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Decision PROPOSED DECISION OF ALJ WALKER (Mailed 5/9/96)

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 Stockton District.)

Application 95-09-005
(Filed September 8, 1995)

ORIGINAL

And Related Matters.)

Application 95-09-006
Application 95-09-007
Application 95-09-008
Application 95-09-009

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Attorneys at Law, for California Water
Service Company, applicant.

Donald Maynor, Attorney at Law, and Desi
Alvarez, for City of Redondo Beach; and
Paul D. Jones II, for the West Basin
Municipal Water District, interested
parties.

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Rahman, for the Division of Ratepayer
Advocates.

INTERIM OPINION

1. Summary

This decision authorizes rate changes for California
Water Service Company (CWS) to increase revenues in five of its
districts as follows:

AUTHORIZED REVENUE INCREASE
(Dollars in Thousands)

<u>District</u>	<u>1996</u>	<u>%</u>	<u>1997</u>	<u>%</u>	<u>1998</u>	<u>%</u>	<u>1999</u>	<u>%</u>
Bakersfield	\$2,471.7	12.2	\$ 557.3	2.4	\$ 518.2	2.2	\$ 540.9	2.3
East Los Angeles	938.9	6.7	144.5	1.0	169.9	1.1	180.9	1.2
Hermosa-Redondo	2,700.8	24.3	(45.1)	(0.3)	248.5	1.8	259.9	1.9
Stockton	601.6	4.5	362.0	2.5	327.2	2.3	341.7	2.3
Visalia	<u>1,040.1</u>	16.3	<u>201.8</u>	2.7	<u>77.2</u>	1.0	<u>85.7</u>	1.1
Total	\$7,753.1		\$1,220.5		\$1,341.0		\$1,409.1	

These changes are based on a rate of return on CWS rate base of 9.32% for 1996, 9.28% for 1997, and 9.25% for the years 1998 and 1999. The rate of return on common equity is reduced from its current 11.05% to 10.3%.¹ CWS had sought a total revenue increase of \$12,706,700, or 19.5%, for these five districts for 1996 over rates that were in effect on June 1, 1995. Our order today authorizes a revenue increase of \$7,753,100, or 8.33%, for the five districts for 1996.² The authorized rates are made

¹ The return on equity is slightly less than that approved by the Commission in three Class A water company rate decisions in December 1995. In California-American Water Co., Decision (D.) 95-12-041, we granted a 10.5% return on equity; in Park Water Company (Apple Valley), D.95-12-028, 10.4%, and in Southern California Water Company, D.95-12-027, 10.4%.

² The rate increases authorized today include step increases authorized in January 1996 and, in the Hermosa-Redondo District, a \$1,085,400 offset increase for purchased water that was authorized in November 1996. The 1996 increases authorized over rates in effect on January 1, 1996, are Bakersfield, \$2,017,000; East Los Angeles, \$722,200; Hermosa-Redondo, \$1,413,300; Stockton, \$275,300; and Visalia, \$998,200.

subject to refund, pending a Phase 2 examination of service area changes and water system acquisitions proposed by the utility.

When in place, the new rates will change the monthly charge for the average residential consumer in these districts as follows:

<u>District</u>	<u>July 1995 Rates</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
		<u>Amount/ % Change</u>	<u>Amount/ % Change</u>	<u>Amount/ % Change</u>	<u>Amount/ % Change</u>
Bakersfield	\$33.38	\$36.82 10.31%	\$37.55 1.98%	\$38.25 1.86%	\$38.95 1.37%
Hermosa- Redondo	\$34.28	\$38.83 13.27%	\$38.71 -0.31%	\$39.46 1.94%	\$40.21 1.90%
Stockton	\$22.09	\$22.93 3.80%	\$23.36 1.88%	\$23.86 2.14%	\$24.36 2.10%
East L.A.	\$27.71	\$29.34 5.90%	\$29.73 1.33%	\$30.05 1.07%	\$30.37 1.06%
Visalia	\$21.17	\$23.82 12.50%	\$24.42 2.52%	\$24.68 1.06%	\$24.94 1.05%

The 1996 rate increase for Hermosa-Redondo ratepayers reflects the increased cost of purchased water from the West Basin Municipal Water District during the time that CWS has closed three wells because of poor water quality. Two of the closed wells and one new well are expected to be in service by 1997. High rates in Bakersfield were attributed by CWS to lower-than-forecasted sales and planned costs of \$4 million over the next two years to replace mains and other facilities. Visalia rates reflect a 4% customer growth and only a 1.4% growth in revenues since 1994. Stockton rates are lower because CWS was able to draw more water at less cost than anticipated from the Stockton East Water District.

Summaries of earnings for test years 1996 and 1997 for each of the districts are set forth in Section 1 of Appendix A. Stipulated and adopted quantities for the two test years are set forth in Appendix C-1.

2. Procedural History

CWS in July 1995 filed its notice of intent to seek rate increases in these five districts. On September 8, 1995, it filed these applications. On November 6, 1995, the assigned administrative law judge (ALJ) consolidated the applications for hearing and set public participation hearings in each district. Through bill inserts, CWS notified ratepayers of the dates of hearings and of the proposed rate increases.

In its applications, CWS sought a 12.10% return on equity and rates of return on rate base averaging 10.32% for each of the four years. After investigation, the Commission's Division of Ratepayer Advocates (DRA) recommended lesser increases and some rate decreases in these districts, with a 9.90% return on equity and rates of return on rate base of 9.04% for 1996, 9.00% for 1997, 8.98% for 1997, and 8.97% for 1998. Table 1 below shows the percentage of increases sought by the utility, along with percentage of increases and decreases proposed by DRA.

Table 1

	<u>Test Years</u>				<u>Attrition Years</u>			
	<u>1996</u>		<u>1997</u>		<u>1998</u>		<u>1999</u>	
	<u>CWS</u>	<u>DRA</u>	<u>CWS</u>	<u>DRA</u>	<u>CWS</u>	<u>DRA</u>	<u>CWS</u>	<u>DRA</u>
Bakersfield	10.9%	5.9%	9.1%	2.4%	8.6%	0.7%	8.6%	0.7%
Hermosa- Redondo	18.6	13.0	6.8	(5.7)	6.4	(5.7)	6.4	(6.0)
Stockton	10.9	2.9	9.1	(0.7)	8.5	(1.3)	8.5	(1.3)
E. Los Angeles	12.2	2.0	7.3	0.6	5.8	0.3	5.8	0.4
Visalia	15.0	6.4	15.0	1.3	8.6	(0.6)	8.6	(0.5)

An evidentiary hearing was conducted on February 5, 1996, in San Francisco. At that time, the City of Redondo Beach (Redondo Beach) and the West Basin Municipal Water District (West Basin) intervened, seeking rate changes to encourage the use of reclaimed water in the Hermosa-Redondo District.

At the start of the evidentiary hearing, CWS and DRA announced that they were close to settlement on all issues, and they requested a continuance to the following month.³ CWS also announced tentative settlement of issues raised by Redondo Beach and West Basin. Accordingly, the hearing was continued to March 21, 1996, for the parties either to present their settlement agreements or to go forward with their witnesses.

On March 21, CWS reported that it had reached settlement on all issues with DRA but had not completed negotiations with Redondo Beach and West Basin. The hearing was continued to the next day, at which time CWS reported that it has reached agreement with Redondo Beach and West Basin. Motions to adopt the stipulations of settlement were submitted on April 2, 1996, and a final day of hearing to examine the settlement agreements was held on April 9, 1996, before the assigned commissioner, Henry M. Duque, and the ALJ. No party opposed the settlement agreements, and the applications were deemed submitted for decision on April 9.

3. Public Participation

Public participation hearings were held in December 1995 in East Los Angeles and in Hermosa Beach. In January 1996, public hearings were conducted in Stockton, Visalia, and Bakersfield. The

³ Continuance also was required because CWS, while notifying ratepayers of these applications through bill inserts, had failed to post newspaper notices required by Rule 24 of the Rules of Practice and Procedure. At hearing on February 5, CWS was directed to post the newspaper notices at shareholder expense, and DRA was directed to monitor customer responses to the notices.

hearings attracted approximately 150 customers, most of them objecting to the size of the utility's proposed rate increases at a time of what many saw as continued economic decline.⁴

In Bakersfield, customers also complained about the quality of their water. One resident said that he had to add scotch or bourbon to his water to overcome the taste of chlorine. Another resident said that she had ruined clothes because of the appearance of "brown water" in her washer four or five times a year. Utility representatives said that there was little they could do about chlorine, since its use responds to federal and state clean water requirements. They suggested that customers let water sit for a time until the chlorine dissipates. Discolored water, they said, was caused by manganese particles that break loose when a hydrant is opened or a well is changed. They said that the most economical way to deal with the problem was through flushing, and they promised a stepped-up flushing program in Bakersfield.

In Stockton, representatives and members of the California League of Food Processors objected to the utility's plan to eliminate a lower-cost second-tier rate for major water users. One processor said that large companies like Del Monte Foods may use 2-3 million gallons of water per day to process vegetables, and elimination of the second-tier rate would mean a 22½ increase in costs of water. Another processor that employs 200 people and uses 150 million gallons of water per year, said the proposal would increase his company's water costs from \$107,000 to \$130,000 annually. Processors said the cost of such an increase would have to be passed on to consumers or offset by employee layoffs. A

⁴ The Commission also has received and reviewed 125 letters and cards from ratepayers, the majority of them from the Bakersfield and Hermosa-Redondo districts, and virtually all of them objecting to any sizable increase in rates.

representative of the San Joaquin County Board of Supervisors said that the Board opposed elimination of the second-tier rate, adding that the county is economically depressed, with 13½ unemployment and a median income \$7,000 under the state average. "This is not Beverly Hills," he said. (Transcript, volume 1, p. 77.)

About a dozen customers used the opportunity of the public hearings to raise individual complaints, ranging from billing questions to concerns about a neighbor's waste of water. Utility representatives were directed to meet with each of these customers and report back to the DRA and to the Commission in writing on what had been done to respond to the complaints. The written reports were delivered at the evidentiary hearing and have been made part of the formal file in this proceeding.

3. Utility Overview

CWS owns and operates water systems in 20 operating districts throughout the state. As of December 31, 1995, CWS had total plant of approximately \$584 million, including plant under construction. The corporation serves 367,100 customers, employs 630 persons, and has a total gross operating revenue of approximately \$165 million. There were 6.2 million shares of common stock outstanding at the end of 1995, and earnings per share at year end were \$2.33.

The general office of CWS is located in San Jose. At this location CWS performs accounting, engineering, water quality control, purchasing, and customer billing functions for all districts. Expenses for the general office are annually allocated to each district using a ratio of certain district expenses to total expenses. The expenses used to derive the allocation percentage include plant, payroll, active service connections and direct operation, and maintenance.

4. District Profiles

A description of each CWS district and its regulatory history is contained in Chapters 2 and 3 of each district's report

sponsored by CWS in the evidentiary hearing. (Exhibits 3-7.) Each district is operated separately with separate accounting records and tariff schedules. In summary, these are the comparative characteristics of the districts in this proceeding:

	<u>Average No.*</u> <u>Connections</u>	<u>Plant</u> <u>In Service</u> (millions of \$)	<u>Operating</u> <u>Expenses</u>	<u>Total</u> <u>Operating</u> <u>Revenues</u>
Bakersfield	54,676	\$83.14	\$11.48	\$20.05
Hermosa-Redondo	24,880	30.27	8.18	10.92
Stockton	40,883	52.62	11.71	13.01
E. Los Angeles	26,340	36.06	12.25	13.39
Visalia	26,895	39.79	5.63	6.28

* Calculations are for test year 1996 at present rates as reported by the utility and include fire protection.

