



September 21, 2012

Advice Letter No. 343

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Del Oro Water Company, Inc., on behalf of its Country Estates District (DOWCCE), hereby transmits for filing Advice Letter No. 343 to reflect a power offset triggered by Pacific Gas & Electric (PG&E) rate changes to schedules A-1 and A-6 which became effective July 2, 2012 [Exhibit A].

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Schedule No.</u>	<u>Canceling Cal. P.U.C. Sheet No.</u>
1424-W	Annual General Metered Service, Country Estates District, con't.	CE-1A	1397-W
1425-W, 1426-W	Table of Contents		1404-W, 1423-W

**Summary**

DOWC requests authority on behalf of DOWCCE to establish a Power Offset Metered Rate Surcharge to offset more than a two percent (2%) incremental increase in power costs for this district.

**Discussion**

DOWCCE hereby submits its request for an Offset Rate Increase in gross annual revenue of \$2,429.00 or 2.33% to offset increased purchased power costs over that authorized in Resolution No. W-4737, dated January 29, 2009 [Exhibit B]. Commission staff's requirement that the offset be at least 2% of gross annual revenues has been met in that gross revenues equal \$104,203.00 and 2% would equate to \$2,084.00 (increase is \$2,429.00). The calculations presented in support of this increase show the original adopted power cost calculation. The revised calculations have simply inserted the new PG&E rates into the existing power cost data to arrive at the updated power cost amount of \$22,161.00 for Annual General Metered Rate customers [Exhibit C].



Del Oro Water Company, Inc.  
Advice Letter No. 343 CE Power Offset  
Page Two

DOWCCE proposes to increase the Annual General Metered Rate by \$0.067 per ccf from \$1.882 per ccf (Adopted Quantity Rate) as increased by \$0.016 (Adopted Power Offset Surcharge - Advice Letter No. 220) to \$1.965 per ccf by way of a Power Offset Quantity Rate Surcharge of \$0.067 (Proposed Quantity Surcharge Rate) [Exhibit D]. These increases will not result in a rate of return in excel of that last found reasonable for DOWCCE.

1. These expenses are caused by an event of an exceptional nature not under DOWCCE's control;
2. The expenses cannot reasonably have been foreseen in the district's last GRC and will occur before the next scheduled GRC.
3. The expense of \$2,249.00 is of a substantial nature vis-à-vis the district's gross annual revenue.

### Requested Effective Date

DOWC is submitting the attached as a Tier 1 filing to be effective this date.

### Notice and Service

In accordance with General Order 96-B, Water Industry Rules 4.2; 7.3.1 and 7.6.1, this advice letter is effective without notice. Customers will be informed of the increase in dollars and percentage terms on the first bill that includes the increase.

Del Oro Water Company, Inc.

  
**JANICE HANNA**  
Director, Corporate Accounting

Attachments

Schedule No. CE-1A  
(continued)

ANNUAL GENERAL METERED SERVICE

COUNTRY ESTATES DISTRICT

SPECIAL CONDITIONS

1. The annual service charge applies to service during the 12 month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, the resident may elect, at the beginning of the calendar year, to pay prorated service charges in advance at intervals of less than one year in accordance with the utility's established billing periods.
2. The established billing cycle for water used is monthly.
3. The opening bill for metered service, except upon conversion from flat rate service, shall be established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth (1/365) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customers.
4. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
5. A late charge will be imposed per Schedule No. LC.
6. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the company, service to subsequent tenants in that unit will, at the company's option, be furnished on the account of the landlord or property owner.
7. As authorized by the California Public Utilities Commission the Quantity Rate is increased from \$1.750 to \$1.766 to offset increased power costs over the amount allowed in Resolution No. W-4737. The increase will be reflected as a Power Offset Quantity Rate Surcharge in the amount of \$0.016 per ccf.
8. As authorized by the California Public Utilities Commission in Advice Letter No. 343, dated September 21, 2012, the Quantity Rate is increased from \$1.898 to \$1.965 to offset increased power costs over the amount allowed in Resolution No. W-4737. The increase will be reflected as a Power Offset Quantity Rate Surcharge in the amount of \$0.067 per ccf.

