BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the Matter of the Application of Golden State Water Company on Behalf of its Bear Valley Electric Service Division (U 913 E) for Approval of its Distribution Resource Plan.

APPLICATION OF GOLDEN STATE WATER COMPANY ON BEHALF OF ITS BEAR VALLEY ELECTRIC SERVICE DIVISION (U 913 E) FOR APPROVAL OF ITS DISTRIBUTION RESOURCE PLAN

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Date: July 1, 2015
Attorneys for Bear Valley Electric Service
BEFORE THE PUBLIC UTILITIES COMMISSION
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I. Background and Summary of BVES’ Unique Characteristics

BVES is a small electric utility in the Big Bear recreational area of the San Bernardino Mountains located about 80 miles east of Los Angeles that provides electric distribution service to approximately 21,900 residential customers in a resort community with a mix of approximately 40% full-time and 60% part-time residents. Its service area also includes about 1,400 commercial, industrial and public-authority customers, including two ski resorts. BVES’ service territory is connected to the California Independent System Operator (“CAISO”) via Southern California Edison Company’s (“SCE’s”) system. While BVES operates inside the CAISO, it is a distribution customer of SCE.

1 All code references in this Distribution Resource Plan are to the Public Utilities Code.
Distribution planning is conducted by significantly smaller staffs for BVES than at the Large IOUs. For example, BVES currently has less than 50 employees and approximately 23,300 customers. Compared to SCE’s 4.97 million customers and 13,599 employees, BVES has less than 0.4% of the workforce to meet DRP-related requirements and 0.5% of the customer base from which to recover administrative costs when compared to SCE.

BVES has been excused by prior Commission decisions and rulings from the Smart Grid-related requirements of the Energy Information and Security Act of 2007 and Senate Bill 17. Accordingly, BVES has not implemented near real-time data acquisition systems, supported by Advance Metering Infrastructure (AMI), in its service territory. As BVES lacks AMI data acquisition, it is more limited in its ability to (1) monitor power quality throughout the distribution system that would allow detection and correction in degradation before faults develop; and (2) monitor substation equipment performance, power flow, and possible degradation of equipment. From 2017 to 2020, BVES is proposing to significantly upgrade its Supervisory Control and Data Acquisition (SCADA) infrastructure to enable real-time monitoring of circuit performance and archiving of data for trend analysis, which will allow BVES to monitor and control distribution grid flows automatically and remotely. This upgrade will occur pending regulatory approval in BVES’ next General Rate Case (“GRC”), but will ultimately allow BVES to plan for load expansions more efficiently and to assess the impacts of load control, efficiency, and distributed solar generation on the distribution system.

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3 See D.09-07-039 excusing BVES from participation in R.08-12-009; see also Assigned Commissioner’s Ruling Granting Motion by Bear Valley Electric Service, a Division of Golden State Water Company (U 913 E) for Dismissal from R.08-12-009, filed Feb. 26, 2010, available at http://docs.cpuc.ca.gov/EFILE/RULINGS/114193.pdf.
Distributed Generation Plan will provide a more detailed strategy on integrating net metering, efficiency, load response programs, and batteries into the grid in order to manage congested areas in the most cost effective manner.

The Commission has routinely found that “the small size of [BVES] and the nature of [its] operations” make it inappropriate and burdensome for the Commission to impose certain requirements on BVES. The Commission has noted that imposing certain planning requirements on BVES “would only impose costs and inefficiencies on these small IOUs while producing no benefits.” Similarly, the Commission has recognized that BVES may be at different stages than the Large IOUs with regard to infrastructure deployment or other initiatives and so meeting certain standards “could be overly burdensome on [BVES’] small ratepayer base.”

In adopting the requirements for DRPs, the Commission similarly concluded that BVES is “not required to follow the detailed” requirements for DRPs applicable to the large investor-owned utilities (“IOUs”), but is instead authorized to provide a “more simplified [version] of the DRPs than the three large IOUs” that need only “address the five statutory requirements in § 769 as it relates to [BVES’] distribution system.” Accordingly, as part of its DRP, BVES addresses the five statutory requirements of Section 769 in Appendix A.

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4 See, e.g., Decision 09-12-046, at 2 (exempting BVES from certain smart grid-related requirements).
5 Decision 09-12-046, at 27; see also Decision 08-05-028 (granting BVES the ability to file less complex annual procurement plans).
6 Decision 09-12-046, at 50.
II. Formal Matters and Procedural Requirements

This Application is brought pursuant to Sections 381, 451, 454, 491, 701 and 769, of the Public Utilities Code, in accordance with Rules 2.1, 2.2 and 3.2 of the Commission’s Rules of Practice and Procedure, and in accordance with the Assigned Commissioner’s Ruling.

