

MAR 14 1991

Decision 91-03-014 March 13, 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CALIFORNIA WATER SERVICE COMPANY)
(U 60 W), a corporation, for an)
order authorizing it to increase)
rates charged for water service in)
the Chico-Hamilton City District.)

Application 90-07-060
(Filed July 23, 1990)

And Related Matters.)

Application 90-07-061
Application 90-07-062
Application 90-07-063
Application 90-07-064

McCutchen, Doyle, Brown & Enersen, by
William J. Newell and A. Crawford
Greene, Attorneys at Law, for
California Water Service Company,
applicant.

David H. Harris, for City of Salinas,
interested party.

Izetta Jackson, Attorney at Law, and
Arthur Mangold, for the Division
of Ratepayer Advocates.

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INTERIM OPINION

Summary of Decision

California Water Service Company (CWS) is authorized to increase its rates as follows:

<u>District</u>	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Chico-Hamilton City	\$ 313,500	6.15	\$333,900	6.17	\$167,100	2.91
Westlake	54,000	1.27	163,300	3.78	143,700	3.21
Selma	82,100	6.83	108,100	8.42	97,300	6.99
Salinas	1,453,300	29.08	341,600	5.30	265,300	3.91
Livermore	200,600	4.22	206,900	4.18	166,400	3.22

The increases are based on rates of return on CWS' rate base of 11.26% in 1991, 11.25% in 1992, and 11.27% in 1993. The corresponding return on common equity is a constant 12.25% for the three years.

Tables 1 through 5, following, show for each district the adopted summary of earnings at present and authorized rates for test years 1991 and 1992. Table 6 shows the adopted capital ratios and corresponding rates of return on rate base.

The rates authorized herein are interim and subject to prospective adjustment pending a decision in Phase 2 of this proceeding. Phase 2 will deal with the audit of CWS.

TABLE 1

CALIFORNIA WATER SERVICE COMPANY

Chico-Hamilton City District

Adopted Summary of Earnings

	-----1991-----	
	Present	Authorized
	(Thousands of Dollars)	
Total Revenues	\$5,099.9	\$5,413.4
Operating Expenses		
Oper. & Maint.	2,156.0	2,156.5
Adm. & Gen.	91.8	91.8
Gen. Off. Alloc.	739.5	739.5
Depreciation	549.4	549.4
Other Taxes	239.7	239.7
State Franch. Tax	41.4	70.5
Federal Inc. Tax	267.6	374.4
Total	4,085.4	4,221.8
Net Oper. Revenue	1,014.5	1,191.6
Rate Base	10,579.2	10,579.2
Rate of Return	9.59%	11.26%
	-----1992-----	
	Present	Authorized
	(Thousands of Dollars)	
Total Revenues	\$5,285.9	\$5,747.3
Operating Expenses		
Oper. & Maint.	2,286.6	2,287.4
Adm. & Gen.	97.6	97.6
Gen. Off. Alloc.	794.1	794.1
Depreciation	592.3	592.3
Other Taxes	258.2	258.2
State Franch. Tax	29.2	72.0
Federal Inc. Tax	234.2	381.5
Total	4,292.2	4,483.1
Net Oper. Revenue	993.7	1,264.2
Rate Base	11,233.9	11,233.9
Rate of Return	8.85%	11.25%

TABLE 2

CALIFORNIA WATER SERVICE COMPANY

Westlake District

Adopted Summary of Earnings

	-----1991-----	
	Present	Authorized
	(Thousands of Dollars)	
Total Revenues	\$4,254.9	\$4,308.9
Operating Expenses		
Oper. & Maint.	2,840.5	2,840.5
Adm. & Gen.	78.4	78.4
Gen. Off. Alloc.	460.7	460.7
Depreciation	280.4	280.4
Other Taxes	160.4	159.9
State Franch. Tax	1.1	6.1
Federal Inc. Tax	83.6	102.2
Total	3,905.1	3,928.2
Net Oper. Revenue	349.8	380.7
Rate Base	3,379.9	3,379.9
Rate of Return	10.35%	11.26%
	-----1992-----	
	Present	Authorized
	(Thousands of Dollars)	
Total Revenues	\$4,291.7	\$4,472.2
Operating Expenses		
Oper. & Maint.	2,913.6	2,913.6
Adm. & Gen.	83.9	83.9
Gen. Off. Alloc.	494.8	494.8
Depreciation	299.1	299.1
Other Taxes	168.6	169.4
State Franch. Tax	(10.5)	6.2
Federal Inc. Tax	41.6	101.2
Total	3,991.1	4,068.2
Net Oper. Revenue	300.6	404.0
Rate Base	3,590.0	3,590.0
Rate of Return	8.37%	11.25%

TABLE 3

CALIFORNIA WATER SERVICE COMPANY

Selma District

Adopted Summary of Earnings

	-----1991-----	
	Present	Authorized
	(Thousands of Dollars)	
Total Revenues	\$1,202.1	\$1,284.2
Operating Expenses		
Oper. & Maint.	464.3	464.5
Adm. & Gen.	45.7	45.7
Gen. Off. Alloc.	167.3	167.3
Depreciation	105.8	105.8
Other Taxes	50.4	50.4
State Franch. Tax	14.0	21.6
Federal Inc. Tax	72.1	100.1
Total	919.6	955.4
Net Oper. Revenue	282.5	328.8
Rate Base	2,918.8	2,918.8
Rate of Return	9.68%	11.26%
	-----1992-----	
	Present	Authorized
	(Thousands of Dollars)	
Total Revenues	\$1,218.0	\$1,392.3
Operating Expenses		
Oper. & Maint.	492.2	492.5
Adm. & Gen.	48.3	48.3
Gen. Off. Alloc.	179.6	179.6
Depreciation	118.0	118.0
Other Taxes	54.6	54.6
State Franch. Tax	7.1	23.3
Federal Inc. Tax	51.0	107.8
Total	950.8	1,024.1
Net Oper. Revenue	267.2	368.2
Rate Base	3,271.6	3,271.6
Rate of Return	8.17%	11.25%

TABLE 4

CALIFORNIA WATER SERVICE COMPANY

Salinas District

Adopted Summary of Earnings

	-----1991-----	
	Present	Authorized
	(Thousands of Dollars)	
Total Revenues	\$4,996.7	\$6,450.0
Operating Expenses		
Oper. & Maint.	1,662.8	1,667.7
Adm. & Gen.	601.3	601.3
Gen. Off. Alloc.	815.9	815.9
Depreciation	593.3	593.3
Other Taxes	403.7	441.2
State Franch. Tax	(46.2)	85.0
Federal Inc. Tax	85.0	566.4
Total	4,115.8	4,770.8
Net Oper. Revenue	880.9	1,679.2
Rate Base	14,907.5	14,907.5
Rate of Return	5.91%	11.26%
	-----1992-----	
	Present	Authorized
	(Thousands of Dollars)	
Total Revenues	\$5,082.7	\$6,791.6
Operating Expenses		
Oper. & Maint.	1,724.3	1,729.6
Adm. & Gen.	617.1	617.1
Gen. Off. Alloc.	876.1	876.1
Depreciation	646.3	646.3
Other Taxes	427.7	472.4
State Franch. Tax	(66.6)	87.6
Federal Inc. Tax	16.1	537.4
Total	4,241.0	4,966.5
Net Oper. Revenue	841.7	1,825.1
Rate Base	16,217.1	16,217.1
Rate of Return	5.19%	11.25%

TABLE 5

CALIFORNIA WATER SERVICE COMPANY

Livermore District

Adopted Summary of Earnings

	-----1991-----	
	Present	Authorized
	(Thousands of Dollars)	
Total Revenues	\$4,751.4	\$4,952.0
Operating Expenses		
Oper. & Maint.	2,510.1	2,510.6
Adm. & Gen.	110.4	110.4
Gen. Off. Alloc.	575.2	575.2
Depreciation	315.5	315.5
Other Taxes	210.8	212.8
State Franch. Tax	40.9	59.3
Federal Inc. Tax	204.0	271.6
Total	3,966.9	4,055.4
Net Oper. Revenue	784.5	896.6
Rate Base	7,960.4	7,960.4
Rate of Return	9.86%	11.26%
	-----1992-----	
	Present	Authorized
	(Thousands of Dollars)	
Total Revenues	\$4,811.2	\$5,158.9
Operating Expenses		
Oper. & Maint.	2,583.1	2,583.8
Adm. & Gen.	116.8	116.8
Gen. Off. Alloc.	617.7	617.7
Depreciation	336.7	336.7
Other Taxes	220.0	223.4
State Franch. Tax	28.6	60.6
Federal Inc. Tax	165.6	276.6
Total	4,068.5	4,215.6
Net Oper. Revenue	742.7	943.3
Rate Base	8,383.0	8,383.0
Rate of Return	8.86%	11.25%

TABLE 6
CALIFORNIA WATER SERVICE COMPANY

Rate of Return on Rate Base
for
Test Years 1991 and 1992 and Attrition Year 1993

Component	Capital Ratios %	Cost Factors %	Weighted Cost %
	(a)	(b)	(c=axb)
<u>Test Year 1991</u>			
Long-Term Debt	47.70	10.45	4.98
Preferred Stock	1.50	4.19	0.06
Common Equity	<u>50.80</u>	12.25	<u>6.22</u>
Total	100.00		11.26
<u>Test Year 1992</u>			
Long-Term Debt	48.50	10.44	5.06
Preferred Stock	1.50	4.19	0.06
Common Equity	<u>50.00</u>	12.25	<u>6.13</u>
Total	100.00		11.25
<u>Attrition Year 1993</u>			
Long-Term Debt	49.40	10.48	5.18
Preferred Stock	1.40	4.19	0.06
Common Equity	<u>49.20</u>	12.25	<u>6.03</u>
Total	100.00		11.27

Background

CWS is an operating public utility corporation with headquarters in San Jose, California. It provides water service in 21 operating districts.

On June 25, 1990 CWS filed applications requesting rate increases for water service in its Chico-Hamilton City (Application (A.) 90-07-060), Westlake (A.90-07-061), Selma (A.90-07-062), Salinas (A.90-07-063), and Livermore (A.90-07-064) Districts.

CWS originally requested rates which would produce rates of return on rate base of 12.06% in 1991, 12.02% in 1992, and 12.02% in 1993 with a constant rate of return on common equity of 13.75% in each of the three years.