(D)  
(N)  
|  
(N)

(To be inserted by utility)  
Advice Letter No. 343

Issued by

(To be inserted by Cal. P.U.C.)

Decision No. \_\_\_\_\_

**JANICE HANNA**

Date Filed \_\_\_\_\_

Effective \_\_\_\_\_

Resolution No. \_\_\_\_\_

# **Exhibit A**

**Del Oro Water Company  
Country Estates District**

**Pacific, Gas & Electric  
Rate Schedule**

**Pacific Gas and Electric Company**  
**Bundled Commercial/General Service Electric Rates at a Glance**

Rates Effective:  
 July 1, 2012, to Present

Rate Schedule	Customer Charge	Season	Time-of-Use Period	Demand Charge (per kW)	Time-of-Use Period	Total Energy Charge (per kWh)	PDP <sup>1</sup> Charges	PDP <sup>2</sup> Credits			"Average" Total Rate <sup>3</sup> (per kWh)
								DEMAND (per kWh)	ENERGY (per kWh)	Transmission	
A-1	Single Phase Service per meter/day = \$0.32854 Polyphase Service per meter/day = \$0.65708	Summer				\$0.20495					
		Winter				\$0.14344					
A-1 TOU	Single Phase Service per meter/day = \$0.32854 Polyphase Service per meter/day = \$0.65708	Summer	On peak			\$0.22006					
			Part Peak			\$0.21324					
		Off Peak			\$0.19250	\$0.80					\$0.18531
		Winter					\$0.15102				
A-6 TOU	Single phase service per meter/day = \$0.32854 Polyphase service per meter/day = \$0.65708. Plus Meter charge = \$0.20107 per day for AG or AGX. = \$0.08914 per day for AGX <sup>6</sup>	Summer	On peak			\$0.44432					
			Part Peak			\$0.22500					
		Off Peak			\$0.13661	\$1.20					\$0.17650
		Winter					\$0.15166				
A-10 (Table A)	\$4.59959 per meter per day	Summer									
		Winter									
A-10 TOU (Table B)	\$4.59959 per meter per day	Summer	Peak			\$0.10452					
			Part-Peak			\$0.08604					
		Off-Peak			\$0.11047						
		Winter									
E-19 TOU	Meter charge: = \$4.7700/day for E19 V or X; = \$4.65507/day for E19W <sup>4</sup> ; = \$18.7253/day for E18S mandatory; = \$32.85421/day for E19P mandatory; = \$59.13758/day for E19T mandatory	Summer	Max. Peak			\$0.08177					
			Part Peak			\$0.07843					
		Maximum			\$0.06678						
		Winter									

<sup>1</sup>Peak Day Pricing (PDP) (Consecutive Day and Four-Hour Event Option). All Usage During PDP Event. See specific tariff for further details.

<sup>2</sup>Peak Day Pricing (PDP) (Consecutive Day and Four-Hour Event Option). See specific tariff for further details.

<sup>3</sup>Average rates based on estimated forecast. Average rates provided only for general reference, and individual customer's average rate will depend on its applicable kW, kWh, and TOU data.

<sup>4</sup>Effective May 1, 2006, the voluntary TOU one time reprogramming charge of \$87 if there is a TOU meter already present, and one time \$443 meter installation charge if there is no TOU meter, were eliminated.

<sup>5</sup>The lower daily TOU meter charge continues to apply to customers who were on Rate W as of May 1, 2008. Rate X applies to all other customers.

<sup>6</sup>This table provided for comparative purposes only. See current tariffs for full information regarding rates, application, eligibility, average rate limiter and additional options.

