

Decision 89 07 056

JUL 19 1989

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of CALIFORNIA-AMERICAN WATER COMPANY)
(U 210 W) for an order authorizing) Application 88-09-041
it to increase its rates for water) (Filed September 21, 1988)
service in its SAN MARINO DISTRICT.)

Steeffel, Levitt & Weiss, by Lenard G. Weiss, Attorney at Law, for California-American Water Company, applicant.
Edward Duncan, for himself, intervenor.
Lawrence O. Garcia, Attorney at Law, and
Willem R. Van Lier, for the Water Utilities Branch.

OPINION

California-American Water Company (applicant or Cal-Am) seeks authority to increase rates in its San Marino District (District).

The applicant's proposed rates are designed to produce increased revenues in 1989, 1990, and 1991 as follows:

| <u>Year</u> | <u>Annually</u> (Dollars in Thousands) | | <u>Cumulative</u> (Dollars in Thousands) | |
|-------------|---|----------------|---|----------------|
| | <u>Increase</u> | <u>Percent</u> | <u>Increase</u> | <u>Percent</u> |
| 1989 | \$1,182.0 | 27.47% | \$1,182.0 | 27.47% |
| 1990 | 823.3 | 14.92 | 2,005.3 | 46.48 |
| 1991 | 341.0 | 5.35 | 2,346.3 | 54.32 |

At present rates, the monthly charge for 2,575 cubic feet, the amount consumed by the average domestic consumer is \$19.48. For such a consumer, the increases proposed would be:

| <u>Year</u> | <u>Amount</u> | <u>Increase</u> | <u>% Increase</u> |
|-------------|---------------|-----------------|-------------------|
| 1989 | \$22.98 | \$3.50 | 17.96% |
| 1990 | 26.31 | 6.84 | 35.10 |
| 1991 | 27.73 | 8.25 | 42.37 |

New Rates

After consideration of the evidence presented by applicant and the Water Utilities Branch of Compliance and Enforcement (Branch) and the Division of Ratepayer Advocates' (DRA) rate of return witness, we have established new rates for water service. The domestic customer who now pays \$19.48 for 2,575 cubic feet will pay: \$23.52 per month for the remainder of 1989, \$26.14 per month for 1990, and \$28.29 per month for 1991. The dollar amount of the increases we are granting are \$844,700 or 19.12% for 1989 on an annualized basis, \$577,000 or 10.94% for 1990 and \$473,000 or 8.08% for 1991.

History

California-American Water Company acquired all of the water properties of the California Water and Telephone Company (CPUC Decision (D.) 70418, dated March 8, 1966 and June 8, 1966). The acquisition was accomplished on April 1, 1966.

The last rate litigation affecting this district was resolved in Application (A.) 85-05-092, D.86-03-011. General metered rates currently in effect are at the third level authorized by that decision; they became effective on January 1, 1988.

Applicant's Los Angeles basin offices and operations centers are maintained at the following locations:

| | | |
|---------------|------------------------------------|--|
| Baldwin Hills | Field Office | 4634 W. Slauson Avenue, Los Angeles |
| Duarte | Field & Customer Service Office | 1101 S. Oak Avenue, Duarte |
| San Marino | General Office | 2020 Huntington Dr., San Marino |
| | Operations Center | 8657 E. Grand Avenue, Rosemead |

Local management, engineering, accounting, and commercial functions are provided from the general offices for each district,

or multi-district, operation. The operations centers consist of warehouses, yard facilities, meter testing facilities, garages, etc. required for operation and maintenance of the systems.

1. Legal services are provided as required by various firms for both corporate purposes and local district matters.
2. Price Waterhouse and Co. is retained for the annual independent audit of Cal-Am's records.
3. Computerized processing of Cal-Am's general and subsidiary ledgers is done by American Water Works Service Company, Inc. data processing center in Voorhees, New Jersey.
4. Management Contract. On January 1, 1971, an agreement was executed by and between American Water Works Service Company, Inc. and California-American Water Company whereby Cal-Am contracted for management services to be provided at cost by the service company in the areas of administration, engineering, customer, public and employee relations, accounting, corporate secretarial, treasury, insurance, data processing, and customer billing.

Service Area

The district is wholly situated within Los Angeles County. The district consists of two physically linked systems designated as "Upper" and "Lower." The upper system provides public utility water service to the City of San Marino and a portion of the City of San Gabriel and nearby unincorporated territory. The lower system provides public utility water service to portions of the cities of Rosemead, Temple City, and El Monte, and certain unincorporated territory.

Source of Supply

With the exception of three minor purchased water sources, all water required is produced from wells located within

the service areas; all wells draw from either the Raymond or San Gabriel Basins.

The well water quality is good and treatment is not necessary other than chlorination and the requirement for sand trap installations at certain wells.

In the northwest portion of the system, some water is occasionally purchased from the City of South Pasadena, City of Pasadena, and Metropolitan Water District of Southern California (M.W.D.) to supply fewer than 100 customers when the hydraulic gradient in that small area falls below the system gradient.

Applicant has an agreement with the City of San Marino under which it may purchase M.W.D. water through the City's connection. Use of this supplemental supply has been infrequent, but it is an important source during periods of peak consumption or potential well outages to provide a safe margin of reserve capacity.

The majority of the purchased water expense in the record consists of the following assessments:

1. Applicant is required to pay a "Replacement Water Assessment" on water produced after June 30, 1973 from the Main San Gabriel Basin in excess of its share of the basin's "Operating Safe Yield" or pumping right. (Cf. D-80272 in A-53375.)
2. Applicant also pays for administrative costs based on production from the Main San Gabriel Basin.
3. There is an amount payable annually to the Upper San Gabriel Valley Municipal Water District in connection with the settlement of an action (Board of Water Commissioners of the City of Long Beach, et al., v. San Gabriel Valley Water Company, et al.) generally referred to as the "Long Beach Suit."
4. A sum is payable annually to the Department of Water Resources for Raymond Basin

watermaster service under a 1955 decreed right.

5. An annual fee in the amount of \$9,000 is payable to the City of San Marino under the terms of an agency agreement.

Proceedings

A properly noticed informal meeting was held for customer input at the San Marino High School in the evening of November 3, 1988. Thirteen customers, including San Marino's mayor, attended.

Several customers were concerned about low or fluctuating pressure. Applicant's representatives responded with a description of system problems and utility plans to improve its system. Another was concerned about the company's plans for a drought. A company representative described its drought contingency plan.

Two customers wished more information on the source of supply and contamination problems. The company representative explained that most of San Marino's water comes from wells. It was also explained that water quality was good.

Branch conducted a field investigation and found plant and service to be generally satisfactory. Branch reports that the wells which supply virtually all of the district's water, produce water of good quality which needs no treatment other than chlorination and sand trap treatment.

Several customers attended the Public Participation Hearing held on January 23, 1989 in San Marino. One customer argued that the proposed rate increase was too great, especially in comparison to the small increases in her pension.

Two others complained of fluctuating and low pressure. One indicated that pressure ranged between 30+ to 60 pounds per square inch. Another, in addition, complained of vibrating pipes and occasional spurts of unpleasant solid residue from her pipes. She stated that she could not use her washer or lawn sprinklers.

The utility's representatives explained that the pressure problems were confined to specific neighborhoods, and would be cured if the Commission allowed plant additions proposed in these proceedings.

They also promised a study in writing addressed to the customers.

Evidentiary hearings were held on a common record with A.88-09-040 (Baldwin Hills District) and A.88-09-042 (Duarte District) in the Los Angeles area on January 24 through 27 before Administrative Law Judge (ALJ) Gilman. The matter was taken under submission after filing of a joint late-filed exhibit and briefs from all three appearances on March 3, 1988. The ALJ's Proposed Decision was mailed on May 25, 1989. Comments were filed by applicant, Branch, and Intervenor Duncan (Duncan).

Summary of Disposition of Major Issues¹

The tables which appear in Appendix A-SM compare applicant's and Branch's initial positions with the adopted figures. The rationale for the adopted figures is discussed in the text below.

We have adopted Cal-Am's recommended number of employee positions, 56 in 1989 and 57 thereafter. This includes an additional employee to perform additional testing, a cross-connection supervisor, and a management trainee in both test years. We have rejected Branch's cost estimate for this item which assumed that the historical number of vacancies would continue during the test years. We have instead adopted an arbitrary 2% reduction for vacancies as proposed by applicant.

In all districts, our utility plant estimates are based on:

1. A rate base which includes Construction Work in Progress, rejecting applicant's proposal to instead allow it an Allowance for Funds Used During Construction (AFUDC).

¹ The decision in A.88-09-040 lists all matters which are no longer in issue.

✓

2. Service lives of four years for autos and light trucks, as proposed by applicant.
3. An allowance for all utility-planned replacements of pumps and motors.
4. Adoption of Branch-recommended adjustment to the estimate for furniture and carpets.

We have adopted (with the exception of the lab employee) the same level of expenses for the general office allowed in the Monterey decision, D.89-02-067 in A.88-03-047, California-American Increase Rates, Monterey District. (This accepts a Branch recommendation.)

In calculating income tax, we have followed the methodology proposed by applicant; this excludes interest charges in AFUDC; it also excludes the effect of the interest on unamortized portion of acquisition adjustment.

We have postponed considering the non-labor cost components of applicant's proposed new Los Angeles lab. This action is dictated by the Monterey decision, which held that examination of the costs should await the availability of actual costs.

We have adopted a rate of return on equity of 12.25%. This is the top of DRA's range of recommended rates, and is the same rate of return adopted in the Monterey rate case, supra.

Minor Issues

The issues below do not require extended discussion.

In all districts, there were differences in the allocation factors to be used to distribute certain labor-related costs between districts. We have adopted the Branch factor as being less arbitrary than applicant's.

In all districts, Branch recommended that we not escalate costs of liability insurance, as proposed by applicant. The Branch approach seems preferable, pending final implementation of Proposition 103 insurance reform.

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In calculating income taxes, Branch did not deduct non-deductible employee expenses. Since Branch did not explain, we will adopt the company position.

Branch and applicant each used a different weighting factor in deriving weighted average rate base. We have adopted the staff figure.

All "unexplained variances" shown on the tables have been resolved in applicant's favor.

We have adopted the Branch recommendations on furniture, primarily based on a hands-on inspection. Cal-Am did not effectively refute the branch conclusions that replacement was premature.

The tables in Appendix A-SM detail all the remaining disputes between Branch or DRA and applicant. A discussion of the issues affecting all three districts is found in the decision in A.88-09-040, Baldwin Hills, as are the findings and conclusions for those common issues. In the discussion which follows the tables, we explain our analysis of the project proposals which affect this district only.

San Marino District Projects

Cal-Am has proposed two major storage projects and one pipeline addition for this district.

Proposed 16-Inch Main

Applicant proposes to expend \$575,000 on this project in 1989 and \$390,000 in 1990.

Branch opposed this project in the mistaken belief that it was tied to the proposed Longden reservoir and would not be needed if the reservoir was not built. According to the utility witness, the actual purpose was to permit greater flows to move into the northeastern portion of the Lower System. Greater flows will provide for more reliable service if either of the nearby wells should ever have to be taken out of service. He also claims that the restricted size of the existing mains makes operations of

those two wells inefficient. In addition, the main will provide looping. Finally, the company noted that capacity in the area is well below Los Angeles County's fire flow requirements; construction of the main will remedy that condition. County regulations require flows of 1,250 gpm, 250 gpm more than is required by General Order 103. Cal-Am reports hydrant tests of 890, 860, 710, and 143 gpm.

Branch claims that its witness was not supplied with the relevant evidence or an explanation of the true purpose until the hearing commenced. It argues, therefore, that no action should be taken on this record but that the project be considered at a later date.

We do not blame Branch's failure to respond to the true issue solely on either party. Branch witness relied on a company document which did not give the full picture. We do not know if the ensuing misunderstanding was due to his failure to ask the right questions or the company's failure to volunteer more information. Apparently, the utility did not give notice to Branch when it first knew of the mistake; instead it occupied itself exclusively with preparing exhibits to demonstrate that there was a mistake. On the other hand, Branch did not ask for added time to prepare to meet the new issues until after the record had closed.

It appears that more sophisticated action by either side could have avoided the mistake and thus allowed the question to be resolved on the merits. It also appears that this is less a problem of fault than a demonstration that project approval questions do not fit well within the time constraints of a rate case plan.

Applicant has not made a strong case that this is a project which needs to be approved now, without analysis by Branch. We cannot make a finding that the benefits of the project are urgently needed; at the same time the amounts to be spent will result in a major increase in the rate base. Most important, there

has been no adequate study of alternative ways to solve the problem. We have therefore accepted Branch's recommendation to postpone consideration. We have not committed ourselves to any particular type of procedure for the later consideration of this project.

We should emphasize that applicant is not prohibited from beginning construction. If it does proceed, however, it runs some risk that the Commission may decide to allow it the constructive costs for a less expensive alternative, including a no-project alternative. We also note that nothing in this decision should be cited as prohibiting applicant from seeking offset rate relief for the costs of a project to solve these problems.

We find:

1. This project is not urgently required.
2. Its costs are relatively high.
3. A study of alternatives is needed.
4. Consideration of the project should be postponed.

