES IN CCF'S	Sheet I-5, line 14	
18	CHARGE PER CCF (line 14 ÷ line 17)		\$
	PROPOSED RATES:		
19	FOR ALL WATER DELIVERED PER 100 CU.FT.		
	SERVICE CHARGE (PER 5/8" X 3/4")		
20	5/8" x 3/4"	X 1.0 =	
21	3/4"	X 1.5 =	
22	1"	X 2.5 =	
23	1 1/2"	X 5.0 =	
24	2"	X 8.0 =	
25	3"	X 15.0 =	
26	4"	X 25.0 =	