**Exhibit B**

**Del Oro Water Company  
Country Estates District**

**California Public Utilities Commission  
Resolution No. W-4737**

**WATER/RSK/JB5/RAS**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**DIVISION OF WATER AND AUDITS  
Water & Sewer Advisory Branch**

**RESOLUTION NO. W-4737  
January 29, 2009**

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

**(RES. W-4737) DEL ORO WATER COMPANY (DOWC), COUNTRY  
ESTATES DISTRICT. ORDER AUTHORIZING A GENERAL RATE  
INCREASE PRODUCING ADDITIONAL ANNUAL REVENUE OF  
\$3,741 OR 3.91% IN 2009.**

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**SUMMARY**

By Draft Advice Letter, filed on August 28, 2008, DOWC seeks an increase in its rates for water service to recover increased expenses of operation and earn an adequate return on its plant investment. For Test Year 2009, this resolution grants an increase in gross annual revenues of \$3,741 or 3.91%, which is estimated to provide a return on rate base of 10.81%.

**BACKGROUND**

DOWC, a Class B water utility, has requested authority under Section 7.6.2 of General Order 96-B and Section 454 of the Public Utilities Code to increase its water rates by \$11,539 or 12.83% for test year 2009. The purpose of the rate increase is to recover increased operating expenses and to provide an adequate rate of return. DOWC's request shows 2009 gross revenues of \$89,923 at present rates, increasing to \$101,462 at proposed rates. DOWC is requesting a return on rate base of 10.8%.

The present rates were established on May 27, 2008 by approval of a Consumer Price Index (CPI) increase for TY 2008 totaling \$3,877 or 4.1%. The last general rate increase was granted on December 16, 2004, pursuant to Resolution (Res.) No. W-4512. A rate increase of \$3,063 or 4.22% was authorized, resulting in a rate of return on rate base of 8.56% for test year 2004.

DOWC provides service to 90 customers in its Country Estates District in Kern County. DOWC has other districts serving the communities of Ferndale in Humboldt County; Paradise Pines, Magalia, Lime Saddle, and Stirling Bluffs in Butte County; Johnson Park and Mt. Lassen in Shasta County; Walnut Ranch in Colusa County; Strawberry in Tuolumne County; and River Island, Pine Flat, and Pine Mountain in Tulare County.

On March 23, 2004, Del Oro's Country Estates District was found in violation of water quality standards by the Department of Health Services (DHS). The primary violation cited in Compliance Order No. 03-19-040-001 (Compliance Order) was for the Upper Secondary Maximum Contaminant Levels (MCLs) for total dissolved solids (TDS). The compliance order directed Del Oro to submit a plan and time schedule to address water quality issues by June 30, 2004. The Compliance Order also dealt with reliability problems and specifically directed Del Oro to install a second booster pump at the Cindy Well site.

By Application 04-05-015, Del Oro requested authority to borrow up to \$100,000 for improvements in its Country Estates District and to recover the loan amount spent on improvements through a rate base offset. Decision 04-08-038 granted authority for the loan but denied without prejudice the request for a rate base offset, deferring that ruling to the then pending general rate case.

Res. W-4512 authorized Del Oro to install a second booster pump at an estimated cost of \$30,000 and an emergency generator at an estimated cost of \$45,000. However, no specific cap was adopted in Res. W-4512.

Res. W-4576 authorized Del Oro to increase rates by \$12,813 or 16.95% to reflect the cost found reasonable by the Division of Water and Audits (DWA) of new primary and secondary booster pumps and backup generator in rate base. These capital additions address reliability problems raised in DHS' Compliance Order. Water Quality compliance issues remain outstanding.

## **NOTICE AND PROTESTS**

Notice of the proposed rate increase was mailed to the Country Estates customers on October 15, 2008 and DWA held a public meeting in Bakersfield on November 24, 2008. No protests were received concerning the proposed rate increase. One customer attended the public meeting. His main concern was that a payment mailed close to the deadline for late payments may arrive late due to the distance from Country Estates to Chico, the main office for DOWC. He was assured by DOWC representatives that no late payment charges are assessed until 2 or 3 days after the deadline and a simple phone call to the business office would assure that no late payment charges would occur. He asked why the public meeting wasn't held closer to Country Estates. DOWC responded that the meeting place had been used in the past and had drawn an average of 10 to 12 attendees. The customer and DOWC discussed alternate sites for future meetings. DWA agrees that the site was too far removed (10 to 15 minutes by car) and should be changed in the future.



