

WATER/FLC/ABJ/MEY:jrb

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4473

May 6, 2004

R E S O L U T I O N

**(RES. W-4473), WEIMAR WATER COMPANY (WWC). ORDER
AUTHORIZING A GENERAL RATE INCREASE PRODUCING
ADDITIONAL ANNUAL REVENUES OF \$143,541 OR 63.0% IN 2004.**

SUMMARY

This resolution grants a general rate increase in gross annual revenues of \$143,541 or 63.0% for Test Year 2004. This increase will provide a 12.76% rate of return on a rate base of \$366,783.

BACKGROUND

WWC currently serves 400 metered-rate customers in the town of Weimar and vicinity, located approximately 10 miles northeast of Auburn, Placer County.

WWC is requesting authority under Section VI of General Order (G.O.) 96-A and Section 454 of the Public Utilities Code to increase rates for water service by \$143,541 or 63.0% in 2004. The purposes of the rate increase are to recover WWC's increased operating expenses and to allow WWC the opportunity to earn an adequate rate of return. WWC's request shows gross revenues of \$227,815, at present rates, increasing to \$371,356, at proposed rates, and a rate of return of 12.90%. The current rates were established on August 2, 1996, pursuant to Commission's Resolution (Res.) W-3994, which authorized a general rate increase of \$4,589 or 2.7% and a rate of return of 13.25%.

DISCUSSION

Under the provisions of the Water Division's (WD) outreach program, the WD staff assisted WWC in preparing this general rate increase request (GRC). The joint effort was filed on December 17, 2003.

WD performed a comprehensive investigation of WWC's books and formulated a summary of earnings for Test Year 2004. Appendix A contains estimates for operating

revenues, operating expenses, and rate base, at both present and proposed rates for the Test Year. Due to the fact that the GRC was conducted as an outreach, both WWC and WD estimates are identical with exception of two expense items. After the public notice and during its investigation, WD staff revised its estimates of purchased water and uncollectibles. The updated estimates are shown in Appendix A. WWC was informed of the adjustments and agreed with them.

WWC also requested that it be allowed to establish a Facilities Fee tariff schedule in anticipation of future growth. WD has suggested the standard Facilities Fee tariff schedule¹ be implemented and WWC concurred.

As part of the rate investigation, WD staff made a field visit to WWC's premises. During the visit, WD staff found that the existing service area map on file with the Commission is a topographical map with limited identification and is not easily readable. This is in non-compliance with G.O. 103, Section I.10.a, which requires a utility to have a system map which is clear and legible.

The field investigation revealed some maintenance items. Most notably was the need for maintenance on all the storage tanks. The visible portions of the tanks revealed that they needed painting. WWC agreed that there was a need, but that it had not been anticipated in the GRC. Other items included the need for dredging of the sedimentation pond and the rehabilitation of the second filtration unit. For the most part the system appeared to be well maintained.

WD makes allowance for various regulatory commission expenses in its recommended rate increase. G.O. 103 requires utilities to meet standards of service, construction, and fire protection. WD has conferred with California Department of Health Services (DHS) and Placer Hills Fire Protection District (PHFPD) and has confirmed WWC's compliance with G.O. 103 requirements in these areas. The recommended Test Year Regulatory Commission Expense is \$1,379 of which \$521 pertains to the annual DHS fees. Therefore, only DHS fees in excess of \$521 may be recovered using the memorandum account authorized by the Commission in Res. W-4327, dated March 6, 2002.

WWC currently has two rate schedules: Schedule 1-A, Annual General Metered Service, for its residential customers, and Schedule TR-1, Resale Service, for three

¹ Resolution W-4110, September 3, 1998, authorized all Class D water utilities to file an advice letter to place into effect Schedule F, Facilities Fees, as shown in Appendix A of the resolution, or any such lesser fees as they may deem appropriate, however, maintaining the same relationship between meter sizes that is shown in Appendix A.

customers that resell water to users within its own designated service territory. Schedule TR-1 rates are lower than Schedule 1-A rates. During its investigation, WD determined that having two separate rate schedules was not reasonable and recommended that only one schedule, Schedule 1-A, Annual General Metered Service, be adopted for all WWC customers. WWC concurred. The three customers presently on the TR-1 schedule are: Midway Heights County Water District (MHCWD), Timberhills Mutual Water Company (THMWC), and Weimer Institute, a multi-unit facility used primarily for meetings and retreats.

