

**APPLE VALLEY RANCHOS  
WATER CO.**

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APPLE VALLEY, CA 92307  
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**RECEIVED**  
OCT 11 2007

**LAFCO**  
San Bernardino County

October 9, 2007

Kathleen Rollings-McDonald  
Local Agency Formation Commission  
215 North "D" Street, Suite 204  
San Bernardino, CA 92415

**Re: Municipal Service Review for Apple Valley Ranchos Water Company.**

Dear Ms. McDonald:

The purpose of this letter is to provide you with a response to the supplied Municipal Service Review form as requested. Please contact this office if you require any further information.

**Infrastructure Needs and Deficiencies**

1. **Capital Improvement Plan/Studies:** Apple Valley Ranchos Water Company (AVRWC) spends approximately 3 to 4 million dollars per year in company funded capital improvements.
2. **Water Service Plans/Studies:** AVRWC regularly studies the water system demands and makes adjustments to source of supply pumping capacity as needed. Source of supply pumping capacity meets or exceeds the maximum day demand (MDD) with largest well out of service.
3. **Age and Condition of Facilities:** According to our records the range of installation dates of pipeline facilities is 1946 to 2007. The size of pipe in the system varies from 2" to 20" in diameter. The replacement of pipe is done as needed.
4. **Capacity Analysis:** AVRWC had 18,657 active service connections as of December 31, 2006. The limit to the number of connections that are able to be served is a function of our ability to produce water to meet the customer needs, which is related to the ability or the Mojave Water Agency's to import water to replenish the basin.
5. **Future Development:** Future expansion of water infrastructure is driven primarily by the needs of the development community. Additional facilities are built as the demand by development occurs. Facilities are funded by the developers as governed by the approved California Public Utilities Commission (CPUC) tariffs and rules. An area of great interest by developers as of late is in the northern part of the service area which is generally located around and north of the Apple Valley Airport.

6. Reserve Capacity: The general policy of AVRWC as it relates to pumping capacity is that MDD is able to be provided with the largest well out of service.

#### Growth and Population

1. Population Information: AVRWC had 18,657 active service connections as of December 31, 2006. A future annual growth rate of approximately 2% is anticipated.
2. General Plan: Please refer to the supplied Urban Water Management Plan.
3. Identify Significant Growth Areas: There has been considerable growth in the Apple Valley Ranchos Sphere of Influence.

#### Financing Opportunities and Constraints

1. Finance Plans: AVRWC is an investor owned water utility regulated by the CPUC. It is dedicated to maintaining a financially stable company that is fully capable of maintaining a safe and reliable water system.
2. Bond Rating: AVRWC only obtains privately held financing and therefore does not have a bond rating.
3. Joint Financing Projects: AVRWC will occasionally participate in capital improvements when the benefit to existing customers can be realized.
4. Revenue Sources: Water rates are the sole source of operating revenue for the Apple Valley Ranchos Water Company. Water rates are regulated and approved by the CPUC. Additionally we collect a Supply Facility Fee to offset the cost of constructing new wells, and a Water Acquisition Fee, charged to developers on new construction, to help pay for imported water stored for future use.

#### Cost Avoidance Opportunities

1. Level of service: AVRWC has a good record of delivering high quality water on a consistent basis.
2. Per-Unit Service Costs: AVRWC does not have a connection fee for new services. However, for new development the CPUC requires that AVRWC collect a Source of Supply Facilities Fee and an amount for applicable water rights based on the proposed development. In most cases there are no service connections fees for individuals served by existing water mains adjacent to their property.

#### Rate Restructuring

1. Rate restructuring is considered by: AVRWC rates are set and approved by the CPUC and reflect the actual cost of providing water to its customers.

2. Identify current rates and plans, if any, for rate changes: AVRWC is currently preparing information for proposed rate adjustments to be approved by the CPUC for the year 2009.