Proposed Storage Agreement

The utility originally planned to construct a new Lamanda Park Storage tank at an estimated cost of \$1,060,000. This would have replaced the existing Lamanda and Oak Knoll Circle² tanks, which would have been dismantled. Branch criticized the project and recommended disallowance on the grounds that it was a "precautionary measure in the event that an earthquake should damage these (the existing) reservoirs."

During the course of the hearing, the utility instead proposed a contract with the City of Pasadena to lease excess storage in a city reservoir. An agreement in principle has been reached; a final agreement is expected to be finalized in mid-1989.

² The Oak Knoll tank was built in 1921; it holds 60,000 gallons. The Lamanda tank holds 108,000 gallons and was built in 1929.

This project would require applicant to construct connecting facilities at a cost of roughly \$100,000.

Applicant seeks authority to proceed with negotiations and to file an advice letter to place the construction cost into rate base.

Branch responds that the project should not be pre-approved. We think, however, that we should limit the scope of the issues applicant will face when it seeks to file for rate relief. We will approve in principle further negotiations with the City of Pasadena. We will further state that nothing in this decision should be cited as barring applicant from seeking offset relief for costs arising from such a contract.

We cannot, however, make a finding that the proposed storage project is economically justified without a showing of what the annual lease payments will be. That issue will be decided when applicant files for rate relief. Applicant appears confident that the total costs will be a fraction of the tank's costs.

The Rosemead Tank

The Rosemead tank (capacity 600,000 gallons) poses a special problem. The earthquake of October 8, 1987 caused excessive damage to the diagonal bracing and lateral compression members. There was also some evidence of movement of the tower base plates.

This is a 1950's vintage tank. While constructed to then-applicable earthquake standards, it does not meet even current Zone 3 construction standards, even though its proximity to a fault places it well within a Zone 4 (the highest) hazard area.

As a temporary measure, the company has reduced the strain on the damaged structure by operating at 1/2 capacity (300,000 instead of 600,000 gallons). The tank could not be completely emptied and taken out of service; this would have left the weakened structure vulnerable to additional damage in high winds.

The consultants hired by applicant recommended that, at the very least, any repairs include an upgrading to current Zone 4 seismic standards. The consultants noted that mere repair to original standards would not correct the weaknesses which allowed the damage to occur.

The insurance proceeds should be approximately \$330,000. This, the parties agree, is what it would cost to restore the tank to original design standards. Applicant contends that upgrading the tank to meet current Zone 4 standards would cost \$900,000. Branch does not challenge this figure.

Branch nevertheless recommended that the tank not be upgraded to current standards or replaced with an improved structure. Branch witness opposed any remedy which would require an investment greater than the sum received from insurance, on the grounds that the customers, by paying past rates, had compensated applicant for the insurance premiums.

While the Branch witness' reasoning is not entirely clear, it may have been motivated by concern that the utility could simply pocket the insurance proceeds if it did something other than simply repair the tank to original standards. This concern is unfounded.

The rate-making impact of the insurance proceeds will be the same regardless of whether the utility were to replace or to repair or even to abandon the structure. The funds, when received, will reduce the appropriate plant account.

The choice between simple repair, upgrading the tank, and replacement with a new structure should have been analyzed in the same fashion as if no insurance money had been involved. Each of the alternatives should have been evaluated from the standpoint of costs and benefits. The economic waste resulting from premature abandonment of existing facilities should have been carefully balanced against the increased reliability and extended service life of a new, highly earthquake-resistant structure. The fire

protection issue should also have been carefully considered; we would certainly prefer a utility to have a reliable source of water for firefighting when a major earthquake hits. Branch should also have considered what could happen to nearby residences and businesses if an earthquake were to rupture a full tank. Branch should finally have considered the amount of potential liability which might ensue if the utility, against the recommendation of its own consultant, decided not to upgrade to current standards.

The company now proposes to replace this tank and three others with the new Longden Reservoir and a storage agreement with the City of Pasadena as discussed above. It is anticipated that the Longden Reservoir would cost roughly \$1.06 million. In addition to providing earthquake safety by permitting the replacement of substandard Mariposa tank (built in 1940; 100,000 gallon capacity) and the damaged Rosemead tank, the reservoir will also substantially reduce the existing storage shortfall.

Branch seems to be as opposed to replacement as it was to upgrading. However, its brief merely argues that pre-approval is inappropriate at this time.

We have rejected Branch's theory that there is a necessary connection between the amount of the insurance proceeds, and the amount which should be allowed for repair, upgrading, or replacement. We also reject the notion that customers are never expected to pay for upgrading existing plants to current earthquake standards. Instead, we believe that it is often prudent to replace or upgrade earthquake-vulnerable plants whenever other conditions make it necessary to expand substantial sums on the plant in question. The company should be required to seek the best alternative, not just the least expensive.

We reject Branch's recommendation to delay consideration of these projects. The Rosemead tank should not remain in its present condition for any longer than is absolutely necessary. As

long as it remains without repair or replacement, it presents an unacceptable hazard of catastrophic failure.

We find:

1. The Rosemead tank should be taken out of service and dismantled as soon as substitute storage can be constructed. Waiting for Branch to re-analyze the alternatives would run an unacceptable risk of further damage.
2. No further delay on procedural grounds is tolerable.
3. Applicant has considered alternatives.
4. Repairing the tank to original standards is not a viable alternative; while the least expensive, the expenditure provides no service improvement and leaves at least two tanks intolerably vulnerable to catastrophic failure in the event of another earthquake.
5. Repairing the tank to current standards is an acceptable alternative. However, it leaves at least one other tank vulnerable to quake damage, and provides no additional capacity. Considering the lack of ancillary benefits, the cost is too high.
6. The Longden Reservoir is the best alternative. While it costs more than repairing the Rosemead tank, this alternative permits the replacement of at least one other outdated tank which was not built to current earthquake standards. It also will add needed additional capacity.

Rate Design

In I.84-11-041, D.86-05-064, the Commission adopted a new rate design policy. Under this policy, the lifeline block was to be abolished; all consumption was to be charged for at a single rate, except that up to three quantity blocks were permissible if necessary to establish industrial rates. The service charge was to be set high enough to cover up to 50% of the utility's fixed charges.

Duncan argues that D.86-05-064 is flawed, claiming that there was no representation for consumer interests in that

proceeding. A review of the file shows, however, that T.U.R.N., CAL PIRG, and UCAN were given notice and opportunity to participate. None of those organizations filed comments. If Duncan wished to challenge that decision, he should have filed appropriate pleadings in that proceeding instead of waiting three years to raise concerns here. We will apply the current rate design policy.

We find that the rate design established in D.86-05-064 is fair to all classes of consumer, and should be applied here.

Findings of Fact

1. The pipeline addition project is not urgently required.
2. Its costs are relatively high.
3. A study of alternatives is needed.
4. Consideration of the project should be postponed.
5. A storage agreement with the City of Pasadena for storage is the best alternative to replace Oak Knoll Circle and Lamanda tanks.
6. The Rosemead tank should be taken out of service and dismantled as soon as substitute storage can be constructed. Waiting for Branch to re-analyze the alternatives would run an unacceptable risk of further damage.
7. No further delay on procedural grounds is tolerable.
8. Applicant has considered alternatives.
9. Repairing the tank to original standards is not a viable alternative; while the least expensive alternative, the expenditure provides no service improvement and leaves at least two tanks vulnerable to catastrophic failure in the event of another earthquake.
10. Repairing the tank to current standards is an acceptable alternative. However, it leaves at least one other tank vulnerable to quake damage, and provides no additional capacity. Considering the lack of ancillary benefits, the cost is too high.

11. The Longden Reservoir is the best alternative. While it costs more than repairing the Rosemead tank, this alternative permits the replacement of at least one other outdated tank which was not built to current earthquake standards. It also will add needed additional capacity.

12. All findings in the decision in A.88-09-040, which pertain to all three districts are incorporated in this decision by reference.

13. The rates set forth in Appendixes B-SM, C-SM, and D-SM are just, reasonable, and non-discriminatory; applicant should be authorized to file and operate under them on the dates specified. After the effective date of this decision, applicant's present rates are unjust and unreasonable.

14. The quantities set forth in Appendix E-SM Adopted Quantities, are reliable, and should be used to calculate the amount of any offset allowed.

15. The rate design established in D.86-05-064 is fair to all classes of consumer, and should be applied here.

Conclusions of Law

1. Applicant should be authorized to file on the effective dates provided the rates set forth in Appendixes B-SM, C-SM, and D-SM.

2. Consideration of the main project and the economic reasonableness of the storage agreement should be postponed.

3. This order should be made effective today to comply as nearly as possible with the rate case plan.

ORDER

IT IS ORDERED that:

1. California-American Water Company is authorized to file on or after the effective date of this order the revised rate schedules for 1989 shown in Appendix B-SM for its San Marino

Division. This filing shall comply with General Order 96-A. The revised schedules shall apply only to service rendered on and after their effective date.

2. On or after November 5, 1989, California-American Water Company is authorized to file an advice letter, with appropriate supporting workpapers, requesting the step rate increases for 1990 shown in Appendix C-SM attached to this order, or to file a lesser increase in the event that the rate of return on rate base for its San Marino Division, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the months between the effective date of this order and September 30, 1989, annualized, exceeds the later of (a) the rate of return found reasonable by the Commission for California-American Water Company for the corresponding period in the then most recent rate decision, or (b) 10.82%. This filing shall comply with General Order 96-A. The requested step rates shall be reviewed by Staff to determine their conformity with this order and shall go into effect upon Staff's determination of conformity. Staff shall inform the Commission if it finds that the proposed rates are not in accord with this order, and the Commission may then modify the increase. The effective date of the revised schedules shall be no earlier than January 1, 1990, or 40 days after filing, whichever is later. The revised schedules shall apply only to service rendered on and after their effective date.

3. On or after November 5, 1990, California-American Water Company is authorized to file an advice letter, with appropriate supporting workpapers, requesting the step rate increases for 1991 shown in Appendix D-SM attached to this order, or to file a lesser increase in the event that the rate of return on rate base for its San Marino Division, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the months between the effective date of the increase ordered in the previous paragraph and September 30, 1990, annualized, exceeds the later of (a) the

rate of return found reasonable by the Commission for California-American Water Company for the corresponding period in the then most recent rate decision, or (b) 10.82%. This filing shall comply with General Order 96-A. The requested step rates shall be reviewed by Staff to determine their conformity with this order and shall go into effect upon Staff's determination of conformity. Staff shall inform the Commission if it finds that the proposed rates are not in accord with this decision, and the Commission may then modify the increase. The effective date of the revised schedules shall be no earlier than January 1, 1991, or 40 days after filing, whichever is later. The revised schedules shall apply only to service rendered on and after their effective date.

4. Consideration of the 16th Street Main Project is deferred.

5. Consideration of the economic justification for the storage agreement is postponed, pending a final contract.

6. Applicant may seek and justify rate relief for any of the three projects discussed prior to the next general rate case for this district.

This order is effective today.

Dated JUL 19 1989, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
Commissioners

Commissioner Patrick M. Eckert,
being necessarily absent, did
not participate.

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.

Victor Weisler
Victor Weisler, Executive Director

APPENDIX A-SM
(Page 1)
CALIFORNIA-AMERICAN WATER CO.
(SAN MARINO)
1989
SUMMARY OF EARNINGS
(\$000)

| Items | Utility | | Branch | | Adopted | | |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|---|
| | Present | Proposed | Present | Proposed | Present | Authorized | |
| Oper. Revenues | \$4,303.7 | \$5,485.7 | \$4,417.8 | \$5,553.2 | \$4,417.7 | \$5,262.4 | ✓ |
| Rev. from Contr. | <u>0.3</u> | <u>0.3</u> | <u>0.4</u> | <u>0.4</u> | <u>0.4</u> | <u>0.4</u> | ✓ |
| Total Revenues | 4,304.0 | 5,486.0 | 4,418.2 | 5,553.6 | 4,418.1 | 5,262.8 | |
| Expenses | | | | | | | |
| O & M Expenses | 2,278.8 | 2,278.8 | 2,273.5 | 2,273.5 | 2,331.2 | 2,331.2 | |
| Uncollectibles | <u>4.9</u> | <u>6.2</u> | <u>5.1</u> | <u>6.4</u> | <u>5.1</u> | <u>6.1</u> | |
| Subtotal O & M | 2,283.7 | 2,285.0 | 2,278.6 | 2,279.9 | 2,336.3 | 2,337.3 | |
| A & G Expenses | 577.3 | 577.3 | 481.0 | 481.0 | 565.1 | 565.1 | |
| Franchise | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Gen. (W/o Dep) | <u>294.3</u> | <u>294.3</u> | <u>268.3</u> | <u>268.3</u> | <u>152.9</u> | <u>152.9</u> | |
| Subtotal A & G | 871.6 | 871.6 | 749.3 | 749.3 | 718.0 | 718.0 | |
| Ad Valorem Taxes | 141.8 | 141.8 | 103.0 | 103.0 | 131.5 | 131.5 | |
| Payroll Taxes | 115.2 | 128.0 | 109.7 | 109.7 | 111.7 | 120.8 | |
| Depreciation (+ G.O.) | 517.0 | 517.0 | 412.0 | 412.0 | 546.4 | 546.4 | |
| Ca. Income Tax | 5.7 | 114.3 | 38.4 | 142.1 | 33.6 | 111.2 | |
| Federal Income Taxes | <u>(6.3)</u> | <u>353.8</u> | <u>103.4</u> | <u>449.2</u> | <u>92.0</u> | <u>349.4</u> | |
| Total Expenses | 3,928.7 | 4,411.6 | 3,781.6 | 4,245.8 | 3,969.5 | 4,314.6 | |
| Net Revenues | 375.3 | 1,074.4 | 636.5 | 1,307.7 | 448.6 | 948.2 | ✓ |
| Rate Base | 9,343.7 | 9,343.7 | 7,556.5 | 7,556.5 | 8,762.9 | 8,762.9 | ✓ |
| Rate of Return | 4.02% | 11.50% | 8.42% | 17.31% | 5.12% | 10.82% | ✓ |