Of the three above-mentioned customers, only MHCWD protested the elimination of Schedule TR-1². MHCWD purchases potable water for resale to its own customers and it does not have its own treatment plant. MHCWD receives treated water from WWC and stores it in its own storage tank. Because of this, it is able to purchase water utilizing a much smaller meter than would be required for normal demand³. The gravamen of MHCWD's complaint was that, after the rate design was done, too much of the fixed costs were in the commodity charge⁴. Because MHCWD buys a large amount of water, it was concerned that it was paying more than its fair share of fixed costs.

WD held numerous telephone conversations with MHCWD. WD pointed out that as fixed costs are allocated to the service charge, small usage customers will see a higher percentage increase in their bills than average use customers (although the bills themselves will be smaller due to lower usage). Traditionally, such shifting has been limited to zero usage customers seeing an increase of twice the system average percentage rate. That is why there were still some remaining fixed costs in the commodity charge.

In this case MHCWD with its two-inch meter is presently paying \$65.18 per month in the service charge and \$1.196 per one hundred cubic feet (Ccf) commodity charge (3/4 inch customers are paying \$8.20 per month and \$1.35 per Ccf). Based on the system average increase of 63.0%, the maximum impact would be on a 3/4 inch meter customer who uses no water. In that case the service charge is limited to \$18.38 for the 3/4 inch customer ($\$18.38 - 8.20 = \10.18 . $10.18/8.2 = 124.2\%$ increase). In order to cap this

² For a more detailed description of MHCWD's complaint see the next section "NOTICE AND PUBLIC MEETINGS."

³ MHCWD purchases water through a 2-inch meter. WWC has indicated that MHCWD would require approximately a 6-inch meter if it did not have its own storage tank.

⁴ For Class D water utilities such as Weimar, the Commission adopted rate design is to recover 100% of the fixed costs in the service charge.

service charge at \$18.38, we can allow only 44% of the fixed costs in the service charge. The equivalent 2-inch meter charge, using adopted Commission meter ratios, is \$661.71. In addition to this limitation, WD pointed out that, because MHCWD's meter size is unusually small, they were actually paying less than the normal proportional share of fixed costs that Weimar incurred⁵. After much discussion, MHCWD was willing to withdraw its protest if Weimar were allowed to file annually to add more of its fixed costs to the service charge. Staff agreed and has added that provision to this order.

Although the proposed rate design will result in a slightly higher than system average increase in the first year to MHCWD (73% versus the 63% system average), as time passes and more of the fixed costs are included in the service charge, this disparity will disappear.

In order to address MHCWD's concerns, staff recommends that WWC be allowed to file in 2005, and in subsequent years, an advice letter to increase its rates by the Consumer Price Index (CPI) as allowed by Decision (D.) 92-03-093, March 31, 1992 (the Risk Phase One Decision) and, at the same time, to include more of its fixed costs in the service charge. This will reduce the percentage of fixed costs that must be recovered in the commodity charge and reduce MHCWD's water bill accordingly. WWC should be ordered to coordinate with staff prior to its CPI filing to address the rate shock of this plan, which would phase in rates to the Commission-approved rate design over the next few years.

WD reviewed and examined plant accounts from 1996 (last GRC) through 2003 and corrected mathematical errors that were carried from year-to-year. WD staff noted 2003 plant additions totaling \$9,000⁶ as being used and useful. WD staff found these additions to be reasonable and has included them in the average utility plant-in-service figure of \$1,129,430.

⁵ Under Commission-approved service charge ratios, a two-inch meter pays about one-sixth the charge of a six inch meter.

