

WATER/PTL/KKE:jjj

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

WATER DIVISION

RESOLUTION NO. W-4579  
January 12, 2006

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

**(RES. W-4579), MAR VISTA WATER COMPANY (MVWC).  
ORDER AUTHORIZING MAJOR SYSTEM IMPROVEMENT, PAY  
BACK MISSING SDWBA COLLECTED SURCHARGE MONEY AND A  
GENERAL RATE INCREASE PRODUCING ADDITIONAL ANNUAL  
REVENUE OF \$45,365 OR 61.34% IN TEST YEAR 2005.**

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**SUMMARY**

By Draft Advice Letter, filed on April 7, 2005, MVWC seeks an increase in its rates for water service to recover increased expenses of operation and earn an adequate return. The Water Division (Division) accepted this application as complete for filing on May 23, 2005.

For Test Year 2005, this resolution authorizes major water quality improvements mandated by the Department of Health Services (DHS), establishes a time table for repayment of missing Safe Drinking Water Bond Act (SDWBA) surcharge funds and grants an increase in gross annual revenues of \$45,365 or 61.34%, estimated to provide a return on expenses of 25.00%.

**BACKGROUND**

MVWC, a Class D water utility, has requested authority under §VI of General Order 96 and §454 of the Public Utilities (P.U.) Code to increase its water rates by \$62,421 or 84.40% for Test Year 2005. The purpose of the rate increase request is to recover increased operating expenses and to earn an adequate rate of return. MVWC'S request shows gross revenues of \$73,958 at present rates increasing to \$136,379 at the proposed rates. MVWC is requesting an operating margin of 25.00%.

The last general rate increase was granted on February 4, 1999 pursuant to Res. W-4132 which authorized a rate increase of \$21,989 or 55.30% in Test Year 1999 with a 13.31% rate of return on ratebase.

MVWC currently serves 182 customers (115 flat rate and 67 metered) and is located within the Forest Glen Subdivision of Santa Cruz County. The MVWC area is almost exclusively residential, characterized by small lots on steeply sloping ground. The MVWC system consists of three wells, two metal storage tanks, and a distribution and fire control system.

While no water treatment is currently required, the staff investigation revealed ongoing manganese contamination. DHS has now mandated Mar Vista to correct the problem within one year.

The Division investigation also revealed abnormalities regarding the company's State Drinking Water Bond Act (SDWBA) loan.

## **DISCUSSION**

The Division made an independent analysis of MVWC's summary of earnings and issued its report in October 2005. Appendix A shows MVWC's and the Division's estimates of the summary of earnings at present, requested, and recommended rates. Appendix A also shows differences in MVWC's and the Division's estimates in operating revenues, expenses, and rate base. Informed of the Division's differing views, MVWC and the Division's Water Branch (WB) reached an agreement set forth in this Resolution.

The WB staff audited operating expenses and revenue streams. Staff verified the operating expenses by reviewing supporting documents for accuracy, and included those expenses that were deemed reasonable and prudent. The Division's Audit and Compliance Branch (ACB) performed an audit on the outstanding SDWBA loan.

The Division discovered the following noncompliant issues: (1) improper execution of the SDWBA loan with improper use of collected SDWBA surcharge funds; (2) noncompliance with or nonperformance of the tasks required by ordering paragraphs from the last GRC, W-4132; (3) improper recording of Private Fire Protection funds; (4) lack of proper documentation in the MVWC tariff book (service territory map and updating of other tariff sheets); and (5) improper rates charged and associated collection of funds related to Schedule No. UF (User Fee).

The major water quality concern requires correction of manganese contamination. Pressure in a few connections, at or below 25 pound per square inch (psi), is below the General Order 103 requirement of 40 psi. The Division determined these to be de minimus.

Missing funds from the SDWBA – Decision (D.) 91921 authorized MVWC to borrow \$154,500 under the SDWBA of 1976 and to add a surcharge to rates to repay the 35-year loan schedule beginning July 1, 1980. The surcharge was set up for 100 customers to recover \$11,000 per year.

In 1986, six years into the 35 year loan payback period, the system nearly doubled in size. There was no request from MVWC to change the SDWBA surcharge to reflect the system's growth.

Discontinuance of the SDWBA surcharge was accomplished in mid-2003 with the following comment on the "Advice Letter Review Route Sheet" for Mar Vista's Advice Letter #31: "Bimonthly surcharge taken out from schedules." The purpose of A.L. No. 31 was an offset increase for the year 2003 Consumer Price Index, not for the purpose of reviewing the SDWBA surcharge.