The applicant’s legal name is Golden State Water Company (“GSWC”), which makes this Application on behalf of its Bear Valley Electric Service division, which is a regulated division of GSWC. GSWC is a regulated subsidiary of American States Water Company. GSWC’s mailing address and principal place of business is 630 East Foothill Boulevard, San Dimas, California, 91773. GSWC’s main telephone number is (909) 394-3600. Correspondence and communications regarding this Application should be addressed to:

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GSWC is a corporation duly organized and existing under and by virtue of the laws of the State of California and represents the consolidation, effective on December 31, 1929, upon the order of the Commission, of some twenty corporations which were formerly operated under the jurisdiction of the Commission as public utilities, together with subsequent acquisitions and additions. The Commission authorized the implementation of a holding company structure and the formation of American States Water Company as the parent company of Southern California Water Company (GSWC’s predecessor). GSWC is a public utility, and its principal business is the production and distribution of water for domestic, industrial, municipal and other purposes. GSWC renders water service in various areas in the counties of Contra Costa, Imperial, Lake,
Los Angeles, Orange, Sacramento, San Bernardino, San Luis Obispo, Santa Barbara and Ventura. GSWC also is a public utility rendering electric service through its BVES division in the vicinity of Big Bear Lake in San Bernardino County. BVES also is licensed by the City of Big Bear Lake.

A copy of GSWC’s Restated Articles of Incorporation as amended on September 16, 2005 were previously filed as an exhibit to GSWC’s Application No. A.06-02-03.

GSWC’s latest available Balance Sheet and Income Statement are attached hereto in Appendix B. GSWC’s current rates and charges for electric service are contained in its respective tariffs and schedules on file with the Commission.

Consistent with Rules 2.1(c) and 7.1 of the Commission’s Rules of Practice and Procedure, GSWC proposes to categorize this Application as a rate-setting proceeding (as defined in Rule 1.3(e)). The issues in this Application include whether the Commission should issue an order approving BVES’ DRP as described in this Application.

BVES has no information at this time from which it can predict whether this Application will be protested, but it does not believe hearings will be necessary. If this matter is timely protested, BVES respectfully requests that the matter be set for a Prehearing Conference, at which time evidentiary hearings may be scheduled.
III. Prayer for Relief

WHEREFORE, Golden State Water Company for its Bear Valley Electric Service Division prays that this Commission issue an Order Approving BVES’ DRP and granting such further, additional or other relief as the Commission may deem to be necessary or proper.

Dated: July 1, 2015

Respectfully submitted,

/s/

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Attorneys for Bear Valley Electric Service
VERIFICATION

I am the attorney for Bear Valley Electric Service (“BVES”), a division of Golden State Water Company, and am authorized to make this verification on its behalf. BVES is absent from the County of Sacramento, California, where I have my office, and I make this verification for that reason. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the forgoing is true and correct.

Executed on July 1, 2015 at Sacramento, California.

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Attorneys for Bear Valley Electric Service
Appendix A – Distribution Resource Plan

In accordance with the February 6, 2015 Assigned Commissioner’s Ruling on Guidance for Public Utilities Code Section 769 – Distribution Resource Planning (“Assigned Commissioner’s Ruling”) and Public Utilities Code Section 769,1 Bear Valley Electric Service (“BVES”), a division of Golden State Water Company, provides the following Distribution Resource Plan (“DRP”) to “address the five statutory requirements in § 769 as it relates to [BVES’] distribution system.”2

I. Statutory Requirements of § 769

A. Locational Benefits and Costs of Distributed Resources Located on the Distribution System (§ 769(b)(1)).

Section 769(b)(1) directs BVES to:

Evaluate locational benefits and costs of distributed resources located on the distribution system. This evaluation shall be based on reductions or increases in local generation capacity needs, avoided or increased investments in distribution infrastructure, safety benefits, reliability benefits, and any other savings the distributed resources provide to the electrical grid or costs to ratepayers of the electrical corporation.

Section 769(a) defines “distributed resources” as “distributed renewable generation resources, energy efficiency, energy storage, electric vehicles, and demand response technologies.” BVES addresses each of these distributed resources below.

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1 All code section references are to the Public Utilities code unless noted otherwise.
1. Distributed Renewable Generation

BVES currently has 165 distributed renewable generation facilities located on its distribution system, with another 40 pending. All of these are customer-owned/controlled and are part of BVES’ net energy metering program (“NEM”). Total annual generation is estimated to be 1,000,000 kWh in 2014 and will steadily increase to approximately 3,000,000 kWh for 2024.