As part of its filing, CWS also filed urban water management plans for each of the five districts, recounting efforts to conserve water. Each of the plans describes the utility's public information programs, school education efforts, plumbing retrofit programs, water audits, and low-flow toilet programs. The Commission requires that the urban water management plans be reviewed as part of Class A water company general rate cases. (Drought Investigation, D.92-09-084, 45 CPUC2d 630 (1992).)

5. CWS/DRA Settlement Agreement

The settlement by CWS, DRA, and the California League of Food Processors, attached as Appendix A, would resolve all disputed issues between these parties. While terms of the settlement are set forth in detail in the appendix, we outline below some of the major issues and their proposed resolution.

5.1 Sales Forecast

Using a forecasting method called the Modified Bean Method that averages sales over 13 or more years, CWS had estimated

low sales growth in these districts, necessitating the need for higher unit rates. DRA used forecasts that added additional tracking for conservation and other variables, and it estimated higher sales. The parties agreed to use 1994 recorded sales data as the basis for 1996 and 1997 test year estimates, and they agreed to separately estimate residential and business class sales in Bakersfield and Visalia (rather than aggregate them) in an effort to improve accuracy. CWS agreed that future sales forecasts for all CWS districts will separately estimate residential and business sales in lieu of a combined commercial forecast.

5.2 New Employees

The utility had included money for 15 new positions in the four-year period, while DRA had estimated a need for only four new positions. The parties agreed to eight new positions and one part-time position. Five of the new positions will be in Bakersfield, where CWS seeks to improve customer service. One of the Bakersfield employees will help establish a valve maintenance program in Bakersfield to test and maintain water valves as a fire prevention measure. CWS will document results of the valve maintenance program to determine whether similar programs will be proposed for other districts.

5.3 Payroll

CWS had proposed pay increases, particularly in the clerical area, which it claimed would make salaries more competitive with those of other employers. DRA proposed reducing the size of those increases. The parties agreed to use the most recent union contract as a guide for granting most of the pay increases for non-union employees.

5.4 Conservation Expenses

CWS agreed to use most of DRA's estimates for conservation expenses, and the parties agreed that the utility will target low-income customers in its efforts to increase use of

ultra-low-flow toilets and plumbing retrofits. CWS agreed to monitor and evaluate cost effectiveness of the low-income program.

5.5 Stockton Commercial Building

CWS proposed to build a commercial office building at its existing field yard in Stockton at a cost of \$1 million. Currently, CWS rents commercial office space in that district. At DRA's urging, CWS agreed to postpone new construction and to continue renting, but the utility was authorized to spend up to \$400 a month more for more suitable rental space.

5.6 Capital Improvements

CWS had proposed capital improvement projects for the aging Bakersfield system. DRA opposed some of the expenditures. The parties agreed to main replacement projects, a new well, and implementation of a computer monitoring system. The parties also agreed to capital expenditures for wellhead treatment for two wells in the Hermosa-Redondo District to control manganese and iron bacteria, and for the construction of a new well. Three wells in the district have been closed because of poor quality of water, and this has increased purchased water costs. The parties also agreed on costs to install a new well in Visalia to replace one abandoned because of contamination.

5.7 Depreciation (Cost of Removal)

For each of its districts, CWS proposed including estimated costs of future removal of old mains, hydrants, and other equipment when they are replaced. According to the company, this would accelerate depreciation writeoff, thus increasing rates for current ratepayers, but also would reduce rate base (depreciated facilities are subtracted from rate base), resulting over time in lower rates for customers in the future. DRA opposed the new procedure, but it acknowledged that CWS was entitled to additional depreciation expense to bring it into line with other large water companies. The settlement permits CWS to increase depreciation accrual expense by an amount that, according to testimony at

hearings, brings CWS into the lower range of depreciation levels approved for other Class A water companies. According to testimony at hearing, the settlement of this issue adds about 50 cents per month to the average ratepayer's bill, as compared to depreciation levels originally proposed by DRA.

We believe that the record is insufficient for the Commission to conclude at this time that the CWS proposal for adding additional cost-of-removal expenses to depreciation is appropriate. The parties have agreed that DRA will study water industry depreciation further and, if necessary, recommend a generic hearing on the subject. Meanwhile, according to testimony at hearing, the parties agreed that CWS may increase depreciation by an amount that brings the utility into the lower range of what other Class A utilities now are claiming.

The settlement, however, phrases this compromise in terms of "an amount equivalent to 20% of the cost of removal originally requested by CWS." That characterization is imprecise, since the 20% also includes depreciation of additional facilities negotiated by CWS and DRA. More importantly, the characterization implies that the CWS proposal for including future removal costs in current depreciation would in some measure be accepted by this Commission in approving the settlement. That is not the case, nor could it be until we have more information before us.

Accordingly, we have amended this part of the settlement to change the words "by an amount equivalent to 20% of the cost of removal originally requested by CWS" to the words "by an amount shown below." The settlement amount here remains unchanged, because the testimony persuades us that the amount is reasonable, but the implication that we are adopting cost of removal in depreciation is deleted.

The parties were invited to comment on this change when the proposed decision was mailed to them and to indicate whether the change in the settlement agreement was acceptable to them.

5.8 Stockton Rate Design

The utility had proposed elimination of a second, lower, tier of water rates in the Stockton District. Large agricultural processors protested the change, arguing that it would raise costs prohibitively for them without affecting conservation, since the second tier is at a level that affects only the processors. The California League of Food Processors joined in the settlement with CWS and DRA that retains the lower-cost second tier of rates in Stockton and agrees that future changes to the second block generally should be the same percentage change as the first block.

5.9 Revision of Service Area Maps

CWS submitted updated service areas maps to reflect additions and deletions to its service territories in the Bakersfield, Hermosa/Redondo, and Visalia districts, including acquisition of other water systems. The settlement agreement proposes that these matters be handled by advice letter proceedings through the Commission Advisory and Compliance Division (CACD).

PU Code § 1001 requires that an extension of a water system into non-contiguous territory proceed by way of application for a certificate of public convenience and necessity. Extension of service into contiguous territory not served by a public utility of like character may be accomplished by filing of a revised service area map. Normally, any changes in rate base or rates caused by these extensions are reviewed and approved or disapproved in the utility's next general rate case, or the changes may be sought in a separate proceeding. (See Application of Alisal Water Corporation (1994) 53 CPUC2d 154, 157.)

Here, CWS seeks approval of new service area maps, along with approval of its acquisition of the Goshen Water System and the City of Visalia Industrial Water System in Visalia, and approval of an acquisition of the E. B. Hicks Water Co. in Bakersfield. Changes in rate base attributable to these acquisitions are incorporated in the settlement agreement on the assumption that new

service maps and acquisitions would be approved simultaneously with new rates.

Unfortunately, the record is silent as to justification for the service area changes and acquisitions. Similarly, there is no support for changes in rate base attributable to these changes. Clearly, the utility should have resolved its service map changes and acquisitions with CACD instead of presenting them as something to be dealt with summarily in a general rate case.

Since the Commission lacks a record to deal with service area changes and acquisitions, we have deleted that provision of the settlement agreement. Moreover, since rates set forth in the settlement agreement reflect some of these proposed changes, we have made our approval of the settlement an interim decision, subject to refund. We establish a second phase of this proceeding to deal with the service maps and acquisitions, and we direct the administrative law judge to conduct further hearings, as necessary, in order to develop a record with sufficient information for us to issue a final decision.

When the proposed decision was circulated, parties were invited to accept or reject this change in their settlement agreement.

6. Approval of Settlement Agreement

The settlement agreement of CWS, DRA, and the California League of Food Processors evidences a change from the initial positions of CWS and DRA resulting in rates that generally are lower than those originally proposed by the utility. No objections to the Appendix A settlement agreement were filed. The settlement agreement, as amended by our order today, is reasonable in light of the whole record, consistent with the law, and in the public interest. In addition, the settlement agreement meets Commission standards established in D.92-12-019, San Diego Gas & Electric Company's rate proceeding. Although not sponsored by all parties in the proceeding, the parties not signing do not oppose the

agreement. No statutory provisions are offended by the agreement and the terms are reasonable. The agreement provides sufficient information to permit us to discharge future regulatory obligations with respect to the parties and their interests. Therefore, we will adopt the agreement, as amended, subject to the concurrence of the parties.

7. CWS/Redondo Beach Settlement Agreement

Redondo Beach and West Basin became parties to this proceeding to seek changes in rates that would encourage the use of reclaimed water in the Hermosa-Redondo District. Currently, users of reclaimed water pay service charges both for potable water and for reclaimed water. Redondo Beach and West Basin sought elimination of one of these services charges, and lower rates for reclaimed water, in order to encourage use of this resource.

The parties, including DRA, have entered into a settlement agreement that is attached to this decision as Appendix D. The agreement eliminates the service charge for reclaimed water for those customers who also pay a service charge for potable water, and it reduces the rates charged for reclaimed water. The parties state that the impact on potable water revenues is minor, requiring only a 0.35% increase in present tariff rates.

No party opposes the Appendix D settlement agreement. The agreement shows promise of increasing the use of reclaimed water, reducing demand for potable water, increasing fire flows and protecting potable water supply during periods of drought. The settlement agreement is reasonable in light of the whole record. It is consistent with the law and effectively addresses the public interest. The settlement agreement meets Commission standards established in D.92-12-019. The agreement reflects the interests of the sponsoring parties. The agreement provides sufficient information to permit us to discharge future regulatory obligations with respect to the parties and their interests. Therefore, we will adopt it.

B. Comments on Proposed Decision

The proposed decision in this matter was mailed to the parties. The parties agreed to a 10-day comment period instead of the 30-day period prescribed by Public Utilities Code § 311(d).

Findings of Fact

1. On April 2, 1996, CWS, DRA, and the California League of Food Processors filed a settlement agreement attached as Appendix A. This agreement resolves all issues disputed by these parties. No party opposed the settlement agreement.

2. The Appendix A settlement agreement reduces the requested increases in rates for test years 1996 and 1997, and attrition years 1998 and 1999.

3. The Appendix A settlement agreement, as modified, meets the requirements of Article 13.5 (Stipulations and Settlements) of the Rules of Practice and Procedure.

4. The terms of the Appendix A settlement agreement, as modified, do not contravene any statutes or Commission decisions and convey sufficient information to enable the Commission to discharge its regulatory obligations.

5. The summaries of earnings for test years 1996 and 1997 included in the Appendix A settlement agreement set forth reasonable estimates of the levels of revenues and expenses likely to occur in those years.

6. A return on equity of 10.3% will allow CWS to maintain its current financial condition.

7. A return on equity of 10.3% will produce overall rates of return of 9.32% in 1996; 9.28% in 1997; 9.25% in 1998; and 9.25% in 1999.

8. On April 2, 1996, CWS, DRA, Redondo Beach, and West Basin filed a settlement agreement attached as Appendix D. This agreement resolves all disputed issues between CWS and Redondo Beach regarding rate structure for reclaimed water in the district. No party opposed the settlement agreement.

9. The Appendix D settlement agreement, as modified, does not contravene Commission policy or statutory law. It represents the interests of the sponsoring parties and a compromise on their part. It provides sufficient information for the Commission to carry out its regulatory obligations in the future. The terms of the agreement are reasonable and it is in the public interest to adopt it.

Conclusions of Law

1. The Appendix A settlement agreement is reasonable, is offered in compliance with Article 13.5 of the Rules of Practice and Procedure, and should be adopted as amended.

2. The Appendix D settlement agreement is reasonable, is offered in compliance with Article 13.5 of the Rules of Practice and Procedure, and should be adopted.

