

DWA/RSK/BMD/PTL/OE2/jlj

DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch

RESOLUTION NO. W-4888
November 10, 2011

R E S O L U T I O N

**(RES. W-4888), SEARLES DOMESTIC WATER COMPANY, (SDWC).
ORDER AUTHORIZING A GENERAL RATE INCREASE (GRC),
PRODUCING ADDITIONAL ANNUAL REVENUE OF \$172,925 OR 42.22%
FOR TEST YEAR (TY) 2011, AND \$55,650 OR 9.55% AND \$55,400 OR 8.68%
FOR ESCALATION YEARS 2012 AND 2013, RESPECTIVELY.**

SUMMARY

By Advice Letter (AL) 54-W, filed on June 16, 2011, SDWC seeks to increase its rates for water service to recover increased operating expenses and earn an adequate return on its plant investment. For TY 2011, this Resolution grants an increase in gross annual revenues of \$172,925 or 42.22% over current rates, and additional revenue of \$55,650 or 9.55% and \$55,400 or 8.68%, for Escalation Years 2012 and 2013, respectively. The rate schedules to implement the 2011 increase and the escalation increases for years 2012 and 2013 are set forth in Appendix B. This increase in revenue, inclusive of escalation years, is estimated to provide a rate of return of 10.08% by 2013. Authority to update its preliminary statements, increase its reconnection fee and late payment charge is also granted.

BACKGROUND

SDWC, a Class C water utility, has requested authority under Rule 7.6.2 of General Order (GO) 96-B, Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code to increase its water rates by \$346,549 or 84.61% for TY 2011, over the current rates. The purpose of the rate increase is to recover increased operating expenses and to provide an adequate rate of return. SDWC's request was based on a rate of return of 10.08%. SDWC attributes the magnitude of its increase request to the absence of increases in over 15 years, and the removal of subsidy of water rates by its parent company, Searles Valley Minerals.

The present rates became effective on May 17, 2010, by approval of AL 53, which authorized a Consumer Price Index (CPI) increase of \$10,619¹ or 2.7%. The last GRC for

¹ \$10,619 is stated as the revenue increase in AL 53. However, the 2.7% correctly allowed due to the Consumer Price Index would produce \$11,364 in additional revenue.

SDWC was granted on May 20, 1996, pursuant to Res. W-3985, which granted an increase in revenues of \$130,190 or 44.79%.

SDWC serves approximately 880 customers within the unincorporated communities of Argus, Trona, Pioneer Point, Boroslvay, and South Trona, all within San Bernardino County. The majority of the customers are year-round residents. The SDWC system is supplied from parent company Searles Valley Minerals Operations Inc. The system has one storage tank with a total capacity of 500,000 gallons. SDWC's distribution system consists of 2,285 feet of 12-inch mains, 18,398 feet of 8-inch mains, 86,236 feet of 6-inch mains, 20,223 feet of 4-inch mains, 6,931 feet of 3-inch mains, 19,003 feet of 2-inch mains, 312 feet of 1-inch mains, and 6,716 feet of ¾-inch mains.

NOTICE AND PROTEST

AL 54-W was served on June 16, 2011, in accordance with GO 96-B, including on adjacent utilities and persons on the general service list. On May 31, 2011, a notice of the proposed rate increase was mailed to each customer's permanent address and to the general service list. Three customer letters or emails and a signed petition by forty-one customers questioning the rate increase were timely received and the utility replied.

An informal public meeting was held on Thursday, June 22, 2011, at 6:30 PM at 13187 Market Street (Senior Citizens Center). Approximately thirty customers attended the meeting. Division of Water and Audits (Division) staff explained the Commission procedures, while SDWC representatives cited justification for the proposed rate increase. Division staff and the SDWC representatives answered questions until approximately 7:45PM.

Much of the customer feedback, in both the letters and public meeting, appeared to be inspired by the 84.61% increase request. Some of the customers acknowledged that it had been 15 years since the last rate increase and that improvements had been made, so some increase was warranted.

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

DISCUSSION

The magnitude of SDWC's current request to increase revenues by 84.61% stems largely from the absence of any increases for over 15 years.

The magnitude and timing of SDWC's GRC request, justifies a more gradual revenue increase than that proposed by SDWC. To mitigate the impact that this large increase

may have on its customers, SDWC agreed to phase-in its revenues over a period of three years, from 2011 through 2013, instead of one year, as it originally proposed. To lessen customer rate shock and fulfill the intent of a gradual increase, SDWC should be barred from deferred revenue collection for all 2011, 2012, and 2013. SDWC should not request recovery of the CPI increase for years 2011 and 2012.

The Division made an independent analysis of SDWC's operations. Appendix A shows SDWC's and the Division's estimated summary of earnings at present, proposed, and recommended rates for TY 2011, to be phased in during years 2011, 2012, and 2013. Appendix B includes the Division's tariff rates for TY 2011, and escalation years 2012 and 2013. The Division informed SDWC of how the methodologies it used differed from those used in SDWC's request. SDWC is now in agreement with the Division's recommended revenue requirement, shown in Appendix A, and the Division's recommended rates, shown in Appendix B. The Division recommends that the Commission approve the rate increases and resulting rates shown in Appendix B.

The Division's estimate of SDWC's operating expenses, excluding purchased water, contract work, insurance, office and management salaries, is based on data from years 2008-2010. SDWC purchases its water from its parent company Searles Valley Mineral Operations, Inc. For estimating purchased water costs, the Division used the average usage from 2008 to 2010 per customer, multiplied it by the present number of customers and applied the Searles Valley Mineral Operations, Inc. rates effective January 1, 2011. The quantities used to calculate purchased water are found in Appendix D. The Division estimate for contract work is an estimate based on the reported amount for the year 2010 with an addition of a 0.3% labor escalation factor. The Division used current actual costs for insurance and accepted SDWC's estimate for office and management salaries. For estimating all other expense categories Division escalated² and averaged 2008-2010 expenses using factors from the March 31, 2011 escalation memorandum from the Division of Ratepayer Advocates. The Division's estimate differed from SDWC's in employee labor, materials, transportation, uncollectible expenses and regulatory commission expense due to SDWC's application of a different escalation factor to the three-year average of 2008-2010 for these expenses.

SDWC's rate base request included plans for \$110,000 for Meters and Mains and (\$48,000) retirement of a Backhoe. The Division allowed only used and useful plants in rate base and therefore, excluded the amount of \$110,000 for Meter and Mains and (\$48,000) for Backhoe from its estimate. The Division's recommendation includes used and useful plant additions and applies the 2.39% depreciation rate adopted in the last GRC to arrive at the rate base shown in Appendix A.

² Escalation was to 2011 dollars.