CWS' rate increase request by district follows:

<u>District</u>	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Chico-Hamilton City	\$691,000	14.0	\$151,200	2.6	\$160,500	2.7
Westlake	312,100	7.6	109,000	2.4	112,800	2.5
Selma	105,100	8.5	122,000	9.0	126,100	8.6
Salinas	1,755,200	36.5	259,600	4.4	276,000	4.5
Livermore	442,000	9.5	166,300	3.3	174,600	3.3

The applications for these five districts were filed simultaneously and consolidated for hearings.

A description of the five districts is attached as Appendix A.

CWS served copies and provided notice of the applications in accordance with the Commission's Rules of Practice and Procedure. The Water Utilities Branch (Branch) of the Commission Advisory and Compliance Division (CACD) conducted informal meetings in each of the water service districts. In addition to the Branch project manager, the meetings were attended by CWS' vice president and local district manager.

Customers in the Salinas District expressed concern over the magnitude of the requested increase, noting that they will be paying more for less water used. Some customers suggested that CWS share in the burden of higher costs caused by the drought. Although some complained of high solids content of the water, water quality was generally felt to be acceptable. The Commission's formal file includes three letters from customers in the Salinas District, expressing concern over the level of increases sought. One letter suggests special rates for senior citizens with limited fixed income.

Based on the interest expressed and requests for a public participation hearing (PPH) at the Salinas informal meeting, Branch recommended that a PPH be scheduled for the Salinas District. The PPH was held on November 20, 1990 at 2 and 7 PM, with approximately 20 customers attending each session.

Evidentiary hearings were held in San Francisco on November 26 through November 30, 1990.

CWS presented its evidence through testimony and exhibits introduced by Vice President Stan Ferraro.

Branch presented its evidence on CWS' operations through the testimony and exhibits of the following Branch staff: Senior Utilities Engineer/Project Manager Arthur Mangold, and Utilities Engineers Len Hardy and Ting-Pong Yuen.

Branch presented its evidence on cost-of-capital and rate of return through the exhibit of Seaneen Wilson, Public Utilities Regulatory Analyst II of the Division of Ratepayer Advocates (DRA), Financial and Economic Analysis Branch.

David Harris, Administrative Assistant for the City of Salinas (Salinas), testified regarding the city's concerns.

Customer Service and Conservation

As part of its investigations, Branch evaluated CWS' water quality and overall levels of service in the five districts. Branch found that the service is good and CWS responds quickly to

customer complaints. Typical complaints deal with high bills due to misread meters or unusually high use, inability to pay the bills, low pressure due to heavy demand, equipment failure, or problems with the customers' pipes. Quality complaints include colored or dirty water, entrapped air or sand, and unusual taste or odor.

Branch considers service in the five districts to be satisfactory.

In Decision (D.) 86-05-064 (May 28, 1986) in Order Instituting Investigation (I.) 84-11-041, we took official notice of Assembly Bill (AB) 797, signed into law on September 21, 1983. AB 797 requires every urban water supplier providing water to 3,000 or more customers to prepare and adopt a water management plan to achieve conservation and efficient use of water.

Since CWS serves water to more than 3,000 customers in these districts, it has submitted a water management plan and has an extensive companywide conservation program which includes the following:

1. Furnishing conservation kits free of charge.
2. Suggesting ways to reduce water waste.
3. Issuing publicity releases and purchasing advertising to promote customer awareness of water conservation.
4. Implementing a leak detection program.
5. CWS workers carry a notice that can be left at houses where water waste occurs.

Issues

Branch and CWS conferred throughout the proceedings in an attempt to resolve their differences in test year estimates.

Ultimately, Branch and CWS reached agreement on all issues except handling of Phase 2. This proceeding normally would have been handled in a single phase. However, because the CACD

Auditing and Compliance Branch (Auditing) had not completed its audit in time for the November hearings which were set in accordance with the regulatory lag plan for water utilities, Branch and CWS agreed that Phase 2 is needed to consider the audit. However, CWS and Branch disagree on the number of potential issues that should be allowed in Phase 2, the extent to which rates authorized by this decision should be interim, and the extent to which interim rates should be subject to adjustment.

It is not necessary to discuss in detail the agreed-to items, except for rate of return. Because of its impact on rates and CWS' earnings, we will consider the reasonableness of the level the parties agreed to.

Branch expresses concern over the level of working cash related to minimum bank balances. Branch believes that the actual bank balances may contain a component related to another component of working cash, which would mean double counting. While it does not recommend a ratemaking adjustment for this item, Branch asks the Commission to order CWS to review its analysis.

The final issue deals with conservation and forecast sales in the Salinas District. Salinas agrees with CWS and Branch on all items except conservation usage in the Salinas District. CWS and Branch agree that a 10% sales reduction resulting from Salinas' conservation plan is reasonable. Salinas opposes using conservation in estimating future sales in this district, arguing that only recorded values should be used for future estimates. However, in Salinas' view the four months recorded sales since the conservation plan was adopted is too short a period to use in forecasting future sales.

In summary, the four issues we will consider are:

1. Phase 2 Audit
2. Rate of Return
3. Working Cash
4. Conservation Sales Reduction-Salinas District

Phase 2 Audit

Branch and CWS agree that Phase 2 is necessary, at a minimum, to address two audit items, Other-Other and Contracted Maintenance. Other-Other operating expenses include all nonspecific district operating expenses, excluding purchased water and power, chemicals, payroll, postage, transportation, and uncollectibles. Contracted Maintenance includes services provided by outside contractors for the maintenance of district facilities. Auditing undertook an audit of these items, but was unable to complete it in time for the November hearings. The dispute between CWS and Branch is over the extent of Phase 2.

Other-Other and Contracted Maintenance are issues that were originally uncovered during the prior CWS proceeding, A.89-06-029. D.90-02-042 dated February 23, 1990 in that application ordered the issues to be handled in a second phase; the decision used estimated values for setting interim rates, subject to prospective adjustment. Phase 2 in that proceeding has not been concluded and no decision has been issued.

Some examples of Other-Other expenses from A.89-06-029 follow. Examples for this proceeding should be substantially similar.

1. Inspection of cross-connection control devices and testing of underground tanks for leaks, by outside parties.
2. Outside water analysis.
3. Phone charges for data processing and district operations.
4. Conservation expenses.
5. Gardening services.

Examples of Contracted Maintenance from A.89-06-029 follow. Examples for this proceeding should be substantially similar.

1. Raising valve casings.
2. Repairing fire hydrants.
3. Repairing reservoirs.
4. Painting water tanks.
5. Sealing storage yard pavement.
6. Painting and repairing building interiors.

Branch requests that all rates set in this phase of the proceeding be interim and subject to refund from the date of implementation, pending the Phase 2 decision. Branch believes that the expanded audit is likely to uncover other items that could result in recommendations for ratemaking adjustments.

Branch notes that CWS' expenses have not been audited for about 15 years, despite the Public Utilities (PU) Code § 314.5 requirement that "The commission shall inspect and audit the books and records for regulatory and tax purposes (at) at least once in every three years in the case of every electrical, gas, heat, telegraph, telephone, and water corporation serving over 1,000 customers...."

CWS argues that it is improper to set rates subject to refund for items other than the two identified, that any further audit issues should instead be addressed in future proceedings. CWS argues that this proceeding is not the proper forum to address a companywide audit, especially when it is not available within the prescribed regulatory lag plan. CWS notes that the regulatory lag plan for water utilities resulted from delays in handling water utility rate cases. The lag plan schedule for this proceeding required that the staff submit and serve all exhibits and testimony by November 16, 1990. CWS acknowledges that instances of deviations from the regulatory lag plan have occurred when both the company and the Branch have agreed to the delay, or when the delay was beyond the control of the parties. However, CWS believes that deviations for other causes are not normal and should not be granted. CWS concludes that rates should be set subject only to

prospective adjustment and only to reflect changes in levels of Other-Other and Contracted Maintenance expenses resulting from the Phase 2 decision.

There are two basic issues to consider regarding rates subject to refund:

1. Should the rates be subject to adjustment prospectively from the effective date of Phase 2 decision, or from the date of implementation?
2. Should any rate adjustment be related only to the impact of Other-Other and Contracted Maintenance, or also to CWS' general office operations?

Regarding the first question, we note that the need for rates subject to refund is due solely to the delay in completing the audit of CWS. We appreciate that staffing may be a problem, and that deadlines cannot always be met, but that does not necessarily justify setting rates subject to refund to the date of implementation. PU Code § 314.5 requires an audit of large water companies such as CWS at least every three years. In fact, an audit of CWS has not been performed in about 15 years. We are not convinced of the need to allow rates to be adjusted retrospectively based on the Phase 2 decision. We ordered the rates authorized in D.90-02-042 to be subject only to prospective adjustment. We see no compelling reason to do otherwise in this proceeding. We conclude that rates in this decision should only be subject only to prospective adjustment by the Phase 2 decision. The audit should be completed as soon as possible.

Regarding the second question, Branch believes its expanded audit may uncover additional items for ratemaking adjustment recommendations. It is not surprising that after

15 years, additional items may be questioned in an audit. However, the issue is, should those potential issues be handled in this proceeding?

In this instance we believe that fairness to CWS' ratepayers requires us to consider general office operations as well as Other-Other and Contracted Maintenance in Phase 2. Any resulting ratemaking adjustments can then be promptly implemented. We will consider Other-Other and Contracted Maintenance, as well as general office operations, in Phase 2 of this proceeding.

Rate of Return

The parties ultimately agreed to a return on equity (ROE) of 12.25%. CWS originally requested a constant ROE of 13.75% in each year, which results in rate of returns (RORs) of 12.06% in 1991 and 12.02% in 1992. CWS argued that this increase from the 12.25% ROE we recently allowed it in D.90-02-042 was necessary in order to maintain bond ratings and be able to obtain reasonable financing and bond issues. CWS noted that Standard & Poor (S&P) lowered CWS' bond rating from AA+ to AA in March 1990. In lowering the rating, S&P cited CWS' heavy dependence on rate relief from the Commission, and inability to recover lost sales due to water rationing. CWS expressed concern that S&P may lower the rating further. CWS further stated that in recent years the Commission has unreasonably reduced the allowed ROE to the extent that the common equity holder no longer receives an adequate return for the added risk.

