

WATER/RSK/BMD/PTL/AAS/jlj

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION NO. W-4893
November 10, 2011

RESOLUTION

**(RES. W-4893), MEADOW VALLEY WATER WORKS (MEADOW).
ORDER AUTHORIZING A GENERAL RATE INCREASE (GRC),
PRODUCING ADDITIONAL ANNUAL REVENUE OF \$2,821 OR
98.8% FOR TEST YEAR (TY) 2011 AND \$1,329 OR 23.4% FOR
ESCALATION YEAR 2012.**

SUMMARY

By Advice Letter (AL) 15 filed on May 19, 2011, Meadow seeks to increase its rates for water service to recover operating expenses. For TY 2011, this Resolution orders an increase in gross revenues of \$2,821 or 98.8%. For escalation year 2012, this resolution orders an increase in gross revenues of \$1,329 or 23.4%. These revenue increases are estimated to provide a total Rate of Margin of 24.89% over a two-year period. The rate schedules to implement the 2011 increase and the escalation increase for year 2012 are set forth in Appendix B.

BACKGROUND

Meadow, a Class D water utility, has requested authority under Rule 7.6.2 of General Order 96-B, and Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code to increase its rates by \$4,588 or 161% over current rates for TY 2011. The purpose of the rate increase is to recover increased operating expenses and to provide an adequate rate of return. Meadow is currently operating at a loss.

Meadow's present rates were established by a Consumer Price Index increase per AL-13 on June 14, 2010. The last GRC became effective on March 24, 1993, pursuant to Res. W-3763, which granted an increase in revenues of \$963 or 23.6% for TY 1992.

Meadow is owned and operated by Robert Forbes. Meadow's service area is located approximately eight miles west of Quincy, California in Plumas County. The water supply is derived from Big Creek. Meadow has a right-of-way at the side of the creek through which water is delivered into Jack's Ditch and then diverted to customers through a series of water gates. The water gates have openings which are sized in Miner's Inches ¹.

¹ Miner's inch is rate of flow of 1/40 cubic foot per second.

Meadow currently has 10 residential customers and five irrigation customers.

NOTICE, PROTESTS, AND PUBLIC MEETING

AL 15 was filed in accordance with General Order 96-B on May 19, 2011. A notice of the proposed rate increase was mailed to Meadow's general service list and each customer on May 19, 2011.

A public meeting was held on June 20, 2011, at Meadow Valley Community Center, Meadow Valley, California. Two people attended the meeting. The Division of Water and Audits (Division) staff explained the process of the rate increase at the Commission while Meadow's representative reviewed the rate request.

One letter was received requesting a shut-off connection to the ditch. Meadow has done that. Another letter was received asking for consideration of the fixed income households. Meadow has explained its situation in which serving only ten residents does not allow for such accommodation.

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

DISCUSSION

Division staff made an independent analysis of Meadow's operations. To mitigate the impact and lessen rate shock that Meadow's 161% increase request may have on its customers, Meadow agreed to phase in its revenues over a two-year period. Appendix A shows Meadow's and the Division's estimated summary of earnings at present, proposed, and recommended rates for TY 2011 and for escalation year 2012. Meadow is in agreement with the Division's recommended revenue requirement and the rates shown in Appendix B.

The Division staff reviewed Meadow's operating revenues and expenses including employee labor, contract work, transportation expenses, office salaries, office supplies and expenses, insurance, and taxes other than income. The Division verified the operating expenses by reviewing annual reports, and supporting documents for substantiation and accuracy, and included the amounts that were deemed reasonable.

Meadow, at 15 service connections for TY 2011, is a Class D water utility for rate-making purposes. There are two methods available for the Division to utilize in the rate-making process: (1) Rate of Return and (2) Rate of Margin. The Division's Utility Audit, Finance and Compliance Branch currently recommends a Rate of Margin of 24.89% and a Rate of Return from 12.00% to 13.00% for TY 2011 for a Class D, 100% equity-financed utility.