Net Metering Impacts on BVES resource requirements from NEM were derived from the kW solar capacity installation data tracked for net-metering. The forecasted kW capacity was derived using a forecast trend model which takes into account productivity increases in residential solar equipment, the federal tax credit program, and the Solar Initiative program sponsored by BVES. The Bear Valley Solar Initiative (“BVSI”) program pays an incentive with step rates ranging from $1.60 / watt down to $0.94 / watt. Hourly solar generation patterns were derived from BVES customer solar generation patterns recorded. The solar generation displaces power needs during the day and therefore reduces power supply requirements from the CAISO, down the mountain at SP-15. This creates energy cost savings and transmission cost savings. There is a direct savings for net-metering customers and an indirect savings to all other BVES customers created by the net-metering customer’s production. There is also a Bear Valley Power Plant (“BVPP”) power generation requirement reduction created by the solar production. Carbon emissions created by CAISO generation, serving the SP-15 market, and the BVPP generation is reduced by solar generation displacing other supply sources to BVES.

All of these benefits were measured using an hourly generation cost model as well as the energy forecasting model. Scenarios were developed with and without the net-metering program to derive energy cost savings. California region Carbon Allowance prices were applied to
displaced energy requirements created by the solar net-metering program to derive the emission reduction benefit to BVES customers. This evaluation of benefits of solar net-metering generation will continue every year.

Because these are local distributed generation assets, a cost benefit analysis at the micro region level would yield additional benefits of distributed solar generation such as avoided distribution system expansions created by these generation assets. This will be addressed as data becomes available and the model framework is completed by BVES. BVES is in the process of implementing a Geographic Information System (“GIS”) upon which it will overlay and run various Engineering Analysis software, and will be able to perform micro-regional analysis.

In addition to the customer-owned distributed resources, BVES may pursue utility-owned solar distributed generation, in the form of either solar on a capped local landfill or rooftop solar or a combination thereof. BVES is conducting an internal cost-benefit analysis of the potential addition of 3 MW of utility-owned solar generation to BVES’ local area. The energy savings and carbon emission reductions occur from displaced daytime energy requirements. Further analysis is needed to determine the effects on the distribution network and how reliability would be affected.

2. Energy Efficiency

BVES currently offers energy efficiency programs for its residential and commercial customers. BVES’ Residential Energy Efficiency Program offers lighting and high efficiency appliance rebates. Customers may exchange old incandescent light bulbs for new, energy efficient compact fluorescent light bulbs, or CFLs. After the inventory of CFLs is exhausted, BVES will continue the lighting exchange program but offer highly efficient LED bulbs instead of CFLs. Regarding appliances, BVES also offers rebates for Energy Star labeled refrigerators, room air conditioners and high efficiency electric hot water heaters. Through its website, BVES
offers energy saving tips, and an energy usage calculator that estimates an appliance’s energy usage and costs.

For commercial customers, BVES offers rebates for lighting improvements including florescent lighting retrofits, specialty screw-in lamps, low wattage T8 lamps, exterior linear fluorescent fixtures, LED exit signs, occupancy sensors, time clocks and more. In addition, BVES encourages local businesses to seek innovative, energy efficient technologies. The 2015 Commercial Energy Efficiency Grant Program awards up to $10,000 in grant funding to help businesses improve their energy usage and lower their electric bill.

Regarding BVES’ lighting load, it should be noted that this load is highly correlative with BVES’ peak demand. Energy efficient lighting results in a significant peak demand benefit. BVES’ unique peak demand time is between 4 PM and midnight from November 1st through February 28th.

In June 2015, BVES’ analysis concluded that up to 25% of commercial lighting load can be reduced by this efficiency initiative. This could reduce system peak load by up to 2.0 MW and creates energy savings through avoided capacity costs.

Avoided distribution costs from this lighting load reduction could be meaningful as well because many congested areas in the BVES service area require sometimes costly investment in the distribution system. Some portion of these expenses can be avoided through energy efficiency programs targeting lighting bulb change-outs because lighting is one of the most significant contributors to electric peak load for BVES’ system and micro regions within the distribution system.

3. Energy Storage

BVES currently has no formal energy storage program and is not a party to the Commission’s energy storage proceeding, which requires the three large IOUs to acquire 1,325
MW of storage by 2020. However, BVES is monitoring developments in the area of energy storage with regard to technologies and costs and is evaluating how best energy storage might someday affect and/or benefit BVES’ distribution system. Additionally, with enhancements to the SCADA system, BVES will be able to control and monitor the distribution system. As battery system and storage technology improves and BVES has more detailed data on the distribution system, BVES will be able to optimize the distribution system via battery and/or storage systems. BVES presently has no timeline for implementation of an energy storage program.