DRA originally recommended an ROE at the mid-point, 12.00%, of its recommended range of from 11.75% to 12.25%. DRA recommended a range in recognition of the fact that rate of return determinations are not matters of absolute precision. The range allows flexibility to compensate for perceived differences in business and financial risks. DRA stated that its recommendation would allow CWS to maintain its financial integrity, attract

necessary capital, and serve the long-term interests of both investors and ratepayers.

Without evaluating the details of each party's calculations and determinations that led to the widely different requests for ROR and ROE, we note that initially CWS requested an ROE of 1.75% above the 12.00% mid-point of DRA's recommended level. The agreed-to level at 12.25% is 1.50% below CWS' request, and the upper end of DRA's recommended range.

Considering the recent ROE levels we allowed water utilities, shown in Table 7 below, it is unlikely that we would have allowed an ROE near the 13.75% requested by CWS if the parties had not reached agreement. Perhaps that explains CWS' willingness to agree to 12.25%.

TABLE 7
Comparison of Equity Returns Allowed

<u>Company</u>	<u>Decision No.</u>	<u>Latest Authorized Rate of Return</u>
SoCal Water	90-12-118	12.00%
Cal-American	90-03-034	12.00%
Apple Valley (Park)	90-02-045	11.90%
California Water	90-02-042	12.25%
Del-Este	89-11-063	11.9%
San Jose Water	89-10-038	11.75%-12.25%
San Gabriel Valley	89-09-048	11.90%

We recently concluded in D.90-12-118 dated December 27, 1990 in Southern California Water (SoCal Water) A.90-02-055 et al, that "the current economic and financial outlook appears similar to the outlook when we issued D.89-11-017 (SoCal Water). No trend is apparent that would lead us to a different conclusion than we reached earlier in allowing a 12.00% ROE."

The 12.25% ROE agreed-to by the parties is the same as we last allowed CWS, and is in the range of values determined to be reasonable in recent water utility decisions. No party in the proceeding takes issue with it and it is within the zone of reasonableness.

We conclude that 12.25% is reasonable for CWS, and will authorize it with the corresponding levels of ROR for the three years, 1991, 1992, and 1993.

Working Cash

The level of working cash allowed in rate base consists of two components. First, a level is allowed to compensate a utility for funds provided by investors that are permanently committed to paying operating expenses in advance of receipt of offsetting revenues from customers. The amount of working cash needed for this purpose is determined by a lead-lag study.

A second level of working cash is allowed in consideration of the utility's need to maintain minimum bank balances or to optimize bank service charges. This portion of working cash is the subject of controversy in this proceeding.

Initially Branch witness Mangold recommended an adjustment in CWS' working cash, based on the belief that the level of minimum bank balance was too high. After further review and consideration, Mangold concluded that Branch did not have enough data to support a change in the level of working cash allowance requested by CWS. However, Branch is concerned that the method used by CWS may not be valid because of double counting. Double counting could be caused by calculating working cash based on recorded bank balances, which are not necessarily minimum balances, but may also contain a portion of the working cash amount allowed based on the lead-lag study.

Branch further notes that the Commission's Standard Practice U-16, DETERMINATION OF WORKING CASH ALLOWANCE dated September 13, 1968 (U-16) is the most current Commission document

dealing with the subject. U-16 was written at a time when bank service charges functioned somewhat differently than today. Banks formerly did not charge for banking services if the utility maintained a certain minimum level of deposits. Currently, banks charge for banking services regardless of deposit levels, but credit the customer with interest on the average balance in the account. The utility in effect pays the bank the net of the service charges and the interest on deposits.

Branch concludes that further study of working cash is needed, and asks that the Commission order CWS to review Branch's interpretation of Standard Practice U-16 and assessment of the working cash issue, and document the assessment with recent recorded data. The results of CWS' review would assist Branch in deciding whether to pursue this issue in future CWS rate increase applications.

CWS counters that double counting does not occur since it keeps bank balances at a minimum because it has opportunities to earn higher interest than it earns on bank deposits. CWS attempts to minimize the levels of bank deposits, consistent with maintaining adequate balances to pay its bills.

We believe Branch's request is misdirected. Although CWS has the burden of proof for any requested revenues, Branch has the responsibility to review and judge the reasonableness of CWS' requests. It is not appropriate for the Commission to order CWS to review Branch's assessment. CWS' review and comment is properly handled during the hearing process. If Branch has inadequate data or is unsure of CWS' bookkeeping, it should pursue this with CWS, who indicates a willingness to work with Branch in this effort. We suggest that Branch pursue this issue in a timely manner before hearings on the next CWS proceedings.

If Branch determines that U-16 is no longer valid, and needs updating or revision, it should so recommend to the

Commission. We note that U-16 applies to all utilities, not just to water companies.

Conservation Sales Reduction

Salinas adopted a water conservation resolution in May 1990, requesting a voluntary 10% reduction in water use in 1990, and a 20% total reduction in 1991. Branch's estimated 10% reduction is based on the expectation that half the 20% goal for 1991 will be achieved. Branch bases this in part on the recorded four months' period since the resolution was adopted, which indicates an approximate 5% reduction, or half Salinas' 10% goal for 1990. CWS agrees to the 10% sales reduction for Salinas.

Salinas witness Harris argues that recorded sales should be used in setting rates, rather than estimated sales reductions that are not likely to occur. Harris emphasizes that the Salinas water conservation resolution is voluntary, and that the perception of the public is that agriculture is wasting water. He notes that people see crops being irrigated during the hot afternoons and during windy conditions, with water being sprayed over everything else, including roads. As a result, he believes that conservation by commercial customers is short term and not significant. Harris testified that after Salinas adopted the water conservation resolution, water consumption declined 12% the first month, but the reduction tapered off to less than 5% within four months. Harris further argues that the four months' recorded consumption used by CWS and Branch in reaching agreement on sales is an inadequate period to use in estimating future sales.

We observe that although the conservation resolution is voluntary, Salinas has aggressively promoted it and has already achieved measurable results. Salinas committed to have 4,500 each of shower head flow reduction devices and toilet bowl dams installed by the end of 1990. While the recorded results are less than Salinas' goals, we believe it is reasonable to expect a significant reduction in water usage. The perception of water

waste or high use by agriculture may somewhat dampen peoples' spirit to conserve, but people are generally aware that the state is in a severe and continuing drought condition, and that water is in short supply.

We find Harris' arguments to be incongruous. On the one hand, he argues that only recorded sales should be used in estimating the future, while on the other hand, he argues that the four-month recorded period since the conservation resolution was adopted is an inadequately short period to use. We agree that four months is a short period on which to base a forecast, yet that period clearly demonstrates a conservation effect. We have no superior data to use. The sales prior to the conservation plan are less representative of the future than the four months after.

We conclude that the Salinas sales levels agreed to by CWS and Branch are reasonable and will adopt them.

Comments

Comments were filed by CWS, Branch, and Harris. Reply comments were filed by Branch.

CWS requests that the decision specifically address the proposed new general office building, and the Chico office building. CWS and Branch agreed to an advice letter procedure to handle ratemaking associated with these buildings. This procedure has been added to the decision. CWS also requests that conservation expenses be identified in each district's summary of earnings. Branch supports this request. This has been added with Appendix E.

Finally, CWS suggests slight changes in rate design for the Salinas District, since the service charges shown in Appendix B-4, pages 2 and 3 do not move toward the goal of a uniform service charge in 1992 and 1993. Branch agrees, and these changes have been made.

Branch requests that the 30-day deadline for completion of the audit is inadequate. This requirement has been removed.

A number of minor typographical and numerical corrections have been made at the request of CWS and Branch.

Harris presented new recorded conservation data for the Salinas District, rearguing the level of conservation reduction agreed to by CWS and Branch. Harris also requests that the rate increase for Salinas District be phased in equally over three years.

None of the changes resulting from comments are substantive.

Findings of Fact

1. On June 25, 1990 CWS filed applications requesting rate increases for water service in its Chico-Hamilton City, Westlake, Selma, Salinas, and Livermore Districts.
2. CWS obtains its water from wells and from purchases from various public entities in certain of the districts. Most of the wells are owned by CWS; several are leased.
3. Service provided by CWS in the five districts is satisfactory, and the water furnished meets current state drinking water standards.
4. CWS has complied with our directives in D.86-05-064 to promote water conservation and to prepare and adopt a water management plan to achieve the efficient use of water.
5. CWS and Branch agree on all items for the test period except the details of Phase 2, which will consider Other-Other and Contracted Maintenance for the five districts.
6. CWS and Branch have agreed to an advice letter procedure, as set forth in Exhibit 17, for rate relief associated with reasonable expenditures and expenses for a new general office building and the renovation of existing facilities.
7. CWS and Branch have agreed to an advice letter procedure, as set forth in Exhibit 18, for rate relief associated with reasonable expenditures and expenses for the expansion of the Chico

district commercial office building and the renovation of existing facilities.

8. Branch is concerned with the level of working cash allowed for bank balances but does not recommend ratemaking adjustments at this time.

9. Salinas agrees with CWS and Branch on all items except the 10% level of sales reduction due to conservation agreed-to by CWS and Branch for the Salinas District. Salinas opposes estimating the effects of conservation on future water use.

10. The four months' recorded water use after Salinas adopted the conservation plan is reasonably representative of future water use.

11. CWS originally requested an ROE of 13.75 % for each of the test years.

12. Financial models do not offer adequate precision to determine a reasonable ROE without applying judgement.

13. The parties agree to a 12.25% ROE, which is the same as allowed CWS in D.90-02-042, and is the upper end of Branch's recommended range of ROE.

14. An ROE of 12.25% will allow CWS to maintain its current financial condition.

15. Branch did not complete its audit of CWS in time for the November hearings. Branch and CWS agree that a Phase 2 of this proceeding is necessary to address audit issues. The auditing team for the Branch should complete its auditing as soon as possible.

16. Branch originally intended to limit its audit to Other-Other and Contracted Maintenance. These two issues have not yet been resolved in the prior CWS proceeding, A.89-06-029 et al.

17. Branch subsequently decided to expand the scope of its audit to cover all areas of CWS operations.

18. Branch requests that all rates authorized in this decision be subject to refund from the date of implementation.

19. CWS believes that only Other-Other and Contracted maintenance are appropriate for Phase 2, and that rates should be subject only to prospective adjustment based on the Phase 2 decision.

