



GREAT OAKS WATER COMPANY

P.O. Box 23490
San Jose, California 95153
(408) 227-9540
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May 23, 2017

California Public Utilities Commission
Water Division
Room 3102
505 Van Ness Avenue
San Francisco, CA 94102

Great Oaks Water Company (U-162-W) Supplemental Advice Letter 260-W-A Request to Establish and Implement Escalation Year Rate Change

Dear Sir or Madam:

Great Oaks Water Company (Great Oaks) hereby transmits this supplemental Tier 1 advice letter requesting authorization to establish and implement an escalation year rate change for its entire service, as authorized by California Public Utilities Commission (Commission) Decisions (D.) 04-06-018 and D.07-05-062, as well as Commission General Order 96-B. This advice letter is also a compliance filing under D.16-05-041. The following tariff sheets are submitted for approval.

Sheet Number	Title of Tariff Sheet	Canceling Sheet No.
827-W	Schedule No. 1 General Metered Service	797-W
828-W	Schedule No. 1 General Metered Service Tiered Rates	798-W
829-W	Schedule No. 1 General Metered Service Special Conditions	824-W
830-W	Schedule No. 3M Irrigation Service	800-W
831-W	Schedule No. 6 Contract Resale Service	803-W
832-W	Table of Contents	826-W

Summary of Advice Letter 260-W-A

This Tier 1 advice letter requests the establishment and implementation of a 2017/2018 escalation year rate change for Great Oaks' entire service area, as authorized by and in compliance with the Decisions referenced above. Escalation year filings are governed by the Commission's General Rate Case Plan for Class A Water Utilities, and in the Settlement Agreement approved by the Commission in D.16-05-041, the parties agreed "that Great Oaks will follow the methodology set forth in the Commission's Rate Case Plan for its Escalation Year 2017/2018 and Attrition Year 2018/2019 filings."¹

The only difference between Advice Letter 260-W and this supplemental Advice Letter 260-W-A is the correction of a calculation error in the LICAP Surcharge request, as more fully discussed below.

This filing is pursuant to General Order 96-B, Industry Rules 7.3.1(3)² and 7.3.1(6)³, and has no effect upon water service provided by Great Oaks to its ratepayers.

Request

Great Oaks requests a decrease in its revenue requirement of \$244,643 (-1.5%) from the adopted revenue of \$15,931,859 to \$15,687,216 in escalation year 2017/2018. Also included in this request is an adjustment to the authorized LICAP Surcharge, as permitted under D.16-05-041⁴. The LICAP Surcharge adjustment is necessary because the pro forma water sales (Exhibit A, WP-2 and WP-3) are lower than the water sales adopted in D.16-05-041.

In the original Advice Letter 260-W, the LICAP Surcharge calculation contained an error on page WP-5 of the Exhibit A Workpapers. That error – incorrect meter charge rates – has been corrected in this supplemental Advice Letter 260-W-A. The LICAP Surcharge calculation is now correct and shows a surcharge of \$0.0293 per ccf for non-LICAP customers, rather than the \$0.0283 per ccf surcharge shown in Advice Letter 260-W.

Supporting Workpapers showing all calculations for the escalation year are provided as Exhibit A to this advice letter. The tariff sheets attached to this advice letter match the calculations in the Exhibit A Workpapers.

Rates of Return

The following summary shows the authorized, recorded (for calendar year 2016), and pro forma rates of return for Great Oaks.

¹ D.16-05-041, Attachment 1, page 19; see also D.16-05-041, page 23.

² Compliance with mandatory statute, decision, or resolution.

³ Escalation filing.

⁴ D.16-05-041, page 23.

D.16-05-041 Authorized Rate of Return for Test Year 2016/2017:	9.10%
Calendar Year 2016 Recorded Rate of Return:	8.98%
Pro Forma Rate of Return:	8.77%

The calendar year rate of return is based upon Great Oaks' Annual Report for 2016. The pro forma rate of return was calculated in accordance with D.04-06-018, D.07-05-062, and Standard Practice U-34-W. All calculations are shown on the Exhibit A Workpapers. Great Oaks has used the March 2017 escalation factors - most recent escalation factors published by the Office of Ratepayer Advocates (ORA) as of the date of filing.