(Negative)

APPENDIX A-SM
(Page 2)
CALIFORNIA-AMERICAN WATER CO.
(SAN MARINO)
1990
SUMMARY OF EARNINGS
(\$000)

| Items | Utility | | Branch | | Adopted | | |
|-----------------------|----------------|--------------|--------------|--------------|---------------|--------------|---|
| | Present | Proposed | Present | Proposed | Present | Authorized | |
| Oper. Revenues | \$4,313.8 | \$6,319.1 | \$4,428.2 | \$6,396.2 | \$4,428.2 | \$5,851.9 | ✓ |
| Rev. from Contr. | <u>0.4</u> | <u>0.4</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | ✓ |
| Total Revenues | 4,314.2 | 6,319.5 | 4,428.7 | 6,396.7 | 4,428.7 | 5,852.4 | ✓ |
| Expenses | | | | | | | |
| O & M Expenses | 2,383.1 | 2,383.1 | 2,379.9 | 2,379.9 | 2,435.3 | 2,435.3 | ✓ |
| Uncollectibles | <u>5.0</u> | <u>7.1</u> | <u>5.1</u> | <u>7.4</u> | <u>5.1</u> | <u>6.7</u> | ✓ |
| Subtotal O & M | 2,388.1 | 2,390.2 | 2,385.0 | 2,387.3 | 2,440.4 | 2,442.0 | ✓ |
| A & G Expenses | 607.3 | 607.3 | 502.4 | 502.4 | 594.6 | 594.6 | |
| Franchise | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Gen. Off. (W/o Depr) | <u>307.9</u> | <u>307.9</u> | <u>280.6</u> | <u>250.6</u> | <u>290.0</u> | <u>290.0</u> | 1 |
| Subtotal A & G | 915.2 | 915.2 | 783.0 | 783.0 | 884.6 | 884.6 | 1 |
| Ad Valorem Taxes | 157.8 | 157.8 | 110.6 | 110.6 | 131.1 | 131.1 | ✓ |
| Payroll Taxes | 142.6 | 142.6 | 120.6 | 120.6 | 139.7 | 139.7 | |
| Depreciation (+ G.O.) | 686.7 | 686.7 | 422.6 | 422.6 | 641.0 | 641.0 | |
| Ca. Income Tax | (24.6) | 159.7 | 16.8 | 197.5 | (4.6) | 126.3 | |
| Federal Income Taxes | <u>(119.4)</u> | <u>491.6</u> | <u>20.5</u> | <u>620.0</u> | <u>(50.4)</u> | <u>383.4</u> | 1 |
| Total Expenses | 4,124.7 | 4,943.8 | 3,837.3 | 4,641.6 | 4,181.9 | 4,763.5 | 1 |
| Net Revenues | 189.5 | 1,375.7 | 591.4 | 1,755.1 | 246.8 | 1,088.9 | ✓ |
| Rate Base | 11,879.5 | 11,879.5 | 8,095.2 | 8,095.2 | 10,063.3 | 10,063.3 | ✓ |
| Rate of Return | 1.60% | 11.58% | 7.31% | 21.68% | 2.45% | 10.82% | ✓ |

(Negative)

APPENDIX A-SM ✓
 (Page 3)
 CALIFORNIA-AMERICAN WATER CO.
 (SAN MARINO)
 1989
 INCOME TAX
 (\$000)

| Items | Utility | | Branch | | Adopted | | |
|-------------------------|-----------|-----------|-----------|-----------|-----------|------------|---|
| | Present | Proposed | Present | Proposed | Present | Authorized | |
| Total Revenues | \$4,303.7 | \$5,485.7 | \$4,417.8 | \$5,553.2 | \$4,417.7 | \$5,262.4 | ✓ |
| Expenses | | | | | | | |
| Operations & Maint. | 2,287.2 | 2,288.5 | 2,278.6 | 2,279.9 | 2,336.1 | 2,337.1 | ✓ |
| Admin. & General | 577.3 | 577.3 | 481.0 | 481.0 | 565.1 | 565.1 | |
| Taxes O/T Income | 257.0 | 269.8 | 199.9 | 212.7 | 243.2 | 252.3 | |
| Gen. Off | 294.3 | 294.3 | 268.3 | 268.3 | 152.9 | 152.9 | |
| Subtotal | 3,415.8 | 3,429.9 | 3,227.8 | 3,241.9 | 3,297.3 | 3,307.4 | |
| Deductions | | | | | | | |
| CA Tax Depreciation | 365.5 | 365.5 | 312.7 | 312.7 | 348.9 | 348.9 | ✓ |
| Interest | 461.1 | 461.1 | 464.1 | 464.1 | 410.5 | 410.5 | ✓ |
| CA Taxable Income | 61.3 | 1,229.1 | 413.2 | 1,534.6 | 361.3 | 1,195.9 | ✓ |
| CCFT | 5.7 | 114.3 | 38.4 | 142.7 | 33.6 | 111.2 | ✓ |
| Deductions | | | | | | | |
| Fed. Tax Depreciation | 415.2 | 415.2 | 359.0 | 359.0 | 381.3 | 381.3 | |
| Interest | 461.1 | 461.1 | 464.1 | 464.1 | 410.5 | 410.5 | |
| FIT Taxable Income | 5.9 | 1,065.1 | 328.5 | 1,345.5 | 295.0 | 1,052.0 | ✓ |
| FIT (Before Adjustment) | 2.0 | 362.1 | 111.7 | 457.5 | 100.3 | 357.7 | ✓ |
| Prorated Adjustment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Investment Tax Credit | (8.3) | (8.3) | (8.3) | (8.3) | (8.3) | (8.3) | |
| Net Federal Income Tax | (6.3) | 353.8 | 103.4 | 449.2 | 92.0 | 349.4 | ✓ |

(Negative)

APPENDIX A-SM
(Page 4)
CALIFORNIA-AMERICAN WATER CO.
(SAN MARINO)
1990
INCOME TAX
(\$000)

| Items | Utility | | Branch | | Adopted | | |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---|
| | Present | Proposed | Present | Proposed | Present | Authorized | |
| Total Revenues | \$4,313.8 | \$6,319.1 | \$4,428.2 | \$6,396.2 | \$4,428.2 | \$5,851.9 | ✓ |
| Expenses | | | | | | | |
| Operations & Maint. | 2,390.9 | 2,393.2 | 2,385.0 | 2,387.3 | 2,440.2 | 2,441.8 | ✓ |
| Admin. & General | 607.3 | 607.3 | 502.4 | 502.4 | 594.6 | 594.6 | |
| Taxes O/T Income | 278.7 | 300.4 | 209.5 | 231.2 | 270.8 | 286.2 | |
| Gen. Off. | <u>307.9</u> | <u>307.9</u> | <u>280.6</u> | <u>280.6</u> | <u>290.0</u> | <u>290.0</u> | |
| Subtotal | 3,584.8 | 3,608.8 | 3,377.5 | 3,401.6 | 3,595.6 | 3,612.6 | |
| Deductions | | | | | | | |
| CA Tax Depreciation | 470.2 | 470.2 | 340.6 | 340.6 | 413.5 | 413.5 | |
| Interest | 523.0 | 523.0 | 530.0 | 530.0 | 468.1 | 468.1 | |
| CA Taxable Income | (264.2) | 1,717.1 | 180.1 | 2,124.2 | (49.0) | 1,357.7 | ✓ |
| OCFT | (24.6) | 159.7 | 16.8 | 197.5 | (4.6) | 126.3 | ✓ |
| Deductions | | | | | | | |
| Fed. Tax Depreciation | 557.4 | 557.4 | 419.3 | 419.3 | 492.8 | 492.8 | |
| Interest | 523.0 | 523.0 | 530.0 | 530.0 | 468.1 | 468.1 | |
| FTT Taxable Income | (326.8) | 1,470.2 | 84.7 | 1,847.9 | (123.7) | 1,152.1 | ✓ |
| FTT (Before Adjustment) | (111.1) | 499.9 | 28.8 | 628.3 | (42.1) | 391.7 | ✓ |
| Prorated Adjustment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Investment Tax Credit | (8.3) | (8.3) | (8.3) | (8.3) | (8.3) | (8.3) | |
| Net Federal Income Tax | (119.4) | 491.6 | 20.5 | 620.0 | (50.4) | 383.4 | ✓ |

(Negative)

APPENDIX A-SM
(Page 5)
CALIFORNIA-AMERICAN WATER CO.
(SAN MARINO)
1989
RATE BASE
(\$000)

| Items | Utility | Branch | Adopted | |
|------------------------|--------------|--------------|--------------|---|
| Plant in Service | \$13,639.8 | \$12,645.3 | \$13,615.5 | ✓ |
| Work in Progress | 0.0 | 0.0 | 0.0 | |
| Materials & Supplies | 32.4 | 16.6 | 16.6 | |
| Working Cash | 421.1 | (212.2) | (63.9) | |
| Method 5 Adj. | 2.1 | 1.6 | 1.6 | |
| Cap. Int. Adj. | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | |
| Subtotal | 14,095.4 | 12,451.3 | 13,569.8 | ✓ |
| Less: | | | | |
| Depreciation Reserve | 3,715.5 | 3,848.4 | 3,736.6 | ✓ |
| Advances | 55.5 | 55.5 | 55.5 | |
| Contributions | 466.1 | 468.4 | 468.4 | |
| Unamortized ITC | 0.0 | 0.0 | 0.0 | |
| Deferred Income Tax | <u>595.6</u> | <u>580.9</u> | <u>604.8</u> | |
| Subtotal | 4,832.7 | 4,953.2 | 4,865.3 | ✓ |
| Net District Rate Base | 9,262.6 | 7,498.1 | 8,704.5 | ✓ |
| Main Office Allocation | <u>81.0</u> | <u>58.4</u> | <u>58.4</u> | |
| Total Rate Base | 9,343.6 | 7,556.5 | 8,762.9 | ✓ |

(Negative).

APPENDIX A-SM
 (Page 6)
 CALIFORNIA-AMERICAN WATER CO.
 (SAN MARINO)
 1990
 RATE BASE
 (\$000)

| Items | Utility | Branch | Adopted | |
|------------------------|--------------|--------------|--------------|---|
| Plant in Service | \$16,667.1 | \$13,590.5 | \$15,413.7 | ✓ |
| Work in Progress | 0.0 | 0.0 | 0.0 | |
| Materials & Supplies | 34.0 | 17.4 | 17.4 | |
| Working Cash | 468.2 | (238.9) | (80.0) | |
| Method 5 Adj. | 3.1 | 2.8 | 2.8 | |
| Cap. Int. Adj. | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | |
| Subtotal | 17,172.4 | 13,371.8 | 15,353.9 | ✓ |
| Less: | | | | |
| Depreciation Reserve | 4,150.0 | 4,166.9 | 4,147.7 | ✓ |
| Advances | 46.6 | 46.6 | 46.6 | |
| Contributions | 450.9 | 453.2 | 453.2 | |
| Unamortized ITC | 0.0 | 0.0 | 0.0 | |
| Deferred Income Tax | <u>723.9</u> | <u>666.7</u> | <u>699.8</u> | |
| Subtotal | 5,371.4 | 5,333.4 | 5,347.3 | ✓ |
| Net District Rate Base | 11,801.0 | 8,038.4 | 10,006.6 | ✓ |
| Main Office Allocation | <u>78.6</u> | <u>56.7</u> | <u>56.7</u> | |
| Total Rate Base | 11,879.6 | 8,095.1 | 10,063.3 | ✓ |

(End of Appendix A-SM)

APPENDIX B-SM
(Page 1)

SCHEDULE NO. SM-1

SAN MARINO DISTRICT TARIFF AREA

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

San Marino, Rosemead, portions of San Gabriel, Temple City, and vicinity, Los Angeles County.

RATES

| SERVICE CHARGE: | PER METER PER MONTH | |
|--------------------------------|------------------------|-----|
| For 5/8 x 3/4-inch meter | \$ 6.40 | (I) |
| For 3/4-inch meter | 7.50 | |
| For 1-inch meter | 11.50 | |
| For 1-1/2-inch meter | 17.75 | |
| For 2-inch meter | 26.00 | |
| For 3-inch meter | 48.00 | |
| For 4-inch meter | 70.00 | |
| For 6-inch meter | 125.00 | |
| For 8-inch meter | 190.00 | |
| For 10-inch meter | 243.00 | (I) |

QUANTITY RATES:

For all water delivered per 100 cu.ft. .. \$ 0.665 (I) ✓

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the quantity charge computed at the quantity rates, for water used during the month.