20. PU Code § 314.5 requires an audit of large water companies at least every three years. Branch has not audited CWS for about 15 years.

21. A level of working cash is allowed utilities to compensate for funds provided by investors provided in advance of offsetting revenues from customers, and to maintain minimum bank balances.

22. Branch requests that the Commission order CWS to review Branch's assessment of the working cash issue.

Conclusions of Law

1. Phase 2 should not be limited to Other-Other and Contracted Maintenance.

2. Rates authorized in this decision should be subject to prospective adjustment from Phase 2.

3. An ROE of 12.25% is just and reasonable for CWS for 1991, 1992, and 1993 and should be adopted.

4. The advice letter procedure for rate relief associated with CWS' construction of a new general office building and renovation of existing facilities, as set forth in Exhibit 17, is reasonable and should be adopted.

5. The advice letter procedure for rate relief associated with CWS' expansion of the Chico commercial office building and renovation of existing facilities, as set forth in Exhibit 18, is reasonable and should be adopted.

6. Branch's estimated water use for Salinas based on the recorded four months since Salinas adopted a conservation plan is reasonable and should be adopted.

7. This order should be effective on the date signed because there is an immediate need for rate relief.

INTERIM ORDER

IT IS ORDERED that:

1. California Water Service Company (CWS) is authorized to file interim revised schedules attached as Appendices A-1 through A-5. This filing shall comply with General Order (GO) 96-A. The effective date of the revised schedules shall be no earlier than March 13, 1991, or 5 days after the date of filing, whichever is later. The interim revised schedules shall apply to service rendered on and after their effective date. The interim revised schedules are subject to prospective adjustment resulting from a subsequent order of the Commission.

2. On or after November 15, 1991, CWS is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increases for 1992 included in Appendices B-1 through B-5, or to file a proportionate lesser increase for those rates in Appendices B-1 through B-5 for Chico-Hamilton City, Westlake, Selma, Salinas, and Livermore Districts, respectively, in the event that district's rate of return on rate base, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the 12 months ended September 30, 1991, exceeds the later of (a) the rate of return found reasonable for CWS during the corresponding period in the then most recent rate decision or (b) 11.25%. This filing shall comply with GO 96-A. The requested step rates shall be reviewed by the Commission Advisory and Compliance Division (CACD) to determine their conformity with this order and shall go into effect upon CACD's determination of conformity. CACD shall inform the Commission if it finds that the proposed step rates are not in accord with this decision. The effective date of the revised schedules shall be no earlier than January 1, 1992, or 30 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 15, 1992, CWS is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increases for 1993 included in Appendices B-1 through B-5, or to file a proportionate lesser increase for those rates in Appendices B-1 through B-5 for Chico-Hamilton City, Westlake, Selma, Salinas, and Livermore Districts, respectively, in the event that district's rate of return on rate base, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the 12 months ended September 30, 1992, exceeds the later of (a) the rate of return found reasonable for CWS during the corresponding period in the then most recent rate decision or (b) 11.27%. This filing shall comply with GO 96-A. The requested step rates shall be reviewed by the CACD to determine their conformity with this order and shall go into effect upon CACD's determination of conformity. CACD shall inform the Commission if it finds that the proposed step rates are not in accord with this decision. The effective date of the revised schedules shall be no earlier than January 1, 1993, or 30 days after the filing of the step rate, whichever is later. The revised schedules shall apply only to service rendered on and after their effective date.

4. CWS shall adjust prospectively its rates for service in its Chico-Hamilton City, Westlake, Selma, Salinas, and Livermore Districts either: (a) by filing separate advice letters for each district, or (b) by adjusting the step rate filings authorized by this order. In either case, the amount of the rate adjustment, if any, shall be in accordance with Commission findings as to the change in revenue requirements, if any, in the 5 districts involved in this proceeding resulting from the adoption in such findings of revised estimates (which shall not exceed the original estimates filed by CWS in Application 90-07-060 et al.) of CWS's Other-Other and Contracted Maintenance Accounts, and/or general office operations. Such findings shall be made either in a later decision in this proceeding or in CWS's next series of GRC applications,

prior to which Branch shall have the opportunity to audit and perform a reasonableness review of CWS's Other-Other and Contracted Maintenance Accounts in any or all of the 5 districts involved in this proceeding, and its general office operations. No rate adjustment made pursuant to this paragraph shall cause the total rate increase authorized in these proceedings to exceed the amount of the proposed increase (expressed either in dollar or percentage terms) that CWS published, pursuant to Public Utilities Code § 454, in its notice to customers of the 5 districts involved in this proceeding.

5. CWS is authorized to use the advice letter procedure, as set forth in Exhibits 17 and 18, for rate relief associated with the construction and renovation of its general office building and Chico district office building facilities.

6. The auditing of CWS for the Phase 2 of this proceeding shall be completed as soon as possible.

This order is effective today.

Dated March 13, 1991, at San Francisco, California.

PATRICIA M. ECKERT
President
G. MITCHELL WILK
JOHN B. OHANIAN
DANIEL WM. FESSLER
NORMAN D. SHUMWAY
Commissioners

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


NEAL J. SISKIND, Executive Director

APPENDIX A
Page 1

Chico-Hamilton City District

The Chico-Hamilton City District consists of the Cities of Chico (incorporated) and Hamilton City (unincorporated) and unincorporated areas of Butte County and Glenn County adjacent to the city limits. Chico and Hamilton City are served by separate systems. The district office is located in Chico. Major construction work is performed by private contractors.

The Chico area terrain is relatively flat at about 200 feet above sea level, but the eastern end of the system rises to over 300 feet. This elevation difference, combined with the isolated airport system, requires maintaining three pressure zones. The Chico system is supplied from 60 company-owned wells, which are equipped with electric pumps that are controlled by pressure switches or time clocks. Fifty-six of the wells pump directly into the interconnected distribution system and storage. The other four wells pump into the separate system at the Chico Airport. Fourteen of the wells have auxiliary engine drives that start automatically during power outages.

There are five storage tanks in the Chico system ranging in size from 100,000 to 500,000 gallons; the combined capacity is 1,350,000 gallons. The maximum day output in 1989 was 36.74 million gallons on July 18, 1989. Output for the 12 months ended December 31, 1989 was approximately 6,880 million gallons.

The Hamilton City area is flat at about 150 feet above sea level, allowing it to be served from a single pressure zone. It is supplied from three company-owned wells, which are controlled by a combination of pressure and tank level controls. Two of the wells have auxiliary engine drives; one starts automatically during power outages, while the other is manually started.

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Page 2

The Hamilton City system has one 25,000 gallon storage tank. The maximum day output in 1989 was 1.063 million gallons recorded on June 21, 1989.

The combined output for the Chico and Hamilton City areas for the 12 months ended December 31, 1989 was approximately 7,042 million gallons.

The combined population of the Chico and Hamilton City areas is estimated at 75,300. All wells range in size from 8 to 16 inches in diameter, and in depth from 220 to 924 feet.

Westlake District

The Westlake District service area is within the City of Thousand Oaks in Ventura County. The district office is located in Westlake Village. Major construction work is performed by private contractors. The service area varies in elevation from approximately 900 to 1675 feet above sea level, which necessitates six separate pressure zones. Eighteen electrical boosters are used to maintain pressure in the six pressure zones, and one gasoline powered portable booster is stationed in the district for use in case of power failure. The system is supplied entirely from The Russell Valley Municipal Water District through four separate connections. In addition, there are two emergency connections with The Las Virgenes Municipal Water District.

The distribution system consisted of 92.7 miles of main ranging in size to 24 inches in diameter, as of the end of 1989.

The Westlake system has a 750,000-gallon steel storage tank, and four concrete storage tanks ranging in capacity from 1.3 million to 5 million gallons, with a total capacity of 15.05 million gallons. The maximum day output in 1989 was 13.9 million gallons on August 14. The output for the 12 months ended December 31, 1989 was approximately 2,925 million gallons.

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The population of the Westlake District is estimated at 25,600.

Selma District

The Selma District includes the City of Selma and adjacent unincorporated areas in Fresno County. The district office is located in Selma.

Since the Selma District terrain is relatively flat, separate pressure zones are not needed. The system is supplied by 14 company-owned wells, each equipped with an electrically driven motors and a pressure regulating valve. The wells range in size from 12 to 16 inches in diameter, and from 211 to 522 feet in depth. Five wells have auxiliary engine drives that start automatically during power outages.

The maximum day output was 8.6 million gallons on July 18, 1988. The output for the 12 months ended December 31, 1989 was approximately 1,654 million gallons.

The population of the Selma District is estimated at approximately 15,400.

Salinas District

The Salinas District includes four separate systems: the main Salinas system, the Bolsa Knolls, Oak Hills, and Las Lomas systems. The main Salinas system includes the City of Salinas and adjacent unincorporated areas of Monterey County. Bolsa Knolls is north of and contiguous with the main Salinas system. Oak Hills is located in an unincorporated area 8 miles northwest of central Salinas, adjacent to State Highway 156 between Prunedale and Castroville. Las Lomas is located in an unincorporated area 13 miles northwest of central Salinas. With the elevation varying between 20 and 300 feet above sea level, five pressure zones are needed. The main Salinas system uses two pressure zones, Bolsa

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Knolls a single zone, Oak Hills a single zone, and Las Lomas three zones.

The entire water supply is from wells, as described below:

<u>System</u>	<u>Number of Wells</u>		<u>Size Range</u>	<u>Depth Range</u>
	<u>Company</u>	<u>Leased</u>		
Salinas	35	1	12"-12"	342'-810'
Bolsa Knolls	5	0	10"-14"	430'-700'
Oak Hills	3	0	14"	600'-640'
Las Lomas	3	0	12"	96'-510'

All but one of the wells is electrically driven; the other is driven by a manually started diesel engine. Auxiliary engine drives are in service as indicated below:

<u>System</u>	<u>Auxiliary Engines</u>	
	<u>Automatic Start</u>	<u>Manual Start</u>
Salinas	13	1
Bolsa Knolls	0	1
Oak Hills	1	0
Las Lomas	0	0

Total output and maximum day output is summarized below:

<u>System</u>	<u>Output</u>	
	<u>Production (MG)</u>	<u>Maximum Day/Date</u>
Salinas	4,456	19.401 6/31/90
Bolsa Knolls	407	2.207 6/22/89
Oak Hills	80	.480 4/6/89
Las Lomas	<u>73</u>	.526 5/7/89
Total	5,016	

The Salinas District has six surface storage tanks constructed of redwood, steel, or concrete, and ranging in size from 5,000 to 3,500,000 gallons. The total storage capacity is 3,705,000 gallons.