Meadow has requested a revenue increase of \$4,588, or 161% from its present revenue of \$2,854 which would yield revenue of \$7,442 for TY 2011. To mitigate the impact that this increase may have on its customers, Meadow agreed to phase-in its revenues over a period of two years from 2011 through 2012 instead of one year as it originally proposed. To lessen customer rate shock and fulfill the intent of a gradual increase, Meadow should not request recovery of a CPI increase for years 2011 and 2012.

Per Decision 92-03-093, dated March 31, 1992, the Division must recommend the method that produces the higher revenues. The Division found that using the Rate of Margin of 1.4% would produce \$5,675 for TY 2011, which is higher than the \$0 calculated using the Rate of Return on rate base method. The Rate of Margin of 24.89% method to be earned by escalation year 2012 results in revenue of \$7,004. Therefore, Division recommends using the Rate of Margin method.

Meadow's current rate structure consists of two schedules: Nos. 2U, General Flat Rate Service – Untreated Water and 3M, Measured Irrigation Service.

At the Division's recommended rates, the increases in revenues will be \$2,821 or 98.8% for TY 2011, and \$1,329 or 23.4% for escalation year 2012. At the recommended rates for 2011 shown in Appendix B, yearly residential rates will increase from \$104.76 to \$267.50, a difference of \$162.74 or 155.3% and in escalation year 2012 from \$267.50 to \$300.00, a difference of \$32.50 or 12.1%. For users of 1,000 Miner-Inch days of water, yearly irrigation rates will increase from \$220.00 to \$348.84, a difference of \$128.84 or 58.6% and in escalation year 2012 from \$348.84 to \$465.58, a difference \$116.74 or 33.5%.

A comparison of customer bills at present, recommended TY, and escalation rates are shown in Appendix C. The adopted quantities and tax calculations are shown in Appendix D. Meadow should be required to file a Tier 2 advice letter on or before November 20, 2012, for the 2012 escalation rates to be made effective on January 1, 2013.

COMPLIANCE

Meadow has no outstanding compliance orders. The utility has been filing annual reports as required. The California Department of Public Health reports that water quality meets standards. Meadow should file a Tier 1 advice letter within 30 days from the effective date of this resolution revising the following rules in its tariff book to meet the current Commission standards: Title Page; Schedule UF, Surcharge to Fund PUC Reimbursement Fee; Rules 3, Application for Service; 5, Special Information Required on Forms; 7, Deposits; 9, Rendering and Payment of Bills; 10, Disputed Bills; and 11, Discontinuance and Restoration of Service; and Forms 2, Customer's Deposit Receipt; and 3, Bill for Service.

COMMENTS

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

FINDINGS

1. Meadow Valley Water Works (Meadow) has requested authority to increase its water rates by \$4,588 or 161% for TY 2011.
2. AL 15 was served in accordance with General Order 96-B on May 19, 2011. On May 19, 2011, a notice of the proposed rate increase was mailed to each customer and to the general service list.
3. In reviewing Meadow's request, the Division made an independent analysis of Meadow's operations.
4. The present rates became effective on June 7, 2010, with the approval of a CPI rate increase of \$75 or 2.7%.
5. Meadow agreed to phase in its revenues over a two-year period.
6. Meadow should not request recovery of the Consumer Price Index for years 2011 and 2012.
7. For Test Year 2011, it is appropriate to grant Meadow an increase in gross revenues of \$2,821 or 98.8%, which is estimated to provide a rate of margin of 1.4%.
8. For escalation year 2012, it is appropriate to grant Meadow an increase in gross revenues of \$1,329, or 23.4%.
9. The increase in gross revenues for Test Year 2011 and escalation year 2012 is estimated to provide a rate of margin of 24.89% over the two year period.
10. Meadow is in agreement with the Division of Water and Audits' recommended rates.
11. The Division of Water and Audits' recommended earnings (Appendix A) are reasonable and should be adopted.
12. The rates recommended by the Division of Water and Audits (Appendix B) are reasonable and should be adopted.