⁶ Additions, as of November 13, 2003, were noted as: \$5,000 for plant/electrical controls, \$2,000 for backwash recycle system, and \$2,000 for pump and starter replacement.

Because of the mathematical errors, WD staff calculates that the beginning-of-year 2003 figures should be as follow:

<u>Account</u>	<u>Description</u>	<u>Beg. Of Year 2003</u>
301	Intangible Plant	\$ 1,547
303	Land	\$ 14,204
304	Structures	\$ 47,312
307	Wells	\$ 0
317	Other Water Source Plant	\$ 0
311	Pumping Equipment	\$ 48,228
320	Water Treatment Plant	\$ 129,246
330	Reservoirs, Tanks, & Sandpipes	\$ 30,196
331	Water Mains	\$ 634,964
333	Services & Meter Installations	\$ 50,297
334	Meters	\$ 32,126
335	Hydrants	\$ 23,698
339	Other Equipment	\$ 56,657
340	Office Furniture & Equipment	\$ 14,247
341	Transportation Equipment	\$ 42,207
	Total	\$1,124,930

WWC has indicated the following plant additions for 2003 through 2006:

<u>Additions</u>	<u>Amount</u>
Canyon Way Inter-tie Tank	\$250,000
Plant/Electrical Controls	\$400,000
Rehab Filter No. 2	\$ 20,000
8 or 10-inch replacement	\$ 60,000
UPRR Lease Purchase	\$ 20,000
Vehicles	\$ 25,000
	\$ 29,000

WD notes that some of these projects have been recommended in the Department of Health Services Annual Report, as being projects that WWC should pursue in an effort to increase reliability, therefore the projects are considered justified. However, it is Commission policy not to allow plant additions until the plant item is used and useful to the water company. With this in mind, WD would recommend that WWC be allowed to file for rate base offsets, via advice letter filing, once the projects are completed and used and useful to water utility.

The accumulated depreciation reserve needs to be corrected because of the mathematical errors discussed previously. WD staff has corrected mathematical errors in plant that were carried from year-to-year since 1996. In addition, WD staff applied the recommended depreciation rate of 2.9% from 1996 through 2003 to determine the accumulated depreciation reserve. These corrections resulted in a 2003 beginning-of-year balance for the accumulated depreciation reserve of \$535,684. WD notes that WWC's annual reports have not reflected the correct depreciation expense and accumulated depreciation reserve balance.

The recommended Average Depreciation Reserve for the Test Year is \$552,121.

In D. 92-03-093, dated March 31, 1992, the Commission adopted the operating ratio method of ratemaking as an alternative to the rate of return method for Class C and D water utilities. Thus, two methods are available for WD to utilize in the rate-making process: Return on Rate Base (net investment) and Operating Ratio. WD is required to calculate the revenue requirement utilizing both methods. Policy dictates that WD will recommend the method that produces the higher revenue. Comparison of the revenue requirement in this case using both methods indicates that the return on rate base method produces a higher revenue requirement. In keeping with policy, WD used the return on rate base method for determining the revenue requirement.

WD is recommending a rate of return of 12.76% instead of the midpoint, 12.90%, of the standard rate-of-return range (12.40% to 13.40%), recommended by the Division's Audit & Compliance, for Class D water utilities⁷. This slightly lower rate is due to WD not adjusting the revenue requirement when it made changes to the Purchased Water and Uncollectible Expense accounts. WWC did not object to this lower rate of return because it did not change the total revenues that WWC initially requested.

NOTICE AND PUBLIC MEETINGS

WWC mailed a notice of the proposed rate increase to each customer on December 26, 2003. A total of five responses to the notice protesting the increase were received by the WD. The WD has responded to the five protestants in writing.

On January 20, 2004, WD staff held an informal public meeting in WWC's service area. Approximately 35 individuals attended the meeting. Eleven of the attendees were

⁷ As of March 6, 2003.

members of MHCWD or THMWC. During the meeting the Commission representative explained the CPUC rate-setting procedures.