#### Opportunities for Shared Facilities

1. Shared Facilities: AVRWC is open to opportunities that may arise for the shared beneficial use of its facilities.

#### Government Structure Options

#### Evaluation of Management Efficiencies

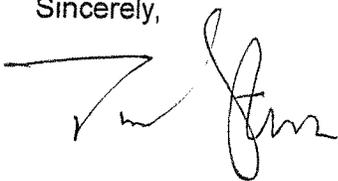
1. As a privately owned utility AVRWC strives to operate efficiently and to provide stable water supply to its customers at a reasonable cost.

#### Local Accountability and Governance

1. AVRWC is a privately owned utility regulated by the CPUC and also abides by the regulations of the California Department of Health Services.

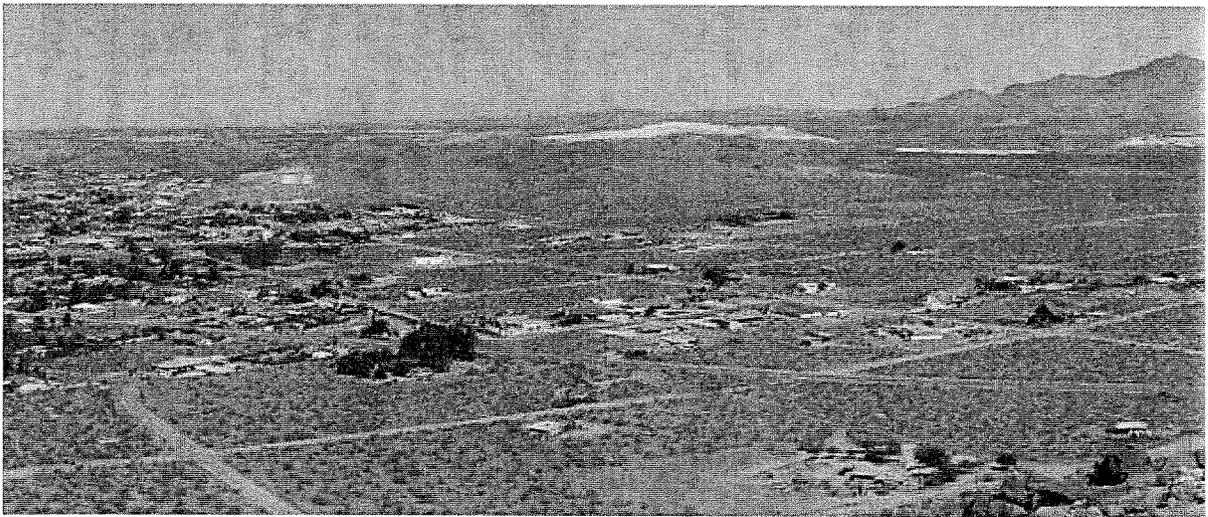
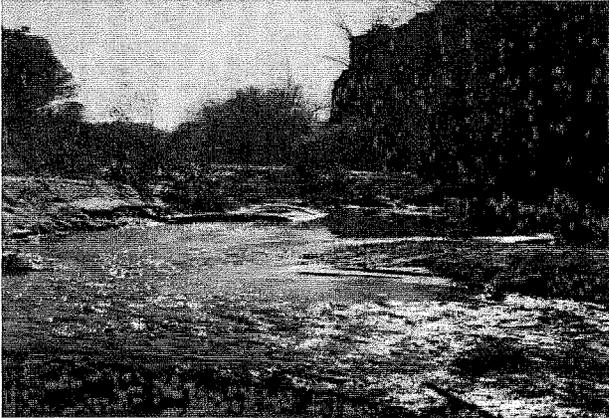
Should you have any questions, please feel free to call our Engineering Department at 760-247-6484.

Sincerely,



Tim Stark  
Associate Engineer  
Apple Valley Ranchos Water Company





**YEAR 2005**

**URBAN WATER MANAGEMENT PLAN**

**NOVEMBER 2005**



Based on the production capacity of the existing wells, the maximum water that can be supplied by the current AVR system is 35,552 acre-feet per year or 31.7 million gallons per day without considering the production capacity of wells 33 and 34 that are under construction. AVR has been regularly increasing the number of wells to meet the increasing demands of the Town. The oldest wells were drilled beginning in 1953 and have a total capacity for supplying 24.9 million gallons of water per day. Recent wells added to the system since 2000 (Wells 29-32) and the two wells under construction will bring the total capacity to 37.8 million gallons of water per day (or 26,241 gpm). Projected water supplies based on well capacities are summarized in Table 5.

