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Decision 83 04 063 APR 20 1983

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of the SOUTHERN CALIFORNIA WATER )  
COMPANY for an order authorizing )  
it to increase the rates for water )  
service in its Simi Valley District.)

Application 82-08-26  
(Filed August 12, 1982)

O'Melveny & Myers, by Guido R. Henry, Jr.,  
Attorney at Law, for applicant.  
Javier Plasencia, Attorney at Law, and  
Mehdi Radpour, for the Commission staff.

### O P I N I O N

Applicant Southern California Water Company seeks authority to increase rates for water service in its Simi Valley District. The rate increases proposed by applicant are in steps designed to increase annual revenues in test year 1983 by \$539,200, or 30.92%, over the revenues produced by rates in effect on June 1, 1982; in test year 1984 by \$40,600, or 1.76%, over revenues from rates proposed for 1983; and in test year 1985 by \$52,300, or 2.22%, over revenues from rates proposed for 1984.

The hearing in this matter was preceded by an informal public meeting held during the evening on September 22, 1982 in Simi Valley. The meeting was sponsored by applicant and the Commission staff to provide customers an opportunity to express their views and to give applicant an opportunity to explain or respond in an informal setting. Three customers attended the meeting.

After due notice, public hearing was held in this matter before Administrative Law Judge Main on a consolidated record with Application (A.) 82-08-22 (Los Osos District) in Los Angeles on December 13, 14, and 15, 1982. A.82-08-22 will be decided in a separate order. This proceeding was submitted upon the filing of concurrent briefs due on or before January 18, 1983.

General Information

Applicant owns and operates water systems in 18 districts and an electric system in Big Bear Lake, California. Each district is a separate unit for operational, accounting, and ratemaking purposes. The districts are grouped into five divisions. The headquarters and general office is located in Los Angeles. Customers' bills for all districts are prepared at the Los Angeles general office. Overall functions such as accounting, engineering, data processing, and purchasing are also centralized there.

As of December 31, 1981, statewide applicant was serving 236,137 customers and had 375 employees and an investment in utility plant of \$156,416,000. Gross operating revenue for the 12-month period ended December 31, 1981 was \$42,804,600. Applicant's approximately 2,000,000 shares of common stock are owned by more than 5,000 individual and institutional shareholders. Its preferred stock (198,800 shares in four series) is held by institutional investors.

Simi Valley District

The Simi Valley District encompasses one physically interconnected system serving the City of Simi Valley and adjacent unincorporated territory in Simi Valley. The area is mostly residential. Of the 9,981 customers served as of December 31, 1981, 99.8% were in the commercial classification which consists of residential and business customers. The water supply is obtained from the Calleguas Municipal Water District, a member of the Metropolitan Water District of Southern California. As of December 31, 1981, there were 386,473 feet of distribution mains ranging in size up to 16 inches in diameter and nine steel tanks with a storage capacity of 3,592,000 gallons. The historical cost of utility plant in service in the Simi Valley District at December 31, 1981 was \$6,003,400 and the depreciation reserve was \$1,194,200, yielding a net depreciated cost of \$4,089,200.

Present and Proposed Rates

Applicant provides water service in the Simi Valley District under Schedule SI-1, General Metered Service. In addition, service is rendered under companywide Schedules AA-4, Private Fire Protection Service; Schedule AA-5, Public Fire Protection; AA-9, Construction and Temporary Service; and AA-10, Service to Company Employees.

Applicant proposes to increase the rates for general metered service. A tabular comparison of present and adopted rates for general metered service is included in Appendix C to this decision.

Need for Rate Relief

In its application applicant stated that its depressed earnings for this district are "mainly caused by increases in the costs of purchased power, labor, postage, payroll taxes, income taxes, liability insurance, depreciation, increased rate base and increased cost-of-capital since these costs were last considered by the Commission in setting rates."