## DISCUSSION

DWA made an independent analysis of Country Estates' summary of earnings. Appendix A shows DOWC's and the DWA's estimates of the summary of earnings at present, requested and recommended rates for the test year 2009. Appendix A also shows the difference between DOWC's and the DWA's estimates of revenue, expenses and rate base. Some of Country Estates' expenses are common expenses that are allocated to twelve of DOWC's districts. The cost allocation percentage of 1.09% is used. It is based on the number of Country Estates connections compared with the total number of connections in the DOWC system including Country Estates.

### Revenues

DOWC understates their test year revenue estimates by not using rates which were increased as recently as May 27, 2008. DWA recalculated the revenues at the current rates which reduces the revenue increase from \$11,539 to \$5,803.

### Purchased Power

DOWC estimates test year power cost of \$18,124. DWA used the latest energy rates in effect for PG&E which increases the estimated power expense to \$19,153. DOWC included in this estimate an allowance for water loss of 15.2%. DOWC used a three year average of water loss which has increased from 9.74% in 2005 to 19.68% in 2007. The CPUC allowance for water loss is 7% to 10%. We expect DOWC to make progress on reducing its water loss. Accordingly, DOWC should file a plan to reduce water loss in the Country Estates District within 90 days of the effective date of this resolution. DOWC shall also file quarterly reports beginning with the first quarter of 2009 on actual water losses and efforts undertaken to reduce losses. Quarterly reports shall continue until water losses are within the Commission allowance for two consecutive quarters.

### Transportation Expense

DOWC estimated this expense using a cost for gasoline at \$4.25 per gallon. Current gasoline prices are less than half that amount. Reducing the cost of gasoline by 50% reduces the transportation cost by \$2,125. The most recent DOE Short-Term Energy Outlook projects average gasoline price for 2009 at \$2.03 per gallon. Recent California prices are running \$0.105 per gallon higher than the national average. Finally, the gasoline prices in Bakersfield are currently below the state average.

DWA recognizes that the price of gasoline is highly volatile at the moment. DOWC has expressed interest in establishing a means to track gasoline prices for recovery in rates. DWA would not object to creating a memorandum account for this expense that would track changes in gasoline prices, both up and down, from the \$2.125 per gallon adopted in this resolution. DOWC should file an advice letter requesting establishment of a memorandum account to reflect the volatility in gasoline prices.

Other Volume Related Expenses

DOWC used a three year average to estimate this account. However, in response to DWA data requests, DOWC agreed that 2005 expenses were too high and should not be considered. DWA agrees to the 2007 recorded expense at \$1,641.

Regulatory Commission Expenses

DOWC included costs for their Certified Public Accountant for attending public meetings. However in response to DWA data requests, DOWC removed that portion thereby reducing the estimate by \$971 and the 3 year average to \$1,656.

DOWC was informed of DWA's differing views of expenses and after discussion have agreed on the results herein.

**COMPLIANCE**

Del Oro is under a Commission order to make the system improvements in its Country Estates District as required by DHS. A Memorandum of Understanding (MOU) between the Buck Owens Production Company and DOWC has been drafted and is awaiting signature to provide easements necessary for DOWC to connect with an alternate source of water. This MOU is a critical first step in achieving full compliance to "submit a water master plan to the Division [DWA] addressing issues such as quality, adequacy, and reliability of its water supply..." Res. W-4512, OP 6. If a necessary easement cannot be negotiated, DOWC is reminded that Public Utilities Code Section 618 provides that "A water corporation may condemn any property necessary for the construction and maintenance of its water system."

Mr. Jesse Dhaliwal from the California Department of Public Health (CDPH) was present at the public meeting on November 24, 2008. He provided an e-mail from the DOWC Engineer consulting on the pipeline project. That e-mail gives a projected in-service date of October 1, 2009. That date is very tenuous as many milestones have to occur as projected by the engineers.