3. CWS rates should be increased to allow CWS the opportunity to earn rates of return of 9.32%, 9.28%, 9.25%, and 9.25% for the years 1996, 1997, 1998, and 1999, respectively.

4. The order should be signed today so that CWS may remain on its July rate case filing schedule.

5. Our order today should be made subject to refund pending a Phase 2 examination of service area changes and water system acquisitions proposed by the utility.

INTERIM ORDER

IT IS ORDERED that:

1. The settlement agreement between California Water Service Company (CWS), the Division of Ratepayer Advocates (DRA), and the California League of Food Processors, as amended, attached as Appendix A, is approved.

2. The settlement agreement between CWS, DRA, the City of Redondo Beach, and the West Basin Municipal Water District, attached as Appendix D, is approved.

3. CWS is authorized to file the revised schedule attached to this order as Appendix A-1 through A-5. 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 schedules shall apply to service rendered on or after the effective date, but not earlier than July 1, 1996.

4. On or after November 5, 1996, CWS is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increase for 1997 included in Appendix B-1 through B-5, or to file a proportionate lesser increase for those rates in Appendix B-1 through B-5 for Bakersfield, Hermosa-Redondo, Stockton, East Los Angeles, and Visalia 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) 9.32%. The requested step rates shall be reviewed by CACD to determine their conformity with this order and other Commission orders 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, 1997, 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 5, 1997, CWS is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increase for 1998 included in Appendix B-1 through B-5, or to file a proportionate lesser increase for those rates in Appendix B-1 through B-5 for Bakersfield, Hermosa-Redondo, Stockton, East Los Angeles, and Visalia 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) 9.28%. This filing shall comply with GO 96-A. The requested step rates shall be reviewed by the CACD to determine their conformity with this order and other Commission orders 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.

6. On or after November 5, 1998, CWS is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increase for 1999 included in Appendix B-1 through B-5, or to file a proportionate lesser increase for those rates in Appendix B-1 through B-5 for Bakersfield, Hermosa-Redondo, Stockton, East Los Angeles, and Visalia 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, 1998, 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) 9.25%. This filing shall comply with GO 96-A. The requested step rates shall be reviewed by the CACD to determine their conformity with this order and shall go into effect upon CACD's determination of conformity. CACD shall inform the Commission if it finds that the proposed step rates are not in accord with this decision or other Commission decisions. The effective date of the revised schedules shall be no earlier than January 1, 1999, or 30 days after filing,

whichever is later. The revised schedules shall apply only to service rendered on and after their effective date.

7. Rates approved in this order are made subject to refund pending a Phase 2 examination of, and Commission order regarding, service area changes and water system acquisitions proposed by CWS. The assigned administrative law judge is directed to conduct such further proceedings as are necessary to develop a record on these matters.

8. Applications 95-09-005, 95-09-006, 95-09-007, 95-09-008, and 95-09-009 shall remain open pending resolution of Phase 2 issues.

This order is effective today.

Dated _____, at San Francisco, California.

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	)	Application 95-09-005
in the Stockton District.	)	(Filed September 8, 1995)
_____)	
	)	Application 95-09-006
And Related Matters.	)	Application 95-09-007
	)	Application 95-09-008
_____	)	Application 95-09-009

STIPULATION

The parties ("Parties") to this stipulation now pending before the California Public Utilities Commission ("Commission") are Applicant California Water Service Company ("CWS"), the Division of Ratepayer Advocates ("DRA"), and the California League of Food Processors. The Parties, desiring to avoid the expense, inconvenience, and uncertainty attendant to litigation of the matters in dispute among them, have agreed upon these Stipulations which they now submit for approval.

In addition, since these Stipulations represent a compromise by them, the Parties have entered into each Stipulation on the basis that its approval by the Commission not be construed as an admission or concession by any Party regarding any fact or matter or law in dispute in this proceeding. Furthermore, the Parties intend that the approval of these Stipulations by the Commission not be construed as a precedent or statement of policy of any kind for or against any Parties in any current or future proceeding.

The Parties agree that no signatory to these Stipulations nor any member of the staff of the Commission assumes any personal liability as a result of these Stipulations. The Parties agree that no legal action may be brought by any party in any state or federal court, or any other forum, against any individual signatory representing the interests of DRA, attorneys representing DRA, or the DRA itself related to these Stipulations. All rights and remedies of the Parties are limited to those available before the Commission.

No Party to these Stipulations will provide, either privately or publicly, before this Commission any rationale or strategies for support of any compromises reached herein beyond any explicitly stated herein unless otherwise agreed to by all the Parties.

All issues between the Parties have been resolved. The Parties have agreed that no issues remain to be resolved through litigation. However, the issue of reclaimed water rates raised by the City of Redondo Beach and West Basin Municipal Water District, also Parties to this proceeding, is addressed in a separate settlement agreement. The following is a listing of the items jointly settled between Parties. Attached as Appendix A are tables which show DRA's and CWS' agreed upon estimates.

Cost of Capital

The Parties stipulate to a Rate of Return on Common Equity of 10.3%. Although this is a significant drop from the 11.05% last adopted for CWS, interest rates have come down substantially since that time.

CWS Original Position -	12.1 %
CPUC Staff Position -	9.9 %
Joint Settlement Position -	10.3 %

Sales and Revenues

CWS and DRA agree that 1994 recorded sales data for all contested customer classes for both 1996 and 1997 sales estimates fairly represents our respective positions as shown in the Parties' results of operation reports. DRA also agrees that 1994 recorded sales data for Hermosa - Redondo district's industrial customers appropriately reflects expected test year sales. CWS and DRA agree that 1994 recorded sales per customer should be disaggregated for the residential and business classes in Bakersfield and Visalia. DRA also agrees to reflect Los Angeles County's change from 21 one-inch irrigation meters to 2 two-inch meters. Finally, CWS and DRA agree that in the future sales forecasts for all CWS' districts will separately estimate residential and business sales and customers in lieu of a combined commercial forecast.

Sales per customer (Ccf per service - 1996)

District	Original Positions		Joint Settlement
	CWS	CPUC Staff	
BAK			
Comm. Metered	538.9 Ccf/sv	592.6 Ccf/ sv	552.1 Ccf/ sv
Public Authority	1,514.7 KCcf/yr	1,592.5 KCcf/yr	1,539.8 KCcf/yr
Residential Flat	449.9 Ccf/ sv	464.6 Ccf/ sv	464.6 Ccf/ sv
ELA			
Comm. Metered	240.4 Ccf/ sv	271.3 Ccf/ sv	257.9 Ccf/ sv
Industrial Metered	1,060.5 KCcf/yr	1,204.2 KCcf/yr	1,127.7 KCcf/yr
H/R			
Comm. Metered	207.1 Ccf/ sv	217.9 Ccf/ sv	214.8 Ccf/ sv
STK			
Comm. Metered	225.6 Ccf/ sv	257.0 Ccf/ sv	239.1 Ccf/ sv
Industrial Metered	1,686.5 KCcf/yr	2,364.9 KCcf/yr	1,888.1 KCcf/yr
VIS			
Comm. Metered	435.3 Ccf/ sv	501.9 Ccf/ sv	457.5 Ccf/ sv
Pub. Authority	282.3 KCcf/yr	360.1 KCcf/yr	292.4 KCcf/yr
Residential Flat	271.7 Ccf/ sv	299.9 Ccf/ sv	299.9 Ccf/ sv

New Employees

Originally, CWS requested a total of 15 new employees while DRA proposed 4 additional employees. The Parties agree to 8 1/2 new employees. One new employee is for establishing a valve maintenance program in Bakersfield. CWS will document the benefits of this program as justification for similar programs in other districts.

Payroll

DRA agrees to the most recent union contract wage increases for CWS employees with the exception of the 1996 equity adjustment (spot increase) for various company employees.

District	<u>Original Position - Payroll 1996</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
BAK	\$2,703.6	\$2,434.4	\$2,584.9
ELA	\$1,526.5	\$1,500.2	\$1,521.7
H/R	\$1,179.5	\$1,124.2	\$1,138.4
STK	\$2,215.9	\$2,178.5	\$2,193.2
VIS	\$1,381.5	\$1,288.8	\$1,339.5

Expenses

CWS agrees to all DRA estimates except for the items listed below. However, the expense levels of these items were settled as shown below:

Bakersfield**Administrative & General Non Specifics**

Year	<u>Original Position</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
1996	\$167.0	\$148.5	\$159.5
1997	\$171.4	\$152.4	\$163.4

Contract Maintenance

Year	<u>Original Position</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
1996	\$700.8	\$668.3	\$680.0
1997	\$749.2	\$683.3	\$710.0

Stockton**Purchased Chemicals**

Year	<u>Original Position</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
1996	\$41.0	\$32.9	\$37.0
1997	\$42.0	\$33.7	\$37.9

Administrative & General Non Specifics (Meals)

Year	<u>Original Position</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
1996	\$130.4	\$105.9	\$109.9
1997	\$133.9	\$108.7	\$112.7

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Transmission & Distribution			
Year	<u>Original Position</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
1996	\$72.4	\$66.2	\$69.3
1997	\$76.8	\$67.9	\$72.4
East Los Angeles			
Year	<u>Original Position</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
1996	\$84.2	\$71.4	\$76.4
1997	\$86.5	\$73.2	\$78.2
Hermosa - Redondo			
Year	<u>Original Position</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
1996	\$54.6	\$52.6	\$56.6
1997	\$56.0	\$53.9	\$57.9
Visalia			
Year	<u>Original Position</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
1996	\$82.0	\$63.5	\$68.5
1997	\$84.2	\$65.1	\$70.1

Conservation Expenses

DRA and CWS agree that expenses for the Ultra Low Flow Toilets and plumbing retrofits should be targeted toward low income customers. Additionally, the Parties agree that the water use for participants be monitored to evaluate the cost effectiveness of the low income program. CWS agrees to DRA's estimates for conservation expenses except for the following programs which were settled as follows:

Bakersfield

	<u>Original Position</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
Information	\$ 15,000	\$ 3,000	\$ 6,000
School Education	\$ 3,000	\$ 1,000	\$ 2,000
Ultra Low Flow Toilets	\$410,000	\$37,500	\$75,000

East Los Angeles

	<u>Original Position</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
Information	\$ 5,000	\$ 1,000	\$ 2,000
School Education	\$ 1,000	\$ 500	\$ 1,000
Ultra Low Flow Toilets	\$12,000	\$ 0	\$ 6,000

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Hermosa - Redondo

	<u>Original Position</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
Information	\$ 5,000	\$ 1,000	\$ 2,000
School Education	\$ 1,000	\$ 500	\$ 1,000
Ultra Low Flow Toilets	\$ 6,000	\$ 0	\$ 3,000

Stockton

	<u>Original Position</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
Information	\$ 10,000	\$ 2,000	\$ 4,000
School Education	\$ 3,000	\$ 1,000	\$ 2,000
Ultra Low Flow Toilets	\$125,000	\$25,000	\$40,000

Visalia

	<u>Original Position</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
Information	\$ 10,000	\$ 2,000	\$ 4,000
School Education	\$ 2,500	\$ 800	\$ 1,600
Ultra Low Flow Toilets	\$194,500	\$12,500	\$25,000

Plant

CWS accepts DRA's estimates and proposed advice letter treatment for certain capital projects as shown in DRA's Results of Operations Reports unless identified below:

Bakersfield

DRA agrees to a new well and accompanying treatment facility in 1996 for \$500,000 located at Lot 15 of Tract No. 5611, unit two, Kern County. DRA also agrees to the 12-inch main replacement in Watts Drive for \$200,000. DRA accepts CWS' proposed SCADA (Supervisory Control and Data Acquisition) replacements in 1996 and 1997 for \$42,500 each year.