WWC customers who were present at the public meeting were asked to comment on service, quality, and pressure. Only one customer had a concern over low pressure and indicated that WWC was attempting to correct it. All other customers had only good things to say about WWC.

A representative of MHCWD expressed a concern with the proposed rate design. The WD representative indicated that the staff would consider his concerns when making its final recommendations to the Commission. The general overall consensus was that the increase was too high and would cause financial difficulties for individuals. For the most part, those in attendance recognized the need for some sort of increase, but were opposed to the magnitude of the increase requested.

Subsequently, in his February 3, 2004 letter to the Water Branch, the Director of MHCWD, Mr. Craig Stone, protested the use of

“the same rate structure to MHCWD and to WWC’s own residential customers... fails to differentiate between the costs of the WWC treatment facility and the WWC distribution facility. The proposed rate structure thus burdens MHCWD customers with a substantial portion of the cost for WWC distribution facility as well as the MHCWD distribution facility. We believe this bias is inappropriate.”

Mr. Stone did not provide an analysis of MHCWD’s position in his letter, but subsequent staff discussions with Mr. Jason Tiffany of the same organization revealed that MHCWD believes that it unfairly has to pay the carrying cost of WWC’s plant that does not actually serve them.

A discussion of this protest and the staff’s response on this MHCWD issue has already been addressed in the previous section. MHCWD has since withdrawn its protest.

FINDINGS

1. The WD’s recommended Summary of Earnings (Appendix A) is reasonable.
2. The rates recommended by the WD (Appendix B) are reasonable.
3. The quantities (Appendix C) used to develop the WD’s recommendations are reasonable.
4. The rate increase proposed by the WD is justified. The resulting rates are just and reasonable.

5. WD recommends that WWC be allowed to file in 2005 and subsequently years an advice letter to increase its rates by the Consumer Price Index and, at the same time, to include more of its fixed costs in the service charge.
6. WWC's annual reports from 1996 through 2002 contained mathematical errors in the plant-in-service and accumulated depreciation reserve accounts. WD has corrected these errors and determined the 2003 beginning-of-year amount to be \$1,124,930 for utility plant and \$535,684 for accumulated depreciation reserve.
7. WD recommends that WWC enter \$1,124,930 as Beginning-of-Year Plant and \$535,684 as the Beginning-of-Year accumulated depreciation reserve in its 2003 Annual Report to the Commission.
8. WD finds WWC's proposed plant additions for 2003 through 2006 to be prudent (see Average Plant-in-Service discussion for project details) and recommends that WWC be authorized to file advice letters requesting rate base offsets for these projects once they are completed and used and useful to the water company.
9. WWC's system map currently on file with the CPUC is not clear and legible and is not in accordance with G.O. 103. WD recommends that WWC file a service area map that is clear and concise pursuant to G.O. 103, Section I.10.a.
10. WWC has not filed the Facilities Fee tariff schedule as previously authorized in Res. W-4110.
11. WWC needs to update the following tariff sheets: Title Page, Preliminary Statement, Rules 5, and 10, and Form 3.
12. After the withdrawal of the objection by MHCWD, this is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311(g)(3).

THEREFORE IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 for Weimar Water Company to file an advice letter incorporating the summary of earnings and the revised rate schedules attached to this resolution as Appendices A and B, and concurrently cancel its presently effective rate Schedule No. 1-A, Annual General Metered Service, and Schedule No. TR-1, Resale Service. The effective date of the revised schedules shall be five days after the date of filing.
2. Weimar Water Company shall record \$1,124,930 as Beginning-of-Year Plant-in-Service in its 2003 Annual Report to the Commission.
3. Weimar Water Company shall record \$535,684 as Beginning-of-Year accumulated depreciation reserve in its 2003 Annual Report to the Commission.