APPENDIX B-SM
(Page 2)

SCHEDULE NO. SM-4

SAN MARINO DISTRICT TARIFF AREA

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished for privately owned fire protection systems.

TERRITORY

San Marino, Rosemead, portions of San Gabriel, Temple City and vicinity, Los Angeles County.

RATES

Per Month

For each inch of diameter of private fire protection service \$ 4.07 (I) ✓

The rates for private fire service are based upon the size of the service and no additional charges will be made for fire hydrants, sprinkler, hose connections or standpipe connected to and supplied by such private fire service.

SPECIAL CONDITIONS

1. The fire protection service and connection shall be installed by the utility or under the utility's direction. Cost of the entire fire protection installation excluding the connection at the main shall be paid for by the applicant. Such payment shall not be subject to refund.

2. The installation housing the detector type check valve and meter and appurtenances thereto shall be in a location mutually agreeable to the applicant and the utility. Normally such installation shall be located on the premises of applicant, adjacent to the property line. The expense of maintaining the fire protection facilities on the applicant's premises (including the vault, meter, detector type check valves, backflow device and appurtenances) shall be paid for by the applicant.

APPENDIX B-SM
(Page 3)

SCHEDULE NO. SM-9

SAN MARINO DISTRICT TARIFF AREA

CONSTRUCTION AND OTHER TEMPORARY SERVICE

APPLICABILITY

Applicable to temporary water service provided on a flat rate basis for street paving, curb and sidewalk construction, and for water delivered to tank wagons or trucks from fire hydrants or other outlets provided for such purposes.

TERRITORY

The cities of San Marino and Rosemead and portions of the cities of San Gabriel, El Monte, Temple City, and certain contiguous unincorporated areas in Los Angeles County.

RATES

PER LINEAR FOOT

| | | |
|----------------------------|----------|-----|
| FOR FLOODING DITCHES: | | |
| 0 to 4' deep | \$ 0.045 | (I) |
| Over 4' to 6' deep | 0.060 | |
| Over 6' to 8' deep | 0.074 | |
| Over 8' to 10' deep | 0.091 | |
| Over 10' to 12' deep | 0.121 | |
| Over 12' deep | 0.210 | (I) |
| FOR WATER DELIVERED | | |
| IN TANK WAGONS | \$ 0.210 | (I) |

SPECIAL CONDITIONS

- (1) For other temporary uses the quantity of water used shall be estimated or metered by the utility. Charges for such water shall be at the quantity rate for General Metered Service.
- (2) Applicant for temporary service shall be required to pay the utility in advance the net cost of installing and removing any facilities necessary in connection with furnishing such service by the utility.
- (3) Applicant for temporary service may be required to deposit with the utility a sum of money equal to the estimated amount of the utility's bill for such service.

APPENDIX C-SM

CALIFORNIA AMERICAN WATER COMPANY
SAN MARINO DISTRICT

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

SCHEDULE SM-1

| Service Charge: | <u>Effective</u> <u>1990</u> |
|--------------------------------|---------------------------------|
| For 5/8 x 3/4-inch meter | \$ 1.10 |
| For 3/4-inch meter | 1.25 |
| For 1-inch meter | 1.75 |
| For 1-1/2-inch meter | 2.75 |
| For 2-inch meter | 3.00 |
| For 3-inch meter | 7.00 |
| For 4-inch meter | 11.00 |
| For 6-inch meter | 20.00 |
| For 8-inch meter | 29.00 |
| For 10-inch meter | 36.00 |

Quantity Rates:

All water delivered per 100 cu.ft. \$ 0.059 ✓

SCHEDULE SM-4

Rates:

For each inch of diameter of private
fire protection service \$ 0.50 ✓

SCHEDULE SM-9

| | <u>Per Linear</u> <u>Foot</u> |
|--|----------------------------------|
| For Flooding Ditches: | |
| 0 to 4' deep | \$ 0.004 |
| Over 4' to 6' deep | 0.005 |
| Over 6' to 8' deep | 0.006 |
| Over 8' to 10' deep | 0.008 |
| Over 10' to 12' deep | 0.010 |
| Over 12' deep | 0.015 |
| For water deliveries in tank wagons..... | \$ 0.015 |

(END OF APPENDIX C-SM)

APPENDIX D-SM

CALIFORNIA AMERICAN WATER COMPANY
SAN MARINO DISTRICT

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

SCHEDULE SM-1

| Service Charge: | <u>Effective</u> <u>1991</u> |
|--------------------------------|---------------------------------|
| For 5/8 x 3/4-inch meter | \$ 0.60 |
| For .3/4-inch meter | 0.70 |
| For 1-inch meter | 1.00 |
| For 1-1/2-inch meter | 1.50 |
| For 2-inch meter | 2.00 |
| For 3-inch meter | 5.00 |
| For 4-inch meter | 7.00 |
| For 6-inch meter | 11.00 |
| For 8-inch meter | 20.00 |
| For 10-inch meter | 25.00 |

Quantity Rates:

All water delivered per 100 cu.ft. \$ 0.060 ✓

SCHEDULE SM-4

Rates:

For each inch of diameter of private
fire protection service \$ 0.40 ✓

SCHEDULE SM-9

| | <u>Per Linear</u> <u>Foot</u> |
|---|----------------------------------|
| For Flooding Ditches: | |
| 0 to 4' deep | \$ 0.002 |
| Over 4' to 6' deep | 0.002 |
| Over 6' to 8' deep | 0.003 |
| Over 8' to 10' deep | 0.004 |
| Over 10' to 12' deep | 0.004 |
| Over 12' deep | 0.004 |
| For water deliveries in tank wagons | \$ 0.005 |

(END OF APPENDIX D-SM)

APPENDIX E-SM
(Page 1)

CALIFORNIA AMERICAN WATER COMPANY
SAN MARINO DISTRICT

ADOPTED QUANTITIES

Purchased Power

SCE Effective 7-88

| | 1989 | | 1990 | |
|----------------|------------|-------------|------------|-------------|
| | <u>KWH</u> | <u>COST</u> | <u>KWH</u> | <u>COST</u> |
| Upper System | | | | |
| PA-1 (1005 HP) | 4,849,150 | \$416,603 | 4,863,649 | \$417,816 |
| Lower System | | | | |
| PA-1 (900 HP) | 2,954,850 | 256,083 | 2,963,200 | 256,782 |
| PA-2 (212 KW) | 142,759 | 21,086 | 143,369 | 21,140 |

Pasadena Municipal 9-85

KWH Cost 0.0671

City Tax 7%

State Tax 0.0002

Upper System 1,277,635

Total Power Consum. (KWH) 9,224,394

Total Power Cost

\$114,357

\$808,129

1,278,590

9,248,808

\$114,435

\$810,173

Purchased Water Costs

Main San Gab. Basin (7-88)

Total Well Prod. 88 AF 13,285.9

Raymond Basin AF 2,299.0

SG Basin AF 6,983.9

Replenishment AF 3,591.0

Cost:Adm.Asn.\$2.5/AF \$20,951.7

LB.Makeup \$3/AF \$26,437.3

Replen. \$158/AF \$567,338.0

Other Cost \$127,808.6

Total Cost \$742,575.6

13,319.7

2,299.0

6,584.8

4,023.9

\$19,754.4

\$26,531.7

\$635,776.2

\$127,808.6

\$809,870.9

APPENDIX E-SM
(Page 2)

CALIFORNIA AMERICAN WATER COMPANY
SAN MARINO DISTRICT

ADOPTED QUANTITIES

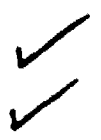
| NUMBER OF SERVICES - METER SIZE | 1989 | 1990 |
|---------------------------------|--------|--------|
| 5/8 x 3/4 | 7,737 | 7,748 |
| 3/4 | 16 | 16 |
| 1 | 4,459 | 4,467 |
| 1-1/2 | 926 | 928 |
| 2 | 497 | 499 |
| 3 | 10 | 10 |
| 4 | 15 | 15 |
| 6 | 6 | 6 |
| Total | 13,666 | 13,689 |

Usage - Ccf

| | | |
|---------------------------|-----------|-----------|
| Metered Water Sales (Ccf) | 5,440,100 | 5,453,900 |
|---------------------------|-----------|-----------|

NUMBER OF SERVICES

| | No. of Services | | Usage-KCcf | | Avg. Usage Ccf/yr | |
|-------------------------|-----------------|--------|------------|---------|----------------------|----------|
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 |
| Residential | 12,001 | 12,014 | 3,758.7 | 3,762.8 | 313.2 | 313.2 |
| Business Norm. Users | 1,435 | 1,443 | 877.9 | 882.8 | 611.8 | 611.8 |
| Business Large Users | 28 | 28 | 280.0 | 280.0 | 10,000.0 | 10,000.0 |
| Industrial | 74 | 75 | 278.0 | 281.7 | 3,756.2 | 3,756.2 |
| Pub. Auth. Norm. Users | 118 | 119 | 137.3 | 138.4 | 1,163.3 | 1,163.3 |
| Pub. Auth. Large Users | 10 | 10 | 105.9 | 105.9 | 10,592.0 | 10,592.0 |
| Other | 2 | 2 | 2.3 | 2.3 | | |
| Subtotal | 13,668 | 13,691 | | | | |
| Private Fire Protection | 127 | 129 | | | | |
| Total | 13,795 | 13,820 | 5,440.1 | 5,453.9 | | |
| Unaccounted for (6.0%) | | | 347.2 | 348.1 | | |
| Total Water Produced | | | 5,787.3 | 5,802.0 | | |
| Wells | | | 5,607.9 | 5,622.6 | | |
| Purchased | | | 179.4 | 179.4 | | |



APPENDIX E-SM
(Page 3)CALIFORNIA AMERICAN WATER COMPANY
SAN MARINO DISTRICTADOPTED EXPENSES

| | 1989 <u>Adopted</u> (Thousands of Dollars) | 1990 <u>Adopted</u> | |
|---------------------|--|------------------------|---|
| Purchased Power | \$808.1 | \$810.2 | |
| Purchased Water | 742.6 | 806.9 | |
| Purchased Chem. | 4.8 | 6.5 | |
| Payroll (O&M+A&G) | 622.1 | 649.5 | |
| O & M Other | 314.0 | 326.7 | ✓ |
| Emp. Pension & Ben. | 160.7 | 169.1 | |
| A & G Other | 244.0 | 258.0 | |
| Payroll Tax | 120.8 | 155.1 | |
| Ad. Vol. Tax | 131.5 | 131.1 | |
| Federal Tax Rate | 34% | 34% | |
| State Tax Rate | 9.3% | 9.3% | |
| Uncollectible Rate | 0.115% | 0.115% | |
| Franchise Rate | 1.080% | 1.080% | ✓ |

(END OF APPENDIX E-SM)

APPENDIX F-SM
 CALIFORNIA AMERICAN WATER COMPANY
 SAN MARINO DISTRICT
 AT PRESENT AND ADOPTED RATES
 FOR A 5/8 X 3/4 INCH METER

| <u>1989</u> | | | | |
|----------------------------|--------------------------------|--------------------------------|----------------------------------|-----------------------------------|
| <u>Usage</u> <u>Ccf</u> | <u>Present</u> <u>Rates</u> | <u>Adopted</u> <u>Rates</u> | <u>Amount</u> <u>Increase</u> | <u>Percent</u> <u>Increase</u> |
| 0 | \$ 5.04 | \$ 6.40 | \$ 1.36 | 26.98 |
| 3 | 6.14 | 8.40 | 2.26 | 36.73 |
| 5 | 7.31 | 9.73 | 2.42 | 33.04 |
| 8 | 9.07 | 11.72 | 2.65 | 29.22 |
| 10 | 10.24 | 13.05 | 2.81 | 27.44 |
| 15 | 13.17 | 16.38 | 3.21 | 24.34 |
| 20 | 16.11 | 19.70 | 3.59 | 22.28 |
| 25.75 Avg. | 19.48 | 23.52 | 4.04 | 20.76 |
| 40 | 27.83 | 33.00 | 5.17 | 18.58 |
| 100 | 63.01 | 72.90 | 9.89 | 15.70 |
| <u>1990</u> | | | | |
| 0 | \$ 6.40 | \$ 7.50 | \$1.10 | 17.19 |
| 3 | 8.40 | 9.67 | 1.28 | 15.21 |
| 5 | 9.73 | 11.12 | 1.39 | 14.34 |
| 8 | 11.72 | 13.29 | 1.57 | 13.41 |
| 10 | 13.05 | 14.74 | 1.69 | 12.95 |
| 15 | 16.38 | 18.36 | 1.98 | 12.12 |
| 20 | 19.70 | 21.98 | 2.28 | 11.57 |
| 25.75 Avg. | 23.52 | 26.14 | 2.62 | 11.13 |
| 40 | 33.00 | 36.46 | 3.46 | 10.48 |
| 100 | 72.90 | 79.90 | 7.00 | 9.60 |
| <u>1991</u> | | | | |
| 0 | \$ 7.50 | \$ 8.10 | \$0.60 | 8.00 |
| 3 | 9.67 | 10.45 | 0.78 | 8.06 |
| 5 | 11.12 | 12.02 | 0.90 | 8.09 |
| 8 | 13.29 | 14.37 | 1.08 | 8.13 |
| 10 | 14.74 | 15.94 | 1.20 | 8.14 |
| 15 | 18.36 | 19.86 | 1.50 | 8.17 |
| 20 | 21.98 | 23.78 | 1.80 | 8.19 |
| 25.75 Avg. | 26.14 | 28.29 | 2.14 | 8.20 |
| 40 | 36.46 | 39.46 | 3.00 | 8.23 |
| 100 | 79.90 | 86.50 | 6.60 | 8.26 |

(END OF APPENDIX F-SM)

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

| | |
|--|----------------------------|
| In the Matter of the Application) | |
| of CALIFORNIA-AMERICAN WATER COMPANY) | |
| (U 210 W) for an order authorizing) | Application 88-09-041 |
| it to increase its rates for water) | (Filed September 21, 1988) |
| service in its SAN MARINO DISTRICT.) | |

Steefel, Levitt & Weiss, by Lenard G. Weiss, Attorney at Law, for California-American Water Company, applicant.
Edward Duncan, for himself, intervenor.
Lawrence O. Garcia, Attorney at Law, and
Willem R. Van Lier, for the Water Utilities Branch.