Rate of Return

The rate of return issue is common to both this application and the Los Osos District application (A.82-08-22). It was discussed and resolved in our decision on that application. In that decision we found that a 14.5% return on equity is reasonable for applicant and strikes a balance between the consumers' short-term concern of obtaining the lowest possible rates while maintaining good water service over the long run. The resultant overall rates of return for the test years were then developed as follows:

Test Period - 1983, 1984, and 1985

<u>Component</u>	<u>Capitalization Ratios</u>	<u>Cost</u>	<u>Weighted Cost</u>
<u>1983</u>			
Long-term Debt	49.00%	9.53%	4.67%
Bank Loans	1.00	13.50	.14
Preferred Stock	13.00	8.55	1.11
Common Stock	37.00	14.50	5.37
	<u>100.00%</u>		<u>11.29%</u>
<u>1984</u>			
Long-term Debt	49.00%	9.96%	4.88%
Bank Loans	1.00	13.00	.13
Preferred Stock	13.00	9.06	1.18
Common Stock	37.00	14.50	5.37
	<u>100.00%</u>		<u>11.56%</u>
<u>1985</u>			
Long-term Debt	49.00%	10.34%	5.07%
Bank Loans	1.00	13.00	.13
Preferred Stock	13.00	9.30	1.21
Common Stock	37.00	14.50	5.37
	<u>100.00%</u>		<u>11.78%</u>

Results of Operations

To evaluate the need for a rate increase, witnesses for applicant and the Commission staff have analyzed and estimated for test years 1983 and 1984 applicant's operating revenues, operating expenses, and rate base for this district. Staff's basic study of operating results (Exhibit 19) was based, in part, on later information than that available in June 1982 when applicant finalized its study (Exhibit 13). As shown in Exhibit 15, applicant accepted staff's estimates with certain exceptions. Both the latter exhibit and staff Exhibit 19 have been modified

by late-filed exhibits, having as their purpose the inclusion of the effect on operating results of the increase in rates, effective January 1, 1983 under Resolution W-3059, made necessary by the Economic Recovery Tax Act of 1981 (ERTA).

In Table 1, which follows, the results for test years 1983 and 1984, as shown in late-filed Exhibits 23 and 24, and the operating results we adopt are set forth.

Table 1

SOUTHERN CALIFORNIA WATER COMPANY  
Simi Valley District

Estimated Summary of Earnings

Test Year 1983

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Item	Rates Effective 1/1/83			
	Applicant: Staff		Authorized:	
	Ex. 23	Ex. 24	Adopted	Rates
(Dollars in Thousands)				
Operating Revenues				
Commercial	\$1,690.9	\$1,736.5	\$1,715.8	\$1,932.7
Industrial	33.8	49.5	38.5	43.4
Public Authority	171.1	171.1	185.6	209.0
Other Metered	12.9	33.3	12.9	14.5
Priv. Fire Prot.	6.5	6.5	6.5	8.7
Misc.	1.0	1.0	1.0	1.0
Tot. Oper. Rev.	1,916.2	1,997.9	1,960.3	2,209.3
Operating Expenses				
O&M Expenses				
Purchased Power	103.2	103.2	100.4	100.4
Purchased Water	1,009.4	1,053.6	1,022.5	1,022.5
Uncollectibles	7.4	7.8	7.6	8.6
All Other	189.3	189.3	189.3	189.3
Tot. O&M Exp.	1,309.3	1,353.9	1,319.8	1,320.8
A&G Expenses	97.4	92.4	98.1	101.8
Gen. Off. Allocation	62.0	54.8	60.0	60.0
Subtotal	1,468.7	1,501.1	1,477.9	1,482.6
Depr. Expense	122.0	122.0	122.0	122.0
Taxes Other Than Inc.	51.5	51.5	51.5	51.5
State Tax	0.4	5.1	3.7	27.2
Federal Tax	28.3	48.9	42.9	144.4
Tot. Expenses	1,670.9	1,728.6	1,698.0	1,827.7
Net Revenues	245.3	269.3	262.3	381.6
Rate Base	3,382.9	3,371.9	3,380.3	3,380.3
Rate of Return	7.25%	7.99%	7.76%	11.29%