4. Electric Vehicles

BVES currently does not offer any special programs for electric vehicles (“EV”). However, BVES plans to include in its next General Rate Case (“GRC”) a pilot program to install 4 EV charging stations (1 for 30 minute charge, and 3 for 2 hour charge). This program would serve 100 vehicles per year full time equivalent in 2016 and would increase to 248 vehicles per year by 2024. The impact per hour would start at 95 kW, 10 AM to 7 PM, in 2016 and rise to 236 kW by 2024. This should help to levelize the load for BVES, creating energy cost savings. Expansions in EV penetration rates would increase the benefits to all customers. BVES will eventually create rates that better accommodate full-time customers who own EVs. As in the case of energy storage, BVES is evaluating how increased penetration of EVs will affect its distribution system. The pilot program impact would have minimal effects on the distribution system because the charging stations would be centralized in distinct, high “traffic” areas in BVES’ territory. A residential EV program would require more distribution resources.

3 Rulemaking (R.)15-03-011.
because the energy consumption of a charging station equates to over half the average usage currently for residences.

5. Demand Response

The one demand response ("DR") program currently offered by BVES targets its four largest customers through a time-of-use ("TOU") interruptible tariff, first approved in its 2009 GRC. This tariff provides a lower rate in exchange for the customer’s agreement to interrupt or reduce load when called upon by BVES to do so, even to a zero load. This DR program currently provides approximately 12 MW of winter demand reduction that can be called upon during BVES’ highest peak demands. BVES is also considering additional demand response programs that will target electric hot water heaters and spas that may result in demand reduction. Additionally, new TOU rates that would apply to commercial rate classes are being considered for BVES’ next GRC.

As currently envisioned, TOU rate structures would be offered as a voluntary program to commercial customers willing to adjust their load usage during the On-Peak hours of the day. With enough participation, electrical demand will be shaved off the system at its optimal level. BVES’ internal analysis shows the maximum impact of the spa and hot water heater DR program could shave up to 3 MW of demand capacity.

B. Standard Tariffs, Contracts, and Other Mechanisms for the Deployment of Cost-Effective Distributed Resources (§ 769(b)(2)).

Section 769(b)(2) directs BVES to:

Propose or identify standard tariffs, contracts, or other mechanisms for the deployment of cost-effective distributed resources that satisfy distribution planning objectives.

BVES currently utilizes various programs to promote distribution planning objectives, summarized below.
For net energy metering, BVES offers two programs/tariffs, one for small customer generators (generating capacity of less than 30 kW) and one for large customer generators (generating capacity of 30 kW up to 1 MW). BVES utilizes Schedule No. NEM-S for its small customer NEM program and Schedule No. NEM-L for its large customer NEM program. BVES also utilizes Rule 21 which allows its customer generators to interconnect to BVES’ distribution system.

BVES offers three TOU programs/tariffs, one for customers whose monthly metered Maximum Demand is estimated to be 200 kW but less than 500 kW (Schedule No. A-4 TOU), one for customers at voltages greater than 4,160 KV whose monthly metered Maximum Demand is expected to be 500 kW or more (Schedule No. A-5 TOU Primary), and one for customers metered at voltages less than 4,160 KV whose monthly metered Maximum Demand is expected to be 500 kW or more (Schedule No. A-5 TOU Secondary).

As discussed above, BVES expects to pursue several initiatives including: utility-owned solar (rooftop solar and/or landfill), EV charging stations, rates that accommodate customers with EVs and TOU rates for commercial customers that would help shave demand (MW) during peak hours on BVES’ system. Most of these programs would require changes or additions to BVES’ tariff(s), though specific details have not yet been determined.

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C. Use of Programs, Incentives, and Other Mechanisms to Maximize Benefits and Minimize Costs (§ 769(b)(3)).

Section 769(b)(3) directs BVES to:

Propose cost-effective methods of effectively coordinating existing commission-approved programs, incentives, and tariffs to maximize the locational benefits and minimize the incremental costs of distributed resources.

The largest program BVES currently offers supporting DG is its net energy metering program. With the recent introduction of the BVSI, a rebate program similar to the California Solar Initiative, BVES forecasts steep growth in the installation of distributed renewable (solar) energy resources. The rebate provided in the BVSI is a mechanism that maximizes the benefits while reducing the cost of distributed resources (solar).