Rate and Bill Impact

As shown on Page WP-7 of Exhibit A, monthly service charges for a 5/8" x 3/4" meter go up from \$8.15 to \$8.33, while the uniform quantity charges go from \$2.8458 per ccf to \$2.9101 per ccf. In addition, the LICAP Surcharge goes up slightly from \$0.0275 to \$0.0293. The overall effect is an \$1.86 increase in the average single family residential customer's bill from \$89.40 to \$91.26 (2.09%). The bill impact is calculated and shown on page WP-7 of Exhibit A.

Effective Date

The effective date for the tariffs requested in this advice letter is July 1, 2017, the first day of Great Oaks' escalation year.

Tier Designation

Escalation year requests are Tier 1 advice letters under General Order 96-B, Industry Rule 7.3.1(6). Because the request in this advice letter is in compliance with D.16-05-041, this is also considered a compliance filing under General Order 96-B, Industry Rule 7.3.1(3).

Notice and Service

Notice was provided by publishing a legal notice in a newspaper of local circulation (San Jose Mercury News), and by providing a link to this advice letter filing on Great Oaks' website (www.greatoakswater.com). Proof of publication will be separately provided to the Water Division. This advice letter is also being served upon the Distribution List provided below.

Protests and Responses

Anyone may protest and respond to this advice letter. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter. A protest objects to the advice letter in whole or in part and must set forth specific grounds on which it is based. These grounds may be based upon the following:

- (1) The utility did not properly serve or give notice of the advice letter; or
- (2) The relief requested in the advice letter would violate a statute or Commission order, or is not authorized by statute or Commission order on which the utility relies; or
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions; or
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding; or
- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require re-litigating a prior order of the Commission).

Any protest or response must be made in writing or by electronic mail and must be received by the Commission's Division of Water and Audits within 20 days of the date this advice letter is filed. The advice letter process does not provide for any protests, responses or other comments, except for a reply by Great Oaks, after the 20-day comment period expires. The address for mailing or delivering a protest or response is:

Tariff Unit, Division of Water and Audits, 3rd floor
California Public Utilities Commission,
505 Van Ness Avenue, San Francisco, CA 94102
water_division@cpuc.ca.gov

On the same date any protest or response is submitted to the Water Division, the protesting or responding person, entity or party must serve a copy of the protest or response on Great Oaks addressed to:

Timothy S. Guster
Great Oaks Water Co.
PO Box 23490
San Jose, CA 95153
Telephone: (408) 227-9540
Facsimile: (408) 227-7126
Email: tguster@greatoakswater.com

Great Oaks Water Company

/s/

Timothy S. Guster
General Counsel
Legal and Regulatory Affairs

cc: Ting Pong-Yuen

Certificate of Service

I hereby certify that I have this day served a copy of Great Oaks Water Co.'s Advice Letter 260-W-A on the parties listed on the following Distribution List by mailing a properly addressed copy by first class mail with postage prepaid.

Executed on May 23, 2017 at San Jose, California.

/s/
Timothy S. Guster

**Great Oaks Water Co.
Distribution List**

Municipal Water System*
City of San Jose
3025 Tuers Road
San Jose, CA 95121

County Clerk*
County of Santa Clara
70 W. Hedding Street
San Jose, CA 95110

Safe Drinking Water Office*
Department of Water Resources
1416 9th Street, Room 804
Sacramento, CA 95814

Office of Regulatory Affairs*
California Water Service Company
1720 North First Street
San Jose, CA 95112

Santa Clara Valley Water District*
5750 Almaden Expressway
San Jose, CA 95118

Raminder Kahlon
Water Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Ting-Pong Yuen
Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Legal Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3214

Regulatory Affairs*
San Jose Water Company
110 West Taylor Street
San Jose, CA 95156

*Exhibits available upon request to tguster@greatoakswater.com

Great Oaks Water Company
Advice Letter 260-W-A

Proposed Tariff Sheets

Schedule No. 1
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area is Southeast San Jose, East of Snell Road and South of Hellyer Park.