OPINION

California-American Water Company (applicant or Cal-Am) seeks authority to increase rates in its San Marino District (District).

The proposed rates are designed to produce increased revenues in 1989, 1990, and 1991 as follows:

| Year | Annually | | Cumulative | |
|------|------------------------------------|---------|------------------------------------|---------|
| | (Dollars in Thousands) Increase | Percent | (Dollars in Thousands) Increase | Percent |
| 1989 | \$1,182.0 | 27.47% | \$1,182.0 | 27.47% |
| 1990 | 823.3 | 14.92 | 2,005.3 | 46.48 |
| 1991 | 341.0 | 5.35 | 2,346.3 | 54.32 |

At present rates, the monthly charge for 2,575 cubic feet, the amount consumed by the average domestic consumer is \$19.48. For such a consumer, the increases proposed would be:

| Year | Amount | Increase | % Increase |
|------|---------|----------|------------|
| 1989 | \$22.98 | \$3.50 | 17.96% |
| 1990 | 26.31 | 6.84 | 35.10 |
| 1991 | 27.73 | 8.25 | 42.37 |

New Rates

After consideration of the evidence presented by applicant and the Water Utilities Branch of Compliance and Enforcement (Branch) and the Division of Ratepayer Advocates' (DRA) rate of return witness, we have established new rates for water service. The domestic customer who now pays \$19.48 for 2,575 cubic feet will pay: \$24.77 per month for the remainder of 1989, \$26.04 per month for 1990, and \$26.70 per month for 1991. The dollar amount of the increases we are granting are \$1,065,400 or 24.11% for 1989 on an annualized basis, \$329,500 or 6.00% for 1990 and \$153,100 or 2.63% for 1991.

History

California-American Water Company acquired all of the water properties of the California Water and Telephone Company (CPUC Decision (D.) 70418, dated March 8, 1966 and June 8, 1966). The acquisition was accomplished on April 1, 1966.

The last rate litigation affecting this district was resolved in Application (A.) 85-05-092, D.86-03-011. General metered rates currently in effect are at the third level authorized by that decision; they became effective on January 1, 1988.

Applicant's Los Angeles basin offices and operations centers are maintained at the following locations:

| | | |
|---------------|------------------------------------|--|
| Baldwin Hills | Field Office | 4634 W. Slauson Avenue, Los Angeles |
| Duarte | Field & Customer Service Office | 1101 S. Oak Avenue, Duarte |
| San Marino | General Office | 2020 Huntington Dr., San Marino |
| | Operations Center | 8657 E. Grand Avenue, Rosemead |

Local management, engineering, accounting, and commercial functions are provided from the general offices for each district,

or multi-district, operation. The operations centers consist of warehouses, yard facilities, meter testing facilities, garages, etc. required for operation and maintenance of the systems.

1. Legal services are provided as required by various firms for both corporate purposes and local district matters.
2. Price Waterhouse and Co. is retained for the annual independent audit of Cal-Am's records.
3. Computerized processing of Cal-Am's general and subsidiary ledgers is done by American Water Works Service Company, Inc. data processing center in Voorhees, New Jersey.
4. Management Contract. On January 1, 1971, an agreement was executed by and between American Water Works Service Company, Inc. and California-American Water Company whereby Cal-Am contracted for management services to be provided at cost by the service company in the areas of administration, engineering, customer, public and employee relations, accounting, corporate secretarial, treasury, insurance, data processing, and customer billing.

Service Area

The district is wholly situated within Los Angeles County. The district consists of two physically linked systems designated as "Upper" and "Lower." The upper system provides public utility water service to the City of San Marino and a portion of the City of San Gabriel and nearby unincorporated territory. The lower system provides public utility water service to portions of the cities of Rosemead, Temple City, and El Monte, and certain unincorporated territory.

Source of Supply

With the exception of three minor purchased water sources, all water required is produced from wells located within

the service areas; all wells draw from either the Raymond or San Gabriel Basins.

The well water quality is good and treatment is not necessary other than chlorination and the requirement for sand trap installations at certain wells.

In the northwest portion of the system, some water is occasionally purchased from the City of South Pasadena, City of Pasadena, and Metropolitan Water District of Southern California (M.W.D.) to supply fewer than 100 customers when the hydraulic gradient in that small area falls below the system gradient.

Applicant has an agreement with the City of San Marino under which it may purchase M.W.D. water through the City's connection. Use of this supplemental supply has been infrequent, but it is an important source during periods of peak consumption or potential well outages to provide a safe margin of reserve capacity.

The majority of the purchased water expense in the record consists of the following assessments:

1. Applicant is required to pay a "Replacement Water Assessment" on water produced after June 30, 1973 from the Main San Gabriel Basin in excess of its share of the basin's "Operating Safe Yield" or pumping right. (Cf. D.80272 in A.53375.)
2. Applicant also pays for administrative costs based on production from the Main San Gabriel Basin.
3. There is an amount payable annually to the Upper San Gabriel Valley Municipal Water District in connection with the settlement of an action (Board of Water Commissioners of the City of Long Beach, et al., v. San Gabriel Valley Water Company, et al.) generally referred to as the "Long Beach Suit."
4. A sum is payable annually to the Department of Water Resources for Raymond Basin

watermaster service under a 1955 decreed right.

5. An annual fee in the amount of \$9,000 is payable to the City of San Marino under the terms of an agency agreement.

Proceedings

A properly noticed informal meeting was held for customer input at the San Marino High School in the evening of November 3, 1988. Thirteen customers, including San Marino's mayor, attended.

Several customers were concerned about low or fluctuating pressure. Applicant's representatives responded with a description of system problems and utility plans to improve its system. Another was concerned about the company's plans for a drought. A company representative described its drought contingency plan.

Two customers wished more information on the source of supply and contamination problems. The company representative explained that most of San Marino's water comes from wells. It was also explained that water quality was good.

Branch conducted a field investigation and found plant and service to be generally satisfactory. Branch reports that the wells which supply virtually all of the district's water, produce water of good quality which needs no treatment other than chlorination and sand trap treatment.

Several customers attended the Public Participation Hearing held on January 23, 1989 in San Marino. One customer argued that the proposed rate increase was too great, especially in comparison to the small increases in her pension.

Two others complained of fluctuating and low pressure. One indicated that pressure ranged between 30+ to 60 pounds per square inch. Another, in addition, complained of vibrating pipes and occasional spurts of unpleasant solid residue from her pipes. She stated that she could not use her washer or lawn sprinklers.

The utility's representatives explained that the pressure problems were confined to specific neighborhoods, and would be cured if the Commission allowed plant additions proposed in these proceedings.

They also promised a study in writing addressed to the customers.

Evidentiary hearings were held on a common record with A.88-09-040 (Baldwin Hills District) and A.88-09-042 (Duarte District) in the Los Angeles area on January 24 through 27 before Administrative Law Judge (ALJ) Gilman. The matter was taken under submission after filing of a joint late-filed exhibit and briefs from all three appearances on March 3, 1988.

Summary of Disposition of Major Issues¹

The tables which appear in Appendix A-SM compare applicant's and Branch's initial positions with the adopted figures. The rationale for the adopted figures is discussed in the text below.

We have adopted Cal-Am's recommended number of employee positions, 56 in 1989 and 57 thereafter. This includes an additional employee to perform additional testing, a cross-connection supervisor, and a management trainee in both test years. We have rejected Branch's cost estimate for this item which assumed that the historical number of vacancies would continue during the test years. We have instead adopted an arbitrary 2% reduction for vacancies as proposed by applicant.

In all districts, our utility plant estimates are based on:

- I. An allowance for AFUDC, rejecting a Branch proposal to deny all compensation for funds used while projects are under construction.

¹ The decision in A.88-09-040 lists all matters which are no longer in issue.

2. Service lives of four years for autos and light trucks, as proposed by applicant.
3. An allowance for all utility-planned replacements of pumps and motors.
4. Adoption of Branch-recommended adjustment to the estimate for furniture and carpets.

We have adopted (with the exception of the lab employee) the same level of expenses for the general office allowed in the Monterey decision, D.89-02-067 in A.88-03-047, California-American Increase Rates, Monterey District. (This accepts a Branch recommendation.)

In calculating income tax, we have followed the methodology proposed by applicant; this excludes interest charges in AFUDC; it also excludes the effect of the interest on unamortized portion of acquisition adjustment.

We have postponed considering the non-labor cost components of applicant's proposed new Los Angeles lab. This action is dictated by the Monterey decision, which held that examination of the costs should await the availability of actual costs.

We have adopted a rate of return on equity of 12.25%. This is the top of DRA's range of recommended rates, and is the same rate of return adopted in the Monterey rate case, supra.

Minor Issues

The issues below do not require extended discussion.

In all districts, there were differences in the allocation factors to be used to distribute certain labor-related costs between districts. We have adopted the Branch factor as being less arbitrary than applicant's.

In all districts, Branch recommended that we not escalate costs of liability insurance, as proposed by applicant. The Branch approach seems preferable, pending a Supreme Court decision on Proposition 103 insurance reform.

In calculating income taxes, Branch did not deduct non-deductible employee expenses. Since Branch did not explain, we will adopt the company position.

Branch and applicant each used a different weighting factor in deriving weighted average rate base. We have adopted the staff figure.

All "unexplained variances" shown on the tables have been resolved in applicant's favor.

We have adopted the Branch recommendations on furniture, primarily based on a hands-on inspection. Cal-Am did not effectively refute the branch conclusions that replacement was premature.

The tables in Appendix A-SM detail all the remaining disputes between Branch or DRA and applicant. A discussion of the issues affecting all three districts is found in the decision in A.88-09-040, Baldwin Hills, as are the findings and conclusions for those common issues. In the discussion which follows the tables, we explain our analysis of the project proposals which affect this district only.

San Marino District Projects

Cal-Am has proposed two major storage projects and one pipeline addition for this district.

Proposed 16-Inch Main

Applicant proposes to expend \$575,000 on this project in 1989 and \$390,000 in 1990.

Branch opposed this project in the mistaken belief that it was tied to the proposed Longden reservoir and would not be needed if the reservoir was not built. According to the utility witness, the actual purpose was to permit greater flows to move into the northeastern portion of the Lower System. Greater flows will provide for more reliable service if either of the nearby wells should ever have to be taken out of service. He also claims that the restricted size of the existing mains makes operations of

those two wells inefficient. In addition, the main will provide looping. Finally, the company noted that capacity in the area is well below Los Angeles County's fire flow requirements; construction of the main will remedy that condition. County regulations require flows of 1,250 gpm, 250 gpm more than is required by General Order 103. Cal-Am reports hydrant tests of 890, 860, 710, and 143 gpm.

Branch claims that its witness was not supplied with the relevant evidence or an explanation of the true purpose until the hearing commenced. It argues, therefore, that no action should be taken on this record but that the project be considered at a later date.

We do not blame Branch's failure to respond to the true issue solely on either party. Branch witness relied on a company document which did not give the full picture. We do not know if the ensuing misunderstanding was due to his failure to ask the right questions or the company's failure to volunteer more information. Apparently, the utility did not give notice to Branch when it first knew of the mistake; instead it occupied itself exclusively with preparing exhibits to demonstrate that there was a mistake. On the other hand, Branch did not ask for added time to prepare to meet the new issues until after the record had closed.

It appears that more sophisticated action by either side could have avoided the mistake and thus allowed the question to be resolved on the merits. It also appears that this is less a problem of fault than a demonstration that project approval questions do not fit well within the time constraints of a rate case plan.

Applicant has not made a strong case that this is a project which needs to be approved now, without analysis by Branch. We cannot make a finding that the benefits of the project are urgently needed; at the same time the amounts to be spent will result in a major increase in the rate base. Most important, there

has been no adequate study of alternative ways to solve the problem. We have therefore accepted Branch's recommendation to postpone consideration. We have not committed ourselves to any particular type of procedure for the later consideration of this project.

