

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 22, 2012

Draft Resolution W-4922
Agenda ID #11361

TO: All Interested Persons

Enclosed is draft Resolution W-4922 of the Division of Water and Audits (DWA) for Point Arena Water Works, Inc.'s request for a general rate increase Test Year 2011. Draft Resolution W-4922 will be on the Commission's June 21, 2012 Agenda. The Commission may act then on this resolution or it may postpone action until later.

When the Commission acts on a draft resolution, the Commission may adopt all or part of the draft resolution, as written, or amend or modify the draft resolution; or the Commission may set the draft resolution aside and prepare a different resolution. Only when the Commission acts does the resolution become binding.

Interested persons may submit comments on draft Resolution W-4922. An original of the comments, with a certificate of service, should be submitted to:

Division of Water and Audits, Third Floor
Attention: Moises Chavez
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Division of Water and Audits, Third Floor
Attention: Rami Kahlon
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Interested persons must serve a written or electronic copy of their comments on the utility on the same date that the comments are submitted to the Division of Water and Audits. Interested persons may submit comments on or before June 11, 2012.

Comments should focus on factual, legal, or technical errors or policy issues in the draft resolution.

Persons interested in receiving comments submitted to the Division of Water and Audits may write to Moises Chavez, email him at mcv@cpuc.ca.gov, or telephone him at (415) 703-2805.

/s/ RAMI S. KAHLON
Rami S. Kahlon, Director
Division of Water and Audits

Enclosures: Draft Resolution W-4922
Certificate of Service
Service List

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch****RESOLUTION NO. W-4922
June 21, 2012****R E S O L U T I O N**

**(RES. W-4922), POINT ARENA WATER WORKS, INC. (PAWW).
ORDER AUTHORIZING A GENERAL RATE INCREASE
PRODUCING ADDITIONAL ANNUAL REVENUE OF \$37,414 OR
15.86% FOR TEST YEAR (TY) 2011 AND A SURCHARGE OF \$4.25
OVER 48 MONTHS TO RECOVER \$38,311 IN LEGAL EXPENSES
RECORDED IN PAWW'S MEMORANDUM ACCOUNT CASE 08-12-
007.**

SUMMARY

By Advice Letter (AL) 64, filed on September 19, 2011, PAWW seeks to increase its rates for water service to recover increased operating expenses and earn a reasonable return on its plant investment. PAWW also requests authority to establish a \$4.96 surcharge over a period of 48 months to recover the expenses associated with its Memorandum Account Case (C.) 08-12-007 in the amount of \$45,453.

For TY 2011, this Resolution grants an increase in gross annual revenues of \$37,414, or a 15.86% increase in gross revenues over the revenues produced under the current rates, which is estimated to provide a rate of return (ROR) of 12.50%.

This Resolution also authorizes a surcharge of \$4.25 over 48 months to recover \$38,311 in legal expenses recorded in PAWW's Memorandum Account Case (C.) 08-12-007.

BACKGROUND

PAWW has requested authority under Rule 7.6.2 of General Order 96-B (GO 96-B), Water Industry Rule 7.3.3(5) and Section 454 of the Public Utilities Code to increase its gross water revenues for TY 2011 by \$69,980, or 29.77% over the revenues produced under the current rates. The purpose of the rate increase is to recover increased operating expenses and provide an adequate rate of return (ROR) on rate base. PAWW's request was based on a ROR of 12.50%.

PAWW's present interim rates became effective on September 19, 2011, by approval of AL 63, which authorized a Consumer Price Index (CPI) rate increase of \$3,527 or 1.50% to gross revenues, subject to refund or increase to the rates established in this General Rate Case (GRC) PAWW's last GRC was for Test Year (TY) 2007 and was approved by Res W-4676, which granted an increase in gross revenues of \$30,974, or 15.23%.

PAWW is a Class D water utility¹ with 188 service connections in the City of Point Arena and vicinity and the Whiskey Shoals subdivisions 1, 2, and 3 in Mendocino County.