RATES

Quantity Rates:	Per Meter Per Month	
For all water delivered, per 100 Cu. Ft.	\$ 2.9094	(I)
<u>Service Charge:</u>		
For 5/8x3/4 inch meter	\$ 8.33	(I)
For 3/4 inch meter	12.49	(I)
For 1 inch meter	20.82	(I)
For 1 1/2 inch meter	41.65	(I)
For 2 inch meter	66.64	(I)
For 3 inch meter	124.95	(I)
For 4 inch meter	208.25	(I)
For 6 inch meter	416.49	(I)
For 8 inch meter	666.39	(I)
For 10 inch meter	957.93	(I)
For 12 inch meter	1,374.43	(I)
		(D)

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 for water used computed at the Quantity Rates.

(Continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 260-W-A

Timothy S. Guster

Date Filed _____

Decision No. D.16-05-041

NAME
General Counsel
 TITLE

Effective Date: _____

Resolution No. _____

Schedule No. 1
GENERAL METERED SERVICE

Tiered Rates

Designed and Ordered by the California Public Utilities Commission

APPLICABILITY

Applicable to all single-family residential services only.

TERRITORY

The area is Southeast San Jose, East of Snell Road and South of Hellyer Park.

RATES

Quantity Rates (Tiered Rates):	Per Meter/Per Month	
For all water delivered, per 100 Cu. Ft.		
For total bi-monthly usage from 0 to 13 Ccf.	\$ 2.6869	(I)
For total bi-monthly usage above 13 to 32 Ccf.	2.9101	(I)
For total bi-monthly usage over 32 Ccf.	3.3553	(I)
 Service Charge (Conservation Rates):		
For 5/8x3/4-inch meter	\$ 8.33	(I)
For 3/4x3/4-inch meter	12.49	(I)
For 1-inch meter	20.82	(I)
For 1 1/2-inch meter	41.65	(I)
For 2-inch meter	66.64	(I)
For 3-inch meter	124.95	(I)
For 4-inch meter	208.25	(I)
For 6-inch meter	416.49	(I)
For 8-inch meter	666.39	(I)
For 10-inch meter	957.93	(I)
For 12-inch meter	1,374.43	(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 Rates.

(Continued)

Schedule No. 1
GENERAL METERED SERVICE
(Continued)

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. To provide ongoing funding for the Utility's Low Income Customer Assistance Program (LICAP), (I) as described in Tariff Rule 22, a surcharge of \$0.0293 will be added to the Quantity Charge for all customers except LICAP participants. (I)
3. To offset the higher Pump Tax imposed by the Santa Clara Valley Water District, effective, July 1, 2016, a surcharge of \$0.3298 per 100 cu.ft. will be added to the Quantity Charge for each customer for all water delivered on and after July 1, 2016.
4. To refund a net over-collection in authorized balancing and memorandum accounts, a credit in the total amount of \$33.73 will be applied to the service charge portion of each customer's bill over a period of four billing cycles. The amount of the credit per billing cycle will be \$8.43 in each of the first three billing cycles and \$8.44 in the fourth billing cycle. Only customers with accounts established by December 31, 2016 will receive the credit against the service charge.

(To be inserted by utility)

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Advice Letter No. 260-W-A

Timothy S. Guster

Date Filed _____

Decision No D.16-05-041

General Counsel

Effective _____

TITLE

Resolution No. _____

Schedule No. 3M
IRRIGATION SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area in Southeast San Jose, East of Snell Road and South of Hellyer Park.

RATES

Quantity Rates:	Per Meter Per Month	
For all water delivered, per 100 Cu. Ft.	\$ 2.9101	(I)
Service Charge:		
For 2 inch meter	\$ 66.39	(I)
For 3 inch meter	124.95	(I)
For 4 inch meter	208.25	(I)
For 6 inch meter	416.49	(I)
For 8 inch meter	666.39	(I)
For 10 inch meter	957.93	(I)

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

(Continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 260-W-A

Timothy S. Guster

Date Filed _____

Decision No. D.16-05-041

General Counsel
NAME
TITLE

Effective _____

Resolution No. _____

Schedule No. 6
CONTRACT RESALE SERVICE

APPLICABILITY

Potable water metered service delivered to a water retailer by contract at location outside the Company's certified service territory.

