

DWA/RSK/BMD/OE2/jlj

DIVISION OF WATER AND AUDITS  
Water and Sewer Advisory Branch

RESOLUTION NO. W-4919  
May 24, 2012

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

**(RES. W-4919), MOUNTAIN MESA WATER COMPANY (MMWC).  
ORDER AUTHORIZING A GENERAL RATE INCREASE (GRC),  
PRODUCING ADDITIONAL ANNUAL REVENUE OF \$71,853 OR  
33.6% FOR TEST YEAR (TY) 2012 AND \$25,153 OR 8.80% FOR  
ESCALATION YEAR 2013.**

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### **SUMMARY**

By Advice Letter (AL) 26, filed on November 21, 2011, MMWC seeks an increase of \$135,381 in revenue or 68.50% above current rates to recover increased operating expenses and earn a reasonable return on its plant investment. For TY 2012, this Resolution grants an increase in gross annual revenues of \$71,853 or 33.60% over current rates, and additional revenue of \$25,153 or 8.80% for Escalation Year 2013. The rate schedules to implement the 2012 increase and the escalation increase for year 2013 are set forth in Appendix B. This increase in revenue, inclusive of escalation years, is estimated to provide a rate of return of 12.25% by 2013.

### **BACKGROUND**

MMWC, a Class D 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 \$135,381 or 68.50% for TY 2012, over the current rates. The purpose of the rate increase is to recover increased operating expenses and to provide an adequate rate of return. MMWC's request was based on a rate of return of 12.50%. MMWC attributes the magnitude of its increase request to the absence of increases for over 8 years, and the increase in Other Volume Related Expenses and Contract Work provided by California Water Service Company (CWSC); CWSC handles the system operations and maintenance, including the arsenic treatment plant, billing and accounts receivable.

MMWC's present rates became effective on April 16, 2010, by approval of AL 23, which authorized a Consumer Price Index (CPI) rate increase of \$5,810 or 2.7%. The last GRC for MMWC was granted on August 21, 2003, pursuant to Res. W-4413, which granted an increase in revenues of \$13,279 or 12.30%.

MMWC serves approximately 364 residential and 10 commercial metered customers approximately three miles east of the community of Lake Isabella, Kern County on the shores of Lake Isabella. The system has three storage tanks with a total capacity of 432,000 gallons. MMWC's distribution system consists of 5,923 feet of 8-inch mains, 25,480 feet of 6-inch mains, and 8,784 feet of 2-inch mains.

## **NOTICE AND PROTEST**

On January 10, 2012, a notice of the proposed rate increase was mailed to each customer's permanent address and to the general service list. On February 9, 2012, AL 26-W was served in accordance with GO 96-B, including on adjacent utilities and persons on the general service list. No protests were received by the Division of Water and Audits (Division).

An informal public meeting was held on Thursday, February 16, 2012, at 4:00 PM at Eagles Lodge, located at 12251 Highway 178, Mountain Mesa, CA. Approximately eleven customers attended the meeting. The Division of Water and Audits (Division) staff explained the Commission's for reviewing AL 26-W; MMWC's representatives explained their reasoning for the proposed rate increase. The Division staff and the MMWC's representatives answered questions until approximately 5:00 PM.

Much of the customer feedback, in both the letters and from the public meeting, was concerned with the magnitude of the increase request - 68.50%. Some of the customers acknowledged that some increase was warranted because it had been over 8 years since the last rate increase and that improvements had been made to the water system. Others complained that the three-tiered rate structure<sup>1</sup> introduced by MMWC to encourage water conservation was too burdensome.

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

## **DISCUSSION**

MMWC's current request to increase revenues by 68.51% stems largely from the absence of a general rate increase for over 8 years. The magnitude and timing of MMWC's GRC request justifies a more gradual revenue increase than that proposed by MMWC. To mitigate the impact that this large increase may have on its customers,

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<sup>1</sup> In order to promote water conservation MMWC introduced a 3-tiered rate structure on November 21, 2011. The rates increase in each tier corresponding to higher consumption.

MMWC agreed<sup>2</sup> to phase-in its revenue increase over a period of two years, from 2012 through 2013, instead of one year as it originally proposed. To lessen customer rate shock and fulfill the intent of a gradual increase, MMWC should also be barred from deferred revenue collection for 2012, and 2013. As commonly practiced by the Commission, MMWC should not be allowed to recover<sup>3</sup> the CPI increase for 2012 because this would exceed the allowed revenue of \$306,745.

The Division made an independent analysis of MMWC's operations. Appendix A shows MMWC's and the Division's estimated summary of earnings at present, proposed, and recommended rates for TY 2012, to be phased in during years 2012 and 2013. Appendix B includes the Division's tariff rates for TY 2012, and escalation year 2013. The Division informed MMWC of how the methodologies it used differed from those used in MMWC's request. MMWC 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 MMWC's operating expenses, excluding purchased water, purchased power, contract work, insurance and management salaries, is based on data from years 2008-2010. MMWC purchases some its water from its CWSC and gets the rest of its water supply from 3 wells, Nos. 1, 3 & 4. 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 CWSC's rates. The quantities used to calculate purchased water are found in Appendix D. The Division's estimate for contract work is an estimate based on the reported amount for the year 2011. The Division used current actual costs for insurance and accepted MMWC's estimate for office and management salaries. For estimating all other expense categories Division escalated<sup>4</sup> and averaged 2008-2010 expenses using factors from the March 31, 2012 escalation memorandum from the Division of Ratepayer Advocates. The Division's estimate differed from MMWC's in employee labor, materials, transportation, uncollectible and regulatory expenses due to MMWC's application of a different escalation factor for the three-year average of these expenses from 2008-2010.

MMWC's rate base request included \$32,108 for a water treatment plant and a new office computer; the Division accepts this request. The Division's recommendation

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<sup>2</sup> Per email from Frank Brommenschenkel dated 3/1/2012.

<sup>3</sup> Per Resolution W-4710.

<sup>4</sup> Escalation was to 2012 dollars.

includes used and useful plant additions and applies the 2.30% depreciation rate adopted in the last GRC to arrive at the rate base shown in Appendix A.

MMWC requested a 12.50% rate of return. The current range recommended for rate of return for a Class D utility is 11.25% to 12.25%<sup>5</sup>. Since there are no customer service complaints and MMWC is in compliance with all Commission rules and procedures, the Division based its analysis on a rate of return of 12.25%, which is the high end of the range for recommended rate of return. With the two-year phase in, these revenue increases will yield a rate of return of 9.40% in TY 2012, and 12.25% by Escalation Year 2013.

MMWC's rate structure consists of one schedule: 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 \$71,853 or 33.60% for TY 2012 and \$25,153 or 8.80% for escalation year 2013. At the recommended rates shown in Appendix B, monthly rates for an average consumption of 9 Ccf (one Ccf is equal to one hundred cubic feet) will increase from \$33.01 to \$43.63, a difference of \$10.62 or 32.20% in TY 2012; and \$43.63 to \$47.97, a difference of \$4.34 or 10.00% 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. MMWC should be required to file Tier 2 advice letters on or before November 20, 2012, to reflect escalation rates for 2013. Revised tariffs reflecting these escalation rates should be made effective on January 1, 2013.

A review of MMWC's 2010 California Department of Public Health's (CDPH) Consumer Confidence Report (CCR) shows that its water meets the required quality standards set by the CDPH. MMWC provides customers the annual CCR 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.

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<sup>5</sup> This recommendation is set forth in a March 6, 2012 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.

## **COMMENTS**

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

## **FINDINGS**

1. MMWC has requested authority to increase its water rates by \$135,381 or 68.50% for TY 2012.
2. On January 10, 2012, a notice of the proposed rate increase was mailed to each customer and to the general service list. On February 9, 2012, AL 26-W was served in accordance with General Order 96-B.
3. MMWC agreed to phase-in its revenues over a period of two years from 2012 through 2013.
4. MMWC should not be allowed to recover Consumer Price Index cost increases for years 2012 and 2013.
5. In reviewing MMWC's request, the Division made an independent analysis of MMWC's operations.
6. 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 California Water Services Company's rates.
7. The Division's estimate for contract work is based on last year's data.
8. The Division used current costs to estimate test year insurance.
9. The Division accepted MMWC's estimate of management salaries.
10. For estimating all other expense categories, the Division applied factors from the Division of Ratepayer Advocates' Escalation Memorandum, dated March 31, 2012.
11. The Division recommendation includes used and useful plant additions and applies the 2.30% depreciation rate ordered in the last GRC.
12. The Division informed MMWC of how the methodologies and escalation rates it used differed from those used in MMWC's request. MMWC now agrees with the Division's recommended revenue requirement.

