

S2238

SEP 16 1980

ORIGINAL

Decision No. \_\_\_\_\_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application )  
of CALIFORNIA-AMERICAN WATER )  
COMPANY for an order authorizing )  
it to increase its rates for water )  
service in its BALDWIN HILLS )  
DISTRICT. )  
(NOI 13-W) )

Application No. 59418  
(Filed February 4, 1980)

Lenard G. Weiss, Attorney at Law,  
for applicant.  
Virgil "Ed" Duncan, for himself,  
protestant.  
Ellen Levine, Attorney at Law, and  
Francis S. Ferraro, for the  
Commission staff.

O P I N I O N

California-American Water Company (Cal-Am) seeks authority to increase rates for water service in its Baldwin Hills District (Baldwin Hills) to produce annual revenue increases of \$295,700 (or 33.4 percent) in 1980 and an additional \$111,100 (or 9.4 percent) in 1981. The Commission staff recommends that rates be set for a three-year period in keeping with this Commission's notice to Class "A" water companies that a district of a water utility will not file for a general rate increase more often than once in three years.

SS

After proper notice, public hearings were held on a consolidated record<sup>1/</sup> with proceedings involving two other districts of Cal-Am before Administrative Law Judge Bertram Patrick in Los Angeles on June 9 and 10, 1980, and the matter was submitted on July 11, 1980 upon receipt of concurrent briefs.

Testimony was presented on behalf of Cal-Am by its assistant director of rates and revenues, John S. Barker, by its manager of Baldwin Hills, Duarte, and San Marino districts, Linn Magoffin, and by a consulting engineer, John Housiaux. Testimony on behalf of the Commission staff was presented by its project manager, Francis S. Ferraro, and utilities engineers, Ernst G. Knolle and Terence A. Keefe.

Testimony from Customers

Protestant Virgil "Ed" Duncan testified regarding the need for conservation. He believes there should be greater emphasis on conservation with rewards and penalties being applied to utilities for innovative conservation programs, or lack thereof.

Mr. Duncan took exception to Cal-Am's notice of discontinuance of service which contains the statement, "Protect your credit rating and avoid additional costs." Mr. Duncan construes this as a threat. Cal-Am appreciates Mr. Duncan's concern and is taking steps to delete the reference to credit rating from its notice.

Apart from Mr. Duncan, no customers were present at the hearing.

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1/ The consolidated proceedings are Applications Nos. 59418, 59419, and 59420 involving Baldwin Hills, Duarte, and San Marino districts, respectively.

Informal Public Meeting

Prior to the public hearing, an informal public meeting was held in Inglewood on Monday, March 25, 1980, at 7:00 p.m., to receive customer comments relative to water service. The meeting was sponsored jointly by Cal-Am and the staff. Notice of the meeting was given to all customers through a bill insert and through news releases to the local newspaper and radio station. Of approximately 10 customers in attendance, 8 offered comments. Although each comment was a response to an individual experience, combined they can be categorized as follows:

	<u>Number</u>
Opposition to the magnitude of the requested rate increase	6
Complaints regarding customer service	0
Complaints regarding water quality (hardness)	7
Concern regarding long range water supply	3
Concern regarding ground water deterioration (TCP)	<u>1</u>
	17

The staff report contains an account of the informal public meeting.

Service Area and Water System

Cal-Am, a California corporation, is a wholly owned subsidiary of the American Water Works Company, Inc. of Wilmington, Delaware, operating public utility water systems in portions of the counties of San Diego, Los Angeles, Ventura, and Monterey.

Baldwin Hills provides public utility water service to about 6,300 customers in an area of approximately 2,000 acres located in the rolling hills southwest of the "Crenshaw District" shopping and business center in the southwestern portion of Los Angeles County. With the exception of a small portion located in the city of Inglewood, all of the area served is unincorporated.