Mr. Dhaliwal also produced a letter from his office dated December 12, 2007 to DOWC advising that they are under order to make quarterly sampling of the Cindy Well due to detection of perchlorate in October of 2007. His office has not received any test results from DOWC's lab. Finally, Mr. Dhaliwal produced a "Delinquent Monitoring Schedule Report" from his office showing DOWC to be lax in reporting testing at Country Estates. DOWC representatives present at the meeting committed to investigating and resolving all of these matters with CDPH.

The utility has been filing annual reports as required.

**COMMENT**

This is an uncontested matter in which the resolution grants the relief requested. This proceeding is subject to the public review and notice comment exclusion pursuant to Public Utilities Code §311(g) (3).

**FINDINGS AND CONCLUSIONS**

1. The DWA's recommended Summary of Earnings (Appendix A) is reasonable and should be adopted.
2. The rates recommended by the DWA (Appendix B) are reasonable and should be adopted.
3. DHS extended until April 20, 2007 the requirement in Compliance Order No. 03-19-040-001 for Del Oro to submit a "plan and time schedule to address water quality issues".
4. DOWC sent an e-mail response on August 13, 2008 with an updated plan and schedule of time-line milestones and estimates for completion on October 1, 2009.
5. DOWC should continue to exercise due diligence in seeking to resolve all water sampling and reporting deficiencies with DHS.
6. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section §311(g) (3).
7. DOWC experienced water loss in the Country Estates District in 2007 of 19.68% which is significantly above the 7% target adopted in D.07-05-062.
8. DOWC shall file a plan to address water losses within 90 days of the effective date of this resolution. DOWC shall also file quarterly reports beginning with the first quarter of 2009 on actual water losses and efforts undertaken to reduce losses. Quarterly reports shall continue until water losses are within the Commission allowance for two consecutive quarters.

**THEREFORE IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454 to Del Oro Water Company, Country Estates District, to file an Advice Letter to make effective the revised rate schedule attached to this resolution as Appendix B, and concurrently cancel its presently effective rate Schedule No. CE-1A, Annual General Metered Service. Its filing shall comply with General Order 96-A. The effective date of the new schedule shall be five days after the date of filing.

January 29, 2009

2. We expect Del Oro Water Company to make progress on reducing its water loss. Accordingly, Del Oro Water Company is ordered to file a plan within 90 days of the date of this Resolution to reduce water loss in the Country Estates District.
3. Del Oro Water Company is ordered to file quarterly reports with the Director of the Division of Water and Audits beginning with the first quarter of 2009 on actual quarterly losses and efforts undertaken to reduce losses. Quarterly reports shall continue until water losses are within the Commission allowance for two consecutive quarters.
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 January 29, 2009; the following Commissioners voting favorably thereon:

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PAUL CLANON  
Executive Director

MICHAEL R. PEEVEY  
President

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG

TIMOTHY ALAN SIMON

Commissioners

Appendix A

Del Oro Water Company  
 County Estates District  
 Summary of Earnings  
 Test Year 2009