SDWC requested a 10.08% rate of return. The current range recommended for rate of return for a Class C utility is 11.25% to 12.25%³. Division accepted SDWC'S request and based its analysis on a rate of return of 10.08%. With the three-year phase in, these revenue increases will yield a rate of return of 5.04% in Test Year 2011, 7.56% by Escalation Year 2012 and 10.08% by Escalation Year 2013.

SDWC's rate structure consists of four schedules: 1, General Metered Service; 4, Private Fire Protection Service; 7M, Public School Metered Service; and 9-MLZ, Surplus Water Hauling Schedule. The rates proposed by the Division are shown in Appendix B. At the recommended rates, the increase in revenue will be \$283,975 or 69.33% for TY 2011.

At the Division's recommended rates the increase in revenue will be \$172,925 or 42.22% for TY 2011, and \$55,650 or 9.55% and \$55,400 or 8.68% for escalation years 2012 and 2013, respectively. At the recommended rates for 2011, shown in Appendix B, monthly rates for an average consumption of 5 Ccf (one Ccf is equal to one hundred cubic feet) will increase from \$18.69 to \$33.05, a difference of \$14.36 or 76.8% in TY 2011; from \$33.05 to \$35.84, a difference of \$2.79 or 8.44% in Escalation Year 2012; and from \$35.84 to \$38.57, a difference of \$2.73 or 7.62% in Escalation Year 2013. A comparison of customer bills at present, recommended, and escalation rates are shown in Appendix C. The projections, adopted quantities, and tax calculations are shown in Appendix D. SDWC should be required to file Tier 2 advice letters on or before November 20 of 2011 and 2012 to reflect escalation rates for 2012 and 2013, respectively. Revised tariffs reflecting these escalation rates will be made effective on January 1, 2012 and 2013, respectively.

SDWC requested by AL 54-W a late payment charge of \$20 which accrues each month a bill is delinquent. Most water utilities have a single late fee after which the risk of disconnection under Rule 11 provides incentive for payment. The current late charge of \$5 has become too low an incentive to get the customers to pay their bills on time, plus a need to keep up with rising costs has led to the proposed \$20. The recommended Schedule No. LC - Late Payment Charge is included in Appendix B.

SDWC requested by AL 54-W to increase its reconnection fees to \$35 during regular business hours. Res. W-4035 dated April 9, 1997, allowed all Class C water utilities to charge \$25 for reconnection during business hours and \$40 outside of business hours. The Division believes the \$35 request is reasonable in light of the fact that a \$25 charge was allowed fourteen years ago, there has been an increase in costs since then, and no protest was received on this issue. These charges are part of Rule 11 and, as will be

³ This recommendation is set forth in a March 1, 2011 memorandum from the Division of Water and Audits to the Commission entitled Rates of Return and Rates of Margin for Class C and Class D Water Utilities.

discussed under "Compliance" below, several of SDWC's rules also need to be updated. The Division recommends that SDWC be allowed to file the new reconnection fees upon filing of all new rules required for compliance.

A review of SDWC's 2010 California Department of Public Health's (CDPH) Consumer Confidence Report shows that its water meets the required quality standards set by the CDPH. SDWC provides customers with an annual Consumer Confidence Report, regarding testing and water quality issues and customers have expressed confidence in the water quality.

COMPLIANCE

The utility has been filing annual reports as required. SDWC needs to file a Tier 1 advice letter within 30 days from the effective date of this resolution revising the following forms and rules in its tariff book to meet the current commission standards: Title Page; Schedule UF, Surcharge to Fund Public Utilities Commission Reimbursement Fee; Rules 3, Application for Service; 4, Contracts; 5, Special Information Required on Forms; 7, Deposits; 9, Rendering and Payment of Bills; 10, Disputed Bills; 11, Discontinuance and Restoration of Service; 12, Information Available to Public; 13, Temporary Service; 14, Continuity of Service; 18, Meter Tests and Adjustment of Bills for Meter Error; 19, Service to Separate Premises and Multiple Units, and Resale of Service; and Forms 2, Customer's Deposit Receipt; and 3, Bill for Service. Rule 11, Discontinuance and Restoration of service may incorporate a reconnection charge of \$35 during business hours.

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 September 20, 2011. No comments were received.

FINDINGS

1. SDWC has requested authority to increase its water rates by \$346,549 or 84.61% for TY 2011.

2. AL 54-W was served in accordance with General Order 96-B on June 16, 2011. On May 31, 2011, a notice of the proposed rate increase was mailed to each customer and to the general service list.
3. SDWC agreed to phase-in its revenues over a period of three years from 2011 through 2013.
4. SDWC should be barred from deferred revenue collection for 2011, 2012, and 2013.
5. SDWC should not request recovery of cost increases due to the Consumer Price Index for years 2011 and 2012.
6. In reviewing SDWC's request, the Division made an independent analysis of SDWC's operations.
7. For estimating purchased water costs, the Division used the average usage from 2008 to 2010 per customer, multiplied it by the present number of customers and applied the Searles Valley Mineral Operations, Inc. rates effective January 1, 2011.
8. The Division estimate for contract work is based on last year's data with an addition of a 0.3% labor escalation factor.
9. The Division used current actual costs to estimate test year insurance.
10. The Division accepted SDWC's estimate of office and management salaries.
11. For estimating all other expense categories, the Division escalated and averaged 2008-2010 expenses using factors from the March 31, 2011 Division of Ratepayer Advocates escalation memorandum.
12. The Division excluded the amount of \$110,000 for Meter and Mains and (\$48,000) for Backhoe from its estimate rate base.
13. The Division recommendation includes used and useful plant additions and applies the 2.39% depreciation rate ordered in the last GRC.
14. The Division informed SDWC of how the methodologies and escalation rates it used differed from those used in SDWC's request. SDWC agrees with the Division's recommended revenue requirement.
15. The Division's recommended summary of earnings (Appendix A) are reasonable and should be adopted.
16. The rates recommended by the Division (Appendix B) are reasonable and should be adopted.
17. The quantities (Appendix D) used to develop the Division's recommendations are reasonable and should be adopted.
18. For TY 2011, it is appropriate to grant SDWC an increase in gross annual revenues of \$172,925 or 42.22% over current rates, and additional revenue of \$55,650 or 9.55% and \$55,400 or 8.68%, for Escalation Years 2012, and 2013, respectively.