The water supply for Baldwin Hills is obtained from five company-owned wells and from two connections to the Culver City Feeder of the Metropolitan Water District of Southern California, through its member agency, West Basin Municipal Water District. Baldwin Hills is limited to pumping 2,067 acre-feet annually from the Central Basin. In excess of 50 percent of its water requirements is purchased from West Basin Municipal Water District. Company-owned wells in the Central Basin produce the balance of the required water. The well water is of good quality and requires no treatment other than chlorination.

Pump Efficiency

The staff report shows that with the exception of two booster pumps with low efficiency, all well and booster pumps used in providing water service have been tested and are operating in the fair-to-excellent efficiency range. Since the staff report was issued, one of the booster pumps that tested in the low efficiency range has been completely overhauled. According to Cal-Am, the other pump is to be replaced with a more efficient pump from one of the other divisions.

Conservation

The staff report shows that Cal-Am has continued its program to promote water conservation and has prepared an innovative program to educate the public regarding the need for water conservation. Cal-Am has started showing last year's consumption during the same period on customer bills.

Customer Service

The staff investigation shows that during the last two years informal complaints filed at the district office were for disputed charges or water leaks. The staff is satisfied that all complaints, including those filed with the Commission's Consumer Affairs Branch, are being handled properly and that the parties concerned were satisfied.

Based on the staff's reports, we conclude that Cal-Am is providing a satisfactory level of service.

Issues

The only issue in this proceeding is: What is a fair and reasonable estimate of normalized water consumption per customer for calculating test year operating revenues? With this exception, Cal-Am stipulated to all other estimates prepared by the staff, since the staff estimates were based on later information and recorded data which were not available to Cal-Am at the time it prepared its application.

Rate of return is not an issue in this proceeding, since rate of return for five of Cal-Am's districts, including Baldwin Hills, was decided in D.91910 dated June 17, 1980.

Rates

Cal-Am's present tariffs for Baldwin Hills consist of schedules for general metered service, public fire hydrant service, and private fire protection.

Cal-Am proposes to increase its rate for general metered service. The following Table I presents a comparison of Cal-Am's present and proposed general metered service rates along with those authorized herein.

TABLE I

BALDWIN HILLS DISTRICT  
COMPARISON OF MONTHLY RATES  
GENERAL METERED SERVICE - SCHEDULE NO. BH-1

	<u>Present Rates*</u>	<u>Proposed Rates**</u>		<u>Adopted Rates</u>		
		<u>1980</u>	<u>1981</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
<u>Service Charge</u>						
For 5/8 x 3/4-inch meter.....	\$ 2.86	\$ 3.70	\$ 4.00	\$ 3.67	\$ 3.91	\$ 4.08
For 3/4-inch meter.....	3.97	5.10	5.60	5.10	5.45	5.56
For 1-inch meter.....	5.41	7.00	7.70	6.95	7.40	7.70
For 1-1/2-inch meter.....	7.25	9.40	10.20	9.30	9.90	10.30
For 2-inch meter.....	9.80	12.70	13.90	13.00	13.00	14.00
For 3-inch meter.....	18.55	24.10	26.30	24.00	25.00	26.00
For 4-inch meter.....	24.75	32.10	35.00	32.00	34.00	35.00
For 6-inch meter.....	41.25	53.50	58.40	53.00	56.00	59.00
For 8-inch meter.....	60.80	78.90	86.10	78.00	83.00	87.00
For 10-inch meter.....	75.25	97.60	106.60	97.00	103.00	107.00
For 12-inch meter.....	89.70	116.30	127.00	115.00	123.00	128.00
<u>Quantity Rates</u>						
0-300 cu. ft., per 100 cu. ft.	\$0.220	\$0.366	\$0.420	\$0.325	\$0.369	\$0.402
400-1000 cu. ft., per 100 cu. ft.	0.440	0.508	0.562	0.570	0.648	0.705
Over 1000 cu. ft., per 100 cu. ft.	0.556	0.664	0.718	0.676	0.697	0.705

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

\*From Tariff Sheet 1333-W, effective June 3, 1980.