Table 1

SOUTHERN CALIFORNIA WATER COMPANY  
Simi Valley District

Estimated Summary of Earnings

Test Year 1984

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Item	: Rates Effective 1/1/83 :			
	: Applicant: Staff :		: Authorized:	
	: Ex. 23	: Ex. 24	: Adopted	: Rates
Operating Revenues				
Commercial	\$1,724.8	\$1,771.3	\$1,750.2	\$1,990.6
Industrial	33.8	49.5	38.5	43.8
Public Authority	178.5	178.5	193.6	220.2
Other Metered	12.9	33.3	12.9	14.7
Priv. Fire Prot.	7.3	7.3	7.3	9.7
Misc.	1.0	1.0	1.0	1.0
Tot. Oper. Rev.	1,958.3	2,040.9	2,003.5	2,280.0
Operating Expenses				
O&M Expenses				
Purchased Power	105.9	105.9	102.7	102.7
Purchased Water	1,031.6	1,076.3	1,045.1	1,045.1
Uncollectibles	7.6	7.9	7.8	8.9
All Other	201.0	201.0	201.0	201.0
Tot. O&M Exp.	1,346.1	1,391.1	1,356.6	1,357.7
A&G Expenses	102.4	97.0	103.1	107.2
Gen. Off. Allocation	66.8	58.3	63.7	63.7
Subtotal	1,515.3	1,546.4	1,523.4	1,528.6
Depr. Expense	127.9	127.9	127.9	127.9
Taxes Other Than Inc.	55.5	55.5	55.5	55.5
State Tax	(2.2)	2.8	1.4	27.4
Federal Tax	20.2	41.6	35.6	148.4
Tot. Expenses	1,716.7	1,774.2	1,743.8	1,887.8
Net Revenues	241.6	266.7	259.7	392.2
Rate Base	3,386.7	3,375.7	3,384.1	3,384.1
Rate of Return	7.13%	7.90%	7.67%	11.56%

(Red Figure)

As can be seen from Table 1, the remaining differences between the estimates of applicant and staff, after applicant's basically accepting staff's estimates, are primarily in operating revenues and purchased water. We will now address these differences.

Operating Revenues

Witnesses for applicant and staff disagreed as to how best to project water consumption. The importance of this disagreement is underlined not only by the fact that over 90% of applicant's sales are affected, but by the fact that those sales are made under an inverted rate structure. The disagreement is with respect to (i) sales per commercial customer, (ii) sales to industrial customers, and (iii) other metered sales.

(i) Sales Per Commercial Customer

Applicant's projection of metered sales per commercial customer of 226.4 hundred cubic feet (Ccf) per year was derived using the Modified Bean Method (MBM). The year 1977, as a drought year, was excluded from that derivation. In the opinion of applicant's expert witness, the equation so derived using the MBM was a good one. When tested using 1981 weather data, the equation predicted sales of 242.7 Ccf per customer which compared favorably with the recorded sales of 242.13 Ccf.

The staff expert witness also tried the MBM to project commercial sales. He testified that by excluding 1977 and 1978, he obtained the MBM equation that best fit with the recorded data. Although the correlation factors were very good, he rejected the use of the equation because it predicted a normalized usage of 218.9 Ccf which was outside the actual usage experienced during the periods 1968-1976,

inclusive, and 1980, 1981, and 12 months ending September 30, 1983. The excluded years 1977, 1978, and 1979 were in his view the drought-induced conservation and residual conservation years. The staff witness concluded that the best estimate was obtained by averaging the unadjusted usage from 1968 to 1981, excluding 1977, 1978, and 1979. The estimate obtained in this way is 233.6 Ccf.

In our view there appears to be a downward bias in applicant's estimate of 226.4 Ccf and an upward bias in staff's estimate of 233.6 Ccf. The residual conservation experienced in 1978 and perhaps in 1979, reflected into applicant's equation by inclusion of those years, tends to understate projected usage (i.e., tends to cause the straight line of the MBM equation to turn clockwise). Predrought usage, being predominant in staff's estimate, tends to overstate projected usage (i.e., tends to swamp any changes that have occurred as a result of virtually doubling the number of customers since 1968 and the effect of residual conservation). In our judgment a projection of 230.0 Ccf of metered per commercial customer is more reasonable than either applicant's estimate or staff's estimate for the test years and has been reflected in our adopted operating results.

(ii) Sales to Industrial Customers

Applicant's witness reviewed the years 1977 through 1981 and concluded that sales to the five industrial customers had permanently dropped from 96,683 Ccf in 1977 to the 43,000 Ccf range for 1980 and 1981. He attributed the drop in usage largely to the installation of a water reclaiming system by one customer and a sharp decline in usage by another. Adjusting for two additional customers, applicant's witness concluded that 60,803 Ccf would be a reasonable estimate for total consumption by industrial customers.

In arriving at his usage projection of 85,900 Ccf for the seven industrial customers, the staff witness used an average consumption for the years 1977 through 1981 of 12,264.7 per service. He assumed that the declining trend in industrial usage reflected a general decline in the national economy but did not have an opinion as whether or to what extent the decline might be reversed during the test years.