Non Specifics - Capital Improvements

Year	<u>Original Position</u>		<u>Joint Settlement</u>
	CWS	CPUC Staff	
1995	\$1,127,700	\$891,600	\$1,029,700
1996	\$1,207,700	\$917,800	\$1,035,200
1997	\$1,293,200	\$941,700	\$1,082,800

East Los Angeles

DRA agrees to Domer Drive main replacement costs of \$28,300 in both 1996 and 1997 (1/2 each year).

Hermosa - Redondo

DRA agrees to \$6,600 in expenditures for office and field equipment (1/2 of CWS' original estimate) in 1997.

Visalia - New Well

CWS' requested increase reflects a new well installed at Station #4 (Estimated cost \$240,000) to replace a well abandoned due to DBCP contamination. In its results of operation report for the Visalia district, DRA recommended that the rate increase associated with the new well be addressed through the advice letter procedure authorized for Cal Water in D. 94-07-047.

Recently, CWS drilled a test well at Station #4 to evaluate water quality and water production. The test well results indicate questionable water production at depths below the DBCP contamination. Accordingly, CWS is exploring two other options: A well at Station #16 and a 12" pipeline. However, a water system hydraulic analysis should be completed before a final determination is made.

Both DRA and CWS believe that the Visalia water system's capability of meeting peak system as well as fire flow demands should not be compromised. Therefore, DRA and CWS agree to the following:

1. CWS will develop a hydraulic model to analyze the Visalia water system demands.
2. Upon completion of its analysis CWS will meet with DRA and review the results of the model and discuss the three options available (Station #4 well, Station #16 well, and 12" pipeline).
3. After an option is selected and construction has been completed, CWS may file an advice letter requesting rate relief which reflects the cost of the project. However, the advice letter rates may not exceed rates which reflect a \$240,000 capital expenditure.
4. If after the chosen project is completed CWS determines that one or more of the options identified above is also needed to replace the abandoned Station #4 well, ratepayers shall not be burdened with the costs of these additional projects.

Depreciation (Cost of Removal)

CWS' proposal to include historical data reflecting the cost of removal in each district's annual depreciation accrual was the subject of extensive negotiations. The depreciation accruals shown on Tables 9-A and 9-C (CWS' Report on the Results of Operation for each district) are segregated into transportation equipment, contributed plant, and other depreciable plant. Only the last of these three is included in Account 5030, Depreciation Expense. In accordance with CPUC Standard Practice U-4, CWS' depreciation studies were updated to include historical cost of removal data. CWS asserts that depreciation accrual rates reflect actual recorded costs of removal in recent years. CWS states that its proposal ensures that future ratepayers are not burdened with removal costs associated with plant for which they received no benefit.

While the cost of removal issue is left open for future consideration, DRA agrees that additional depreciation expense for CWS appears appropriate when compared to the

depreciation rates of other water utilities. Therefore, DRA has proposed a settlement to avoid the expense and uncertainty of litigation. CWS has accepted DRA's settlement offer which increases the depreciation accrual expense by an amount equivalent to 20% shown below, of the cost of removal originally requested by CWS. DRA also agrees to review CWS' depreciation studies as well as the depreciation studies of other water companies with higher depreciation rates to determine the appropriate depreciation rates for CWS. Finally, DRA also agrees that the cost of removal issue will be addressed generically with other water companies outside of this proceeding, if necessary, after the above analysis is completed.

BAK	Depreciation		Joint Settlement
	<u>Original Position</u>		
Year	CWS	CPUC Staff	
1996	\$2,219,800	\$1,620,500	\$1,845,800
1997	\$2,936,500	\$1,687,700	\$1,933,700
ELA	Depreciation		
	<u>Original Position</u>		<u>Joint Settlement</u>
Year	CWS	CPUC Staff	
1996	\$ 912,900	\$ 566,000	\$ 732,500
1997	\$1,249,100	\$ 540,500	\$ 762,400
H/R	Depreciation		
	<u>Original Position</u>		<u>Joint Settlement</u>
Year	CWS	CPUC Staff	
1996	\$ 834,400	\$ 561,100	\$ 682,400
1997	\$1,166,200	\$ 576,900	\$ 746,700
STK	Depreciation		
	<u>Original Position</u>		<u>Joint Settlement</u>
Year	CWS	CPUC Staff	
1996	\$1,337,300	\$889,100	\$1,087,800
1997	\$1,850,300	\$898,800	\$1,146,600
VIS	Depreciation		
	<u>Original Position</u>		<u>Joint Settlement</u>
Year	CWS	CPUC Staff	
1996	\$1,032,100	\$ 727,000	\$ 855,700
1997	\$1,401,700	\$ 742,900	\$ 899,800

Stockton Commercial Office Building

CWS originally proposed building a commercial office building at its existing field yard for approximately \$1 million. Currently CWS rents commercial office space. During settlement discussions, DRA stated that the proposed new building was too large (6000 sq. ft versus 3200 sq. ft), and the break even point between renting and building new facilities was too long (over 40 years). The Parties agree that a \$400/month increase in rent addresses CWS' need for additional office space.

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Vehicles

DRA and CWS agree to the following vehicle replacement criteria: 100,000 miles and 6 years old or 125,000 miles or 8 years old. This criteria will be applied retroactively to 1995 vehicle purchases for the districts in this proceeding and will be applied in future rate cases.

Stockton Rate Design

CWS' Results of Operation report for the Stockton district requested the elimination of the declining commodity rate block to reflect the Commission's rate design policy. Upon further review, it was determined that the declining rate only affects large industrial customers and has no effect on conservation. After meeting with the large industrial customers, CWS agreed to withdraw its request to eliminate the declining block and return to the current rate structure which would avoid customer bypass. At the Public Participation Hearing (PPH) and settlement meetings large industrial customers made statements supporting the current rate structure. At the settlement meetings DRA, CWS, and the large industrial customers agreed to recommend retaining the current rate design with a two-tier declining commodity rate block. Additionally, all agreed that future rate changes to the second block should generally be at the same percentage change as the first block. This stipulation memorializes the settlement meetings agreement.

Hermosa - Redondo Reclaimed Water Service Charges

The City of Redondo Beach (Redondo) and West Basin Municipal Water District (West Basin) expressed concern during discussions with CWS that CWS' rate design creates a disincentive for potable water customers to switch to reclaimed water service. Currently, reclaimed customers pay the same service charges as potable water customers and the quantity rate reflects the difference between the wholesale price of potable and reclaimed water. One concern raised by Redondo and West Basin is that a customer who switches to reclaimed service and retains a potable service would pay two service charges even though West Basin pays for all costs of the reclaimed water system except the meter cost.

The second issue addressed by Redondo and West Basin concerns the quantity rate. Generally, West Basin pays all conversion costs from potable to reclaimed water service. These costs are repaid to West Basin with interest. West Basin is repaid through the difference between the water purveyor's potable and reclaimed rates. Redondo and West Basin have requested a larger differential between the reclaimed and potable water rates which would allow West Basin to finance more up front conversion costs and thus encourage more customers to switch to reclaimed water.

DRA and CWS agree in concept that potable water customers should be encouraged to switch to reclaimed water. This issue is addressed in a separate stipulation agreement.

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Hermosa - Redondo Well Head Treatment and Balancing Account

CWS has three wells in the district which are non-operative due to water quality. DRA agrees to include in rates well head treatment costs for two of the wells. The third well which has an oil problem in addition to manganese and iron bacteria will not be addressed in this GRC due to the uncertainties surrounding treatment. DRA also agrees to include CWS' request for a new well in rates which will lower purchased water costs. In lieu of CWS' request for a full cost balancing account for water production costs, DRA has included purchased water costs which reflect the expected water production from the above mentioned two treated wells and one new well.

Capitalized Interest

CWS agrees to accept DRA's methodology for reflecting capitalized interest for this proceeding. This agreement is not meant to be precedential. For future proceedings, CWS will use the methodology approved in San Jose Water Company's (SJW) current GRC (Application 95-08-038). DRA's method reduces rate base to eliminate double counting interest capitalized. The following adjustments were made to rate base in 1996 and 1997 to account for capitalized interest:

BAK	\$260,125	ELA	\$65,795	H/R	\$43,488
STK	\$75,514	VIS	\$74,549		

Capital Budget Nonspecifics

DRA and CWS agree to meet after GRC hearings are completed to discuss a simplified estimating methodology for nonspecific capital improvements, such as a best fit curve for 9 or 10 years of recorded, unadjusted data. These meetings may also address estimating methodologies for other items.

Ex Parte Contact

DRA and CWS agree that prior to an ex parte contact before a decision has been rendered in this proceeding, the other party will be notified and provided an opportunity to attend or join in the contact.

Ad Valorem Taxes and Postage Balancing Account

Parties agree that future expenses in these categories will no longer be tracked in the balancing account. However, the current balances will be recoverable through balancing account surcharges.

Surcharges and Surcredits

Parties agree that the surcharges and surcredits included in CWS' showing, updated for current account balances and the agreed upon customer and sales estimates, should be adopted.

Service Area Maps

~~In the Bakersfield, Hermosa/Redondo, and Visalia Results of Operation reports Cal Water submitted updated service area maps to reflect additions and deletions to its service territory. 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 that this matter be addressed in the Commission's advice letter procedure.

(Handwritten initials)

Respectfully submitted,

Auseen Rahman

Project Manager
Division of Ratepayer Advocates

April 12, 1996

Thomas J. ...

Vice President, Regulatory Affairs
California Water Service Company

March 28, 1996

Senior Vice President
California League of Food Processors

_____, 1996

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Commission's Advisory and Compliance Division (CACD) and recommends that this matter be addressed in the Commission's advice letter procedure.

Respectfully submitted,

Project Manager
Division of Ratepayer Advocates

_____, 1996

Thomas L. Jensen
Vice President, Regulatory Affairs
California Water Service Company

Nov. 6 28, 1996

Edie S. Katz
Senior Vice President
California League of Food Processors

Nov 29, 1996

SECTION

I.