4. Weimar Water Company is authorized to file for rate base offsets for proposed plant additions indicated on page 5 of this resolution once the projects are completed and are used and useful to the water company.
5. Weimar Water Company is authorized to file in 2005 and subsequently years an advice letter to increase its rates by the Consumer Price Index (CPI) as allowed by D.92-03-093, March 31, 1992 (the Risk Phase One Decision) and, at the same time, to include more of its fixed costs in the service charge. WWC is ordered to coordinate with staff prior to its CPI filing to address the rate shock of this plan, which would phase in rates to the Commission-approved rate design over the next few years.
6. Weimar Water Company shall update its system map with one that is clear and legible and is in accordance with G.O. 103, Section I.10.a within the next 90 days.
7. Weimar Water Company is authorized to file the Facilities Fee tariff schedule as authorized in Res. W-4110.
8. Weimar Water Company shall update the following tariff sheets: Title Page, Preliminary Statement, Rules 5 and 10, and Form 3 within the next 90 days.
9. 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 6, 2004; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director

MICHAEL R. PEEVEY
President

CARL W. WOOD

LORETTA M. LYNCH

GEOFFREY F. BROWN

SUSAN P. KENNEDY

Commissioners

APPENDIX A
Weimar Water Company, Inc.
SOE - Test Year 2004

Description	WWC Present Rates	WWC Requested Rates	Branch Present Rates	Branch Requested Rates	Branch Recommended Rates
OPERATING REVENUES					
Metered Water Revenues	227,815	371,356	227,815	371,356	371,356
TOTAL REVENUES	227,815	371,356	227,815	371,356	371,356
OPERATING EXPENSES					
Purchased Water	43,897	43,897	43,916	43,916	43,916
Power	41,751	41,751	41,751	41,751	41,751
Other Volume Related Exp.	14,515	14,515	14,515	14,515	14,515
Employee Labor	83,100	83,100	83,100	83,100	83,100
Materials	4,296	4,296	4,296	4,296	4,296
Contract Work – General Exp.	941	941	941	941	941
Contract Work – Water Testing	1,669	1,669	1,669	1,669	1,669
Transportation Expenses	4,360	4,360	4,360	4,360	4,360
Other Plant Maintenance Exp.	4,147	4,147	4,147	4,147	4,147
Office Salaries	20,000	20,000	20,000	20,000	20,000
Management Salaries	12,000	12,000	12,000	12,000	12,000
Employee Pensions and Benefits	14,262	14,262	14,262	14,262	14,262
Uncollectible Accounts Exp.	706	1,151	1,142	1,862	1,862
Office Services and Rentals	3,600	3,600	3,600	3,600	3,600
Office Supplies and Exp.	7,539	7,539	7,539	7,539	7,539
Professional Services	2,121	2,121	2,121	2,121	2,121
Insurance	14,901	14,901	14,901	14,901	14,901
Regulatory Commission Exp.	1,379	1,379	1,379	1,379	1,379
General Expenses	714	714	714	714	714
SUBTOTAL	275,898	276,343	276,353	277,073	277,073
Depreciation Expense	19,963	19,963	19,963	19,963	19,963
Taxes Other Than Income Taxes	13,172	13,172	13,172	13,172	13,172
Income Taxes & Franchise Fee	800	14,572	800	14,341	14,341
TOTAL DEDUCTIONS	309,833	324,050	310,288	324,459	324,549
NET REVENUE	-82,018	47,306	-82,474	46,807	46,807
RATE BASE					
Average Plant In Service	1,129,430	1,129,430	1,129,430	1,129,430	1,129,430
Average Depreciation Reserve	552,121	552,121	552,121	552,121	552,121
NET PLANT	577,309	577,309	577,309	577,309	577,309
Less: Advances	0	0	0	0	0
Contributions (Undepr.)	240,909	240,909	240,909	240,909	240,909
Plus: Working Cash	20,164	19,053	20,201	19,133	19,133
Materials & Supplies	2,000	2,000	2,000	2,000	2,000
Const. Work In Progress	9,250	9,250	9,250	9,250	9,250
RATE BASE	367,814	366,703	367,851	366,783	366,783
RATE OF RETURN	-22.30%	12.90%	-22.42%	12.76%	12.76%

APPENDIX B
(Page 1 of 2)
 Weimar Water Company, Inc.