TERRITORY

Wholesale water service may be obtained for use outside the Company's certified service territory.

RATES

Quantity Rates:

For all water delivered, per 100 Cu. Ft. \$ 2.9101 (I)

Service Charge:

	Per Meter	
	<u>Per Month</u>	
For 2 inch meter	\$ 66.64	(I)
For 3 inch meter	124.95	(I)
For 4 inch meter	208.25	(I)
For 6 inch meter	416.49	(I)
For 8 inch meter	666.39	(I)
For 10 inch meter	957.93	(I)
For 12 inch meter	1,374.43	(I)
		(D)

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

(Continued)

(To be inserted by utility)

Issued by

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

Advice Letter No. 260-W-A

Timothy S. Guster
NAME

Date Filed _____

Decision No. D.16-05-041

General Counsel
TITLE

Effective _____

Resolution _____

TABLE OF CONTENTS

The following listed tariff sheets contain all effective rates and rules affecting the charges and service of the utility, together with other pertinent information.

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(To be inserted by utility)

Issued by

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

Advice Letter No. 260-W-A

Timothy S. Guster

Date Filed _____

Decision No. D.16-05-041

General Counsel
TITLE

Effective _____

Resolution No. _____

Great Oaks Water Company

Advice Letter 260-W-A

Exhibit A
Workpapers

See Excel Spreadsheets Submitted with Advice Letter

Great Oaks Water Company
Advice Letter 260-W-A

Exhibit A Workpapers

Great Oaks Water Company
AL 260-W-A

Pro Forma Earnings - Test Year 2016/2017					
Item	ADOPTED	RECORDED	PRO FORMA	SOURCE	Esc %
	TY 2016/2017	2016 Annual			
	D.16-045-041	Report			
Operating Revenues					
Metered Water Service Revenues	15,851,119	15,345,941	15,607,382	WP-2	
Fire Protection Revenues	80,740	78,523	79,834	WP-2	
Other Water Revenues	0	11,588	0	WP-2	
Net Balancing Account Adjustment	0	-386,252	0	AL 244-W-B; AL 251-W; D.16-05-041	
Total Op Revs (excl CPUC fees)	15,931,859	15,049,800	15,687,216	WP-2	
Operating Expenses					
Net Payroll Expense	2,075,822	2,642,938	2,102,808	Esc*	1.3%
Groundwater Charges, Acct. 700	7,589,258	5,486,003	7,271,260	WP-3	
Op. Labor & Exp (Excl Labor), Acct. 702	17,407	16,016	17,887	Esc	2.8%
Misc. Pump Exp., Acct. 725	8,703	8,008	8,943	Esc	2.8%
Purchased Power, Acct. 726	818,304	632,806	784,046	WP-3	
Maint Pumping Equip, Accts. 711, 732	6,475	20,697	6,654	Esc	2.8%
Chemicals & Filtering, Acct. 744	39,728	1,953	40,824	Esc	2.8%
Meter Expense, Acct. 754	1,947	82	2,000	Esc	2.8%
T&D Misc Expense, Acct. 756	8,703	8,008	8,943	Esc	2.8%
T&D Maint & Supv., Accts 753, 758	0	0	0	Esc	2.8%
Maint of Reservoirs & Tanks, Acct. 760	0	0	0	Esc	2.8%
Maint of T&D Mains, Acct. 761	51,253	64,939	52,668	Esc	2.8%
Maint of Services, Acct 763	34,956	28,844	35,921	Esc	2.8%
Maint of Meters, Acct 764	109	0	112	Esc	2.8%
Maint of Hydrants, Acct 765	462	12,148	474	Esc	2.8%
Maint of General Plant, Acct 805	96,341	70,170	99,000	Esc	2.8%
Meter Reading Expense, Acct 772	17,407	16,016	17,887	Esc	2.8%
Cust Records & Collection, Acct 773	153,713	149,537	157,955	Esc	2.8%
Uncollectible Accounts, Acct 775	30,725	72,527	29,806	WP-2	
Office Supplies & Other Exp, Acct 792	52,123	51,930	53,561	Esc	2.8%
Property Insurance, Acct. 793	79,581	79,090	81,650	Esc	2.6%
Injuries & Damages, Acct 794	48,834	52,458	50,182	Esc	2.8%
Employee Pensions & Bene, Acct 795	855,993	740,914	867,121	Esc	1.3%
Franchise Requirements, Acct 796	318,637	264,916	313,744	Calc. @ 2%	2.0%
Reg Commission Exp, Acct 797	10,733	21,469	11,034	Esc	2.80%
Outside Serv, Inc GRC Exp, Acct 798, 800	311,552	172,445	319,652	Esc	2.6%
Misc Gen Exp Inc CWA Dues, Acct 799	145,436	156,120	149,450	Esc	2.8%
Rents, Acct 811	210,362	218,516	215,831	Esc	2.6%
Transportation Exp, Acct 903	0	0	0	Esc	
Passive Inc 50% Ratepayer Credit	-36,884	-32,178	-36,884	D.16-05-041	
Total O&M and A&G Expenses	12,947,679	10,956,370	12,662,531		
Depreciation Expense	836,275	1,104,481	836,275	D.16-05-041	
Taxes Other than Income	367,216	328,738	367,216	D.16-05-041	
Current State Income Tax	119,069	216,574	132,461	WP-4	
Current Fed Income Tax (Inc DPAD)	440,802	754,268	431,103	WP-4	
Deferred Tax Expense	0	464,658	0	D.16-05-041	
Total Depreciation and Taxes	1,763,362	2,868,719	1,767,055	Calculation	
Total Operating Expenses	14,711,041	13,825,089	14,429,586	Calculation	
Net Operating Revenue	1,220,818	1,224,711	1,257,630	Calculation	
Rate Base	13,415,579	13,643,241	14,345,155	D.16-05-041	
Rate of Return, Percent	9.10%	8.98%	8.77%		
Adopted Rate of Return, Percent	9.10%	9.10%	9.10%		
Escalation Rates - ORA March 2017	Labor	Non-Labor	Comp Per Hour	CPI-U	
	1.3%	2.4%	3.3%	2.6%	