13. The quantities (Appendix D) used to develop Division of Water and Audits' recommendations are reasonable and should be adopted.
14. Meadow should file a Tier 1 advice letter within 30 days from the effective date of this resolution revising the following rules in its tariff book to meet the current Commission standards: Title Page; Schedule UF, Surcharge to Fund PUC Reimbursement Fee; Rules 3, Application for Service; 5, Special Information Required on Forms; 7, Deposits; 9, Rendering and Payment of Bills; 10, Disputed Bills; and 11, Discontinuance and Restoration of Service; and Forms 2, Customer's Deposit Receipt and 3, Bill for Service.
15. Meadow should be required to file a Tier 2 advice letter on or before November 20, 2012, for the escalation rate of 2012 with the escalation rates to be made effective on January 1, 2013.

THEREFORE IT IS ORDERED:

1. Authority is granted under Public Utilities Code Section 454 to Meadow Valley Water Works to file a supplement to Advice Letter 15 to make effective the revised schedules attached to this Resolution in Appendix B and concurrently cancel its presently effective rate schedules Schedule No. 2U, General Flat Rate Service – Untreated Water and Schedule No. 3M, Measured Irrigation Service. The effective date of the supplement to Advice Letter 15 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. Meadow Valley Water Works shall file a Tier 1 advice letter within 30 days from the effective date of this resolution to do the following: revise the Title Page; Schedule UF, Surcharge to Fund PUC Reimbursement Fee; Rules 3, Application for Service; 5, Special Information Required on Forms; 7, Deposits; 9, Rendering and Payment of Bills; 10, Disputed Bills; and 11, Discontinuance and Restoration of Service; and Forms 2, Customer's Deposit Receipt and 3, Bill for Service. The advice letter shall become effective five days after the date of filing.
4. Meadow Valley Water Works shall file a Tier 2 advice letter on or before November 20, 2012, for the escalation rate of 2012 and the escalation rates shall be made effective on January 1, 2013.
5. Meadow Valley Water Works shall not request recovery of the Consumer Price Index for years 2011 and 2012.

6. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on November 10, 2011; the following Commissioners voting favorably thereon:

/s/ PAUL CLANON

Paul Clanon
Executive Director

MICHAEL R. PEEVEY
President

TIMOTHY ALAN SIMON

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

MARK J. FERRON

Commissioners

APPENDIX A
Sheet 1
Meadow Valley Water Works
Summary of Earnings – Test Year 2011

	Utility Estimated		Division Estimated		Division
	Present	Requested	Present	Proposed	Recommended
	Rates	Rates	Rates	Rates	ROM Rates
Operating Revenues:					
Unmetered	\$ 1,169	\$ 3,669	\$ 1,169	\$ 2,675	\$ 2,675
Irrigation	\$ 1,685	\$ 3,773	\$ 1,685	\$ 3,000	\$ 3,000
Total	\$ 2,854	\$ 7,442	\$ 2,854	\$ 5,675	\$ 5,675
Operating Expenses:					
Other Vol. Rel. Exp.	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Labor	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Materials	\$ -	\$ -	\$ -	\$ -	\$ -
Contract Work	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
Transportation	\$ 330	\$ 330	\$ 330	\$ 330	\$ 330
Other Plant Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -
Office salaries	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Management	\$ -	\$ -	\$ -	\$ -	\$ -
Uncollectibles	\$ -	\$ -	\$ -	\$ -	\$ -
Office Services & Rentals	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies & Exp	\$ 371	\$ 371	\$ 371	\$ 371	\$ 371
Professional Svcs	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800
Regulatory Comm Exp.	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
General Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 4,651	\$ 4,651	\$ 4,651	\$ 4,651	\$ 4,651
Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes other than income	\$ 148	\$ 148	\$ 148	\$ 148	\$ 148
CA Franchise Tax	\$ -	\$ 800	\$ 800	\$ 800	\$ 800
Federal Income Taxes	\$ -	\$ 115	\$ -	\$ -	\$ -
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -
Total Deductions	\$ 4,799	\$ 5,714	\$ 5,599	\$ 5,599	\$ 5,599
Net Revenue	\$ (1,945)	\$ 1,728	\$ (2,745)	\$ 76	\$ 76
Rate Base:					
Avg Plant	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545
Avg Dep Res	\$ 18,049	\$ 18,049	\$ 18,049	\$ 18,049	\$ 18,049
Net Plant	\$ (1,504)	\$ (1,504)	\$ (1,504)	\$ (1,504)	\$ (1,504)
Less: CIAC	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: Materials & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
Working Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Base	\$ (1,504)	\$ (1,504)	\$ (1,504)	\$ (1,504)	\$ (1,504)
Rate of Return	0.0%	0.00%	0.00%	0.00%	0.00%
Rate of Margin	-40.5%	30.2%	-49.0%	1.4%	1.4%