Schedule No. 1-A

ANNUAL GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

Sleepy Hollow Acres, and vicinity, located approximately two miles north of Weimar, Placer County. The unincorporated area including the Frey Subdivision, and vicinity located near Weimar, Placer County. Weimar Institute, Timberhills Mutual Water Company, and Midway Heights County Water District.

RATES

Monthly Quantity Rate:		
For all water, per 100 cu. ft.	\$ 1.776	(I)
Annual Service Charge:		
	<u>Per Meter</u>	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meters	\$ 18.38	(I)
For 3/4-inch meters	\$ 55.14	
For 1-inch meters	\$ 91.90	
For 1-1/2-inch meters	\$ 413.57	
For 2-inch meters	\$ 661.71	
For 3-inch meters	\$1,240.72	
For 4-inch meters	\$2,067.86	(I)

The Service Charge is a readiness-to-serve charge, which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rate.

SPECIAL CONDITIONS

1. The annual service charge applies to service during the 12-month period commencing January 1 and is due in advance. A customer who has established his permanency by having paid for service during the preceding 12 months may elect to pay the annual service charge on a monthly basis.
2. When the annual service charge is paid in advance, charges for water used in excess of the monthly allowance under the annual service charge may be billed monthly, bimonthly, or quarterly at the option of the utility on a no cumulative consumption basis.
3. All bills are subject to the Reimbursement fee set forth in Schedule No. UF. (N)

APPENDIX B
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Weimar Water Company, Inc.

Schedule F

FACILITIES FEES

APPLICABILITY

Applicable to all customers applying for service from the Utility in the territory served for premises not previously connected to its distribution mains, for additional service connections to existing premises, and for increases in size of service connections to existing premises.

TERRITORY

This schedule is applicable within the entire territory served by the utility.

RATES

Initial Fee for each Service Connection:

For 5/8 x 3/4-inch meter	\$ 2,000
For 3/4-inch meter	3,000
For 1-inch meter	5,000
For 1 1/2-inch meter	10,000
For 2-inch meter	16,000

SPECIAL CONDITIONS

1. Facility fees are payable in addition to and do not limit any charges for extensions of mains that may be applicable under Rule 15, Main Extensions.
2. Payments made under this schedule **are not** subject to the reimbursement fee set forth in Schedule No. UF.

Appendix C
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Weimar Water Company, Inc.
 Recommended Quantities - Test Year 2004

1. Federal tax rate: 15% for 1st \$50,000 of taxable income
 25% for next \$25,000 of taxable income
 34% for next \$25,000 of taxable income
 39% for next \$235,000 of taxable income
2. State tax rate: 8.84%
3. Service connections:

	<u>General Metered</u>	<u>MHCWD</u>	<u>TMWC</u>	<u>WI</u>
For 5/8 x 3/4-inch meter	396	0	0	0
For 3/4-inch meter	0	0	0	0
For 1-inch meter	1	0	0	0
For 1-1/2-inch meter	0	0	0	0
For 2-inch meter	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>
TOTAL	397	1	1	1

4. Metered water sales used to design rates: 145,851 Ccf
 General Metered: 76,731 Ccf
 MHCWD: 40,972 Ccf
 TMWC: 8,193 Ccf
 MI: 19,956 Ccf
5. Property taxes: \$3,807
 1.0349% tax rate
6. Payroll taxes: \$9,365
7. Contract work - water testing: \$1,669
8. Depreciation rate: 2.9%

APPENDIX C

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Weimar Water Company, Inc.
Recommended Quantities - Test Year 2004

9. Purchased Power

Pacific Gas and Electric Company, Schedule No. A-6, Small General Time-Of-Use Service,

Effective April 1, 2003

Quantity Charge:

kWh used - total: 280,362

kWh used - summer: 145,148

kWh used - summer peak: 24,581

\$/kWh - summer peak: \$0.34322

kWh used - summer off-peak: 87,209

\$/kWh - summer off-peak: \$0.10169

kWh used - summer part-peak: 33,358

\$/kWh - summer part-peak: \$0.15839

kWh used - winter: 135,214

kWh used - winter off-peak: 82,103

\$/kWh - winter off-peak: \$0.11720

kWh used - winter part-peak: 53,111

\$/kWh - winter part-peak: \$0.17113

Service Charge:

Meter Charge:

\$/meter/day: \$0.22341

Customer Charge:

\$/meter/day - single-phase: \$0.26612

\$/meter/day - polyphase: \$0.39425

of meters - single phase: 0

of meters - polyphase: 2

Appendix C
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Weimar Water Company, Inc.
Recommended Quantities - Test Year 2004

10. Adopted Tax Calculations

Line No.	Item	State Tax	Federal Tax
1.	Operating Revenues \$371,356		\$371,356
2.	Expenses	\$277,073	\$277,073
3.	Taxes Other Than Income Taxes	\$ 13,172	\$ 13,172
4.	Depreciation	\$ 19,963	\$ 19,963
5.	Interest	\$ 0	\$ 0
6.	State Taxable Income		\$ 61,147
7.	State Income Tax (@8.84% or \$800 minimum)	\$ 5,405	
8.	Federal Taxable Income		\$ 55,742
9.	Federal Income Tax (@15% & 25%)		\$ 8,936
10.	TOTAL INCOME TAX		\$ 14,341

APPENDIX D

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Weimar Water Company, Inc.
 Comparison of Rates - Test Year 2004

Annual General Metered Service

Per Service Connection Per Month
 Present Recommended Percent
Rates Rates Increase

Service Charge:

For 5/8 x 3/4-inch meter	\$ 8.20	\$ 18.38	124.2%
For 3/4-inch meters	\$ 12.30	\$ 55.14	348.3%
For 1-inch meters	\$ 20.50	\$ 91.90	348.3%
For 1-1/2-inch meters	\$ 41.00	\$ 413.57	908.7%
For 2-inch meters	\$ 65.18	\$ 661.71	915.2%
For 3-inch meters	\$123.00	\$1,240.72	908.7%
For 4-inch meters	\$205.00	\$2,067.86	908.7%

Quantity Charge:

All use, per 100 cu. ft. . .	\$1.35	\$1.776	31.6%
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A monthly bill comparison for a customer with a 5/8 x 3/4-inch meter is shown below:

Usage <u>100 cu. ft.</u>	Present <u>Rates</u>	Recommended <u>Rates</u>	Amount <u>Increase</u>	Percent <u>Increase</u>
0	\$ 8.20	\$18.38	\$10.18	124.2%
5	\$14.95	\$27.26	\$12.31	82.4%
10	\$21.70	\$36.14	\$14.44	66.6%
16 (avg.)	\$29.80	\$46.80	\$17.00	57.1%
20	\$35.20	\$53.91	\$18.71	53.1%
30	\$48.70	\$71.67	\$22.97	47.2%
40	\$62.20	\$89.44	\$27.24	43.8%

APPENDIX D
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Weimar Water Company, Inc.
Comparison of Rates - Test Year 2004

A monthly bill comparison for a customer with a 2-inch meter is shown below:

<u>Usage</u> <u>100 cu. ft.</u>	<u>Present</u> <u>Rates</u>	<u>Recommended</u> <u>Rates</u>	<u>Amount</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
0	\$ 65.18	\$ 661.71	\$ 596.53	915.2%
500	\$ 663.18	\$1,549.89	\$ 886.71	133.7%
1000	\$1,261.18	\$2,438.07	\$1,176.88	93.3%
1500	\$1,859.18	\$3,326.24	\$1,467.06	78.9%
1920 (avg.)	\$2,361.50	\$4,072.31	\$1,710.81	72.4%
2000	\$2,457.18	\$4,214.42	\$1,757.23	71.5%