We should emphasize that applicant is not prohibited from beginning construction. If it does proceed, however, it runs some risk that the Commission may decide to allow it the constructive costs for a less expensive alternative, including a no-project alternative. We also note that nothing in this decision should be cited as prohibiting applicant from seeking offset rate relief for the costs of a project to solve these problems.

We find:

1. This project is not urgently required.
2. Its costs are relatively high.
3. A study of alternatives is needed.
4. Consideration of the project should be postponed.

Proposed Storage Agreement

The utility originally planned to construct a new Lamanda Park Storage tank at an estimated cost of \$1,060,000. This would have replaced the existing Lamanda and Oak Knoll Circle² tanks, which would have been dismantled. Branch criticized the project and recommended disallowance on the grounds that it was a "precautionary measure in the event that an earthquake should damage these (the existing) reservoirs."

During the course of the hearing, the utility instead proposed a contract with the City of Pasadena to lease excess storage in a city reservoir. An agreement in principle has been reached; a final agreement is expected to be finalized in mid-1989.

² The Oak Knoll tank was built in 1921; it holds 60,000 gallons. The Lamanda tank holds 108,000 gallons and was built in 1929.

This project would require applicant to construct connecting facilities at a cost of roughly \$100,000.

Applicant seeks authority to proceed with negotiations and to file an advice letter to place the construction cost into rate base.

Branch responds that the project should not be pre-approved. We think, however, that we should limit the scope of the issues applicant will face when it seeks to file for rate relief. We will approve in principle further negotiations with the City of Pasadena. We will further state that nothing in this decision should be cited as barring applicant from seeking offset relief for costs arising from such a contract.

We cannot, however, make a finding that the proposed storage project is economically justified without a showing of what the annual lease payments will be. That issue will be decided when applicant files for rate relief. Applicant appears confident that the total costs will be a fraction of the tank's costs.

The Rosemead Tank

The Rosemead tank (capacity 600,000 gallons) poses a special problem. The earthquake of October 8, 1987 caused excessive damage to the diagonal bracing and lateral compression members. There was also some evidence of movement of the tower base plates.

This is a 1950's vintage tank. While constructed to then-applicable earthquake standards, it does not meet even current Zone 3 construction standards, even though its proximity to a fault places it well within a Zone 4 (the highest) hazard area.

As a temporary measure, the company has reduced the strain on the damaged structure by operating at 1/2 capacity (300,000 instead of 600,000 gallons). The tank could not be completely emptied and taken out of service; this would have left the weakened structure vulnerable to additional damage in high winds.

The consultants hired by applicant recommended that, at the very least, any repairs include an upgrading to current Zone 4 seismic standards. The consultants noted that mere repair to original standards would not correct the weaknesses which allowed the damage to occur.

The insurance proceeds should be approximately \$380,000. This, the parties agree, is what it would cost to restore the tank to original design standards. Applicant contends that upgrading the tank to meet current Zone 4 standards would cost \$900,000. Branch does not challenge this figure.

Branch nevertheless recommended that the tank not be upgraded to current standards or replaced with an improved structure. Branch witness opposed any remedy which would require an investment greater than the sum received from insurance, on the grounds that the customers, by paying past rates, had compensated applicant for the insurance premiums.

While the Branch witness' reasoning is not entirely clear, it may have been motivated by concern that the utility could simply pocket the insurance proceeds if it did something other than simply repair the tank to original standards. This concern is unfounded.

The rate-making impact of the insurance proceeds will be the same regardless of whether the utility were to replace or to repair or even to abandon the structure. The funds, when received, will reduce the appropriate plant account.

The choice between simple repair, upgrading the tank, and replacement with a new structure should have been analyzed in the same fashion as if no insurance money had been involved. Each of the alternatives should have been evaluated from the standpoint of costs and benefits. The economic waste resulting from premature abandonment of existing facilities should have been carefully balanced against the increased reliability and extended service life of a new, highly earthquake-resistant structure. The fire

protection issue should also have been carefully considered; we would certainly prefer a utility to have a reliable source of water for firefighting when a major earthquake hits. Branch should also have considered what could happen to nearby residences and businesses if an earthquake were to rupture a full tank. Branch should finally have considered the amount of potential liability which might ensue if the utility, against the recommendation of its own consultant, decided not to upgrade to current standards.

The company now proposes to replace this tank and three others with the new Longden Reservoir and a storage agreement with the City of Pasadena as discussed above. It is anticipated that the Longden Reservoir would cost roughly \$1.06 million. In addition to providing earthquake safety by permitting the replacement of substandard Mariposa tank (built in 1940; 100,000 gallon capacity) and the damaged Rosemead tank, the reservoir will also substantially reduce the existing storage shortfall.

Branch seems to be as opposed to replacement as it was to upgrading. However, its brief merely argues that pre-approval is inappropriate at this time.

We have rejected Branch's theory that there is a necessary connection between the amount of the insurance proceeds, and the amount which should be allowed for repair, upgrading, or replacement. We also reject the notion that customers are never expected to pay for upgrading existing plants to current earthquake standards. Instead, we believe that it is often prudent to replace or upgrade earthquake-vulnerable plants whenever other conditions make it necessary to expend substantial sums on the plant in question. The company should be required to seek the best alternative, not just the least expensive.

We reject Branch's recommendation to delay consideration of these projects. The Rosemead tank should not remain in its present condition for any longer than is absolutely necessary. As

long as it remains without repair or replacement, it presents an unacceptable hazard of catastrophic failure.

We find:

1. The Rosemead tank should be taken out of service and dismantled as soon as substitute storage can be constructed. Waiting for Branch to re-analyze the alternatives would run an unacceptable risk of further damage.
2. No further delay on procedural grounds is tolerable.
3. Applicant has considered alternatives.
4. Repairing the tank to original standards is not a viable alternative; while the least expensive, the expenditure provides no service improvement and leaves at least two tanks intolerably vulnerable to catastrophic failure in the event of another earthquake.
5. Repairing the tank to current standards is an acceptable alternative. However, it leaves at least one other tank vulnerable to quake damage, and provides no additional capacity. Considering the lack of ancillary benefits, the cost is too high.
6. The Longden Reservoir is the best alternative. While it costs more than repairing the Rosemead tank, this alternative permits the replacement of at least one other outdated tank which was not built to current earthquake standards. It also will add needed additional capacity.

Rate Design

In I.84-11-041, D.86-05-064, the Commission adopted a new rate design policy. Under this policy, the lifeline block was to be abolished; all consumption was to be charged for at a single rate, except that up to three quantity blocks were permissible if necessary to establish industrial rates. The service charge was to be set high enough to cover up to 50% of the utility's fixed charges.

Intervenor Duncan (Duncan) argues that D.86-05-064 is flawed, claiming that there was no representation for consumer

interests in that proceeding. A review of the file shows, however, that T.U.R.N., CAL PIRG, and UCAN were given notice and opportunity to participate. None of those organizations filed comments. If Duncan wished to challenge that decision, he should have filed appropriate pleadings in that proceeding instead of waiting three years to raise concerns here. We will apply the current rate design policy.

We find that the rate design established in D.86-05-064 is fair to all classes of consumer, and should be applied here.

Findings of Fact

1. The pipeline addition project is not urgently required.
2. Its costs are relatively high.
3. A study of alternatives is needed.
4. Consideration of the project should be postponed.
5. A storage agreement with the City of Pasadena for storage is the best alternative to replace Oak Knoll Circle and Lamanda tanks.
6. The Rosemead tank should be taken out of service and dismantled as soon as substitute storage can be constructed. Waiting for Branch to re-analyze the alternatives would run an unacceptable risk of further damage.
7. No further delay on procedural grounds is tolerable.
8. Applicant has considered alternatives.
9. Repairing the tank to original standards is not a viable alternative; while the least expensive alternative, the expenditure provides no service improvement and leaves at least two tanks vulnerable to catastrophic failure in the event of another earthquake.
10. Repairing the tank to current standards is an acceptable alternative. However, it leaves at least one other tank vulnerable to quake damage, and provides no additional capacity. Considering the lack of ancillary benefits, the cost is too high.

11. The Longden Reservoir is the best alternative. While it costs more than repairing the Rosemead tank, this alternative permits the replacement of at least one other outdated tank which was not built to current earthquake standards. It also will add needed additional capacity.

12. All findings in the decision in A.88-09-040, which pertain to all three districts are incorporated in this decision by reference.

13. The rates set forth in Appendixes B-SM, C-SM, and D-SM are just, reasonable, and non-discriminatory; applicant should be authorized to file and operate under them on the dates specified. After the effective date of this decision, applicant's present rates are unjust and unreasonable.

14. The quantities set forth in Appendix E-SM Adopted Quantities, are reliable, and should be used to calculate the amount of any offset allowed.

15. The rate design established in D.86-05-064 is fair to all classes of consumer, and should be applied here.

Conclusions of Law

1. Applicant should be authorized to file on the effective dates provided the rates set forth in Appendixes B-SM, C-SM, and D-SM.

2. Consideration of the main project and the economic reasonableness of the storage agreement should be postponed.

3. This order should be made effective today to comply as nearly as possible with the rate case plan.

ORDER

IT IS ORDERED that:

1. California-American Water Company is authorized to file on or after the effective date of this order the revised rate schedules for 1989 shown in Appendix B-SM for its San Marino

Division. This filing shall comply with General Order 96-A. The revised schedules shall apply only to service rendered on and after their effective date.

2. On or after November 5, 1989, California-American Water Company is authorized to file an advice letter, with appropriate supporting workpapers, requesting the step rate increases for 1990 shown in Appendix C-SM attached to this order, or to file a lesser increase in the event that the rate of return on rate base for its San Marino Division, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the months between the effective date of this order and September 30, 1989, annualized, exceeds the later of (a) the rate of return found reasonable by the Commission for California-American Water Company for the corresponding period in the then most recent rate decision, or (b) 10.82%. This filing shall comply with General Order 96-A. The requested step rates shall be reviewed by Staff to determine their conformity with this order and shall go into effect upon Staff's determination of conformity. Staff shall inform the Commission if it finds that the proposed rates are not in accord with this order, and the Commission may then modify the increase. The effective date of the revised schedules shall be no earlier than January 1, 1990, or 40 days after filing, whichever is later. The revised schedules shall apply only to service rendered on and after their effective date.

3. On or after November 5, 1990, California-American Water Company is authorized to file an advice letter, with appropriate supporting workpapers, requesting the step rate increases for 1991 shown in Appendix D-SM attached to this order, or to file a lesser increase in the event that the rate of return on rate base for its San Marino Division, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the months between the effective date of the increase ordered in the previous paragraph and September 30, 1990, annualized, exceeds the later of (a) the

rate of return found reasonable by the Commission for California-American Water Company for the corresponding period in the then most recent rate decision, or (b) 10.82%. This filing shall comply with General Order 96-A. The requested step rates shall be reviewed by Staff to determine their conformity with this order and shall go into effect upon Staff's determination of conformity. Staff shall inform the Commission if it finds that the proposed rates are not in accord with this decision, and the Commission may then modify the increase. The effective date of the revised schedules shall be no earlier than January 1, 1991, or 40 days after filing, whichever is later. The revised schedules shall apply only to service rendered on and after their effective date.

4. Consideration of the 16th Street Main Project is deferred.

5. Consideration of the economic justification for the storage agreement is postponed, pending a final contract.

6. Applicant may seek and justify rate relief for any of the three projects discussed prior to the next general rate case for this district.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX A-SM
(Page 1)
CALIFORNIA-AMERICAN WATER CO.
(SAN MARINO)
1989
SUMMARY OF EARNINGS
(\$000)

| Items | Utility | | Branch | | Adopted | |
|-----------------------|-----------|-----------|-----------|-----------|-----------|------------|
| | Present | Proposed | Present | Proposed | Present | Authorized |
| Oper. Revenues | \$4,303.7 | \$5,485.7 | \$4,417.8 | \$5,553.2 | \$4,417.7 | \$5,483.1 |
| Rev. from Contr. | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 |
| Total Revenues | 4,304.0 | 5,486.0 | 4,418.2 | 5,553.6 | 4,418.1 | 5,483.5 |
| Expenses | | | | | | |
| O & M Expenses | 2,278.8 | 2,278.8 | 2,273.5 | 2,273.5 | 2,315.4 | 2,315.4 |
| Uncollectibles | 4.9 | 6.2 | 5.1 | 6.4 | 5.1 | 6.3 |
| Subtotal O & M | 2,283.7 | 2,285.0 | 2,278.6 | 2,279.9 | 2,320.5 | 2,321.7 |
| A & G Expenses | 577.3 | 577.3 | 481.0 | 481.0 | 565.1 | 565.1 |
| Franchise | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gen. (W/o Dep) | 294.3 | 294.3 | 268.3 | 268.3 | 268.3 | 268.3 |
| Subtotal A & G | 871.6 | 871.6 | 749.3 | 749.3 | 833.4 | 833.4 |
| Ad Valorem Taxes | 141.8 | 141.8 | 103.0 | 103.0 | 108.5 | 108.5 |
| Payroll Taxes | 115.2 | 128.0 | 109.7 | 109.7 | 111.7 | 111.7 |
| Depreciation (+ G.O.) | 517.0 | 517.0 | 412.0 | 412.0 | 726.4 | 726.4 |
| Ca. Income Tax | 5.7 | 114.3 | 38.4 | 142.1 | 21.7 | 120.7 |
| Federal Income Taxes | (6.3) | 353.8 | 103.4 | 449.2 | 52.6 | 380.8 |
| Total Expenses | 3,928.6 | 4,411.4 | 3,781.6 | 4,245.8 | 4,174.8 | 4,603.2 |
| Net Revenues | 375.4 | 1,074.6 | 636.6 | 1,307.8 | 243.3 | 888.3 |
| Rate Base | 9,343.7 | 9,343.7 | 7,556.5 | 7,556.5 | 8,135.7 | 8,135.7 |
| Rate of Return | 4.02% | 11.50% | 8.42% | 17.31% | 2.99% | 10.82% |