The loan balance was approximately \$100,000 in Mid-2003. The owner has been making the twice yearly payments in full and on time before and since the discontinuance of the SDWBA loan surcharge.

The amount of missing SDWBA surcharge funds (principal and interest) collected from the ratepayers is \$215,402 plus any interest costs for the year 2005.

The owner will continue to make the twice yearly payments on time and in full and return the interest money to the ratepayers in the form of half the yearly profits until paid in full.

When SDWBA surcharge refund customers cannot be located, the unclaimed funds will be escheat to the state in accordance with the unclaimed Property Law<sup>1</sup>.

Non-compliance with past orders – The following Ordering Paragraphs from the last GRC, Res. W-4132 are still outstanding:

1. Within 60 days after the effective date of this resolution, Mar Vista Water Company shall file an advice letter updating its Tariff Rule No. 10 and Form No. 2.
2. Mar Vista Water Company shall install a new main on Cherokee Lane and is authorized to file an advice letter requesting recovery

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<sup>1</sup> The California Supreme Court Decision No. 83-03-066, Case No. 53587, Conclusions of Law #4.

of its costs once installation is complete and new main is in service.

3. Within 90 days after the effective date of this resolution, Mar Vista Water Company shall install a suitable measuring device to determine water production at each of its water sources and file an advice letter requesting recovery of its costs. Failure to do so will subject the utility to sanctions to be determined by this Commission.
4. Mar Vista Water Company shall establish a meter installation program to replace all flat rate service with metered service and file an advice letter in January of each of the following two years to request recovery of their costs.

Fire hydrants and revenue source -- MVWC owns and maintains about 15 fire hydrants in its service territory<sup>2</sup> In the GRC workpapers and in its annual reports, the company documents collecting fire hydrant revenue and requested \$1,000 in rates for fire protection revenue; yet there is no MVWC tariff rate for fire hydrant revenues nor does the company report the existence of fire hydrants in its annual reports. When questioned about reporting revenue without a tariff sheet authorizing such revenue, the company stated there was no collection of fire protection revenue and that the company does not charge anyone for fire protection revenue. The company then agreed to continue to maintain the fire hydrants at no cost to the customer and not report or collect such revenues.

System map, service territory map and other updating of tariff sheets – The tariff book contains two service territory maps. In 1986 a map of the service territory area was included while a map stamped by the CPUC as “original” in 1948 was retained.

The staff investigation revealed there is no valid map of the system’s plant (pipes, mains etc.) available. A system map has been requested by the Santa Cruz Environmental Health Services (SCEHS) in the past and is required by this resolution.

The company will coordinate with the Division’s Tariff unit to update tariff sheets including inclusion of a valid service territory map and Tariff Rule No. 3, Application for Service; 5, Special Information Required on Forms; and 7, Deposits; and Form No. 3, Bill for Service.

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<sup>2</sup> A portion of the SDWBA loan was for four fire hydrants.

Schedule No. UF -- In 1982 the Legislature established the Public Utilities Commission Reimbursement Fee to be paid by utilities to fund their regulation by the Commission, [SEE Public Utilities (P.U.) Code §§401-433]. The surcharge applies to all water and sewer bills rendered under all tariff rate schedules authorized by the Commission, with the exception of resale rate schedules where the customer is a public utility, and is applicable within the entire territory served by the utility.

The staff investigation revealed inconsistent Schedule UF rates charged and collected. The utility has agreed to complete an accounting of the incorrect collection of UF funds and refund accordingly.

Manganese Contamination - The MVWC system has manganese contamination of levels substantially above the established maximum contaminant level (MCL) of 0.05 mg/L for this chemical element. MVWC was ordered by the DHS via letter dated October 6, 2005 to correct the manganese contamination within a year.

Manganese is regulated as a secondary maximum contaminant level (MCL), a standard established to address issues of aesthetics (discoloration), not health concerns. However, manganese at very high levels can pose a neurotoxic risk. Children are considered to be particularly susceptible to possible effects of high levels of manganese exposure because they absorb and/or retain more manganese than adults.<sup>3</sup>

Secondary MCLs are enforceable standards. Upon request of the Division, the SCEHS shared the MVWC manganese contamination data with the DHS. The DHS replied this was a severe contamination level and that correction is mandatory.