19. These revenues will yield a rate of return of 5.04% in Test Year 2011, 7.56% by Escalation Year 2012, and 10.08% by Escalation Year 2013.
20. At the recommended rates for 2011, shown in Appendix B, monthly rates for an average consumption of 5 Ccf will increase from \$18.69 to \$33.05, a difference of \$14.36 or 76.8% in TY 2011; from \$33.05 to \$35.84, a difference of \$2.79 or 8.44% in Escalation Year 2012; and from \$35.84 to \$38.57, a difference of \$2.73 or 7.62% in Escalation Year 2013.
21. SDWC should file Tier 2 advice letters on or before November 20 of 2011 and 2012 to reflect escalation in 2012 and 2013. The rates should be made effective on January 1, 2012 and 2013, respectively.
22. SDWC and the Division agree that a rate of return of 10.08% by 2013 is reasonable.
23. SDWC should be allowed to increase the late payment charge in Schedule No. LC to \$20.
24. SDWC should be allowed to increase the reconnection charges in Rule 11 to \$35 during business hours when it files the updated rules ordered in this resolution.
25. SDWC should be ordered to file a Tier 1 advice letter within 30 days from the effective date of this resolution revising the following forms and rules in its tariff book to meet the current commission standards: Title Page; Schedule UF, Surcharge to Fund Public Utilities Commission Reimbursement Fee; Rules 3, Application for Service; 4, Contracts; 5, Special Information Required on Forms; 7, Deposits; 9, Rendering and Payment of Bills; 10, Disputed Bills; 11, Discontinuance and Restoration of Service; 12, Information Available to Public; 13, Temporary Service; 14, Continuity of Service; 18, Meter Tests and Adjustment of Bills for Meter Error; 19, Service to Separate Premises and Multiple Units, and Resale of Service; and Forms 2, Customer's Deposit Receipt; and 3, Bill for Service.

THEREFORE IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 to Searles Domestic Water Company to file a supplemental advice letter with the revised rate schedules attached to this Resolution as Appendix B and concurrently cancel its presently effective rate Schedules 1, General Metered Service; 4, Private Fire Protection Service; 7M, Public School Metered Service; 9-MLZ, Surplus Water Hauling Schedule; LC, Late Payment Charge; and Rule 11, Discontinuance and Restoration of 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.

November 10, 2011

3. Searles Domestic Water Company shall file tier 2 advice letters on or before November 20 of 2011 and 2012 for the Escalation Years 2012 and 2013, respectively. The escalation rates will be made effective on January 1, 2012 and January 1, 2013, respectively.
4. Searles Domestic Water Company is ordered to file a Tier 1 advice letter within 30 days from the effective date of this resolution revising the following forms and rules in its tariff book to meet the current Commission standards: Title Page; Schedule UF, Surcharge to Fund Public Utilities Commission Reimbursement Fee; Rules 3, Application for Service; 4, Contracts; 5, Special Information Required on Forms; 7, Deposits; 9, Rendering and Payment of Bills; 10, Disputed Bills; 11, Discontinuance and Restoration of Service; 12, Information Available to Public; 13, Temporary Service; 14, Continuity of Service; 18, Meter Tests and Adjustment of Bills for Meter Error; 19, Service to Separate Premises and Multiple Units, and Resale of Service; and Forms 2, Customer's Deposit Receipt; and 3, Bill for Service. Rule 11, Discontinuance and Restoration of service may incorporate a reconnection charge of \$35 during business hours.
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 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		
			Searles Domestic Water Company		
			Summary of Earnings		
			Test Year 2011		
		Utility Estimated	Branch Estimated		
	Present	Requested	Present	Requested	Recommended
Item	Rates	Rates	Rates	Rates	Rates
					2011
Operating Revenue					
Metered Rates	\$ -	\$ 727,740	\$ -	\$ 727,740	\$ 559,959
Private Fire Protection	\$ -	\$ 2,551	\$ -	\$ 2,551	\$ 1,963
School	\$ -	\$ 21,090	\$ -	\$ 21,090	\$ 16,228
Other Revenue	\$ -	\$ 4,743	\$ -	\$ 4,743	\$ 4,350
Total Revenue	\$ 409,575	\$ 756,124	\$ 409,575	\$ 756,124	\$ 582,500
Operating Expenses					
Purchased Water	\$ 100,833	\$ 100,833	\$ 100,833	\$ 100,833	\$ 100,833
Employee Labor	\$ 110,000	\$ 110,000	\$ 106,460	\$ 106,460	\$ 106,460
Materials	\$ 25,339	\$ 25,339	\$ 23,203	\$ 23,203	\$ 23,203
Contract Work	\$ 20,661	\$ 20,661	\$ 6,164	\$ 6,164	\$ 6,164
Transportation Expenses	\$ 26,014	\$ 26,014	\$ 20,978	\$ 20,978	\$ 20,978
Office Salaries	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Management Salaries	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
Employee Benefits	\$ 40,651	\$ 40,651	\$ 40,651	\$ 40,651	\$ 40,651
Uncollectibles Expense	\$ 3,000	\$ 3,000	\$ 936	\$ 936	\$ 936
Office Services & Rentals	\$ 2,696	\$ 2,696	\$ 2,696	\$ 2,696	\$ 2,696
Office Supplies & Expenses	\$ 14,401	\$ 14,401	\$ 14,401	\$ 14,401	\$ 14,401
Professional Services	\$ 1,503	\$ 1,503	\$ 1,503	\$ 1,503	\$ 1,503
Insurance	\$ 5,337	\$ 5,337	\$ 5,337	\$ 5,337	\$ 5,337
Regulatory Commission Expense	\$ 10,540	\$ 10,540	\$ 6,052	\$ 6,052	\$ 6,052
General Expenses	\$ 10,664	\$ 10,664	\$ 10,664	\$ 10,664	\$ 10,664
Subtotal	\$ 446,639	\$ 446,639	\$ 414,877	\$ 414,877	\$ 414,877
Depreciation	\$ 59,791	\$ 59,791	\$ 56,844	\$ 56,844	\$ 56,844
Taxes other than Income	\$ 30,009	\$ 30,009	\$ 30,009	\$ 30,009	\$ 30,009
Income Taxes	\$ 800	\$ 80,774	\$ 800	\$ 96,182	\$ 19,106
Total Deductions	\$537,239	\$617,213	\$502,530	\$597,912	\$520,836
Net Revenue	-\$127,664	\$138,911	-\$92,955	\$158,212	\$61,664
Rate Base					
Average Plant	\$ 2,397,347	\$ 2,397,347	\$ 2,382,666	\$ 2,382,666	\$ 2,382,666
Ave. Accumulated Depreciation	\$ 1,131,308	\$ 1,131,308	\$ 1,270,175	\$ 1,270,175	\$ 1,270,175
Net Plant	\$ 1,266,039	\$ 1,266,039	\$ 1,112,491	\$ 1,112,491	\$ 1,112,491
Less Advances	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	\$ 1,460	\$ 1,460	\$ 1,460	\$ 1,460	\$ 1,460
Plus Working Cash	\$ 23,403	\$ 23,403	\$ 23,403	\$ 23,403	\$ 23,403
Materials & Supplies	\$ 89,876	\$ 89,876	\$ 89,876	\$ 89,876	\$ 89,876
Rate Base:	\$ 1,377,858	\$ 1,377,858	\$ 1,224,310	\$ 1,224,310	\$ 1,224,310
Rate of Return	-9.27%	10.08%	-7.59%	12.92%	5.04%