PAWW has two separate water distribution systems. Water system No. 1 serves the entire City of Point Arena from two water wells. Well #1 is located approximately 350 feet south of the Garcia River and is currently used as a stand-by well due to the level of iron and manganese in the water supply. Well #2 is located 250 feet from well #1 and has a water supply capacity of approximately 160 gallons per minute. The water supply from these wells is pumped to a 125,000 gallon storage tank where the water is chlorinated and then pumped to the main storage tank with a capacity of 285,000 gallons. The water is distributed from the main storage tank to a 125,000 gallon tank to serve Zone 1, Point Arena's downtown area and Arena Cove. Zone 2, the entire uptown area and the east side of Point Arena where the industrial park is located is also served from the 125,000-gallon tank using two 15-horsepower booster pumps.

Water system No. 2 serves Whiskey Shoals area located two miles south of Point Arena on the west side of Highway 1. This water distribution system has three wells and one 22,000 gallon tank. Well #1, however, is no longer producing water, and well #2's production has also diminished to three gallons per minute. Well #3 is the new well constructed as a result of Case (C.) 08-12-007² and has a capacity of approximately 50 gallons per minute.

NOTICE AND PROTEST

In accordance with GO 96-B, AL 64 was served on September 15, 2011, to adjacent utilities and persons on the general service list. On November 3, 2011, a notice of the proposed rate increase was mailed to each customer's permanent address and to the general service list.

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1. Class D water utilities have less than 500 service connections.
 2. December 8, 2008, Richard S. Calone complaint against Point Arena Water Works.

Two customer letters questioning the rate increase were timely received, and the utility replied. Both customer letters oppose the magnitude of PAWW's rate increase request and believe the company's operating expenses for TY 2011 are excessive.

An informal public meeting was held on December 8, 2011, at 6:30 PM at the Druids Hall in Point Arena. Eleven PAWW customers attended the meeting. Staff from the Division of Water and Audits (Division) explained the Commission procedures, and PAWW representatives explained the need for the proposed rate increase. Division staff and PAWW representatives answered questions until approximately 9:00 PM.

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

DISCUSSION

The Division made an independent analysis of PAWW's operations. Appendix A provides PAWW's and the Division's estimated summary of earnings at present and proposed rates for TY 2011, and Appendix B provides the Division's recommended rates for TY 2011. PAWW is in agreement with the Division's recommended revenue requirement, shown in Appendix A, and the Division's recommended rates, shown in Appendix B. The Division recommends that the Commission approve the rate increases and resulting rates included in Appendix B.

Operating Expenses

In this GRC PAWW requests to decrease the TY 2007 adopted water sales from 15,035 to 13,064 one-hundred cubic feet (Ccf)³ for TY 2011, based on 2010 actual water minus an additional 2% reduction anticipated in 2011. Based on Division's review of the company's water sales during 2008 through 2011, Division recommends 12,404 Ccf for the water sales for TY 2011.⁴

For TY 2011 Division recommends \$11,322 for purchased power based on the 12,404 Ccf water sales for TY 2011 and 65,560 kilowatt hours (kWhs) of energy consumption. To calculate purchased power for TY 2011, Division used the energy and water

3. One Ccf equals 748.1 gallons.

4. This estimate includes an adjustment of 796 Ccf for the lost water sales from the Sea Shell Inn that was recently closed. The water usage amount is based on the 2011 recorded water sales for this customer.

consumption amounts adopted by Res. W-4676 (79,468 kWh and 15,035 Ccf) and adjusted by 17.50% to account for decreased water consumption in TY 2011.

PAWW requests \$21,687 for Other Plant Maintenance expenses for the land leases for the Garcia well, PAWW's water systems at the Bedrock location, and the Whiskey Shoals, and for the telephone lines at the pump stations. Division reviewed PAWW's request and recommends \$19,500 for other plant maintenance expenses based on the amount authorized by Res. W-4676 for TY2007, escalated to TY 2011 using the escalation rates provided by the Division of Ratepayer Advocates' (DRA) October 31, 2011 memorandum (DRA's Escalation Memo).⁵

PAWW requests \$42,993 for office salaries for two part-time office assistants. PAWW estimates that the total hours worked by the two employees amount to approximately the work of one full-time employee. The main work duties of these employees include: billing, customer service, bookkeeping, secretarial and general office work.

Division recommends \$35,709 for office salaries based on its review of comparable salaries for a full-time office assistant/account clerk in Mendocino County as published by the Association of California Water Agencies (ACWA) for 2008, escalated to 2011. The ACWA salary survey for an account clerk with similar responsibilities ranged from \$2,553 to \$3,110 per month. Division's recommended salary is based on the average of ACWA's salary range, or \$2,832 per month escalated to TY 2011 using the labor escalation factors provided in DRA's Escalation Memo.