We are persuaded that the industrial-use data and related facts are supportive of a drop in usage per industrial customer. Applicant's projection of industrial sales for the test years thus appears more reasonable than staff's and has been reflected in our adopted operating results.

However, both applicant and staff erred in computing revenues from their sales estimates. Applicant's sales estimate of 60,803 Ccf equates to \$38,500, not \$33,800, of revenue from industrial sales. The same kind of error was made in computing revenues from public authority sales. The correct revenue figures are \$185,600 for 1983 and \$193,600 for 1984.

(iii) Other Metered Sales

Applicant's witness analyzed this category of sales as being related to house construction and thus correlated it to total customer growth in the district. The staff witness projected these sales based on average number of other customers and average usage per customer without linking the estimate to new construction. He agreed that the approach used by applicant's witness was a reasonable one. Applicant's projection of other metered sales appears to be the more reasonable of the two estimates and is adopted for the test years.

O&M Expenses

The differences in the estimates of applicant and staff for these expenses are in purchased water and uncollectibles and reflect staff's higher estimates of water sales. Our adopted expenses are consistent with our adopted estimates of water sales.

A&G Expenses

Staff's late-filed Exhibit 24, through an oversight, failed to reflect its acceptance of applicant's estimates of employee pensions and benefits and employee expenses for this district. That acceptance virtually eliminates the approximately \$5,000 difference in their respective estimates of A&G expenses.

Our adopted A&G expenses are at the levels agreed upon by applicant and staff modified only to the extent of making local franchise fees consistent with adopted operating revenues.

General Office Allocation  
and Rate Base

Our adopted figures are taken from staff's late-filed Exhibit 20, which, through an oversight, were not picked up in late-filed Exhibit 24. Exhibit 20 reflects the extent to which staff accepts updated information on employee pensions and benefits presented at the hearing and through late-filed Exhibit 12 by applicant.

The small differences in rate base estimates of applicant and staff are due to late-filed Exhibit 24's not using the corrected general plant allocation factor and to different levels of construction work in progress (CWIP) in general plant. Our adopted estimates reflect the corrected allocation factor and \$100,000 of CWIP of general plant for

allocation to the districts. Concerning the latter, blanket work orders for district plant construction carried at the general office level are comingled with work orders for construction of general plant. In the staff witness's view, the amount of CWIP of general plant that is readily supportable within this comingling is limited to \$100,000.

The differences in the estimates of income taxes between applicant and staff are only the result of the differences in their respective estimates of operating revenues and operating expenses other than income taxes. In our adopted operating results, income taxes were computed using the same method employed by applicant and staff. The income tax computations are included in Appendix C attached to this decision.

#### Authorized Revenue Increases

By comparing the entries for operating revenues in Table 1, it can be seen that the rates to be authorized for test year 1983 yield additional gross revenues of \$249,000 which represent a 12.7% increase over revenues at present rates. The rates to be authorized for test year 1984 yield additional gross revenues of \$22,000 which represents a 1.0% increase over revenues at 1983 increased rates. In addition, a third set of rates will be authorized to allow for attrition in rate of return after test year 1984. This is in keeping with our intention that the districts of Class A water utilities will not file a general rate increase application more often than once in three years.

The attrition to be allowed for after 1984 has an operational component and a financial component. Its operational component is 0.01% as indicated by the 1983 rate of return of 11.29% declining to 11.28% for 1984 at the rates authorized for 1983. Its financial component is the adopted estimate of financial attrition in rate of return between years 1984 and 1985 of 0.22% (i.e., the difference between the rates of return of 11.78% and 11.56% for years 1985 and 1984, respectively).

To offset the 0.23% combined financial-operational attrition rate, we may authorize a step increase for 1985 of up to \$16,200. Applicant will be required to file an advice letter with supporting work papers on or after November 15, 1984 to justify such an increase. Fixing rates in this way results in a better matching of the consumers' interests than setting a high initial rate which would yield the adopted rate of return for a three-year average. The required supplemental filings will permit review of achieved rates of return before the final step increase is granted.

#### Rate Design

In Exhibit 18 staff made the following observations and recommendations on rate design:

"13.3 The authorized increase should be allocated to service charges, quantity rates and flat rates and be proportional to the gross revenues derived from each category, and based on rates in effect when the decision in this proceeding is signed.

"13.4 The staff recommendation of an equal percentage increase in service and commodity charges is based on Commission policy to create an incentive for conservation.