APPENDIX A
Sheet 2
Meadow Valley Water Works
Summary of Earnings -Escalation Year 2012

	Utility Estimated		Division Estimated		Division
	Present	Requested	Present	2011	Recommended
	Rates	Rates	Rates	Rates	2012 ROM Rates
Operating Revenues:					
Unmetered	\$ 1,169	\$ 3,669	\$ 1,169	\$ 2,675	\$ 3,000
Irrigation	\$ 1,685	\$ 3,773	\$ 1,685	\$ 3,000	\$ 4,004
Total	\$ 2,854	\$ 7,442	\$ 2,854	\$ 5,675	\$ 7,004
Operating Expenses:					
Other Vol. Rel. Exp.	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Labor	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Materials	\$ -	\$ -	\$ -	\$ -	\$ -
Contract Work	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
Transportation	\$ 330	\$ 330	\$ 330	\$ 330	\$ 330
Other Plant Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -
Office salaries	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Management	\$ -	\$ -	\$ -	\$ -	\$ -
Uncollectibles	\$ -	\$ -	\$ -	\$ -	\$ -
Office Services & Rentals	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies & Exp	\$ 371	\$ 371	\$ 371	\$ 371	\$ 371
Professional Svcs	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800
Regulatory Comm Exp.	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
General Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 4,651	\$ 4,651	\$ 4,651	\$ 4,651	\$ 4,651
Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes other than income	\$ 148	\$ 148	\$ 148	\$ 148	\$ 148
CA Franchise Tax	\$ -	\$ 800	\$ 800	\$ 800	\$ 800
Federal Income Taxes	\$ -	\$ 115	\$ -	\$ -	\$ 211
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -
Total Deductions	\$ 4,799	\$ 5,714	\$ 5,599	\$ 5,599	\$ 5,810
Net Revenue	\$ (1,945)	\$ 1,728	\$ (2,745)	\$ 76	\$ 1,194
Rate Base:					
Avg Plant	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545	\$ 16,545
Avg Dep Res	\$ 18,049	\$ 18,049	\$ 18,049	\$ 18,049	\$ 18,049
Net Plant	\$ (1,504)	\$ (1,504)	\$ (1,504)	\$ (1,504)	\$ (1,504)
Less: CIAC	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: Materials & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
Working Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Base	\$ (1,504)	\$ (1,504)	\$ (1,504)	\$ (1,504)	\$ (1,504)
Rate of Return	0.0%	0.00%	0.00%	0.00%	0.00%
Rate of Margin	-40.5%	30.2%	-49.0%	1.4%	24.89%

(END OF APPENDIX A)

APPENDIX B
Sheet 1
Meadow Valley Water Works
Schedule No. 2U
Test Year 2011

GENERAL FLAT RATE SERVICE – UNTREATED WATER

APPLICABILITY

Applicable to all flat rate service of untreated water, other than for irrigation service.