BAKERSFIELD DISTRICT
SUMMARY OF EARNING AND RATES OF RETURN

TABLE 11-B

	YEARS	1996 THROUGH		1997	
		SOURCE REF.	PRESENT RATES 1996	PRESENT RATES 1997	PROPOSED RATES 1996	PROPOSED RATES 1997
OPERATING REVENUES	T-4F	\$20,186.8	\$20,221.8	\$22,658.5	\$23,215.8
OPERATING EXPENSES					
PURCHASED WATER	T-58	1,436.1	1,436.1	1,436.1	1,436.1
REPLENISHMENT ASSESSMENT	T-58	1,751.4	1,765.8	1,751.4	1,765.8
GROUNDWATER EXTRACTION CHARGE	T-58	0.0	0.0	0.0	0.0
PURCHASED POWER	T-58	4,426.1	4,462.1	4,426.1	4,462.1
PURCHASED CHEMICALS	T-58	95.0	100.0	95.0	100.0
PAYROLL - DISTRICT	T-58	2,584.9	2,719.0	2,584.9	2,719.0
OTHER OPERATION AND MAINTENANCE	T-58,68	1,691.3	1,735.2	1,691.5	1,747.4
OTHER ADMIN AND GEN. EXP.	T-68	162.0	165.9	162.0	165.9
TOTAL O. & M., A. & O., & MISC. EXP.		12,136.8	12,384.1	12,147.0	12,396.3
TAXES OTHER THAN INCOME					
AD VALOREM TAXES	T-78	474.4	491.7	474.4	491.7
LOCAL FRANCHISE TAXES & BUS. LICENSE	T-78	284.4	284.9	319.3	327.1
PAYROLL TAXES	T-78	208.0	218.1	208.0	218.1
TOTAL GENERAL TAXES	SUM	966.8	994.7	1,001.7	1,036.9
DEPRECIATION	T-9C	1,845.8	1,933.7	1,845.8	1,933.7
G.O. PRORATED EXPENSES:					
PAYROLL AND BENEFITS	G.O.T-6C	1,441.4	1,535.7	1,441.4	1,535.7
AD VALOREM TAXES	G.O.T-6C	18.6	18.0	18.6	18.0
PAYROLL TAXES	G.O.T-6C	52.8	57.8	52.8	57.8
OTHER PRORATED EXPENSES	G.O.T-6C	819.1	839.5	819.1	839.5
TOTAL G.O. PRORATED EXPENSES	SUM	2,331.9	2,451.0	2,331.9	2,451.0
SUB - TOTAL - OPERATING EXPENSES	CALC	17,281.3	17,763.4	17,326.4	17,817.8
TOTAL INCOME TAXES:	T-7C	573.2	341.7	1,651.0	1,568.3
TOTAL OPERATING EXPENSES	CALC	17,854.5	18,105.1	18,977.4	19,386.1
NET OPERATING REVENUE	CALC	2,332.3	2,116.5	3,681.1	3,829.7
DEPRECIATED RATE BASE	T-10F	39,479.6	41,248.8	39,479.6	41,248.8
RATE OF RETURN					
YEAR	CALC	5.91%	5.13%	9.32%	9.26%
CHANGE FROM PRIOR YEAR		-1.18%	-0.78%	-0.25%	-0.04%

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APPENDIX A
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EAST LOS ANGELES DISTRICT
SUMMARY OF EARNINGS RATES OF RETURN
YEARS 1990 THROUGH 1997

TABLE 11-B

	SOURCE REF.	PRESENT RATES		PROPOSED RATES	
		1990	1997	1990	1997
OPERATING REVENUES	T-4F	\$14,014.0	\$13,988.2	\$14,952.9	\$15,097.4
OPERATING EXPENSES					
PURCHASED WATER	T-68	5,959.1	5,950.7	5,959.1	5,950.7
REPLENISHMENT ASSESSMENT	T-68	0.0	0.0	0.0	0.0
GROUNDWATER EXTRACTION CHARGE	T-68	743.8	743.8	743.8	743.8
PURCHASED POWER	T-68	577.3	577.2	577.3	577.2
PURCHASED CHEMICALS	T-68	4.0	5.0	4.0	5.0
PAYROLL -- DISTRICT	T-68	1,521.7	1,571.0	1,521.7	1,571.0
OTHER OPERATION AND MAINTENANCE	T-59,68	743.8	768.1	745.2	767.8
OTHER ADMIN AND GEN. EXP.	T-68	110.7	113.1	110.7	113.1
TOTAL O. & M., A. & G., & MISC. EXP.		9,660.4	9,726.9	9,661.8	9,728.6
TAXES OTHER THAN INCOME					
AD VALOREM TAXES	T-7B	211.5	215.0	211.5	215.0
LOCAL FRANCHISE TAXES & BUS. LICENSE	T-7B	229.5	229.1	244.8	247.2
PAYROLL TAXES	T-7B	122.3	125.4	122.3	125.4
TOTAL GENERAL TAXES	SUM	563.3	569.5	578.6	587.6
DEPRECIATION	T-9C	732.5	762.4	732.5	762.4
G.O. PRORATED EXPENSES:					
PAYROLL AND BENEFITS	G.O. T-6C	822.3	876.2	822.3	876.2
ADVALOREM TAXES	G.O. T-6C	10.6	10.3	10.6	10.3
PAYROLL TAXES	G.O. T-6C	30.1	33.0	30.1	33.0
OTHER PRORATED EXPENSES	G.O. T-6C	467.3	478.8	467.3	478.8
TOTAL G.O. PRORATED EXPENSES	SUM	1,330.3	1,398.3	1,330.3	1,398.3
SUB -- TOTAL -- OPERATING EXPENSES	CALC	12,268.5	12,457.0	12,303.2	12,476.8
TOTAL INCOME TAXES:	T-7C	406.6	314.4	816.3	769.0
TOTAL OPERATING EXPENSES	CALC	12,693.1	12,771.4	13,119.5	13,245.8
NET OPERATING REVENUE	CALC	1,320.9	1,214.8	1,833.4	1,851.6
DEPRECIATED RATE BASE	T-10F	19,663.7	19,943.6	19,663.7	19,943.6
RATE OF RETURN					
YEAR	CALC	6.72%	6.09%	9.32%	9.28%
CHANGE FROM PRIOR YEAR		-0.01%	-0.63%	-0.17%	-0.04%

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APPENDIX A
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HERMOSA REDONDO DISTRICT
SUMMARY OF EARNINGS AND RATES OF RETURN
 YEARS 1996 THROUGH 1997

TABLE 11-8

	SOURCE REF.	PRESENT RATES		PROPOSED RATES	
		1996	1997	1996	1997
OPERATING REVENUES	T-4F	\$11,093.9	\$11,150.3	\$13,784.7	\$13,749.6
OPERATING EXPENSES					
PURCHASED WATER	T-58	6,752.3	6,278.2	6,752.3	6,278.2
GROUNDWATER EXTRACTION CHARGE	T-58	0.0	0.0	0.0	0.0
REPLENISHMENT ASSESSMENT	T-58	105.2	221.9	105.2	221.9
PURCHASED POWER	T-58	268.9	271.0	268.9	271.0
PURCHASED CHEMICALS	T-58	3.5	4.0	3.5	4.0
PAYROLL - DISTRICT	T-58	1,138.4	1,179.7	1,138.4	1,179.7
OTHER OPERATION AND MAINTENANCE	T-58,68	789.8	832.7	797.5	840.1
OTHER ADMIN AND GEN. EXP.	T-68	89.4	90.9	89.4	90.9
TOTAL O. & M., A. & G., & MISC. EXP.		9,147.5	8,878.4	9,155.2	8,885.8
TAXES OTHER THAN INCOME					
AD VALOREM TAXES	T-7B	188.3	202.8	188.3	202.8
LOCAL FRANCHISE TAXES & BUS. LICENSE	T-7B	23.5	23.5	24.5	24.4
PAYROLL TAXES	T-7B	91.3	94.3	91.3	94.3
TOTAL GENERAL TAXES	SUM	303.1	320.6	304.1	321.5
DEPRECIATION	T-9C	682.4	748.7	682.4	748.7
G.O. PRORATED EXPENSES:					
PAYROLL AND BENEFITS	G.O. T-6C	676.7	721.0	676.7	721.0
AD VALOREM TAXES	G.O. T-6C	8.7	8.5	8.7	8.5
PAYROLL TAXES	G.O. T-6C	24.8	27.1	24.8	27.1
OTHER PRORATED EXPENSES	G.O. T-6C	384.5	394.0	384.5	394.0
TOTAL G.O. PRORATED EXPENSES	SUM	1,094.7	1,150.6	1,094.7	1,150.6
SUB - TOTAL - OPERATING EXPENSES	CALC	11,227.7	11,098.3	11,238.4	11,104.6
TOTAL INCOME TAXES:	T-7C	(408.9)	(368.5)	769.0	694.4
TOTAL OPERATING EXPENSES	CALC	10,820.8	10,727.8	12,025.4	11,799.0
NET OPERATING REVENUE	CALC	273.1	422.5	1,769.3	1,950.6
DEPRECIATED RATE BASE	T-10F	18,975.6	21,009.5	18,975.6	21,009.5
RATE OF RETURN .					
YEAR	CALC	1.44%	2.01%	9.32%	9.28%
CHANGE FROM PRIOR YEAR		-2.53%	0.57%	-0.16%	-0.04%

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STOCKTON DISTRICT
SUMMARY OF EARNINGS AND RATES OF RETURN

TABLE 11-B

	SOURCE REF.	YEARS 1996 THROUGH 1997		PROPOSED RATES	
		1996	1997	1996	1997
OPERATING REVENUES	T-4F	\$13,499.0	\$13,526.0	\$14,100.6	\$14,462.6
OPERATING EXPENSES					
PURCHASED WATER	T-5B	3,026.0	3,026.0	3,026.0	3,026.0
GROUNDWATER EXTRACTION CHARGE	T-5B	0.0	0.0	0.0	0.0
REPLENISHMENT ASSESSMENT	T-5B	469.3	472.0	469.3	472.0
PURCHASED POWER	T-5B	605.8	609.8	605.8	609.8
PURCHASED CHEMICALS	T-5B	37.0	37.9	37.0	37.9
PAYROLL - DISTRICT	T-5B	2,193.2	2,267.4	2,193.2	2,267.4
OTHER OPERATION AND MAINTENANCE	T-5B,6B	855.8	879.0	858.2	882.7
OTHER ADMIN AND GEN. EXP.	T-6B	160.8	171.3	160.8	171.3
TOTAL O. & M., A. & G., & MISC. EXP.		7,347.9	7,463.2	7,350.3	7,468.9
TAXES OTHER THAN INCOME					
AD VALOREM TAXES	T-7B	257.7	270.4	257.7	270.4
LOCAL FRANCHISE TAXES & BUS. LICENSE	T-7B	68.8	68.9	69.6	71.3
PAYROLL TAXES	T-7B	175.6	181.2	175.8	181.2
TOTAL GENERAL TAXES	SUM	500.3	518.5	503.1	522.9
DEPRECIATION	T-9C	1,037.8	1,146.6	1,067.8	1,146.6
G.O. PRORATED EXPENSES:					
PAYROLL AND BENEFITS	G.O. T-6C	1,017.1	1,063.6	1,017.1	1,053.9
AD VALOREM TAXES	G.O. T-6C	13.1	12.7	13.1	12.7
PAYROLL TAXES	G.O. T-6C	37.3	40.8	37.3	40.8
OTHER PRORATED EXPENSES	G.O. T-6C	578.1	592.4	578.1	592.4
TOTAL G.O. PRORATED EXPENSES	SUM	1,645.6	1,729.7	1,645.6	1,729.7
SUB - TOTAL - OPERATING EXPENSES	CALC	10,581.6	10,858.0	10,586.8	10,866.1
TOTAL INCOME TAXES:	T-7C	843.8	727.3	1,108.6	1,120.1
TOTAL OPERATING EXPENSES	CALC	11,425.4	11,585.3	11,695.4	11,986.2
NET OPERATING REVENUE	CALC	2,073.6	1,940.7	2,405.2	2,476.4
DEPRECIATED RATE BASE	T-10F	25,796.3	26,873.5	25,796.3	26,673.5
RATE OF RETURN					
YEAR	CALC	8.04%	7.28%	9.32%	9.28%
CHANGE FROM PRIOR YEAR		-0.76%	-0.76%	-1.49%	-0.04%