"13.5 The utility proposes to increase rates for General Metered Service (Schedule SI-1). Staff agrees and also recommends that rate for Private Fire Protection Service (Schedule AA-4) be increased from \$2.25 to \$3.00 per month for each inch of diameter of service connection and Schedule AA-4 be revised to accommodate the rate."

Those recommendations on rate design are reasonable and we adopt them.

Conservation and Pump Efficiency

Applicant has an established program to promote water conservation. Currently, its efforts are directed primarily toward providing conservation reminders through inserts mailed with customers' bills.

Applicant also has an established program to maintain pump efficiencies. Our staff reports that "the majority of boosters in the Simi Valley District are within and above the average-fair range." The utility has indicated that they will repair the three boosters, which are below average-fair range, in 1982 and 1983.

Service

In Exhibit 19 staff commented on service as follows:

"12.2 Customers service complaints for the year 1981 and nine months of the year 1982 are summarized as follows:

	<u>Year 1981</u>	<u>1982 (9-Month)</u>
Water Quality	15	6
Pressure	38	21
Leaks	229	171
Misc.	<u>682</u>	<u>1,148</u>
Total	964	1,346

"12.3 The record indicates that the complaints were investigated and resolved by the utility within a reasonable period of time after notification.

"12.4 An inspection of the utility's facilities revealed that their procedures for handling customer service in this district was satisfactory.

"12.5 An informal public meeting was held in the City of Simi Valley on September 22, 1982. Three customers attended the meeting. No service complaints were made."

Findings of Fact

1. Applicant's service, conservation program, pump efficiency program, and water quality are satisfactory.
2. The adopted estimates of operating revenues, operating expenses, and rate base for the test years 1983 and 1984, together with an additional revenue requirement of \$16,200 for 1985 due to attrition, reasonably indicate the results of applicant's future operations.

3. The compilation of adopted quantities and the adopted tax calculation are contained in Appendix C to this decision.

4. Rates of return of 11.29%, 11.56%, and 11.78%, respectively, on applicant's rate base for 1983, 1984, and 1985 are reasonable. The related return on common equity is a constant 14.50%. This will require an increase of \$249,000 or 14.0%, in annual revenues for 1983; a further increase of \$22,000 or 1.0%, for 1984; and a further increase of \$16,200 or 0.7%, for 1985.

5. The adopted rate design is reasonable.

6. The increases in rates and charges authorized by this decision are justified, and are just and reasonable.

7. The further increases authorized in Appendix A should be appropriately modified in the event the 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, 1983 and/or September 30, 1984, exceeds the lower of (a) the rate of return found reasonable by the Commission for applicant during the corresponding period in the most recent rate decision, or (b) 11.29% for 1983 and 11.56% for 1984.

#### Conclusions of Law

1. The adopted rates are just, reasonable, and nondiscriminatory.

2. The application should be granted to the extent provided by the following order.

3. Because of the immediate need for additional revenue, the following order should be effective today.

O R D E R

## IT IS ORDERED that:

1. Applicant Southern California Water Company is authorized to file for its Simi Valley District, effective today, the revised rate schedules in Appendix A. The filing shall comply with General Order Series 96. The effective date of the revised schedules shall be the date of filing. The revised schedules shall apply only to service rendered on and after their effective date.

2. On or after November 15, 1983 applicant is authorized to file an advice letter, with appropriate work papers, requesting the step rate increases for 1984 included in Appendix A, or to file a lesser increase which includes a uniform cents per 100 cubic feet of water adjustment from Appendix A in the event that the Simi Valley District rate of return on rate base, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the 12 months ending September 30, 1983, exceeds the lower of (a) the rate of return found reasonable by the Commission for applicant during the corresponding period in the then most recent rate decision, or (b) 11.29%. This filing shall comply with General Order Series 96. 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 step 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, 1984, or 30 days after the filing of the step rates, whichever is later. The revised schedules shall apply only to service rendered on and after their effective date.

3. On or after November 15, 1984 applicant is authorized to file an advice letter, with appropriate work papers, requesting the step rate increases for 1985 included in Appendix A, or to file a lesser increase which includes a uniform cents per 100 cubic feet of water adjustment from Appendix A in the event that the Simi Valley District rate of return on rate base, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the 12 months ending September 30, 1984, exceeds the lower of (a) the rate of return found reasonable by the Commission for applicant during the corresponding period in the then most recent rate decision, or (b) 11.56%. This filing shall comply with General Order Series 96. 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 step 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, 1985, or 30 days after the filing of the step rates, whichever is later. The revised schedules shall apply only to service rendered on and after their effective date.