PAWW requests \$29,187 for management salaries for the company owner to manage and oversee all of the water utility operations, and labor costs associated with operating and maintaining the water utility distribution systems. Division reviewed PAWW's 2008 through 2010 management salary expenses, and on average the company spent \$26,117 annually. Based on this average, Division recommends \$26,535 for management salaries, which includes a 1.6% labor escalation rate for TY 2011.

PAWW requests \$14,625 for professional services to cover the company's costs associated with its accounting/tax returns/CPUC annual report filings, engineering and legal services, and subcontractor expenses. Division reviewed PAWW's professional services expenses and found the expenses associated with company's accounting and Commission's annual reporting filings excessive for a Class D water company. Similarly, Division found the company's request for legal fees and

5. Division of Ratepayer Advocates: Estimates of non-labor and wage escalation rates for 2011 through 2015 from October 2011 IHS Global Insight U.S. Economic Outlook.

subcontracting expenses to be too high. Division therefore adjusted these expenses and determined that \$9,000 was a more reasonable amount for professional services for a Class D water utility.

PAWW requests \$7,467 for regulatory Commission expense for its GRC consulting fees and advice letter filings. Division reviewed PAWW's request and recommends \$6,000 for regulatory Commission expenses based on the amount of work involved in preparing the company's GRC filing and anticipated advice letter filings.

Utility Plant and Rate Base

PAWW's estimated average utility plant for TY 2011 is \$1,492,606, and the Division's estimate is \$1,440,606. The difference in the average utility plant estimate is due to actual amount of plant additions made in TY 2011. PAWW had anticipated making \$108,000 in plant additions in 2011 but only added \$4,000, so this is reflected in the Division's estimate. Therefore Division's rate base estimate for TY 2011 is \$429,129.

Rate of Return

In this GRC, PAWW requests a 12.50% ROR, which is lower than the last approved ROR of 13.25% and within the range of the current recommended ROR for Class D water utilities. Division accepts PAWW's request as reasonable and based its analysis on a ROR of 12.50%. Using this ROR, Division calculates a revenue requirement of \$273,320.

Memorandum Account Case (C.) 08-12-007

PAWW requests Commission authority to establish a \$4.96 surcharge over a period of 48 months to recover \$45,453 in legal expenses currently booked in its Memorandum Account Case (C.) 08-12-007.

PAWW's request to recover the costs recorded in Memorandum Account Case (C.) 08-12-007 meets the Commission's criterion for granting the company's request:

1) the Division's recommended amount of \$38,311 in legal expenses, discussed below, is not covered by other authorized rates; 2) the utility acted prudently when it incurred the legal expenses because the company had to respond to Mr. Calone's complaint; 3) it is appropriate for PAWW's ratepayers to pay for the incurred legal expenses because the new water well ultimately benefits all customers by having an additional water supply, and utility costs are allocated among all customers; and 4) the level of booked costs is reasonable based on Division's review of attorney hourly rates and fees in California.

Based on Division review of PAWW's legal expenses associated with C.08-12-007, Division recommends granting PAWW the authority to recover \$38,311 in legal expenses. Division's recommended amount excludes the following expenses: 1) \$2,538 associated with PAWW's Petition for Rehearing of D.10-16-027 filed on August 12, 2010, which is still pending before the Commission; 2) \$840 in regulatory expenses that were recorded in memo account in 2010, which should be covered by the \$4,000 in regulatory expenses authorized by Res. W-4676; and 3) \$3,765 in legal expenses to account for the professional services authorized by Res. W-4676.⁶ The surcharge for the \$38,311 and 188 service connections is \$4.25 per month over a period of 48 months.

PAWW, therefore, should be granted the authority to file a Tier 2 advice letter to establish this surcharge. This advice letter should become effective upon approval by Staff of the Division of Water and Audits.

PAWW, in its next GRC or by a Tier 3 advice letter filing, may seek recovery of the legal expenses associated with its Petition for Rehearing of D.10-16-027 once the Commission rules on the petition.