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VISALIA DISTRICT

SUMMARY OF EARNINGS AND RATES OF RETURN

TABLE 11-8

YEARS 1996 THROUGH 1997

	SOURCE REF.	PRESENT RATES		PROPOSED RATES	
		1996	1997	1996	1997
OPERATING REVENUES	T-4F	\$6,370.2	\$6,478.0	\$7,410.4	\$7,612.2
OPERATING EXPENSES					
PURCHASED WATER	T-58	0.0	0.0	0.0	0.0
REPLENISHMENT ASSESSMENT	T-58	0.0	0.0	0.0	0.0
GROUNDWATER EXTRACTION CHARGE	T-58	0.0	0.0	0.0	0.0
PURCHASED POWER	T-58	894.8	1,005.5	894.8	1,005.5
PURCHASED CHEMICALS	T-58	17.5	20.0	17.5	20.0
PAYROLL -- DISTRICT	T-58	1,339.5	1,390.2	1,339.5	1,390.2
OTHER OPERATION AND MAINTENANCE	T-58,68	743.6	780.2	745.9	782.7
OTHER ADMIN AND GEN. EXP.	T-68	75.4	77.8	75.4	77.8
TOTAL O. & M., A. & G., & MISC. EXP.		3,170.5	3,273.5	3,172.9	3,278.0
TAXES OTHER THAN INCOME					
AD VALOREM TAXES	T-7B	180.8	189.5	180.8	189.5
LOCAL FRANCHISE TAXES & BUS. LICENSE	T-7B	0.6	0.6	0.6	0.6
PAYROLL TAXES	T-7B	107.8	111.5	107.8	111.5
TOTAL GENERAL TAXES	SUM	289.2	301.8	289.2	301.8
DEPRECIATION	T-9C	855.7	899.8	855.7	899.8
G.O. PRORATED EXPENSES:					
PAYROLL AND BENEFITS	G.O. T-6C	621.2	661.9	621.2	661.9
ADVALOREM TAXES	G.O. T-6C	8.0	7.8	8.0	7.8
PAYROLL TAXES	G.O. T-6C	22.8	24.9	22.8	24.9
OTHER PRORATED EXPENSES	G.O. T-6C	353.1	361.7	353.1	361.7
TOTAL G.O. PRORATED EXPENSES	SUM	1,005.1	1,056.3	1,005.1	1,056.3
SUB -- TOTAL -- OPERATING EXPENSES	CALC	5,320.4	5,531.2	5,322.8	5,533.7
TOTAL INCOME TAXES:	T-7C	209.4	156.7	670.3	625.5
TOTAL OPERATING EXPENSES	CALC	5,529.8	5,687.9	5,993.1	6,159.2
NET OPERATING REVENUE	CALC	840.4	790.1	1,417.3	1,453.0
DEPRECIATED RATE BASE	T-10F	15,200.9	15,650.1	15,200.9	15,650.1
RATE OF RETURN					
YEAR	CALC	5.53%	5.05%	9.32%	9.28%
CHANGE FROM PRIOR YEAR		-0.94%	-0.48%	-0.25%	-0.04%

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SECTION

II.

STIPULATED RATE INCREASE BY DISTRICT

District	Stipulated 1996 Rate Increases Rates Eff. 6/1/95	Authorized January 1996 Step Increases	November 1995 Authorized Offset Increase	Present Revenue Eff. 1/1/96	Stipulated 1996 Increases Rates Eff. 1/1/96	Percentage Increases
Bakersfield	\$2,471,700	\$454,700		\$20,641,500	\$2,017,000	9.8%
East Los Angeles	\$938,900	\$216,700		\$14,230,700	\$722,200	5.1%
Hermosa - Redondo	\$2,700,800	\$202,100	\$1,085,400	\$12,381,400	\$1,413,300	11.4%
Stockton	\$601,600	\$328,300		\$13,825,300	\$275,300	2.0%
Visalia	\$1,040,100	\$41,900		\$6,412,100	\$998,200	15.6%

District	Stipulated 1997 Rate Increases	Percentage Increases
Bakersfield	\$557,300	2.4%
East Los Angeles	\$144,500	1.0%
Hermosa - Redondo	(\$45,100)	-0.3%
Stockton	\$362,000	2.5%
Visalia	\$201,800	2.7%

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Table 11-C Summary Sheet
Page 2Summary of Earnings and Rates of Return
Attrition Calculation

District	<u>Gross Revenue Increase</u>			
	<u>1998 \$</u>	<u>1998 %</u>	<u>1999 \$</u>	<u>1999 %</u>
Bakersfield	\$ 518,200	2.2 %	\$ 540,900	2.3 %
East Los Angeles	\$ 169,900	1.1 %	\$ 180,900	1.2 %
Hermosa - Redondo	\$ 248,500	1.8 %	\$ 259,900	1.9 %
Stockton	\$ 327,200	2.3 %	\$ 341,700	2.3 %
Visalia	\$ 77,200	1.0 %	\$ 85,700	1.1 %

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SECTION

III.

APPENDIX A-1

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Schedule No. BK-1

Bakersfield Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Bakersfield and vicinity, Kern County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$ 0.6546	(1)
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Service Charge:

	Per Meter Per Month	
For 5/8 x 3/4-inch meter	\$ 6.70	(1)
For 1-inch meter	10.50	
For 1-1/2-inch meter	19.20	|
For 2-inch meter	25.40	|
For 3-inch meter	48.00	|
For 4-inch meter	65.00	|
For 6-inch meter	111.00	|
For 8-inch meter	161.00	|
For 10-inch meter	196.00	(1)

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 Rate.

SPECIAL CONDITIONS

1. Due to the under-collection in the balancing account, a surcharge of \$ 0.030 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from January 1, 1994, the effective date of Advice Letter No. 1321.
2. Due to the under-collection in the balancing account, a surcharge of \$ 0.028 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from the effective date of this rate schedule. (N)
3. To recover an increase in Federal Income Taxes due to the elevation of the corporate income tax rate from 34.12% to 35.12%, a surcharge of \$ 0.004 per 100 cu. ft. of water used is to be applied to the quantity rate for 12 months from the effective date of this rate schedule.
4. To refund an amount agreed to in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.04 per service connection is to be applied to each bill for 60 months from the effective date of this rate schedule.
5. To recover lost revenue expenses, a surcharge of \$0.001 per 100 cu. ft. of water used is to be applied to the quantity rate for 12 months from the effective date of this rate schedule. (N)
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Schedule No. BK-2R

Bakersfield Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Bakersfield and vicinity, Kern County.

RATES

For a single-family residential unit, including premises having the following areas:	<u>Per Service Connection per Month</u>	
6,000 sq. ft., or less	\$ 24.47	(I)
6,001 to 10,000 sq. ft.	28.24	|
10,001 to 16,000 sq. ft.	35.23	|
16,001 to 25,000 sq. ft.	44.66	|
For each additional single-family residential unit on the same premises and served from the same service connection	17.19	(I)

SPECIAL CONDITIONS

1. Due to the under-collection 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 rate schedule: (N)

For a single-family residential unit, including premises having the following areas:	<u>Surcharge per Service Connection per Month</u>	
6,000 sq. ft., or less	\$ 0.91	|
6,001 to 10,000 sq. ft.	1.07	|
10,001 to 16,000 sq. ft.	1.32	|
16,001 to 25,000 sq. ft.	1.71	|
For each additional unit served from the same connection.....	\$ 0.66	|

2. To recover an increase in Federal Income Taxes due to the elevation of the corporate income tax rate by 1%, a surcharge is to be applied according to the following schedule for a period of 12 months from the effective date of this rate schedule:

For a single-family residential unit, including premises having the following areas:	<u>Surcharge per Service Connection per Month</u>	
6,000 sq. ft., or less	\$ 0.11	|
6,001 to 10,000 sq. ft.	0.13	|
10,001 to 16,000 sq. ft.	0.15	|
16,001 to 25,000 sq. ft.	0.21	|
For each additional unit served from the same connection.....	\$ 0.10	|

3. To refund an amount agreed to in Decision 95-08-058 for the injuries and damages reserve, a surcredit is to be applied according to the following schedule for a period of 60 months from the effective date of this rate schedule:

For a single-family residential unit, including premises having the following areas:	<u>Surcharge per Service Connection per Month</u>	
6,000 sq. ft., or less	\$ 0.02	|
6,001 to 10,000 sq. ft.	0.03	|
10,001 to 16,000 sq. ft.	0.03	|
16,001 to 25,000 sq. ft.	0.04	|
For each additional unit served from the same connection.....	\$ 0.02	(N)

(continued)

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Schedule No. BK-2R

Bakersfield Tariff Area

RESIDENTIAL FLAT RATE SERVICE

(continued)

4. To recover lost revenue expenses, a surcharge is to be applied according to the following schedule for a period of 24 months from the effective date of this rate schedule: (N)
- | For a single-family residential unit, including premises having the following areas: | Surcharge per Service Connection per Month | |
|--------------------------------------------------------------------------------------|--------------------------------------------|-----|
| 6,000 sq. ft., or less | \$ 0.05 | |
| 6,001 to 10,000 sq. ft. | 0.04 | \| |
| 10,001 to 16,000 sq. ft. | 0.05 | \| |
| 16,001 to 25,000 sq. ft. | 0.09 | \| |
| For each additional unit served from the same connection..... | \$ 0.05 | (N) |
5. The above flat rates apply to service connections not larger than one inch in diameter.
6. All service not covered by the above classifications shall be furnished only on a metered basis.
7. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. BK-1, General Metered Service.
8. This Schedule is closed to all new connections as of May 8, 1991, the effective date of Tariff Sheet No. 4133-W.
9. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Schedule No. BK-4

Bakersfield Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Bakersfield and vicinity, Kern County.

RATES

		<u>Per Month</u>	
For each	1-1/2-inch connection	\$ 8.25	(1)
For each	2-inch connection	11.00	|
For each	3-inch connection	16.50	|
For each	4-inch connection	22.00	|
For each	6-inch connection	33.00	|
For each	8-inch connection	44.00	|
For each	10-inch connection	55.00	(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. Such cost shall not be subject to refund.
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 fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the 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. BK-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-1)

Schedule No. EL-1

East Los Angeles Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

East Los Angeles, Commerce and vicinity, Los Angeles County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$ 1.3031	(1)
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Service Charge:

	Per Meter Per Month	
For 5/8 x 3/4-inch meter	\$ 8.96	(1)
For 1-inch meter	17.50	
For 1-1/2-inch meter	31.24	(1)
For 2-inch meter	39.62	|
For 3-inch meter	73.00	|
For 4-inch meter	101.00	|
For 6-inch meter	173.00	|
For 8-inch meter	261.00	|
For 10-inch meter	322.00	(1)

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 Rate.

SPECIAL CONDITIONS

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 1. To recover an increase in Federal Income Taxes due to the elevation of the corporate income tax rate from 34.12% to 35.12%, a surcharge of \$ 0.006 per 100 cu. ft. of water used is to be applied to the quantity rate for 12 months from the effective date of this rate schedule. | (N) |
| 2. To refund an amount agreed to in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.04 per service connection is to be applied to each bill for 60 months from the effective date of this rate schedule. | |
| 3. To recover lost revenue expenses, a surcharge of \$0.004 per 100 cu. ft. of water used is to be applied to the quantity rate for 12 months from the effective date of this rate schedule. | |
| 4. All bills are subject to the reimbursement fee set forth on Schedule No. UF. | (N) |

Schedule No. EL-4

East Los Angeles Tariff AreaSERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMSAPPLICABILITY

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

TERRITORY

East Los Angeles, Commerce and vicinity, Los Angeles County.

RATES

	Per Month	
For each 1-1/2-inch connection	\$ 8.25	(1)
For each 2-inch connection	11.00	|
For each 3-inch connection	16.50	|
For each 4-inch connection	22.00	|
For each 6-inch connection	33.00	|
For each 8-inch connection	44.00	|
For each 10-inch connection	55.00	(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. Such cost shall not be subject to refund.
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 fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the 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. BK-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-2)

Schedule No. HR-1

Hermosa-Redondo Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Hermosa Beach, Redondo Beach, Torrance, and vicinity, Los Angeles County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$ 1.7306	(1)
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Service Charge:	<u>Per Meter</u> <u>Per Month</u>	
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For 5/8 x 3/4-inch meter	\$ 7.85	(1)
For 1-inch meter	15.30	
For 1-1/2-inch meter	29.83	(1)
For 2-inch meter	37.69	
For 3-inch meter	71.00	|
For 4-inch meter	118.00	|
For 6-inch meter	203.00	|
For 8-inch meter	301.00	|
For 10-inch meter	374.00	(1)

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 Rate.

SPECIAL CONDITIONS

1. Due to the under-collection in the balancing account, a surcharge of \$ 0.068 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from the effective date of this rate schedule. (N)
2. To recover an increase in Federal Income Taxes due to the elevation of the corporate income tax rate from 34.12% to 35.12%, a surcharge of \$ 0.009 per 100 cu. ft. of water used is to be applied to the quantity rate for 12 months from the effective date of this rate schedule. |
3. To refund an amount agreed to in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.04 per service connection is to be applied to each bill for 60 months from the effective date of this rate schedule. |
4. To recover lost revenue expenses, a surcharge of \$0.007 per 100 cu. ft. of water used is to be applied to the quantity rate for 12 months from the effective date of this rate schedule. (N)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

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Schedule No. HR-6

Hermosa-Redondo Tariff Area

RECLAIMED METERED SERVICE

APPLICABILITY

Applicable to all metered reclaimed water service.

TERRITORY

Hermosa Beach, Redondo Beach, Torrance, and vicinity, Los Angeles County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$ 1.2055 *	(1)
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Service Charge:

	Per Meter Per Month	
For 5/8 x 3/4-inch meter	\$ 7.85	(1)
For 1-inch meter	15.30	
For 1-1/2-inch meter	29.83	|
For 2-inch meter	37.69	|
For 3-inch meter	71.00	|
For 4-inch meter	118.00	|
For 6-inch meter	203.00	|
For 8-inch meter	301.00	|
For 10-inch meter	374.00	(1)

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 Rate.

The Service Charge is only applicable to reclaimed customers who do not take potable water service under Schedule No. HR-1 at the site where reclaimed water service is provided. (N)
(N)

SPECIAL CONDITIONS

1. Reclaimed water will be supplied only as available from West Basin Municipal Water District.
2. 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.
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

* Reclaimed water customers which have signed a contract with the West Basin Municipal Water District (West Basin) for repayment of the conversion costs from potable to reclaimed water service will be charged the potable quantity based fees while the contract is in effect. The Company will pay West Basin 42% of the quantity based revenues collected from reclaimed water customers billed at the potable quantity based fees contained in Schedule HR-1 until the conversion cost contract is satisfied or ten years whichever occurs first. The 42% represents the difference between the March 21, 1996 West Basin wholesale potable water rate and wholesale reclaimed water rate. (N)
|
|
|
|
|
(N)

Schedule No. HR-4

Hermosa - Redondo Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Hermosa Beach, Redondo Beach, Torrance, and vicinity, Los Angeles County.

RATES

		<u>Per Month</u>	
For each	1-1/2-inch connection	\$ 8.25	(1)
For each	2-inch connection	11.00	|
For each	3-inch connection	16.50	|
For each	4-inch connection	22.00	|
For each	6-inch connection	33.00	|
For each	8-inch connection	44.00	|
For each	10-inch connection	55.00	(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. Such cost shall not be subject to refund.
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 fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the 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. BK-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

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Schedule No. ST-1

Stockton Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Stockton and vicinity, San Joaquin County.

RATES

Quantity Rates:

For the first 30,000 cu. ft., per 100 cu. ft.	\$ 0.7407	(1)
For all over 30,000 cu. ft., per 100 cu. ft.	\$ 0.6121	(1)

Service Charge:

	Per Meter Per Month	
For 5/8 x 3/4-inch meter	\$ 8.12	(1)
For 1-inch meter	16.22	|
For 1-1/2-inch meter	25.60	|
For 2-inch meter	34.40	|
For 3-inch meter	65.00	|
For 4-inch meter	92.00	|
For 6-inch meter	155.00	|
For 8-inch meter	224.00	|
For 10-inch meter	289.00	(1)

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 Rate.

SPECIAL CONDITIONS

1. Due to the over-collection in the balancing account, a surcredit of \$ 0.085 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from the effective date of this rate schedule. (N)
2. To recover an increase in Federal Income Taxes due to the elevation of the corporate income tax rate from 34.12% to 35.12%, a surcharge of \$ 0.005 per 100 cu. ft. of water used is to be applied to the quantity rate for 12 months from the effective date of this rate schedule. |
3. To refund an amount agreed to in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.03 per service connection is to be applied to each bill for 60 months from the effective date of this rate schedule. |
4. To recover lost revenue expenses, a surcharge of \$0.079 per 100 cu. ft. of water used is to be applied to the quantity rate for 12 months from the effective date of this rate schedule. (N)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Schedule No. ST-4

Stockton Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Stockton and vicinity, San Joaquin County.

RATES

		<u>Per Month</u>	
For each	1-1/2-inch connection	\$ 8.25	(1)
For each	2-inch connection	11.00	|
For each	3-inch connection	16.50	|
For each	4-inch connection	22.00	|
For each	6-inch connection	33.00	|
For each	8-inch connection	44.00	|
For each	10-inch connection	55.00	(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. Such cost shall not be subject to refund.
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 fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the 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. BK-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
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Schedule No. VS-1

Visalia Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Visalia and vicinity, Tulare County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$ 0.4778	(1)
----------------------	-----------	-----

Service Charge:

	Per Meter Per Month	
For 5/8 x 3/4-inch meter	\$ 5.60	(1)
For 1-inch meter	10.20	
For 1-1/2-inch meter	21.28	(1)
For 2-inch meter	26.88	|
For 3-inch meter	50.00	|
For 4-inch meter	69.00	|
For 6-inch meter	113.00	|
For 8-inch meter	171.00	|
For 10-inch meter	216.00	(1)

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 Rate.

SPECIAL CONDITIONS

1. Due to the under-collection in the balancing account, a surcharge of \$ 0.014 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from the effective date of this rate schedule. (N)
2. To recover an increase in Federal Income Taxes due to the elevation of the corporate income tax rate from 34.12% to 35.12%, a surcharge of \$ 0.003 per 100 cu. ft. of water used is to be applied to the quantity rate for 12 months from the effective date of this rate schedule. |
3. To refund an amount agreed to in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.04 per service connection is to be applied to each bill for 60 months from the effective date of this rate schedule. |
4. To recover extraordinary maintenance expenses, a surcharge of \$ 0.002 per 100 cu. ft. of water used is to be applied to the quantity rate for 12 months from the effective date of this rate schedule. |
5. To recover costs tracked in the meter retrofit memorandum account, a surcharge of \$ 0.010 per 100 cu. ft. of water used is to be applied to the quantity rate for 12 months from the effective date of this rate schedule. (N)
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Schedule No. VS-2R

Visalia Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Visalia and vicinity, Tulare 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	\$ 13.43	(1)
6,001 to 10,000 sq. ft.	18.35	|
10,001 to 16,000 sq. ft.	23.26	|
16,001 to 25,000 sq. ft.	29.10	|

For each additional single-family residential unit on the same premises and served from the same service connection 11.20 (1)

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. VS-1, General Metered Service.
4. This Schedule is closed to all new connections as of July 23, 1992, the effective date of Tariff Sheet No. 4220-W.

5. Due to the under-collection in the balancing account, a surcharge is to be applied according to the following schedule for a period of 12 months from the effective date of this rate schedule:

For a single-family residential unit, including premises having the following areas:	Surcharge per Service <u>Connection per Month</u>	(N)
6,000 sq. ft., or less	\$ 0.26	|
6,001 to 10,000 sq. ft.	0.32	|
10,001 to 16,000 sq. ft.	0.39	|
16,001 to 25,000 sq. ft.	0.51	|
For each additional unit served from the same connection.....	\$ 0.20	|

6. To recover an increase in Federal Income Taxes due to the elevation of the corporate income tax rate by 1%, a surcharge is to be applied according to the following schedule for a period of 12 months from the effective date of this rate schedule:

For a single-family residential unit, including premises having the following areas:	Surcharge per Service <u>Connection per Month</u>	(N)
6,000 sq. ft., or less	\$ 0.06	|
6,001 to 10,000 sq. ft.	0.09	|
10,001 to 16,000 sq. ft.	0.11	|
16,001 to 25,000 sq. ft.	0.10	|
For each additional unit served from the same connection.....	\$ 0.04	(N)

Schedule No. VS-2R

Visalia Tariff Area

RESIDENTIAL FLAT RATE SERVICE
(continued)

7. To refund an amount agreed to in Decision 95-08-058 for the injuries and damages reserve, a surcredit is to be applied according to the following schedule for a period of 60 months from the effective date of this rate schedule: (N)

For a single-family residential unit, including premises having the following areas:	Surcharge per Service Connection per Month
6,000 sq. ft., or less	\$ 0.01
6,001 to 10,000 sq. ft.	0.01
10,001 to 16,000 sq. ft.	0.01
16,001 to 25,000 sq. ft.	0.02
For each additional unit served from the same connection.....	\$ 0.01

8. To recover extraordinary maintenance expenses, a surcharge is to be applied according to the following schedule for a period of 12 months from the effective date of this rate schedule:

For a single-family residential unit, including premises having the following areas:	Surcharge per Service Connection per Month
6,000 sq. ft., or less	\$ 0.05
6,001 to 10,000 sq. ft.	0.06
10,001 to 16,000 sq. ft.	0.08
16,001 to 25,000 sq. ft.	0.10
For each additional unit served from the same connection.....	\$ 0.03

9. To recover expenses tracked in the meter retrofit balancing account, a surcharge is to be applied according to the following schedule for a period of 12 months from the effective date of this rate schedule:

For a single-family residential unit, including premises having the following areas:	Surcharge per Service Connection per Month
6,000 sq. ft., or less	\$ 0.22
6,001 to 10,000 sq. ft.	0.25
10,001 to 16,000 sq. ft.	0.32
16,001 to 25,000 sq. ft.	0.41
For each additional unit served from the same connection.....	\$ 0.16

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

Schedule No. VS-4

Visalia Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Visalia and vicinity, Tulare County.

RATES

		<u>Per Month</u>	
For each	1-1/2-inch connection	\$ 8.25	(1)
For each	2-inch connection	11.00	|
For each	3-inch connection	16.50	|
For each	4-inch connection	22.00	|
For each	6-inch connection	33.00	|
For each	8-inch connection	44.00	|
For each	10-inch connection	55.00	(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. Such cost shall not be subject to refund.
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 fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the 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. BK-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)

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SECTION

IV.