<u>Category</u>	<u>Utility Estimated</u>		<u>Branch Estimated</u>		<u>Recommended</u>
	<u>Present Rates</u>	<u>Requested Rates</u>	<u>Present Rates</u>	<u>Requested Rates</u>	<u>At Present ROR</u>
<b><u>Operating Revenues:</u></b>					
Flat Rate	0	0	0	0	0
Metered	89,923	101,462	95,659	101,462	99,400
Private Fire Protection	0	0	0	0	0
<b>Total</b>	<b>89,923</b>	<b>101,462</b>	<b>95,659</b>	<b>101,462</b>	<b>99,400</b>
<b><u>Operating Expenses</u></b>					
Purchased Water	0	0	0	0	0
Purchased Power	18,124	18,124	19,153	19,153	19,153
Purchased Chemicals	0	0	0	0	0
Other Volume Related Expenses	2,622	2,622	1,641	1,641	1,641
Employee Labor	18,302	18,302	18,259	18,259	18,259
Materials	1,349	1,349	1,349	1,349	1,349
Contract Work	473	473	473	473	473
Water Testing	0	0	0	0	0
Transportation Expense	7,840	7,840	5,715	5,715	5,715
Other Plant Maintenance Expense	0	0	0	0	0
Office Salaries	5,086	5,086	5,472	5,472	5,472
Management Salaries	1,465	1,465	1,401	1,401	1,401
Employee Pension and Benefits	1,499	1,499	1,495	1,495	1,495
Uncollectibles	808	808	808	808	808
Office Service & Rentals	1,100	1,100	1,099	1,099	1,099
Office Supplies & Expenses	2,954	2,954	3,043	3,043	3,043
Professional Services	406	406	388	388	388
Insurance	2,180	2,180	2,159	2,159	2,159
Regulatory Commission Exp.	1,980	1,980	1,656	1,656	1,656
General Expenses	1,916	1,916	1,916	1,916	1,916
minus expenses capitalized					0
<b>Total Operating Expenses</b>	<b>68,104</b>	<b>68,104</b>	<b>66,027</b>	<b>66,027</b>	<b>66,027</b>
<b><u>Total Deductions</u></b>					
Depreciation Expense	6,696	6,696	6,696	6,696	6,696
Property Taxes	0	0	0	0	0
Payroll Taxes	0	0	0	0	0
Taxes other than Income	3,603	3,603	3,603	3,603	3,603
States Income Tax	1,018	2,029	1,709	2,222	2,040
Federal Income Tax	1,575	3,154	2,644	3,437	3,155
<b>Total Deductions</b>	<b>12,892</b>	<b>15,482</b>	<b>14,652</b>	<b>15,958</b>	<b>15,494</b>
<b>Total Deductions and Expenses</b>	<b>80,996</b>	<b>83,586</b>	<b>80,679</b>	<b>81,985</b>	<b>81,521</b>
<b>Net Revenue</b>	<b>8,927</b>	<b>17,876</b>	<b>14,980</b>	<b>19,477</b>	<b>17,879</b>
<b><u>Rate Base:</u></b>					
Average Plant	203,337	203,337	203,337	203,337	203,337
Average Depr. Res.	43,570	43,570	43,570	43,570	43,570
Net Plant	159,767	159,767	159,767	159,767	159,767
Less: Advances/Contributions	0	0	0	0	0
Add: Supplies/working Cash	5,675	5,675	5,675	5,675	5,675
<b>Rate Base</b>	<b>165,442</b>	<b>165,442</b>	<b>165,442</b>	<b>165,442</b>	<b>165,442</b>
<b>Rate of Return</b>	<b>5.40%</b>	<b>10.81%</b>	<b>9.05%</b>	<b>11.77%</b>	<b>10.81%</b>

**APPENDIX B**

**Del Oro Water Company  
Country Estates District**

**Schedule No. CE-1A**

**GENERAL METERED SERVICE**

**APPLICABILITY**

Applicable to all metered water service furnished to the County Estates District Service Area.

**TERRITORY**

Tracts Nos. 1951, 2196, 2552, and 2553 and vicinity, located approximately 9 miles east of Bakersfield, Kern County.

**RATES**

Quantity Rates:

All water, per 100 cu. ft.	\$ 1.75 (R)
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Service Charge:

	Per Meter <u>Per Month</u>
For 5/8 x 3/4-inch meter	\$ 15.84 (I)
For 3/4-inch meter	\$ 23.76
For 1-inch meter	\$ 39.60
For 1-1/2-inch meter	\$ 79.19
For 2-inch meter	\$126.71
For 3-inch meter	\$237.58 (I)

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

## **Exhibit C**

### **Del Oro Water Company Country Estates District**

#### **Comparison of Rates Summary of Earnings**

09/20/12

Del Oro Water Company  
Country Estates District  
Power Cost Offset Calculations  
Advice Letter No. 343