TERRITORY

The unincorporated community of Meadow Valley, and vicinity, located approximately eight (8) miles west of Quincy, Plumas County.

RATES

	Per Service Connection <u>Per Month</u>	
1. For a single-family residential unit, school, livestock barn store or other business establishment	\$22.29	(I)
a. For each guest cabin on the same premises and served from the same service connection, during months of occupancy:	\$11.13	(I)
b. For each shower house used in connection with guest cabins, during months of occupancy:	\$16.64	(I)
2. For Meadow Valley Cemetery:	\$22.29	(I)

SPECIAL CONDITIONS

1. Water will be delivered by utility at its ditch. Water deliveries from utility's ditch to premises of the customer shall be the responsibility of the customer.

APPENDIX B
Sheet 2
Meadow Valley Water Works
Schedule No. 2U
Escalation Year 2012
GENERAL FLAT RATE SERVICE – UNTREATED WATER

APPLICABILITY

Applicable to all flat rate service of untreated water, other than for irrigation service.

TERRITORY

The unincorporated community of Meadow Valley, and vicinity, located approximately eight (8) miles west of Quincy, Plumas County.

RATES

	Per Service Connection <u>Per Month</u>	
1. For a single-family residential unit, school, livestock barn Store or other business establishment	\$25.00	(I)
a. For each guest cabin on the same premises and served from the same service connection, during months of occupancy:	\$12.48	(I)
b. For each shower house used in connection with guest cabins, during months of occupancy:	\$18.66	(I)
2. For Meadow Valley Cemetery:	\$25.00	(I)

SPECIAL CONDITIONS

1. Water will be delivered by utility at its ditch. Water deliveries from utility's ditch to premises of the customer shall be the responsibility of the customer.

APPENDIX B

Sheet 3

Meadow Valley Water Works

Schedule No. 2U

Escalation Year 2012

GENERAL FLAT RATE SERVICE – UNTREATED WATER

SPECIAL CONDITIONS (continued)

2. The water supplied under this schedule is from open ditches and is untreated. The utility does not guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water, or makes it available to others for human consumption shall take all necessary precautions to make it potable and shall assume all risks and liabilities in connection therewith.
3. The utility does not guarantee a continuous and uninterrupted supply under this schedule and reserves the right to temporarily suspend the delivery of water when it is necessary to take the whole or any part of its water system out of service for the purposes of cleaning, maintaining, repairing or making essential improvements thereon.
4. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

APPENDIX B
Sheet 4
Meadow Valley Water Works
Schedule No. 3M
Test Year 2011
MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation service.

TERRITORY

The unincorporated community of Meadow Valley, and vicinity, located approximately eight (8) miles west of Quincy, Plumas County.

RATES

Per Miner's Inch-Day

For all water delivered	\$0.35 (I)
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SPECIAL CONDITIONS

1. A miner's inch is defined as a rate of flow equal to one fortieth of a cubic foot of water per second.
2. The water supplied under this schedule is from open ditches and is untreated. The utility does not guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water, or makes it available to others for human consumption shall take all necessary precautions to make it potable and shall assume all risks and liabilities in connection therewith.
3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

APPENDIX B
Sheet 5
Meadow Valley Water Works
Schedule No. 3M
Escalation Year 2012
MEASURED IRRIGATION SERVICE

APPLICABILITY

Applicable to all measured irrigation service.

TERRITORY

The unincorporated community of Meadow Valley, and vicinity, located approximately eight (8) miles west of Quincy, Plumas County.

RATES

Per Miner's Inch-Day

For all water delivered	\$0.47 (I)
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SPECIAL CONDITIONS

1. A miner's inch is defined as a rate of flow equal to one fortieth of a cubic foot of water per second.
2. The water supplied under this schedule is from open ditches and is untreated. The utility does not guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption. Any customer who uses said water, or makes it available to others for human consumption shall take all necessary precautions to make it potable and shall assume all risks and liabilities in connection therewith.
3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

MEADOW VALLEY/AL 15/RSK/BMD/PTL/AAS/jlj

APPENDIX C

Meadow Valley Water Works
COMPARISON OF RATES

A comparison of Meadow's present rates and the Division's recommended rates is shown below:

Meadow Valley Rates							
		Present					
		Monthly	Yearly	Expected			
Flat rate	No.	Rate	Rate	Total			
Residences	9	\$ 8.73	\$ 104.76	\$ 942.84			
Cemetery	1	\$ 8.73	\$ 104.76	\$ 104.76			
				\$1,047.60			
						Expected	Expected
		Rate	M-I /day	Days/mo	Mo./ yr	M-I days	Total \$
Irrigator	1	\$ 0.22	50	5	4	1,000	\$ 220.00
	2	\$ 0.22	100	10	3	3,000	\$ 660.00
	3	\$ 0.22	10	30	12	3,600	\$ 792.00
	4	\$ 0.22	40	2	5	400	\$ 88.00
	5	\$ 0.22	12	10	5	600	\$ 132.00
							\$1,892.00
		TY 2011					
		Monthly	Yearly	Expected			
Flat rate	No.	Rate	Rate	Total			
Residences	9	\$ 22.29	\$ 267.50	\$2,407.50			
Cemetery	1	\$ 22.29	\$ 267.50	\$ 267.50			
				\$2,675.00			
						Expected	Expected
		Rate	M-I /day	Days/mo	Mo./ yr	M-I days	Total \$
Irrigator	1	\$ 0.35	50	5	4	1,000	\$ 348.84
	2	\$ 0.35	100	10	3	3,000	\$1,046.51
	3	\$ 0.35	10	30	12	3,600	\$1,255.81
	4	\$ 0.35	40	2	5	400	\$ 139.53
	5	\$ 0.35	12	10	5	600	\$ 209.30
						8,600	\$3,000.00
		Escalation Year 2012					
		Monthly	Yearly	Expected			
Flat rate	No.	Rate	Rate	Total			
Residences	9	\$ 25.00	\$ 300.00	\$2,700.00			
Cemetery	1	\$ 25.00	\$ 300.00	\$ 300.00			
				\$3,000.00			
						Expected	Expected
		Rate	M-I /day	Days/mo	Mo./ yr	M-I days	Total \$
Irrigator	1	\$ 0.47	50	5	4	1,000	\$ 465.58
	2	\$ 0.47	100	10	3	3,000	\$1,396.74
	3	\$ 0.47	10	30	12	3,600	\$1,676.09
	4	\$ 0.47	40	2	5	400	\$ 186.23
	5	\$ 0.47	12	10	5	600	\$ 279.35
						8,600	\$4,004.00

(END OF APPENDIX C)

APPENDIX D
Meadow Valley Water Works
ADOPTED QUANTITIES – TEST YEAR 2011

Service Connections

Residences	10
Irrigation	<u>5</u>
	15

Tax Calculations

Federal Tax Rate: 15% for first \$50,000

CCFT: 8.84% (Minimum \$800)

Item	2011 State Tax	2012 State Tax
Operating Revenue	\$5,675	\$7,004
O&M Expense	\$4,651	\$4,651
Taxes Other Than Income	\$ 148	\$ 148
Depreciation	\$ 0	\$ 0
Interest	\$ 0	\$ 0
Taxable Income for CCFT	\$ 876	\$2,205
CCFT	\$ 800	\$ 800
	<u>Federal Tax</u>	<u>Federal Tax</u>
Taxable Income for FIT	\$ 0	\$1,405
FIT	\$ 0	\$ 211
Total Income Tax	\$ 800	\$1,011

(END OF APPENDIX D)

Resolution W-4893
MEADOW VALLEY/AL 15/RSK/BMD/PTL/AAS/jlj

November 10, 2011