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The population of the Salinas District is estimated at 78,400.

Livermore District

The Livermore District includes much of the incorporated City of Livermore as well as adjacent unincorporated areas of Alameda County. Although much of the area is flat, rolling hills with elevations varying from 425 to 715 feet above sea level necessitate nine pressure zones.

The district is supplied from two sources, wells, and a connection to the Alameda County Flood Control and Water Conservation District. Of the 13 wells, 12 are company-owned, the other is leased. The wells vary in diameter from 10 to 16 inches, and in depth from 273 to 625 feet. All are electrically driven.

The distribution system consisted of 160.4 miles of mains in sizes up to 12 inches in diameter, as of the end of 1989.

There are four low-level storage tanks ranging in size from 500,000 to 2,500,00 gallons, with a combined capacity of 6,500,000 gallons. All low-level storage tanks use booster pumps.

The district has 22 high-level surface storage tanks and two reservoirs, with a combined capacity of 10,590,000 gallons.

The maximum day output was 14.5 million gallons recorded in June, 1985. Total output for the 12 months ended December 31, 1989 was approximately 2,843 million gallons.

The total population served is estimated at approximately 57,500.

(END OF APPENDIX A)

Schedule No. CH-2R

Chico-Hamilton City Tariff Area
RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Chico and vicinity, Butte County, and Hamilton City and vicinity,
Glenn County.

RATES

	<u>Per Service Connection</u> <u>Per Month</u>	
For a single-family residential unit, including premises having the following areas:		
6,000 sq.ft., or less	\$15.25	(I)
6,001 to 10,000 sq.ft.	18.34	
10,001 to 16,000 sq.ft.	22.71	
16,001 to 25,000 sq.ft.	28.94	(I)
For each additional single-family residential unit on the same premises and served from the same service connection		
	10.77	(I)

SPECIAL CONDITIONS

1. Due to the undercollection in the balancing account, a surcharge of the amounts shown below shall be applied to the monthly flat rates shown above. These charges will terminate on May 3, 1991.

6,000 sq.ft., or less	\$0.30	
6,001 sq.ft., to 10,000 sq.ft.	\$0.37	
10,001 sq.ft., to 16,000 sq.ft.	\$0.45	
16,001 sq.ft., to 25,000 sq.ft.	\$0.57	
Additional Residential Unit	\$0.21	(T)
2. The above flat rates apply to service connections not larger than one inch in diameter.
3. All service not covered by the above classifications shall be furnished only on a metered basis.
4. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. CH-1, General Metered Service.
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Schedule No. CH-1

Chico-Hamilton Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Chico and vicinity, Butte County, and Hamilton City and vicinity, Glenn County.

RATES

	Per Meter Per Month	
Quantity Rates:		
Per 100 cu.ft.	\$ 0.360	(I)
Service Charge:		
For 5/8 x 3/4-inch meter	\$ 7.12	(I)
For 1-inch meter	12.39	
For 1-1/2-inch meter	16.95	
For 2-inch meter	23.15	
For 3-inch meter	40.00	
For 4-inch meter	55.00	
For 6-inch meter	91.00	
For 8-inch meter	136.00	
For 10-inch meter	167.00	(I)

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

SPECIAL CONDITIONS

1. Due to the undercollection in the balancing account, a surcharge of \$0.010 per 100 cu. ft. of water usage is to be applied to the quantity rates. This charge will terminate on May 3, 1991. (T)
2. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (T)

Schedule No. CH-2L

Chico-Hamilton City Tariff Area

SCHOOLS AND PUBLIC PARK FLAT RATE SERVICE

APPLICABILITY

Applicable to all water service furnished on a flat rate basis to schools and public parks.

TERRITORY

Hamilton City and vicinity, Glenn County.

RATES

Per Month

For each public school or public park \$ 56.30 (I)

SPECIAL CONDITIONS

1. Meters may be installed at option of utility or customer for above classifications in which event service thereafter will be furnished only on the basis of Schedule No. CH-1, General Metered Service.
2. Service under this schedule is limited to active services as of January 1, 1977.
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(End of Appendix A-1)

California Water Service Company
Chico-Hamilton City 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 NO. CH-1

Service Charges:	1992	1993
For 5/8 x 3/4-inch meter	\$0.21	\$0.27
For 1-inch meter	0.37	0.39
For 1-1/2-inch meter	0.50	0.55
For 2-inch meter	0.69	0.71
For 3-inch meter	1.00	1.00
For 4-inch meter	2.00	2.00
For 6-inch meter	3.00	3.00
For 8-inch meter	4.00	4.00
For 10-inch meter	5.00	5.00

Quantity Rates:

For all water, per 100 cu.ft.	0.005	0.010
---------------------------------------	-------	-------

SCHEDULE NO. CH-2R

Rates

6,000 sq.ft., or less	0.45	0.40
6,001 to 10,000 sq.ft.	0.55	0.56
10,001 to 16,000 sq.ft.	0.67	0.72
16,001 to 25,000 sq.ft.	0.86	0.90
Additional unit	0.32	0.36

SCHEDULE NO. CH-2L

For each public school or public park	1.40	1.70
---	------	------

(END OF APPENDIX B-1)

California Water Service Company
Chico-Hamilton City District

Adopted Quantities

(Dollars in thousands)

	1991 -----	1992 -----
1. Water Production : KCcf (1000)		
Wells	10545.1	10929.3
Surface Supply	0.0	0.0
Purchased Water	0.0	0.0
Total	10545.1	10929.3
2. Purchased Water Expenses	0.0	0.0
3. Purchased Power		
Supplier - PG&E (1-1-90)		
Production (KCcf)	10545.1	10929.3
Kwhr per KCcf	904.8	904.8
Kwhr	9,541,206	9,888,831
Unit Cost (cent/Kwhr)	10.6000	10.5510
Total Cost	\$1,011.4	\$1,043.4
4. Ad Valorem Taxes	\$155.7	\$167.8
Tax Rate	0.707%	0.707%
5. Uncollectible rate	0.001727	
6. Franchise tax rate	0.000000	
7. California corporation franchise tax	9.30%	
8. Federal tax rate	34.12%	
9. Net to gross multiplier	1.77047	

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California Water Service Company
Chico-Hamilton City DistrictAdopted Quantities

10. Number of Services by meter size

	1991	1992
	-----	-----
5/8 x 3/4 inch	4,307	4,519
1	1,330	1,393
1 1/2	188	198
2	726	758
3	80	82
4	25	25
6	4	4
8	5	5
10	0	0
	-----	-----
	6,665	6,984

11. Metered Sales (Kccf)

	1991	1992
	-----	-----
All water	4403.9	4600.6
Total	4403.9	4600.6

12. Number of Service and Usage

	No. of Service		Usage - Kccf		Ave Usage - ccf	
	1991	1992	1991	1992	1991	1992
	-----	-----	-----	-----	-----	-----
Commercial	6,342	6,654	3841.3	4030.3	605.7	605.7
Public Authority	256	262	486.7	493.9	1901.2	1885.1
Industrial	41	42	56.9	57.4	1387.8	1366.7
Other	26	26	19.0	19.0	730.8	730.8
	-----	-----	-----	-----	-----	-----
Subtotal	6,665	6,984	4403.9	4600.6		
Flat Rate resid	11,999	12,354	5297.6	5454.3		
Priv Fire Prot	184	196				
Public Fire Prot	18	18				
	-----	-----	-----	-----		
Total	18,866	19,552				
Water Loss	8.00%		843.6	874.3		
			-----	-----		
Total Water Produced			10545.1	10929.3		

California Water Service Company
Chico-Hamilton City District

Income Tax Calculation

	1991 -----	1992 -----
	(Dollars in thousands)	
Operating Revenue (authorized rates)	\$5,413.4	\$5,747.3
Expenses		
Purchased water	0.0	0.0
Purchased power	1,011.4	1,043.4
Pump tax	0.0	0.0
Payroll	878.2	963.1
Purchased chemicals	0.9	0.9
Other O & M	372.1	395.0
Other A & G	-23.6	-27.3
G.O. prorations	739.5	794.1
Business license	15.2	15.7
Taxes other than income	224.5	242.5
Uncollectibles	9.3	9.9
Franchise tax	0.0	0.0
Transportation depreciation	-36.1	-37.2
Interest expense	516.5	557.9
Total Deduction	3,707.9	3,958.0
State Tax Depreciation	947.5	1,015.0
Net Taxable Income	758.0	774.3
State Corp. Franch. Tax 9.3%	70.5	72.0
Federal Tax Depreciation	543.8	577.8
State Income Tax	41.4	70.5
Less Preferred Stock Dividend	2.7	2.7
Net Taxable Income	1,117.6	1,138.3
Fed. Income Tax 34.12%	381.3	388.4
Less ITC	6.9	6.9
Total Federal Income Tax	374.4	381.5
Total Income Tax	444.9	453.5

(END OF APPENDIX C-1)

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Page 1

California Water Service Company
Chico-Hamilton City District

Comparison of typical bills for residential metered customers of various usage level and average level at present and authorized rates for the year 1991.

General Metered Service
(5/8 x 3/4-inch meters)

Monthly Usage (Cubic Feet)	At Present Rates	At Authorized Rates	Percent Increase
500	\$8.34	\$8.92	6.95%
1000	10.12	10.72	5.93%
2000	13.69	14.32	4.60%
3000	17.26	17.92	3.82%
5000	24.40	25.12	2.95%
5047 (Average)	24.57	25.29	2.93%
10000	42.25	43.12	2.06%

(END OF APPENDIX D-1)

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Page 1

Schedule No. WK-1

Westlake Tariff Area

GENERAL METERED SERVICES

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Westlake Village, in the southern part of Ventura County,
within the City of Thousand Oaks and vicinity.