**Table 5  
Apple Valley Ranchos Water Company Well & Well Pump Data as of  
7/31/05**

Well Number	Depth to Water (Feet)	Year Drilled	Capacity (GPM)
4	162.0	1953	1,126
7	73.8	1956	292
9	222.3	1953	919
11R	202.5	1991	1,976
12	88.0	1962	980
16	74.1	1966	1,267
17	91.1	1967	598
18	91.8	1969	1,055
19	179.0	1969	987
20	112.5	1975	565
21	173.2	1984	1,230
22	183.5	1987	1,561
23	143.1	1987	448
24	185.5	1985	799
25	113.1	1990	492
26	114.9	1991	1,744
27	207.0	1984	452
28	45.0	1987	770
29	67.0	2003	2,125
30	86.2	1987	1,719
31	51.7	1988	500
32	55.1	1960	436
<b>Sub Total</b>			<b>22,041</b>
33		2005	2,500*
34		2005	1,700*
<b>Total</b>			<b>26,241</b>

\* Estimated – Well under construction

AVR's water production has increased directly proportional to climatic conditions and to meet water supply demands of the Town of Apple Valley. The town's growth rate was approximately 14 percent



between 1999-2004. The current year's water production has been reduced due to high rainfall experienced in early 2005 and resulting lower customer demands.

**Table 6  
AVR System Production 1999-2005**

<b>Year</b>	<b>Acre-Feet</b>	<b>Million Gallons</b>
1999	14,916	4,860
2000	16,002	5,214
2001	14,741	4,803
2002	15,853	5,166
2003	15,536	5,062
2004	16,100	5,246
2005	16,189	5,275

To carry out the Mojave Basin Judgment (the Adjudication), the MWA assigned Base Annual Production (BAP) amounts to each producer using 10-acre feet per year or more, based on historical production (1986-1990). Each pumper has been assigned a variable Free Production Allowance (FPA), which is a uniform percentage of BAP set for each area. A substantial make-up water assessment is charged (proposed rate of \$246/AF for Water Year 2005-06) for water pumped in excess of the assigned FPA. Water purveyors also have the option of leasing additional water rights from the open market. AVR's original base production was set at 13,022 acre-feet. This has been ramped down annually to a Free Production Allowance that is currently 8,567 acre-feet. Any groundwater that AVR pumps over and above the FPA is subject to replacement. Replacement can occur either by paying the Watermaster to purchase supplemental water from MWA or by transferring unused production rights within that sub area from another party to the Judgment. The Watermaster's target ramp-down of 60 percent (which is the point where imports and inflows, and consumption achieve safe yield) will be achieved in the 2005/06 water year. Table 7 shows the projected water supply categorized by the available FPA, additional water rights planned for acquisition, and replacement water payments required for adequate supply to meet customer demands. The current well capacity of AVR's system totals 42,327 acre-feet per year. All water sources shown in Table 7 are pumped groundwater. Therefore, the current system has the capacity to provide a supply to meet demands nearly to the year 2025.



**Table 7  
Current and Planned Water Supplies - AFY**

Water Supply Sources	2005	2010	2015	2020	2025
Groundwater Replacement					
Water purchased from MWA	9,055	20,000	21,250	27,250	33,760
Groundwater (FPA)	8,567	8,567	8,567	8,567	8,567
Purchased Water Rights	196	500	1,500	1,500	1,500
<b>Total</b>	<b>17,818</b>	<b>29,067</b>	<b>31,317</b>	<b>37,317</b>	<b>43,827</b>
<b>Water Purchased as % of Planned Supplies</b>	<b>51%</b>	<b>69%</b>	<b>68%</b>	<b>73%</b>	<b>77%</b>

These projections are based on current per capita water consumption that is expected to decrease over the next five to ten year period. The Mojave Water Agency's Regional Water Management Plan (RWMP) identifies steps that will make it possible to meet the year 2020 water demand of the agency's service area. The RWMP, once implemented, is expected to:

- o Bring all groundwater aquifers into balance,
- o Meet 99% of MWA demand with no significant shortage in any subarea or demand sector,
- o Attain 10% municipal conservation,
- o Provide water quality improvements over existing conditions, and
- o Provide benefit to all the Agency's five subareas without negatively impacting other areas.