As SCEHS explains, the "Norman Well appears to be the most effected source with levels of 0.85 and 0.5 mg/L reported. Very high manganese levels such as those present in the MVWC system causes odor, color and sediment problems and water users have repeatedly complained about the problem."

The Division is also aware of these complaints. They were expressed at the public meeting and in letters received at the Division that involved damage to clothing due to the stains caused by the manganese, the odor experienced when drinking the water and concerns over the appearance of the water due to the sediment.

Other than manganese concerns, the Santa Cruz Environmental Health Services states the water quality is satisfactory.

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<sup>3</sup> (Agency for Toxic Substances and Disease Registry, 2000; US EPA, 1996).

*Revenue Requirements* -- In Decision (D.) 92-03-093, effective April 30, 1992, the Commission adopted the "operating ratio" method of ratemaking as an alternative to the "rate of return" method on ratebase for Class C and D utilities. The methodology was further refined in Resolution W-4524, dated March 17, 2005 and is now called the return on margin instead of the operating ratio. The return on margin for Class D utilities is 25.00%.

The Division's estimate of MVWC's revenue requirement using the return on margin method is \$119,323, resulting in a larger estimated dollar profit than the rate of return on rate base of \$75,323. According to D.92-03-093, the Division must recommend the higher profit.

MVWC'S current rate structure consists of two rate schedules - Schedule No. 1A, Annual Metered Service, and Schedule No. 2AR, Annual Residential Flat Rate Service. The new rate schedules are included in Appendix B.

At the Division's recommended rates, MVWC's bi-monthly bill for a 1-inch metered residential customer using an average of 44 hundred cubic feet (Ccf) would increase from \$63.74 to \$92.87 per month, an increase of \$23.13 or 45.70%; and for a flat rate connection, the bi-monthly charge of \$67.85 will increase to \$108.95 an increase of \$41.10 or 60.57%. The difference in percentage increases between the two connection types (flat and metered) is due to creating a rate structure to reflect the Commission policy of allocating 100% of fixed costs to the service charge.

Appendix C is a comparison of customer bills at present and recommended rates. The adopted tax calculations are shown in Appendix D.

## **NOTICE AND PROTEST**

A notice of the proposed rate increase was mailed to each customer more than twenty days before the meeting. On June 9, 2005, a public meeting was held within MVWC's service area at the Aptos Public Library's meeting room located at 7695 Soquel Drive, Aptos, CA 95003. The public meeting afforded customers the opportunity to be heard and to ask questions about the proposed increase and the approval process.

The Division's representative explained the Commission rate setting procedures and MVWC's representative explained the need for the rate increase and the need for new facilities. Sixteen customers attended the meeting. While some expressed a concern for the increasing rates, the customers also requested the manganese issue be addressed.

The owner responded to each of the complaints stating he would do his best to address all customer concerns and that the purpose for the rate increase was to respond to the issues brought up by the customers.

A field visit to review MVWC's expenses and other quantities and to inspect its facilities was conducted by the Division staff with the MVWC owner and administrative accountant.

## **COMMENTS**

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

## **FINDINGS**

1. The summary of earnings (Appendix A) developed by the Division is reasonable and should be adopted.
2. The rates proposed by the Division (Appendix B) are reasonable and should be adopted.
3. The quantities (Appendix D) used are reasonable and should be adopted.
4. The Division and MVWC agree the Safe Drinking Water Bond Act (SDWBA) surcharge funds collected from ratepayers were over collected and must be refunded to the appropriate ratepayers if possible.
5. The SDWBA over collected surcharge funds are \$215,402 plus any interested costs for the year 2005.
6. The Division and MVWC agree MVWC must pay off the outstanding SDWBA loan balance with funds not allocated for maintenance and operation of the utility, i.e., the owner must pay off the loan with his personal funds.
7. The Division and MVWC agree MVWC must allocate one-half of the utility's yearly profit to refund the amount discussed in Finding 5 until completely paid.
8. When SDWBA surcharge refund customers cannot be located, the unclaimed funds will be escheat to the State in accordance with the unclaimed Property Law.
9. The company did not perform the tasks contained in the Ordering

Paragraphs of Res. W-4132:

- Within 60 days after the effective date of this resolution, Mar Vista Water Company shall file an advice letter updating its Tariff Rule No. 10 and Form No. 2 by contacting the tariff unit of the Water Branch.
  - Mar Vista Water Company shall install a new main on Cherokee Lane and is authorized to file an advice letter requesting recovery of its costs once installation is complete and new main is in service.
  - Within 90 days after the effective date of this resolution, Mar Vista Water Company shall install a suitable measuring device to determine water production at each of its water sources and file an advice letter requesting recovery of its costs. *Failure to do so will subject the utility to sanctions to be determined by this Commission.* (emphasis added)
  - Mar Vista Water Company shall establish a meter installation program to replace all flat rate service with metered service and file an advice letter in January of each of the following two years to request recovery of their costs.
10. The owner states MVWC owns and maintains 15 fire hydrants in its service territory.
  11. The SDWBA loan was, in part, for four fire hydrants.
  12. The company reports collecting fire hydrant revenue and the workpapers for the instant GRC requested \$1,000 in rates for fire protection revenue.
  13. There is no MVWC tariff rate for fire hydrant revenues nor does the company report the existence of fire hydrants on its Annual Report.
  14. The company stated MVWC will continue to maintain the fire hydrants at no cost to the customers, properly report the fire hydrants on its annual report to the Commission and will not collect or report private fire hydrant funds.
  15. The MVWC tariff book contains two service territory maps.
  16. The company should coordinate with the Division's Tariff unit to complete and update all tariff sheet issues including inclusion of one valid service territory map.
  17. The revenue MVWC collected for Schedule UF is not consistent with



Commission approved rates. MVWC should refund overcollections.

18. MVWC will immediately correct the rate in Schedule UF and complete a tabulation of the moneys collected in error to be returned to its customers.
19. When UF refund customers cannot be located, the unclaimed funds will be escheat to the State in accordance with the unclaimed Property Law.
20. The MVWC well identified as the "Norman Well" has manganese levels of 0.85 and 0.5 mg/L.
21. The Maximum Contaminant Level (MCL) for manganese is 0.05 mg/L.
22. Very high manganese levels such as those present in the MVWC system cause odor, color, staining and sediment problems and water users have repeatedly complained about the problem.
23. Santa Cruz Environmental Health Services mandates the manganese contamination must be corrected October 6, 2006 by one of three options: (1) provide treatment on the existing source; (2) drill a replacement well and cap the existing well or (3) obtain a connection to Soquel Creek Water District and purchase water as a means of replacing the existing well.
24. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311 (g) (13).
25. The utility has been filing annual reports as required.

**THEREFORE IT IS ORDERED THAT:**

1. The summary of earnings developed by the Division is reasonable and should be adopted.
2. The rates proposed by the Division are reasonable and should be adopted.
3. The quantities used in this resolution are reasonable and should be adopted.
4. The company must complete the following amended orders from the last GRC, Res. W-4132:
  - Within 60 days after the effective date of this resolution, Mar Vista Water Company shall file an advice letter updating its Tariff Rule Nos. 3, 5, 7 and 10, and Form No. 2 and 3 by contacting the tariff unit of the Water Branch.

- Within 90 days after the effective date of this resolution, Mar Vista Water Company shall submit plans to install a new main on Cherokee Lane and complete installation within two years and is authorized to file an advice letter requesting recovery of its costs once installation is complete and new main is in service.
  - Within 90 days after the effective date of this resolution, Mar Vista Water Company shall install a suitable measuring device to determine water production at each of its water sources and file an advice letter requesting recovery of its costs. Failure to do so will subject the utility to sanctions to be determined by this Commission.
  - Mar Vista Water Company shall establish a meter installation program to replace all flat rate service with metered service on homes with access and file an advice letter in January of each of the following two years to request recovery of their costs.
5. Within 60 days after the effective date of this resolution, the error in UF Schedule funds collected using the wrong rate must be refunded in accordance with Findings No. 19.
  6. In the event any amount of money collected using the wrong UF rate schedule cannot be returned, the unclaimed funds shall be escheat to the State in accordance with the unclaimed Property Law.
  7. The missing SDWBA funds must be paid (as shown in Appendix G) with the owner's personal funds, and not with funds designed and collected for operation of the system.
  8. The company must inform the Water Division by October 6, 2006, which option it chooses (as directed by the SCEHS in Appendix H), with timelines for completion within one year, and file an advice letter to establish a memorandum account to track the costs incurred to correct the manganese problem.
  9. Within 60 days after the effective date of this resolution the company shall file a current service territory map to replace the existing two maps.
  10. Within 90 days after the effective date of this resolution, the company must file a plan acceptable to the Water Division to repay the missing SDWBA funds.
  11. The rates authorized in the resulting resolution will become effective when the required action plans for the following items are received and accepted

by the Water Division: 1) repayment of the over collected SDWBA funds, and 2) complete compliance items listed in Res. No. W-4132.