RATES

Quantity Rates:	<u>Per Meter</u> <u>Per Month</u>	
For the first 300 cu.ft., per 100 cu.ft.	\$0.3600	(I)
For the next 29,700 cu.ft., per 100 cu.ft.	1.0880	
For all over 30,000 cu.ft., per 100 cu.ft.	0.9940	(I)
 Service Charge:		
For 5/8 x 3/4-inch meter	\$ 7.08	(I)
For 1-inch meter	12.20	
For 1-1/2-inch meter	21.20	
For 2-inch meter	33.00	
For 3-inch meter	63.00	
For 4-inch meter	106.00	
For 6-inch meter	211.00	
For 8-inch meter	319.00	
For 10-inch meter	451.00	(I)

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

SPECIAL CONDITIONS

1. Due to the undercollection in the balancing account, a surcharge of \$0.0491 per 100 cu. ft. of water usage is to be applied to the quantity rates for 12 months from the effective date of this tariff sheet. (C)
2. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (C)

(End of Appendix A-2)

California Water Service Company
Westlake 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 NO. WK-1

Service Charges:	1992	1993
For 5/8 x 3/4-inch meter	\$0.68	\$0.65
For 1-inch meter	0.84	1.06
For 1-1/2-inch meter	2.20	2.10
For 2-inch meter	2.42	2.98
For 3-inch meter	5.00	5.00
For 4-inch meter	9.00	9.00
For 6-inch meter	18.00	18.00
For 8-inch meter	27.00	27.00
For 10-inch meter	38.00	38.00

Quantity Rates:

For the first 300 cu. ft., per 100 cu. ft.	0.0726	0.0744
For the next 29,700 cu. ft., per 100 cu. ft.	0.0095	0.0145
For all over 30,000 cu. ft., per 100 cu. ft.	0.0273	0.0317

(END OF APPENDIX B-2)

California Water Service Company
Westlake District

Adopted Quantities

(Dollars in thousands)

	1991 -----	1992 -----
1. Water Production : KCcf (1000)		
Wells	0.0	0.0
Surface Supply	0.0	0.0
Purchased Water	3608.8	3641.1
Total	3608.8	3641.1
2. Purchased Water Expenses		
Calleguas Municipal Water District (6-1-90)		
Total water purchased (KCcf)	3608.8	3641.1
Unit Cost (\$/AF)	0.273	0.273
Total commodity charges	\$2,261.8	\$2,282.0
Service charges	\$0.0	\$0.0
Total Cost	\$2,261.8	\$2,282.0
3. Purchased Power		
Supplier - PG&E (1-1-90)		
Production (KCcf)	3608.8	3641.1
Kwhr per KCcf	501.9	501.9
Kwhr	1,811,307	1,827,518
Unit Cost (cent/Kwhr)	7.3760	7.3700
Total Cost	\$133.6	\$134.7
4. Ad Valorem Taxes	\$91.2	\$95.6
Tax Rate	0.647%	0.647%
5. Uncollectible rate	0.04160%	
6. Franchise tax rate	1.04220%	
7. California corporation franchise tax	9.30%	
8. Federal tax rate	34.12%	
9. Net to gross multiplier	1.78677	

APPENDIX C-2
Page 2

California Water Service Company
Westlake District

Adopted Quantities

10. Number of Services by meter size

	1991	1992
	-----	-----
5/8 x 3/4 inch	5,138	5,188
1	871	879
1 1/2	180	181
2	222	219
3	14	14
4	13	13
6	4	4
8	0	0
10	0	0
	-----	-----
	6,442	6,498

11. Metered Sales (Kccf)

	1991	1992
	-----	-----
0 - 3 ccf	223.7	225.8
4 - 300 ccf	2374.0	2395.4
Over 300 ccf	775.1	781.8
Total	3372.8	3403.0

12. Number of Service and Usage

	No. of Service		Usage - Kccf		Ave Usage - ccf	
	1991	1992	1991	1992	1991	1992
	-----	-----	-----	-----	-----	-----
Commercial	6,363	6,424	3147.1	3177.3	494.6	494.6
Public Authority	53	53	124.7	124.7	2352.8	2352.8
Industrial	14	14	49.7	49.7	3550.0	3550.0
Other	12	7	51.3	51.3	4275.0	7328.6
	-----	-----	-----	-----	-----	-----
Subtotal	6,442	6,498	3372.8	3403.0		
Flat Rate resid	0	0	0.0	0.0		
Priv Fire Prot	75	79				
Public Fire Prot	3	3				
	-----	-----	-----	-----		
Total	6,520	6,580				
Water Loss	6.54%		236.0	238.1		
			-----	-----		
Total Water Produced			3608.8	3641.1		

California Water Service Company
Westlake District

Income Tax Calculation

	1991 ----	1992 ----
	(Dollars in thousands)	
Operating Revenue (authorized rates)	\$4,308.9	\$4,472.2
Expenses		
Purchased water	2,261.8	2,282.0
Purchased power	133.6	134.7
Pump tax	0.0	0.0
Payroll	304.8	352.4
Purchased chemicals	0.0	0.0
Other O & M	182.8	190.4
Other A & G	34.2	36.2
G.O. prorations	460.7	494.8
Business license	0.0	0.0
Taxes other than income	114.9	122.7
Uncollectibles	1.8	1.9
Franchise tax	44.9	46.6
Transportation depreciation	-17.1	-17.6
Interest expense	166.3	179.9
Total Deduction	3,688.9	3,824.0
State Tax Depreciation	554.1	581.5
Net Taxable Income	65.9	66.7
State Corp. Franch. Tax 9.3%	6.1	6.2
Federal Tax Depreciation	305.2	331.6
State Income Tax	1.1	5.1
Less Preferred Stock Dividend	0.9	0.9
Net Taxable Income	312.7	309.6
Fed. Income Tax 34.12%	106.7	105.6
Less ITC	4.5	4.5
Total Federal Income Tax	102.2	101.2
Total Income Tax	108.3	107.4

(END OF APPENDIX C-2)

APPENDIX D-2

Page 1

California Water Service Company
Westlake District

Comparison of typical bills for residential metered customers of various usage level and average level at present and authorized rates for the year 1991.

General Metered Service
(5/8 x 3/4-inch meters)

Monthly Usage (Cubic Feet)	At Present Rates	At Authorized Rates	Percent Increase
500	\$11.55	\$11.84	2.51%
1000	16.96	17.28	1.89%
2000	27.79	28.16	1.32%
3000	38.61	39.04	1.11%
4122 (Average)	50.75	51.24	0.97%
5000	60.25	60.80	0.91%
5500	65.66	66.24	0.88%
10000	114.36	115.20	0.73%

(END OF APPENDIX D-2)

Appendix A-3
Page 1

Schedule No. SL-2R

Selma Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Selma and vicinity, Fresno County.

RATES

Per Service Connection
Per Month

For a single-family residential unit,
including premises having the following areas:

6,000 sq.ft. or less	\$19.23	(I)
6,001 to 10,000 sq.ft.....	22.83	
10,001 to 16,000 sq.ft.....	28.96	
16,001 to 25,000 sq.ft.....	36.54	(I)

For each additional single-family residential
unit on the same premises and served from the
same service connection..... \$13.59 (I)

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. SL-1, General Metered Service.
4. Due to undercollection in the balancing account, a surcharge of 3.011% is to be applied to residential flat rates for 12 months from the effective date of this tariff sheet. (N)
|
(N)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Appendix A-3
Page 2

Schedule No. SI-1

Selma Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Selma and vicinity, Fresno County.

RATES

	<u>Per Meter</u>	
	<u>Per Month</u>	
Quantity Rates:		
Per 100 cu.ft.	\$ 0.4619	(I)
Service Charge:		
For 5/8 x 3/4-inch meter	\$ 8.11	(I)
For 1-inch meter	15.48	
For 1-1/2-inch meter	21.98	
For 2-inch meter	28.49	
For 3-inch meter	53.00	
For 4-inch meter	71.00	
For 6-inch meter	120.00	
For 8-inch meter	179.00	
For 10-inch meter	220.00	(I)

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

SPECIAL CONDITIONS

1. Due to undercollection in the balancing account, a surcharge of \$0.0217 per 100 cu.ft. of water usage is to be applied to the quantity rates for 12 months from the effective date of this tariff sheet. (N)
2. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (I)

(End of Appendix A-3)

California Water Service Company
Selma 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 NO. SL-1

Service Charges:	1992	1993
For 5/8 x 3/4-inch meter	\$1.15	\$1.15
For 1-inch meter	0.26	0.26
For 1-1/2-inch meter	3.10	3.12
For 2-inch meter	4.02	4.89
For 3-inch meter	7.00	8.00
For 4-inch meter	10.00	12.00
For 6-inch meter	17.00	19.00
For 8-inch meter	25.00	27.00
For 10-inch meter	31.00	31.00

Quantity Rate:

All water	0.0192	0.0239
---------------------	--------	--------

SCHEDULE NO. SL-2R

6,000 sq.ft., or less	1.36	1.41
6,001 to 10,000 sq.ft.	1.61	1.66
10,001 to 16,000 sq.ft.	2.04	2.10
16,001 to 25,000 sq.ft.	2.58	2.88
Additional unit	0.96	0.95

(END OF APPENDIX B-3)

California Water Service Company
Selma District

Adopted Quantities

(Dollars in thousands)

	1991 -----	1992 -----
1. Water Production : KCcf (1000)		
Wells	2239.5	2267.4
Surface Supply	0.0	0.0
Purchased Water	0.0	0.0
Total	2239.5	2267.4
2. Purchased Water Expenses	\$0.0	\$0.0
3. Purchased Power		
Supplier - PG&E (1-1-90)		
Production (KCcf)	2239.5	2267.4
Kwhr per KCcf	714.8	714.8
Kwhr	1,600,723	1,620,738
Unit Cost (cent/Kwhr)	10.4500	10.4700
Total Cost	\$167.3	\$169.7
4. Ad Valorem Taxes	\$32.5	\$35.9
Tax Rate	0.841%	0.841%
5. Uncollectible rate	0.21150%	
6. Franchise tax rate	0.00000%	
7. California corporation franchise tax	9.30%	
8. Federal tax rate	34.12%	
9. Net to gross multiplier	1.77115	

APPENDIX C-3

Page 2

California Water Service Company
Selma DistrictAdopted Quantities

10. Number of Services by meter size

	1991	1992
	-----	-----
5/8 x 3/4 inch	957	967
1	156	157
1 1/2	44	45
2	70	70
3	17	18
4	7	7
6	2	2
8	1	1
10	0	0
	-----	-----
	1,254	1,267