### 3.2 Recycled Water Supply

The Victor Valley Wastewater Reclamation Authority (VWVRA) is the regional wastewater treatment authority that serves the Victor Valley including the Town of Apple Valley. The following information is taken from the "Sewerage Facilities Plan Update Year 2005 Amendment", prepared by VWVRA and adopted August 1, 2005. VWVRA operates a 12.5 million gallon per day (mgd) tertiary wastewater treatment facility. The plant is designed to discharge 8.3 mgd to the Mojave River and 4.2 mgd to percolation ponds. Expansion of the plant to 14.5 mgd began in April 2005. Construction will begin in 2006 to expand the capacity to 18.0 mgd. The 2005 flows to the plant are estimated at approximately 12.5 mgd and expected to increase to over 31 mgd by the year 2025.

Effluent from the treatment plant is either recycled for irrigation, industrial processes, or similar beneficial uses, or it is discharged directly to the Mojave River. Discharge of treated water to the Mojave River sustains a riparian habitat and provides recharge to the upper Mojave hydrologic subunit. For the 2004-05 water year, VWVRA's treatment plant effluent provided approximately 10,000 acre-feet of recharge water to the river.



## Section 6

### Supply and Demand Comparison Provision

#### Law

10635 (a) Every urban water supplier shall include, as part of its urban water management plan, an assessment of the reliability of its water service to its customers during normal, dry, and multiple dry water years. This water supply and demand assessment shall compare the total water supply sources available to the water supplier with the total projected water use over the next 20 years, in five-year increments, for a normal water year, a single dry water year, and multiple dry water years. The water service reliability assessment shall be based upon the information compiled pursuant to Section 10631, including available data from the state, regional, or local agency population projections within the service area of the urban water supplier.

#### 6.1 Supply and Demand Comparison

This section evaluates the ability of the AVR to meet the demand for water with future population growth. The projected water supply and demand during normal weather conditions are listed in tables 14 and 15. Table 14 shows that in year 2020 the supply would almost double in comparison to 2003 and increase by approximately 2.8 times by the year 2025. As seen in Table 16, AVR would have sufficient water resources to meet the water requirements of various customers. In the years 2015 and 2020, the AVR would increase its supply by purchasing additional water rights to meet demand.

	2010	2015	2020	2025
Supply	29,067	31,317	37,317	43,827
% of year 2003	187%	202%	240%	282%

	2010	2015	2020	2025
Demand	21,412	25,311	29,919	35,367
% of year 2003	186%	220%	260%	307%



<b>Table 16</b>				
<b>Projected Supply and Demand Comparison - AF Year</b>				
	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>
<b>Supply totals</b>	29,067	31,317	37,317	43,827
<b>Demand totals</b>	21,412	25,311	29,919	35,367
<b>Difference</b>	7,655	6,006	7,398	8,460
<b>Difference as % of Supply</b>	26%	19%	20%	19%
<b>Difference as % of Demand</b>	36%	24%	25%	24%

Tables 17 through 31 presents a supply and demand comparison during a single dry-year and multiple dry years beginning in 2005. The analysis assumes that in a single dry year, the water supply would reduce by 25 percent while the multiple dry years would experience reduction in availability of water by 15 percent. The demand in AVR's service area is expected to increase in hot, dry years, because customers typically increase their usage in response to these conditions. Retail demand is expected to decline in response to appeals for conservation and market pressures (e.g. water cost to customers) during drought conditions.

<b>Table 17</b>				
<b>Projected single dry year Water Supply - AF Year</b>				
	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>
<b>Supply</b>	21,800	23,488	27,988	32,870
<b>% of normal (2003)</b>	140%	151%	180%	212%

<b>Table 18</b>				
<b>Projected single dry year Water Demand - AF Year</b>				
	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>
<b>Demand</b>	19,378	22,906	27,077	32,007
<b>% of normal (2003)</b>	168%	199%	235%	278%

<b>Table 19</b>				
<b>Projected single dry year Supply and Demand Comparison - AF Year</b>				
	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>
<b>Supply totals</b>	21,800	23,488	27,988	32,870
<b>Demand totals</b>	19,378	22,906	27,077	32,007
<b>Difference</b>	2,422	581	911	863
<b>Difference as % of Supply</b>	11.1%	2.5%	3.3%	2.6%
<b>Difference as % of Demand</b>	12.5%	2.5%	3.4%	2.7%

For the purpose of this analysis, it is assumed that during a single dry year the water supply would reduce to 75 percent of normal water year. This would imply a surplus water supply of approximately 2,422 acre-feet in 2010 which would reduce to 863 acre-feet in 2025. The projection for water demand in Table 18 has not considered water savings from various conservation methods under such dry conditions. Further,



AVR purchases replacement water from MWA based on the current needs and would continue these purchases. Leased water rights and replenishment purchases of imported water from MWA would assist in meeting this projected demand. AVR and MWA are discussing the need to increase water costs to customers in order to decrease demands.

The projected water supply during 2006 through 2010 for multiple dry years is listed in Table 20. The projections assume that the available supplies would reduce by 15 percent during such drought periods. With this assumption, 24,707 acre-feet of water would be available in 2010, which is approximately 9,000 acre-feet more than the water available in 2003 (average/normal water year).

<b>Table 20</b>					
<b>Projected supply during multiple dry year period ending in 2010 - AF Year</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Supply</b>	17,058	18,970	20,882	22,795	24,707
<b>% of normal (2003)</b>	110%	122%	134%	147%	159%

The demand for water during 2006 through 2010 is listed in Table 21. The analysis does not assume any reduction in demand from conservation practices, which may considerably reduce the water requirement of the customers. The amount of water required to meet demand would increase by 14.1 percent between 2006 and 2010 during this multiple dry year period.

<b>Table 21</b>					
<b>Projected Demand - Multiple Dry Year Period ending in 2010 - AFY</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Demand</b>	16,990	17,587	18,184	18,781	19,378
<b>% of projected normal</b>	148%	153%	158%	163%	168%

The water demand and supply for the multiple dry water year extending from 2006 to 2010 is analyzed in Table 22. The water supply available would be more than the projected demand until the year 2010. On an average, AVR would have a surplus water supply of 11.3 percent in this drought period.

<b>Table 22</b>					
<b>Projected Supply and Demand Comparison during Multiple Dry Year Period ending in 2010- AF Year</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Supply totals</b>	17,058	18,970	20,882	22,795	24,707
<b>Demand totals</b>	16,990	17,587	18,184	18,781	19,378
<b>Difference</b>	68	1,383	2,698	4,014	5,329
<b>Difference as % of Supply</b>	0.4%	7.3%	12.9%	17.6%	21.6%
<b>Difference as % of Demand</b>	0.4%	7.9%	14.8%	21.4%	27.5%



Similar analysis for multiple dry years from 2011-2015, 2016-2020 and 2021-2025 is provided in Tables 23 through 37.

<b>Table 23</b>					
<b>Projected supply during multiple dry year period ending in 2015 – AF Year</b>					
	2011	2012	2013	2014	2015
<b>Supply</b>	25,089	25,472	25,854	26,237	26,619
<b>% of projected normal</b>	161%	164%	166%	169%	171%

<b>Table 24</b>					
<b>Projected demand multiple dry year period ending in 2015 – AFY</b>					
	2011	2012	2013	2014	2015
<b>Demand</b>	20,084	20,789	21,495	22,201	22,906
<b>% of projected normal</b>	175%	181%	187%	193%	199%

<b>Table 25</b>					
<b>Projected Supply and Demand Comparison during multiple dry year period ending in 2015- AF Year</b>					
	2011	2012	2013	2014	2015
<b>Supply totals</b>	25,089	25,472	25,854	26,237	26,619
<b>Demand totals</b>	20,084	20,789	21,495	22,201	22,906
<b>Difference</b>	5,006	4,683	4,359	4,036	3,713
<b>Difference as % of Supply</b>	20.0%	18.4%	16.9%	15.4%	13.9%
<b>Difference as % of Demand</b>	24.9%	22.5%	20.3%	18.2%	16.2%

With the growth in population and corresponding demand for water, the amount of surplus water available would reduce during drought periods. However, this will not impact AVR's capacity to meet the demand of its customers.

<b>Table 26</b>					
<b>Projected supply during multiple dry year period ending in 2020 – AF Year</b>					
	2016	2017	2018	2019	2020
<b>Supply</b>	27,639	28,659	29,679	30,699	31,719
<b>% of projected normal</b>	178%	184%	191%	198%	204%

<b>Table 27</b>					
<b>Projected demand multiple dry year period ending in 2020 - AFY</b>					
	2016	2017	2018	2019	2020
<b>Demand</b>	23,740	24,575	25,409	26,243	27,077
<b>% of projected normal</b>	206%	214%	221%	228%	235%



**Table 28**  
**Projected Supply and Demand Comparison during multiple dry year period ending in 2020- AF Year**

	2016	2017	2018	2019	2020
<b>Supply totals</b>	27,639	28,659	29,679	30,699	31,719
<b>Demand totals</b>	23,740	24,575	25,409	26,243	27,077
<b>Difference</b>	3,899	4,085	4,271	4,457	4,642
<b>Difference as % of Supply</b>	14.1%	14.3%	14.4%	14.5%	14.6%
<b>Difference as % of Demand</b>	16.4%	16.6%	16.8%	17.0%	17.1%

The projected water supply during the multiple dry-water-year period from 2016 to 2020 would increase from 27,639 acre-feet to 31,719 acre-feet. AVR would continue to rely on the groundwater as its main source of supply. Replacement water costs for quantities used above its Free Production Allowance and roll-over credits would be paid to MWA. The demand for water as under normal conditions would be adequately met. The above scenario does not account for the potential reduction in water demand due to water conservation measures.

**Table 29**  
**Projected supply during multiple dry year period ending in 2025 – AF Year**

	2021	2022	2023	2024	2025
<b>Supply</b>	32,826	33,933	35,040	36,146	37,253
<b>% of projected normal</b>	211%	218%	226%	233%	240%

**Table 30**  
**Projected demand multiple dry year period ending in 2025 - AFY**

	2021	2022	2023	2024	2025
<b>Demand</b>	28,063	29,049	30,035	31,021	32,007
<b>% of projected normal</b>	244%	252%	261%	270%	278%

The projected water demand in 2021 would be 28,063 acre-feet while the available supplies would be 32,826 acre-feet. There would be no water shortages if drought conditions occur during this period. The demand for additional water is expected to stabilize by 2025 as Apple Valley reaches its build-out population. The AVR supply system would be able to meet demands with a reduction in available water during multiple drought periods.



**Table 31**  
**Projected Supply and Demand Comparison during multiple dry year period**  
**ending in 2025- AF Year**

	2021	2022	2023	2024	2025
<b>Supply totals</b>	32,826	33,933	35,040	36,146	37,253
<b>Demand totals</b>	28,063	29,049	30,035	31,021	32,007
<b>Difference</b>	4,763	4,884	5,004	5,125	5,246
<b>Difference as % of Supply</b>	14.5%	14.4%	14.3%	14.2%	14.1%
<b>Difference as % of Demand</b>	17.0%	16.8%	16.7%	16.5%	16.4%

The multiple dry water years reflect changes in water supply with a 15 percent reduction in available water for four years successively. Tables 20 through 31 present the analysis of demand and supply for the years 2005 through 2025. Although the analysis shows that AVR would have adequate water supply to meet demand under normal and drought conditions, AVR's ability to increase the efficiency of water use with implementation of Best Management Practices (BMPs) is discussed in the following section.



**Table 32**  
**Best Management Practices Cost Benefit Analysis**  
**Total values from 2006-2010**

**BMPs**

		Total Cost	Total Water Savings in acre-feet	Cost of Water Saved	Difference Cost/(Benefit)
1	Water survey programs for single-family residential and multi-family residential customers	\$463,809	968.52	\$238,256	\$225,553
2	Residential plumbing retrofit*	\$833,811	839.04	\$206,404	\$627,407
3	System water audits, leak detection, and repair*	\$2,223,385	1200.00	\$295,200	\$1,928,185
4	Metering with commodity rates for all new connections and retrofit of existing connections*				
5	Large landscape conservation programs and incentives *				
6	High-efficiency washing machine rebate programs*	\$568,173	190.91	\$46,963	\$521,210
7	Public information programs	\$119,982			\$119,982
8	School education programs	<i>Budget included in BMP 7</i>			
9	Conservation programs for C.I.I. accounts*	\$1,518,923	263.25	\$64,760	\$1,454,163
10	Wholesale agency programs	<i>Included in BMP 9</i>			
11	Conservation pricing*				
12	Water conservation coordinator	\$32,326			\$32,326
13	Water waste prohibition (n/a)				
14	Residential ultra-low-flush toilet replacement programs *	<i>Included in BMP 2</i>			
<b>TOTAL-ALL BMPs</b>					
			3.462	\$851,584	\$4,908,825
					<b>Cost of water in acre-feet: \$246</b>



**Table 34**  
**Impact of Emergency Water Shortage on AVR Revenue and Expenses (FY 2004-2005) Budget**

	NORMAL	(10%)	(25%)
	STAGE 1	STAGE 2	STAGE 3
<b>OPERATING REVENUES</b>			
Metered Sales to General Customers	\$ 13,504,854	\$ 12,154,369	\$ 10,128,641
Sales to irrigation customers	\$ 439,771	\$ 395,794	\$ 329,828
Private fire protection service	\$ 88,890	\$ 80,001	\$ 66,668
Other sales or service	\$ (504,059)	\$ (453,653)	\$ (378,044)
<b>Total water service revenues</b>	<b>\$ 13,529,456</b>	<b>\$ 12,176,510</b>	<b>\$ 10,147,092</b>
<b>Other Water Revenues</b>			
Misc. service revenues	\$ 30,289	\$ 27,260	\$ 22,717
Other Water Revenues	\$ 4,365	\$ 3,929	\$ 3,274
<b>Total other water revenues</b>	<b>\$ 34,654</b>	<b>\$ 31,189</b>	<b>\$ 25,991</b>
<b>TOTAL REVENUES</b>	<b>\$ 13,564,110</b>	<b>\$ 12,207,699</b>	<b>\$ 10,173,083</b>
<b>OPERATING EXPENSES</b>			
<b>SOURCE OF SUPPLY</b>			
Operation supervision and engineering	\$ 12,351	\$ 12,351	\$ 12,351
Misc. expenses	\$ 851,630	\$ 851,630	\$ 851,630
Maintenance of wells	\$ 2,598	\$ 2,598	\$ 2,598
Maintenance of other source of supply plant	\$ 61	\$ 61	\$ 61
<b>Total source of supply expense</b>	<b>\$ 866,640</b>	<b>\$ 866,640</b>	<b>\$ 866,640</b>
<b>PUMPING</b>			
Pumping labor and expenses	\$ 117,623	\$ 117,623	\$ 117,623
Misc. expenses	\$ 84,313	\$ 84,313	\$ 84,313
Fuel or power purchased for pumping Maintenance	\$ 1,165,661	\$ 1,049,095	\$ 786,821
Maintenance of structures and improvements	\$ 31,957	\$ 31,957	\$ 31,957
Maintenance of pumping equipment	\$ 151,778	\$ 151,778	\$ 151,778
<b>Total pumping expenses</b>	<b>\$ 1,551,332</b>	<b>\$ 1,434,766</b>	<b>\$ 1,172,492</b>
<b>WATER TREATMENT</b>			
Operation labor and expenses	\$ 178,552	\$ 178,552	\$ 178,552
Misc. Expenses	\$ 437	\$ 437	\$ 437
Chemicals and filtering materials	\$ 17,783	\$ 16,005	\$ 12,004
Maintenance of structures and improvements	\$ 44	\$ 44	\$ 44
Maintenance of Water treatment expenses	\$ 28,850	\$ 28,850	\$ 28,850
<b>Total Water Treatment Expenses</b>	<b>\$ 225,666</b>	<b>\$ 223,888</b>	<b>\$ 219,887</b>



<b>TRANSMISSION AND DISTRIBUTION</b>			
Operation supervision and engineering	\$ 83,057	\$ 83,057	\$ 83,057
Storage facilities expense	\$ 17,517	\$ 17,517	\$ 17,517
Transmission and distribution lines expenses	\$ 120,964	\$ 120,964	\$ 120,964
Meter expenses and customer installation	\$ 103,385	\$ 103,385	\$ 103,385
Misc. expense	\$ 31,293	\$ 31,293	\$ 31,293
Maintenance	\$ 476,227	\$ 476,227	\$ 476,227
<b>Total transmission and distribution expenses</b>	<b>\$ 832,443</b>	<b>\$ 832,443</b>	<b>\$ 832,443</b>
<b>Customer Account Expense</b>	<b>\$ 457,596</b>	<b>\$ 457,596</b>	<b>\$ 457,596</b>
<b>Sales</b>	<b>\$ 28,395</b>	<b>\$ 28,395</b>	<b>\$ 28,395</b>
<b>ADMIN. AND GENERAL</b>			
Administrative and general salaries	\$ 506,665	\$ 506,665	\$ 506,665
Office supplies and other expenses	\$ 256,325	\$ 256,325	\$ 256,325
Property insurance	\$ 10,737	\$ 10,737	\$ 10,737
Injures and damages	\$ 584,659	\$ 584,659	\$ 584,659
Employees' pensions and benefits	\$ 947,235	\$ 947,235	\$ 947,235
Franchise requirements	\$ 139,891	\$ 125,902	\$ 94,426
Regulatory commission expenses	\$ 48,314	\$ 48,314	\$ 48,314
Outside services employed	\$ 274,073	\$ 274,073	\$ 274,073
Misc.	\$ 1,618,007	\$ 1,618,007	\$ 1,618,007
<b>Total administrative and general expense</b>	<b>\$ 4,385,906</b>	<b>\$ 4,371,917</b>	<b>\$ 4,340,441</b>
<b>MISCELLANEOUS</b>			
Rents	\$ 1,300	\$ 1,300	\$ 1,300
Administrative expenses	\$ (311,271)	\$ (311,271)	\$ (311,271)
Clearing expense	\$ 391,709	\$ 391,709	\$ 391,709
<b>Total miscellaneous</b>	<b>\$ 81,738</b>	<b>\$ 81,738</b>	<b>\$ 81,738</b>
<b>Total Operating Expense</b>	<b>\$ 8,429,716</b>	<b>\$ 8,297,383</b>	<b>\$ 7,999,632</b>
Depreciation	\$ 1,202,542	\$ 1,202,542	\$ 1,202,542
Taxes and Others	\$ 1,752,727	\$ 1,752,727	\$ 1,752,727
<b>Total Operating Revenue Deduction After Taxes</b>	<b>\$ 11,384,985</b>	<b>\$ 11,252,652</b>	<b>\$ 10,954,901</b>
Income available for Fixed Charges	\$ 2,165,587	\$ 1,949,028	\$ 1,461,771
Interest Expense	\$ 106,520	\$ 106,520	\$ 106,520
Net Income (Loss) Available for Common Stock	\$ 2,059,067	\$ 2,055,548	\$ 1,568,291
<b>Capital Projects (Construction)</b>	<b>\$ 4,506,835</b>	<b>\$ 4,506,835</b>	<b>\$ 4,506,835</b>