Includes Fire Protection Revenue Loss Surcharge, Tariff Sheet 1315-W dated January 28, 1980.

\*\*Exhibit I

In this district, an average residential customer will use about 18 Ccf (hundreds of cubic feet) per month. The following Table II presents a comparison of monthly charges for an average commercial customer with a 5/8 x 3/4-inch meter under present rates, Cal-Am's proposed rates, and the rates authorized herein.

Operating Revenues

For purposes of computing operating revenues, Cal-Am accepts staff's estimate of customers for the test years but disagrees with staff's estimate of normalized average consumption per customer.

Residential Consumption

Cal-Am's witness John Housiaux used several refinements in his regression analysis of average use per customer. However, his estimate for the test years is significantly lower than 1979 recorded consumption normalized for weather. We believe 1979 recorded consumption to be most indicative of consumption during the test years, since it is the latest recorded year and reflects the consumption or use pattern that has developed following the 1977 drought. Accordingly, we will adopt the staff's estimate of 217.3 Ccf per customer per year as shown on Exhibit 22.

Business Consumption

As discussed above, Cal-Am's estimate for the test year is low compared to 1979 recorded consumption. Accordingly, we will adopt the staff's estimate of 395.6 Ccf per customer per year, as shown in Exhibit 22.



TABLE II

CALIFORNIA-AMERICAN WATER COMPANY - BALDWIN HILLS DISTRICT

Comparison of Monthly Charges

Average Residential Customer Using 18 Ccf Per Month

	<u>1980</u>	<u>1981</u>	<u>1982</u>
At Present Rates <sup>1/</sup>	\$11.05	\$11.05	\$11.05
At Cal-Am's Proposed Rates	\$13.67	\$14.94	-
Amount of Increase	\$2.62	\$3.89	-
Percent Increase	23.7%	35.2%	-
At Authorized Rates	\$14.04	\$15.13	\$15.86
Amount of Increase	\$2.99	\$4.08	\$4.81
Percent Increase	27.1%	36.9%	43.5%

<sup>1/</sup> Includes Fire Protection Revenue Loss Surcharge of \$0.11 for a 5/8" x 3/4" meter (Commission Resolution No. L-213).

Industrial and Public Authority Consumption

Cal-Am's estimate for the test years is significantly lower than 1979 recorded consumption which we believe is most indicative of consumption for the next three years. Staff's estimate, which is based on the average consumption for the last three years, is reasonable compared to 1979 recorded consumption. Consumption in these classes is more sensitive to business conditions and economic factors and is less sensitive to weather. Therefore, no adjustment for weather is necessary. Accordingly, we will adopt staff's estimate of 112.7 Ccf per customer per year for the industrial class and 17.6 Ccf per customer per year for the public authority class.

Results of Operation

The estimated results of operation for the test years are shown on Tables III and IV. Based on the adopted results, the increase in revenues required to provide a 10.19 percent rate of return, as authorized by D.91910 dated June 17, 1980, is \$276,800, or 28.2 percent, for test year 1980 and \$84,800, or 6.3 percent, for test year 1981.

Attrition

Cal-Am has accepted as reasonable the staff's estimate of an annual operational attrition in the rate of return of 1.15 percent. No allowance is made for financial attrition. In keeping with our expectations that the districts of a Class "A" water utility not file a general rate increase more often than once in three years, we will authorize a step increase for 1982 of \$53,800 to offset the 1.15 percent attrition rate. Cal-Am will be required to file an advice letter with supporting workpapers on or after November 15, 1981 to justify such an increase. Such rates serve the consumer's interests

better than setting a high initial rate which would yield the adopted rate of return for a three-year average. The supplemental filings we will require will permit further review of achieved rates of return.