13. The Division's recommended summary of earnings (Appendix A) are reasonable and should be adopted.
14. The rates recommended by the Division (Appendix B) are reasonable and should be adopted.
15. The quantities (Appendix D) used to develop the Division's recommendations are reasonable and should be adopted.
16. MMWC requested a rate of return of 12.50%. The current range recommended for rate of return for a Class D utility is 11.25% to 12.25%; the Division's recommended rate of return for MMWC is 12.25%.
17. For TY 2012, it is appropriate to grant MMWC an increase in gross annual revenues of \$71,853 or 33.60% over current rates, and additional revenue of \$25,153 or 8.80% for Escalation Year 2013.
18. These revenue increases will yield a rate of return of 9.40% in Test Year 2012 and 12.25% by Escalation Year 2013.
19. At the recommended rates shown in Appendix B, monthly rates for an average consumption of 9 Ccf (one Ccf is equal to one hundred cubic feet) will increase from \$33.01 to \$43.63, a difference of \$10.62 or 32.20% in TY 2012; and \$43.63 to \$47.97, a difference of \$4.34 or 10.00% in Escalation Year 2013.
20. By November 20, 2012, MMWC should file a Tier 2 advice letter to reflect escalation in 2013. The rates should be made effective on January 1, 2013.

**THEREFORE IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454 to Mountain Mesa 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 Schedule 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. By November 20, 2012, Mountain Mesa Water Company shall file a Tier 2 advice letter for the Escalation Year 2013. The escalation rates will be made effective on January 1, 2013.

4. 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 May 24, 2012; 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