			Appendix A		
			Searles Domestic Water Company		
			<u>Summary of Earnings</u>		
			Escalation Year 2012		
			<u>Utility Estimated</u>	<u>Branch Estimated</u>	
	Present	Requested	Present	Adopted	Recommended
Item	Rates	Rates	Rates	Rates	Rates
				2011	2012
<u>Operating Revenue</u>					
Metered Rates	\$ -	\$ 727,740	\$ -	\$ 559,959	\$ 613,858
Private Fire Protection	\$ -	\$ 2,551	\$ -	\$ 1,963	\$ 2,152
School	\$ -	\$ 21,090	\$ -	\$ 16,228	\$ 17,790
Other Revenue	\$ -	\$ 4,743	\$ -	\$ 4,350	\$ 4,350
Total Revenue	\$ 409,575	\$ 756,124	\$ 409,575	\$ 582,500	\$ 638,150
<u>Operating Expenses</u>					
Purchased Water	\$ 100,833	\$ 100,833	\$ 100,833	\$ 100,833	\$ 100,833
Employee Labor	\$ 110,000	\$ 110,000	\$ 106,460	\$ 106,460	\$ 106,460
Materials	\$ 25,339	\$ 25,339	\$ 23,203	\$ 23,203	\$ 23,203
Contract Work	\$ 20,661	\$ 20,661	\$ 6,164	\$ 6,164	\$ 6,164
Transportation Expenses	\$ 26,014	\$ 26,014	\$ 20,978	\$ 20,978	\$ 20,978
Office Salaries	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Management Salaries	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
Employee Benefits	\$ 40,651	\$ 40,651	\$ 40,651	\$ 40,651	\$ 40,651
Uncollectibles Expense	\$ 3,000	\$ 3,000	\$ 936	\$ 936	\$ 936
Office Services & Rentals	\$ 2,696	\$ 2,696	\$ 2,696	\$ 2,696	\$ 2,696
Office Supplies & Expenses	\$ 14,401	\$ 14,401	\$ 14,401	\$ 14,401	\$ 14,401
Professional Services	\$ 1,503	\$ 1,503	\$ 1,503	\$ 1,503	\$ 1,503
Insurance	\$ 5,337	\$ 5,337	\$ 5,337	\$ 5,337	\$ 5,337
Regulatory Commission Expense	\$ 10,540	\$ 10,540	\$ 6,052	\$ 6,052	\$ 6,052
General Expenses	\$ 10,664	\$ 10,664	\$ 10,664	\$ 10,664	\$ 10,664
Subtotal	\$ 446,639	\$ 446,639	\$ 414,877	\$ 414,877	\$ 414,877
Depreciation	\$ 59,791	\$ 59,791	\$ 56,844	\$ 56,844	\$ 56,844
Taxes other than Income	\$ 30,009	\$ 30,009	\$ 30,009	\$ 30,009	\$ 30,009
Income Taxes	\$ 800	\$ 80,774	\$ 800	\$ 19,106	\$ 43,810
Total Deductions	\$537,239	\$617,213	\$502,530	\$520,836	\$545,540
Net Revenue	-\$127,664	\$138,911	-\$92,955	\$61,664	\$92,610
<u>Rate Base</u>					
Average Plant	\$ 2,397,347	\$ 2,397,347	\$ 2,382,666	\$ 2,382,666	\$ 2,382,666
Ave. Accumulated Depreciation	\$ 1,131,308	\$ 1,131,308	\$ 1,270,175	\$ 1,270,175	\$ 1,270,175
Net Plant	\$ 1,266,039	\$ 1,266,039	\$ 1,112,491	\$ 1,112,491	\$ 1,112,491
Less Advances	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	\$ 1,460	\$ 1,460	\$ 1,460	\$ 1,460	\$ 1,460
Plus Working Cash	\$ 23,403	\$ 23,403	\$ 23,403	\$ 23,403	\$ 23,403
Materials & Supplies	\$ 89,876	\$ 89,876	\$ 89,876	\$ 89,876	\$ 89,876
Rate Base:	\$ 1,377,858	\$ 1,377,858	\$ 1,224,310	\$ 1,224,310	\$ 1,224,310
Rate of Return	-9.27%	10.08%	-7.59%	5.04%	7.56%

			Appendix A		
			Searles Domestic Water Company		
			Summary of Earnings		
			Escalation Year 2013		
			Utility Estimated	Branch Estimated	
	Present	Requested	Present	Adopted	Recommended
Item	Rates	Rates	Rates	Rates	Rates
				2012	2013
Operating Revenue					
Metered Rates	\$ -	\$ 727,740	\$ -	\$ 613,858	\$ 667,515
Private Fire Protection	\$ -	\$ 2,551	\$ -	\$ 2,152	\$ 2,340
School	\$ -	\$ 21,090	\$ -	\$ 17,790	\$ 19,345
Other Revenue	\$ -	\$ 4,743	\$ -	\$ 4,350	\$ 4,350
Total Revenue	\$ 409,575	\$ 756,124	\$ 409,575	\$ 638,150	\$ 693,550
Operating Expenses					
Purchased Water	\$ 100,833	\$ 100,833	\$ 100,833	\$ 100,833	\$ 100,833
Employee Labor	\$ 110,000	\$ 110,000	\$ 106,460	\$ 106,460	\$ 106,460
Materials	\$ 25,339	\$ 25,339	\$ 23,203	\$ 23,203	\$ 23,203
Contract Work	\$ 20,661	\$ 20,661	\$ 6,164	\$ 6,164	\$ 6,164
Transportation Expenses	\$ 26,014	\$ 26,014	\$ 20,978	\$ 20,978	\$ 20,978
Office Salaries	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Management Salaries	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
Employee Benefits	\$ 40,651	\$ 40,651	\$ 40,651	\$ 40,651	\$ 40,651
Uncollectibles Expense	\$ 3,000	\$ 3,000	\$ 936	\$ 936	\$ 936
Office Services & Rentals	\$ 2,696	\$ 2,696	\$ 2,696	\$ 2,696	\$ 2,696
Office Supplies & Expenses	\$ 14,401	\$ 14,401	\$ 14,401	\$ 14,401	\$ 14,401
Professional Services	\$ 1,503	\$ 1,503	\$ 1,503	\$ 1,503	\$ 1,503
Insurance	\$ 5,337	\$ 5,337	\$ 5,337	\$ 5,337	\$ 5,337
Regulatory Commission Expense	\$ 10,540	\$ 10,540	\$ 6,052	\$ 6,052	\$ 6,052
General Expenses	\$ 10,664	\$ 10,664	\$ 10,664	\$ 10,664	\$ 10,664
Subtotal	\$ 446,639	\$ 446,639	\$ 414,877	\$ 414,877	\$ 414,877
Depreciation	\$ 59,791	\$ 59,791	\$ 56,844	\$ 56,844	\$ 56,844
Taxes other than Income	\$ 30,009	\$ 30,009	\$ 30,009	\$ 30,009	\$ 30,009
Income Taxes	\$ 800	\$ 80,774	\$ 800	\$ 43,810	\$ 68,403
Total Deductions	\$537,239	\$617,213	\$502,530	\$545,540	\$570,134
Net Revenue	-\$127,664	\$138,911	-\$92,955	\$92,610	\$123,416
Rate Base					
Average Plant	\$ 2,397,347	\$ 2,397,347	\$ 2,382,666	\$ 2,382,666	\$ 2,382,666
Ave. Accumulated Depreciation	\$ 1,131,308	\$ 1,131,308	\$ 1,270,175	\$ 1,270,175	\$ 1,270,175
Net Plant	\$ 1,266,039	\$ 1,266,039	\$ 1,112,491	\$ 1,112,491	\$ 1,112,491
Less Advances	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	\$ 1,460	\$ 1,460	\$ 1,460	\$ 1,460	\$ 1,460
Plus Working Cash	\$ 23,403	\$ 23,403	\$ 23,403	\$ 23,403	\$ 23,403
Materials & Supplies	\$ 89,876	\$ 89,876	\$ 89,876	\$ 89,876	\$ 89,876
Rate Base:	\$ 1,377,858	\$ 1,377,858	\$ 1,224,310	\$ 1,224,310	\$ 1,224,310
Rate of Return	-9.27%	10.08%	-7.59%	7.56%	10.08%

(END OF APPENDIX A)

APPENDIX B
Sheet 1

SCHEDULE NO. 1

GENERAL METERED SERVICE

Test Year 2011

APPLICABILITY

Applicable to metered water for domestic household purposes, for commercial or retail establishments and small industrial enterprises.

TERRITORY

Within Argus, Trona, Pioneer Point (Point of Rocks), Borosolvay, and South Trona, unincorporated communities and territory along the westerly shore of Searles Lake, San Bernardino County.

RATES

Quantity Rates:

		<u>Per Meter Per Month</u>	
First	800 cu. ft. per 100 cu. Ft	\$ 1.73	(I)
Next	3,200 cu. ft. per 100 cu. Ft	\$ 3.53	
Over	4,000 cu. ft. per 100 cu. Ft	\$ 5.81	(I)

Service Charge:

For	5/8 x 3/4-inch meter	\$ 24.44	(I)
For	3/4-inch meter	\$ 24.44	
For	1-inch meter	\$ 61.10	
For	1-1/2-inch meter	\$122.20	
For	2-inch meter	\$195.52	
For	3-inch meter	\$366.60	
For	4-inch meter	\$610.99	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge computed at the Quantity Rates.

APPENDIX B
Sheet 2

SCHEDULE NO. 1
(continued)

GENERAL METERED SERVICE
Test Year 2011

SPECIAL CONDITIONS

1. Multi-family apartment complexes may be independently metered or served from one meter. If they are served from one meter, the monthly or bimonthly consumption shall be divided by the number of active units to calculate the commodity charge. Then that result will be multiplied by the number of active units to arrive at the appropriate service charge for the meter will be added. Service under this condition is subject to approval by the utility.
2. Except for service under Special Condition 1 above, a separate meter and service connection is required for each single-family residence, each commercial or retail establishment, or each industrial enterprise regardless of the customer's single ownership or control of the premises served or to be served. The quantity registered by each meter will be charged separately.
3. The utility reserves the right to limit the quantity of water delivered to any resident, or any commercial or industrial enterprise to 8,000 cubic feet per month.
4. The utility reserves the right to limit the quantity of water delivered to any resident, or any commercial or industrial enterprise to 8,000 cubic feet per month.
5. A late charge will be imposed per Schedule No. LC. (T)
6. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

APPENDIX B
Sheet 3

SCHEDULE NO. 4

PRIVATE FIRE PROTECTION SERVICE

Test Year 2011

APPLICABILITY

Applicable to metered water for domestic household purposes, for commercial or retail establishments and small industrial enterprises.

TERRITORY

Within Argus, Trona, Pioneer Point (Point of Rocks), Borosolvay, and South Trona, unincorporated communities and territory along the westerly shore of Searles Lake, San Bernardino County.

RATES

	Per Connection <u>Per Month</u>
For each inch of diameter of service connection	\$ 9.09 (I)

SPECIAL CONDITIONS

1. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed. The fire protection service connection shall be installed by the utility, according to specifications of the San Bernardino County Fire Department and the cost paid by the applicant. Such payment shall not be subject to refund. The utility may install a meter or the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water. The cost of the facilities will be paid by the applicant and not subject to refund.
2. The minimum diameter for fire protection service shall be 4 inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.

APPENDIX B
Sheet 4

SCHEDULE NO. 4
(continued)

PRIVATE FIRE PROTECTION SERVICE
Test Year 2011

SPECIAL CONDITIONS (continued)

3. The utility will supply only such water at such pressure as may be available from time to time as a result of normal operation of the system.
4. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the Utility and the cost paid by the applicant. Such cost shall not be subject to refund.
5. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the utility, service to subsequent tenants in that unit will, at the utility's option be furnished on the account of the landlord or property owner
6. A late charge will be imposed per Schedule No. LC. (T)
7. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

APPENDIX B
Sheet 5

SCHEDULE 7M

PUBLIC SCHOOL METERED SERVICE
Test Year 2011

APPLICABILITY

Applicable to metered water for domestic household purposes, for commercial or retail establishments and small industrial enterprises.

TERRITORY

Within Argus, Trona, Pioneer Point (Point of Rocks), Borosolvay, and South Trona, unincorporated communities and territory along the westerly shore of Searles Lake, San Bernardino County.

RATES

Quantity Rates:

Per Meter
Per Month

First	800 cu. ft. per 100 cu. ft	\$1.65	(I)
Next	3,200 cu. ft. per 100 cu. ft	\$2.47	
Over	4,000 cu. ft. per 100 cu. ft	\$3.81	(I)

Service Charge:

For	5/8 x 3/4-inch meter	\$ 24.44	(I)
For	3/4-inch meter	\$ 24.44	
For	1-inch meter	\$ 61.10	
For	1-1/2-inch meter	\$ 122.20	
For	2-inch meter	\$ 195.52	
For	3-inch meter	\$ 366.60	
For	4-inch meter	\$ 610.99	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge computed at the Quantity Rates.

APPENDIX B
Sheet 6

SCHEDULE 7M
(continued)

PUBLIC SCHOOL METERED SERVICE
Test Year 2011

SPECIAL CONDITIONS

1. Water served under this schedule will be furnished only for use in school buildings and on school grounds.
2. The utility reserves the right to limit the quantity of water delivered to the Trona Schools to 100,000 cubic feet per meter per month.
3. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the utility, service to subsequent tenants in that unit will, at the utility's option be furnished on the account of the landlord or property owner.
4. A late charge will be imposed per Schedule No. LC. (T)
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

APPENDIX B
Sheet 7

SCHEDULE NO. 9-MLZ

SURPLUS WATER HAULING SCHEDULE
Test Year 2011

APPLICABILITY

Applicable to metered water for domestic household purposes, for commercial or retail establishments and small industrial enterprises.

TERRITORY

Within Argus, Trona, Pioneer Point (Point of Rocks), Borosolvay, and South Trona, unincorporated communities and territory along the westerly shore of Searles Lake, San Bernardino County.

RATES

Quantity Rates:		Per Meter	
		<u>Per Month</u>	
First	800 cu. ft. per 100 cu. ft.	\$ 1.73	(I)
Next	3,200 cu. ft. per 100 cu. ft.	\$ 3.53	
Over	4,000 cu. ft. per 100 cu. ft.	\$ 5.81	(I)

Service Charge:

For each customer	\$ 24.44	(I)
-------------------	----------	-----

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge computed at the Quantity Rates.

APPENDIX B
Sheet 8

SCHEDULE NO. 9-MLZ
(continued)

SURPLUS WATER HAULING SCHEDULE
Test Year 2011

SPECIAL CONDITIONS

1. Each customer will be required to make a \$40.00 deposit to obtain an access key. This deposit will be refunded upon return of the key.
2. Each customer using this facility will record the beginning and ending read on the standpipe log sheet. Customers will be billed for water used. Any discrepancies in total water metered and not accounted for will be prorated and billed to each customer.
3. The utility reserves the right to limit the quantity of water delivered to any resident. This service is available only on a surplus basis, to individual residences or any commercial or industrial enterprise, and is limited to a maximum of 2,000 cubic feet of water per month.
4. The utility reserves the right to discontinue to serve water upon 30 days written notice to each customer. Said notice is to be sent by certified mail.
5. During shortages of supply and interruption of delivery, Rule 14, Paragraph C, "Apportionment of Supply during Time of Shortage" will apply.
6. The standpipe is accessible to water hauling customers on a 24-hour basis.
7. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the utility, service to subsequent tenants in that unit will, at the utility's option be furnished on the account of the landlord or property owner.
8. A late charge will be imposed per Schedule No. LC. (T)
9. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

APPENDIX B
Sheet 9

Schedule LC

LATE PAYMENT CHARGE
Test Year 2011

APPLICABILITY

Applicable to metered water for domestic household purposes, for commercial or retail establishments and small industrial enterprises.

TERRITORY

Within Argus, Trona, Pioneer Point (Point of Rocks), Borosolvay and South Trona, unincorporated communities and territory along the westerly shore of Searles Lake, San Bernardino County.

RATES

Late Charge: A late charge of \$20.00 will accrue each month on unpaid (I)
balance subject to special conditions below.

SPECIAL CONDITIONS

1. The balance is unpaid and subject to a late charge if the bill is past-due, or delinquent, as defined in Tariff Rule No. 11, Discontinuance and Restoration of Service.
2. The late charge shall be imposed only once per billing cycle since the account would be shut off before a subsequent bill and then subject to the reconnection fee as authorized by Tariff Rule No. 11.
3. All bills shall be subject to the reimbursement fee as set forth in Schedule No. UF.

APPENDIX B
Sheet 10

RULE NO. 11
(continued)

DISCONTINUANCE AND RESTORATION OF SERVICE

- B. 4. For Unsafe Apparatus or Where Service is Detrimental or Damaging to the Utility or its Customers

If an unsafe or hazardous condition is found to exist on the customer's premises, or if the use of water thereon by apparatus, appliances, equipment or otherwise is found to be detrimental or damaging to the utility or its customers, the service may be shut off without notice. The utility will notify the customer immediately of the reasons for the discontinuance and the corrective action to be taken by the customer before service can be restored.

5. For Fraudulent Use of Service

When the utility has discovered that a customer has obtained service by fraudulent means, or has diverted the water service for unauthorized use, the service to that customer may be discontinued without notice. The utility will not restore service to such customer until that customer has complied with all filed rules and reasonable requirements of the utility and the utility has been reimbursed for the full amount of the service rendered and the actual cost to the utility incurred by reason of the fraudulent use.

- C. Restoration of Service

1. Reconnection Charge

Where service has been discontinued for violation of these rules or for nonpayment of bills, the utility may charge \$35.00 for reconnection of service during regular working hours or \$50.00 for reconnection of service at other than regular working hours when the customer has requested that the reconnection be made at other than regular working hours. (I)

2. To be Made during Regular Working Hours

The utility will endeavor to make reconnections during regular working hours on the day of the request, if conditions permit, otherwise reconnections will be made on the regular working day following the day the request is made. (I)

APPENDIX B
Sheet 11

SCHEDULE NO. 1

GENERAL METERED SERVICE
ESCALATION YEARS 2012 & 2013

APPLICABILITY

Applicable to metered water for domestic household purposes, for commercial or retail establishments and small industrial enterprises.

TERRITORY

Within Argus, Trona, Pioneer Point (Point of Rocks), Borosolvay and South Trona, unincorporated communities and territory along the westerly shore of Searles Lake, San Bernardino County.

RATES

		<u>Escalation Years</u>		
		<u>2012</u>	<u>2013</u>	
		<u>Per Meter</u>	<u>Per Meter</u>	
		<u>Per Month</u>	<u>Per Month</u>	
Quantity Rates:				
First	800 cu. ft. per 100 cu. ft	\$ 1.95	\$2.17	(I)
Next	3,200 cu. ft. per 100 cu. ft	\$ 3.98	\$4.42	
Over	4,000 cu. ft. per 100 cu. ft	\$ 6.55	\$7.28	(I)
Service Charge:				
For	5/8 x 3/4-inch meter	\$26.09	\$27.74	(I)
For	3/4-inch meter	\$26.09	\$27.74	
For	1-inch meter	\$65.23	\$69.35	
For	1-1/2-inch meter	\$130.47	\$138.70	
For	2-inch meter	\$208.75	\$221.92	
For	3-inch meter	\$391.40	\$416.10	
For	4-inch meter	\$652.34	\$693.50	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge computed at the Quantity Rates.

APPENDIX B
Sheet 12

SCHEDULE NO. 1
(continued)

GENERAL METERED SERVICE
ESCALATION YEARS 2012 & 2013

SPECIAL CONDITIONS

1. Multi-family apartment complexes may be independently metered or served from one meter. If they are served from one meter, the monthly or bimonthly consumption shall be divided by the number of active units to calculate the commodity charge. Then that result will be multiplied by the number of active units to arrive at the appropriate service charge for the meter will be added. Service under this condition is subject to approval by the utility.
2. Except for service under Special Condition 1 above, a separate meter and service connection is required for each single-family residence, each commercial or retail establishment, or each industrial enterprise regardless of the customer's single ownership or control of the premises served or to be served. The quantity registered by each meter will be charged separately.
3. The utility reserves the right to limit the quantity of water delivered to any resident, or any commercial or industrial enterprise to 8,000 cubic feet per month.
4. The utility reserves the right to limit the quantity of water delivered to any resident, or any commercial or industrial enterprise to 8,000 cubic feet per month.
5. A late charge will be imposed per Schedule No. LC. (T)
6. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

APPENDIX B
Sheet 13

SCHEDULE NO. 4

PRIVATE FIRE PROTECTION SERVICE
ESCALATION YEARS 2012 & 2013

APPLICABILITY

Applicable to metered water for domestic household purposes, for commercial or retail establishments and small industrial enterprises.

TERRITORY

Within Argus, Trona, Pioneer Point (Point of Rocks), Borosolvay, and South Trona, unincorporated communities and territory along the westerly shore of Searles Lake, San Bernardino County.

RATES

	<u>Escalation Years</u>	
	<u>2012</u>	<u>2013</u>
	<u>Per Connection</u> <u>Per Month</u>	<u>Per Connection</u> <u>Per Month</u>
For each inch of diameter of service connection	\$9.96	\$10.83 (I)

APPENDIX B
Sheet 14

SCHEDULE NO. 4
(continued)

PRIVATE FIRE PROTECTION SERVICE
ESCALATION YEARS 2012 & 2013

SPECIAL CONDITIONS

1. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed. The fire protection service connection shall be installed by the utility, according to specifications of the San Bernardino County Fire Department and the cost paid by the applicant. Such payment shall not be subject to refund. The utility may install a meter or the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water. The cost of the facilities will be paid by the applicant and not subject to refund.
2. The minimum diameter for fire protection service shall be 4 inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.
3. The utility will supply only such water at such pressure as may be available from time to time as a result of normal operation of the system.
4. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the Utility and the cost paid by the applicant. Such cost shall not be subject to refund.
5. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the utility, service to subsequent tenants in that unit will, at the utility's option be furnished on the account of the landlord or property owner.
6. A late charge will be imposed per Schedule No. LC. (T)
7. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

APPENDIX B
Sheet 15

SCHEDULE 7M

PUBLIC SCHOOL METERED SERVICE
ESCALATION YEARS 2012 & 2013

APPLICABILITY

Applicable to metered water for domestic household purposes, for commercial or retail establishments and small industrial enterprises.

TERRITORY

Within Argus, Trona, Pioneer Point (Point of Rocks), Borosolvay and South Trona, unincorporated communities and territory along the westerly shore of Searles Lake, San Bernardino County.

RATES

		<u>Escalation Years</u>		
		<u>2012</u>	<u>2013</u>	
		<u>Per Meter</u>	<u>Per Meter</u>	
		<u>Per Month</u>	<u>Per Month</u>	
Quantity Rates:				
First	800 cu. ft. per 100 cu. ft	\$ 1.86	\$2.07	(I)
Next	3,200 cu. ft. per 100 cu. ft	\$ 2.78	\$3.09	
Over	4,000 cu. ft. per 100 cu. ft	\$ 4.29	\$4.77	(I)
Service Charge:				
For	5/8 x 3/4-inch meter	\$26.09	\$27.74	(I)
For	3/4-inch meter	\$26.09	\$27.74	
For	1-inch meter	\$65.23	\$69.35	
For	1-1/2-inch meter	\$130.47	\$138.70	
For	2-inch meter	\$208.75	\$221.92	
For	3-inch meter	\$391.40	\$416.10	
For	4-inch meter	\$652.34	\$693.50	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge computed at the Quantity Rates.

APPENDIX B
Sheet 16

SCHEDULE 7M
(continued)

PUBLIC SCHOOL METERED SERVICE
ESCALATION YEARS 2012 & 2013

SPECIAL CONDITIONS

1. Water served under this schedule will be furnished only for use in school buildings and on school grounds.
2. The utility reserves the right to limit the quantity of water delivered to the Trona Schools to 100,000 cubic feet per meter per month.
3. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the utility, service to subsequent tenants in that unit will, at the utility's option be furnished on the account of the landlord or property owner.
4. A late charge will be imposed per Schedule No. LC. (T)
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

APPENDIX B
Sheet 17

SCHEDULE NO. 9-MLZ

SURPLUS WATER HAULING SCHEDULE
ESCALATION YEARS 2012 & 2013

APPLICABILITY

Applicable to metered water for domestic household purposes, for commercial or retail establishments and small industrial enterprises.

TERRITORY

Within Argus, Trona, Pioneer Point (Point of Rocks), Borosolvay and South Trona, unincorporated communities and territory along the westerly shore of Searles Lake, San Bernardino County.

RATES

Quantity Rates:

		Escalation Years		
		<u>2012</u>	<u>2013</u>	
		Per Meter	Per Meter	
		<u>Per Month</u>	<u>Per Month</u>	
First	800 cu. ft. per 100 cu. ft	\$ 1.95	\$2.17	(I)
Next	3,200 cu. ft. per 100 cu. ft	\$ 3.98	\$4.42	
Over	4,000 cu. ft. per 100 cu. ft	\$ 6.55	\$7.28	(I)

Service Charge:

For each customer	\$26.09	\$27.74	(I)
-------------------	---------	---------	-----

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge computed at the Quantity Rates.

APPENDIX B
Sheet 18

SCHEDULE NO. 9-MLZ
(continued)

SURPLUS WATER HAULING SCHEDULE
ESCALATION YEARS 2012 & 2013

SPECIAL CONDITIONS

1. Each customer will be required to make a \$40.00 deposit to obtain an access key. This deposit will be refunded upon return of the key.
2. Each customer using this facility will record the beginning and ending read on the standpipe log sheet. Customers will be billed for water used. Any discrepancies in total water metered and not accounted for will be prorated and billed to each customer.
3. The utility reserves the right to limit the quantity of water delivered to any resident. This service is available only on a surplus basis, to individual residences or any commercial or industrial enterprise, and is limited to a maximum of 2,000 cubic feet of water per month.
4. The utility reserves the right to discontinue to serve water upon 30 days written notice to each customer. Said notice is to be sent by certified mail.
5. During shortages of supply and interruption of delivery, Rule 14, Paragraph C, "Apportionment of Supply during Time of Shortage" will apply.
6. The standpipe is accessible to water hauling customers on a 24-hour basis.
7. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the utility, service to subsequent tenants in that unit will, at the utility's option be furnished on the account of the landlord or property owner.
8. A late charge will be imposed per Schedule No. LC. (T)
9. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

(END OF APPENDIX B)