Rates and Rate Design

For PAWW's proposed metered service rate design, Division recommends an allocation of 80% of the fixed costs to the service charge, instead of the 75% proposed by the company to more proportionately spread the rate increase between the service charge and the quantity rate.⁷ At the company's proposed allocation, the quantity rate would increase from \$5.90 to \$7.40 per Ccf, or 25.39%, whereas at the Division's recommended allocation the rate would increase to \$6.42 per Ccf, or 8.85%, which Division finds more reasonable.

PAWW's interim rates became effective on September 19, 2011, by approval of AL 63, which authorized a CPI rate increase of \$3,527 or 1.5%, subject to refund or increase to the rates established in this GRC. The rates authorized by this Resolution are higher than the interim rates; therefore, PAWW should be allowed to file a Tier 2 advice letter

6. Division computed the \$3,765 by subtracting \$8,235 in professional services the company spent in 2010 from the \$12,000 in professional services authorized by Res. W-4676.

7. Commission Decision (D.) 92-03-093 allows Class D water utilities to recover up to 100% of the utility's fixed costs through the service charge.

within 30 days from the effective date of this Resolution to collect the under-collected revenues from the interim rate date to the effective date of the new rates.

PAWW's rate structure consists of one schedule: Schedule No. 1, General Metered Service. The rates proposed by the Division are shown in Appendix B. At the Division's recommended rates the increase in revenue will be \$37,414 or 15.86% for TY 2011. At the recommended rates for 2011, a customer's monthly bill with average consumption of 5.50 Ccf will increase from \$76.27 to \$89.56, a difference of \$13.29 or 17.42%. 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

The utility has no outstanding water quality violations and is in compliance with California Department of Public Health water quality standards and the Commission's General Order 103-A.

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 May 22, 2012.

FINDINGS

1. PAWW has requested authority to increase gross water revenues for TY 2011 by \$69,980, or 29.77% in gross revenues over the revenues produced under current rates.
2. PAWW's stated purpose for the increase in rates is to recover increased operating expenses and provide for an adequate ROR.
3. AL 64 was served in accordance with General Order 96-B on September 15, 2011. On November 3, 2011, a notice of the proposed rate increase was mailed to each customer and the general service list.
4. In reviewing PAWW's request, the Division made an independent analysis of company's operations.

5. For TY 2011 Division recommends 12,404 Ccf for the water sales based on Division's review of the PAWW's water sales during 2008 through 2011.
6. For TY 2011 Division recommends \$11,322 for purchase power based on the 12,404 Ccf water sales and 65,560 kWhs of energy consumption for TY 2011.
7. Division recommends \$19,500 for other plant maintenance expenses based on the amount authorized by Res. W-4676 for TY 2007, escalated to TY 2011 using the escalation rates provided in DRA's Escalation Memo.
8. Division recommends \$35,709 for office salaries based on its review of comparable salaries and responsibilities for a full-time office assistant/account clerk in the Mendocino County as published by the ACWA in 2008, escalated to 2011 using the escalation rates provided in DRA's Escalation Memo.
9. Division recommends \$26,535 for management salaries based on the 2008 though 2010 average plus a 1.6% labor escalation rate for TY 2011.
10. For TY 2011 Division recommends \$9,000 for professional services based on its review of the company's professional services expenses.
11. Division recommends \$6,000 for regulatory expenses for TY 2011, based on the amount of work involved in preparing the company's GRC and anticipated advice letter filings.
12. PAWW's estimated average utility plant for TY 2011 is \$1,492,606, and the Division's estimate is \$1,440,606. The difference in the average utility plant estimate is due the actual amount of plant additions in TY 2011. PAWW had anticipated making \$108,000 in plant additions in 2011 but only added \$4,000, which is reflected in Division's estimate.
13. Division's rate base estimate for TY 2011 is \$429,129.
14. For PAWW's proposed metered service rate design, Division recommends an allocation of 80% of the fixed costs to the service charge, instead of the 75% proposed by the company, to more proportionately spread the rate increase between the service charge and the quantity rate.
15. The Division informed PAWW of how the methodologies and escalation rates it used differed from those used in PAWW's request. PAWW now agrees with the Division's recommended revenue requirement and rates.
16. The Division's recommended summary of earnings (Appendix A) are reasonable and should be adopted.