12. 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 12, 2006; the following Commissioners voting favorably thereon:

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STEVE LARSON  
Executive Director

**APPENDIX A**                      **SUMMARY OF EARNINGS**  
**Mar Vista Water Company**  
**Summary of Earnings**  
**Test Year 2005**

Item	Utility Estimate		Staff Estimate		
	present rates	Requested Rates	present rates	Requested Rates	Recommended
<b>Operating Revenue</b>					<b><i>25% of Expenses</i></b>
Metered	18,296	50,460	18,296	50,460	44,150
Flat	54,882	85,919	54,882	85,919	75,173
Fire Protection	780		780		
<b>Total Revenue</b>	<b>73,958</b>	<b>136,379</b>	<b>73,958</b>	<b>136,379</b>	<b>119,323</b>
<b>Operating Expenses</b>					
Purchased water	319	0	0	0	0
Purchased Power	15,945	18,000	13,000	13,000	13,000
Other Vol. Related exp.	0	100	100	100	100
Materials	2,795	6,000	3,000	3,000	3,000
Contract Work	1,500	0	0	0	0
DHS fee/lab	0	1,500	1,500	1,500	1,500
Trans Expense	4,881	7,000	7,000	7,000	7,000
Other Plant Maint	8,216	200	200	200	200
Management Salaries	3,600	6,000	6,000	6,000	6,000
Employee Pensions & Benefits	0	0	0	0	0
Uncollectible	0	200	200	200	200
Office Salaries	0	12,000	12,000	12,000	12,000
Employee labor	0	12,600	12,600	12,600	12,600
Ofc. Service and Rentals	13,400	13,400	12,000	12,000	12,000
Ofc. Supplies and Exp.	613	1,000	1,000	1,000	1,000
Professional Services	3,550	4,000	4,000	4,000	4,000
Insurance	6,346	8,000	8,000	8,000	8,000
Regulatory Expense	2,733	2,300	1,000	1,000	1,000
General Expense	4,771	5,745	2,000	2,000	2,000
<b>Sub total</b>	<b>68,669</b>	<b>98,045</b>	<b>83,600</b>	<b>83,600</b>	<b>83,600</b>
Depreciation Expense	3,125	2,379	3,125	2,379	2,379
Other than inc. tax	2,688	2,688	2,688	4,237	4,237
Income Taxes	800	7,490	800	7,490	6,553
<b>Total Deductions</b>	<b>75,282</b>	<b>110,602</b>	<b>90,213</b>	<b>97,706</b>	<b>96,769</b>
<b>Net Revenue</b>	<b>(1,324)</b>	<b>25,777</b>	<b>(16,255)</b>	<b>38,673</b>	<b>22,554</b>
<b>Rate Base</b>					
Average Plant	120,925	121,175	120,925	121,175	121,175
Average Depr. Reserve	53,969	53,969	53,969	53,969	53,969
Net Plant	66,956	67,206	66,956	67,206	67,206
Less: Contributions/Advances	0	0	0	0	0
Plus: Working Cash	10,805	10,805	10,805	5,117	5,117
Plus: Material & Supplies	3,000	3,000	3,000	3,000	3,000
<b>Rate Base</b>	<b>80,761</b>	<b>81,011</b>	<b>80,761</b>	<b>75,323</b>	<b>75,323</b>
<b>ROR = Net Rev/Rate Base</b>	<b>-1.64%</b>	<b>31.82%</b>	<b>-20.13%</b>	<b>51.34%</b>	<b>29.94%</b>
<b><i>25% of expenses</i></b>	<b>-1.78%</b>	<b>25.00%</b>	<b>-18.18%</b>	<b>42.87%</b>	<b>25.00%</b>

**APPENDIX B                      RATE SCHEDULES**

Page 1

**Schedule No. 1**

**Mar Vista Water Company**

**Schedule 1A**

**ANNUAL METERED SERVICE**

APPLICABILITY

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

TERRITORY

Forest Glen Subdivision and vicinity, located one mile east of the community of Aptos, Santa Cruz County.

RATES

Quantity Rate:

All water, per 100 cu. Ft. ....\$0.80                      (D)

Service Charge:

Per Service Connection

Bimonthly Charge:

For 1-inch meter.....	\$57.73	(I)
For 1 ½ -inch meter.....	115.45	(I)
For 2-inch meter.....	184.72	(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 monthly charge computed at the Quantity Rate.