PG & E

A-1	KWH Adopted Quantities Per W-4737	(per KWH) PG&E Energy Rates Revised as of 01-Jul-12	Base Energy Charge
Summer	16	\$ 0.20495	\$ 3
Winter	5	\$ 0.14344	\$ 1

A-6

Summer Peak	13,043	\$ 0.44432	\$ 5,795
Summer Part Peak	20,139	\$ 0.22500	\$ 4,531
Summer Off Peak	47,062	\$ 0.13661	\$ 6,429
Winter Part Peak	14,376	\$ 0.15166	\$ 2,180
Winter Off Peak	<u>22,966</u>	\$ 0.12661	<u>\$ 2,908</u>

117,607 \$ 21,848

Customer Charge per meter	<i># of meters 2</i>	<i>Per meter per day \$0.32854</i>	\$ 240
Meter Charge per meter	<i># of A-6 meters 1</i>	<i>Per meter per day \$0.20107</i>	\$ 73

Total Power Cost \$ 22,161

	1.750	Per Resolution No. W-4737	\$ 19,153
Power Offset	0.016	Allowed per Advice Letter 220	\$ 579
CPI	0.050	Allowed per Advice Letter 269	\$ -
CPI	0.027	Allowed per Advice Letter 286	\$ -
CPI	<u>0.055</u>	Allowed per Advice Letter 319	<u>\$ -</u>
	1.898	Total	\$ 19,732

Increase \$ 2,429

Adopted Quantities per Resolution W-4737 (ccf) 36,000

Cost increase per ccf \$ 0.067

Current Quantity Rate per ccf	\$ 1.898
Requested Quantity Surcharge Rate	<u>\$ 0.067</u>
	\$ 1.965