This order is effective today.

Dated APR 20 1983, at San Francisco, California.

(Appendixes A and B to be prepared by Revenue Requirements Division.)

LEONARD M. GRIMES, JR.  
President

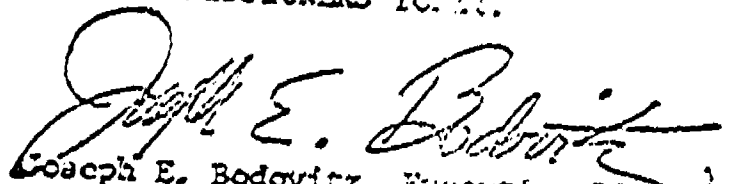
VICTOR CALVO

DONALD VIAL

Commissioners

Commissioner Priscilla C. Grew, being necessarily absent, did not participate in the disposition of this proceeding.

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

  
Joseph E. Bodovitz, Executive Director

## APPENDIX A

Page 1

Schedule No. SI-1

Simi Valley District  
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of the City of Simi Valley and vicinity, Ventura County.

RATES

Quantity Rates:	Per Meter
	<u>Per Month</u>
First 300 cu. ft., per 100 cu. ft. ....	\$ 0.444
Over 300 cu. ft., per 100 cu. ft. ....	0.677

## Service Charge:

For 5/8 x 3/4-inch meter .....	3.40
For 3/4-inch meter .....	3.90
For 1-inch meter .....	5.60
For 1 1/2-inch meter .....	9.00
For 2-inch meter .....	13.30
For 3-inch meter .....	17.00
For 4-inch meter .....	35.00
For 6-inch meter .....	62.00
For 8-inch meter .....	92.00
For 10-inch meter .....	110.00

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.

APPENDIX A  
Page 2

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.

METERED RATES

Effective Dates  
1-1-84                      1-1-85

Service Charge

	<u>Per Meter Per Month</u>	
For 5/8 x 3/4-inch meter .....	\$ 0.10	\$ 0.10
For 3/4-inch meter .....	0.20	0.10
For 1-inch meter .....	0.30	0.20
For 1 1/2-inch meter .....	0.70	0.30
For 2-inch meter .....	1.00	0.50
For 3-inch meter .....	1.00	1.00
For 4-inch meter .....	2.00	1.00
For 6-inch meter .....	3.00	2.00
For 8-inch meter .....	3.00	3.00
For 10-inch meter .....	4.00	3.00

Quantity Rates

For the first 300 cu. ft., per 100 cu. ft....	0.001	0.001
For all over 300 cu. ft., per 100 cu. ft....	0.002	0.002

(END OF APPENDIX A)

A.82-08-26 ck

## APPENDIX B

Comparison of typical bills for residential metered customers of various usage level and average usage level at present and authorized rates for the year 1983.

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

Monthly Usage	At Present Rates	At Authorized Rates	Percent Increase
(Cubic Feet)			
300	\$ 4.22	\$ 4.73	12.1%
500	5.22	6.09	16.7
1,000	8.13	9.47	16.5
1,500	11.24	12.86	13.9
1,920 (Average)	13.85	15.70	13.4
2,000	14.35	16.24	14.0
3,000	20.57	23.01	11.9
5,000	33.01	36.51	10.6

(END OF APPENDIX B)

APPENDIX C  
Page 1

ADOPTED QUANTITIES

Name of Company: Southern California Water Company

District: Simi

1. Net-to-Gross Multiplier: 2.087
2. Federal Tax Rate: 46%
3. State Tax Rate: 9.6%
4. Local Franchise Tax Rate: 1.475%
5. Uncollectibles Rate: 0.389%

<u>Offset Items</u>	<u>Test Years</u>	
	<u>1983</u>	<u>1984</u>
6. <u>Purchased Power</u>		
A. Ccf/kWh	1.971	1.971

## APPENDIX C

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ADOPTED AMOUNTSOffset Items (Cont'd)

	Test Years	
	1963	1964
B. kWh (Total)	1,395,100	1,425,704
C. Average Cost/kWh	\$ 0.072	\$ 0.072
7. Ad Valorem Taxes	\$ 45,600	44,100
Effective Tax Rate	0.768%	0.766%
8. <u>Number of Services:</u>		