WP-1

*Esc = Escalation Rate per ORA Memos

Great Oaks Water Company
Advice Letter 260-W-A

Calculation of Pro Forma Revenues

General Metered Service	Recorded 12-Month Weighted Average	Present Rates	Pro Forma Revenue
Meter Size	Customers	Service Charge	
5/8 x 3/4	7,651	\$8.15	\$748,268
3/4	11,678	\$12.23	\$1,713,790
1	865	\$20.38	\$211,544
1 1/2	245	\$40.76	\$119,834
2	447	\$65.22	\$349,449
3	60	\$122.28	\$87,308
4	44	\$203.81	\$106,389
6	11	\$407.62	\$53,806
8	8	\$652.18	\$62,609
10	3	\$937.52	\$33,751
12	0	\$1,345.13	\$0
Total	21,010		\$3,486,748

	Adopted Avg. Usage	Weighted Avg. Customers	Proforma Usage CCF	Quantity	
SFR	131.8	19,664	2,591,715	\$2.8458	\$7,375,503
MFR	1,339.6	607	813,137	\$2.8458	\$2,314,026
Business	793.2	269	213,371	\$2.8458	\$607,211
Total Commercial		20,540	3,618,223		\$10,296,740
	<u>Recorded Sales</u>		<u>Pro Forma Sales</u>		
Industrial	1,487.5	52	77,350	\$2.8458	\$220,123
Pub. Auth.	1,143.4	147	168,077	\$2.8458	\$478,314
Schools	2,986.8	44	131,418	\$2.8458	\$373,989
Priv. Ldscpe.	820.3	227	186,209	\$2.8458	\$529,914
Total Other		470	563,054		\$1,602,339

Total General Metered Service Revenues		\$15,385,826
Plus CPUC Surcharge	1.44%	\$221,555.90
Total General Metered Service Revenues, plus CPUC Surcharge		\$15,607,382