(Negative)

APPENDIX A-SM
(Page 2)
CALIFORNIA-AMERICAN WATER CO.
(SAN MARINO)
1990
SUMMARY OF EARNINGS
(\$000)

| Items | Utility | | Branch | | Adopted | |
|-----------------------|-----------|-----------|-----------|-----------|-----------|------------|
| | Present | Proposed | Present | Proposed | Present | Authorized |
| Oper. Revenues | \$4,313.8 | \$6,319.1 | \$4,428.2 | \$6,396.2 | \$4,428.2 | \$5,825.7 |
| Rev. from Contr. | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 |
| Total Revenues | 4,314.2 | 6,319.5 | 4,428.7 | 6,396.7 | 4,428.7 | 5,826.2 |
| Expenses | | | | | | |
| O & M Expenses | 2,383.1 | 2,383.1 | 2,379.9 | 2,379.9 | 2,424.4 | 2,424.4 |
| Uncollectibles | 5.0 | 7.1 | 5.1 | 7.4 | 5.1 | 6.7 |
| Subtotal O & M | 2,388.1 | 2,390.2 | 2,385.0 | 2,387.3 | 2,429.5 | 2,431.1 |
| A & G Expenses | 607.3 | 607.3 | 502.4 | 502.4 | 594.6 | 594.6 |
| Franchise | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gen. Off. (W/o Depr) | 307.9 | 307.9 | 280.6 | 280.6 | 280.6 | 280.6 |
| Subtotal A & G | 915.2 | 915.2 | 783.0 | 783.0 | 875.2 | 875.2 |
| Ad Valorem Taxes | 157.8 | 157.8 | 110.6 | 110.6 | 126.5 | 126.5 |
| Payroll Taxes | 142.6 | 142.6 | 120.6 | 120.6 | 139.7 | 139.7 |
| Depreciation (+ G.O.) | 686.7 | 686.7 | 422.6 | 422.6 | 729.8 | 729.8 |
| Ca. Income Tax | (24.6) | 159.7 | 16.8 | 197.5 | (7.5) | 122.3 |
| Federal Income Taxes | (119.4) | 491.6 | 20.5 | 620.0 | (60.1) | 370.4 |
| Total Expenses | 4,124.7 | 4,943.8 | 3,837.3 | 4,641.6 | 4,233.2 | 4,795.0 |
| Net Revenues | 189.5 | 1,375.7 | 591.4 | 1,755.1 | 195.6 | 1,031.2 |
| Rate Base | 11,879.5 | 11,879.5 | 8,095.2 | 8,095.2 | 9,530.1 | 9,530.1 |
| Rate of Return | 1.60% | 11.58% | 7.31% | 21.68% | 2.05% | 10.82% |

(Negative)

APPENDIX A-SM
(Page 3)
CALIFORNIA-AMERICAN WATER CO.
(SAN MARINO)
1989
INCOME TAX
(\$000)

| Items | Utility | | Branch | | Adopted | |
|-------------------------|-----------|-----------|-----------|-----------|-----------|------------|
| | Present | Proposed | Present | Proposed | Present | Authorized |
| Total Revenues | \$4,303.7 | \$5,485.7 | \$4,417.8 | \$5,553.2 | \$4,417.7 | \$5,483.1 |
| Expenses | | | | | | |
| Operations & Maint. | 2,287.2 | 2,288.5 | 2,278.6 | 2,279.9 | 2,320.5 | 2,321.7 |
| Admin. & General | 577.3 | 577.3 | 481.0 | 481.0 | 565.1 | 565.1 |
| Taxes O/T Income | 257.0 | 269.8 | 199.9 | 212.7 | 220.2 | 220.2 |
| Gen. Off | 294.3 | 294.3 | 268.3 | 268.3 | 268.3 | 268.3 |
| Subtotal | 3,415.8 | 3,429.9 | 3,227.8 | 3,241.9 | 3,374.1 | 3,375.3 |
| Deductions | | | | | | |
| CA Tax Depreciation | 365.5 | 365.5 | 312.7 | 312.7 | 348.9 | 348.9 |
| Interest | 461.1 | 461.1 | 464.1 | 464.1 | 461.1 | 461.1 |
| CA Taxable Income | 61.3 | 1,229.1 | 413.2 | 1,534.6 | 233.6 | 1,297.8 |
| CCFT | 5.7 | 114.3 | 38.4 | 142.7 | 21.7 | 120.7 |
| Deductions | | | | | | |
| Fed. Tax Depreciation | 415.2 | 415.2 | 359.0 | 359.0 | 381.6 | 381.6 |
| Interest | 461.1 | 461.1 | 464.1 | 464.1 | 461.1 | 461.1 |
| FIT Taxable Income | 5.9 | 1,065.1 | 328.5 | 1,345.5 | 179.2 | 1,144.4 |
| FIT (Before Adjustment) | 2.0 | 362.1 | 111.7 | 457.5 | 60.9 | 389.1 |
| Prorated Adjustment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Investment Tax Credit | (8.3) | (8.3) | (8.3) | (8.3) | (8.3) | (8.3) |
| Net Federal Income Tax | (6.3) | 353.8 | 103.4 | 449.2 | 52.6 | 380.8 |

(Negative)

APPENDIX A-SM
(Page 4)
CALIFORNIA-AMERICAN WATER CO.
(SAN MARINO)
1990
INCOME TAX
(\$000)

| Items | Utility | | Branch | | Adopted | |
|-------------------------|-----------|-----------|-----------|-----------|-----------|------------|
| | Present | Proposed | Present | Proposed | Present | Authorized |
| Total Revenues | \$4,313.8 | \$6,319.1 | \$4,428.2 | \$6,396.2 | \$4,428.2 | \$5,825.7 |
| Expenses | | | | | | |
| Operations & Maint. | 2,390.9 | 2,393.2 | 2,385.0 | 2,387.3 | 2,429.5 | 2,431.1 |
| Admin. & General | 607.3 | 607.3 | 502.4 | 502.4 | 594.6 | 594.6 |
| Taxes O/T Income | 278.7 | 300.4 | 209.5 | 231.2 | 266.2 | 266.2 |
| Gen. Off. | 307.9 | 307.9 | 280.6 | 280.6 | 280.6 | 280.6 |
| Subtotal | 3,584.8 | 3,608.8 | 3,377.5 | 3,401.6 | 3,570.9 | 3,572.5 |
| Deductions | | | | | | |
| CA Tax Depreciation | 470.2 | 470.2 | 340.6 | 340.6 | 414.8 | 414.8 |
| Interest | 523.0 | 523.0 | 530.0 | 530.0 | 523.0 | 523.0 |
| CA Taxable Income | (264.2) | 1,717.1 | 180.1 | 2,124.2 | (80.5) | 1,315.4 |
| CCFT | (24.6) | 159.7 | 16.8 | 197.5 | (7.5) | 122.3 |
| Deductions | | | | | | |
| Fed. Tax Depreciation | 557.4 | 557.4 | 419.3 | 419.3 | 494.1 | 494.1 |
| Interest | 523.0 | 523.0 | 530.0 | 530.0 | 523.0 | 523.0 |
| FTT Taxable Income | (326.8) | 1,470.2 | 84.7 | 1,847.9 | (152.3) | 1,113.8 |
| FTT (Before Adjustment) | (111.1) | 499.9 | 28.8 | 628.3 | (51.8) | 378.7 |
| Prorated Adjustment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Investment Tax Credit | (8.3) | (8.3) | (8.3) | (8.3) | (8.3) | (8.3) |
| Net Federal Income Tax | (119.4) | 491.6 | 20.5 | 620.0 | (60.1) | 370.4 |

(Negative)

APPENDIX A-SM
 (Page 5)
 CALIFORNIA-AMERICAN WATER CO.
 (SAN MARINO)
 1989
 RATE BASE
 (\$000)

| Items | Utility | Branch | Adopted |
|------------------------|------------|------------|------------|
| Plant in Service | \$13,639.8 | \$12,645.3 | \$13,270.9 |
| Work in Progress | 0.0 | 0.0 | 0.0 |
| Materials & Supplies | 32.4 | 16.6 | 16.6 |
| Working Cash | 421.1 | (212.2) | (63.9) |
| Method 5 Adj. | 2.1 | 1.6 | 1.6 |
| Cap. Int. Adj. | 0.0 | 0.0 | 0.0 |
| Subtotal | 14,095.4 | 12,451.3 | 13,225.2 |
| Less: | | | |
| Depreciation Reserve | 3,715.5 | 3,848.4 | 4,019.3 |
| Advances | 55.5 | 55.5 | 55.5 |
| Contributions | 466.1 | 468.4 | 468.4 |
| Unamortized ITC | 0.0 | 0.0 | 0.0 |
| Deferred Income Tax | 595.6 | 580.9 | 604.8 |
| Subtotal | 4,832.7 | 4,953.2 | 5,148.0 |
| Net District Rate Base | 9,262.6 | 7,498.1 | 8,077.2 |
| Main Office Allocation | 81.0 | 58.4 | 58.4 |
| Total Rate Base | 9,343.6 | 7,556.5 | 8,135.7 |

(Negative)

APPENDIX A-SM
 (Page 6)
 CALIFORNIA-AMERICAN WATER CO.
 (SAN MARINO)
 1990
 RATE BASE
 (\$000)

| Items | Utility | Branch | Adopted |
|------------------------|-----------------|-----------------|-----------------|
| Plant in Service | \$16,667.1 | \$13,590.5 | \$15,380.3 |
| Work in Progress | 0.0 | 0.0 | 0.0 |
| Materials & Supplies | 34.0 | 17.4 | 17.4 |
| Working Cash | 468.2 | (238.9) | (80.0) |
| Method 5 Adj. | 3.1 | 2.8 | 2.8 |
| Cap. Int. Adj. | 0.0 | 0.0 | 0.0 |
| Subtotal | <u>17,172.4</u> | <u>13,371.8</u> | <u>15,315.5</u> |
| Less: | | | |
| Depreciation Reserve | 4,150.0 | 4,166.9 | 4,642.5 |
| Advances | 46.6 | 46.6 | 46.6 |
| Contributions | 450.9 | 453.2 | 453.2 |
| Unamortized ITC | 0.0 | 0.0 | 0.0 |
| Deferred Income Tax | <u>723.9</u> | <u>666.7</u> | <u>699.8</u> |
| Subtotal | <u>5,371.4</u> | <u>5,333.3</u> | <u>5,842.1</u> |
| Net District Rate Base | 11,801.0 | 8,038.5 | 9,473.4 |
| Main Office Allocation | <u>78.6</u> | <u>56.7</u> | <u>56.7</u> |
| Total Rate Base | <u>11,879.6</u> | <u>8,095.2</u> | <u>9,530.1</u> |

(End of Appendix A-SM)

APPENDIX B-SM
(Page 1)

SCHEDULE NO. SM-1

SAN MARINO DISTRICT TARIFF AREA

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

San Marino, Rosemead, portions of San Gabriel, Temple City, and vicinity, Los Angeles County.

RATES

| SERVICE CHARGE: | <u>PER METER</u> <u>PER MONTH</u> | | |
|--------------------------------|--------------------------------------|-----|-----|
| For 5/8 x 3/4-inch meter | \$ 7.00 | (I) | |
| For 3/4-inch meter | 8.25 | | |
| For 1-inch meter | 12.45 | | |
| For 1-1/2-inch meter | 19.25 | | |
| For 2-inch meter | 27.80 | | |
| For 3-inch meter | 51.50 | | |
| For 4-inch meter | 76.00 | | |
| For 6-inch meter | 135.00 | | |
| For 8-inch meter | 206.00 | | |
| For 10-inch meter | 263.00 | | (I) |

QUANTITY RATES:

For all water delivered per 100 cu.ft. .. \$ 0.690 (I)

The Service Charge is a readiness-to-serve charge applicable to all metered service and to which is to be added the quantity charge computed at the quantity rates, for water used during the month.

APPENDIX B-SM
(Page 2)

SCHEDULE NO. SM-4

SAN MARINO DISTRICT TARIFF AREA

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished for privately owned fire protection systems.

TERRITORY

San Marino, Rosemead, portions of San Gabriel, Temple City and vicinity, Los Angeles County.

RATES

Per Month

For each inch of diameter of private fire protection service \$ 4.00 (I)

The rates for private fire service are based upon the size of the service and no additional charges will be made for fire hydrants, sprinkler/hose connections or standpipe connected to and supplied by such private fire service.

