

CORRECTION

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

92239 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 SAN MARINO DISTRICT.)
(NOI 13-W))

Application No. 59420
(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 San Marino District (San Marino) to produce annual revenue increases of \$237,600 (or 13.9 percent) in 1980 and an additional \$128,000 (or 6.6 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.

After proper notice, public hearings were held on a consolidated record^{1/} 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.

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, on the evening of March 26, 1980, an informal public meeting was held in the San Marino High School to discuss Cal-Am's application to increase rates for water service. The meeting was sponsored jointly by Cal-Am and the staff. Cal-Am had notified each customer of the meeting by a post card mailed on March 10, 1980. Cal-Am also notified the local newspaper and radio station. Of approximately 9 customers in attendance, 6 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 | 2 |
| Complaints regarding customer service | 0 |
| Complaints regarding water quality | 0 |
| Water conservation effect on rates | 1 |
| Concern regarding long-range water supply | 1 |
| Concern regarding ground water deterioration | 2 |
| Fire hydrant surcharge | <u>1</u> |
| | 7 |

The staff report contains an account of the informal meeting.

Service Area and Water System

Applicant, a California corporation, is a wholly owned subsidiary of the American Water Works Company, Inc. (AWWC) of Wilmington, Delaware, and operates public utility water systems in portions of the counties of San Diego, Los Angeles, Ventura, and Monterey.

San Marino provides public utility water service to approximately 13,400 customers and is wholly situated within Los Angeles County. San Marino consists of two physically separated systems designated as "Upper" and "Lower". The Upper system provides public utility water service to the city of San Marino and a portion of the city of San Gabriel and vicinity. The Lower system provides public utility water service to portions of the cities of Rosemead, Temple City, and El Monte, and certain unincorporated territory of Los Angeles County. With the exception of two minor purchased water sources, all water requirements for both the Upper and Lower systems are produced from wells located within the service areas. The well water quality is good and treatment is not necessary other than chlorination and the requirement for sand trap installations at certain wells.

Pump Efficiency

Pursuant to the order in D.88466 (C.10114) dated February 7, 1978, which required water utilities to test the efficiency of the pumps used in providing water service, Cal-Am tested 17 of the total of 26 pumps in 1979 and the balance previously. Efficiency is also monitored continuously by monthly power bill analysis.

The results of the tests range from fair to excellent, except for Mariposa Wells No. 1 and No. 2, which are poor. The staff has not made any adjustments for pump efficiency in this report because the wells that perform poorly are only used on an emergency standby basis.

Conservation

Cal-Am has continued 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's review indicates that customer complaints made either directly to the district office or the Commission's Consumer Affairs Branch are resolved in a satisfactory manner. The number of complaints is relatively small and generally involves disputed charges or water leaks.

Based on all the evidence 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 San Marino, was decided in D.91910 dated June 17, 1980.

Rates

Cal-Am's present tariffs for San Marino 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

SAN MARINO DISTRICT

COMPARISON OF MONTHLY RATES

GENERAL METERED SERVICE - SCHEDULE NO. SM-1

A.59420 ALL/ems

| <u>Service Charge</u> | <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> |
| For 5/8 x 3/4-inch meter..... | \$ 2.84 | \$ 3.10 | \$ 3.30 | \$ 3.15 | \$ 3.32 | \$ 3.51 |
| For 3/4-inch meter..... | 3.35 | 3.60 | 3.90 | 3.70 | 3.90 | 4.10 |
| For 1-inch meter..... | 5.00 | 5.50 | 5.80 | 5.55 | 5.85 | 6.20 |
| For 1-1/2-inch meter..... | 7.80 | 8.60 | 9.10 | 8.70 | 9.10 | 9.60 |
| For 2-inch meter..... | 11.10 | 12.20 | 13.00 | 12.00 | 13.00 | 14.00 |
| For 3-inch meter..... | 21.20 | 23.40 | 24.80 | 24.00 | 25.00 | 26.00 |
| For 4-inch meter..... | 31.15 | 34.40 | 36.60 | 35.00 | 36.00 | 38.00 |
| For 6-inch meter..... | 54.85 | 60.80 | 64.50 | 61.00 | 64.00 | 68.00 |
| For 8-inch meter..... | 83.30 | 92.40 | 98.00 | 93.00 | 97.00 | 103.00 |
| For 10-inch meter..... | 106.50 | 118.10 | 125.40 | 118.00 | 125.00 | 132.00 |
| <u>Quantity Rates</u> | | | | | | |
| <u>Lower System</u> | | | | | | |
| 0-300 cu. ft., per 100 cu. ft. | \$0.177 | \$0.200 | \$0.224 | \$0.197 | \$0.207 | \$0.218 |
| Over 300 cu. ft., per 100 cu. ft. | 0.243 | 0.251 | 0.268 | 0.271 | 0.286 | 0.299 |
| <u>Upper System</u> | | | | | | |
| 0-300 Cu. ft., per 100 cu. ft. | 0.197 | 0.228 | 0.244 | 0.219 | 0.231 | 0.243 |
| Over 300 Cu. ft., per 100 cu. ft. | 0.271 | 0.279 | 0.296 | 0.302 | 0.319 | 0.334 |

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 1346-W, effective June 17, 1980.

Includes Fire Protection Revenue Loss Surcharge, Tariff Sheet 1317-W dated January 28, 1980.

**Exhibit 1

In this district, an average residential customer will use about 24 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 normalized to be most indicative of residential consumption during the test years, since it is the latest recorded year and reflects consumption patterns that have developed following the 1977 drought. Accordingly, we will adopt the staff's estimate of 290.4 Ccf per customer per year as shown in Exhibit 22.

TABLE II

CALIFORNIA-AMERICAN WATER COMPANY - SAN MARINO DISTRICT

Comparison of Monthly ChargesAverage Residential Customer Using 24 Ccf Per Month

| | <u>1980</u> | <u>1981</u> | <u>1982</u> |
|----------------------------|-------------|-------------|-------------|
| <u>Lower System</u> | | | |
| At Present Rates* | \$8.47 | \$8.47 | \$8.47 |
| At Cal-Am's Proposed Rates | \$8.97 | \$9.60 | - |
| Amount of Increase | \$0.50 | \$1.13 | |
| Percent Increase | 5.9% | 13.3% | |
| Authorized Rates | \$9.43 | \$9.95 | \$10.44 |
| Amount of Increase | \$0.96 | \$1.48 | \$1.97 |
| Percent Increase | 11.3% | 17.5% | 23.3% |
| <u>Upper System</u> | | | |
| At Present Rates* | \$9.12 | \$9.12 | \$9.12 |
| At Cal-Am's Proposed Rates | \$9.64 | \$10.25 | - |
| Amount of Increase | \$0.52 | \$1.13 | |
| Percent Increase | 5.7% | 12.4% | |
| Authorized Rates | \$10.15 | \$10.71 | \$11.25 |
| Amount of Increase | \$1.03 | \$1.59 | \$2.13 |
| Percent Increase | 11.3% | 17.4% | 23.4% |

* Includes Fire Protection Revenue Loss
 Surcharge of \$0.14 for a 5/8" x 3/4"
 meter (Commission Resolution No. L-213).

Business, Industrial, and Public Authority Consumption

Cal-Am's estimate for the test years is significantly lower than 1979 recorded consumption. As stated above, we believe 1979 recorded consumption to be most indicative of consumption during the test years. Normalization for weather is not necessary since consumption in these classes is not significantly affected by weather. Staff's estimate for the test years is reasonably close to 1979 recorded consumption and we will therefore adopt staff's estimate of 656.4 Ccf per customer per year for the commercial class, 4,316.7 Ccf per customer per year for the industrial class, and 1,509.1 Ccf per customer per year for the public authority class.

Results of Operation

The estimated results of operation for the test years are shown in 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 \$212,700, or 11.1 percent, for test year 1980 and \$119,700, or 5.6 percent, for test year 1981.

TABLE III

CALIFORNIA-AMERICAN WATER COMPANY - SAN MARINO DISTRICT

Estimated Results of Operation

Test Year 1980

| Item | Present Rates ^{1/} | | | Authorized: |
|-------------------------------|-----------------------------|---------------------|-----------------|----------------------------|
| | ^{2/} Applicant: | ^{3/} Staff | Adopted Results | Rates : Adopted Results |
| (Dollars in Thousands) | | | | |
| | (a) | (b) | (c) | (d) |
| Operating Revenues | \$1,792.4 | \$1,928.4 | \$1,914.3 | \$2,127.0 |
| <u>Operating Expenses</u> | | | | |
| Purchased Water ^{4/} | 156.5 | 178.7 | 172.2 | 172.2 |
| Purchased Power ^{4/} | 472.8 | 487.4 | 483.2 | 483.2 |
| Uncollectibles | 2.5 | 2.7 | 2.7 | 3.0 |
| Other O & M | 378.5 | 378.5 | 378.5 | 378.5 |
| Local Franchises | 20.6 | 22.2 | 22.0 | 24.5 |
| Other A & G | 187.2 | 187.2 | 187.2 | 187.2 |
| Gen. Off. Prorated | 128.0 | 128.0 | 128.0 | 128.0 |
| Subtotal | 1,346.1 | 1,384.7 | 1,373.8 | 1,376.6 |
| Depreciation Expense | 151.8 | 151.8 | 151.8 | 151.8 |
| Taxes Other Than Income | 70.1 | 70.1 | 70.1 | 70.1 |
| CCFT @ 9.6% | 2.6 | 12.0 | 11.7 | 31.8 |
| FIT @ 46% | (5.3) | 35.2 | 33.8 | 121.1 |
| Total Oper. Exp. | 1,565.3 | 1,653.8 | 1,641.2 | 1,751.4 |
| Net Operating Revenue | 227.1 | 274.6 | 273.1 | 375.6 |
| Rate Base | 3,685.8 | 3,685.8 | 3,685.8 | 3,685.8 |
| Rate of Return | 6.16% | 7.45% | 7.41% | 10.19% |

(Red Figure)

^{1/} Rates in effect June 3, 1980.^{2/} Exhibit 33.^{3/} Exhibit 26-B.^{4/} Based on purchased water and power rates in effect June 1, 1980.

TABLE IV

CALIFORNIA-AMERICAN WATER COMPANY - SAN MARINO DISTRICT

Estimated Results of Operation

Test Year 1981

| Item | Present Rates ^{1/} | | | Authorized: |
|-------------------------------|-----------------------------|---------------------|-----------------|--------------------------|
| | ^{2/} Applicant: | ^{3/} Staff | Adopted Results | Rates Adopted Results |
| (Dollars in Thousands) | | | | |
| | (a) | (b) | (c) | (d) |
| Operating Revenues | \$1,800.8 | \$1,933.1 | \$1,921.5 | \$2,246.7 |
| <u>Operating Expenses</u> | | | | |
| Purchased Water ^{4/} | 160.0 | 182.3 | 175.8 | 175.8 |
| Purchased Power ^{4/} | 475.2 | 490.0 | 485.6 | 485.6 |
| Uncollectibles | 2.5 | 2.7 | 2.7 | 3.1 |
| Other O & M | 424.3 | 424.3 | 424.3 | 424.3 |
| Local Franchises | 20.7 | 22.2 | 22.1 | 25.8 |
| Other A & G | 208.1 | 208.1 | 208.1 | 208.1 |
| Gen. Off. Prorated | 138.3 | 138.3 | 138.3 | 138.3 |
| Subtotal | 1,429.1 | 1,467.9 | 1,456.9 | 1,461.0 |
| Depreciation Expense | 157.7 | 157.7 | 157.7 | 157.7 |
| Taxes Other Than Income | 74.1 | 74.1 | 74.1 | 74.1 |
| CCFT @ 9.6% | (5.2) | 3.8 | 3.7 | 34.5 |
| FIT @ 46% | (39.6) | (0.7) | (1.0) | 132.6 |
| Total Oper. Exp. | 1,616.1 | 1,702.8 | 1,691.4 | 1,859.9 |
| Net Operating Revenue | 184.7 | 230.3 | 230.1 | 386.8 |
| Rate Base | 3,795.4 | 3,795.4 | 3,795.4 | 3,795.4 |
| Rate of Return | 4.87% | 6.07% | 6.06% | 10.19% |

(Red Figure)

^{1/} Rates in effect June 3, 1980.^{2/} Exhibit 33.^{3/} Exhibit 26-B.^{4/} Based on purchased water and power rates in effect June 1, 1980.

Attrition

Cal-Am has accepted as reasonable the staff's estimate of an annual operational attrition in the rate of return of 1.45 percent. No allowance is made for financial attrition. In keeping with our expectations that the districts of Class "A" water utilities not file a general rate increase more often than once in three years, we will authorize a step increase for 1982 of \$55,000 to offset the 1.45 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 are more in the consumers' interests 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. Cal-Am's Exhibit 2 shows that (1) wage increases granted by it and (2) the requested rate increases are within the established guidelines.

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 an 11.50 percent return on common equity were found reasonable for five of Cal-Am's districts, including San Marino.

4. The adopted results of operation show that an increase in revenues of \$212,700, or 11.1 percent, for test year 1980 and \$119,700, or 5.6 percent, for test year 1981 will allow Cal-Am to earn its authorized rate of return.

5. An allowance of 1.45 percent in rate of return to compensate for operational attrition in the year 1982 is reasonable. This will require an increase of \$55,000, or 2.4 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; the rates authorized are just, reasonable, and nondiscriminatory.

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 (Cal-Am) is authorized to file for its San Marino 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 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 San Marino 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, if appropriate, 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 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 San Marino District rate of return on rate base, adjusted to reflect the rates then in effect and normal rate-making 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 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, if appropriate, 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. Byrne
President
James L. Johnson
Richard D. Givelle
Robert J. Patrick
Samuel W. Perry
Commissioners

APPENDIX A
Page 1 of 2

SCHEDULE NO. SM-1
SAN MARINO DISTRICT TARIFF AREA
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

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

RATES

| Service Charge: | Per Meter Per Month | | | | | |
|--------------------------|---------------------|---------|---------|--------------|---------|---------|
| | Lower System | | | Upper System | | |
| | 1980 | 1981 | 1982 | 1980 | 1981 | 1982 |
| For 5/8 x 3/4-inch meter | \$ 3.15 | \$ 3.32 | \$ 3.51 | \$ 3.15 | \$ 3.32 | \$ 3.51 |
| For 3/4-inch meter | 3.70 | 3.90 | 4.10 | 3.70 | 3.90 | 4.10 |
| For 1-inch meter | 5.55 | 5.85 | 6.20 | 5.55 | 5.85 | 6.20 |
| For 1 1/4-inch meter | 8.70 | 9.10 | 9.60 | 8.70 | 9.10 | 9.60 |
| For 2-inch meter | 12.00 | 13.00 | 14.00 | 12.00 | 13.00 | 14.00 |
| For 3-inch meter | 24.00 | 25.00 | 26.00 | 24.00 | 25.00 | 26.00 |
| For 4-inch meter | 35.00 | 36.00 | 38.00 | 35.00 | 36.00 | 38.00 |
| For 6-inch meter | 61.00 | 64.00 | 68.00 | 61.00 | 64.00 | 68.00 |
| For 8-inch meter | 93.00 | 97.00 | 103.00 | 93.00 | 97.00 | 103.00 |
| For 10-inch meter | 118.00 | 125.00 | 132.00 | 118.00 | 125.00 | 132.00 |

Quantity Rates:

| | | | | | | |
|-----------------------|--------|--------|--------|--------|--------|--------|
| First 300 cu.ft., per | | | | | | |
| 100 cu.ft. | \$.197 | \$.207 | \$.218 | \$.219 | \$.231 | \$.243 |
| Over 300 cu.ft., per | | | | | | |
| 100 cu.ft. | .271 | .286 | .299 | .302 | .319 | .334 |

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.

APPENDIX A
Page 2 of 2

SCHEDULE NO. SM-9
SAN MARINO DISTRICT TARIFF AREA
CONSTRUCTION AND OTHER TEMPORARY SERVICE

APPLICABILITY

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

TERRITORY

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

RATES

| FOR FLOODING DITCHES: | <u>PER LINEAL FOOT</u> | | |
|---------------------------------------------|------------------------|----------------|----------------|
| | <u>1980</u> | <u>1981</u> | <u>1982</u> |
| 0 to 4' deep | \$.018 | \$.019 | \$.020 |
| Over 4' to 6' deep | .024 | .026 | .027 |
| Over 6' to 8' deep | .030 | .032 | .033 |
| Over 8' to 10' deep | .037 | .039 | .041 |
| Over 10' to 12' deep | .049 | .051 | .054 |
| Over 12' deep | .086 | .090 | .095 |
| FOR WATER DELIVERED IN TANK WAGONS | <u>\$.086</u> | <u>\$.090</u> | <u>\$.095</u> |

SPECIAL CONDITIONS

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

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

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

APPENDIX 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
San Marino District

REQUESTED AND AUTHORIZED INCREASES

| Item | Utility's Application | | Authorized | | |
|------------------------------------------|-----------------------|-----------|------------|-----------|-----------|
| | 1980 | 1981 | 1980 | 1981 | 1982 |
| Total Operating Revenues | | | | | |
| ① Present Rates (\$ x 1000) | \$1,713.4 | \$1,720.9 | \$1,914.3 | \$1,921.5 | \$1,921.5 |
| ② Proposed Rates (\$ x 1000) | 1,951.0* | 2,079.0* | 2,127.0** | 2,246.7** | 2,360.9** |
| % Increase Over Present Rates | 13.87% | 20.81% | 11.11% | 16.92% | 22.87% |
| % Step Rate Increase | - | 6.56 | - | 5.63 | 5.08 |
| Typical Residential Bill (24 ccf) | | | | | |
| ① Present Rates | \$ 8.47 | \$ 8.47 | \$ 8.47 | \$ 8.47 | \$ 8.47 |
| ② Proposed Rates | 8.97* | 9.60* | 9.43** | 9.95** | 10.44** |
| % Increase Over Present Rates | 5.90% | 13.34% | 11.33% | 17.47% | 23.26% |
| % Step Rate Increase | - | 7.02 | - | 5.51 | 4.92 |
| 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.

A-59420 /ALJ/bw

APPENDIX B
Page 1 of 6

TABLE II

California-American Water Company
San Marino District

COMPARISON OF MONTHLY RATES

GENERAL METERED SERVICE - SCHEDULE NO. SM-1

| | Present Rates* | Proposed Rates** | | Adopted Rates | | |
|-----------------------------------|----------------|------------------|---------|---------------|---------|---------|
| | | 1980 | 1981 | 1980 | 1981 | 1982 |
| <u>Service Charge</u> | | | | | | |
| For 5/8 x 3/4-inch meter..... | \$ 2.84 | \$ 3.10 | \$ 3.30 | \$ 3.15 | \$ 3.32 | \$ 3.51 |
| For 3/4-inch meter..... | 3.35 | 3.60 | 3.90 | 3.70 | 3.90 | 4.10 |
| For 1-inch meter..... | 5.00 | 5.50 | 5.80 | 5.55 | 5.85 | 6.20 |
| For 1-1/2-inch meter..... | 7.80 | 8.60 | 9.10 | 8.70 | 9.10 | 9.60 |
| For 2-inch meter..... | 11.10 | 12.20 | 13.00 | 12.00 | 13.00 | 14.00 |
| For 3-inch meter..... | 21.20 | 23.40 | 24.80 | 24.00 | 25.00 | 26.00 |
| For 4-inch meter..... | 31.15 | 34.40 | 36.60 | 35.00 | 36.00 | 38.00 |
| For 6-inch meter..... | 54.85 | 60.80 | 64.50 | 61.00 | 64.00 | 68.00 |
| For 8-inch meter..... | 83.30 | 92.40 | 98.00 | 93.00 | 97.00 | 103.00 |
| For 10-inch meter..... | 106.50 | 118.10 | 125.40 | 118.00 | 125.00 | 132.00 |
| <u>Quantity Rates</u> | | | | | | |
| <u>Lower System</u> | | | | | | |
| 0-300 cu. ft., per 100 cu. ft. | \$0.177 | \$0.200 | \$0.224 | \$0.197 | \$0.207 | \$0.218 |
| Over 300 cu. ft., per 100 cu. ft. | 0.243 | 0.251 | 0.268 | 0.271 | 0.286 | 0.299 |
| <u>Upper System</u> | | | | | | |
| 0-300 Cu. ft., per 100 cu. ft. | 0.197 | 0.228 | 0.244 | 0.219 | 0.231 | 0.243 |
| Over 300 Cu. ft., per 100 cu. ft. | 0.271 | 0.279 | 0.296 | 0.302 | 0.319 | 0.334 |

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 1346-W, effective June 17, 1980.

Includes Fire Protection Revenue Loss Surcharge, Tariff Sheet 1317-W dated January 28, 1980.

**Exhibit 1

Name of Company: California-American Water Company District: San MarinoApplication No.: 59420 Decision No.: _____ Date: _____Prepared By: D. K. Fukutome

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

| | | |
|--------------------------|-----------------------------------|------------------------|
| Net-to-Gross | <u>2.0753</u> | <u>Special Remarks</u> |
| Federal Tax Rate | <u>46%</u> | |
| State Tax Rate | <u>9.6% (for both test years)</u> | |
| Local Franchise Tax Rate | <u>1.15%</u> | |
| Business License | <u>-</u> | |
| Uncollectibles Rate | <u>0.21%</u> | |

| <u>Offset Items</u> | <u>Test Years</u> | |
|-------------------------------------------|-------------------|---------------|
| | <u>1980</u> | <u>1981</u> |
| 1. Purchased Power: Witness <u>EKK</u> | | |
| Total Production | 5,218,500 Ccf | 5,244,400 Ccf |
| Acres-Feet | 11,980.0 A.F. | 12,039.5 A.F. |
| Electric: | | |
| <u>Southern California Edison Company</u> | | |
| Total Cost | \$ 372,500 | \$ 374,400 |
| kWh | 5,689,358 | 5,717,528 |
| Eff. Sch. Date | 5/20/80 | 5/20/80 |
| \$/kWh Used | \$.06548 | \$.06548 |
| | <u>\$/kWh</u> | |
| In Effect on | 5/20/80 | |
| ECAC | .04960 | |
| Fuel Bal. Act | -.00107 | |
| CLVAC | .00003 | |
| State Energy Tax | .00015 | |

TABLE III
ADOPTED QUANTITIESName of Company: California-American Water Company District: San Marino

| | Test Years | |
|-----------------------------------------------------|----------------|----------------|
| | <u>1980</u> | <u>1981</u> |
| <u>City of Pasadena</u> | | |
| Total Cost | \$ 110,700 | \$ 111,200 |
| KWh | 1,361,090 | 1,367,828 |
| Eff. Sch. Date | 6/1/80 | 6/1/80 |
| \$/KWh Used | .08130 | .08130 |
| | \$/KWh | |
| In Effect on | 6/1/80 | |
| Fuel Cost Adjustment | .04770 | |
| Conservation Surcharge | .00050 | |
| State Energy Tax | .00015 | |
| 2. Purchased Water: Witness <u>ECK</u> | | |
| <u>Metropolitan Water District</u> | | |
| Total Purchased - Ccf | 17,500 | 17,500 |
| Cost/Ccf | \$ 0.54 | \$ 0.54 |
| Total Cost | 9,400 | 9,400 |
| 3. Pump Tax - Replenishment Tax: Witness <u>ECK</u> | | |
| <u>Main San Gabriel Basin</u> | | |
| Total Production | 11,975.9 A.F. | 12,035.3 A.F. |
| Entitlement | 9,157.3 A.F. | 9,157.3 A.F. |
| Subject to Administrative Assess. | 9,676.9 A.F. | 9,736.3 A.F. |
| Administrative Assess. Rate | \$ 1.10/A.F. | \$ 1.10/A.F. |
| Subject to Make-Up Assess. | 9,157.3 A.F. | 9,157.3 A.F. |
| Make-Up Assess. Rate | \$ 12.00/A.F. | \$ 12.00/A.F. |
| Subject to Replenishment Assess. | 519.6 A.F. | 579.0 A.F. |
| Replenishment Rate | \$ 60.00/A.F. | \$ 60.00/A.F. |
| Total Assessment | \$ 151,700 | \$ 155,300 |
| <u>City of San Marino</u> | | |
| Total Assessment | \$ 9,000 | \$ 9,000 |
| <u>Dept. of Water Resources</u> | | |
| Total Assessment | \$ 2,100 | \$ 2,100 |
| 4. Expense Payroll: Witness <u>ECK</u> | | |
| Operation & Maintenance | \$ 190,700 | \$ 221,100 |
| Administrative & General | 74,000 | 81,200 |
| Total | <u>264,700</u> | <u>302,300</u> |
| Expensed Payroll Taxes | 19,200 | 23,200 |
| Composite Payroll Tax Rate | 7.25% | 7.67% |
| 5. Employee Benefits: Witness <u>ECK</u> | | |
| Pension & Benefits | 52,500 | 60,900 |

TABLE III
ADOPTED QUANTITIESName of Company: California-American Water Company District: San Marino6. Ad Valorem Taxes: Witness TAK
Amount

| | <u>1979-80</u> | <u>1980-81</u> | <u>1981-82</u> |
|----------------|----------------|----------------|----------------|
| Tax Rate | 1.376% | 1.376% | 1.376% |
| Assessed Value | \$3,598,480 | \$3,543,080 | \$3,698,580 |

Metered Water Sales Used to Design Rates Witness: TAK

| <u>Lower System</u> | <u>Range - Ccf</u> | <u>Usage - Ccf</u> | | |
|---------------------|--------------------|--------------------|------------------|----------|
| | | <u>1980</u> | <u>1981</u> | |
| Block 1 | 0-3 | 226,895 | 228,150 | Lifeline |
| Block 2 | > 3 | <u>1,940,105</u> | <u>1,977,350</u> | |
| Total Usage | | 2,167,000 | 2,205,500 | |
| <u>Upper System</u> | | | | |
| Block 1 | 0-3 | 243,642 | 244,645 | Lifeline |
| Block 2 | > 3 | <u>2,434,258</u> | <u>2,418,755</u> | |
| Total Usage | | 2,677,900 | 2,663,400 | |

Metered Customers

| | <u>No.</u> | | <u>Usage - Ccf</u> | | <u>Ave. Usage - Ccf/Yr.</u> | |
|-------------------------|-------------|-------------|--------------------|----------------|-----------------------------|-------------|
| | <u>1980</u> | <u>1981</u> | <u>1980</u> | <u>1981</u> | <u>1980</u> | <u>1981</u> |
| Residential | 11,855 | 11,907 | 3,442,700 | 3,457,800 | 290.4 | 290.4 |
| Business | 1,393 | 1,400 | 914,400 | 919,000 | 656.4 | 656.4 |
| Public Authority | 123 | 123 | 185,600 | 185,600 | 1,509.1 | 1,509.1 |
| Industrial | 70 | 71 | 302,200 | 306,500 | 4,316.7 | 4,316.7 |
| Other | - | - | <u>2,000</u> | <u>2,000</u> | - | - |
| Subtotal | 13,441 | 13,501 | 4,846,900 | 4,870,900 | | |
| Private Fire Protection | 107 | 107 | | | | |
| Public Fire Protection | <u>0</u> | <u>0</u> | | | | |
| Subtotal | 107 | 107 | | | | |
| Total | 13,548 | 13,608 | 4,846,900 | 4,870,900 | | |
| Water Loss at 7.09% | | | <u>369,800</u> | <u>371,700</u> | | |
| Total Water Produced | | | 5,216,700 | 5,242,600 | | |

TABLE IV
California-American Water Company
San Marino District

APPENDIX B
Page 6 of 6

ADOPTED TAX CALCULATION

| Line No. | Item | Test Year 1980 | | Test Year 1981 | |
|---------------------------------|---------------------------|----------------|--------------|----------------|--------------|
| | | CCFT | FIT | CCFT | FIT |
| (Dollars in Thousands) | | | | | |
| 1 | Operating Revenues | \$2,127.0 | \$2,127.0 | \$2,246.7 | \$2,246.7 |
| EXPENSES | | | | | |
| 2 | Operation & Maintenance | 1,036.9 | 1,036.9 | 1,088.8 | 1,088.8 |
| 3 | Administrative & General | 211.7 | 211.7 | 233.9 | 233.9 |
| 4 | General Office | 128.0 | 128.0 | 138.3 | 138.3 |
| 5 | Taxes Other | 70.1 | 70.1 | 74.1 | 74.1 |
| 6 | CCFT | | 31.8 | | 34.5 |
| 7 | Subtotal | \$1,446.7 | \$1,478.5 | \$1,535.1 | \$1,569.6 |
| Deductions from Taxable Income: | | | | | |
| 8 | Tax Depreciation | 155.2 | 164.3 | 160.8 | 170.3 |
| 9 | Debt Expense | 1.5 | 1.5 | 1.5 | 1.5 |
| 10 | Capitalized Overhead | 6.1 | 6.1 | 3.8 | 3.8 |
| 11 | Interest | 185.9 | 185.9 | 185.9 | 185.9 |
| 12 | Subtotal Deductions | 348.7 | 357.8 | 352.0 | 361.5 |
| 13 | Net Taxable Income (CCFT) | <u>331.6</u> | | <u>359.6</u> | |
| 14 | CCFT @ 9.6% | 31.8 | | 34.5 | |
| 15 | Net Taxable Income (FIT) | | 290.7 | | 315.6 |
| 16 | FIT @ 46% | | 133.7 | | 145.2 |
| 17 | Less Grad. Tax Adj. | | (2.6) | | (2.6) |
| 18 | ITC | | (10.0) | | (10.0) |
| | | | <u>121.1</u> | | <u>132.6</u> |

(Red Figure)