17. The rates recommended by the Division (Appendix B) are reasonable and should be adopted.
18. The quantities (Appendix D) used to develop the Division's recommendations are reasonable and should be adopted.
19. For TY 2011, it is appropriate to grant PAWW an increase in gross annual revenues of \$37,414 or 15.86%, which is estimated to provide a rate of return of 12.50%.
20. PAWW should be allowed to file a Tier 2 advice letter within 30 days from the effective date of this Resolution to collect the under-collected revenues from the interim rate date to the effective date of the new rates. This advice letter should become effective upon approval by Staff of the Division of Water and Audits.
21. PAWW's request to recover the costs recorded in Memorandum Account Case (C.) 08-12-007 meets the Commission's criterion for granting the company's request: 1) the Division's recommended amount of \$38,311 in legal expenses is not covered by other authorized rates; 2) the utility acted prudently when it incurred the legal expenses because the company had to respond to Mr. Calone's complaint; 3) it is appropriate for PAWW's ratepayers to pay for the incurred legal expenses because the new water well ultimately benefits all customers by having an additional water supply, and utility costs are allocated among all customers; and 4) the level of booked costs is reasonable based on Division's review of attorney hourly rates and fees in California.
22. PAWW's requests to establish a surcharge over a period of 48 months to recover the legal expenses associated with Case (C.) 08-12-007 currently booked in Memorandum Account C.08-12-007 should be granted with the adjustments recommended by the Division.
23. Division recommends granting PAWW the authority to recover \$38,311 legal expenses associated with C.08-12-007.
24. Division's recommended amount for legal expenses excludes from the company's request, the following: 1) \$2,538 associated with PAWW's Petition for Rehearing of D.10-16-027, which is still pending before the Commission; 2) \$840 from regulatory expenses recorded in memorandum account in 2010, which should be covered by the \$4,000 in regulatory expenses authorized by Res. W-4676; and 3) \$3,765 in legal expenses to account for the professional services authorized by Res. W-4676.

25. The surcharge for the \$38,311 in legal expenses is \$4.25 per month over a period of 48 months for 188 service connections. PAWW should be granted authority to file a Tier 2 advice letter to establish this surcharge. This advice letter should become effective upon approval by Staff of the Division of Water and Audits.
26. PAWW, in its next GRC or by a Tier 3 advice letter filing, may seek recovery of the legal expenses associated with its Petition for Rehearing of D.10-16-027 once the Commission rules on the petition.

THEREFORE IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 to Point Arena Water Works, Inc. to file a supplemental advice letter with the revised rate schedule attached to this Resolution as Appendix B and concurrently cancel its presently effective rate Schedule No. 1, General Metered Service. The effective date of the revised schedule shall be five days after the date of filing.
2. The quantities (Appendix D) used to develop the Division of Water and Audits' recommendations are adopted.
3. Point Arena Water Works, Inc. is authorized to file a Tier 2 advice letter within 30 days from the effective date of this Resolution to collect the under-collected revenues from September 19, 2011, the interim rate date, to the effective date of the new rates established in this Resolution. This advice letter shall become effective upon approval by Staff of the Division of Water and Audits.
4. Point Arena Water Works, Inc. is authorized to file a Tier 2 advice letter within 30 days from the effective date of this Resolution to establish a surcharge of \$4.25, to be collected over a period of 48 months, to recover the \$38,311 in legal expenses recorded in Memorandum Account (C.)08-12-007. This advice letter shall become effective upon approval by Staff of the Division of Water and Audits.

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 June 21, 2012; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

APPENDIX A
Point Arena Water Works Inc.
Summary Of Earnings
Test Year 2011

	<u>PAWW Estimated</u>		<u>Division Estimated</u>		<u>Division</u>
	<u>Present</u>	<u>Requested</u>	<u>Present</u>	<u>Requested</u>	<u>Recommended</u>
	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>
Operating Revenues					
Metered	\$235,108	\$305,088	\$ 235,906	\$306,118	\$273,320
Other Revenues					
Total Revenue	\$235,108	\$305,088	\$235,906	\$306,118	\$273,320
Operating Expenses					
610 Purchased Water	\$0	\$0	\$0	\$0	\$0
615 Purchased Power	\$13,217	\$13,217	\$ 11,322	\$ 11,322	\$ 11,322
618 Other Volume Related Expenses	\$885	\$885	\$885	\$885	\$885
630 Employee Labor	\$6,692	\$6,692	\$6,692	\$6,692	\$6,692
640 Materials	\$9,131	\$9,131	\$9,131	\$9,131	\$9,131
650 Contract Work	\$14,182	\$14,182	\$14,182	\$14,182	\$14,182
water testing	\$2,803	\$2,803	\$2,803	\$2,803	\$2,803
660 Transportation Expenses	\$11,758	\$11,758	\$11,758	\$11,758	\$11,758
664 Other Plant Maintenance	\$21,687	\$21,687	\$19,500	\$19,500	\$19,500
670 Office Salaries	\$42,993	\$42,993	\$35,709	\$35,709	\$35,709
671 Management Salaries	\$29,187	\$29,187	\$26,535	\$26,535	\$26,535
674 Employee Pensions and Benefits	\$0	\$0	\$0	\$0	\$0
676 Uncollectable Accounts	\$1,526	\$1,526	\$1,526	\$1,526	\$1,526
678 Office Services and Rentals	\$7,188	\$7,188	\$7,188	\$7,188	\$7,188
681 Office Supplies and Expenses	\$5,758	\$5,758	\$5,758	\$5,758	\$5,758
682 Professional Services	\$14,625	\$14,625	\$9,000	\$9,000	\$9,000
684 Insurance	\$5,868	\$5,868	\$5,868	\$5,868	\$5,868
688 Regulatory Commission Expense	\$7,467	\$7,467	\$6,000	\$6,000	\$6,000
689 General Expense	\$1,408	\$1,408	\$1,408	\$1,408	\$1,408
Subtotal	\$196,375	\$196,375	\$175,264	\$175,264	\$175,264
403 Depreciation	\$12,649	\$12,649	\$11,569	\$11,569	\$11,569
408 Taxes Other Than Income	\$17,159	\$17,159	\$15,322	\$15,322	\$15,322
409 State Income Taxes	\$881	\$6,975	\$2,913	\$9,190	\$6,291
410 Federal Income Taxes	\$1,638	\$13,025	\$4,506	\$20,473	\$11,218
Total Deductions	\$228,702	\$246,183	\$209,575	\$231,818	\$219,665
Net Revenue	\$6,406	\$58,905	\$26,332	\$74,300	\$53,655
Rate Base					
Average Plant	\$1,492,606	\$1,492,606	\$1,440,606	\$1,440,606	\$1,440,606
Average Dep. Reserve	\$517,535	\$517,535	\$517,535	\$517,535	\$517,535
Net Plant	\$975,071	\$975,071	\$923,071	\$923,071	\$923,071
Less: Contributions	\$515,247	\$515,247	\$515,247	\$515,247	\$515,247
Advances	\$0	\$0	\$0	\$0	\$0
Plus: Working Cash	\$16,305	\$16,305	\$16,305	\$16,305	\$16,305
Materials and Supplies	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Rate Base	\$471,240	\$471,240	\$429,129	\$429,129	\$429,129
Rate of Return	1.36%	12.50%	6.14%	17.31%	12.50%

(END OF APPENDIX A)

APPENDIX B
Point Arena Water Works, Inc.

SCHEDULE NO. 1

GENERAL METERED SERVICE
Test Year 2011

APPLICABILITY

Applicable to all metered water service

TERRITORY

The City of Point Arena and vicinity and Whiskey Shoals Subdivision Unit Nos. 1, 2, & 3, Mendocino County.

RATES

Quantity Rates:

All water, per 100 cu. ft.	\$6.42	(I)
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Per Meter Per Month

Service Charge:

For 5/8 x 3/4-inch meter	\$ 54.25	(I)
For 3/4-inch meter	\$ 81.40	
For 1-inch meter	\$ 135.60	
For 1- 1/2-inch meter	\$ 271.20	
For 2-inch meter	\$ 434.00	
For 3-inch meter	\$ 813.70	
For 4-inch meter	\$1,356.20	
For 6-inch meter	\$1,356.20	(I)

The service charge is a Readiness-to-Serve charge which is applicable to all metered service and to which is added the monthly charge computed at the Quantity Rate.

SPECIAL CONDITIONS

1. In addition to the above rates and charges rendered to all bills under this Schedule, a surcharge will be added as set forth in Schedule No. 2-X, General Metered Surcharge.
2. All water bills are subject to the California Public Utilities Commission Reimbursement Fee set forth on Schedule No. UF.
3. Point Arena Associates and Wharf Masters Inn will be charged the 4-inch meter charge pursuant to Resolution No. W-4233.

(END OF APPENDIX B)

APPENDIX C
Point Arena Water Works, Inc.

COMPARISON OF RATES

Test Year 2011

		<u>Per Service Connection Per Month</u>		
		<u>Present</u>	<u>Recommended</u>	<u>Percent</u>
		<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
Service Charge:				
	5/8 x 3/4"	\$ 43.83	\$54.25	23.77%
	3/4"	\$ 65.74	\$81.40	23.82%
	1"	\$ 109.56	\$135.60	23.77%
	1 1/2"	\$ 219.10	\$271.20	23.78%
	2"	\$ 350.56	\$434.00	23.80%
	3"	\$ 657.30	\$813.70	23.79%
	4"	\$ 1,095.52	\$1,356.20	23.80%
	6"	\$ 1,095.52	\$1,356.20	23.80%
Quantity Charge:				
All water usage, per 100 cubic feet (Ccf)		\$ 5.90	\$ 6.42	8.85%

A monthly bill comparison for a customer with a 5/8 x3/4-inch meter is shown below:

	Usage 100 cu. ft.	Present <u>Rates</u>	Recommended Rates	Amount Increase	Percent <u>Increase</u>
Average	0	\$ 43.83	\$ 54.25	\$ 10.42	23.77%
	5.50	\$ 76.27	\$ 89.56	\$ 13.29	17.42%
	8.00	\$ 91.03	\$ 105.62	\$ 14.59	16.03%
	10.00	\$ 102.83	\$ 118.47	\$ 15.64	15.21%

(END OF APPENDIX C)

APPENDIX D
Point Arena Water Works, Inc.

ADOPTED QUANTITIES

Test Year 2011

1. Purchased Power	
Total Cost	\$11,322
2. Water Sales	12,404 Ccf
3. Payroll	
Employee Labor	\$6,692
Office Salaries	\$35,709
Management Salaries	\$26,535
4. Payroll taxes	\$6,881
5. Property Taxes	\$4,483
Service Connections	
5/8 -inch by 3/4 inch	166
3/4 -inch	7
1 -inch	6
2 - inch	7
6 -inch	2
Total	<u>188</u>

Water Consumption

Tax Calculations

	<u>2011</u>
Operating Revenues	\$274,320
Expenses	\$175,263
Depreciation	\$ 11,569
Taxes other than Income	\$ 15,322
Taxable Income for State	\$ 71,166
State tax	\$ 6,291
Taxable Income for Federal	\$ 64,875
Federal tax	\$ 11,219

(END OF APPENDIX D)

CERTIFICATE OF SERVICE

I certify that I have by electronic mail and mail this day served a true copy of draft Resolution W-4922 on all parties in these filings or their attorneys as shown on the attached list.

Dated May 22, 2012, at San Francisco, California.

/s/ JOSIE L. JONES

Josie L. Jones

Parties should the Division of Water and Audits,
Public Utilities Commission, 505 Van Ness
Avenue, Room 3106, San Francisco, CA 94102, of
any change of address to insure that they
continue to receive documents. You must
indicate the Resolution number of the service list
on which your name appears.

**SERVICE LIST DRAFT
RESOLUTION W-4922**

City of Point Arena
P.O. Box 67
Point Arena, CA 95468

North Gualala Water Co.
P.O. Box 1000
Gualala, CA 95445

The Sea Ranch Association
P.O. Box 16
Sea Ranch, CA 95497

Joe Rouse
Independent Coastal Observer
P.O. Box 1200
Gualala, CA 95445

Patricia Schwindt
P.O. Box 105
Point Arena, CA 95468

Eric and Leslie Dahlhoff
P.O. Box 105 543
Point Arena, CA 95468

Janet Robinson
365 Eastwood Lane
Point Arena, CA 95468

David Bower
37691 Old Stage Road
Gualala, CA 95445

Steve Oliff
P.O. Box 363
Point Arena, CA 95468

Julia Cunningham
9051 Vista Del Rio
Fair Oaks, CA 95628

William Hay, Jr. President
Point Arena Water Works, Inc.
PO Box 205
POINT ARENA CA 95468