				<b>Appendix A</b>		
				<b>Mountain Mesa Water Company</b>		
				<b>Summary of Earnings</b>		
				<b>Test Year 2012</b>		
		<b>Utility Estimated</b>		<b>Branch Estimated</b>		
		<b>Present</b>	<b>Requested</b>	<b>Present</b>	<b>Requested</b>	<b>Adopted</b>
	<b>Item</b>	<b>Rates</b>	<b>Rates</b>	<b>Rates</b>	<b>Rates</b>	<b>Rates</b>
	<b>Operating Revenue</b>					
	Unmetered Water Revenue	\$ 214,142	\$ 332,850	\$ 214,142	\$ 332,850	\$ 285,995
	Fire Protection	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Total Revenue</b>	\$ 214,142	\$ 332,850	\$ 214,142	\$ 332,850	\$ 285,995
	<b>Operating Expenses</b>					
610	Purchased Water	\$6,929	\$9,227	\$ 9,227	\$ 9,227	\$ 9,227
615	Purchased Power	\$28,692	\$26,616	\$ 26,616	\$ 26,616	\$ 26,616
618	Other Volume Related Expenses	\$41,491	\$39,176	\$ 39,176	\$ 39,176	\$ 39,176
640	Materials	\$5,314	\$2,897	\$ 2,897	\$ 2,897	\$ 2,897
650	Contract Work	\$48,102	\$86,272	\$ 74,691	\$ 74,691	\$ 74,691
660	Transportation Expenses	\$1,825	\$4,852	\$ -	\$ -	\$ -
664	Other Plant Maintenance	\$2,278	\$3,249	\$ 3,249	\$ 3,249	\$ 3,249
671	Management Salaries	\$9,500	\$9,500	\$ 9,500	\$ 9,500	\$ 9,500
678	Office Services & Rentals	\$6,094	\$5,644	\$ 5,427	\$ 5,427	\$ 5,427
681	Office Supplies & Expenses	\$759	\$449	\$ 449	\$ 449	\$ 449
682	Professional Services	\$5,429	\$3,797	\$ 3,770	\$ 3,770	\$ 3,770
684	Insurance	\$2,383	\$2,545	\$ 2,545	\$ 2,545	\$ 2,545
688	Regulatory Commission Expense	\$2,736	\$3,501	\$ 3,476	\$ 3,476	\$ 3,476
689	General Expenses	\$1,418	\$2,741	\$ 2,383	\$ 2,383	\$ 2,383
	<b>Subtotal</b>	\$ 162,950	\$ 200,466	\$ 183,406	\$ 183,406	\$ 183,406
	Depreciation	\$ 18,735	\$ 24,086	\$ 21,254	\$ 21,254	\$ 21,254
	Taxes other than Income	\$ 8,799	\$ 5,571	\$ 5,571	\$ 5,571	\$ 5,571
	Income Taxes	\$ 2,400	\$ 27,202	\$ 800	\$ 37,095	\$ 18,964
	Interest Expense	\$ 13,000	\$ -	\$ -	\$ -	\$ -
	<b>Total Deductions</b>	\$205,884	\$257,325	\$211,031	\$247,326	\$229,195
	<b>Net Revenue</b>	\$8,258	\$75,525	\$3,111	\$85,524	\$56,800
	<b>Rate Base</b>					
	Average Plant	\$ 951,452	\$ 983,560	\$ 983,560	\$ 983,560	\$ 983,560
	Ave. Accumulated Depreciation	\$ 329,993	\$ 372,814	\$ 372,839	\$ 372,839	\$ 372,839
	<b>Net Plant</b>	\$ 621,459	\$ 610,746	\$ 610,721	\$ 610,721	\$ 610,721
	<b>Less Advances</b>	\$ -	\$ -	\$ -	\$ -	\$ -
	Contributions	\$ 27,742	\$ 25,600	\$ 25,600	\$ 25,600	\$ 25,600
	<b>Plus Working Cash</b>	\$ 16,957	\$ 19,177	\$ 19,177	\$ 19,177	\$ 19,177
	Materials & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Rate Base:</b>	\$ 610,674	\$ 604,323	\$ 604,298	\$ 604,298	\$ 604,298
	<b>Rate of Return</b>	1.35%	12.50%	0.51%	14.15%	9.40%



Appendix A					
Mountain Mesa Water Company					
Summary of Earnings					
Escalation Year 2013					
Item	Utility Estimated		Branch Estimated		Recommended
	Present	Requested	Present	Adopted	
	Rates	Rates	Rates	Rates	
				2012	2013
<b>Operating Revenue</b>					
Unmetered Water Revenue	\$ 214,142	\$ 332,850	\$ 214,142	\$ 285,995	\$ 311,148
Fire Protection	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Revenue</b>	\$ 214,142	\$ 332,850	\$ 214,142	\$ 285,995	\$ 311,148
<b>Operating Expenses</b>					
610 Purchased Water	\$6,929	\$9,227	\$ 9,227	\$ 9,227	\$ 9,227
615 Purchased Power	\$28,692	\$26,616	\$ 26,616	\$ 26,616	\$ 26,616
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650 Contract Work	\$48,102	\$86,272	\$ 74,691	\$ 74,691	\$ 74,691
660 Transportation Expenses	\$1,825	\$4,852	\$ -	\$ -	\$ -
664 Other Plant Maintenance	\$2,278	\$3,249	\$ 3,249	\$ 3,249	\$ 3,249
671 Management Salaries	\$9,500	\$9,500	\$ 9,500	\$ 9,500	\$ 9,500
678 Office Services & Rentals	\$6,094	\$5,644	\$ 5,427	\$ 5,427	\$ 5,427
681 Office Supplies & Expenses	\$759	\$449	\$ 449	\$ 449	\$ 449
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684 Insurance	\$2,383	\$2,545	\$ 2,545	\$ 2,545	\$ 2,545
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689 General Expenses	\$1,418	\$2,741	\$ 2,383	\$ 2,383	\$ 2,383
<b>Subtotal</b>	\$ 162,950	\$ 200,466	\$ 183,406	\$ 183,406	\$ 183,406
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<b>Total Deductions</b>	\$205,884	\$257,325	\$211,031	\$247,326	\$237,151
<b>Net Revenue</b>	\$8,258	\$75,525	\$3,111	\$38,669	\$73,997
<b>Rate Base</b>					
Average Plant	\$ 951,452	\$ 983,560	\$ 983,560	\$ 983,560	\$ 983,560
Ave. Accumulated Depreciation	\$ 329,993	\$ 372,814	\$ 372,839	\$ 372,839	\$ 372,839
<b>Net Plant</b>	\$ 621,459	\$ 610,746	\$ 610,721	\$ 610,721	\$ 610,721
<b>Less Advances</b>	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	\$ 27,742	\$ 25,600	\$ 25,600	\$ 25,600	\$ 25,600
<b>Plus Working Cash</b>	\$ 16,957	\$ 19,177	\$ 19,177	\$ 19,177	\$ 19,177
Materials & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Rate Base:</b>	\$ 610,674	\$ 604,323	\$ 604,298	\$ 604,298	\$ 604,298
<b>Rate of Return</b>	1.35%	12.50%	0.51%	6.40%	12.25%