Fire Hydrant Agreements

Public Utilities Code Section 2713 prohibits, in the absence of a written agreement, a water utility from charging fire protection agencies within its service territory for any fees heretofore collected in connection with the furnishing of fire protection services. The Commission, by Resolution No. L-213 dated December 18, 1979, authorized water utilities to recover the loss of fire protection revenues through a surcharge based on the service charge or flat rate. Cal-Am is currently recovering fire protection revenues through a surcharge (Advice Letter No. 198, effective January 28, 1980). We will require the surcharge to be included in the General Metered Service Charge beginning 1981. Cal-Am will continue to notify customers of the surcharge for fire protection through 1980 (Commission Resolution No. L-213).

Wage and Price Standards

By Resolution No. M-4704 dated January 30, 1979, the Commission ordered all utilities requesting general rate increases to submit an exhibit to show whether the requested increase complies with the Voluntary Wage and Price Standards issued by the Council on Wage and Price Stability (COWPS). Cal-Am's Exhibit 2 shows that (1) wage increases granted by it and (2) the requested rate increases are within the established guidelines.

TABLE III

CALIFORNIA-AMERICAN WATER COMPANY - BALDWIN HILLS DISTRICT  
 Estimated Results of Operation  
 Test Year 1980

Item	Present Rates <sup>1/</sup>			Authorized:
	2/ Applicant:	3/ Staff	Adopted Results	Adopted Results
(Dollars in Thousands)				
	(a)	(b)	(c)	(d)
Operating Revenues	\$ 868.2	\$ 990.5	\$ 980.7	\$1,257.5
<u>Operating Expenses</u>				
Purchased Water <sup>4/</sup>	216.1	255.6	250.3	250.3
Purchased Power <sup>4/</sup>	150.0	152.3	152.0	152.0
Uncollectibles	2.6	3.0	2.9	3.8
Other O & M	265.0	265.0	265.0	265.0
Local Franchise	0	0	0	0
Other A & G	100.1	100.1	100.1	100.1
Gen. Off. Prorated	67.5	67.5	67.5	67.5
Subtotal	801.3	843.5	837.8	838.7
Depreciation Expense	72.0	72.0	72.0	72.0
Taxes Other Than Income	33.8	33.8	33.8	33.8
CCFT @ 9.6%	(12.7)	(5.0)	(5.4)	21.1
FIT @ 46%	(69.9)	(36.6)	(38.3)	76.4
Total Oper. Exp.	824.5	907.7	899.9	1,042.0
Net Operating Revenue	43.7	82.8	80.8	215.5
Rate Base	2,114.5	2,114.5	2,114.5	2,114.5
Rate of Return	2.07%	3.92%	3.82%	10.19%

(Red Figure)

- 1/ Rates effective June 3, 1980.  
 2/ Exhibit 33.  
 3/ Exhibit 24-B.  
 4/ Based on purchased water and power rates in effect  
 June 1, 1980.

TABLE IV

CALIFORNIA-AMERICAN WATER COMPANY - BALDWIN HILLS DISTRICT  
 Estimated Results of Operation  
 Test Year 1981

Item	Present Rates <sup>1/</sup>			Authorized:
	2/ Applicant:	3/ Staff	Adopted Results	Rates Adopted Results
(Dollars in Thousands)				
	(a)	(b)	(c)	(d)
Operating Revenues	\$ 869.5	\$ 992.6	\$ 982.7	\$1,342.3
<u>Operating Expenses</u>				
Purchased Water <sup>4/</sup>	216.7	256.5	251.2	251.2
Purchased Power <sup>4/</sup>	150.0	152.3	152.0	152.0
Uncollectibles	2.6	3.0	2.9	4.0
Other O & M	292.5	292.5	292.5	292.5
Local Franchises	0	0	0	0
Other A & G	111.6	111.6	111.6	111.6
Gen. Off. Prorated	73.0	73.0	73.0	73.0
Subtotal	846.4	888.9	883.2	884.3
Depreciation Expense	76.4	76.4	76.4	76.4
Taxes Other Than Income	37.0	37.0	37.0	37.0
CCFT @ 9.6%	(17.8)	(10.0)	(10.4)	24.0
FIT @ 46%	(92.1)	(58.6)	(60.4)	88.7
Total Oper. Exp.	849.9	933.7	925.8	1,110.4
Net Operating Revenue	19.6	58.9	56.9	231.9
Rate Base	2,275.9	2,275.9	2,275.9	2,275.9
Rate of Return	0.86%	2.59%	2.50%	10.19%

(Red Figure)

1/ Rates effective June 3, 1980.

2/ Exhibit 33.

3/ Exhibit 24-B.

4/ Based on purchased water and power rates in effect June 1, 1980.

Rate Spread

Cal-Am did not take issue with staff's rate design proposals which are:

1. The staff agrees with the utility's two block rate structure (0-3 Ccf and greater than 3 Ccf).
2. Rates for lifeline should go up only after the overall rate increase for the district exceeds 25 percent over the rates in effect on January 1, 1976. Utility's current rates exceed January 1, 1976 rates by approximately 20.7 percent.

The staff proposal is reasonable and should be adopted.

Findings of Fact

1. Cal-Am's water quality, conservation program, and service are satisfactory.
2. Cal-Am is in need of additional revenues, but the rates requested would produce an excessive rate of return.
3. By D.91910 dated June 17, 1980, a rate of return of 10.19 percent on adopted rate base and a 11.50 percent return on common equity were found reasonable for five of Cal-Am's districts, including Baldwin Hills.
4. The adopted results of operation show that an increase in revenues of \$276,800, or 28.2 percent, for test year 1980 and \$84,800, or 6.3 percent, for test year 1981 will allow Cal-Am to earn its authorized rate of return.
5. An allowance of 1.15 percent in rate of return to compensate for operational attrition in the year 1982 is reasonable. This will require an increase of \$53,800, or 4.0 percent, in annual revenues for 1982. This step-rate increase for 1982 should be adjusted so that the authorized 10.19 percent rate of return will not be exceeded for the 12 months ended September 30, 1981.

6. The staff's rate spread proposal is reasonable.

7. The increase authorized herein is in compliance with the President's guidelines on Wage and Price Stability.

8. The increases in rates and charges authorized herein are justified; the rates and charges authorized herein are reasonable; and the present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.

9. Appendix B contains information regarding adopted data for this proceeding.

Conclusions of Law

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

2. Because of the immediate need for the increased revenues, the effective date of this order should be the date hereof.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, applicant California-American Water Company is authorized to file for its Baldwin Hills District the revised rate schedule for 1980 shown in attached Appendix A. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedule shall be four days after the date of filing. The revised schedule shall apply only to service rendered on and after the effective date thereof.

2. On or after November 15, 1980, Cal-Am is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increases for 1981 as shown in attached Appendix A or to file a lesser increase which includes a uniform cents per hundred cubic feet of water adjustment based on Appendix B in the event that the Baldwin Hills District rate of return on rate base, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the twelve months ended September 30, 1980, 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) 10.19 percent. Such filing shall comply with General Order No. 96-A. The requested step rates shall be reviewed by the staff and approved by the Commission prior to becoming effective. The effective date of the revised schedule shall be no sooner than January 1, 1981, or thirty days after the filing of the step rates, whichever comes later. The revised schedule shall apply to service rendered on and after the effective date thereof.

3. On or after November 15, 1981, Cal-Am is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increases for 1982 as shown in attached Appendix A or to file a lesser increase which includes a uniform cents per hundred cubic feet of water adjustment based on Appendix B in the event that the Baldwin Hills District rate of return on rate base, adjusted to reflect the rates then in effect and normal ratemaking adjustments for the twelve months ended September 30, 1981, exceeds the lower of (a) the rate of return found reasonable by the Commission for Cal-Am during the corresponding period in



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the then most recent rate decision or (b) 10.19 percent. Such filing shall comply with General Order No. 96-A. The requested step rates shall be reviewed by the staff and approved by the Commission prior to becoming effective. The effective date of the revised schedule shall be no sooner than January 1, 1982, or thirty days after the filing of the step rates, whichever comes later. The revised schedule shall apply only to service rendered on and after the effective date thereof.

The effective date of this order is the date hereof.

Dated SEP 16 1980, at San Francisco, California.

John E. Egan  
President  
Thomas L. Stearns  
Richard D. Lusk  
Clair J. Pedicle  
Donald M. Jam  
Commissioners

APPENDIX A

SCHEDULE NO. BH-1  
BALDWIN HILLS DISTRICT TARIFF AREA  
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Baldwin Hills, Windsor Hills, View Park, Ladera Heights, and vicinity, Los Angeles County.

RATES

Service Charge:	<u>1980</u>	<u>1981</u>	<u>1982</u>
For 5/8 x 3/4-inch meter .....	\$ 3.67	\$ 3.91	\$ 4.08
For 3/4-inch meter .....	5.10	5.45	5.56
For 1-inch meter .....	6.95	7.40	7.70
For 1-1/2-inch meter .....	9.30	9.90	10.30
For 2-inch meter .....	13.00	13.00	14.00
For 3-inch meter .....	24.00	25.00	26.00
For 4-inch meter .....	32.00	34.00	35.00
For 6-inch meter .....	53.00	56.00	59.00
For 8-inch meter .....	78.00	83.00	87.00
For 10-inch meter .....	97.00	103.00	107.00
For 12-inch meter .....	115.00	123.00	128.00

Quantity Rates:

First 300 cu.ft., per 100 cu.ft.	\$ .325	\$ .369	\$ .402
Next 700 cu.ft., per 100 cu.ft.	.570	.648	.705
Over 1,000 cu.ft., per 100 cu.ft.	.676	.697	.705

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 B

TABLE I ..... REQUESTED AND AUTHORIZED INCREASES  
TABLE II ..... COMPARISON OF MONTHLY RATES  
TABLE III ..... ADOPTED QUANTITIES  
TABLE IV ..... ADOPTED TAX CALCULATION

TABLE I

California-American Water Company  
Baldwin Hills District

## REQUESTED AND AUTHORIZED INCREASES

A. 59418

Item	Utility's Application		Authorized		
	1980	1981	1980	1981	1982
<b>Total Operating Revenues</b>					
⊙ Present Rates (\$ x 1000)	\$ 885.5	\$ 887.5	\$ 980.7	\$ 982.7	\$ 982.7
⊙ Proposed Rates (\$ x 1000)	1,181.2*	1,292.3*	1,257.5**	1,342.3**	1,396.1**
% Increase Over Present Rates	33.39%	45.61%	28.22%	36.59%	42.07%
% Step Rate Increase	-	9.41	-	6.74	4.01
<b>Typical Residential Bill (18 Ccf)</b>					
⊙ Present Rates	\$ 11.05	\$ 11.05	\$ 11.05	\$ 11.05	\$ 11.05
⊙ Proposed Rates	13.67*	14.94*	14.04**	15.13**	15.86**
% Increase Over Present Rates	23.71%	35.20%	27.06%	36.92%	43.53%
% Step Rate Increase	-	9.29	-	7.76	4.82
Rate of Return on Rate Base	11.19%	11.19%	10.19%	10.19%	10.19%
Return on Equity	13.50%	13.50%	11.50%	11.50%	11.50%

\* At utility's proposed rates.

\*\* At new rates authorized in this decision.

TABLE II

California-American Water Company  
Paldwin Hills District

## COMPARISON OF MONTHLY RATES

GENERAL, METERED SERVICE - SCHEDULE NO. BH-1

	<u>Present Rates*</u>	<u>Proposed Rates**</u>		<u>Adopted Rates</u>		
		<u>1980</u>	<u>1981</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
<u>Service Charge</u>						
For 5/8 x 3/4-inch meter.....	\$ 2.86	\$ 3.70	\$ 4.00	\$ 3.67	\$ 3.91	\$ 4.08
For 3/4-inch meter.....	3.97	5.10	5.60	5.10	5.45	5.56
For 1-inch meter.....	5.41	7.00	7.70	6.95	7.40	7.70
For 1-1/2-inch meter.....	7.25	9.40	10.20	9.30	9.90	10.30
For 2-inch meter.....	9.80	12.70	13.90	13.00	13.00	14.00
For 3-inch meter.....	18.55	24.10	26.30	24.00	25.00	26.00
For 4-inch meter.....	24.75	32.10	35.00	32.00	34.00	35.00
For 6-inch meter.....	41.25	53.50	58.40	53.00	56.00	59.00
For 8-inch meter.....	60.80	78.90	86.10	78.00	83.00	87.00
For 10-inch meter.....	75.25	97.60	106.60	97.00	103.00	107.00
For 12-inch meter.....	89.70	116.30	127.00	115.00	123.00	128.00
<u>Quantity Rates</u>						
0-300 cu. ft., per 100 cu. ft.	\$0.220	\$0.366	\$0.420	\$0.325	\$0.369	\$0.402
400-1000 cu. ft., per 100 cu. ft.	0.440	0.508	0.562	0.570	0.648	0.705
Over 1000 cu. ft., per 100 cu. ft.	0.556	0.664	0.718	0.676	0.697	0.705

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

\*From Tariff Sheet 1333-W, effective June 3, 1980.

Includes Fire Protection Revenue Loss Surcharge, Tariff Sheet 1315-W dated January 28, 1980.

\*\*Exhibit I

Name of Company: California-American Water District: Baldwin Hills  
CompanyApplication No.: 59418 Decision No.: \_\_\_\_\_ Date: \_\_\_\_\_Prepared By: D. K. Fukutome

	<u>Name</u>	<u>Initials</u>
Project Manager	<u>F. S. Ferraro</u>	<u>FSF</u>
Witnessor 1.	<u>T. A. Keefe</u>	<u>TAK</u>
2.	<u>E. G. Knolle</u>	<u>ECK</u>
3.	_____	_____

Net-to-Gross 2.0547 Special Remarks

Federal Tax Rate 46%

State Tax Rate 9.6% (for both test years)

Local Franchise Tax Rate -

Business License -

Uncollectibles Rate 0.30%

<u>Offset Items</u>	<u>Test Years</u>	
	<u>1980</u>	<u>1981</u>
1. Purchased Power: Witness <u>ECK</u>		
Total Production - Ccf	1,656,700 Ccf	1,659,900 Ccf
Acre-Feet	3,803.3 A.F.	3,810.6 A.F.
<u>Electric:</u>		
<u>Southern California Edison Company</u>		
Total Cost	\$ 25,600	\$ 25,600
kWh	361,878	362,528
Eff. Sch. Date	5/20/80	5/20/80
\$/kWh Used	\$ .07070	\$ .07070
	<u>\$/kWh</u>	
In Effect on	5/20/80	
ECAC	.04960	
Fuel Bal. Act	-.00107	
CLMAC	.00003	
State Energy Tax	.00015	
<u>Los Angeles Department of Water and Power</u>		
Total Cost	\$ 126,400	\$ 126,400
kWh	1,772,238	1,772,238
Eff. Sch. Date	5/1/80	5/1/80
\$/kWh Used	\$ .07130	\$ .07130
	<u>\$/kWh</u>	
In Effect on	5/1/80	
Energy Cost Adj.	.03961	
City Tax	.00396	
State Energy Tax	.00015	

TABLE III

## ADOPTED QUANTITIES

Name of Company: California-American Water Company District: Baldwin Hills

	<u>Test Years</u>		
	<u>1980</u>	<u>1981</u>	
2. Purchased Water: Witness <u>EGK</u>			
<u>West Basin Municipal Water District</u>			
Total Purchased (Acre-Feet)	1,736.2 A.F.	1,743.6 A.F.	
Cost/A.F.	\$ 115.60	\$ 115.60	
Total Cost	250,300	251,200	
3. Pump Tax - Replenishment Tax: Witness <u>EGK</u>			
<u>Central &amp; West Basin Replenishment District</u>			
Total Assessed (Acre-Feet)	2,067.0 A.F.	2,067.0 A.F.	
Cost/A.F.	\$ 24.00	\$ 24.00	
Total Cost	49,600	49,600	
4. Expense Payroll: Witness <u>EGK</u>			
Operation & Maintenance	\$110,800	\$128,400	
Administrative & General	<u>39,000</u>	<u>42,800</u>	
Total	149,800	171,200	
Expensed Payroll Taxes	10,800	12,900	
Composite Payroll Tax Rate	7.21%	7.54%	
5. Employee Benefits: Witness <u>EGK</u>			
Pension & Benefits	29,700	34,500	
6. Ad Valorem Taxes: Witness: <u>TAK</u>			
Amount			
	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
Tax Rate	1.170%	1.170%	1.170%
Assessed Value	\$1,708,620	\$1,830,020	\$1,888,420

TABLE III

## ADOPTED QUANTITIES

Name of Company: California-American Water Company District: Baldwin HillsMetered Water Sales Used to Design RatesWitness TAK

	<u>Range - Ccf</u>	<u>Usage - Ccf</u>		
		<u>1980</u>	<u>1981</u>	
Block 1	0-3	208,630	209,122	Lifeline
Block 2	4-10	429,806	430,813	
Block 3	> 10	<u>884,664</u>	<u>886,165</u>	
Total Usage		1,523,100	1,526,100	

Metered Customers

	<u>No.</u>		<u>Usage - Ccf</u>		<u>AVG. Usage - Ccf/yr.</u>	
	<u>1980</u>	<u>1981</u>	<u>1980</u>	<u>1981</u>	<u>1980</u>	<u>1981</u>
Residential	5,328	5,342	1,157,800	1,160,800	217.3	217.3
Business	594	594	235,000	235,000	395.6	395.6
Public Authority	19	19	17,600	17,600	56,350.0	56,350.0
Industrial	2	2	112,700	112,700	924.0	924.0
Other	-	-	<u>200</u>	<u>200</u>	-	-
Subtotal	5,943	5,957	1,523,300	1,526,300		
Other Flat Rate	380	380				
Private Fire Protection	20	20				
Public Fire Protection	<u>0</u>	<u>0</u>				
Subtotal	400	400				
Total	6,343	6,357	1,523,300	1,526,300		
Water Loss at 8.05%			<u>133,400</u>	<u>133,600</u>		
Total Water Produced			1,656,700	1,659,900		



Table IV  
California-American Water Company  
Baldwin Hills District

## ADOPTED TAX CALCULATION

Line No.	Item	Test Year 1980		Test Year 1981	
		CCFT	FIT	CCFT	FIT
(Dollars in Thousands)					
1	Operating Revenue	\$1,257.5	\$1,257.5	\$1,342.3	\$1,342.3
EXPENSES:					
2	Operation & Maintenance	671.1	671.1	699.7	699.7
3	Administrative & General	100.1	100.1	111.6	111.6
4	General Office	67.5	67.5	73.0	73.0
5	Taxes Other	33.8	33.8	37.0	37.0
6	CCFT	---	21.1	---	24.0
7	Subtotal	872.5	893.6	921.3	945.3
Deductions from Taxable Income:					
8	Tax Depreciation	72.4	76.6	78.1	82.7
9	Debt Expense	0.8	0.8	0.8	0.8
10	Capitalized Overhead	3.9	3.9	4.3	4.3
11	Interest	88.1	88.1	88.1	88.1
12	Subtotal Deductions	165.2	169.4	171.3	175.9
13	Net Taxable Income (CCFT)	212.8		249.7	
14	CCFT @ 9.6%	21.1		24.0	
15	Net Taxable Income (FIT)		194.5		221.1
16	FIT @ 46%		89.4		101.7
17	Less Grad. Tax Aj.		(1.4)		(1.4)
18	ITC		(11.6)		(11.6)
19	Net FIT		76.4		88.7

(Red Figure)