**Appendix B Rate Schedules**  
Page 2

**Schedule No. 2AR**  
**Mar Vista Water Company**

**Schedule 2AR**  
**ANNUAL RESIDENTIAL FLAT RATE SERVICE**

APPLICABILITY

Applicability to all flat rate residential water service furnished on an annual basis.

TERRITORY

Forest Glen Subdivision and vicinity, located one mile east of the community of Aptos, Santa Cruz County.

RATES

Per Service Connection  
Bimonthly Charge:

For 1-inch meter	\$108.95 (I)
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The Service Charge is a readiness-to-serve charge which is applicable to all metered service, and to which is to be added the monthly charge computed at the Quantity Rate.

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**APPENDIX C      COMPARISON OF RATES**

**Mar Vista Water Company  
 Comparison of Rates**

					<b>Per Service Connection Per Year</b>			
					<b>Present Rates \$\$</b>	<b>Recommended Rates \$\$</b>	<b>Increase %</b>	
<b>Metered Rate Service – Schedule No. 1A</b>								
<b>Service Charge:</b>								
1-inch meter					155.40	346.02	122.66	
1 ½ - inch meter					310.20	690.72	122.67	
2-inch meter					496.50	1,105.62	122.68	
<b>Flat Rate Service - Schedule No. 2AR</b>								
Single family residential					67.85	108.95	60.57	
<b>Quantity Charge</b>								
All water, per 100 cu.ft.					0.86	0.80	(6.98%)	
<b>A bi-monthly comparison bill for a customer with a 1 -inch meter is shown below:</b>								
Bi-Monthly Usage 100 cu. ft.		Present Bills	Recommended Bills	Amount Increase	% Increase			
		\$	\$	\$	%			
0		25.90	57.67	31.77	122.66			
10		34.50	65.67	31.17	90.35			
20		43.10	73.67	30.57	70.93			
30		51.70	81.67	29.97	57.97			
40		60.30	89.67	29.37	48.71			
System wide avg 44		63.74	92.87	29.13	45.70			
<b>A bi-monthly comparison bill for flat rate customers is shown below:</b>								
Connection type.		Present Bills	Recommended Bills	Amount Increase	% Increase			
Flat single-family		\$67.85	\$108.95	\$41.10	60.57%			



**APPENDIX D**  
Page 1

**ADOPTED QUANTITIES**

**Mar Vista Water Company**  
**Adopted Quantities**  
**Test Year 2005**

**Taxes**

Federal Tax Rate .....	15%
State Tax Rate .....	8.84%
Ad Valorem Taxes	
Tax Rates	
Secured tax rate .....	1.068%
Assessed Value .....	\$82,848
Unsecured tax rate.....	1.074%
Assessed Value .....	\$171,851
Total .....	\$2,731
Payroll.....	<u>\$1,506</u>
Total .....	<u>\$4,237</u>

**Payroll**

Management Salary .....	6,000
Contract Labor .....	0
Labor .....	<u>24,600</u>
Total .....	<u>30,600</u>

**PG&E rates and KWh**

**Schedule A-1 Small General Services**

Customer Charge Single-phase (\$ per meter per day) .....	\$0.23951
Customer Charge Poly-phase (\$ per meter per day).....	\$0.35483

**Energy Rates (\$ per kWh)**

Summer Rates .....	\$0.17583 (R)
Winter Rates.....	\$0.11778 (R)
Kwh.....	79,000

Appendix D (continued)

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**Mar Vista Water Company  
 Test Year 2005**

**Service Connections**

*Metered Rate:*

¾-inch .....	0
1-inch .....	58
1.5-inch .....	0
2-inch .....	9
Total metered.....	<u>67</u>
Metered water sales used to design rates .....	<b>17,688</b>

**Ccf**

*Flat Rate:*

Single family.....	<u>115</u>
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**Adopted Tax Calculations**

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**Mar Vista Water Company  
 2005 Test Year**

<b>Line</b>	<b>Item</b>	<b>State Tax</b>	<b>Federal Tax</b>
1.	Operating Revenues	\$119,323	\$119,323
2.	Expenses	83,600	83,600
3.	Taxes other than Income	4,237	4,237
4.	Depreciation Expense	2,379	2,379
5.	Taxable Income for State Tax	29,107	
6.	State Tax (at 8.84% or \$800)	2,573	
7.	Taxable Income for FIT		26,534
8.	Federal Income Tax (at 15%)		3,980
9.	Total Income Taxes		6,553