11. Metered Sales (Kccf)

	1991	1992
	-----	-----
0 - 3 ccf	668.4	675.7
4 - 300 ccf	0.0	0.0
Over 300 ccf	0.0	0.0
Total	668.4	675.7

12. Number of Service and Usage

	No. of Service		Usage - Kccf		Ave Usage - ccf	
	1991	1992	1991	1992	1991	1992
	-----	-----	-----	-----	-----	-----
Commercial	1,184	1,196	553.2	558.8	467.2	467.2
Public Authority	57	58	92.6	94.2	1624.6	1624.1
Industrial	12	12	19.5	19.6	1625.0	1633.3
Other	1	1	3.1	3.1	3100.0	3100.0
	-----	-----	-----	-----	-----	-----
Subtotal	1,254	1,267	668.4	675.7		
Flat Rate resid	2,795	2,832	1391.9	1410.3		
Priv Fire Prot	39	42				
Public Fire Prot	4	5				
	-----	-----	-----	-----	-----	-----
Total	4,092	4,146				
Water Loss	8.00%		179.2	181.4		
			-----	-----	-----	-----
Total Water Produced			2239.5	2267.4		

California Water Service Company
Selma District

Income Tax Calculation

	1991 ----	1992 ----
	(Dollars in thousands)	
Operating Revenue (authorized rates)	\$1,284.2	\$1,392.3
Expenses		
Purchased water	0.0	0.0
Purchased power	167.3	169.7
Replenishment assessment	8.7	8.7
Payroll	215.8	227.6
Purchased chemicals	0.0	10.8
Other O & M	95.8	100.8
Other A & G	19.9	20.3
G.O. prorations	167.3	179.6
Business license	0.7	0.7
Taxes other than income	49.7	53.9
Uncollectibles	2.7	2.9
Franchise tax	0.0	0.0
Transportation depreciation	-7.7	-8.1
Interest expense	140.2	160.9
Total Deduction	860.4	927.8
State Tax Depreciation	191.8	214.4
Net Taxable Income	232.0	250.1
State Corp. Franch. Tax 9.3%	21.6	23.3
Federal Tax Depreciation	112.0	122.5
State Income Tax	14.0	21.6
Less Preferred Stock Dividend	0.7	0.7
Net Taxable Income	297.1	319.7
Fed. Income Tax 34.12%	101.4	109.1
Less ITC	1.3	1.3
Total Federal Income Tax	100.1	107.9
Total Income Tax	121.7	131.1

(END OF APPENDIX C-3)

APPENDIX D-3
Page 1California Water Service Company
Selma District

Comparison of typical bills for residential metered customers of various usage level and average level at present and authorized rates for the year 1991.

General Metered Service
(5/8 x 3/4-inch meters)

Monthly Usage (Cubic Feet)	At Present Rates	At Authorized Rates	Percent Increase
500	\$9.83	\$10.42	6.00%
1000	12.09	12.73	5.29%
2000	16.62	17.35	4.39%
3000	21.15	21.97	3.88%
3893 (Average)	25.20	26.09	3.53%
5000	30.21	31.21	3.31%
10000	52.86	54.30	2.72%

(END OF APPENDIX D-3)

Appendix A-4
Page 1

Schedule No. SA-1

Salinas Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Salinas and vicinity, Monterey County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
Per 100 cu.ft.	\$0.6875	(I)
Service Charge:		
For 5/8 x 3/4-inch meter	\$ 8.08	(I)
For 1-inch meter	12.17	(R)
For 1-1/2-inch meter	16.17	(R)
For 2-inch meter	23.50	(R)
For 3-inch meter	42.00	
For 4-inch meter	57.00	
For 6-inch meter	94.00	
For 8-inch meter	136.00	
For 10-inch meter	180.00	(I)

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

SPECIAL CONDITIONS

- All bills are subject to the reimbursement fee set forth on Schedule No. UF. (L)
(L)

Schedule No. SA-EK-1

Salinas Tariff Area
(Bolsa Knolls Division)

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Bolsa Knolls subdivision and vicinity, 3 miles north of Salinas,
Monterey County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
Per 100 cu.ft.,	\$ 0.7743	(C)
Service Charge:		
For 5/8 x 3/4-inch meter	\$ 8.08	(E)
For 3/4-inch meter	8.08	
For 1-inch meter	12.17	
For 1-1/2-inch meter	16.17	
For 2-inch meter	21.86	
For 3-inch meter	40.35	
For 4-inch meter	54.82	(E)

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

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Schedule No. SA-LL-1

Salinas Tariff Area
(Las Lomas Division)

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Las Lomas Subdivision and vicinity, near Watsonville,
Monterey County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Quantity Rates:		
Per 100 cu.ft.....	\$ 1.2241	(C)
Service Charge:		
For 5/8 x 3/4-inch meter	\$ 8.08	
For 3/4-inch meter	8.08	(R)
For 1-inch meter	12.17	
For 1-1/2-inch meter	16.17	
For 2-inch meter	21.86	
For 3-inch meter	40.35	
For 4-inch meter	54.82	

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

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Appendix A-4

Page 4

Schedule No. SA-OH-1

Salinas Tariff Area
(Oak Hills Division)

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Oak Hills Subdivision and vicinity, east of Castroville,
Monterey County.

RATES

	Per Meter Per Month	
Quantity Rates:		
Per 100 cu.ft.....	\$ 0.8664	(C)
Service Charge:		
For 5/8 x 3/4-inch meter	\$ 8.08	(I)
For 3/4-inch meter	8.08	(R)
For 1-inch meter	12.17	
For 1-1/2-inch meter	16.17	
For 2-inch meter	21.86	
For 3-inch meter	40.35	
For 4-inch meter	54.82	(R)

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

SPECIAL CONDITIONS

- (D)
1. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(End of Appendix A-4)

APPENDIX B-4

California Water Service Company
 Salinas District
 (Main)

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 NO. SA-1

Service Charges:	1992	1993
For 5/8 x 3/4-inch meter	\$0.27	\$0.65
For 1-inch meter	0.43	0.90
For 1-1/2-inch meter	0.83	1.00
For 2-inch meter	0.50	1.00
For 3-inch meter	3.00	2.00
For 4-inch meter	23.00	20.00
For 6-inch meter	46.00	40.00
For 8-inch meter	44.00	40.00
For 10-inch meter	20.00	30.00

Quantity Rates:

For all water, per 100 cu.ft.....	0.0202	0.0093
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APPENDIX B-4

Page 2

California Water Service Company
Salinas District
(Bolsa Knolls)

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 NO. SA-BK-1

Service Charges:	1992	1993
For 5/8 x 3/4-inch meter	\$0.27	\$0.65
For 3/4-inch meter	0.27	0.65
For 1-inch meter	0.43	0.90
For 1-1/2-inch meter	0.83	1.00
For 2-inch meter	2.14	1.00
For 3-inch meter	4.65	2.00
For 4-inch meter	25.18	20.00

Quantity Rates:

For the first 300 cu.ft., per 100 cu.ft.	0.0233	0.0060
For all over 300 cu.ft., per 100 cu.ft.	0.0233	0.0060

APPENDIX B-4
Page 3California Water Service Company
Salinas District
(Las Lomas)

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 NO. SA-LL-1

Service Charges:	1992	1993
For 5/8 x 3/4-inch meter	\$0.27	\$0.65
For 3/4-inch meter	0.27	0.65
For 1-inch meter	0.43	0.90
For 1-1/2-inch meter	0.83	1.00
For 2-inch meter	2.14	1.00
For 3-inch meter	4.65	2.00
For 4-inch meter	25.18	20.00

Quantity Rates:

For the first 300 cu.ft., per 100 cu.ft.	0.0464	0.0178
For all over 300 cu.ft., per 100 cu.ft.	0.0464	0.0178

APPENDIX B-4

Page 4

California Water Service Company
 Salinas District
 (Oak Hills)

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 NO. SA-OH-1

Service Charges:	1992	1993
For 5/8 x 3/4-inch meter	\$0.27	\$0.65
For 3/4-inch meter	0.27	0.65
For 1-inch meter	0.43	0.90
For 1-1/2-inch meter	0.83	1.00
For 2-inch meter	2.14	1.00
For 3-inch meter	4.65	2.00
For 4-inch meter	25.18	20.00

Quantity Rates:

For the first 300 cu.ft., per 100 cu.ft.	0.0285	(0.0010)
For all over 300 cu.ft., per 100 cu.ft.	0.0285	(0.0010)

(END OF APPENDIX B-4)

California Water Service Company
Salinas District

Adopted Quantities

(Dollars in thousands)

	1991 -----	1992 -----
1. Water Production : KCcf (1000)		
Wells (Main)	5062.0	5147.3
Wells (Water West)	638.3	651.3
Purchased Water	0.0	0.0
Total	5700.3	5798.6
2. Purchased Water Expenses	0.0	0.0
3. Purchased Power		
Supplier - PG&E (1-1-90)		
Production (KCcf)	5062.0	5147.3
Kwhr per KCcf	1082.7	1082.7
Kwhr	5,480,627	5,572,982
Unit Cost (cent/Kwhr)	10.4430	10.4130
Total Cost	\$572.3	\$580.3
4. Ad Valorem Taxes	\$200.4	\$218.6
Tax Rate	0.889%	0.889%
5. Uncollectible rate	0.1459%	
6. Franchise tax rate	0.1651%	
7. California corporation franchise tax	9.30%	
8. Federal tax rate	34.12%	
9. Net to gross multiplier	1.81758	

Note: Total cost for purchased power reflects cost of power purchase for Salinas only. Purchased power cost for the Water West systems is included in the Administrative & General Expenses.