**Country Estates District - Earnings Test**

**Advice Letter No. 343**

01/29/09	Authorized W-4737	Adjustmen AL- 220	Adjustmen AL-269	Adjustment AL-286	2011 Recorded	Adjusted AL-319 CPI-U 3.00%	Adjusted WQMA	Adjusted Project	Adjusted Surcharge	Adjusted PowerOffset	Adjusted		
<b>OPERATING REVENUES</b>													
Metered rates	99,400	99,979	102,663	104,203	91,446	3,126	94,572	885	95,457	11,407	106,864	2,429	109,293
Total Revenue	99,400	99,979	102,663	104,203	91,446		94,572		95,457		106,864		109,293
<b>OPERATING EXPENSES</b>													
Purchased Water	0	0	0	0	0		0		0		0		0
Purchased Power	19,153	19,732	19,732	19,732	27,584		27,584		27,584		27,584		27,584
Other Volume Related Expenses	1,641	1,641	1,641	1,641	2,124		2,124		2,124		2,124		2,124
Employee Labor	18,259	18,259	18,259	18,259	11,670		11,670		11,670		11,670		11,670
Materials	1,349	1,349	1,349	1,349	3,662		3,662		3,662		3,662		3,662
Contract Work	473	473	473	473	1,834		1,834		1,834		1,834		1,834
Water Testing	0	0	0	0	553		553		553		553		553
Transportation	5,715	5,715	5,715	5,715	5,121		5,121		5,121		5,121		5,121
Other Plant Maintenance	0	0	0	0	0		0		0		0		0
Office Salaries	5,472	5,472	5,472	5,472	5,393		5,393		5,393		5,393		5,393
Management Salaries	1,401	1,401	1,401	1,401	1,423		1,423		1,423		1,423		1,423
Employee Benefits	1,495	1,495	1,495	1,495	4,910		4,910		4,910		4,910		4,910
Uncollectables	808	808	808	808	0		0		0		0		0
Office Services & Rentals	1,099	1,099	1,099	1,099	1,355		1,355		1,355		1,355		1,355
Office Supplies and Exp	3,043	3,043	3,043	3,043	3,902		3,902		3,902		3,902		3,902
Professional Services	388	388	388	388	213		213		213		213		213
Insurance	2,159	2,159	2,159	2,159	1,657		1,657		1,657		1,657		1,657
Regulatory Comm Exp	1,656	1,656	1,656	1,656	0		0		0		0		0
General Expenses	1,916	1,916	1,916	1,916	2,801		2,801		2,801		2,801		2,801
Subtotal	66,027	66,606	66,606	66,606	74,201		74,201		74,201		74,201		74,201
Depreciation Expense	6,696	6,696	6,696	6,696	7,390		7,390		7,390		7,390		7,390
Taxes other than income	3,603	3,603	3,603	3,603	2,284		2,284		2,284		2,284		2,284
State Income Tax	2,040	2,040	2,277	2,413	669		946		1,024		2,032		2,247
Federal Income Tax	3,155	3,155	3,522	3,733	1,035		1,463		1,584		3,144		3,476
Total Deductions	81,521	82,100	82,704	83,051	85,579		86,284		86,483		89,051		89,598
<b>NET REVENUE</b>	<b>17,879</b>	<b>17,879</b>	<b>19,959</b>	<b>21,152</b>	<b>5,867</b>		<b>8,288</b>		<b>8,974</b>		<b>17,813</b>		<b>19,695</b>
<b>Rate Base:</b>													
Average plant	203,337	203,337	203,337	203,337	210,097		210,097		210,097		210,097		210,097
Average Depreciation Reserve	43,570	43,570	43,570	43,570	59,642		59,642		59,642		59,642		59,642
Net plant	159,767	159,767	159,767	159,767	150,455		150,455		150,455		150,455		150,455
Less: Advances	0	0	0	0	0		0		0		0		0
Contributions	0	0	0	0	0		0		0		0		0
Plus: Working Cash	5,675	5,675	5,675	5,675	5,675		5,675		5,675		5,675		5,675
Materials and Supplies	0	0	0	0	0		0		0		0		0
Construction in Progress	0	0	0	0	84,746		84,746		84,746		84,746		84,746
Acquisition Adjustment	0	0	0	0	0		0		0		0		0
<b>Rate Base</b>	<b>165,442</b>	<b>165,442</b>	<b>165,442</b>	<b>165,442</b>	<b>240,876</b>		<b>240,876</b>		<b>240,876</b>		<b>240,876</b>		<b>240,876</b>
<b>RATE OF RETURN</b>	<b>10.81%</b>	<b>10.81%</b>	<b>12.06%</b>	<b>12.79%</b>	<b>2.44%</b>		<b>3.44%</b>		<b>3.73%</b>		<b>7.40%</b>		<b>8.18%</b>
Pretax Income			25,758	27,298	7,571		10,697		11,582		22,989		25,418
Interest Expense			0	0	0		0		0		0		0
<b>Taxable Income</b>			<b>25,758</b>	<b>27,298</b>	<b>7,571</b>		<b>10,697</b>		<b>11,582</b>		<b>22,989</b>		<b>25,418</b>
State Tax @ 8.84%			2277	2413	669		946		1024		2032		2247
15% ederal Tax			3522	3733	1035		1463		1584		3144		3476

	01/01/11	12/31/11	Average
Average plant	209,748	210,446	210,097
Average Depreciation Reserve	55,947	63,337	59,642
Net plant	153,801	147,109	150,455
Less: Advances	0	0	0
Contributions	0	0	0
Plus: Working Cash	5,675	5,675	5,675
Materials and Supplies	0	0	0
Construction in Progress	85,746	83,746	84,746
Acquisition Adjustment	0	0	0
<b>Rate Base</b>	<b>245,223</b>	<b>236,530</b>	<b>240,876</b>

## **Exhibit D**

### **Del Oro Water Company Country Estates District**

#### **Rate Increase Summary Power Cost Offset**

Del Oro Water Company  
Country Estates District  
Rate Increase Summary  
Power Cost Offset  
July 1, 2012

Requested Increase	2,429
Adopted Quantities (ccf)	36,000
Quantity Rate Increase	0.067
Adopted Quantity Rate	1.882
Adopted Power Offset Surcharge AL 220	0.016
Proposed Power Offset Surcharge AL 343	<u>0.067</u>
	1.965