APPENDIX C
Sheet 1
Searles Domestic Water Company
COMPARISON OF RATES

Test Year 2011

			Per Service Connection Per Month		
			Present	Recommended	Percent
			<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
Service Charge:					
	For 5/8 x 3/4-inch meters		\$ 10.34	\$ 24.44	136.4%
	For 3/4-inch meters		\$ 10.34	\$ 24.44	136.4%
	For 1-inch meters		\$ 25.87	\$ 61.10	136.2%
	For 1-1/2-inch meters		\$ 51.99	\$ 122.20	135.0%
	For 2-inch meters		\$ 82.68	\$ 195.50	136.5%
	For 3-inch meters		\$ 154.73	\$ 366.60	136.9%
	For 4-inch meters		\$ 259.87	\$ 610.99	135.1%
Quantity Charge:					
Metered	First 800 cu. Ft., per 100 cu. Ft.		\$ 1.670	\$ 1.730	3.6%
	Next 3200 cu. Ft., per 100 cu. Ft.		\$ 3.430	\$ 3.532	3.0%
	Over 4000 cu. Ft., per 100 cu. Ft.		\$ 5.630	\$ 5.810	3.2%
Private Fire Protection	Per inch, service connection		\$ 5.91	\$ 9.09	53.8%
A monthly bill comparison for a customer with a 3/4-inch meter is shown below:					
Usage	Present		Recommended	Amount	Percent
<u>100 cu. ft.</u>	<u>Rates</u>		<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
0	10.34		24.44	14.10	136.4%
5 (avg)	18.69		33.09	14.40	77.0%
10	27.04		41.74	14.70	54.4%
15	35.39		50.39	15.00	42.4%
20	48.75		64.22	15.47	31.7%
30	60.44		76.33	15.89	26.3%
40	77.14		93.63	16.49	21.4%

APPENDIX C
Sheet 2
Searles Domestic Water Company
COMPARISON OF RATES

Escalation Year 2012

		Per Service Connection Per Month		
		2011	Escalation	Percent
		<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
Service Charge:				
	For 5/8 x 3/4-inch meters	\$ 24.44	\$ 26.09	6.8%
	For 3/4-inch meters	\$ 24.44	\$ 26.09	6.8%
	For 1-inch meters	\$ 61.10	\$ 65.23	6.8%
	For 1-1/2-inch meters	\$ 122.20	\$ 130.47	6.8%
	For 2-inch meters	\$ 195.50	\$ 208.75	6.8%
	For 3-inch meters	\$ 366.60	\$ 391.40	6.8%
	For 4-inch meters	\$ 610.99	\$ 652.34	6.8%
Quantity Charge:				
Potable Water	First 800 cu. Ft., per 100 cu. Ft.	\$ 1.730	\$ 1.948	12.6%
	Next 3200 cu. Ft., per 100 cu. Ft.	\$ 3.532	\$ 3.979	12.7%
	Over 4000 cu. Ft., per 100 cu. Ft.	\$ 5.810	\$ 6.545	12.7%
Private Fire Protection	Per inch, service connection	\$ 9.09	\$ 9.96	9.6%
A monthly bill comparison for a customer with a 5/8 x 3/4-inch meter is shown below:				
Usage	2011	Escalation	Amount	Percent
<u>100 cu. ft.</u>	<u>Rates</u>	<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
0	24.44	26.09	1.65	6.8%
5 (Avg)	33.09	35.83	2.74	8.3%
10	41.74	45.57	3.83	9.2%
15	50.39	55.32	4.93	9.8%
20	64.23	70.91	6.68	10.4%
30	76.34	84.54	8.20	10.7%
40	93.64	104.03	10.39	11.1%

APPENDIX C
Sheet 3
Searles Domestic Water Company
COMPARISON OF RATES

Escalation Year 2013

			Per Service Connection Per Month		
			2012	Escalation	Percent
			<u>Rates</u>	<u>Rates</u>	<u>Increase</u>
Service Charge:					
	For 5/8 x 3/4-inch meters		\$26.09	\$ 27.74	6.3%
	For 3/4-inch meters		\$26.09	\$ 27.74	6.3%
	For 1-inch meters		\$65.23	\$ 69.35	6.3%
	For 1-1/2-inch meters		\$130.47	\$ 138.70	6.3%
	For 2-inch meters		\$208.75	\$ 221.92	6.3%
	For 3-inch meters		\$391.40	\$ 416.10	6.3%
	For 4-inch meters		\$652.34	\$ 693.50	6.3%
Quantity Charge:					
Potable Water	First 800 cu. Ft., per 100 cu. Ft.		\$ 1.948	\$ 2.166	11.2%
	Next 3200 cu. Ft., per 100 cu. Ft.		\$ 3.979	\$ 4.424	11.2%
	Over 4000 cu. Ft., per 100 cu. Ft.		\$ 6.545	\$ 7.277	11.2%
Private Fire Protection	Per inch, service connection		\$ 9.96	\$ 10.83	8.7%
A monthly bill comparison for a customer with a 5/8 x 3/4-inch meter is shown below:					
Usage	2012		Escalation	Amount	Percent
<u>100 cu. ft.</u>	<u>Rates</u>		<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
0	26.09		27.74	1.65	6.3%
5	35.83		38.57	2.74	7.7%
10	45.57		49.40	3.83	8.4%
15	55.31		60.23	4.92	8.9%
20	70.89		77.56	6.67	9.4%
30	84.53		92.73	8.20	9.7%
40	104.01		114.39	10.38	10.0%

(END OF APPENDIX C)

APPENDIX D
Searles Domestic Water Company
ADOPTED QUANTITIES

TEST YEAR 2011 AND ESCALATION YEARS 2012 AND 2013

Expenses:				
1. Purchased Water				
	Vendor	Searles Valley Minerals Inc.		
	Total cost	\$100,833		
2. Water Sales in Ccf				
		104722.882		
3. Service Connections				
	Meter Size			
	5/8 x3/4"	0		
	3/4"	858		
	1"	0		
	1-1/2"	8		
	2"	14		
	3"	0		
	4"	0		
	Total Metered	880		
4. Depreciation Rate				
		2.39%		
5. Tax Calculation:				
		Test Year	Escalation Year	Escalation Year
	Line No. Item	2011	2012	2013
	1 Operating Revenue	\$582,500	\$638,150	\$693,550
	2 O & M Expenses	\$414,877	\$414,877	\$414,877
	3 Taxes Other Than Income			
	4 Depreciation	\$56,844	\$56,844	\$56,844
	5 Interest Expense	\$0	\$0	\$0
	6 Taxable Income for State Tax	\$80,770	\$136,420	\$191,820
	7 State Tax	\$7,140	\$12,060	\$16,957
	8 Taxable Income for Federal Tax	\$73,630	\$124,360	\$174,863
	9 Federal Income Tax	\$11,966	\$31,751	\$51,447
	10 Total Income Tax	\$19,106	\$43,810	\$68,403

(END OF APPENDIX D)