APPENDIX C-4

Page 2

California Water Service Company
Salinas DistrictAdopted Quantities

10. Number of Services by meter size

	1991	1992
	-----	-----
5/8 x 3/4 inch	16,468	16,764
3/4	235	239
1	4,244	4,328
1 1/2	432	441
2	603	614
3	97	97
4	28	28
6	21	21
8	10	11
10	0	0
	-----	-----
	22,138	22,543

11. Metered Sales (Kccf)

	1991	1992
	-----	-----
0 - 3 ccf	4715.7	4600.6
4 - 300 ccf	0.0	0.0
Over 300 ccf	0.0	0.0
Total	5310.4	5401.9

12. Number of Service and Usage

	No. of Service		Usage - Kccf		Ave Usage - ccf	
	1991	1992	1991	1992	1991	1992
	-----	-----	-----	-----	-----	-----
Commercial	21,899	22,299	4759.0	4846.7	217.3	217.3
Public Authority	184	188	320.9	327.9	1744.0	1744.1
Industrial	32	33	218.1	214.9	6815.6	6512.1
Other	23	23	12.4	12.4	539.1	539.1
	-----	-----	-----	-----	-----	-----
Subtotal	22,138	22,543	5310.4	5401.9		
Flat Rate resid	0	0	0.0	0.0		
Priv Fire Prot	250	260				
Public Fire Prot	24	24				
	-----	-----				
Total	22,412	22,827				
Water Loss	6.84%		389.9	396.6		
			-----	-----		
Total Water Produced			5700.3	5798.5		

California Water Service Company
Salinas District

Income Tax Calculation

	1991 -----	1992 -----
	(Dollars in thousands)	
Operating Revenue (authorized rates)	\$6,450.0	\$6,791.6
Expenses		
Purchased water	0.0	0.0
Purchased power	572.3	580.3
Amortization of well	14.7	14.7
Payroll	773.1	817.5
Purchased chemicals	1.1	1.1
Other O & M	396.5	413.9
Other A & G	490.9	498.1
G.O. prorations	815.9	876.1
Business license	168.5	177.5
Taxes other than income	273.1	294.9
Uncollectibles	9.4	9.9
Franchise tax	10.6	11.2
Transportation depreciation	-34.1	-35.6
Interest expense	721.5	800.4
Total Deduction	4,213.5	4,460.0
State Tax Depreciation	1,322.4	1,389.2
Net Taxable Income	914.1	942.4
State Corp. Franch. Tax 9.3%	85.0	87.6
Federal Tax Depreciation	597.8	646.7
State Income Tax	(46.3)	85.0
Less Preferred Stock Dividend	3.2	3.2
Net Taxable Income	1,681.8	1,596.7
Fed. Income Tax 34.12%	573.8	544.8
Less ITC	7.4	7.4
Total Federal Income Tax	566.4	537.4
Total Income Tax	651.4	625.0

(END OF APPENDIX C-4)

APPENDIX D-4
Page 1

California Water Service Company
Salinas District

Comparison of typical bills for residential metered customers of various usage level and average level at present and authorized rates for the year 1991.

General Metered Service
(5/8 x 3/4-inch meters)

Monthly Usage (Cubic Feet)	At Present Rates	At Authorized Rates	Percent Increase
500	\$8.34	\$11.51	38.01%
1000	10.68	14.95	39.98%
1811 (Average)	14.47	20.52	41.81%
2000	15.35	21.82	42.15%
3000	20.03	28.70	43.29%
5000	29.38	42.45	44.49%
10000	52.75	76.82	45.63%

(END OF APPENDIX D-4)

Appendix A-5
page 1

Schedule No. IV-1

Livermore Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Livermore and vicinity, Alameda County.

RATES

Quantity Rates:	<u>Per Meter</u>	
	<u>Per Month</u>	
For the first 300 cu.ft., per 100 cu.ft.	\$0.695	(I)
For all over 300 cu.ft., per 100 cu.ft.	0.980	(C)

Service Charge:

For 5/8 x 3/4-inch meter	\$ 7.90
For 1-inch meter	18.35
For 1-1/2-inch meter	25.75
For 2-inch meter	33.40
For 3-inch meter	60.00
For 4-inch meter	83.00
For 6-inch meter	137.00
For 8-inch meter	208.00
For 10-inch meter	256.00

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

SPECIAL CONDITIONS

1. Any service to a residential customer not exceeding two units on a lot size of 10,000 square feet or less who requires a 1-inch meter only because of fire flow requirements to a fire sprinkler system will be billed at the above 5/8 x 3/4-inch meter service charge plus an amount of \$2.00 per month.
2. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(End of Appendix A-5)

California Water Service Company
Livermore 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 NO. LV-1

Service Charges:	1992	1993
For 5/8 x 3/4-inch meter	\$0.00	\$0.00
For 1-inch meter	0.00	0.00
For 1-1/2-inch meter	0.00	0.00
For 2-inch meter	0.00	0.00
For 3-inch meter	0.00	0.00
For 4-inch meter	0.00	0.00
For 6-inch meter	0.00	0.00
For 8-inch meter	0.00	0.00
For 10-inch meter	0.00	0.00

Quantity Rates:

For the first 300 cu.ft., per 100 cu.ft.	0.0290	0.0350
For the next 29,700 cu.ft., per 100 cu.ft.	0.0420	0.0482
For all over 30,000 cu.ft., per 100 cu.ft.	0.0420	0.0482

(END OF APPENDIX B-5)

California Water Service Company
Livermore District

Adopted Quantities

(Dollars in thousands)

	1991 -----	1992 -----
1. Water Production : KCcf (1000)		
Wells	1136.1	1136.1
Leased Well	144.5	144.5
Purchased Water	2477.9	2524.9
Total	3758.5	3805.5
2. Purchased Water Expenses		
Alameda County Flood Control District (1-1-91)		
Total water purchased (KCcf)	2477.9	2524.9
Cost of leased well	\$13.0	\$13.0
Total commodity charges	\$1,356.8	\$1,382.5
Service charges	\$5.0	\$5.0
Total Cost	\$1,374.8	\$1,400.5
3. Purchased Power		
Supplier - PG&E (1-1-90)		
Production (KCcf)	3758.5	3805.5
Kwhr per KCcf	696.0	696.0
Kwhr	2,615,916	2,648,628
Unit Cost (cent/Kwhr)	10.6340	10.6400
Total Cost	\$278.2	\$281.8
4. Ad Valorem Taxes	\$116.6	\$122.9
Tax Rate	0.975%	0.975%
5. Uncollectible rate	0.21160%	
6. Business license tax rate	0.98294%	
7. California corporation franchise tax	9.30%	
8. Federal tax rate	34.12%	
9. Net to gross multiplier	1.78874	

APPENDIX C-5

Page 2

California Water Service Company
Livermore DistrictAdopted Quantities

10. Number of Services by meter size

	1991	1992
	-----	-----
5/8 x 3/4 inch	13,004	13,174
1	788	798
1 1/2	109	111
2	138	139
3	33	33
4	15	15
6	4	4
8	1	1
10	0	0
	-----	-----
	14,092	14,275

11. Metered Sales (Kccf)

	1991	1992
	-----	-----
0 - 3 ccf	492.2	498.6
4 - 300 ccf	2722.6	2757.1
Over 300 ccf	363.3	367.2
Total	3578.1	3622.9

12. Number of Service and Usage

	No. of Service		Usage - Kccf		Ave Usage - ccf	
	1991	1992	1991	1992	1991	1992
	-----	-----	-----	-----	-----	-----
Commercial	13,948	14,130	3224.8	3266.9	231.2	231.2
Public Authority	129	130	344.7	347.4	2672.1	2672.3
Industrial	5	5	2.6	2.6	520.0	520.0
Other	10	10	6.0	6.0	600.0	600.0
	-----	-----	-----	-----	-----	-----
Subtotal	14,092	14,275	3,578.1	3,622.9		
Flat Rate resid	0	0	0.0	0.0		
Priv Fire Prot	138	147				
Public Fire Prot	10	10				
	-----	-----				
Total	14,240	14,432				
Water Loss	4.80%		180.4	182.7		
			-----	-----		
Total Water Produced			3758.5	3805.6		

California Water Service Company
Livermore District

Income Tax Calculation

	1991 -----	1992 -----
	(Dollars in thousands)	
Operating Revenue (authorized rates)	\$4,952.0	\$5,158.9
Expenses		
Purchased water	1,374.8	1,400.5
Purchased power	278.2	281.8
Pump tax	0.0	0.0
Payroll	607.5	643.0
Purchased chemicals	0.0	0.0
Other O & M	307.2	321.0
Other A & G	42.8	43.4
G.O. prorations	575.2	617.7
Business license	48.7	50.7
Taxes other than income	164.1	172.7
Uncollectibles	10.5	10.9
Franchise tax	0.0	0.0
Transportation depreciation	-23.3	-24.5
Interest expense	389.2	416.6
Total Deduction	3,774.9	3,933.8
State Tax Depreciation	539.4	573.7
Net Taxable Income	637.7	651.4
State Corp. Franch. Tax 9.3%	59.3	60.6
Federal Tax Depreciation	322.5	337.5
State Income Tax	40.9	59.3
Less Preferred Stock Dividend	2.2	2.2
Net Taxable Income	811.5	826.1
Fed. Income Tax 34.12%	276.9	281.9
Less ITC	5.3	5.3
Total Federal Income Tax	271.6	276.6
Total Income Tax	330.9	337.2

(END OF APPENDIX C-5)

APPENDIX D-5
Page 1California Water Service Company
Livermore District

Comparison of typical bills for residential metered customers of various usage level and average level at present and authorized rates for the year 1991.

General Metered Service
(5/8 x 3/4-inch meters)

Monthly Usage (Cubic Feet)	At Present Rates	At Authorized Rates	Percent Increase
500	\$11.71	\$11.95	2.05%
1000	16.33	16.85	3.18%
1927 (Average)	24.90	25.93	4.14%
2000	25.57	26.65	4.22%
3000	34.81	36.45	4.71%
5000	53.29	56.05	5.18%
10000	99.49	105.05	5.59%

(END OF APPENDIX D-5)

APPENDIX E

Summary of Conservation Expenses

District	Non Drought	Drought	Total
(Dollars in Thousands)			
1991			
Chico	1.7	0.0	1.7
Livermore	0.0	0.3	0.3
Salinas	6.1	2.6	8.7
Selma	0.3	0.3	0.6
Westlake	0.0	0.0	0.0
1992			
Chico	1.8	0.0	1.8
Livermore	0.0	0.3	0.3
Salinas	6.5	2.6	9.1
Selma	0.3	0.3	0.6
Westlake	0.0	0.0	0.0
1993			
Chico	1.9	0.0	1.9
Livermore	0.0	0.3	0.3
Salinas	6.9	2.6	9.5
Selma	0.3	0.3	0.6
Westlake	0.0	0.0	0.0

(END OF APPENDIX E)