Private Fire Protection Service	Recorded 12-Month Weighted Average	Present Rates	Pro Forma Revenue
Meter Size	Customers	Service Charge	
2	104	\$6.81	\$8,499
4	32	\$11.53	\$4,428
6	87	\$20.53	\$21,433
8	76	\$33.40	\$30,461
10	21	\$55.08	\$13,880
12	0	\$79.00	\$0
Total Private Fire Protection Service Revenues	320		\$78,701
Plus CPUC Surcharge		1.44%	\$1,133
Total Private Fire Protection Service Revenues, plus CPUC Surcharge			\$79,834

Total Base Rate Water Service Revenues, excluding CPUC Surcharges		\$15,464,527
Plus CPUC Surcharges		\$222,689
Total Base Rate Water Service Revenues, including CPUC Surcharges		\$15,687,216
Uncollectibles	0.19%	\$29,806

Great Oaks Water Company
Advice Letter 260-W-A

Groundwater Charges				
Pro Forma Water Sales, ccf				
General Metered Service		4,181,277.2		
Unaccounted For Water	3.4%	142,163.4		
Water Production, ccf		4,323,440.6		
Water Production, AF		9,925.3	Adopted	GW Charge
			GW Charge	Expense
Zone W-2, AF	70%	6,947.7	\$894	\$6,211,240
Zone W-5, AF	30%	2,977.6	\$356	\$1,060,020
Totals		9,925.3		\$7,271,260

Purchased Power				
Total Pro Forma Water Production, AF				9,925.3
Adopted Purchased Power Expense		\$818,304		
Adopted Total Water Production, ccf		4,512,350		
Adopted Total Water Production, AF		10,359.0		
Adopted Purchased Power Expense, AF		\$78.99		
Pro Forma Purchased Power Expense				\$784,046

Recorded Metered Sales, CCF CY 2016	
Customer Class	CCF
Single Family Residential	2,041,084.0
Multi Family Residential	726,958.0
Business	287,503.0
Industrial	77,350.0
Public Authorities	168,077.0
Schools	131,418.0
Private Landscapes	186,209.0
	3,618,599.0

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Calculation of Pro Forma Income Taxes				
	Rate	Escalation %	Source	2017/2018 Pro Forma
State Income Taxes				
Water Service Revenues			WP-2	\$15,607,382
Fire Protection Revenues			WP-2	\$79,834
Other Water Revenues			WP-2	\$0
Total Taxable Revenues, State			Calculated	\$15,687,216
Deductions				
Operating Expenses				\$12,662,531
Depreciation Expense				\$836,275
Deferred Income Taxes				\$0
Taxes Other Than Income				\$367,216
Interest Expense				\$322,766
Total Deductions				\$14,188,788
Taxable Income, CCFT				\$1,498,428
CCFT Rate	8.84%			
CCFT				\$132,461
Federal Income Taxes				
Water Service Revenues				\$15,607,382
Fire Protection Revenues				\$79,834
Other Water Revenues				\$0
Total Taxable Revenues, Federal				\$15,687,216
Deductions				
Current State Income Taxes				\$132,461
Operating Expenses				\$12,662,531
Depreciation Expense				\$836,275
Deferred Income Taxes				\$0
Taxes Other Than Income				\$367,216
Intererst Expense				\$322,766
DPAD				\$98,018
Total Deductions, Federal				\$14,419,267
Taxable Income, Federal				\$1,267,949
FIT Rate	34%			
Federal Income Tax				\$431,103

Calculation of Imputed Interest Expense				
	Percent of Capital	Interest Rate	Rate Base	Interest Expense
Debt Financing	30.00%	7.50%	\$14,345,155	\$322,766

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DPAD Calculation		
	Source	Esc %
Operating Revenues		\$15,687,216
Less O&M, A&G, & Payroll	WP-2	\$12,662,531
Less Taxes Other Than Income	WP-1	\$367,216
Less Interest Expense	WP-4	\$322,766
Less Depreciation Expense	WP-1	\$836,275
Less CCFT	WP-4	<u>\$132,461</u>
Total Deductions Before DPAD	Calculation	\$14,321,249
Total Income Before DPAD		\$1,365,967
DPAD Calculation Per D.16-05-041		
Pumped Water %	D.16-05-041	100.00%
QPAI at 79.73% per D.16-05-041	Calculation	\$1,089,086
DPAD %		<u>9.00%</u>
DPAD	Calculation	\$98,018

Escalation Year 2017/2018 LICAP Surcharge Calculation Per D.16-05-041						
	Meter Size	Monthly Charge	50% Discount	x 12 Months	No. of Participants	Totals
	5/8 inch	\$8.33	\$4.16	\$49.98	838	\$41,882.49
	3/4 inch	\$12.49	\$6.25	\$74.97	973	\$72,944.50
	1 inch	\$20.82	\$10.41	\$124.95	4	\$499.79
	1.5 inch	\$41.65	\$20.82	\$249.90	1	\$249.90
Total LICAP Amount					1,816.0	\$115,576.67
					<u>CCF</u>	
LICAP Sales					239,348.8	
NON-LICAP Sales					3,941,928.4	
Escalation Year LICAP Surcharge						\$0.0293

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Requested Rates for Escalation Year 2017/2018

Customer Class	5/8" Equivalents	Normalized Sales CCF	Monthly Service Charges		
			Meter Size	Ratio	Monthly Serv. Chrg.
Single Family Res.	26,478	2,591,715	5/8"	1.0	\$8.33
Multi Family Res.	3,686	813,137	3/4"	1.5	\$12.49
Business	1,578	213,371	1"	2.5	\$20.82
Industrial	461	77,350	1.5"	5.0	\$41.65
Public Authority	1,310	168,077	2"	8.0	\$66.64
Schools	670	131,418	3"	15.0	\$124.95
Private Landscape	227	186,209	4"	25.0	\$208.25
Total	34,409	4,181,277	6"	50.0	\$416.49
			8"	80.0	\$666.39
			10"	115.0	\$957.93
			12"	165.0	\$1,374.43
			14"	225.0	\$1,874.22

Service Charge Calculation	
Fixed Costs	\$7,038,541.39
1/2 Fixed Costs	\$3,519,270.69
Minus Private Fire Protection Revenue	-\$79,833.97
Total Service Charge Revenue	\$3,439,436.72
Service Charge Per Year	\$99.96
Service Charge Per Month	\$8.33

Uniform Quantity Charge Calculation	
Variable Cost	\$8,648,674.98
1/2 Fixed Cost	\$3,519,270.69
Minus Other Water Revenues	\$0.00
Total Quantity Charges	\$12,167,945.67
Charge per CCF	\$2.9101

Conservation Rates Calculation			
Uniform Quantity Charge			\$2.9101
Tier	CCF Range	D.16-05-041 Factor	Tiered Rates
Tier 1	0 - 13	0.9233	\$2.6869
Tier 2	14 - 32	1.0000	\$2.9101
Tier 3	> 32	1.1530	\$3.3553

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Bill Comparison

Average Non-LICAP Single Family Residential Customer with 5/8" Meter Using 11 ccf per Month

At Current Rates			
<u>Item</u>	<u>Amount</u>	<u>Units</u>	<u>Total</u>
Monthly Service Charge	\$8.15	2	\$16.30
Tier 1	\$2.6275	13	\$34.16
Tier 2	\$2.8458	9	\$25.61
Pump Tax Surcharge	\$0.3298	22	\$7.26
LICAP Surcharge	\$0.0275	22	\$0.61
Subtotal			\$83.93
CPUC Fee	1.44%		\$1.21
Subtotal			\$85.14
SJ Utility Tax	5.00%		\$4.26
Total			\$89.40

At Escalation Rates			
<u>Item</u>	<u>Amount</u>	<u>Units</u>	<u>Total</u>
Monthly Service Charge	\$8.33	2	\$16.66
Tier 1	\$2.6869	13	\$34.93
Tier 2	\$2.9101	9	\$26.19
Pump Tax Surcharge	\$0.3298	22	\$7.26
LICAP Surcharge	\$0.0293	22	\$0.65
Subtotal			\$85.68
CPUC Fee	1.44%		\$1.23
Subtotal			\$86.91
SJ Utility Tax	5.00%		\$4.35
Total			\$91.26

Increase	\$1.86
% Increase	2.09%