SPECIAL CONDITIONS

1. The fire protection service and connection shall be installed by the utility or under the utility's direction. Cost of the entire fire protection installation excluding the connection at the main shall be paid for by the applicant. Such payment shall not be subject to refund.
2. The installation housing the detector type check valve and meter and appurtenances thereto shall be in a location mutually agreeable to the applicant and the utility. Normally such installation shall be located on the premises of applicant, adjacent to the property line. The expense of maintaining the fire protection facilities on the applicant's premises (including the vault, meter, detector type check valves, backflow device and appurtenances) shall be paid for by the applicant.

APPENDIX B-SM
(Page 3)

SCHEDULE NO. SM-9

SAN MARINO DISTRICT TARIFF AREA

CONSTRUCTION AND OTHER TEMPORARY SERVICE

APPLICABILITY

Applicable to temporary water service provided on a flat rate basis for street paving, curb and sidewalk construction, and for water delivered to tank wagons or trucks from fire hydrants or other outlets provided for such purposes.

TERRITORY

The cities of San Marino and Rosemead and portions of the cities of San Gabriel, El Monte, Temple City, and certain contiguous unincorporated areas in Los Angeles County.

RATES

PER LINEAR FOOT

FOR FLOODING DITCHES:

| | | |
|----------------------------|----------|-----|
| 0 to 4' deep | \$ 0.045 | (I) |
| Over 4' to 6' deep | 0.060 | |
| Over 6' to 8' deep | 0.074 | |
| Over 8' to 10' deep | 0.091 | |
| Over 10' to 12' deep | 0.121 | |
| Over 12' deep | 0.210 | (I) |

FOR WATER DELIVERED
IN TANK WAGONS

\$ 0.210 (I)

SPECIAL CONDITIONS

(1) For other temporary uses the quantity of water used shall be estimated or metered by the utility. Charges for such water shall be at the quantity rate for General Metered Service.

(2) Applicant for temporary service shall be required to pay the utility in advance the net cost of installing and removing any facilities necessary in connection with furnishing such service by the utility.

(3) Applicant for temporary service may be required to deposit with the utility a sum of money equal to the estimated amount of the utility's bill for such service.

APPENDIX C-SM

CALIFORNIA AMERICAN WATER COMPANY
SAN MARINO DISTRICT

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

SCHEDULE SM-1

| Service Charge: | <u>Effective</u> <u>1990</u> |
|--------------------------------|---------------------------------|
| For 5/8 x 3/4-inch meter | \$ 0.60 |
| For 3/4-inch meter | 0.65 |
| For 1-inch meter | 0.95 |
| For 1-1/2-inch meter | 1.40 |
| For 2-inch meter | 2.00 |
| For 3-inch meter | 4.25 |
| For 4-inch meter | 5.40 |
| For 6-inch meter | 10.00 |
| For 8-inch meter | 15.00 |
| For 10-inch meter | 19.00 |

Quantity Rates:

| | |
|---|----------|
| All water delivered per 100 cu.ft. | \$ 0.026 |
|---|----------|

SCHEDULE SM-4

Rates:

| | |
|--|---------|
| For each inch of diameter of private fire protection service | \$ 0.35 |
|--|---------|

SCHEDULE SM-9

| | <u>Per Linear</u> <u>Foot</u> |
|--|----------------------------------|
| For Flooding Ditches: | |
| 0 to 4' deep | \$ 0.004 |
| Over 4' to 6' deep | 0.005 |
| Over 6' to 8' deep | 0.006 |
| Over 8' to 10' deep | 0.008 |
| Over 10' to 12' deep | 0.010 |
| Over 12' deep | 0.015 |
| For water deliveries in tank wagons..... | \$ 0.015 |

(END OF APPENDIX C-SM)

APPENDIX D-SM

CALIFORNIA AMERICAN WATER COMPANY
SAN MARINO DISTRICT

Each of the following increases in rates may be put into effect on the indicated date by filing a rate schedule which adds the appropriate increase to the rate which would otherwise be in effect on that date.

SCHEDULE SM-1

| Service Charge: | <u>Effective</u> <u>1991</u> |
|--------------------------------|---------------------------------|
| For 5/8 x 3/4-inch meter | \$ 0.30 |
| For 3/4-inch meter | 0.35 |
| For 1-inch meter | 0.50 |
| For 1-1/2-inch meter | 0.55 |
| For 2-inch meter | 1.20 |
| For 3-inch meter | 1.75 |
| For 4-inch meter | 3.60 |
| For 6-inch meter | 5.00 |
| For 8-inch meter | 9.00 |
| For 10-inch meter | 11.00 |

Quantity Rates:

All water delivered per 100 cu.ft. \$ 0.014

SCHEDULE SM-4

Rates:

For each inch of diameter of private
fire protection service \$ 0.20

SCHEDULE SM-9

| For Flooding Ditches: | <u>Per Linear</u> <u>Foot</u> |
|---|----------------------------------|
| 0 to 4' deep | \$ 0.002 |
| Over 4' to 6' deep | 0.002 |
| Over 6' to 8' deep | 0.003 |
| Over 8' to 10' deep | 0.004 |
| Over 10' to 12' deep | 0.004 |
| Over 12' deep | 0.004 |
| For water deliveries in tank wagons | \$ 0.005 |

(END OF APPENDIX D-SM)

APPENDIX E-SM
(Page 1)

CALIFORNIA AMERICAN WATER COMPANY
SAN MARINO DISTRICT

ADOPTED QUANTITIES

Purchased Power

SCE Effective 7-88

| | 1989 | | 1990 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | KWH | Cost | KWH | Cost |
| Upper System | | | | |
| PA-1 (1005 HP) | 4,849,150 | \$416,603 | 4,863,649 | \$417,816 |
| Lower System | | | | |
| PA-1 (900 HP) | 2,954,850 | 256,083 | 2,963,200 | 256,782 |
| PA-2 (212 KW) | 142,759 | 21,086 | 143,369 | 21,140 |
| Pasadena Municipal 9-85 | | | | |
| KWH Cost 0.0671 | | | | |
| City Tax 7% | | | | |
| State Tax 0.0002 | | | | |
| Upper System | 1,277,635 | \$114,357 | 1,278,590 | \$114,435 |
| Total Power Consum. (KWH) | 9,224,394 | | 9,248,808 | |
| Total Power Cost | | \$808,129 | | \$810,173 |

Purchased Water Costs

| | | | | |
|-------------------------|-------------|--|-------------|--|
| Main San Gab. Ba (7-88) | | | | |
| Total Well Prod./Af-88 | 13,285.9 | | 13,319.7 | |
| Raymond Basin /AF | 2,299.0 | | 2,299.0 | |
| SG Basin AF | 6,983.9 | | 6,584.8 | |
| Replenishment AF | 3,591.0 | | 4,023.9 | |
| Cost-Adm. Asn. \$2.5/AF | \$20,951.7 | | \$19,754.4 | |
| LB-Makeup \$3/AF | \$26,437.3 | | \$26,531.7 | |
| Replen. \$158/AF | \$567,338.0 | | \$635,776.2 | |
| Other Cost | \$127,848.6 | | \$124,798.6 | |
| Total Cost | \$742,575.6 | | \$806,860.9 | |

APPENDIX E-SM
(Page 2)

CALIFORNIA AMERICAN WATER COMPANY
SAN MARINO DISTRICT

ADOPTED QUANTITIES

| NUMBER OF SERVICES - METER SIZE | 1989 | 1990 |
|---------------------------------|--------|--------|
| 5/8 x 3/4 | 7,737 | 7,748 |
| 3/4 | 16 | 16 |
| 1 | 4,459 | 4,467 |
| 1-1/2 | 926 | 928 |
| 2 | 497 | 499 |
| 3 | 10 | 10 |
| 4 | 15 | 15 |
| 6 | 6 | 6 |
| Total | 13,666 | 13,689 |

Usage - Ccf

| | | |
|---------------------------|-----------|-----------|
| Metered Water Sales (Ccf) | 5,440,100 | 5,453,900 |
|---------------------------|-----------|-----------|

NUMBER OF SERVICES

| | No. of Services | | Usage-KCcf | | Avg. Usage Ccf/vr | |
|-------------------------|-----------------|--------|------------|---------|-------------------|----------|
| | 1989 | 1990 | 1989 | 1990 | 1989 | 1990 |
| Residential | 12,001 | 12,014 | 3,758.7 | 3,762.8 | 313.2 | 313.2 |
| Business Norm. Users | 1,435 | 1,443 | 877.9 | 882.8 | 611.8 | 611.8 |
| Business Large Users | 28 | 28 | 280.0 | 280.0 | 10,000.0 | 10,000.0 |
| Industrial | 74 | 75 | 278.0 | 281.7 | 3,756.2 | 3,756.2 |
| Pub. Auth. Norm. Users | 118 | 119 | 137.3 | 138.4 | 1,163.3 | 1,163.3 |
| Pub. Auth. Large Users | 10 | 10 | 105.9 | 105.9 | 10,592.0 | 10,592.0 |
| Other | 2 | 2 | 2.3 | 2.3 | | |
| Subtotal | 13,668 | 13,691 | | | | |
| Private Fire Protection | 27 | 29 | | | | |
| Total | 13,695 | 13,720 | 5,440.1 | 5,453.9 | | |
| Unaccounted for (6.0%) | | | 347.2 | 348.1 | | |
| Total Water Produced | | | 5,787.3 | 5,802.0 | | |
| Wells Purchased | | | 5,607.9 | 5,622.6 | | |
| | | | 179.4 | 179.4 | | |

APPENDIX E-SM
(Page 3)

CALIFORNIA AMERICAN WATER COMPANY
SAN MARINO DISTRICT

ADOPTED EXPENSES

| | 1989 <u>Adopted</u> (Thousands of Dollars) | 1990 <u>Adopted</u> (Thousands of Dollars) |
|---------------------|--|--|
| Purchased Power | \$808.1 | \$810.2 |
| Purchased Water | 742.6 | 806.9 |
| Purchased Chem. | 4.8 | 6.5 |
| Payroll (O&M+A&G) | 622.1 | 649.5 |
| O & M Other | 298.2 | 318.8 |
| Emp. Pension & Ben. | 160.7 | 169.1 |
| A & G Other | 244.0 | 258.0 |
| Payroll Tax | 111.7 | 139.7 |
| Ad. Vol. Tax | 108.5 | 126.5 |
| Federal Tax Rate | 34% | 34% |
| State Tax Rate | 9.3% | 9.3% |
| Uncollectible Rate | 0.115% | 0.115% |
| Franchise Rate | 0.0% | 0.0% |

(END OF APPENDIX E-SM)

APPENDIX F-SM
 CALIFORNIA AMERICAN WATER COMPANY
 SAN MARINO DISTRICT
 AT PRESENT AND ADOPTED RATES
 FOR A 5/8 X 3/4 INCH METER

| Usage Ccf | Present Rates | 1989 | | |
|--------------|------------------|------------------|--------------------|---------------------|
| | | Adopted Rates | Amount Increase | Percent Increase |
| 0 | \$ 5.04 | \$ 7.00 | \$ 1.96 | 38.89 |
| 3 | 6.14 | 9.07 | 2.93 | 47.75 |
| 5 | 7.31 | 10.45 | 3.14 | 42.93 |
| 8 | 9.07 | 12.52 | 3.45 | 38.03 |
| 10 | 10.24 | 13.90 | 3.66 | 35.70 |
| 15 | 13.17 | 17.35 | 4.18 | 31.69 |
| 20 | 16.11 | 20.80 | 4.69 | 29.14 |
| 25.75 Avg. | 19.48 | 24.77 | 5.29 | 27.16 |
| 40 | 27.83 | 34.60 | 6.77 | 24.32 |
| 100 | 63.01 | 76.00 | 12.99 | 20.62 |
| | | 1990 | | |
| 0 | \$ 7.00 | \$ 7.60 | \$0.60 | 8.57 |
| 3 | 9.07 | 9.75 | 0.68 | 7.48 |
| 5 | 10.45 | 11.18 | 0.73 | 6.99 |
| 8 | 12.52 | 13.33 | 0.81 | 6.45 |
| 10 | 13.90 | 14.76 | 0.86 | 6.19 |
| 15 | 17.35 | 18.34 | 0.99 | 5.71 |
| 20 | 20.80 | 21.92 | 1.12 | 5.38 |
| 25.75 Avg. | 24.77 | 26.04 | 1.27 | 5.13 |
| 40 | 34.60 | 36.24 | 1.64 | 4.74 |
| 100 | 76.00 | 79.20 | 3.20 | 4.21 |
| | | 1991 | | |
| 0 | \$ 7.60 | \$ 7.90 | \$0.30 | 3.95 |
| 3 | 9.75 | 10.09 | 0.34 | 3.51 |
| 5 | 11.18 | 11.55 | 0.37 | 3.31 |
| 8 | 13.33 | 13.74 | 0.41 | 3.09 |
| 10 | 14.76 | 15.20 | 0.44 | 2.98 |
| 15 | 18.34 | 18.85 | 0.51 | 2.78 |
| 20 | 21.92 | 22.50 | 0.58 | 2.65 |
| 25.75 Avg. | 26.04 | 26.70 | 0.66 | 2.54 |
| 40 | 36.24 | 37.10 | 0.86 | 2.37 |
| 100 | 79.20 | 80.90 | 1.70 | 2.15 |

(END OF APPENDIX F-SM)