As BVES learns more about the costs and benefits of energy storage, it will seek to include storage programs to reliably optimize its grid while minimizing costs and maximizing benefits.

D. Additional Expenditures Needed to Integrate Distributed Resources (§ 769(b)(4)).

Section 769(b)(4) directs BVES to:

Identify any additional utility spending necessary to integrate cost-effective distributed resources into distribution planning consistent with the goal of yielding net benefits to ratepayers.

The BVSI program, launched in 2014 and which provides rebates for qualifying residential solar installations, is causing a rapid expansion of solar DG in BVES’ service territory. The total cost of the CPUC-approved BVSI is $1.286 million, of which $951,000 is reserved for rebates. Customers that install solar DG typically see a significant reduction in their monthly bills. BVES sees some benefit from NEM for itself and its customers, such as displaced power flows up the mountain during peak hours for CAISO and because of the environmental
benefits of solar versus CAISO supplied power with fossil fuel in the power mix. There are also avoided distribution costs in congested areas created by distributed generation via NEM. These benefits are shared by all customers, including non-NEM customers.

The EV charging station pilot program, currently planned to include four stations, is estimated to cost approximately $120,000-$320,000 (station only). The benefits to customers include the certainty of knowing they have locational options for charging their vehicles and reduced emissions.

E. Barriers to the Deployment of Distributed Resources (§ 769(b)(5)).

Section 769(b)(5) directs BVES to:

Identify barriers to the deployment of distributed resources, including, but not limited to, safety standards related to technology or operation of the distribution circuit in a manner that ensures reliable service.

BVES is required to offer net energy metering until such time that installed capacity reaches 5% of BVES non-coincident aggregated peak demand, currently calculated as 3.3 MW. While BVES supports continued growth of renewable distributed energy resources in its service territory, it must carefully monitor the effects of continued growth on revenue and the cost benefits for all customers. For this reason, BVES is monitoring the “NEM 2.0” proceeding at the CPUC (R.14-07-002). Depending on the outcome of the NEM 2.0 proceeding, BVES may seek to implement some new features to its net metering tariff to both support the continued growth of DG and to ensure that the total benefits of the tariff to all customers and the grid are approximately equal to the costs.

II. Conclusion.

BVES views distributed resources as creating savings to the BVES system as a whole and at the distribution system level. Some of these benefits are measurable at this time, and some
require an upgrade to the SCADA system. As the SCADA system enhancements are made which allow for remote control and monitoring of the distribution system, BVES expects that these programs will provide more measurable benefits. Such enhancements will allow for more detailed reporting in the future Distributed Resource Plans.
(in thousands) | March 31, 2015 | December 31, 2014
---|---|---
**Capitalization**
Common shares, no par value | $235,714 | $235,607
Earnings reinvested in the business | 196,923 | 199,583
Total common shareholder’s equity | 432,637 | 435,190
Long-term debt | 325,722 | 325,798
Total capitalization | 758,359 | 760,988

**Current Liabilities**
Long-term debt — current | 299 | 292
Accounts payable | 28,025 | 29,619
Accrued other taxes | 4,482 | 8,442
Accrued employee expenses | 11,210 | 9,591
Accrued interest | 6,336 | 3,593
Unrealized loss on purchased power contracts | 6,176 | 3,339
Other | 17,420 | 18,659
Total current liabilities | 73,948 | 73,535

**Other Credits**
Advances for construction | 68,298 | 68,328
Contributions in aid of construction — net | 116,190 | 116,629
Deferred income taxes | 193,026 | 192,787
Unamortized investment tax credits | 1,677 | 1,699
Accrued pension and other postretirement benefits | 63,339 | 61,773
Other | 6,608 | 6,635
Total other credits | 449,138 | 447,851

**Commitments and Contingencies (Note 8)**

**Total Capitalization and Liabilities** | $1,281,445 | $1,282,374

*The accompanying notes are an integral part of these financial statements*
GOLDEN STATE WATER COMPANY
STATEMENTS OF INCOME
FOR THE THREE MONTHS
ENDED MARCH 31, 2015 AND 2014
(Unaudited)

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<th>(in thousands)</th>
<th>Three Months Ended March 31,</th>
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<td>2015</td>
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<tr>
<td><strong>Operating Revenues</strong></td>
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<td>Electric</td>
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<tr>
<td><strong>Total operating revenues</strong></td>
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<td>Depreciation and amortization</td>
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<td>Maintenance</td>
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<td>Property and other taxes</td>
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<td><strong>Other Income and Expenses</strong></td>
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<tr>
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<td>Income tax expense</td>
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<tr>
<td><strong>Net Income</strong></td>
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</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements