

AUG 16 1995

Decision 95-08-058 August 11, 1995

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Application 94-09-010 (Filed September 9, 1994) Application 94-09-011 Application 94-09-012 Application 94-09-013 Application 94-09-014 Application 94-09-015

And Related Matters:

ORIGINAL

Francis S. Ferraro and William S. Newell, Attorneys Law, (for California Water Service Company) applicant. John Hurford, for the Westlake Village Homeowners Association, interested party. James S. Rood, Attorney at Law, for the Division of Ratepayer Advocates.

OPINION

Summary of Decision

This decision authorizes the following rate increases to California Water Service Company (CWS):

Table with columns: District, 1995 Amount Percent, 1996 Amount Percent, 1997 Amount Percent, 1998 Amount Percent. Rows include Dixon, Los Altos, Suburban, South San Francisco, Marysville, Willows, Westlake.

These increases are based on a rates of return on rate base of 9.84%, 9.86%, 9.86%, and 9.86% for the years 1995, 1996, 1997, and 1998, respectively, with a corresponding rate of return of 11.05% on common equity.

Background

CWS is a public utility corporation with headquarters in San Jose, California. It provides water service to approximately 358,000 customers in 20 operating districts.

On September 19, 1994, CWS filed applications to increase the rates it charges for water service in six districts for test years 1995 and 1996 and attrition years 1997 and 1998.¹ The applications were consolidated for hearing. The districts and application numbers are: Dixon (Application (A.) 94-09-010); Los Altos-Suburban (A. 94-09-011); South San Francisco (A. 94-09-012); Marysville (A. 94-09-013); Willows (A. 94-09-014); and Westlake (A. 94-09-015).

QUALIFIED

Summary of Decision

This decision authorizes the following rate increases to

California Water Service Company (CWS):

District	1995	1996	1997	1998
	(in thousands of dollars)			
Dixon	\$124.6	\$129.9	\$28.7	\$24.7
Willows	36.6	4.9	23.7	3.0
Westlake	278.6	9.6	98.6	1.6

¹ The filing was for a three-year or 36-month period beginning in mid-1995 and extending through mid-1998, pursuant to the Case Plan for Class A Water Utility, (1990) 37 CPUC 175. The plan provides that for utilities with a July filing, the calendar year following the year of filing is the first test year, and attrition filings are permitted for both the full calendar year following the second test year and for the following partial year.

Specifically, CWS requested the following increases:

District	1995 Amount	1995 Percent	1996 Amount	1996 Percent	1997 Amount	1997 Percent	1998 Amount	1998 Percent
	(in thousands of dollars)							
Dixon	\$107.7	14.0%	\$122.2	14.0%	\$32.3	3.2%	\$31.4	3.1%
Los Altos Suburban	1,115.6	13.1	205.2	2.1	206.6	2.1	198.8	2.0
South San Francisco	861.9	17.0	166.0	2.8	166.0	2.7	160.4	2.6
Marysville	1597.8	14.9	391.6	4.5	40.5	3.2	39.0	3.0
Willows	224.9	17.0	36.6	4.3	36.5	4.1	35.6	3.9
Westlake	660.0	11.2	107.0	1.6	107.9	1.6	105.6	1.6

According to CWS, the rate increases are necessary to cover increases in operating costs since the utility's last general rate case. In addition, CWS plans to add new plant to meet customer growth and increased water use per customer.

A description of each of the six districts is included in the applications. At the end of 1992, the Dixon District served 2,644 connections; the Los Altos-Suburban District served 17,425 connections; the South San Francisco District served 14,778 connections; the Marysville District served 3,767 connections; the Willows District served 2,191 connections; and the Westlake District served 6,542 connections.

On February 24, 1995, CWS and PRA filed a motion for adoption of the settlement. Westlake has filed comments on the settlement under the provisions of Rule 61.4 of the Commission's Rules of Practice and Procedure.

On February 24, 1995, CWS and PRA filed a motion for adoption of the settlement. Westlake has filed comments on the settlement and CWS has filed reply comments. The settlement will be discussed later in this order.

2. See Report on the Results of Operation, Chapter 3, for each district. (Exhibits 1-6.)

Public Participation Hearings

Duly noticed public participation hearings were held in Los Altos, South San Francisco, Marysville, Willows, and Thousand Oaks (Westlake). Only a few customers attended the hearings. However, the Commission received several letters opposing the requested increases. The customers expressed concern at the magnitude of the requested increases. They asked the Commission to deny the increases.

Divisions of Ratepayer Advocates' (DRA) Reports

DRA conducted its investigation of the requested rate increases. Based on its investigation, DRA prepared its report on CWS' results of operation and cost of capital. DRA recommended that CWS be granted increases much lower than requested. For the Westlake District, DRA recommended rate decreases for the two test years and no rate increases for the attrition years.

Evidentiary Hearings

An evidentiary hearing was held on January 31 and February 1, 1995 in San Francisco before Administrative Law Judge Garde. Other than CWS and DRA, there were no active parties involved. At the hearing, CWS and DRA announced that they had reached agreement on all issues except the rate of return.

Also, at the evidentiary hearing, an additional appearance of John Hurford for the Westlake Village Homeowners Association was filed. Since Westlake did not participate in the negotiations which led to the settlement between CWS and DRA, it agreed that the settlement would be treated as a contested settlement and Westlake would be allowed to file comments on the settlement under the provisions of Rule 51.4 of the Commission's Rules of Practice and Procedure.

On February 24, 1995, CWS and DRA filed a motion for adoption of the settlement. Westlake has filed comments on the settlement, and CWS has filed reply comments. The settlement will be discussed later in this order.

Evidence on the only contested issue of rate of return was taken during the hearing. CWS and DRA provided testimony. The matter was submitted upon filing of concurrent briefs by CWS and DRA on March 2, 1995. Westlake did not participate in the evidentiary hearing nor did it file a brief on the issue of rate of return on equity.

The Settlement - Results of Operations

The settlement refers to resolution of all issues, except the issue of rate of return, as set forth in late-filed Exhibit 23. The original estimates of CWS and DRA, as well as agreed upon estimates for results of operations, are shown in Tables 1 through 12. Other elements of ratemaking, including estimates for results of operations of CWS' general office, are included in

Item	CWS	DRA	Agreed
Rate of Return	8.2%	8.2%	8.2%
Depreciated Rate Base	1,739.5	1,739.5	1,739.5
Net Operating Revenue	178.0	178.0	178.0
Total Operating Expenses	733.5	733.5	733.5
TOTAL Income Taxes	60.4	60.4	60.4
SUB-TOTAL - Operating Expense	623.1	623.1	623.1
TOTAL Priorated Expenses	113.8	113.8	113.8
Other Priorated Expenses	40.0	40.0	40.0
Payroll Taxes	2.0	2.0	2.0
Ad Valorem Taxes	1.0	1.0	1.0
Payroll and Benefits	81.8	81.8	81.8
Depreciation	74.6	74.6	74.6
TOTAL General Taxes	31.8	31.8	31.8
Payroll Taxes	14.4	14.4	14.4
Local Franchise & Bus. Lic.	0.1	0.1	0.1
Ad Valorem Taxes	20.8	20.8	20.8
Taxes Other than on Income	19.7	19.7	19.7
TOTAL DRA AG & M. EX	450.8	450.8	450.8
Other Admin & General	21.8	21.8	21.8
Other Oper and Maint	132.6	132.6	132.6
Payroll - District	175.1	175.1	175.1
Purchased Chemicals	2.9	2.9	2.9
Purchased Power	107.8	107.8	107.8
Groundwater Extraction Charge	0.0	0.0	0.0
Regulatory Assessment	0.0	0.0	0.0
Purchased Fuel	112.7	112.7	112.7
Appendices C-1 through C-7	450.8	450.8	450.8

TABLE 1

California Water Service Company

Dixon District

Summary of Earnings

1995

ITEM	C.W.S. Original	Branch Original	C.W.S./ Branch Joint	C.W.S./ Branch Joint
	Filing	Filing	Position	Position
Operating Revenues	\$769.5	\$800.3	\$784.9	\$909.5
Operating Expenses				
Purchased Water	0.0	0.0	0.0	0.0
Replenishment Assessment	0.0	0.0	0.0	0.0
Groundwater Extraction Charge	0.0	0.0	0.0	0.0
Purchased Power	107.8	117.0	112.7	112.7
Purchased Chemicals	2.9	2.9	2.9	2.9
Payroll - District	176.1	174.7	174.7	174.7
Other Oper. and Maint.	132.6	115.3	115.8	116.0
Other Admin & General	31.4	21.8	24.2	24.2
TOTAL O&M, A&G & MISC EX	450.8	431.7	430.3	430.5
Taxes Other Than on Income				
Ad Valorem Taxes	20.3	20.2	19.7	19.7
Local Franchise & Bus. Lic.	0.1	0.1	0.1	0.1
Payroll Taxes	14.4	14.2	14.4	14.4
TOTAL General Taxes	34.8	34.5	34.2	34.2
Depreciation	74.8	74.6	74.6	74.6
G.O. Prorated Expenses				
Payroll and Benefits	81.3	69.6	70.2	70.2
Ad Valorem Taxes	1.0	1.0	1.0	1.0
Payroll Taxes	2.8	2.6	2.6	2.6
Other Prorated Expenses	42.3	39.1	40.0	40.0
TOTAL Prorated Expenses	127.4	112.3	113.8	113.8
SUB-TOTAL - Operating Expens	687.8	653.1	652.9	653.1
TOTAL Income Taxes	4.1	31.0	25.1	80.4
Total Operating Expenses	691.9	684.1	678.0	733.5
Net Operating Revenue	77.6	116.2	106.9	176.0
Depreciated Rate Base	1,824.1	1,777.4	1,789.2	1,789.2
Rate of Return	4.25%	6.54%	5.97%	9.84%

TABLE 2

EXHIBIT

California Water Service Company

Water Company Dixon District

Summary of Earnings

for the year ending 1996

1996

ITEM	1996		1995		1994	
	Original Filing	Original Filing	Original Filing	Original Filing	Original Filing	Original Filing
(Thousands of Dollars)						
Operating Revenues	\$768.1	\$807.0	\$788.0	\$938.2		
Operating Expenses						
Purchased Water	0.0	0.0	0.0	0.0		
Replenishment Assessment	0.0	0.0	0.0	0.0		
Groundwater Extraction Charge	0.0	0.0	0.0	0.0		
Purchased Power	106.9	118.4	113.2	113.2		
Purchased Chemicals	3.0	3.0	3.0	3.0		
Payroll District	183.2	180.9	181.8	181.8		
Other Oper. and Maint.	140.0	120.7	121.2	121.5		
Other Admin & General	33.6	22.0	24.2	24.2		
TOTAL O&M, A&G & MISC EXP.	466.7	445.0	443.4	443.7		
Taxes Other Than on Income						
Ad Valorem Taxes	21.5	21.0	20.2	20.2		
Local Franchise & Bus. Lic.	0.1	0.1	0.1	0.1		
Payroll Taxes	14.9	14.6	14.9	14.9		
TOTAL General Taxes	36.5	35.7	35.2	35.2		
Depreciation	78.4	76.9	77.6	77.6		
G.O. Prorated Expenses						
Payroll and Benefits	86.1	72.0	74.4	74.4		
Ad Valorem Taxes	1.0	0.9	1.0	1.0		
Payroll Taxes	2.9	2.6	2.7	2.7		
Other Prorated Expenses	44.7	40.5	42.3	42.3		
TOTAL Prorated Expenses	134.7	116.0	120.4	120.4		
SUB-TOTAL - Operating Expense	716.3	673.6	676.6	676.9		
TOTAL Income Taxes	(9.1)	25.2	16.1	82.7		
Total Operating Expenses	707.2	698.8	692.7	759.5		
Net Operating Revenue	60.9	108.2	95.3	178.7		
Depreciated Rate Base	1,871.9	1,784.5	1,811.5	1,811.5		
Rate of Return	3.25%	6.06%	5.26%	9.86%		

EXHIBIT

TABLE 3

Operating Revenues and Expenses

California Water Service Company

Los Altos District

Summary of Earnings

1995

ITEM	Original Filing		C.W.S./ Branch Joint Position		C.W.S./ Branch Joint Position @ 9.84%	
	1995	1995	1995	1995	1995	1995
Operating Revenues	\$8,489.3	\$9,370.5	\$9,310.1	\$9,310.1	\$9,310.1	\$9,529.0
Operating Expenses						
Purchased Water	2,468.4	2,468.4	2,468.4	2,468.4	2,468.4	2,468.4
Replenishment Assessment	0.0	0.0	0.0	0.0	0.0	0.0
Groundwater Extraction Charge	870.0	1,240.5	1,216.0	1,216.0	1,216.0	1,216.0
Purchased Power	603.3	683.1	677.9	677.9	677.9	677.9
Purchased Chemicals	7.6	7.6	7.6	7.6	7.6	7.6
Payroll - District	844.0	835.5	835.5	835.5	835.5	835.5
Other Oper. and Maint.	691.5	613.9	621.5	621.5	621.5	621.6
Other Admin & General	87.4	70.1	70.1	70.1	70.1	70.1
TOTAL O&M, A&G & MISC EX	5,572.2	5,919.1	5,897.0	5,897.0	5,897.0	5,897.1
Taxes Other Than on Income						
Ad Valorem Taxes	173.6	172.8	168.6	168.6	168.6	168.6
Local Franchise & Bus. Lic.	114.8	126.6	125.8	125.8	125.8	128.7
Payroll Taxes	68.4	67.7	68.4	68.4	68.4	68.4
TOTAL General Taxes	356.8	367.1	362.8	362.8	362.8	365.7
Depreciation	506.1	504.3	505.0	505.0	505.0	505.0
G.O. Prorated Expenses						
Payroll and Benefits	616.7	528.1	532.8	532.8	532.8	532.8
Ad Valorem Taxes	7.8	7.4	7.4	7.4	7.4	7.4
Payroll Taxes	21.3	19.4	19.4	19.4	19.4	19.4
Other Prorated Expenses	320.7	297.3	303.7	303.7	303.7	303.7
TOTAL Prorated Expenses	966.5	852.2	863.3	863.3	863.3	863.3
SUB-TOTAL - Operating Expens	7,401.6	7,642.7	7,628.1	7,628.1	7,628.1	7,631.1
TOTAL Income Taxes	218.5	474.9	465.4	465.4	465.4	561.3
Total Operating Expenses	7,620.1	8,117.6	8,093.5	8,093.5	8,093.5	8,192.4
Net Operating Revenue	869.2	1,252.9	1,216.6	1,216.6	1,216.6	1,336.6
Depreciated Rate Base	13,838.3	13,555.5	13,583.1	13,583.1	13,583.1	13,583.1
Rate of Return	6.28%	9.24%	8.96%	8.96%	8.96%	9.84%

TABLE 4
SUMMARY

California Water Service Company

Los Altos District

Summary of Earnings

1996

ITEM	C.W.S./ Original Filing	Branch Original Filing	C.W.S./ Branch Joint Position	C.W.S./ Branch Joint Position @ 9.86%
(Thousands of Dollars)				
Operating Revenues	\$8,434.8	\$9,446.5	\$9,305.2	\$9,696.2
Operating Expenses				
Purchased Water	2,482.0	2,482.0	2,482.0	2,482.0
Replenishment Assessment	0.0	0.0	0.0	0.0
Groundwater Extraction Charge	835.5	1,260.9	1,202.4	1,202.4
Purchased Power	598.8	690.5	677.9	677.9
Purchased Chemicals	8.0	8.0	8.0	8.0
Payroll - District	877.8	864.8	870.0	870.0
Other Oper. and Maint.	720.8	627.6	638.5	638.7
Other Admin & General	95.7	72.8	72.8	72.8
TOTAL O&M, A&G & MISC EXP	5,618.6	6,006.6	5,951.6	5,951.8
Taxes Other Than on Income				
Ad Valorem Taxes	182.9	180.0	171.8	171.8
Local Franchise & Bus. Lic.	114.1	127.6	125.8	131.1
Payroll Taxes	70.8	69.8	70.8	70.8
TOTAL General Taxes	367.8	377.4	368.4	373.7
Depreciation	525.3	519.0	520.6	520.6
G.O. Prorated Expenses				
Payroll and Benefits	653.5	546.6	564.6	564.6
Ad Valorem Taxes	7.9	7.2	7.3	7.3
Payroll Taxes	21.9	19.9	20.7	20.7
Other Prorated Expenses	339.5	306.8	320.9	320.9
TOTAL Prorated Expenses	1,022.8	880.5	913.5	913.5
SUB-TOTAL - Operating Expense	7,534.5	7,783.5	7,754.1	7,759.5
TOTAL Income Taxes	132.4	443.1	405.4	576.7
Total Operating Expenses	7,666.9	8,226.6	8,159.5	8,336.2
Net Operating Revenue	7,767.9	1,219.9	1,145.7	1,360.0
Depreciated Rate Base	14,234.3	13,707.8	13,793.2	13,793.2
Rate of Return	5.39%	8.90%	8.31%	9.86%

TABLE 5
TABLE 5

California Water Service Company
South San Francisco District
Summary of Earnings
1995

ITEM	C.W.S./ Branch Original Filing	C.W.S./ Branch Original Filing	C.W.S./ Branch Joint Position	C.W.S./ Branch Joint Position @ 9.84%
Operating Revenues	\$5,087.8	\$5,395.0	\$5,394.1	\$5,743.7
Operating Expenses				
Purchased Water	1,748.8	1,943.4	1,942.9	1,942.9
Replenishment Assessments	0.0	0.0	0.0	0.0
Groundwater Extraction Charge	0.0	0.0	0.0	0.0
Purchased Power	302.8	221.6	221.5	221.5
Purchased Chemicals	1.9	1.2	1.2	1.2
Payroll - District	622.7	618.4	618.4	618.4
Other Oper. and Maint.	527.5	452.3	459.2	459.6
Other Admin & General	60.6	60.6	60.6	60.6
TOTAL O&M, A&G & MISC EX	3,164.3	3,297.5	3,303.8	3,304.2
Taxes Other Than on Income				
Ad Valorem Taxes	94.5	93.9	91.4	91.4
Local Franchise & Bus. Lic.	2.0	2.0	2.0	2.0
Payroll Taxes	50.2	49.9	50.2	50.2
TOTAL General Taxes	146.7	145.8	143.6	143.6
Depreciation	341.2	336.9	337.8	337.8
G.O. Prorated Expenses				
Payroll and Benefits	440.6	377.2	380.5	380.5
Ad Valorem Taxes	5.5	5.3	5.3	5.3
Payroll Taxes	15.2	13.8	13.8	13.8
Other Prorated Expenses	229.1	212.4	217.0	217.0
TOTAL Prorated Expenses	690.4	608.7	616.6	616.6
SUB-TOTAL Operating Expenses	4,342.6	4,388.9	4,401.8	4,402.2
TOTAL Income Taxes	132.7	234.4	236.9	392.0
Total Operating Expenses	4,475.3	4,623.3	4,638.7	4,794.2
Net Operating Revenue	612.5	771.7	755.4	949.5
Depreciated Rate Base	9,500.2	9,545.3	9,649.4	9,649.4
Rate of Return	6.19%	8.08%	7.83%	9.84%

TABLE 6

TABLE
California Water Service Company
South San Francisco District
Summary of Earnings

1996

ITEM	1996		1995		1994	
	C.W.S./ Branch Original Filing Position	C.W.S./ Branch Original Filing Position	C.W.S./ Branch Original Filing Position	C.W.S./ Branch Original Filing Position	C.W.S./ Branch Original Filing Position	C.W.S./ Branch Original Filing Position
(Thousands of Dollars)						
Operating Revenues	\$5,085.5	\$5,463.7	\$5,414.8	\$5,931.2		
Operating Expenses						
Purchased Water	1,743.1	1,982.6	1,951.7	1,951.7		
Replenishment Assessment	0.0	0.0	0.0	0.0		
Groundwater Extraction Charge)	0.0	0.0	0.0	0.0		
Purchased Power	202.3	225.4	222.4	222.4		
Purchased Chemicals	2.0	1.2	1.2	1.2		
Payroll - District	647.7	640.0	643.1	643.1		
Other Oper. and Maint.	548.1	463.3	471.3	471.9		
Other Admin & General	62.2	62.2	62.2	62.2		
TOTAL O&M, A&G & MISC EXP	3,205.4	3,374.7	3,351.9	3,352.5		
Taxes Other Than on Income						
Ad Valorem Taxes	100.6	99.5	94.0	94.0		
Local Franchise & Bus. Lic.	2.0	2.0	2.0	2.0		
Payroll Taxes	52.0	51.4	52.0	52.0		
TOTAL General Taxes	154.6	152.9	148.0	148.0		
Depreciation	358.7	351.9	353.9	353.9		
G.O. Prorated Expenses						
Payroll and Benefits	466.7	324.5	403.2	403.2		
Ad Valorem Taxes	5.7	5.1	5.2	5.2		
Payroll Taxes	15.6	14.2	14.8	14.8		
Other Prorated Expenses	242.5	285.1	229.2	229.2		
TOTAL Prorated Expenses	730.5	628.9	652.4	652.4		
SUB-TOTAL - Operating Expense	4,449.2	4,508.4	4,506.2	4,506.8		
TOTAL Income Taxes	93.9	220.0	209.3	438.4		
Total Operating Expenses	4,543.1	4,728.4	4,715.5	4,945.2		
Net Operating Revenue	542.4	735.3	699.3	986.0		
Depreciated Rate Base	10,341.1	9,834.4	9,997.7	9,997.7		
Rate of Return	5.25%	7.48%	6.99%	9.86%		

TABLE 7

TABLE 7
 California Water Service Company
 Marysville District
 Summary of Earnings
 1995

ITEM	C.W.S./ Branch Original Filing		C.W.S./ Branch Original Filing		C.W.S./ Branch Joint Position	C.W.S./ Branch Joint Position @ 9.84%
	(Thousands of Dollars)	(Thousands of Dollars)	(Thousands of Dollars)	(Thousands of Dollars)		
Operating Revenues	\$1,072.7	\$1,100.5	\$1,084.3	\$1,153.5		
Operating Expenses						
Purchased Water	0.0	0.0	0.0	0.0		
Replenishment Assessment	0.0	0.0	0.0	0.0		
Groundwater Extraction Charge	0.0	0.0	0.0	0.0		
Purchased Power	123.7	136.0	136.8	136.8		
Purchased Chemicals	23.4	23.4	23.4	23.4		
Payroll - District	242.8	245.6	245.6	245.6		
Other Oper. and Maint.	155.3	112.5	112.9	113.1		
Other Admin & General	0.1	(0.6)	(0.6)	(0.6)		
TOTAL O&M, A&G & MISC EX	545.3	516.9	518.1	518.3		
Taxes Other Than on Income						
Ad Valorem Taxes	29.1	28.9	28.2	28.2		
Local Franchise & Bus. Lic.	0.3	0.3	0.3	0.3		
Payroll Taxes	19.7	19.5	19.7	19.7		
TOTAL General Taxes	49.1	48.7	48.2	48.2		
Depreciation	90.8	90.4	90.4	90.4		
G.O. Prorated Expenses						
Payroll and Benefits	109.9	94.1	94.8	94.8		
Ad Valorem Taxes	1.4	1.3	1.3	1.3		
Payroll Taxes	3.8	3.5	3.5	3.5		
Other Prorated Expenses	57.1	52.9	54.1	54.1		
TOTAL Prorated Expenses	172.2	151.8	153.7	153.7		
SUB-TOTAL - Operating Expens	857.4	807.8	810.4	810.6		
TOTAL Income Taxes	47.6	77.4	72.1	102.7		
Total Operating Expenses	905.0	885.2	882.5	913.3		
Net Operating Revenue	167.7	215.3	201.8	240.2		
Depreciated Rate Base	2,483.3	2,428.5	2,440.4	2,440.4		
Rate of Return	6.75%	8.87%	8.27%	9.84%		

TABLE 8

EXHIBIT

California Water Service Company

Marysville District

Summary of Earnings

1996

ITEM	W.W.O. Original Filing	W.W.O. Original Filing	C.W.S. Original Filing	Branch Original Filing	C.W.S./ Branch Joint Position	C.W.S./ Branch Joint Position @ 9.86%
(Thousands of Dollars)						
Operating Revenues			\$1,067.1	\$1,105.9	\$1,084.0	\$1,184.5
Operating Expenses						
Purchased Water		0.0	0.0	0.0	0.0	0.0
Replenishment Assessment		0.0	0.0	0.0	0.0	0.0
Groundwater Extraction Charge		0.0	0.0	0.0	0.0	0.0
Purchased Power		122.3	122.3	134.0	137.2	137.2
Purchased Chemicals		6.7	6.7	6.7	6.7	6.7
Payroll - District		252.6	252.6	253.9	253.9	253.9
Other Oper. and Maint.		163.7	163.7	116.5	117.9	118.1
Other Admin & General		0.4	0.4	(0.3)	(0.3)	(0.3)
TOTAL O&M, A&G & MISC EXP		545.7	545.7	510.8	515.4	515.6
Taxes Other Than on Income						
Ad Valorem Taxes		30.7	30.7	30.3	28.7	28.7
Local Franchise & Bus. Lic.		0.3	0.3	0.3	0.3	0.3
Payroll Taxes		20.5	20.5	20.1	20.5	20.5
TOTAL General Taxes		51.5	51.5	50.7	49.5	49.5
Depreciation		95.3	95.3	94.3	94.3	94.3
G.O. Prorated Expenses						
Payroll and Benefits		116.4	116.4	97.3	100.6	100.6
Ad Valorem Taxes		1.4	1.4	1.3	1.3	1.3
Payroll Taxes		3.9	3.9	3.5	3.7	3.7
Other Prorated Expenses		60.5	60.5	54.7	57.1	57.1
TOTAL Prorated Expenses		182.2	182.2	156.8	162.7	162.7
SUB-TOTAL - Operating Expense		874.7	874.7	812.6	821.9	822.2
TOTAL Income Taxes		39.6	39.6	82.3	69.1	113.6
Total Operating Expenses		914.3	914.3	894.9	891.0	935.8
Net Operating Revenue		152.8	152.8	211.0	193.0	248.7
Depreciated Rate Base		2,597.6	2,597.6	2,507.5	2,522.6	2,522.6
Rate of Return		5.88%	5.88%	8.41%	7.65%	9.86%

TABLE 9

California Water Service Company
Willows District
Summary of Earnings
1995

ITEM	1995	1994	C.W.S./ Original Filing	Branch Original Filing	C.W.S./ Branch Joint Position	C.W.S./ Branch Joint Position @ 9.84%
(Thousands of Dollars)						
Operating Revenues	\$735.4	\$773.2	\$754.0	\$790.6		
Operating Expenses						
Purchased Water	0.0	0.0	0.0	0.0	0.0	0.0
Replenishment Assessment	0.0	0.0	0.0	0.0	0.0	0.0
Groundwater Extraction Charge	0.0	0.0	0.0	0.0	0.0	0.0
Purchased Power	78.5	85.5	81.9	81.9	81.9	81.9
Purchased Chemicals	3.2	3.2	3.2	3.2	3.2	3.2
Payroll - District	161.6	160.4	160.4	160.4	160.4	160.4
Other Oper. and Maint.	106.3	76.7	77.2	77.3	77.2	77.3
Other Admin & General	18.7	16.0	16.0	16.0	16.0	16.0
TOTAL O&M, A&G & MISC EX	368.3	341.8	338.7	338.8	338.7	338.8
Taxes Other Than on Income						
Ad Valorem Taxes	20.1	20.0	19.5	19.5	19.5	19.5
Local Franchise & Bus. Lic.	14.1	14.8	14.5	15.2	14.5	15.2
Payroll Taxes	13.1	13.0	13.1	13.1	13.1	13.1
TOTAL General Taxes	47.3	47.8	47.1	47.8	47.1	47.8
Depreciation	71.0	70.4	70.5	70.5	70.5	70.5
G.O. Prorated Expenses						
Payroll and Benefits	73.2	62.7	63.3	63.3	63.3	63.3
Ad Valorem Taxes	0.9	0.9	0.9	0.9	0.9	0.9
Payroll Taxes	2.3	2.3	2.3	2.3	2.3	2.3
Other Prorated Expenses	38.1	35.3	36.0	36.0	36.0	36.0
TOTAL Prorated Expenses	114.7	101.2	102.5	102.5	102.5	102.5
SUB-TOTAL - Operating Expens	601.3	561.2	558.8	559.6	558.8	559.6
TOTAL Income Taxes	32.3	63.6	57.6	73.5	57.6	73.5
Total Operating Expenses	633.6	624.8	616.4	633.1	616.4	633.1
Net Operating Revenue	101.8	148.4	137.6	157.5	137.6	157.5
Depreciated Rate Base	1,645.1	1,573.8	1,601.0	1,601.0	1,601.0	1,601.0
Rate of Return	6.19%	9.43%	8.59%	9.84%	8.59%	9.84%

TABLE 10
TABLE

California Water Service Company
Willows District
Summary of Earnings
1996

ITEM	C.W.S. Original Filing	Branch Original Filing	C.W.S./ Branch Joint Position	C.W.S./ Branch Joint Position @ 9.86%
(Thousands of Dollars)				
Operating Revenues	\$726.0	\$774.9	\$753.2	\$814.3
Operating Expenses				
Purchased Water	0.0	0.0	0.0	0.0
Replenishment Assessment	0.0	0.0	0.0	0.0
Groundwater Extraction Charge	0.0	0.0	0.0	0.0
Purchased Power	77.8	84.8	82.7	82.7
Purchased Chemicals	3.4	3.4	3.4	3.4
Payroll - District	168.1	166.1	166.9	166.9
Other Oper. and Maint.	111.0	78.7	80.2	80.3
Other Admin & General	20.2	16.4	16.4	16.4
TOTAL O&M, A&G & MISC EXP	380.5	349.4	349.6	349.7
Taxes Other Than on Income				
Ad Valorem Taxes	21.2	20.6	19.7	19.7
Local Franchise & Bus. Lic.	13.9	14.8	14.5	15.7
Payroll Taxes	13.6	13.4	13.6	13.6
TOTAL General Taxes	48.7	48.8	47.8	49.0
Depreciation	73.3	71.0	71.8	71.8
G.O. Prorated Expenses				
Payroll and Benefits	77.6	64.9	67.1	67.1
Ad Valorem Taxes	0.9	0.9	0.9	0.9
Payroll Taxes	2.6	2.4	2.5	2.5
Other Prorated Expenses	40.3	36.3	38.1	38.1
TOTAL Prorated Expenses	121.4	104.5	108.6	108.6
SUB-TOTAL - Operating Expense	623.9	573.7	577.8	579.1
TOTAL Income Taxes	17.3	58.5	48.3	74.9
Total Operating Expenses	641.2	632.2	626.1	654.0
Net Operating Revenue	84.8	142.7	127.1	160.3
Depreciated Rate Base	1,703.0	1,576.7	1,626.2	1,626.2
Rate of Return	4.98%	9.05%	7.82%	9.86%

EXHIBIT
TABLE 11

California Water Service Company
Westlake District
Summary of Earnings
1995

ITEM	C.W.S./ Branch Original Filing	C.W.S./ Branch Joint Position	C.W.S./ Branch Original Filing	C.W.S./ Branch Joint Position	C.W.S./ Branch Original Filing	C.W.S./ Branch Joint Position
Operating Revenues	\$5,898.7	\$6,494.6	\$6,051.4	\$6,630.0		
Operating Expenses						
Purchased Water	3,984.5	4,390.8	4,249.6	4,249.6		
Replenishment Assessment	0.0	0.0	0.0	0.0		
Groundwater Extraction Charge	0.0	0.0	0.0	0.0		
Purchased Power	121.8	136.6	125.0	125.0		
Purchased Chemicals	0.0	0.0	0.0	0.0		
Payroll - District	426.4	423.3	423.3	423.3		
Other Oper. and Maint.	267.1	204.9	212.2	213.3		
Other Admin. & General	47.8	35.6	35.6	35.6		
TOTAL O&M, A&G & MISG EXP.	4,847.6	5,191.2	5,045.7	5,046.8		
Taxes Other Than on Income						
Ad Valorem Taxes	72.6	72.4	70.3	70.3		
Local Franchise & Bus. Lic.	61.5	67.7	63.2	63.6		
Payroll Taxes	34.6	34.4	34.6	34.6		
TOTAL General Taxes	168.7	174.5	168.1	175.5		
Depreciation	296.7	295.0	294.9	294.9		
G.O. Prorated Expenses						
Payroll and Benefits	366.2	313.5	316.3	316.3		
Ad Valorem Taxes	4.6	4.4	4.4	4.4		
Payroll Taxes	126.6	11.5	11.5	11.5		
Other Prorated Expenses	190.3	176.6	180.3	180.3		
TOTAL Prorated Expenses	573.7	506.0	512.5	512.5		
SUB-TOTAL - Operating Expenses	5,886.7	6,166.7	6,021.2	6,029.7		
TOTAL Income Taxes	(73.0)	51.7	8.6	189.5		
Total Operating Expenses	5,813.7	6,218.4	6,029.8	6,219.2		
Net Operating Revenue	85.0	276.2	21.6	410.8		
Depreciated Rate Base	4,325.5	4,114.2	4,174.4	4,174.4		
Rate of Return	1.96%	6.71%	0.52%	9.84%		

* Updated to July 1, 1995 water cost.

TABLE 12

California Water Service Company and Westlake District
 Summary of Earnings
 1996

ITEM	C.W.S. Branch		C.W.S./ Joint	
	Original Filing	Original Filing	Position	Joint Position
Operating Revenues	\$5,884.8	\$6,669.1	\$6,062.0	\$6,728.6
Operating Expenses				
Purchased Water	3,971.7	4,518.1	4,256.2	4,256.2
Replenishment Assessment	0.0	0.0	0.0	0.0
Groundwater Extraction Charge	0.0	0.0	0.0	0.0
Purchased Power	121.4	141.2	125.2	125.2
Purchased Chemicals	0.0	0.0	0.0	0.0
Payroll - District	443.5	438.1	440.3	440.3
Other Oper. and Maint.	275.8	210.3	235.0	236.1
Other Admin & General	52.0	35.1	35.7	35.7
TOTAL O&M, A&G & MISC EX	4,864.4	5,342.8	5,092.4	5,093.5
Taxes Other Than on Income				
Ad Valorem Taxes	75.2	74.7	70.6	70.6
Local Franchise & Bus. Lic.	61.3	69.5	63.3	70.3
Payroll Taxes	35.9	35.5	35.9	35.9
TOTAL General Taxes	172.4	179.7	169.8	176.8
Depreciation	307.2	303.9	304.5	304.5
G.O. Prorated Expenses				
Payroll and Benefits	387.9	324.5	335.2	335.2
Ad Valorem Taxes	4.7	4.3	4.3	4.3
Payroll Taxes	13.0	11.8	12.3	12.3
Other Prorated Expenses	201.5	182.2	190.5	190.5
TOTAL Prorated Expenses	607.1	522.8	542.3	542.3
SUB-TOTAL - Operating Expens	5,951.1	6,349.2	6,109.0	6,117.1
TOTAL Income Taxes	(101.8)	58.5	(19.8)	181.7
Total Operating Expenses	5,849.3	6,407.7	6,089.2	6,298.8
Net Operating Revenue	35.5	261.4	(27.2)	429.8
Depreciated Rate Base	4,608.2	4,271.1	4,358.9	4,358.9
Rate of Return	0.77%	6.12%	-0.62%	9.86%

Updated to July 1, 1995 water cost.

A brief explanation of the resolution of differences between CWS and DRA is included in Appendix D.

Aside from the agreement on results of operations, CWS and DRA also reached agreement on the following items:

Westlake District - Capital Improvement

In the Westlake District (A.94-09-015), CWS requests authorization to file an advice letter seeking to include in rates the revenue requirement associated with capital improvements needed to maintain the integrity of the Harris Reservoir. CWS' consultant is considering tank lining as a possible solution at an estimated cost of \$200,000. However, the timing of any capital improvements and the final cost is uncertain. Accordingly, CWS and DRA agree that the Commission should authorize CWS to file an advice letter for capital improvements associated with the Harris Reservoir. The advice letter should be filed in accordance with the advice letter procedures for capital improvements adopted in Decision (D.) 94-07-047.

Los Altos Suburban District - Gain-on-Sale

CWS and DRA agree that the gain-on-sale of \$49,857 for the three properties sold in the Los Altos-Suburban District should be shared equally by the shareholders and ratepayers. Accordingly, CWS and DRA agree that half the gain-on-sale be placed in a memorandum account in accordance with the provisions of D.94-09-032.

Combining of the Mid-Peninsula Districts

CWS agrees to request consolidation of its San Francisco Peninsula District for ratemaking purposes in its next general rate case application for the Bear Gulch and Mid-Peninsula Districts. In addition, CWS will request authority to combine, for ratemaking purposes, the South San Francisco District with the consolidated Mid-Peninsula District in the South San Francisco District's next general rate case application.

458	(575)	2014	222	Net Operating Revenue
4389	4389	4371	4682	Depreciated Rate Base
889	-889	0152	077	Ratio of Return

Updated to July 1, 1992 with cost

Rate Design
In accordance with the established policy, CWS and DRA agree that 50% of CWS' nonfixed costs should be recovered through service charge. DRA agrees with CWS' proposal to replace the present three-block commodity rate structure with a single commodity rate block structure provided that the rate increase for any customer does not exceed twice the system increase.

Comments on the Settlement

As stated earlier, Westlake did not participate in the negotiations leading to this settlement. Accordingly, the settlement was treated as a contested settlement and Westlake has filed comments on the settlement. Westlake's comments apply to CWS' application for the Westlake District (A.94-09-015). Westlake supports DRA regarding the technical material which is the subject of the stipulation. Other significant points raised by Westlake are:

1. CWS will receive a greater increase for reclaimed water than for potable water, resulting in reduced rate differential between the two.
2. CWS' reclaimed water service requires no investment, no risk, and no bonds and as such it should be removed from the proceeding.
3. CWS' rate increase should be subject to a reduction for any cost benefit CWS receives as a result of the well above normal rainfall and snowfall this season.

CWS has filed a response to Westlake's comments.

Discussion

CWS' reclaimed water rates were established in D.93-06-090. The Commission concluded that CWS' reclaimed water rates should be the same as its rates for potable water except for a differential in quantity charge. In D.93-06-090, the Commission addressed the question, "should reclaimed water be considered any

additional water source for overall water service in the Westlake District or should reclaimed water be treated as separate and distinct service for ratemaking" (D.93-06-090, p. 8). The Commission opined that reclaimed water is an additional source of water for the Westlake District. The Commission concluded that CWS' reclaimed water rates should be the same as its rates for potable water except for a differential in quantity charge. The Ordering Paragraph 2 of D.93-06-090 provides that:

"CalWater is authorized to file rate schedule for providing reclaimed water service in its Westlake District. The rates for reclaimed water services shall be the same as the rates for potable water service, except for a differential in quantity rates. The difference between CalWater's quantity rates for potable water and reclaimed water shall be based on the difference between the wholesale rates for potable water and the wholesale rates for reclaimed water." (Ordering Paragraph 2, D.93-06-090.)

CWS in the current application for the Westlake District is proposing to set its reclaimed water rates in accordance with the above ordering paragraph. In fact, in CWS' proposed rates, the rate differential between rates for potable and reclaimed water is \$0.3146/hundred cubic feet (Ccf) which is considerably higher than the differential of \$0.18/Ccf established in D.93-06-090.

As to Westlake's request that CWS rates be lowered due to the above normal precipitation, we believe that the balancing account procedure for purchased water will adjust rates to reflect any changes in the cost of purchased water.

Next, we will consider the rest of the settlement. We believe that DRA has carefully tested CWS' projections of operating expenses for the test years. In some instances, CWS' estimates were accepted by DRA. In other instances, DRA's estimates persuaded CWS to accept a lower rate increase. These adjustments by both CWS and DRA are discussed further in the agreement. The

proposed advice letter procedure for inclusion of planned plant improvements in rate base and a corresponding rate adjustment is in accordance with current Commission practice. We have analyzed the settlement mindful of the directives set forth in our decision in San Diego Gas & Electric Company's general rate case, D:92-12-019.

1. Although the settlement does not have the unanimous support of all parties, each party was provided an opportunity to file comments on the settlement in accordance with the provisions of Article 13.5 (Stipulations and Settlements) of the Commission's Rules of Practice and Procedure. We are confident that DRA adequately represents the interests of the ratepayers;

2. Our independent review has revealed that no terms of this settlement contravene any statutory provision or any decision of the Commission; and

3. This settlement with its tables and explanations conveys to us sufficient information to permit us to discharge our future regulatory obligations with respect to the parties and affected ratepayers. By adopting this stipulation, we fulfill our primary obligation of setting just and reasonable rates.

We believe that the settlement offered by CWS and DRA satisfies the above requirements. Therefore, we will approve and adopt the settlement.

Finally, we recognize that adoption of the settlement will result in rate increases for the six districts. In authorizing these rate increases, we have carefully considered the comments of customers who attended the public hearings and the letters received that urge us not to grant the requested increases to CWS in this period of economic uncertainty. We believe that such an approach would be neither realistic nor lawful. Even in

this period of economic uncertainty, water utilities are experiencing the need to finance new sources of supply. As mentioned previously, CWS is in the process of installing facilities to augment its water supply. Also, the water utilities, including CWS, are being required to make non-revenue-producing investments to improve water quality. Unfortunately, these costs are unavoidable and must be borne by the ratepayers.

The United States Supreme Court has set guidelines to be followed in setting rates for public utility services. While recovery of operating expenses and interest on debt takes precedence over payments to common stockholders, the rates that are set must also provide a fair rate of return to the shareholders for their investment in the utility.³

Cost of Capital - Rate of Return

The capital structure of a utility generally consists of three components: long-term debt, preferred stock, and common equity. The ratio of the three components to total capital is known as the capital ratio. Rate of return is a composite value of capital costs expressed as the total weighted cost of long-term debt, preferred stock, and common equity. The determination of the cost of long-term debt and preferred stock is based primarily on recorded costs; however, estimates must be made for the costs associated with future debt or preferred stock financing. Determination of the cost of common equity is more difficult because of the need for consideration of additional factors, such as business and financial risks, investor expectations, ratepayer interest, and capital ratios.

Finally, we recognize that adoption of the settlement will result in rate increases for the six districts. In authorizing these rate increases, we have carefully considered the comments of customers who attended the public hearings and the

³ See Bluefield Water Works and Improvement Co. v. West Virginia Public Service Commission (1923) 262 U.S. 679, 692-93. Also see Federal Power Commission v. Hope Natural Gas Co. (1944) 320 U.S. 591, 603.

TABLE 13

CALIFORNIA WATER SERVICE COMPANY
 CWS and DRA have no disagreement regarding CWS' capital structure, cost of long-term debt, and preferred stock costs for the years 1995, 1996, 1997, and 1998. The only disagreement involves the appropriate return on common equity (ROE). CWS is requesting a constant ROE of 12% for the four years. DRA recommends an ROE of 10.9%⁴ for the four years.

Table 13 shows the comparison of CWS' and DRA's calculations for rates of return.

Test Year 1995			
Total	100.00%	10.33%	48.90%
Common Equity	81.60%	13.00%	1.30%
Preferred Stock	17.40%	4.13%	2.61%
Debt	1.00%	0.20%	0.00%
Test Year 1996			
Total	100.00%	10.33%	47.30%
Common Equity	81.70%	13.00%	1.10%
Preferred Stock	17.30%	4.13%	0.62%
Debt	1.70%	0.02%	4.08%
Test Year 1997			
Total	100.00%	10.33%	47.30%
Common Equity	81.40%	13.00%	8.13%
Preferred Stock	17.60%	4.13%	0.62%
Debt	1.00%	0.20%	4.11%
Test Year 1998			
Total	100.00%	10.33%	47.80%
Common Equity	81.10%	13.00%	6.13%
Preferred Stock	17.70%	4.13%	0.62%
Debt	1.50%	0.02%	4.14%

⁴ Originally, DRA's recommended ROE was 10.80%. However, at the start of the hearings, DRA modified its recommendation to 10.9%.

TABLE 13

**CALIFORNIA WATER SERVICE COMPANY
COMPARISON OF REQUESTED AND DRA RECOMMENDED**

RATE OF RETURN FOR THE YEARS 1995 THROUGH 1998

	Cal Water Requested			DRA Recommended		
	Capital Structure	Cost Factor	Weighted Cost	Capital Structure	Cost Factor	Weighted Cost
Test Year 1995						
Debt	46.90%	8.61%	4.04%	47.14%	8.65%	4.08%
Preferred Stock	1.20%	4.19%	0.05%	1.21%	4.19%	0.05%
Common Equity	51.90%	12.00%	6.23%	51.65%	10.90%	5.63%
Total	<u>100.00%</u>		<u>10.32%</u>	<u>100.00%</u>		<u>9.76%</u>
Test Year 1996						
Debt	47.20%	8.65%	4.08%	48.04%	8.73%	4.19%
Preferred Stock	1.10%	4.19%	0.05%	1.15%	4.19%	0.05%
Common Equity	51.70%	12.00%	6.20%	50.81%	10.90%	5.54%
Total	<u>100.00%</u>		<u>10.33%</u>	<u>100.00%</u>		<u>9.78%</u>
Attrition Year 1997						
Debt	47.50%	8.66%	4.11%	48.31%	8.75%	4.23%
Preferred Stock	1.10%	4.19%	0.05%	1.10%	4.19%	0.05%
Common Equity	51.40%	12.00%	6.17%	50.59%	10.90%	5.51%
Total	<u>100.00%</u>		<u>10.33%</u>	<u>100.00%</u>		<u>9.79%</u>
Attrition Year 1998						
Debt	47.80%	8.67%	4.14%	48.55%	8.74%	4.24%
Preferred Stock	1.10%	4.19%	0.05%	1.06%	4.19%	0.04%
Common Equity	51.10%	12.00%	6.13%	50.39%	10.90%	5.49%
Total	<u>100.00%</u>		<u>10.32%</u>	<u>100.00%</u>		<u>9.78%</u>

Originally, DRA's recommended ROE was 10.80%. However, at the start of the hearings, DRA modified its recommendation to 10.90%.

CWS and DRA relied on two market-based financial models, the discounted cash flow model (DCF) and the risk premium analysis model (RP). These models provide a range of ROE appropriate for a utility. The DCF model measures an investor's expected rate of return on equity. The RP model measures the additional compensation that investors in common stock expect over investments in bonds.

In addition to applying DCF and RP analysis to CWS (company-specific), each party also performed the analysis to a comparable group of water companies.

DRA selected a group of 11 companies as a comparable group based on the following criteria:
1. A minimum of 70% of the company's 1993 revenues were derived from water utility operations.

2. The common stock of the company is traded publicly.

According to DRA, these criteria are designed to represent a typical water utility and to capture the "universe" of available water companies. Applying DCF and RP analyses to a group of companies, such as the comparable group, protects the results of the analyses from company-specific aberration and/or biases.

Both CWS and DRA claim that its analyses were superior and the other party's analyses were flawed. Positions of parties are as follows:

CWS' Position

CWS points out that while DRA's analysis established a range of expected returns on equity of 10.48% to 11.43% DRA recommends an ROE below the mid-point of this range by rounding downward from 10.945% to 10.90%. According to CWS, DRA in its DCF analysis, based its judgment of the critical element of that analysis, the expected growth rate, largely on Zack's forecasted earnings growth estimates. CWS contends that while Zack's forecast

was central to DRA's analysis; DRA excluded two of the 10 water companies for which Zack's reports forecasted earnings. According to CWS, if DRA had used all 10 water companies for its analysis, the result would provide a range of ROE 24 basis points higher than DRA's recommendation. CWS takes issue with DRA's criteria for excluding the two water companies (Aquarian and Philadelphia Suburban) used in Zack's forecast. CWS believes that DRA's criteria for selection of comparable group is arbitrary.

CWS contends that there have been dramatic differences in interest rates between the first quarter of 1994 and 1995, and accordingly the ROE of 10.2% that CWS and DRA agreed upon in February 1994 in CWS' 1993 general rate case should be increased considerably for this proceeding. CWS points out that, as shown on Table 14, the average authorized ROE for the four major California energy utilities (Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company) increased from 10.96% for 1994 to 12.06% for 1995 or by 110 basis points. CWS contends that its ROE for 1995 should also be increased by at least the same basis points.

Both CWS and DRA claim that the analyses were superior and the other party's analyses were flawed. Positions of parties are as follows:

CWS' Position

CWS points out that while DRA's analysis established a range of expected returns on equity of 10.48% to 11.43% DRA recommends an ROE below the mid-point of this range by rounding downward from 10.94% to 10.90%. According to CWS, DRA in its DCF analysis, based its judgment of the critical element of that analysis, the expected growth rate, largely on Zack's forecast earnings growth estimates. CWS contends that while Zack's forecast

TABLE 14

California Water Service Company

Comparison of 1994 and 1995

Energy Utilities Auth. Equity Returns

analyses the rate of return on equity for the utility in the range of 11.3% to 11.8% which is considerably higher than the ROE recommended by DRA. However, taking all factors into consideration, DRA believes that CWS' proposed ROE is

Utility	Return on Equity		Difference
	1995	1994	
Sierra	11.30%	11.10%	0.20%
Southwest	11.35%	10.90%	0.45%
PG&E	12.10%	11.00%	1.10%
SDG&E	12.05%	10.85%	1.20%
Edison	12.10%	11.00%	1.10%
SoGal Gas	12.00%	11.00%	1.00%
Average	11.82%	10.98%	0.84%

value in predicting ROE. DRA believes that CWS' proposed ROE is unrealistic because CWS' own analysis shows that the rate of return would be in the range of 11.3% to 11.8%. The rate of return on equity for the utility in the range of 11.3% to 11.8% is contained in the DRA's ROE analysis. The rate of return on equity for the utility in the range of 11.3% to 11.8% is contained in the DRA's ROE analysis. The rate of return on equity for the utility in the range of 11.3% to 11.8% is contained in the DRA's ROE analysis.

DRA also criticizes CWS' comparison of its ROE with the ROE authorized for energy utilities. According to DRA, not all energy utilities were granted an increase of 110 basis points in ROE. As shown in Table 14, the average increase in ROE for all

California Water Service Company

Finally, CWS asserts that based on its DCF and RP analyses investor expectations of rate of return are in the range of 11.3% to 11.5% which is considerably higher than the ROE recommended by DRA. However, taking all factors into consideration an ROE of 12.0% would be appropriate for CWS.

DRA's Position

DRA believes that CWS' proposed ROE of 12.0% is unrealistic because CWS' own analyses show that investor expectation of rate of return would be in the range of 11.3% to 11.5%

DRA contends that neither version of the two RP analyses contained in CWS' Exhibit 8 is actually an RP analysis in the conventional sense. Both versions violate most of the accepted conventions on how this analysis should be performed and are of no value in predicting ROE.

DRA also believes that CWS' DCF analysis is flawed because it is performed on a company-specific basis. According to DRA, while a company-specific DCF analysis may be done as a check of the overall results, the primary DCF analysis is normally performed for a comparable group of companies to eliminate any company-specific aberrations. In addition, CWS in its DCF analysis uses 10-year forecasted growth rates instead of using both 10-year and 5-year forecasted growth rates as DRA did. DRA believes that use of both growth rates would provide a better indication of appropriate rate of return. To illustrate its point, DRA, in Exhibit 16, provided calculations which show that if both growth rates are used in CWS' analysis, the appropriate ROE would be 10.10%.

DRA also criticizes CWS' comparison of its ROE with the ROE authorized for energy utilities. According to DRA, not all energy utilities were granted an increase of 110 basis points in ROE. As shown in Table 14, the average increase in ROE for all

energy utilities was 84 basis points.⁵ DRA contends that the small increase in ROE for energy utilities is partly due to the perceived increase in investor's risk as result of the Commission's financial investigation into restructuring of the energy utilities and their

omissions in CWS' DCF and RP analyses notwithstanding, it should be noted that CWS performed the analyses in July 1994 and never updated its calculations for the evidentiary hearing on January 31, 1995. DRA, on the other hand, updated its analyses in January 1995 to include the most recently available data. A copy of the Discussion (1-19-95) is attached to this report.

Both DRA and CWS relied on financial models in arriving at their recommendation. We believe that results of various financial models are good starting points as well as analytical guides for establishing ROE. However, the actual determination of a reasonable ROE is a matter of judgment. In applying this judgment to the evidence before us, we lean toward the recommendation of DRA. We agree, for example, that the use of both 10-year and 5-year forecasted growth rates in DCF analysis is more appropriate than the use of just the 10-year forecasted growth rate in measuring an investor's expected return on equity. We also agree with DRA's conclusion that CWS does not face the same business risk as energy utilities and as such is not entitled to the increase in ROE by the same number of basis points.

CWS would prefer that we exclude Sierra Pacific and Southwest in calculating ROEs for the energy utilities and focus solely on California's four largest energy utilities. However, in many respects, CWS's operations are far more similar to Sierra Pacific and Southwest than they are to the four largest utilities. CWS, similar to Sierra Pacific and Southwest, is primarily a distribution-only utility serving residential and commercial users. Although both Sierra Pacific and Southwest have large out-of-state operations, their California operations are still similar in size to CWS's six water districts that are the subject of this GRC.

There is no reason that ROEs for energy and water utilities should move in lock-step, since to do so ignores not only the underlying financial criteria (e.g., debt/equity ratios, interest coverage, profit etc.) but also the relative financial and business risks faced by each utility. In the past, we have considered water utilities to be lower risk investments to energy utilities. With the possible restructuring of the electric industry, the difference in business risk of water utilities and electric utilities may become even more significant from an investor's point of view. While we specifically adopted a 0-20 basis point risk premium for energy utilities in their last cost-of-capital decision (D.94-11-076), we specifically rejected such an approach in our review of the risks faced by California's larger water utilities. (D.94-06-033, also known as the "Water Risk OIA") In that proceeding we also noted that a variety of mechanisms already exist through the general rate case process to address any increased risks resulting from the costs of water shortage or water quality issues. These mechanisms included revising sales forecasts, inclusion of needed capital improvements into forecasted plant additions, and the pass-through (through balancing account treatment) of any increase in the costs of purchased water (D.94-06-033, pp. 35-41).

Further, we note that DRA revised its recommendation for ROE from 10.80% to 10.9% (rounded downward from their model results of 10.95%) the day before the evidentiary hearing in recognition of changes in financial markets. CWS made no effort to revise its recommendation although it contends that a ROE of 10.9% fails to reflect the large run-up in interest rates that occurred over the last 12 months of the record period which closed in late 1994. Based on the above, we conclude that an ROE of 11.05% is reasonable. This result starts with DRA's analysis but takes into account not only the uncertainty inherent in financial modeling, but also the increase in interest rates that occurred during the record period. This increase in ROE, combined with CWS's 400 basis point

increase in equity, is approximately equivalent to a 125 basis point increase in CWS's ROE from its previously authorized level. This increase is sufficient to allow CWS to maintain its current status as one of the few, if not the only water utility to have a financial rating of AA+ by Standards and Poors. We will therefore adopt an ROE of 11.05%. This adopted ROE produces overall rates of return on rate base of 9.84%, 9.86%, 9.86% and 9.86% for 1995, 1996, 1997, and 1998, respectively.

Comments on ALJ's Proposed Decision

The ALJ's proposed decision was filed and mailed to the parties on May 22, 1995. No party has filed comments on the proposed decision. After reviewing the underlying record, we have revised our ROE determination as discussed above. In addition we have corrected certain errors from the original proposed decision.

Findings of Fact

1. As set forth in Exhibit 23 and the motion for adoption of settlement, CWS and DRA have reached settlement on all contested issues except the rate of return.

Since Westlake did not participate in the negotiations which led to the settlement between CWS and DRA, the settlement was treated as a contested settlement and Westlake was allowed to file comments on the settlement under the provisions of Rule 51.4 of the Commission's Rules of Practice and Procedure.

Westlake has filed comments on the settlement. CWS has filed response to Westlake's comments.

5. Westlake contends that CWS will receive a greater rate of increase for reclaimed water than for potable water resulting in a reduced rate differential between the two.

CWS' rates for reclaimed water are in accordance with the provisions of D.93-06-090 which require CWS to charge the same rates for reclaimed water and potable water, except for a differential in quantity rates.

7. Westlake contends that CWS rate increase should be subject to reduction for any benefit CWS receives as a result of the well above normal rainfall and snowfall this season.

8. CWS balancing account procedure will adjust rates to reflect any change in cost of purchased water.

9. Other than the issues raised by Westlake, the settlement meets the requirements of Article 13.5, (Stipulations and Settlements) of the Commission's Rules of Practice and Procedure.

10. The terms of the settlement do not contravene any statute or Commission decisions, and the settlement conveys sufficient information to enable the Commission to discharge its regulatory obligations.

11. The Summary of Earnings for 1995 and 1996 included in the settlement sets forth reasonable estimates of the levels of revenues and expenses likely to occur in those years.

12. CWS currently meets Standard & Poors' benchmarks for an AA- rating.

13. An ROE of 11.05% will allow CWS to maintain its current financial condition.

14. An ROE of 11.05% will produce overall rates of return of 9.84%, 9.86%, 9.86%, and 9.86% for the years 1995, 1996, 1997, and 1998, respectively. Water utilities do not face the same business risks as energy utilities.

16. The proposed advice letter procedure for inclusion of planned plant addition in rate base and a corresponding rate adjustment is in conformance with current practice.

Conclusions of Law

1. The settlement should be adopted. CWS rates should be increased to allow it to earn rates of return of 9.84%, 9.86%, 9.86%, and 9.86% for the years 1995, 1996, 1997, and 1998, respectively.

CWS should be authorized to file an advice letter seeking Commission authorization to include the planned plant additions in rate base and to receive a corresponding rate adjustment. It is hereby ordered that the Commission shall review the proposed rate increase for 1996 and shall issue an order on or after September 30, 1995, regarding the proposed rate increase. **ORDER** It is ordered that the Commission shall review the proposed rate increase and shall issue an order on or after September 30, 1995, regarding the proposed rate increase.

The settlement in Exhibit 23 between California Water Service Company (CWS) and the Division of Ratepayer Advocates (DRA) is approved. The motion for approval of the stipulation and settlement between CWS and DRA is granted. CWS is authorized to file the revised schedule attached to this order as Appendices A-1 through A-6. This filing shall comply with General Order (GO) 96-A. The effective date of the revised schedule shall be 5 days after the date of filing. The revised schedule shall apply to service rendered on or after the effective date.

On or after November 5, 1995, CWS is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increase for 1996 included in Appendices B-1 through B-6, or to file a proportionate lesser increase for those rates in Appendices B-1 through B-6 for Dixon, Los Altos-Suburban, South San Francisco, Marysville, Willows, and Westlake Districts, respectively, in the event that a district's rate of return on rate base, adjusted to reflect rates then in effect and normal ratemaking adjustments for the 12 months ended September 30, 1995, exceeds the later of (a) the rate of return found reasonable for CWS during the corresponding period in the then most recent rate decision, or (b) 9.86%. This filing shall comply with GO 96-A. The requested step rates shall be reviewed by the Commission Advisory and Compliance Division (CACD) to determine their

conformity with this order and shall go into effect upon CACD's determination of conformity. CACD shall inform the Commission if it finds that the proposed step rates are not in accord with this decision or other Commission decisions. The effective date of the revised schedules shall be no earlier than January 1, 1996, or 30 days after filing, whichever is later. The revised schedules shall apply only to service rendered on and after their effective date.

5. On or after November 6, 1996, CWS is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increase for 1997 included in Appendices B-1 through B-6, or to file a proportionate lesser increase for those rates in Appendices B-1 through B-6 for Dixon, Los Altos-Suburban, South San Francisco, Marysville, Willows, and Westlake Districts, respectively, in the event that a district's rate of return on rate base, adjusted to reflect rates then in effect and normal ratemaking adjustments for the 12 months ended September 30, 1996, exceeds the later of (a) the rate of return found reasonable for CWS during the corresponding period in the then most recent rate decision, or (b) 9.86%. This filing shall comply with GO 96-A. The requested step rates shall be reviewed by CACD to determine their conformity with this order and shall go into effect upon the CACD's determination of conformity. CACD shall inform the Commission if it finds that the proposed step rates are not in accord with this decision or other Commission decisions. The effective date of the revised schedules shall be no earlier than January 1, 1997, or 30 days after filing, whichever is later. The revised schedules shall apply only to service rendered on and after their effective date.

ratemaking adjustments for the 12 months ended September 30, 1996, exceeds the later of (a) the rate of return found reasonable for CWS during the corresponding period in the then most recent rate decision, or (b) 9.86%. This filing shall comply with GO 96-A. The requested step rates shall be reviewed by the Commission Advisory and Compliance Division (CACD) to determine their

6. On or after November 6, 1997, CWS is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increase for 1998 included in Appendices B-1 through B-6 or A to file a proportionate lesser increase for those rates in Appendices B-1 through B-6 for Dixon, Los Altos-Suburban, South San Francisco, Marysville, Willows, and Westlake Districts, respectively, in the event that a district's rate of return on rate base, adjusted to reflect rates then in effect and normal ratemaking adjustments for the 12 months ended September 30, 1997, exceeds the later of (a) the rate of return found reasonable for CWS during the corresponding period in the then most recent rate decision, or (b) 9.86%. This filing shall comply with GO 96-A. The requested step rates shall be reviewed by CACD to determine their conformity with this order and shall go into effect upon CACD's determination of conformity. CACD shall inform the Commission if it finds that the proposed step rates are not in accord with this decision or other Commission decisions. The effective date of the revised schedules shall be no earlier than January 1, 1998, or 30 days after filing, whichever is later. The revised schedules shall apply only to service rendered on and after their effective date.

7. CWS is authorized to file an advice letter seeking authorization to include in rate base plant additions set forth in the Settlement and to receive a corresponding rate adjustment for the additional rate base. CACD shall verify that the plant additions have been completed and shall inform the Commission that the requested rate adjustment is appropriate and in conformance with this order. The rate adjustments shall become effective upon Commission approval of the advice letter.

Since all issues raised in this proceeding have been resolved; Application (A) 94-09-010, 94-09-011, 94-09-012, 94-09-013, 94-09-014, and 94-09-016 are closed.

This order is effective today. Dated August 11, 1995 at San Francisco, California.

San Francisco, Hayward, Willow, and Westlake Districts, in the event that a district's rate of return on rate

base, adjusted to reflect rates then in effect and normal rate-making for the 12 months ended September 30, 1995,

exceeds the rate of return found reasonable for the period in the then most recent rate

decision, this filing shall comply with G.S. 94-A. The requested step rates shall be reviewed by CACG to determine

their conformity with this order and shall go into effect upon CACG's determination of conformity. CACG shall inform the

Commission if it finds that the proposed step rates are not in accord with this decision or other Commission decisions. The

effective date of the revised schedules shall be no earlier than January 1, 1998, or 30 days after filing, whichever is later. The

revised schedules shall apply only to service rendered on and after their effective date.

CACG is authorized to file an advice letter seeking authorization to include in rate base plant additions set forth in

the corresponding rate adjustment for the above.

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

and shall inform the Commission that the rate adjustments are appropriate and in conformance with this order. The rate adjustments shall become effective upon

Commission's advice letter.

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
Commissioners

Wesley Franklin
Acting Executive Director

APPENDIX A-1

Page 1

California Water Service Company
Schedule No. DX-1
Dixon Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Dixon and vicinity, Solano County.

RATES

Quantity Rates:

For all water delivered, per 100 cu. ft.	\$0.7300
For 5/8 X 3/4 inch meter	\$9.75
For 1 inch meter	23.60
For 1-1/2 inch meter	35.00
For 2 inch meter	46.00
For 3 inch meter	72.00
For 4 inch meter	98.00
For 6 inch meter	175.00
For 8 inch meter	255.00
For 10 inch meter	310.00

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

SPECIAL CONDITIONS

1. To refund an amount in the injuries and damages reserve account, a credit of \$0.04 per customer per month is to be applied to each bill for 60 months from the effective date of the advice letter in this proceeding.
2. Due to an under-collection in the balancing account, a surcharge of \$0.0349 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from the effective date of the advice letter in this proceeding.
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

APPENDIX A-1 Page 2
Schedule No. DX-4
Dixon Tariff Area

GENERAL METERED SERVICE
SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Dixon and vicinity, Solano County.

RATES

For each	1-1/2-inch Connection	.....	\$6.75	(I)
For each	(II) 2-inch Connection	.....	9.00	|
For each	3-inch Connection	.....	13.50	|
For each	4-inch Connection	.....	18.00	|
For each	6-inch Connection	.....	27.00	|
For each	(II) 8-inch Connection	.....	36.00	|
For each	10-inch Connection	.....	45.00	(I)

SPECIAL CONDITIONS

- The facilities for service to a privately owned fire protection system will be installed by the utility at the cost of the applicant.
- If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity will be installed by the Utility at the cost of the applicant. Such cost shall not be subject to refund.
- Service hereunder is for private protection service to which no connections for other than fire protection purposes are allowed and which are regularly inspected by underwriters having jurisdiction, are installed according to specifications of the Utility, and are maintained to the satisfaction of the Utility. The Utility may require the installation of a detector check valve with meter for protection against theft, leakage, or waste of water.
- For water delivered for other than service to privately owned fire protection systems charges will be made therefor under Schedule No. DX-1, General Metered Service.
- The utility will supply only such water at such pressure as may be available from time to time as a result of normal operation of Utility's system.
- All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(END OF APPENDIX A-1)

APPENDIX A-2
Page 1
California Water Service Company
Schedule No. LS-1
Los Altos Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Los Altos and vicinity, Santa Clara County.

RATES

Table with columns for Quantity Rates, Meter Size, and Rate. Includes rows for 1-1/2 inch, 2 inch, 3 inch, 4 inch, 6 inch, 8 inch, and 10 inch meters.

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

SPECIAL CONDITIONS

- 1. To refund an amount in the injuries and damages reserve account, a credit of \$0.04 per customer per month is to be applied to each bill for 60 months from the effective date of the advice letter in this proceeding.
2. Due to an overcollection in the lost revenue and conservation expense account, a surcredit of \$0.0155 per 100 cu. ft. is to be applied to the quantity rates for 12 months from the effective date of the advice letter in this proceeding.
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

APPENDIX A-2 Page 2
 Schedule No. LS-4
 Los Altos Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

APPLICABILITY

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

TERRITORY

TERRITORY

Los Altos and vicinity, Santa Clara County.

RATES

RATES

Description	Rate
For each 1-1/2-inch Connection	\$6.75
For each 2-inch Connection	9.00
For each 3-inch Connection	13.50
For each 4-inch Connection	18.00
For each 6-inch Connection	27.00
For each 8-inch Connection	36.00
For each 10-inch Connection	45.00

SPECIAL CONDITIONS

- The facilities for service to a privately owned fire protection system will be installed by the utility at the cost of the applicant.
- If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity will be installed by the Utility at the cost of the applicant. Such cost shall not be subject to refund.
- Service hereunder is for private protection service to which no connections for other than fire protection purposes are allowed and which are regularly inspected by underwriters having jurisdiction, are installed according to specifications of the Utility, and are maintained to the satisfaction of the Utility. The Utility may require the installation of a detector, check valve with meter for protection against theft, leakage, or waste of water.
- For water delivered for other than service to privately owned fire protection systems, charges will be made therefor under Schedule No. LS-1, General Metered Service.
- The utility will supply only such water at such pressure as may be available from time to time as a result of normal operation of Utility's system.
- All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(END OF APPENDIX A-2)

APPENDIX A-3

Page 1

California Water Service Company

Schedule No. SS-1

So San Francisco Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

South San Francisco and vicinity, San Mateo County.

RATES

Quantity Rates:	(0)	28.78	For each 1/2 inch Connection
	|	00.00	For each 3/4 inch Connection
	|	18.80	For each 1 inch Connection
For all water delivered, per 100 cu. ft.	(0)	\$1,209.4	For each 1 1/2 inch Connection
	|	27.00	For each 2 inch Connection
	|	30.00	For each 3 inch Connection
For 5/8 X 3/4 inch meter	(0)	\$7.35	For each 4 inch Connection
For 1 inch meter	|	16.50	For each 6 inch Connection
For 1-1/2 inch meter	|	27.70	For each 8 inch Connection
For 2 inch meter	|	35.00	For each 10 inch Connection
For 3 inch meter	|	68.00	
For 4 inch meter	|	82.00	
For 6 inch meter	|	135.00	
For 8 inch meter	|	196.00	
For 10 inch meter	(0)	241.00	

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

SPECIAL CONDITIONS

- To recover an lost revenue and conservation expenses, a surcharge of \$0.0147 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from the effective date of the Advice Letter in this proceeding.
- To refund an amount in the injuries and damages reserve account, a credit of \$0.04 per customer per month is to be applied to each bill for 12 months from the effective date of the advice letter in this proceeding, then reduced to \$0.03 for an additional 48 months.
- All bills are subject to the reimbursement fee set forth on Schedule No. UF.

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

South San Francisco and vicinity, San Mateo County.

RATES

For each	1-1/2-inch Connection	.....	\$6.75	(1)
For each	2-inch Connection	.....	9.00	|
For each	3-inch Connection	.....	13.50	|
For each (1)	4-inch Connection	.....	18.00	|
For each	6-inch Connection	.....	27.00	|
For each	8-inch Connection	.....	36.00	|
For each (1)	10-inch Connection	.....	45.00	(1)

SPECIAL CONDITIONS

1. The facilities for service to a privately owned fire protection system will be installed by the utility at the cost of the applicant.
2. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity will be installed by the Utility at the cost of the applicant. Such cost shall not be subject to refund.
3. Service hereunder is for private protection service to which no connections for other than fire protection purposes are allowed and which are regularly inspected by underwriters having jurisdiction, are installed according to specifications of the Utility, and are maintained to the satisfaction of the Utility. The Utility may require the installation of a detector check valve with meter for protection against theft, leakage, or waste of water.
4. For water delivered for other than service to privately owned fire protection systems, charges will be made hereof under Schedule No. SS-1, General Metered Service.
5. The utility will supply only such water at such pressure as may be available from time to time as a result of normal operation of Utility's system.
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

APPENDIX A-4
Page 1
California Water Service Company
Schedule No. MR-1
Marysville Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Marysville and vicinity, Yuba County.

RATES

Quantity Rates:

For	all water delivered, per 100 cu. ft.	\$0.4232 (C)(I)
For	5/8 X 3/4 inch meter	\$8.35 (I)
For	1 inch meter	17.15
For	1-1/2 inch meter	26.00
For	2 inch meter	32.00
For	3 inch meter	55.00
For	4 inch meter	78.00
For	6 inch meter	116.00
For	8 inch meter	205.00
For	10 inch meter	240.00 (I)

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

SPECIAL CONDITIONS

1. To refund an amount in the injuries and damages reserve account, a credit of \$0.03 per customer per month is to be applied to each bill for 60 months from the effective date of the advice letter in this proceeding. (N)
2. All bills are subject to the reimbursement fee set forth on Schedule No. UF. (N)

APPENDIX A-4

Page 2

Schedule No. MR-28

Marysville Tariff Area

RESIDENTIAL FLAT RATE SERVICE

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

APPLICABILITY

TERRITORY

Marysville and vicinity, Yuba County.

TERRITORY

RATES

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

Per Service Connection Per Month

RATES

6,000 sq. ft. or less	18.45
6,001 to 10,000 sq. ft.	22.25
10,001 to 16,000 sq. ft.	27.50
16,001 to 25,000 sq. ft.	35.00

For each additional single-family residential unit on the same premises and served from the same service connection.

13.20

SPECIAL CONDITIONS

- The above flat rates apply to service connections not larger than one inch in diameter.
- All service not covered by the above classifications shall be furnished only on a metered basis.
- For service covered by the above classification, if the utility of the customer so elects, a meter shall be installed and service provided under Schedule No. MR-1, General Metered Service.
- This Schedule is closed to all new connections as of Jan 20, 1992, the effective date of Tariff Sheet No. 4336-W. This schedule is not applicable to all metered service and is not applicable to the Quantity Rate.
- To refund an amount in the injuries and damages reserve account, a credit of \$0.03 per customer per month is to be applied to each bill for 60 months from the effective date of the advice letter in this proceeding.

SPECIAL CONDITIONS

6. All bills are subject to the reimbursement fee set forth on Schedule No. UF-1. To refund an amount in the injuries and damages reserve account, a credit of \$0.03 per customer per month is to be applied to each bill for 60 months from the effective date of the advice letter in this proceeding.

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

Marysville Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Marysville and vicinity, Yuba County.

RATES

For each	1-1/2-inch	Connection	....	.....	\$6.75	(1)
For each	2-inch	Connection	....	.....	9.00	|
For each	3-inch	Connection	....	.....	13.50	|
For each	4-inch	Connection	....	.....	18.00	|
For each	6-inch	Connection	....	.....	27.00	|
For each	8-inch	Connection	....	.....	36.00	|
For each	10-inch	Connection	....	.....	45.00	(1)

SPECIAL CONDITIONS

1. The facilities for service to a privately owned fire protection system will be installed by the utility at the cost of the applicant.
2. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity will be installed by the Utility at the cost of the applicant. Such cost shall not be subject to refund.
3. Service hereunder is for private protection service to which no connections for other than fire protection purposes are allowed and which are regularly inspected by underwriters having jurisdiction, are installed according to specifications of the Utility, and are maintained to the satisfaction of the Utility. The Utility may require the installation of a detector check valve with meter for protection against theft, leakage, or waste of water.
4. For water delivered for other than service to privately owned fire protection systems, charges will be made therefor under Schedule No. MR-1, General Metered Service.
5. The utility will supply only such water at such pressure as may be available from time to time as a result of normal operation of Utility's system.
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(END OF APPENDIX A-4)

APPENDIX A-5
Page 1
California Water Service Company
Schedule No. WL-1
Willows Tariff Area

GENERAL METERED SERVICE

YIELD NUMBER

APPLICABILITY

Service to be provided to all customers of the Company

Applicable to all metered water service.

YIELD NUMBER

TERRITORY

The City of Willows and vicinity, Glenn County

YIELD NUMBER

The City of Willows and vicinity, Glenn County.

RATES

Quantity Rates:	(i)	00.00	per 100 cu. ft. of 0.00 to 100.00
	(ii)	00.00	per 100 cu. ft. of 100.01 to 100.01
	(iii)	00.00	per 100 cu. ft. of 100.01 to 100.01
For all water delivered, per 100 cu. ft.		\$0.6536	(C)(I)
For 5/8 X 3/4 inch meter		\$8.25	(I)
For 1 inch meter		17.00	(I)
For 1-1/2 inch meter		23.00	(I)
For 2 inch meter		30.00	(I)
For 3 inch meter		58.00	(I)
For 4 inch meter		79.00	(I)
For 6 inch meter		135.00	(I)
For 8 inch meter		195.00	(I)
For 10 inch meter		240.00	(I)

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

SPECIAL CONDITIONS

1. Due to the under-collection in the balancing account, a surcharge of \$0.443 (D)(N) per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from the effective date of the advice letter for this proceeding. (N)
2. To refund an amount in the injuries and damages reserve account, a credit of \$0.04 per customer per month is to be applied to each bill for 60 months from the effective date of the advice letter in this proceeding. (N)
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

APPENDIX A-5
Page 2
Schedule No. WL-2R
Willows Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

The City of Willows and vicinity, Glenn County.

RATES

For a single-family residential unit, including premises having the following areas: Per Service Connection Per Month

6,000 sq. ft. or less	25.35
6,001 to 10,000 sq. ft.	30.30
10,001 to 16,000 sq. ft.	37.75
16,001 to 25,000 sq. ft.	50.50

For each additional single-family residential unit on the same premises and served from the same service connection

SPECIAL CONDITIONS

- The above flat rates apply to service connections not larger than one inch in diameter.
- All service not covered by the above classifications shall be furnished only on a metered basis.
- For service covered by the above classification, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. WL-1, General Metered Service.
- This Schedule is closed to all new connections as of Jan 20, 1992, the effective date of Tariff Sheet No. 4339-W.
- To refund an amount in the injuries and damages reserve account, a credit of \$0.04 per customer per month is to be applied to each bill for 60 months from the effective date of the advice letter in this proceeding.

6. Due to the undercollection in the balancing account, a surcharge is to be applied according to the following schedule for a period of 24 months from the effective date of this decision.

Surcharge

For a single-family residential unit, including premises having the following areas:	Per Service Connection Per Month
6,000 sq. ft. or less	\$1.06
6,001 to 10,000 sq. ft.	\$1.26
10,001 to 16,000 sq. ft.	\$1.57
16,001 to 25,000 sq. ft.	\$2.10

For each additional single-family residential unit on the same premises and served from the same service connection

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

Willows Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

The City of Willows and vicinity, Glenn County.

RATES

For each	1-1/2-inch Connection	.....	\$6.75	(I)
For each	2-inch Connection	.....	9.00	I
For each	3-inch Connection	.....	13.50	I
For each	4-inch Connection	.....	18.00	I
For each	6-inch Connection	.....	27.00	I
For each	8-inch Connection	.....	36.00	I
For each	10-inch Connection	.....	45.00	(I)

SPECIAL CONDITIONS

1. The facilities for service to a privately owned fire protection system will be installed by the utility at the cost of the applicant.
2. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity will be installed by the Utility at the cost of the applicant. Such cost shall not be subject to refund.
3. Service hereunder is for private protection service to which no connections for other than fire protection purposes are allowed and which are regularly inspected by underwriters having jurisdiction, are installed according to specifications of the Utility, and are maintained to the satisfaction of the Utility. The Utility may require the installation of a detector check valve with meter for protection against theft, leakage, or waste of water.
4. For water delivered for other than service to privately owned fire protection systems, charges will be made therefor under Schedule No. WL-1, General Metered Service.
5. The utility will supply only such water at such pressure as may be available from time to time as a result of normal operation of Utility's system.
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(END OF APPENDIX A-5)

APPENDIX A-6

Page 1

California Water Service Company
Schedule No. WK-1
Westlake Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

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

RATES

Quantity Rates: (i) For all water delivered per 100 cu. ft. ...

For all water delivered, per 100 cu. ft. ...	\$1.7424	(i)
For 5/8 X 3/4 inch meter ...	\$8.40	(i)
For 1 inch meter ...	14.00	(i)
For 1-1/2 inch meter ...	25.00	(i)
For 2 inch meter ...	38.00	(i)
For 3 inch meter ...	73.00	(i)
For 4 inch meter ...	124.00	(i)
For 6 inch meter ...	246.00	(i)
For 8 inch meter ...	370.00	(i)
For 10 inch meter ...	525.00	(i)

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

SPECIAL CONDITIONS

- To refund an amount in the injuries and damages reserve account, a credit of \$0.07 per customer per month is to be applied to each bill for 60 months from the effective date of the advice letter in this proceeding.
- Due to an under-collection in the balancing account, a surcharge of \$0.0853 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from the effective date of the advice letter in this proceeding.
- To recover an lost revenue and conservation expenses, a surcharge of \$0.0126 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from the effective date of the Advice Letter in this proceeding.
- All bills are subject to the reimbursement fee set forth on Schedule No. UFA and IA.

APPENDIX A-6

Page 2

California Water Service Company
Schedule No. WK-6
Westlake Tariff Area

RECLAIMED METERED SERVICE

APPLICABILITY

Applicable to all reclaimed water service.

TERRITORY

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

RATES

Quantity Rates:

For all water delivered, per 100 cu. ft. ...	\$1.4278	(I)
For 5/8 X 3/4 inch meter ...	\$8.40	(I)
For 1 inch meter ...	14.00	I
For 1-1/2 inch meter ...	25.00	I
For 2 inch meter ...	38.00	I
For 3 inch meter ...	73.00	I
For 4 inch meter ...	124.00	I
For 6 inch meter ...	246.00	I
For 8 inch meter ...	370.00	I
For 10 inch meter ...	525.00	(I)

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

SPECIAL CONDITIONS

- (I) 1. Due to an under-collection in the balancing account, a surcharge of \$0.0853 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from the effective date of the advice letter in this proceeding.
- (I) 2. To refund an amount in the injuries and damages reserve account, a credit of \$0.07 per customer per month is to be applied to each bill for 60 months from the effective date of the advice letter in this proceeding.
- (I) 3. To recover an lost revenue and conservation expenses, a surcharge of \$0.0126 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from the effective date of the Advice Letter in this proceeding.
- (I) 4. Reclaimed water will be supplied only as available.
- (I) 5. As a condition of service under this schedule, all customers are required to comply with the company's Rule 16, Section D, Reclaimed Water Service.
- (I) 6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

APPENDIX A-6
Page 1
California Water Service Company
Schedule No. WK-1
Westlake Tariff Area
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

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

RATES

Quantity Rates: (i) 8/24/82

For all water delivered, per 100 cu. ft. ...	\$1.7424	(i)
For 5/8 X 3/4 inch meter ...	\$8.40	(i)
For 1 inch meter ...	14.00	(i)
For 1-1/2 inch meter ...	25.00	(i)
For 2 inch meter ...	38.00	(i)
For 3 inch meter ...	73.00	(i)
For 4 inch meter ...	124.00	(i)
For 6 inch meter ...	246.00	(i)
For 8 inch meter ...	370.00	(i)
For 10 inch meter ...	525.00	(i)

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

SPECIAL CONDITIONS

1. To refund an amount in the injuries and damages reserve account, a credit of \$0.07 per customer per month is to be applied to each bill for 60 months from the effective date of the advice letter in this proceeding.
2. Due to an under-collection in the balancing account, a surcharge of \$0.0853 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from the effective date of the advice letter in this proceeding.
3. To recover an lost revenue and conservation expenses, a surcharge of \$0.0126 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from the effective date of the Advice Letter in this proceeding.
4. All bills are subject to the reimbursement fee set forth on Schedule No. UFA and RA.

Westlake Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

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

RATES

Per Month

For each	1-1/2-inch Connection	.....	\$6.75	(I)
For each	2-inch Connection	.....	9.00	|
For each	3-inch Connection	.....	13.50	|
For each	4-inch Connection	.....	18.00	|
For each	6-inch Connection	.....	27.00	|
For each	8-inch Connection	.....	36.00	|
For each	10-inch Connection	.....	45.00	(I)

SPECIAL CONDITIONS

1. The facilities for service to a privately owned fire protection system will be installed by the utility at the cost of the applicant.
2. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity will be installed by the Utility at the cost of the applicant. Such cost shall not be subject to refund.
3. Service hereunder is for private protection service to which no connections for other than fire protection purposes are allowed and which are regularly inspected by underwriters having jurisdiction, are installed according to specifications of the Utility, and are maintained to the satisfaction of the Utility. The Utility may require the installation of a detector check valve with meter for protection against theft, leakage, or waste of water.
4. For water delivered for other than service to privately owned fire protection systems, charges will be made therefor under Schedule No. WK-1, General Metered Service.
5. The utility will supply only such water at such pressure as may be available from time to time as a result of normal operation of Utility's system.
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(END OF APPENDIX A-6)

APPENDIX B-1 APPENDIX B-1

California Water Service Company

Dixon Tariff Area

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 amount to the rate which would otherwise be in effect on that date.

Schedule No. DX-1

Schedule No. 1-2

Service Charges	1996	1997	1998	1999	2000	Service Charges
For 5/8 X 3/4 inch meter	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	For 5/8 X 3/4 inch meter
For 1 inch meter	0.60	0.60	0.60	0.60	0.60	For 1 inch meter
For 1-1/2 inch meter	1.50	1.50	1.50	1.50	1.50	For 1-1/2 inch meter
For 2 inch meter	2.00	2.00	2.00	2.00	2.00	For 2 inch meter
For 3 inch meter	3.00	3.00	3.00	3.00	3.00	For 3 inch meter
For 4 inch meter	5.00	5.00	5.00	5.00	5.00	For 4 inch meter
For 6 inch meter	10.00	10.00	10.00	10.00	10.00	For 6 inch meter
For 8 inch meter	15.00	15.00	15.00	15.00	15.00	For 8 inch meter
For 10 inch meter	20.00	20.00	20.00	20.00	20.00	For 10 inch meter

Quantity Rates

Quantity Rates

For all water delivered, per 100 cu. ft. (0.0220) (0.0220) (0.0220) (0.0220)

(END OF APPENDIX B-1)

(END OF APPENDIX B-1)

APPENDIX B-2 APPENDIX B-1

California Water Service Company

Los Altos Tariff Area

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 amount to the rate which would otherwise be in effect on that date.

Schedule No. LS-1

Schedule No. DX-1

Service Charges	1988	1987	1996	1997	1998	Service Charges
For 5/8 X 3/4 inch meter	\$0.15	\$0.15	\$0.15	\$0.10	\$0.10	For 5/8 X 3/4 inch meter
For 1 inch meter	0.20	0.20	0.20	0.20	0.20	For 1 inch meter
For 1-1/2 inch meter	0.50	0.50	0.50	0.50	0.50	For 1-1/2 inch meter
For 2 inch meter	1.00	1.00	1.00	1.00	1.00	For 2 inch meter
For 3 inch meter	1.00	1.00	1.00	1.00	1.00	For 3 inch meter
For 4 inch meter	2.00	2.00	2.00	2.00	2.00	For 4 inch meter
For 6 inch meter	3.00	3.00	3.00	3.00	3.00	For 6 inch meter
For 8 inch meter	4.00	4.00	4.00	4.00	4.00	For 8 inch meter
For 10 inch meter	5.00	5.00	5.00	5.00	5.00	For 10 inch meter

Quantity Rates

Quantity Rates

For all water delivered, per 100 cu. ft. 0.0252 0.0253 0.0253

(END OF APPENDIX B-1)

(END OF APPENDIX B-2)

APPENDIX B-3. XIQMIFPA

California Water Service Company W rime 160

So San Francisco Tariff Area

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 amount to the rate which would otherwise be in effect on that date.

Schedule No. SS-1

Schedule No. MR-1

Service Charges	1998	1997	1996	1997	1998
For 5/8 X 3/4 inch meters	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
For 1 inch meter	0.50	0.50	0.50	0.50	0.50
For 1-1/2 inch meter	0.80	0.50	0.80	0.50	0.50
For 2 inch meter	1.00	1.00	1.00	1.00	1.00
For 3 inch meter	2.00	1.00	2.00	1.00	1.00
For 4 inch meter	3.00	2.00	3.00	2.00	2.00
For 6 inch meter	4.00	3.00	4.00	3.00	3.00
For 8 inch meter	6.00	5.00	6.00	5.00	5.00
For 10 inch meter	7.00	6.00	7.00	6.00	6.00

Quantity Rates

Quantity Rates

For all water delivered, per 100 cu. ft. 0.0368 0.0333 0.0333

Schedule No. MR-2

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

Additional Unit	10,001 to 25,000 sq. ft.	10,001 to 15,000 sq. ft.	5,000 sq. ft. or less
0.32	0.30	0.30	0.30
0.32	0.30	0.30	0.30
0.32	0.30	0.30	0.30
0.32	0.30	0.30	0.30

APPENDIX B-4

California Water Service Company

Marysville Tariff Area

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

Schedule No. MR-1

Service Charges	1995	1996	1997	1998
For 5/8 X 3/4 inch meter	\$0.20	\$0.20	\$0.20	\$0.20
For 1 inch meter	0.45	0.45	0.45	0.45
For 1-1/2 inch meter	0.50	0.50	0.50	0.50
For 2 inch meter	1.00	1.00	1.00	1.00
For 3 inch meter	2.00	2.00	2.00	2.00
For 4 inch meter	3.00	3.00	3.00	3.00
For 6 inch meter	4.00	5.00	5.00	5.00
For 8 inch meter	5.00	5.00	5.00	5.00
For 10 inch meter	5.00	5.00	5.00	5.00

Quantity Rates

For all water delivered, per 100 cu. ft. 0.0114, 0.0113, 0.0113

Schedule No. MR-2

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

6,000 sq. ft. or less	0.50	0.45	0.45
6,001 to 10,000 sq. ft.	0.65	0.50	0.50
10,001 to 16,000 sq. ft.	0.80	0.70	0.70
16,001 to 25,000 sq. ft.	0.90	0.80	0.80
Additional Unit	0.35	0.35	0.35

APPENDIX B-5

California Water Service Company

Willows Tariff Area

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

Schedule No. WL-1

Service Charges	1991	1992	1993	1996	1997	1998
For 5/8 X 3/4 inch meter	\$0.10	\$0.10	\$0.10	\$0.30	\$0.30	\$0.30
For 1 inch meter	\$0.08	\$0.08	\$0.08	0.35	0.35	0.35
For 1-1/2 inch meter	\$0.25	\$0.25	\$0.25	1.00	0.50	0.50
For 2 inch meter	\$0.10	\$0.10	\$0.10	1.00	1.00	1.00
For 3 inch meter	\$0.10	\$0.10	\$0.10	2.00	1.00	1.00
For 4 inch meter	\$0.10	\$0.10	\$0.10	2.00	2.00	2.00
For 6 inch meter	\$0.10	\$0.10	\$0.10	3.00	3.00	3.00
For 8 inch meter	\$0.10	\$0.10	\$0.10	5.00	5.00	5.00
For 10 inch meter	\$0.10	\$0.10	\$0.10	5.00	5.00	5.00

Quantity Rates

For all water delivered, per 100 cu. ft. 0.0190 0.0194 0.0194

Schedule No. MR-2

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

6,000 sq. ft. or less	0.80	0.75	0.75
6,001 to 10,000 sq. ft.	1.00	0.90	0.90
10,001 to 16,000 sq. ft.	1.25	1.00	1.00
16,001 to 25,000 sq. ft.	1.50	1.50	1.50
Additional Unit	0.60	0.50	0.50

(END OF APPENDIX B-5)

APPENDIX B-6

California Water Service Company

Westlake Tariff Area

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 amount to the rate which would otherwise be in effect on that date.

Schedule No. WK-1, WK-6

Service Charges	1997	1998	1999	1996	1997	1998
For 5/8 X 3/4 (inch meter)	0.30	0.30	0.30	\$0.10	\$0.10	\$0.10
For 1 (inch meter)	0.35	0.35	0.35	0.30	0.20	0.20
For 1-1/2 (inch meter)	1.00	1.00	1.00	0.75	0.75	0.75
For 2 (inch meter)	1.00	1.00	1.00	1.00	1.00	1.00
For 3 (inch meter)	2.00	2.00	2.00	1.00	2.00	2.00
For 4 (inch meter)	2.00	2.00	2.00	2.00	3.00	3.00
For 6 (inch meter)	3.00	3.00	3.00	5.00	4.00	4.00
For 8 (inch meter)	3.00	3.00	3.00	9.00	6.00	6.00
For 10 (inch meter)	3.00	3.00	3.00	12.00	8.00	8.00

Quantity Rates

For all water delivered, per 100 cu. ft. 0.0218 0.0280 0.0280

Additional Unit	1997	1998	1999
16,001 to 25,000 sq. ft.	1.00	1.00	1.00
10,001 to 16,000 sq. ft.	1.00	1.00	1.00
0,001 to 10,000 sq. ft.	0.90	0.90	0.90
0,000 sq. ft. or less	0.75	0.75	0.80

APPENDIX C-1

Page 1

CALIFORNIA WATER SERVICE CO.
 DIXON DISTRICT
 STIPULATED RATE BASE
 (DOLLARS IN THOUSANDS)

RATE BASE	1995	1996
WTD. AVG. PLANT IN SERVICE	\$3,415.9	\$3,544.3
MATERIALS & SUPPLIES	18.9	18.9
WORKING CASH - GROSS	0.0	0.0
WORKING CASH - LEAD / LAG	47.2	49.2
WORKING CASH - W/H EMPLOYEES	(0.3)	(0.3)
WTD. AVG. DEPRECIATION RESERVE	(1,107.9)	(1,184.3)
ADVANCES FOR CONSTRUCTION	(527.8)	(549.0)
CONTRIBUTIONS	(47.4)	(50.2)
AMORTIZATION OF INTANG.	0.0	0.0
DEFERRED TAXES	(138.3)	(151.0)
UNAMORT. ITC	(16.8)	(19.3)
PRORATED G.O. RATE BASE	73.3	71.0
TAXES ON - ADVANCES	67.8	76.0
TAXES ON - OIAC	5.7	6.3
WTG. AVG. RATE BASE	\$1,789.2	\$1,811.5

APPENDIX
Table 1

CALIFORNIA WATER SERVICE CO.
DIXON DISTRICT

PAGE 2

STIPULATED RATE BASE
CALIFORNIA WATER SERVICE CO.
DIXON DISTRICT

1996	1995	STIPULATED QUANTITIES	RATE BASE
23,344.3	23,412.3	WTD AVG PLANT IN SERVICE	
18.9	18.9	MATERIAL SUPPLIES	1996
0.0	0.0	WORKING CASH - GROSS	
0.0	0.0	WORKING CASH - WTD EMPLOYEES	
0.0	0.0	WTD AVG DEPRECIATION RESERVE	
0.0	0.0	ADVANCES FOR CONSTRUCTION	
0.0	0.0	CONTRIBUTION	706.2
0.0	0.0	WTD AVG PLANT IN SERVICE	1,161.6
0.0	0.0	WTD AVG DEPRECIATION RESERVE	820,304
0.0	0.0	ADVANCES FOR CONSTRUCTION	816,587
0.0	0.0	CONTRIBUTION	50,137,974
0.0	0.0	WTD AVG PLANT IN SERVICE	5112,668
0.0	0.0	WTD AVG DEPRECIATION RESERVE	5113,180
0.0	0.0	ADVANCES FOR CONSTRUCTION	5112.7
0.0	0.0	TAXES ON - TAXES	5113.2
0.0	0.0	TOTAL PURCHASED POWER	
21,812.2	21,337.12	WTD AVG RATE BASE	
		UNCOLLECTABLE RATE	0.001733
		FRANCHISE TAX RATE	0.000000
		BUSINESS LICENSE FEE RATE	0.000000
		FEDERAL TAX RATE	35.12%
		STATE CORP. FRANCHISE TAX	9.30%
		NET TO GROSS MULT.	1.80233

APPENDIX C-1
Page 3
California Water Service Company
Dixon District

Adopted Quantities

10. Number of Services by meter size:

	<u>1995</u>	<u>1996</u>
5/8 x 3/4 inch	2,195	2,215
1	424	418
1 1/2	15	15
2	36	37
3	5	5
4	1	1
6	0	0
8	0	0
10	0	0
	<u>2,676</u>	<u>2,691</u>

11. Metered Sales (Kccf)

All	673.1	676.2
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12. Number of Service and Usage

	No. of Service		Usage - Kccf		Ave Usage - ccf	
	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>
Commercial	2,646	2,661	661.5	665.3	250.0	250.0
Public Authority	26	26	10.5	9.8	403.8	376.9
Industrial	4	4	1.1	1.1	275.0	275.0
Other	0	0	0.	0.		
Subtotal	<u>2,676</u>	<u>2,691</u>	<u>.673.1</u>	<u>.676.2</u>		
Flat Rage resi	0	0	0.	0.		
Priv Fire Prot	19	20				
Public Fire Prot	3	3				
Total	<u>2,698</u>	<u>2,714</u>				
Raw water sales			0.	0.		
Water Loss	4.25%		<u>29.9</u>	<u>30.0</u>		
Total Water Produced			<u>.703.0</u>	<u>.706.2</u>		

(END OF APPENDIX C-1)

LOS ALTOS DISTRICT
STIPULATED QUANTITIES
CALIFORNIA WATER SERVICE CO.

A. 94-09-011

(DOLLARS IN THOUSANDS)

APPENDIX C-2
Page 1

PURCHASED POWER

(DOLLARS IN THOUSANDS)

CALIFORNIA WATER SERVICE CO.
LOS ALTOS DISTRICT

2017.931
2014.895
4,648.500
814.9
2,707.4

2017.931
2014.895
4,648.500
814.9
2,707.4

STIPULATED RATE BASE
(DOLLARS IN THOUSANDS)

POWER COST
UNIT COST
TOTAL KWHR
KWPRICE
WELL PRODUCTION

1995 1996

TOTAL PURCHASED POWER

RATE BASE

PURCHASED WATER

WTD. AVG. PLANT IN SERVICE
MATERIALS & SUPPLIES
WORKING CASH - GROSS
WORKING CASH - LEAD/LAG
WORKING CASH - W/H EMPLOYEES
WTD. AVG. DEPRECIATION RESERVE
ADVANCES FOR CONSTRUCTION
CONTRIBUTIONS
AMORTIZATION OF INTANG.
DEFERRED TAXES
UNAMORT. I.T.C.
PRORATED G.O. RATE BASE
TAXES ON - ADVANCES
TAXES ON - C.I.A.C.

227,770.0
122.2
0.0
169.7
(2.3)
(9,531.9)
(2,557.7)
(1,517.1)
(2.2)
(1,553.6)
(169.2)
538.3
323.1
203.9

WTD. AVG. RATE BASE

LEASED WELL - ANNUAL MINIMUM
SAVED WATER - QUANTITY CHARGES
NON-CONTRACT
CONTRACT

TOTAL PURCHASED WATER COST

GROUNDWATER EXTRACTION CHARGES

2,010.1
2,540.00
21,505.4

QUANTITY
TOTAL WELL PRODUCTION -- KCF
TOTAL WELL PRODUCTION -- AF
RATE
S.C.W.D. RATE / AF
COST
S.C.W.D. EXTRACTION CHARGES

1,854.8
830.8
32,158
0.000000
0.013425
0.000488

NET TO GROSS MULT.
STATE CORP. FRANCHISE TAX
FEDERAL TAX RATE
BUSINESS LICENSE FEE RATE
FRANCHISE TAX RATE
UNCOLLECTIBLE RATE

APPENDIX C-2
PAGE 2

CALIFORNIA WATER SERVICE CO.
LOS ALTOS DISTRICT
STIPULATED QUANTITIES

1995 1996

PURCHASED POWER

SUPPLIER - PG&E (1/1/94)

WELL PRODUCTION (KCCF)	5,707.4	5,702.1
KWH/KCCF	814.9	814.9
TOTAL KWH	4,651,119	4,648,800
UNIT COST	\$0.145742	\$0.145892
POWER COST	\$677,863	\$677,931

TOTAL PURCHASED POWER \$677.9 \$677.9

PURCHASED WATER

QUANTITY	8,688,652	8,688,652
S.C.V.W.D. CONTRACT A.F.	6,262.0	6,297.0
S.C.V.W.D. NON-CONTRACT A.F.	1,728.8	1,738.4
SAN JOSE WATER - KCCF	19.5	19.5
LEASED WELL - KCCF	6.0	6.0
RATES		
S.C.V.W.D. CONTRACT RATE	\$310.00	\$310.00
S.C.V.W.D. NON-CONTRACT RATE	\$290.00	\$290.00
SAN JOSE WATER - RATE / CCF	\$1.048	\$1.048
LEASED WELL - RATE / CCF	\$0.03	\$0.03
COSTS		
S.C.V.W.D. CONTRACT	\$1,941.2	\$1,952.1
S.C.V.W.D. NON-CONTRACT	\$501.4	\$504.1
SAN JOSE WATER - SERVICE CHARGES	\$5.0	\$5.0
SAN JOSE WATER - QUANTITY CHARGES	\$20.4	\$20.4
LEASED WELL - ANNUAL MINIMUM	\$0.4	\$0.4

TOTAL PURCHASED WATER COST \$2,468.4 \$2,482.0

GROUNDWATER EXTRACTION CHARGES

QUANTITY		
TOTAL WELL PRODUCTION - KCCF	2,207.1	2,182.4
TOTAL WELL PRODUCTION - A.F.	5,066.8	5,010.1
RATE		
S.C.V.W.D. RATE / A.F.	\$240.00	\$240.00
COST		
S.C.V.W.D. EXTRACTION CHARGES	\$1,216.0	\$1,202.4

UNCOLLECTABLE RATE	0.000468
FRANCHISE TAX RATE	0.013452
BUSINESS LICENSE FEE RATE	0.000000
FEDERAL TAX RATE	35.12%
STATE CORP. FRANCHISE TAX	9.30%
NET TO GROSS MULT.	1.82459

APPENDIX C-2

Page 3

California Water Service Company
Los Altos-Suburban DistrictAdopted Quantities

10. Number of Services by meter size:

	<u>1995</u>	<u>1996</u>
5/8 x 3/4 inch	14,187	14,187
1	2,489	2,489
1 1/2	203	203
2	430	430
3	81	81
4	19	19
6	5	5
8	0	0
10	0	0
	<u>17,414</u>	<u>17,414</u>

11. Metered Sales (KCcf)

All	5,259.4	5,254.5
-----	---------	---------

12. Number of Service and Usage

	No. of Service		Usage - Kccf		Ave Usage - ccf	
	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>
Commercial	17,222	17,222	4,994.4	4,994.4	290.0	290.0
Public Authority	170	170	238.7	233.9	1,403.5	1,954.5
Industrial	11	11	21.7	21.5	1,972.7	1,375.9
Other	11	11	4.7	4.7	427.3	427.3
Subtotal	<u>17,414</u>	<u>17,414</u>	<u>5,259.5</u>	<u>5,254.5</u>		
Flat Rage resi	0	0	0.	0.		
Priv Fire Prot	306	311				
Public Fire Prot	6	6				
Total	<u>17,726</u>	<u>17,731</u>				
Raw water sales			0.	0.		
Water Loss	7.85%		448.0	447.6		
Total Water Produced			<u>5,707.5</u>	<u>5,702.1</u>		

(END OF APPENDIX C-2)

APPENDIX C-3

Page 1

CALIFORNIA WATER SERVICE CO.
MARYSVILLE DISTRICT

STIPULATED RATE BASE

(DOLLARS IN THOUSANDS)

MARYSVILLE DISTRICT

	1995	1996
RATE BASE		
WTD. AVG. PLANT IN SERVICE	\$4,557.4	\$4,731.9
MATERIALS & SUPPLIES	36.8	36.8
WORKING CASH - GROSS	0.0	0.0
WORKING CASH - LEAD / LAG	(9.4)	(10.4)
WORKING CASH - W / H EMPLOYEES	(4.0)	(0.4)
WTD. AVG. DEPRECIATION RESERVE	(1,489.9)	(1,572.2)
ADVANCES FOR CONSTRUCTION	(342.9)	(319.3)
CONTRIBUTIONS	(185.4)	(194.0)
AMORTIZATION OF INTANG.	(1.5)	(1.5)
DEFERRED TAXES	(243.2)	(267.9)
UNAMORT. I.T.C.	(34.8)	(33.7)
PRORATED G.O. RATE BASE	99.2	95.9
TAXES ON - ADVANCES	31.3	31.7
TAXES ON - CIA C	23.2	25.7
WTG. AVG. RATE BASE	\$2,440.4	\$2,522.6
UNCOLLECTIBLE RATE		
FRANCHISE TAX RATE		
BUSINESS LICENSE FEE RATE		
FEDERAL TAX RATE		
STATE CORP. FRANCHISE TAX		
NET TO GROSS MULT.		

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APPENDIX 0-3
PAGE 1

CALIFORNIA WATER SERVICE CO.
MARYSVILLE DISTRICT

PAGE 2

STIPULATED RATE BASE

CALIFORNIA WATER SERVICE CO.
MARYSVILLE DISTRICT

1997

1996

STIPULATED QUANTITIES		RATE BASE	
24,781.0	24,781.0	WTD AVG PLANT IN SERVICE	
0.0	0.0	MATERIALS & SUPPLIES	1996
0.0	0.0	WORKING CASH - GROSS	
(10.4)	(9.4)	WORKING CASH - NETTING	
(4.4)	(4.4)	WORKING CASH - WITH EMPLOYEES	
(1.2)	(1.2)	WTD AVG DEPRECIATION RESERVE	
(0.9)	(0.9)	ADVANCES FOR CONSTRUCTION	
(1.0)	(1.0)	CONTRIBUTIONS	1,587.6
(2.1)	(2.1)	AMORTIZATION OF BOND	717.4
(2.5)	(2.5)	DEFERRED TAXES	1,141,283
(3.0)	(3.0)	AMORTIZATION	1,138,915
0.0	0.0	WTD AVG PLANT IN SERVICE	\$0.120127
0.0	0.0	WTD AVG PLANT IN SERVICE	\$136,814
0.0	0.0	TAXES ON ADVANCES	\$137,186
0.0	0.0	TAXES ON CASH	\$136.8
0.0	0.0	TOTAL PURCHASED POWER	\$137.2
25,252.8	25,252.8	WTD AVG RATE BASE	
		UNCOLLECTABLE RATE	0.002351
		FRANCHISE TAX RATE	0.000000
		BUSINESS LICENSE FEE RATE	0.000300
		FEDERAL TAX RATE	35.12%
		STATE CORP. FRANCHISE TAX	9.30%
		NET TO GROSS MULT.	1.80399

Adopted Quantities

10. Number of Services by meter size:
5/8 x 3/4 inch
1 1/2 inch
2 inch

10	8	9	7	4	6	8
10	8	9	7	4	6	8

11. Metered Sales (Kccf)
All

12. Number of Service and Usage

Commercial
Public Authority
Industrial
Other
Subtotal
Flat Rate resi
Priv Fire Prot
Public Fire Prot
Total
Raw water sales
Water Loss
Total Water Produced

No. of Ser.	
1995	1996
1,035	1,046
63	63
4	4
1	1
1,103	1,114
2,656	2,644
36	36
1	1
3,796	3,795
8.0%	

Avg Usage - ccf	
1995	1996
64.2	496.0
46.4	1,071.4
300.0	11,375.0
304.8	11,600.0
304.8	300.0
0.	127.3
1,587.6	1,590.9

(END OF APPENDIX C-3)

CORRECTION !!

*THE PREVIOUS DOCUMENT(S) MAY HAVE
BEEN FILMED INCORRECTLY*

RESHOOT FOLLOWS

APPENDIX C-3

Page 3

California Water Service Company
Marysville District

Adopted Quantities

10. Number of Services by meter size:

	1995	1996
5/8 x 3/4 inch	683	694
1	229	228
1 1/2	60	60
2	110	110
3	14	14
4	6	6
6	1	1
8	0	0
10	0	0
	<u>1,103</u>	<u>1,114</u>

11. Metered Sales (KCcf)

All	626.7	629.7
-----	-------	-------

12. Number of Service and Usage

	No. of Service		Usage - Kccf		Ave Usage - ccf	
	1995	1996	1995	1996	1995	1996
Commercial	1,035	1,046	513.4	518.8	496.0	496.0
Public Authority	63	63	67.5	64.2	1,071.4	1,019.0
Industrial	4	4	45.5	46.4	11,375.0	11,600.0
Other	1	1	.3	.3	300.0	300.0
Subtotal	<u>1,103</u>	<u>1,114</u>	<u>626.7</u>	<u>629.7</u>		
Flat Rate resi	2,656	2,644	833.9	833.9	304.8	304.8
Priv Fire Prot	36	36				
Public Fire Prot	1	1				
Total	<u>3,796</u>	<u>3,795</u>				
Raw water sales			0.	0.		
Water Loss	8.0%		127.0	127.3		
Total Water Produced			<u>1,587.6</u>	<u>1,590.9</u>		

APPENDIX C-3

Page 4

California Water Service Company
Marysville District

Adopted Quantities

13. Number of flat rate services by size:

	1995	1996
6,000 sq. ft. or less	1,307	1,301
6,001 to 10,000 sq. ft.	1,176	1,171
10,001 to 16,000 sq. ft.	139	138
16,001 to 25,000 sq. ft.	34	34
Subtotal	2,656	2,644
Additional unit	60	60

11. Metered Sales (Kcft)

632.7 632.7

632.7

12. Number of Service and Usage

Category	1995	1996	Usage - Kcft	Ave Usage
Total	3,392	3,392	833.9	304.8
Raw water sales	3,392	3,392	833.9	304.8
Water loss	0	0	0	0
Public Fire Prot.	1	1	3	3
Priv Fire Prot.	36	36	626.7	304.8
Flat Rate resi	2,656	2,656	833.9	304.8
Subtotal	1,103	1,114	632.7	304.8
Other	1	1	3	3
Industrial	4	4	42.2	11,375.0
Public Authority	63	63	64.2	1,071.4
Commercial	1,035	1,046	213.4	496.0

(END OF APPENDIX C-3)

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APPENDIX 014
Page 1

CALIFORNIA WATER SERVICE CO.
SOUTH SAN FRANCISCO DISTRICT

STIPULATED RATE BASE
(DOLLARS IN THOUSANDS)

	1995	1996
RATE BASE		
WTD. AVG. PLANT IN SERVICE	\$20,788.2	\$21,638.6
MATERIALS & SUPPLIES	133.0	133.0
WORKING CASH - GROSS	0.0	0.0
WORKING CASH - LEAD / LAG	196.3	207.7
WORKING CASH - W / H EMPLOYEES	(1.6)	(1.6)
WTD. AVG. DEPRECIATION RESERVE	(5,495.9)	(5,853.7)
ADVANCES FOR CONSTRUCTION	(2,867.9)	(2,901.1)
CONTRIBUTIONS	(2,847.8)	(2,886.4)
AMORTIZATION OF INTANG.	0.0	0.0
DEFERRED TAXES	(1,051.2)	(1,156.7)
UNAMORT. ITC	(101.9)	(98.9)
PRORATED G.O. RATE BASE	397.5	384.5
TAXES ON - ADVANCES	232.2	250.7
TAXES ON - C I A C	270.6	283.6
WTG. AVG. RATE BASE	\$9,649.4	\$9,999.7
UNCOLLECTIBLE RATE		
FRANCHISE TAX RATE		
BUSINESS LICENSE FEE RATE		
FEDERAL TAX RATE		
STATE CORP. FRANCHISE TAX		
NET TO GROSS MULT.		

APPENDIX 4
PAGE 2

CALIFORNIA WATER SERVICE CO.
SOUTH SAN FRANCISCO WATER DISTRICT

STIPULATED RATE BASE
(STIPULATED IN QUANTITIES)

	1995	1996
	RATE BASE	
	(DOLLARS IN THOUSANDS)	
PURCHASED POWER		
SUPPLIER PG&E (1/1/94)		
WELL PRODUCTION (KCCF)		
KWH/CCF		
TOTAL KWH		
UNIT COST		
POWER COST		
TOTAL PURCHASED POWER		
PURCHASED WATER		
SUPPLIER - S.F.W.D. (7/1/94)		
PURCHASED WATER -- PROD. -- KCCF		
UNIT COST S.F.W.D. RATES -- CCF		
FIXED ANNUAL SERVICE CHARGES		
QUANTITY CHARGES		
TOTAL PURCHASED WATER COSTS		
UNCOLLECTABLE RATE	0.001113	
FRANCHISE TAX RATE	0.000000	
BUSINESS LICENSE FEE RATE	0.000000	
FEDERAL TAX RATE	35.12%	
STATE CORP. FRANCHISE TAX	9.30%	
NET TO GROSS MULT.	1.80121	

APPENDIX C -4

Page 3
California Water Service Company
South San Francisco District

Adopted Quantities

10. Number of Services by meter size:

	<u>1995</u>	<u>1996</u>
5/8 x 3/4 inch	13,313	13,341
1	688	690
1 1/2	313	314
2	434	436
3	58	58
4	36	36
6	9	9
8	2	2
10	0	0
	<u>14,853</u>	<u>14,886</u>

11. Metered Sales (KCcf)

All

3,153.3 3,165.4

12. Number of Service and Usage

	No. of Service		Usage - Kccf		Ave Usage - ccf	
	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>
Commercial	14,537	14,565	2,661.7	2,666.9	183.1	183.1
Public Authority	220	225	184.3	185.4	837.7	824.0
Industrial	74	74	305.4	311.2	4,127.0	4,205.4
Other	22	22	1.9	1.9	86.4	86.4
Subtotal	<u>14,853</u>	<u>14,886</u>	<u>3,153.3</u>	<u>3,165.4</u>		
Flat Rage resi	0	0	0.	0.		
Priv Fire Prot	456	462				
Public Fire Prot	14	14				
Total	<u>15,323</u>	<u>15,362</u>				
Raw water sales			0.	0.		
Water Loss	5.33%		<u>177.5</u>	<u>178.2</u>		
Total Water Produced			<u>3,330.8</u>	<u>3,343.6</u>		

(END OF APPENDIX C-4)

APPENDIX C-5
PAGE 1

GALIFORNIA WATER SERVICE CO.
WESTLAKE DISTRICT

A. 94-09-015

STIPULATED QUANTITIES

APPENDIX C-5

Page 1

1991

1992

GALIFORNIA WATER SERVICE CO.
WESTLAKE DISTRICT

STIPULATED RATE BASE
(DOLLARS IN THOUSANDS)

3,184.7	3,178.6
200.8	200.8
1,294,549	990,193.7
20,078,213	20,078,213
21,574,510	21,574,510

PURCHASED POWER	
SUPPLIER-FEES (1991)	
WELL PRODUCTION	
KWH/CF	
TOTAL KWH	1991
UNIT COST	
POWER COST	

WTD. AVG. PLANT IN SERVICE	\$17,858.3	\$18,250.4
MATERIALS & SUPPLIES	48.1	48.1
WORKING CASH - GROSS	0.0	0.0
WORKING CASH - LEAD / LAG	203.5	213.9
WORKING CASH - W/H EMPLOYEES	(1.4)	(1.4)
WTD. AVG. DEPRECIATION RESERVE	(3,859.4)	(4,200.0)
ADVANCES FOR CONSTRUCTION	(7,182.8)	(8,994.8)
CONTRIBUTIONS	(2,458.9)	(2,445.4)
AMORTIZATION OF INTANG.	(0.8)	(0.9)
DEFERRED TAXES	(1,625.8)	(1,760.3)
UNAMORT. ITC	(63.4)	(61.6)
PRORATED G.O. RATE BASE	330.5	319.6
TAXES ON - ADVANCES	715.3	778.4
TAXES ON G.I.A.C	206.8	208.4
WTG. AVG. RATE BASE	\$4,170.0	\$4,354.4
TOTAL PURCHASED WATER COSTS		
QUANTITY CHARGES - RECLAIMED WATER		
QUANTITY CHARGES - POTABLE WATER		
TOWNSHIP CHARGES		
ZONE FACILITY CHARGE		
COSTS		
RATES		
CLAIMED WATER FOR A.F.		
TOTAL COST		
CLAIMED WATER FOR A.F.		
TOTAL PURCHASED WATER		
QUANTITY VALLEY (1991)		
PURCHASED WATER		
POWER		

UNCOLLECTIBLE RATE	0.001283
FRANCHISE TAX RATE	0.010441
BUSINESS LICENSE FEE RATE	0.000000
FEDERAL TAX RATE	0.011283
STATE CORP. FRANCHISE TAX	0.3033
NET TO GROSS MULT.	1.83103

APPENDIX C-5
PAGE 2

CALIFORNIA WATER SERVICE CO.
WESTLAKE DISTRICT

STIPULATED QUANTITIES		1995		1996	
(DOLLARS IN THOUSANDS)					
PURCHASED POWER					
SUPPLIER - PG&E (1/1/94)					
WELL PRODUCTION (KCCF)		3,178.4		3,184.7	
KWH/CCF		500.6		500.6	
TOTAL KWH		1,591,096		1,594,249	
UNIT COST		\$0.078540		\$0.078543	
POWER COST		\$124,965		\$125,217	
PURCHASED WATER					
SUPPLIER - RUSSELL VALLEY (7/1/94)					
QUANTITY		3,487.5		3,493.8	
PURCHASED WATER - PROD. -- KCCF		8,006.3		8,020.7	
PURCHASED WATER - PROD. -- A.F.		7,296.7		7,311.1	
PURCHASED POTABLE WATER - PROD. -- A.F.		709.6		709.6	
PURCHASED RECLAIMED WATER - PROD. -- A.F.					
RATES		\$489.00		\$489.00	
UNIT COST (POTABLE WATER per A.F.)		\$390.00		\$390.00	
UNIT COST RECLAIMED WATER per A.F.					
COSTS		\$259.3		\$259.3	
BASE FACILITY'S CHARGE		\$145.5		\$145.0	
PUMPING CHARGES		\$3,568.1		\$3,575.1	
QUANTITY CHARGES - POTABLE WATER		\$276.7		\$276.7	
QUANTITY CHARGES - RECLAIMED WATER		\$4,249.6		\$4,256.2	
TOTAL PURCHASED WATER COSTS					
UNCOLLECTABLE RATE		0.001589			
FRANCHISE TAX RATE		0.010441			
BUSINESS LICENSE FEE RATE		0.000000			
FEDERAL TAX RATE		35.12%			
STATE CORP. FRANCHISE TAX		9.30%			
NET TO GROSS MULT.		1.82109			

APPENDIX C-5

California Water Service Company
Westlake District

Adopted Quantities

10. Number of Services by meter size:

Meter Size	General Metered Service		Reclaimed Service	
	1995	1996	1995	1996
5/8 x 3/4 inch	5,034	5,044	0	0
1	894	896	28	28
1 1/2	181	181	18	18
2	399	400	17	17
3	15	15	3	3
4	11	11	1	1
6	2	2	1	1
8	0	0	0	0
10	0	0	0	0
Total	6,536	6,549	68	68

11. Metered Sales (KCcf)

Meter Size	1995	1996	1995	1996
0 - 3 CCF	227.8	228.2	3.2	3.2
4 - 300	2,170.4	2,174.9	220.5	220.5
> 300	573.3	574.3	85.4	85.4
Total	2,971.5	2,977.4	309.1	309.1

12. Reclaimed Services & Sales

Services - Converted from		
- Commercial	28	28
- Public Authority	40	40
- Total	68	68
Sales - Converted from		
- Commercial	266.3	266.3
- Public Authority	42.8	42.8
- Total	309.1	309.1

APPENDIX C-5

California Water Service Company
Westlake District

Additional Report

13. Commercial Metered Sales:

	1995	1996
Total Services	6,488	6,501
Total Sales @ 479.12 CCF/SV, KCCF	3,113.6	3,119.8
Conversion to Reclaimed	266.3	266.3
Total Less Conversion	2,847.3	2,853.5
Total SVS less 28 Conversions	6,460	6,473
CCF/SV (Excl Reclaimed Sys)	440.8	440.8

14. Number of Services & Use:

	No. of Services		Use, Kccf		AVG. USE, CCF/SV	
	1995	1996	1995	1996	1995	1996
Commercial	6,460	6,473	2,847.3	2,853.5	440.8	440.8
Industrial	14	14	34.2	34.0	2,442.9	2,428.6
Public Authority	51	51	87.8	87.7	1,721.6	1,719.6
Other	11	11	2.2	2.2	200.0	200.0
Total	6,536	6,549	2,971.5	2,977.4		
Reclaimed Service	68	68	309.1	309.1		
Private P.P.	82	83				
Public P.P.	3	3				
Total	6,689	6,703				
1/Water Loss @ 6.51%			206.9	207.3		
1/Total Production			3,178.5	3,184.7		
1/Excl. Reclaimed Sv.						

Reclaimed Services & Sales

	1995	1996
Total - Services - Converted from Commercial - Public Authority	68	68
Total - Sales - Converted from Commercial - Public Authority	309.1	309.1

(END OF APPENDIX C-5)

A. 94-09-014

APPENDIX C-8

Page 1

CALIFORNIA WATER SERVICE CO.
WILLOWS DISTRICT
STIPULATED RATE BASE
(DOLLARS IN THOUSANDS)

	1995	1996
RATE BASE		
WTD. AVG. PLANT IN SERVICE	53,358.2	53,467.6
MATERIALS & SUPPLIES	14.5	14.5
WORKING CASH - GROSS	0.0	0.0
WORKING CASH - LEAD / LAG	8.3	8.3
WORKING CASH - W/H EMPLOYEES	(0.3)	(0.3)
WTD. AVG. DEPRECIATION RESERVE	(1,109.6)	(1,174.9)
ADVANCES FOR CONSTRUCTION	(428.6)	(433.7)
CONTRIBUTIONS	(146.4)	(147.5)
AMORTIZATION OF INTANG.	0.0	0.0
DEFERRED TAXES	(200.0)	(215.1)
UNAMORT. ITC	(15.9)	(15.4)
PRORATED G.O. RATE BASE	66.1	63.9
TAXES ON - ADVANCES	33.3	36.6
TAXES ON - CIAC	21.4	22.1
WTG. AVG. RATE BASE	51,601.0	51,626.2

APPENDIX C.6

APPENDIX C.6

WILLOWS DISTRICT
 CALIFORNIA WATER SERVICE CO.
 (DOLLARS IN THOUSANDS)

STIPULATED QUANTITIES

	1995	1996
PURCHASED POWER		
SUPPLIER - PG&E (1/1/94)		
WELL PRODUCTION (KCCF)		
KWH/CCF		
TOTAL KWH		
UNIT COST		
POWER COST		
TOTAL PURCHASED POWER		
UNCOLLECTABLE RATE	0.001978	
FRANCHISE TAX RATE	0.000000	
BUSINESS LICENSE FEE RATE	0.019200	
FEDERAL TAX RATE	35.12%	
STATE CORP. FRANCHISE TAX	9.30%	
NET TO GROSS MULT.	1.83807	

APPENDIX C-6
 Page 3
 California Water Service Company
 Willow District

Adopted Quantities

10. Number of Services by meter size: 1995 1996

Meter Size	1995	1996
5/8 x 3/4 inch	1,056	1,097
1	127	127
1 1/2	330	330
2	450	450
3	7	7
4	2	2
6	0	0
8	0	0
10	0	0
Total	1,270	1,311

11. Metered Sales (KCcf)

All	393.3	403.9
-----	-------	-------

12. Number of Service and Usage

	No. of Service		Usage - Kccf		Ave Usage - ccf	
	1995	1996	1995	1996	1995	1996
Commercial	1,224	1,265	346.1	357.7	282.8	282.8
Public Authority	46	46	47.2	46.2	1,026.1	1,004.3
Industrial	0	0	0.	0.	0.	0.
Other	0	0	0.	0.	0.	0.
Subtotal	1,270	1,311	393.3	403.9		
Flat Rate resi	938	907	328.5	317.6	350.2	350.2
Priv Fire Prot	17	17				
Public Fire Prot	5	5				
Total	2,230	2,240				
Raw water sales			0.	0.		
Water Loss	8.00%		62.8	62.7		
Total Water Produced			784.6	784.2		

APPENDIX C-6
 Page 4
 THE California Water Service Company
 Willows District

Adopted Quantities

13. Number of flat rate services by lot size:

	1995	1996
6,000 sq. ft. or less	207	200
6,001 to 10,000 sq. ft.	470	455
10,001 to 16,000 sq. ft.	231	223
16,001 to 25,000 sq. ft.	30	29
Subtotal	938	907
Additional unit	6	6
	<u>1,370</u>	<u>1,312</u>

(Kc) Metered Sales (Kc)

103.3 333.3

All

12. Number of Service and Usage

Usage - Kc	1995		1996		No. of Service	Usage - Kc
	1995	1996	1995	1996		
Commercial	1,000.0	1,000.0	1,000.0	1,000.0	46	46
Public Authority	0.0	0.0	0.0	0.0	0	0
Industrial	0.0	0.0	0.0	0.0	0	0
Other	0.0	0.0	0.0	0.0	0	0
Subtotal	1,000.0	1,000.0	1,000.0	1,000.0	46	46
Flat Rate	320.2	317.6	328.2	333.3	907	907
Public Fire Prot	0.0	0.0	0.0	0.0	2	2
Private Fire Prot	0.0	0.0	0.0	0.0	17	17
Total	1,320.2	1,317.6	1,328.2	1,333.3	972	972
Raw water sales	8.002	8.002	8.002	8.002		
Water loss	0.0	0.0	0.0	0.0		
Total Water Produced	8.002	8.002	8.002	8.002		

(END OF APPENDIX C-6)

GENERAL OFFICE

PLANT ADDITIONS BY YEAR

BUDGET CATEGORY	1994	1995	1996
LAND	\$0	\$0	\$0
LAND - NON SPECIFICS	0	0	0
STRUCTURES	61,500	45,000	27,000
STRUCTURES - NON SPECIFICS	76,400	81,900	87,800
WELLS	0	0	0
WELLS -- NON SPECIFICS	0	0	0
STORAGE RES. & TANKS	0	0	0
STORAGE - NON SPECIFICS	0	0	0
PUMPING	35,000	77,500	75,400
PUMPING -- NON SPECIFICS	0	0	0
WATER QUALITY	0	0	0
WATER QUALITY -- NON SPEC.	0	300	300
DISTRIBUTION MAINS	0	0	0
DISTRIBUTION MAINS -- NON SPECS.	0	0	0
MAINS DUE TO STREET IMPROV.	0	0	0
SERVICES	0	0	0
SERVICES + NON SPECIFICS	0	0	0
METERS	0	0	0
METERS - NON SPECIFICS	0	0	0
HYDRANTS	0	0	0
AUTOMOBILES	161,800	206,500	241,300
MISCELLANEOUS FIELD EQUIP.	142,200	250,100	59,600
OFFICE EQUIPMENT	355,000	496,200	326,500
GENERAL EQUIP. -- NON SPECS.	127,600	137,000	146,700
INTANGIBLE PLANT	0	0	0

TOTAL 1994: \$959,800; 1995: \$1,294,500; 1996: \$964,600

GENERAL OFFICE STIPULATED PLANT ADDITIONS

	1994	1995	1996
ORIGINAL CWS PLANT ADDITIONS	\$959.8	\$1,294.5	\$964.6
STIPULATED ADJUSTMENTS			
NON SPECIFICS -- 28 STRUCTURES ALLOW 65%		\$28.7	\$30.7
NON SPECIFICS -- 38 EQUIPMENT ALLOW 65%		\$48.0	\$51.3
POSPONE PURCHASE OF VEH. REPLACING VEH. NO 1899 84K		\$19.9	(\$20.6)
POSPONE PURCHASE OF VEH. REPLACING VEH. NO 2004 84K		\$19.9	(\$20.6)
POSPONE PURCHASE OF VEH. REPLACING VEH. NO 2042 94K		\$24.8	(\$25.8)
POSPONE PURCHASE OF ADDITIONAL VEH. (W.Q.)		\$19.9	(\$20.6)
POSPONE PURCHASE OF VEH. REPLACING VEH. NO 2003 83K			\$20.6
POSPONE PURCHASE OF VEH. REPLACING VEH. NO 2041 87K			\$20.6
POSPONE PURCHASE OF VEH. REPLACING VEH. NO 2209 85K			\$20.6
COLOR REPRODUCTION EQUIPMENT			\$41.2
DISALLOW 40% LASER PRINTER (I.S.)		\$64.8	
DISALLOW 35% OFFICE EQUIP.		\$121.5	\$78.2
CWS ADJUSTMENT IN FINAL ADVANCE BUDGETS		(\$109.3)	(\$25.9)
TOTAL ADJUSTMENTS	\$0.0	\$238.2	\$149.7
STIPULATED PLANT ADDITIONS	\$959.8	\$1,056.3	\$814.9
ORIGINAL D.R.A. PLANT ADDITIONS	\$959.8	\$766.6	\$470.0

TABLE 4E

**GENERAL OFFICE
 STIPULATED AGREEMENT WITH C.W.S. WORKING CAPITAL
 WEIGHTED AVERAGE RATE BASE**

(\$ IN THOUSANDS)

UTILITY PLANT
 G.O. EXECUTIVE VEH. RATE BASE ADJ.

TOTAL PLANT

DEPRECIATION RESERVE

NET UTILITY PLANT

DEDUCTIONS FROM RATE BASE

ADJUSTMENTS
 DEFERRED TAXES
 UNAMORTIZED I.T.C.

TOTAL DEDUCTIONS

ADDITIONS TO RATE BASE

WORKING CAPITAL
 TAXES ON ADVANCES
 TAXES ON CIAC

TOTAL ADDITIONS

GENERAL OFFICE RATE BASE

STIPULATED BY THE GENERAL OFFICE
 OFFICE OF THE ATTORNEY GENERAL

SOURCE	ESTIMATED YEARS		
	1994	1995	1996
TBL 4B	\$15,666.5	\$16,489.7	\$17,172.8
DRA TBL	0.0	(105.5)	(48.1)
TOTAL PLANT	15,666.5	16,384.2	17,124.7
DEPRECIATION RESERVE	3,560.9	4,592.0	5,636.6
NET UTILITY PLANT	12,105.6	11,792.2	11,488.1
ADJUSTMENTS	0.0	0.0	0.0
DEFERRED TAXES	916.7	919.6	958.0
UNAMORTIZED I.T.C.	108.8	105.7	102.6
TOTAL DEDUCTIONS	1,025.5	1,025.3	1,060.6

(440.4)	(440.4)	(440.4)
0.0	0.0	0.0
0.0	0.0	0.0
(440.4)	(440.4)	(440.4)
\$10,639.7	\$10,326.6	\$9,987.1

TROUCHE
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GENERAL OFFICE
ALLOCATIONS OF EXPENSES AND WEIGHTED AVERAGE RATE BASE

TABLE 6-B1a

	YEAR 1994 ESTIMATED						GENERAL OPERATIONS
	(DOLLARS IN THOUSANDS)						
	DIX	LAS	MRL	SSF	OTHER DIST.		
ALLOCATION %	0.71%	5.39%	0.96%	3.85%	85.25%		100.00%
O & M EXPENSES, \$1,000							
PAYROLL	11.7	89.1	15.9	63.6	1,409.2		1,653.0
OTHER	5.4	40.7	7.2	29.0	643.1		754.3
TOTAL	17.1	129.8	23.1	92.6	2,052.3		2,407.3
ADMINISTRATIVE & GENERAL EXPENSES							
PAYROLL	26.0	197.4	35.2	141.0	3,122.0		3,662.2
EMPLOYEE BENEFITS	39.1	296.9	62.9	212.1	4,696.1		5,508.7
OTHER	26.3	199.7	35.6	142.6	3,158.4		3,704.9
TOTAL	91.4	694.0	123.7	495.7	10,976.5		12,875.8
TAXES CHARGED TO EXPENSE							
AD VAL & BUS LIC	1.0	7.3	1.3	5.2	115.9		135.9
SOCIAL SECURITY	2.7	20.7	3.7	14.8	326.8		383.6
TOTAL	3.7	28.0	5.0	20.0	442.7		519.4
DEPRECIATION EXPENSE	8.4	64.0	11.4	45.7	1,012.7		1,187.8
TOTAL EXPENSES ALLOCATED							
INCL. DEPRECIATION	120.6	915.8	163.2	654.0	14,484.2		16,990.3
EXCL. DEPRECIATION	112.2	851.8	151.8	608.3	13,471.5		15,802.5
WEIGHTED AVERAGE RATE BASE							
UTILITY PLANT	111.2	844.4	150.4	603.2	13,355.7		15,666.5
WORKING CAPITAL	(3.1)	(23.7)	(4.2)	(17.0)	(375.5)		(440.4)
DEFERRED ITEMS	7.3	55.3	9.8	39.5	874.2		1,025.5
DEPRECIATION RES.	25.3	191.9	34.2	137.1	3,035.7		3,560.9
RATE BASE	75.5	573.5	102.2	409.6	9,070.3		10,639.7

Y:\A940909\010\010\APPENDIX C-7

CALIFORNIA WATER SERVICE COMPANY

GENERAL OFFICE EXPENSES

DRA/CWS Settlement

\$1,000

	Stipulated 1996	Base Amount	1997		1998	
			Escalation Factor	Total	Escalation Factor	Total
General Office Expenses						
Payroll	5,415.1	5,734.2	L			
Transportation	188.0	243.0	C			
Source of Supply	(3.5)	(3.5)	C			
Pumping	2.0	2.0	C			
Water Treatment	(61.8)	(61.8)	C			
Transmission & Distribution	110.4	110.4	C			
Customer Accounting	557.1	628.7	C			
Conservation	.7	.7	C			
Stores	(.7)	(.7)	C			
Purchased Services	25.3	25.3	C			
Office Supplies	1,115.5	1,115.5	C			
Property Insurance	24.3	24.3	C			
Injuries & Damages	1,576.9	1,576.9	C			
Pensions & Benefits	5,060.0	5,060.0	L			
Franchise Requirements	.8	.8	C			
Regulatory Commission Expenses	56.8	108.9	C			
Outside Services	262.5	262.5	C			
Misc. Gen. Expenses	676.5	676.5	C			
Dues & Donation Adj.	(76.3)	(76.3)		(76.3)	(76.3)	
Maint. of Gen. Plant	135.2	135.2	C			
Amort 1993-2000 D93-01025	38.1	38.1		38.1	38.1	
AD Valorem Taxes	135.1	135.1				
Payroll Taxes	383.7	406.3				
Business License	2.7	2.7				
Depreciation Expenses	1,321.9	1,321.9				
Total Expenses	16,946.3	17,466.7				
Stipulated Adjustment				(250.0)	(250.0)	

L- Labor
C-Composite Non-Labor

CALIFORNIA WATER SERVICE CO.

WP 4-C3

RESERVES

SHAREHOLDER FUNDED RATEPAYER FUNDED WORKPAPER REFERENCE

\$1,070

RESERVES 1981

GROUP HEALTH PLAN	Estimated 1981	Estimated 1980	\$283,313	WP4 - C3a
WORKERS' COMPENSATION			\$85,126	WP4 - C3a
INJURIES AND DAMAGES	243,000	\$812,905	\$251,395	WP4 - C3b
TOTAL	243,000	\$1,095,810	\$619,834	
ADDITION TO WORKING CASH (SHAREHOLDER FUNDED RESERVES)	(818)	(818)	(\$619,834)	
MINUS RATEPAYER FUNDED RESERVES			(\$619,819)	
	7	7		
	(7)	(7)		
	283	283		
	1,118	1,118		
	243	243		
	1,270	1,270		
	2,000	2,000		
	8	8		
	108	28		
	282	282		
	278	278		
	(78)	(78)		
	132	132		
	381	381		
	132	132		
	408	383		
	27	27		
	1,329	1,329		
	17,487	18,413		
	(1500)	(1500)		

C-Composite Worksheet II - Epcor

Injuries & Damages Reserve Account Refund Schedule

DISTRICT	Dec '93 4-FACTOR	TOTAL REFUND AMOUNT
BK	13.48%	\$109,667
BG	6.06%	\$49,275
CH	5.61%	\$45,577
DIX	0.71%	\$5,747
ELA	7.78%	\$63,235
HR	6.35%	\$51,579
KC	0.60%	\$4,842
LIV	3.90%	\$31,698
LAS	5.40%	\$43,861
MRL	0.96%	\$7,797
ORO	1.42%	\$11,524
PV	8.55%	\$69,488
SLN	5.98%	\$48,636
MID	8.64%	\$70,268
SEL	1.23%	\$9,973
SSF	3.85%	\$31,260
STK	9.83%	\$79,916
VIS	5.83%	\$47,408
WLK	3.20%	\$26,029
WIL	0.64%	\$5,224
TOTAL	100.00%	\$812,905

The above information is based on the most current information available as of the date of this report.

INFORMATION FOR CUSTOMER SERVICE

DISTRICT
 BK
 BG
 CH
 DIX
 ELA
 HR
 KC
 LIV
 LAS
 MRL
 ORO
 PV
 SLN
 MID
 SEL
 SSF
 STK
 VIS
 WLK
 WIL

District	Customer Projections *					Refund Amount Per CUSTOMER Per MONTH				
	1995	1996	1997	1998	1999	1995	1996	1997	1998	1999
Dixon	2,676	2,691	2,706	2,721	2,736	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04
Los Altos - Suburban	17,414	17,414	17,414	17,414	17,414	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04
Marysville	3,759	3,758	3,757	3,756	3,755	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
South San Francisco	14,853	14,886	14,919	14,952	14,985	\$0.04	\$0.03	\$0.03	\$0.03	\$0.03
Westlake	6,604	6,617	6,630	6,643	6,656	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07
Willows	2,208	2,218	2,228	2,238	2,248	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04

*Customer Projections based upon stipulated customers for 1995 & 1996. Additional years based on growth from 1995 to 1996.

JATOT

XE
GE
HO
XIC
ALE
FHH
OX
VIL
SAJ
JSM
ORO
VF
VLS
CIM
JES
FEE
XTC
SIV
XIW
JIV

%94.81
%90.8
%78.8
%77.0
%97.7
%85.8
%92.0
%92.8
%94.7
%82.8
%89.2
%49.3
%35.7
%28.9
%33.9
%39.2
%55.6
%46.0

FOTOA-A
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CALIFORNIA WATER SERVICE COMPANY
1994 GRC - LOST REVENUE RECOVERY SURCHARGES

DISTRICT	LOST REVENUE AMOUNT	STIPULATED SALES (CCF)	SURCHARGE/SURCREDIT PER CCF	
LAS	(\$88,230)	5,707,400	(\$0.0155)	surcredit
SSF	\$48,906	3,330,800	\$0.0147	surcharge
WLK	\$41,275	3,487,500	\$0.0118	surcharge

CALIFORNIA WATER SERVICE COMPANY
LOS ANGELES DISTRICT
LOS ANGELES DISTRICT
LOS ANGELES DISTRICT

	STIPULATED SALES (CCE) PER CCE	AMOUNT	DISTRICT
Los Altos Suburban District			
Conservation Lost Revenue 3/1/93 - 3/18/94		\$88,434	
Lost Rev. ROE Adjustment	2,707,400	(688,830)	1A2
Surcharges (no penalties)			
Uncollected Conservation Expenses	3,330,800	(520,000)	222
BALANCE	3,487,200	\$88,230	AKK

CALIFORNIA WATER SERVICE COMPANY
LOST REVENUE AND CONSERVATION EXPENSES

South San Francisco District

Conservation Lost Revenue 3/1/93 - 3/18/94 (\$41,019)
Lost Rev, ROE Adjustment
Surcharges, SURCREDITS
NOTE: Surcredit continues

Uncollected Conservation Expenses (\$7,887)
BALANCE (\$48,906)

UNDERCOLLECTED BALANCE

Uncollected Conservation Expenses

COMBINED BALANCE

**CALIFORNIA WATER SERVICE COMPANY
 WESTLAKE DISTRICT
 LOST REVENUE AND CONSERVATION EXPENSES**

Westlake District

Losses, since March 1, 1993	(241,012)	Conservation Lost Revenue 3/1/93 - 9/16/94	316,941
March 1, 1993 to September 1, 1993 for Lost Revenue entries		Lost Rev. ROE Adjustment	33,318
Lost Revenue	(183,12)	Surcharges, SURCHARGES	
ROE Adjustment	(27,897)	NOTE: Surcharge entries	
Surcharges 3/1/93 - 9/16/93		undercollected	
Penalties	(308,209)	Uncollected Conservation Expenses	8,645
			\$0
		BALANCE	
UNDERCOLLECTED BALANCE			(\$32,630)
Uncollected Conservation Expenses			(\$8,645)
COMBINED BALANCE			(\$41,275)

(END OF APPENDIX C-7)

LATE FILED EXHIBIT NO. 23

California Water Service Company (Cal Water) / Division of Ratepayer Advocates (DRA) Joint Stipulation in

A.94-09-010 A.94-09-011 A.94-09-012 A.94-09-013 A.94-09-014 A.94-09-015 Sales, Customers, and Revenues

Cal Water and DRA have reviewed and where appropriate modified commercial sales forecasts to reflect recent recorded data. Accordingly, DRA and Cal Water have agreed to the following commercial sales estimates:

Table with 2 columns: Location and Sales Estimate. Locations include Dixon, Los Altos, Marysville, South San Francisco, and Westlake. Estimates range from 183.1 to 496.0 ccf.

Including 28 customers transferred to reclaimed water service

Table with 2 columns: Location and Sales Estimate. Locations include Willows. Estimates include 282.8 ccf/metered cust and 350.2 ccf/flat rate cust.

In accordance with the Commission staff's Standard Practice U-25, GUIDE TO THE USE OF COMPUTER PROGRAMS FOR ESTIMATING WATER CONSUMPTION AND REVENUES, dated April 1, 1977, DRA and Cal Water agree that the above sales forecasts should be adopted for test years 1995 and 1996.

For all customer classes except commercial DRA accepts the sales and revenues estimates shown in Cal Water's Report on the Results of Operation for each district

DRA has reviewed its calculations of flat rate customers in Marysville and agrees that due to the closure of the flat rate schedule to new connections in 1992 no increase in flat rate customers should be reflected. Accordingly, DRA accepts Cal Water's estimates of commercial flat rate customers.

Table with 2 columns: Year and Customer Count. Locations include Marysville. Years 1995 and 1996. Customer counts are 2,656 and 2,644 respectively.

Except for commercial customers in the Westlake district DRA accepts the customer estimates shown in Cal Water's Report on the Results of Operation for each district. For the Westlake district Cal Water agrees with DRA's estimated commercial customers as shown below:

Westlake		
1995	6,460	commercial customers
1996	6,473	commercial customers

The present rate revenues shown in this joint Stipulation reflect rates effective June 3, 1994. However, DRA and Cal Water recommend that the Commission's authorized rates reflect rate changes subsequent to June 3, 1994. To date the following rate changes have been authorized since June 3, 1994:

District	Amount	Effective
Dixon	\$ (13,900)	1/1/95
Los Altos	\$ 155,800	1/1/95
Marysville	\$ 9,900	1/1/95
S.S. Francisco	\$ 90,600	1/1/95
Westlake	\$ 35,200	7/8/94
Willows	\$ 142,600	9/15/94
	\$ (4,000)	1/1/95

General Office Expenses

Cal Water has reviewed DRA's general office expense forecasts which reflect more recent recorded data, and accepts the following DRA estimates as shown in its Report on the General Office of California Water Service Company dated January, 1995, Table 2.

1995

All expenses except purchased services, pension and benefits, dues and donations, and ad valorem taxes.

DRA accepted expenses \$11,210,000. DRA has reviewed the calculations of flat rate customers in Marysville and agrees that due to the closure of the flat rate schedule to new connections in 1992 no increase in flat rate customers should be reflected. Accordingly, DRA accepts Cal Water's estimates of commercial flat rate customers.

Marysville	1995	2,626 commercial flat rate customers
	1996	2,644 commercial flat rate customers

1996

1,000,000	Source of supply, pumping, water treatment, transmission & distribution	1
1,000,000	conservation, stores, office supplies	2
1,000,000	property insurance, injuries and damages, franchise requirements, outside services, miscellaneous general expenses, maintenance of general plant, D.93-01-025 amortization, and business license	3
1,000,000		4
1,000,000		5
1,000,000		6
1,000,000		7
1,000,000		8
1,000,000		9
1,000,000		10
1,000,000		11
1,000,000		12
1,000,000		13
1,000,000		14
1,000,000		15
1,000,000		16
1,000,000		17
1,000,000		18
1,000,000		19
1,000,000		20
1,000,000		21
1,000,000		22
1,000,000		23
1,000,000		24
1,000,000		25
1,000,000		26
1,000,000		27
1,000,000		28
1,000,000		29
1,000,000		30
1,000,000		31
1,000,000		32
1,000,000		33
1,000,000		34
1,000,000		35
1,000,000		36
1,000,000		37
1,000,000		38
1,000,000		39
1,000,000		40
1,000,000		41
1,000,000		42
1,000,000		43
1,000,000		44
1,000,000		45
1,000,000		46
1,000,000		47
1,000,000		48
1,000,000		49
1,000,000		50
1,000,000		51
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Cal Water accepted expenses of \$3,879,600. With respect to the remaining general office expenses, after extensive discussions and further analysis, DRA and Cal Water have reached agreements which they believe fairly represent each party's position. The agreed upon estimates are shown below:

1	Payroll	\$5,415,100
2	Transportation	188,000
3	Customer Accounts	557,100
4	Purchased services	24,600
5	Pensions and Benefits	4,858,000
6	Regulatory Commission	56,800
7	Dues and Donations	(767,300)
8	Ad Valorem Taxes	135,100
9	Payroll Taxes	383,700
10	Depreciation	1,321,900
	DRA accepted expenses	11,210,000
	Total General Office	\$16,016,300

Cal Water and DRA reevaluated their proposed plant additions in light of DRA's recommended deferrals and Cal Water's specific project justification. Below are the agreed upon adjustments to Cal Water's proposed plant additions reflected in the General Report on the Results of Operation of the California Water Service Company, dated July, 1994, and detailed in Cal Water's workpapers.

	1995	1996
1. Vehicles	\$ 84,500	\$(25,800)
2. Laser Printer	64,800	
3. Reproduction Equipment		41,200
4. Structures	28,700	30,700
5. Office Equipment	169,500	129,500
6. Budget Adjustment	(109,300)	(25,900)
Total Plant Additions Adjustment	\$238,200	\$149,700

Cal Water has agreed to withdraw its request to include \$856,000 in rate base for the general office parking lot. Additionally, DRA agrees that the showing in Cal Water's General Office Report on the Results of Operation of the California Water Service Company, dated July, 1994, provides the personal use of vehicle data as set forth in the Commission's guidelines detailed in D.90-02-042 and D.91-12-023. However, DRA and Cal Water have agreed to a disallowance in rate base and expenses for 1995 and 1996 and a disallowance for future general rate cases limiting the personal use of vehicle expenses to 8,000 miles/year. DRA is entering into this agreement to avoid litigation and to settle this proceeding. However, DRA continues to believe that the salary levels at Cal Water are sufficient, and that this additional perquisite is not needed.

Cal Water and DRA agree to resolve the injuries and damages Reserve account issue by refunding to ratepayers the amount in dispute, \$812,905. In D.93-01-025 the Commission concluded that the injuries and damages Reserve account should be deducted from Cal Water's rate base. DRA and Cal Water agree that refunding the disputed amount is consistent with D.93-01-025 in which the Commission determined that ratepayers should be credited with the amounts in the account. Accordingly, Cal Water agrees to refund ratepayers \$812,905 through surcredits as shown in the Injuries and Damages Reserve Refund table attached. The surcredits should become effective with the next general rate decision for each district and remain in effect for five years. Furthermore, the surcredits should be based on estimated customers to minimize any over or under refunds. DRA and Cal Water also agree that \$812,905 included in the injuries and damages Reserve account on Cal Water's books should be deducted from the injuries and damages Reserve account when the account is used for ratemaking.

District Expenses

Water Treatment

DRA has reviewed Cal Water's consultant's proposal to prepare studies in compliance with the Safe Drinking Water Act's lead and copper rule and agrees to include 40% of the consultant's cost estimates in 1996. The amounts which should be added to DRA's water treatment estimates in its Report on the Results of Operation for each district is shown below:

District	1995	1996
Dixon	\$42,800	\$0
Los Altos	\$12,000	\$3,000
Marysville		\$1,000
South San Francisco		\$1,000
Westlake	\$50,000	\$1,000
Willows	\$13,000	\$1,000

Contract Maintenance

Cal Water agrees to DRA's contract maintenance estimates as shown in DRA's district reports except for Westlake. DRA and Cal Water agree that the following estimates are representative of the historical data for Westlake.

District	1995	1996
Westlake	\$51,800	\$69,400

DRA and Cal Water have revised their estimates for A&G Nonspecifics in Los Altos, South San Francisco, and Willows districts. The agreed upon estimates are shown below. Cal Water agrees to DRA's A&G nonspecific estimates as shown in DRA's district reports except for Dixon. DRA and Cal Water agree that the following estimates are representative of historical data for the Dixon district.

District	1995	1996
Dixon	\$31,500	\$10,000
Los Altos	\$242,200	
Marysville	\$73,700	
South San Francisco	\$342,000	
Westlake	\$132,000	
Willows	\$44,000	

Cal Water agrees to DRA's transportation estimates for the Dixon, Marysville, and Willows districts, however, DRA agrees to minor adjustments in other districts to reflect historical growth. The agreed upon transportation estimates are shown below:

Report on the Results of Operation for California Water Service Company for each district except for the following items which DRA and Cal Water agree to include:

	1995	1996
Dixon		
Operation	\$ 6,600	\$ 6,800
Maintenance	\$ 3,500	\$ 3,600
Los Altos		
Operation	\$63,800	\$65,800
Maintenance	\$15,700	\$16,200
Marysville		
Operation	\$16,200	\$17,000
Maintenance	\$ 5,000	\$ 5,100
So. San Francisco		
Operation	\$42,800	\$44,100
Maintenance	\$13,600	\$14,000
Westlake		
Operation	\$20,000	\$20,600
Maintenance	\$13,100	\$13,900
Willows		
Operation	\$ 9,400	\$ 9,700
Maintenance	\$ 700	\$ 700

District Plant Cal Water agrees to DRA's estimate of maintenance for Westlake. DRA shows in DRA's district reports except for Westlake. DRA and Cal Water agree that the following items are representative of the historical data for Westlake.

Cal Water accepts DRA's estimates in Dixon, Marysville, and Westlake as shown in DRA's Report on the Results of Operation for California Water Service Company for each district. In Los Altos, South San Francisco, and Willows DRA and Cal Water have revised their estimates to more accurately reflect recorded data. The agreed upon nonspecific additions are shown below:

	1995	1996
Dixon	\$ 31,500	\$ 33,400
Los Altos	\$242,900	\$258,000
Marysville	\$ 73,700	\$ 78,900
So. San Francisco	\$345,600	\$368,800
Westlake	\$132,000	\$140,200
Willows	\$ 44,000	\$ 47,100

Cal Water agrees to DRA's transportation estimates for the Specific Plant Additions in Dixon, Marysville, and Willows districts and minor adjustments in other districts to reflect Cal Water accepts DRA's adjustments as set forth in its Report on the Results of Operation for California Water Service Company for each district except for the following items which DRA and Cal Water agree to include.

Dixon \$2,000 commercial office workstation (1995)
 \$22,900 Jackson Street main replacement (1995)

Los Altos \$9,000 wireless data equipment (1995)
 Westlake \$25,000 SCADA system (1995)
 \$16,800 pump controller (1995)

Willows \$24,000 Adam Street main replacement (1995)
 \$2,500 commercial office workstation (1995)

Other Issues

DRA and Cal Water agree that the Dixon rate increase should be limited to no more than 14% for 1995.
 Cal Water agrees to accept DRA's ad valorem tax estimating methodology which applies the 1993 tax rate to plant without escalation.

Cal Water and DRA agree to pay dues adjustment for AWWA and NAWCA. The adjustment reflects lobbying expenses which are not an allowable tax deduction.
 Cal Water agrees with DRA's estimated conservation expenses as shown in its district reports except for the school education program.
 Cal Water and DRA agree to the following annual conservation expenses for Cal Water's school education program for 1995 and 1996:

- Dixon \$500
- Los Altos \$300
- Marysville \$500
- SS San Francisco \$500
- Westlake \$500
- Willows \$500

DRA has reviewed Cal Water's lost revenues and conservation expenses in its voluntary conservation account from March 1, 1993 through March 14, 1994 in the Los Altos, South San Francisco, and Westlake districts. Accordingly, DRA and Cal Water agree that the amounts shown below should be included in rates as surcharges or surcredits as appropriate.

Cal Water agrees to withdraw its request in A.94-09-012 for authority to establish a memorandum account to track costs associated with development of a water management plan for the Colma Creek Basin groundwater supply.

In the Marysville and Willows Report on the Results of Operation Cal Water submitted revised service area maps expanding its service area to reflect water service to new developments. DRA takes no position with respect to Cal Water's revised service area maps. However, DRA has forwarded copies of the revised service area maps to the Commission's Advisory and Compliance Division (CACD) and recommends the Commission seek CACD's advice in this matter.

In A.94-09-015 Cal Water requests authorization to file an advice letter seeking to include in rates the revenue requirement associated with capital improvements needed to maintain the integrity of the Harris Reservoir. Cal Water's consultant is considering tank lining as a possible solution at an estimated cost of \$200,000. However, the timing of any capital improvements and the final cost is uncertain. Accordingly, Cal Water and DRA agree that the Commission should authorize Cal Water to file an advice letter for capital improvements associated with the Harris Reservoir. The advice letter should be filed in accordance with the advice letter procedures for capital improvements adopted in D.94-07-047.

Cal Water and DRA agree to apply this stipulation to the general office plant and expenses for Cal Water's general rate increase applications scheduled to be filed in 1995 and 1996. Accordingly, Cal Water and DRA agree to estimate test year 1997 and 1998 general office expenses by escalating the expenses shown in the attached table as the base 1997 general office expenses by the appropriate labor and non-labor escalation rates for 1997 and 1998 and deducting \$250,000 from each year's total estimated expenses. The appropriate non-labor escalation rates will be developed using DRA's composite escalation methodology. The appropriate labor escalation rates will be determined in the future general rate proceedings.

Cal Water and DRA agree that stipulated plant additions for 1997 should be \$895,000. The 1998 test year will be estimated by escalating the 1997 plant additions by the appropriate non-labor escalation rate developed using DRA's composite escalation methodology. The escalation rate will be determined in Cal Water's 1997 general rate proceeding. Cal Water agrees with DRA's recommendation to split the gain on sale 50-50 between ratepayers and shareholders for three properties sold in the Los Altos district. The net gain is

\$49,857 half of which Cal Water and DRA agree should be placed in a memorandum account as authorized in D.94-09-032.

Cal Water agrees to propose the combining of its San Francisco Peninsula districts for ratemaking in its next general rate case filing for the Bear Gulch and Mid-Peninsula districts. Cal Water will address in that filing the combining of the Bear Gulch and Mid-Peninsula districts into one ratemaking district. Furthermore, Cal Water will propose adding the South San Francisco district to the new combined district either in its 1997 South San Francisco district general rate case filing or its 1998 .

(END OF APPENDIX D)