	No. of Services		Usage - KWh		Avg. Usage - KWh/Yr.	
	1963	1964	1963	1964	1963	1964
Commercial	10,200	10,406	2,346.0	2,393.4	230.0	230.0
Industrial	7	7	60.8	60.8	8.7	8.7
Public Authority	93	97	282.2	294.3	3.0	3.0
Other	3	3	20.0	20.0		
Subtotal	10,303	10,513	2,709.0	2,768.5		
Private Fire Prot.	30					
Total	10,333		2,709.0	2,768.5		
Water Loss			40.7	41.6		
Total Wtr. Prod.			2,749.7	2,810.1		

APPENDIX C  
Page 3

ADOPTED SERVICE BY METER SIZE9. Adopted Service by Meter Size

<u>Meter Size</u>	<u>1983</u>	<u>1984</u>
5/8" x 3/4"	9,949	10,151
3/4"	-	-
1"	126	130
1 1/2"	76	76
2"	137	141
3"	7	7
4"	6	6
6"	2	2
8"	-	-
10"	<u>-</u>	<u>-</u>
	10,303	10,513

10. Metered Water Sales Used to Design Rates

<u>Range - Ccf</u>	<u>Usage - Ccf</u>	
	<u>1983</u>	<u>1984</u>
Block 1 0-3	360,300	367,650
Block 2 >3	<u>2,348,700</u>	<u>2,400,850</u>
Total Usage	2,709,000	2,768,500

## APPENDIX C

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## INCOME TAX CALCULATION

1983

Line:		Present Rates		Proposed Rates	
No.:	Item	CCFT	FIT	CCFT	FIT
		(A)	(B)	(C)	(D)
(Thousands of Dollars)					
1	Operating Revenues	\$1,960.3	\$1,960.3	\$2,209.3	\$2,209.3
2	C&M Expenses	1,477.9	1,477.9	1,482.6	1,482.6
3	Taxes Other Than Income	51.5	51.5	51.5	51.5
4	CCFT	.0	3.7	.0	27.2
5	Subtotal	1,529.4	1,533.1	1,534.1	1,561.3
6	Deductions From Taxable Income				
7	Tax Depreciation	219.3	159.3	219.3	159.3
8	Capitalized Overhead	13.9	13.9	13.9	13.9
9	Interest	158.8	158.8	158.8	158.8
10	Preferred Stock Div. Credit	.0	.4	.0	.4
11	Subtotal Deductions	392.0	332.4	392.0	332.4
12	Net Taxable Income for CCFT	38.9		283.2	
13	CCFT	3.7		27.2	
14	Total CCFT	3.7		27.2	
15	Net Taxable Income for FIT		94.8		315.6
16	Federal Income Tax		43.6		145.1
17	Graduated Tax Adjustment		-.7		-.7
18	Fed Income Tax Before Adj.		42.9		144.4
19	Investment Tax Credit		.0		.0
20	Total FIT		42.9		144.4

## APPENDIX C

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## INCOME TAX CALCULATION

1984

:Line:		: Present Rates :		: Adopted Rates :	
:No. :	Item	: CCFT :	: FIT :	: CCFT :	: FIT :
		(A)	(B)	(C)	(D)
(Thousands of Dollars)					
1	Operating Revenues	\$2,003.5	\$2,003.5	\$2,280.0	\$2,280.0
2	O&M Expenses	1,523.4	1,523.4	1,528.6	1,528.6
3	Taxes Other Than Income	55.5	55.5	55.5	55.5
4	CCFT	.0	1.4	.0	27.4
5	Subtotal	1,578.9	1,580.3	1,584.1	1,611.5
6	Deductions From Taxable Income				
7	Tax Depreciation	226.0	160.2	226.0	160.2
8	Capitalized Overhead	18.0	18.0	18.0	18.0
9	Interest	165.7	165.7	165.7	165.7
10	Preferred Stock Div. Credit	.0	.4	.0	.4
11	Subtotal Deductions	409.7	344.3	409.7	344.3
12	Net Taxable Income for CCFT	14.9		286.2	
13	CCFT	1.4		27.4	
14	Total CCFT	1.4		27.4	
15	Net Taxable Income for FIT		78.9		324.2
16	Federal Income Tax		36.3		149.1
17	Graduated Tax Adjustment		-.7		-.7
18	Fed Income Tax Before Adj.		35.6		148.4
19	Investment Tax Credit		.0		.0
20	Total FIT		35.6		148.4

(END OF APPENDIX C)