(END OF APPENDIX A)

APPENDIX B

**SCHEDULE NO. 1**

**GENERAL METERED SERVICE**

Test Year 2012

**APPLICABILITY**

Applicable to all metered water service.

**TERRITORY**

The unincorporated area located adjacent to State Highway 178 and approximately three miles east of the community of Lake Isabella, Kern County.

**RATES**

Quantity Rates:	<u>Test Year 2012</u>	
	Per Meter	
	<u>Per Month</u>	
For all water delivered, per 100cu. ft from 1 to 5 units	\$ 1.16	(I)
For all water delivered, per 100cu. ft from 6 to 10 units	\$ 1.87	
For all water delivered, per 100cu. ft over 10 units	\$ 2.59	(I)
Service Charge:		
For 5/8 x 3/4-inch meter	\$ 30.36	(I)
For 3/4-inch meter	\$ 45.53	
For 1-inch meter	\$ 75.89	
For 1-1/2-inch meter	\$151.78	
For 2-inch meter	\$242.85	
For 3-inch meter	\$455.35	
For 4-inch meter	\$758.91	(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**

**SCHEDULE NO. 1**

**GENERAL METERED SERVICE**  
**ESCALATION YEAR 2013**

**APPLICABILITY**

Applicable to all metered water service.

**TERRITORY**

The unincorporated area located adjacent to State Highway 178 and approximately three miles east of the community of Lake Isabella, Kern County.

**RATES**

**Escalation Year**  
**2013**  
**Per Meter**  
**Per Month**

**Quantity Rates:**

For all water delivered, per 100cu. ft from 1 to 5 units	\$ 1.19	(I)
For all water delivered, per 100cu. ft from 6 to 10 units	\$ 1.92	
For all water delivered, per 100cu. ft over 10 units	\$ 2.67	(I)

**Service Charge:**

For 5/8 x 3/4-inch meter	\$ 34.33	(I)
For 3/4-inch meter	\$ 51.50	
For 1-inch meter	\$ 85.83	
For 1-1/2-inch meter	\$171.66	
For 2-inch meter	\$274.66	
For 3-inch meter	\$514.99	
For 4-inch meter	\$858.32	(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.

**(END OF APPENDIX B)**

**APPENDIX C**  
**Mountain Mesa Water Company**  
**COMPARISON OF RATES**

Test Year 2012

		Per Service Connection Per Month				
		Present		Recommended	Percent	
		<u>Rates</u>		<u>Rates</u>	<u>Increase</u>	
<b>Service Charge:</b>						
	For 5/8 x 3/4-inch meters	\$	22.84	\$	30.36	32.9%
	For 3/4-inch meters	\$	34.26	\$	45.53	32.9%
	For 1-inch meters	\$	57.10	\$	75.89	32.9%
	For 1-1/2-inch meters	\$	114.02	\$	151.78	33.1%
	For 2-inch meters	\$	182.72	\$	242.85	32.9%
	For 3-inch meters	\$	342.61	\$	455.35	32.9%
	For 4-inch meters	\$	571.01	\$	758.91	32.9%
<b>Quantity Charge:</b>						
<b>Potable Water</b>	All use, per 100 cu. ft. . . .					
	1- 5 units	\$	1.130	\$	1.160	2.7%
	6-10 units	\$	-	\$	1.867	0.0%
	11 plus units	\$	-	\$	2.594	0.0%
A monthly bill comparison for a customer with a 5/8 x 3/4-inch meter is shown below:						
Usage	Present		Recommended	Amount	Percent	
<u>100 cu. ft.</u>	<u>Rates</u>		<u>Rates</u>	<u>Increase</u>	<u>Increase</u>	
0	\$ 22.84		\$ 30.36	\$ 7.52	32.9%	
5	\$ 28.49		\$ 36.16	\$ 7.67	26.9%	
9 (avg)	\$ 33.01		\$ 43.63	\$ 10.62	32.2%	
15	\$ 39.79		\$ 58.46	\$ 18.67	46.9%	
20	\$ 45.44		\$ 71.43	\$ 25.99	57.2%	
30	\$ 56.74		\$ 97.36	\$ 40.62	71.6%	

**APPENDIX C**  
**Mountain Mesa Water Company**  
**COMPARISON OF RATES**

Escalation Year 2013

		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		\$ 30.36	\$ 34.33	13.1%
		For 3/4-inch meters		\$ 45.53	\$ 51.50	13.1%
		For 1-inch meters		\$ 75.89	\$ 85.83	13.1%
		For 1-1/2-inch meters		\$ 151.78	\$ 171.66	13.1%
		For 2-inch meters		\$ 242.85	\$ 274.66	13.1%
		For 3-inch meters		\$ 455.35	\$ 514.99	13.1%
		For 4-inch meters		\$ 758.91	\$ 858.32	13.1%
Quantity Charge:						
Potable Water		All use, per 100 cu. ft. . . .				
		1- 5 units		\$ 1.16	\$ 1.19	2.8%
		6-10 units		\$ 1.87	\$ 1.92	2.8%
		11 plus units		\$ 2.59	\$ 2.67	2.8%
A monthly bill comparison for a customer with a 5/8 x 3/4-inch meter is shown below:						
Usage		Present		Escalation	Amount	Percent
<u>100 cu. ft.</u>		<u>Rates</u>		<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
0		\$ 30.36		\$ 34.33	\$ 3.98	13.1%
5		\$ 36.16		\$ 40.29	\$ 4.14	11.4%
9 (avg)		\$ 43.63		\$ 47.97	\$ 4.34	10.0%
15		\$ 58.46		\$ 63.21	\$ 4.75	8.1%
20		\$ 71.43		\$ 76.54	\$ 5.11	7.2%
30		\$ 97.36		\$ 103.19	\$ 5.83	6.0%

**(END OF APPENDIX C)**

**APPENDIX D**  
**Mountain Mesa Water Company**  
**ADOPTED QUANTITIES**

TEST YEAR 2012 AND ESCALATION YEAR 2013

**ADOPTED QUANTITIES**

1. Purchased Power		
Total Cost	\$26,616	
2. Purchased Water		
Total Cost	\$9,227	
3. Water Sales in Ccf	63,938	
4. Payroll		
Management Salaries	\$9,500	
5. Property Taxes	\$6,502	
6. Service Connections		
5/8 -inch by 3/4 inch	364	
1 -inch	4	
1 ½ -inch	1	
2 - inch	1	
3 - inch	3	
4 - inch	1	
Total	374	
7. Tax Calculation	Test Year	Escalation Year
	<u>2012</u>	<u>2013</u>
Taxable Income for State Tax	\$75,764	\$100,917
State Tax	\$ 6,698	\$ 8,921
Taxable Income for Federal Tax	\$69,066	\$ 91,996
Federal Tax	\$12,267	\$ 17,999
Total Income Tax	\$18,964	\$ 26,920

**(END OF APPENDIX D)**