APPENDIX B-1
Page 1

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California Water Service Company

Bakersfield District

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

SCHEDULE NO. BK-1	1997	1998	1999
Service Charge:			
5/8 x 3/4 - inch meter	\$ 0.03	\$ 0.03	\$ 0.05
1 - inch meter	0.00	0.00	0.00
1 1/2 - inch meter	1.42	1.38	1.43
2 - inch meter	1.90	1.84	1.90
3 - inch meter	3.00	3.00	3.00
4 - inch meter	5.00	5.00	5.00
6 - inch meter	8.00	8.00	8.00
8 - inch meter	12.00	12.00	12.00
10 - inch meter	14.00	14.00	14.00

Quantity Rates:			
For all water, per 100 cu. ft.	0.0153	0.0147	0.0152

SCHEDULE NO. BK-2R			
6,000 sq. ft., or less	0.54	0.56	0.59
6,001 to 10,000 sq. ft.	0.64	0.65	0.68
10,001 to 16,000 sq. ft.	0.82	0.81	0.83
16,001 to 25,000 sq. ft.	1.04	1.02	1.07
Additional unit	0.35	0.40	0.45

(End of Appendix B-1)

APPENDIX B-2

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California Water Service Company

East Los Angeles District

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

SCHEDULE NO. EL-1	1997	1998	1999
Service Charge:			
5/8 x 3/4 - inch meter	\$ 0.19	\$ 0.09	\$ 0.09
1 - inch meter	0.00	0.00	0.00
1 1/2 - inch meter	0.91	1.08	1.11
2 - inch meter	1.15	1.39	1.40
3 - inch meter	2.00	3.00	4.00
4 - inch meter	3.00	4.00	6.00
6 - inch meter	5.00	6.00	8.00
8 - inch meter	8.00	9.00	12.00
10 - inch meter	9.00	11.00	15.00
Quantity Rates:			
For all water, per 100 cu. ft.	0.0124	0.0146	0.0155

(End of Appendix B-2)

APPENDIX B-3
Page 1

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California Water Service Company

Hermosa - Redondo District

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

SCHEDULE NO. HR-1	1997	1998	1999
Service Charge:			
5/8 x 3/4 - inch meter	\$ 0.00	\$ 0.20	\$ 0.21
1 - inch meter	0.00	0.00	0.00
1 1/2 - inch meter	0.00	0.74	0.78
2 - inch meter	0.00	0.95	0.99
3 - inch meter	0.00	2.00	2.00
4 - inch meter	0.00	3.00	3.00
6 - inch meter	0.00	11.00	11.00
8 - inch meter	0.00	16.00	16.00
10 - inch meter	0.00	20.00	20.00

Quantity Rates:			
For all water, per 100 cu. ft.	-0.0065	0.0308	0.0322

SCHEDULE NO. HR-6	1997	1998	1999
Service Charge:			
5/8 x 3/4 - inch meter	\$ 0.00	\$ 0.20	\$ 0.21
1 - inch meter	0.00	0.00	0.00
1 1/2 - inch meter	0.00	0.75	0.78
2 - inch meter	0.00	0.95	1.00
3 - inch meter	0.00	2.00	2.00
4 - inch meter	0.00	3.00	3.00
6 - inch meter	0.00	11.00	11.00
8 - inch meter	0.00	16.00	16.00
10 - inch meter	0.00	20.00	20.00

Quantity Rates:			
For all water, per 100 cu. ft.	-0.0065	0.0309	0.0323

(End of Appendix B-3)

APPENDIX B-4
Page 1

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California Water Service Company
Stockton District

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

SCHEDULE NO. ST-1	1997	1998	1999
Service Charge:			
5/8 x 3/4 - inch meter	\$ 0.10	\$ 0.15	\$ 0.16
1 - inch meter	0.00	0.00	0.00
1 1/2 - inch meter	1.97	1.87	1.95
2 - inch meter	2.70	2.49	2.70
3 - inch meter	5.00	5.00	6.00
4 - inch meter	7.00	7.00	8.00
6 - inch meter	12.00	11.00	12.00
8 - inch meter	17.00	16.00	18.00
10 - inch meter	22.00	21.00	24.00
Quantity Rates:			
For the first 30,000 cu. ft., per 100 cu. ft.	0.0194	0.0174	0.0178
For all over 30,000 cu. ft., per 100 cu. ft.	0.0159	0.0143	0.0146

(End of Appendix B-4)

APPENDIX B-5

Page 1

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California Water Service Company

Visalia District

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

SCHEDULE NO. VS-1	1997	1998	1999
Service Charge:			
5/8 x 3/4 - inch meter	\$ 0.00	\$ 0.07	\$ 0.08
1 - inch meter	0.00	0.00	0.00
1 1/2 - inch meter	0.00	0.27	0.30
2 - inch meter	0.00	0.33	0.39
3 - inch meter	0.00	1.00	1.00
4 - inch meter	0.00	2.00	2.00
6 - inch meter	0.00	4.00	4.00
8 - inch meter	0.00	5.00	5.00
10 - inch meter	0.00	7.00	7.00

Quantity Rates:			
For all water, per 100 cu. ft.	0.0158	0.0049	0.0059

SCHEDULE NO. VS-2R			
6,000 sq. ft. or less	0.00	0.14	0.15
6,001 to 10,000 sq. ft.	0.00	0.20	0.21
10,001 to 16,000 sq. ft.	0.00	0.25	0.26
16,001 to 25,000 sq. ft.	0.01	0.33	0.34
Additional unit	0.00	0.15	0.16

(End of Appendix B-5)

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SECTION

V.

APPENDIX C-1

Page 1

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CALIFORNIA WATER SERVICE CO.
BAKERSFIELD DISTRICT
STIPULATED QUANTITIES

	1996	1997
	(DOLLARS IN THOUSANDS)	
PURCHASED POWER		
SUPPLIER - PG&E (1/1/94)		
WELL PRODUCTION (KCCF)	25,430.8	25,639.6
KWH/CCF	1,508.4	1,508.4
TOTAL KWH	38,359,108	38,674,056
UNIT COST	\$0.115385	\$0.115376
POWER COST	\$4,426,070	\$4,462,076
TOTAL PURCHASED POWER	\$4,426.1	\$4,462.1
PURCHASED WATER		
KERN COUNTY WATER AGENCY		
1) ANNUAL ENTITLEMENT (ACRE FEET)	11,500	11,500
UNIT COST / ACRE FOOT	\$68.00	\$68.00
BASIC COSTS	\$782.0	\$782.0
2) IMPROVEMENT DISTRICT NO. 4 OPERATING COSTS OF CONVEYANCE FACILITIES	\$91.8	\$91.8
3) PUMPING COSTS		
ENTITLEMENT ACRE FEET	11,500	11,500
M.G. (A.F. x .325851)	3,747.3	3,747.3
KWH per M.G.	1,851.6	1,851.6
COMPUTED KWH	6,938,501	6,938,501
AVG. COST per KWH	\$0.08104	\$0.08104
TOTAL PUMPING COSTS	\$562.3	\$562.3
TOTAL PURCHASED WATER COSTS	\$1,436.1	\$1,436.1
WATER REPLENTISHMENT CHARGES		
TOTAL WELL PRODUCTION - KCCF	25,430.8	25,639.6
TOTAL WELL PRODUCTION - A.F.	58,381.5	58,860.8
RATE		
K.C.W.A. RATE / A.F.	\$30.00	\$30.00
COST		
K.C.W.A. REPLENTISHMENT CHARGES	\$1,751.4	\$1,765.8
UNCOLLECTABLE RATE		0.004107
FRANCHISE TAX RATE		0.014090
BUSINESS LICENSE FEE RATE		0.000000
FEDERAL TAX RATE		35.12%
STATE CORP. FRANCHISE TAX		9.30%
NET TO GROSS MULT.		1.83245

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California Water Service Company
Bakersfield District

Adopted Quantities

10. Number of Services by meter size:		1996.	1997			
5/8 x 3/4		10,261	10,777			
1		4,441	4,695			
1 1/2		530	530			
2		1,272	1,303			
3		227	231			
4		98	99			
6		36	38			
8		4	4			
10						
Total		16,869	17,677			
11. Metered Sales, KCCF All Water		10,724.6	10,983.1			
12. Number of Services and Use:						
	- Avg Services -	- Use, KCCF -		Avg Use, CCF/Sv		
	1996	1997	1996	1997	1996	1997
Commercial	16,420	17,225	9,065.1	9,323.9		
Industrial	46	46	69.5	69.3	1,510.9	1,506.5
Public Authority	364	367	1,539.8	1,539.8	4,230.2	4,195.6
Other	39	39	50.2	50.1	1,287.2	1,284.6
Reclaimed Sv.						
Total	16,869	17,677	10,724.6	10,983.1		
Residential Flat	37,190	36,564	17,280.3	17,214.0	464.6	470.8
Private Fire Pro.	596	605				
Public Fire Pro.	21	21				
Total	54,676	54,867	28,004.9	28,197.1		
Losses, 8 %			2,435.2	2,451.9		
Total Production			30,440.1	30,649.0		
Commercial, Residential Met'd					312.2	312.2
Commercial, Business (Total - Res.)					884.2	884.2
13. Number of flat rate services by lot size:						
		1996	1997			
6,000 sq. ft., or less		5,075	4,930			
6,001 to 10,000 sq. ft.		26,161	25,744			
10,001 to 16,000 sq. ft.		5,146	5,094			
16,001 to 25,000 sq. ft.		808	796			
Total		37,190	36,564			
Additional Unit		791	769			

APPENDIX C-1

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CALIFORNIA WATER SERVICE CO.
BAKERSFIELD DISTRICTSTIPULATED RATE BASE
(DOLLARS IN THOUSANDS)

	1996	1997
RATE BASE		
WTD. AVG. PLANT IN SERVICE	\$62,654.1	\$86,627.1
MATERIALS & SUPPLIES	328.3	328.3
WORKING CASH - GROSS	0.0	0.0
WORKING CASH - LEAD / LAG	(384.0)	(370.9)
WORKING CASH - W/H EMPLOYEES	(6.0)	(6.0)
WTD. AVG. DEPRECIATION RESERVE	(23,131.1)	(24,772.7)
ADVANCES FOR CONSTRUCTION	(14,092.3)	(14,280.2)
CONTRIBUTIONS	(4,358.2)	(4,377.3)
AMORTIZATION OF INTANG.	(4.1)	(5.1)
INTEREST CAPITALIZED ADJUSTMENT	(260.1)	(260.1)
DEFERRED TAXES	(3,956.3)	(4,405.9)
UNAMORT. ITC	(475.0)	(461.0)
PRORATED G.O. RATE BASE	1,374.3	1,312.0
TAXES ON - ADVANCES	1,311.2	1,425.6
TAXES ON - CIAC	478.7	494.9
WTG. AVG. RATE BASE	\$39,479.6	\$41,248.8

APPENDIX C-1
Page 4

CALIFORNIA WATER SERVICE CO.
BAKERSFIELD DISTRICT

<u>INCOME TAX CALC</u>	<u>1996</u>	<u>1997</u>
	(DOLLARS IN THOUSAND)	
OPERATING REVENUE (PRESENT RATES)	\$20,186.8	\$20,221.6
EXPENSES		
PURCHASED WATER	\$1,436.1	\$1,436.1
PURCHASED POWER	\$4,426.1	\$4,462.1
REPLENTISHMENT CHARGES	\$1,751.4	\$1,765.8
PAYROLL	\$2,584.9	\$2,719.0
OTHER O & M	\$1,693.4	\$1,752.1
OTHER A & G	\$162.0	\$165.9
G.O. PROATIONS	\$2,331.9	\$2,451.0
PAYROLL TAXES	\$208.0	\$218.1
AD VALOREM TAXES	\$474.4	\$491.7
UNCOLLECTIBLES	\$82.9	\$83.1
FRANCHISE TAXES & BUS LIC.	\$284.4	\$284.9
TRANSPORTATION DEPRECIATION ADJ.	(\$81.7)	(\$93.6)
INTEREST EXPENSE	\$1,591.9	\$1,682.4
TOTAL DEDUCTIONS	\$16,945.7	\$17,418.6
STATE TAX DEPRECIATION	\$2,580.2	\$2,679.3
NET TAXIBLE INCOME	\$660.9	\$123.7
STATE CORP. FRANCH. TAX @ 9.3%	\$61.5	\$11.5
FEDERAL TAX DEPRECIATION	\$1,713.9	\$1,792.6
STATE INCOME TAX	\$61.5	\$61.5
LESS PREFERRED STOCK DIVIDEND	\$8.7	\$8.7
NET TAXIBLE INCOME	\$1,457.0	\$940.2
FED. INCOME TAX @ 35.12%	\$511.7	\$330.2
INVESTMENT TAX CREDIT	\$0.0	\$0.0
TOTAL FEDERAL INCOME TAX	\$511.7	\$330.2
TOTAL INCOME TAXES	\$573.2	\$341.7

APPENDIX C-2
Page 1

DRAFT

CALIFORNIA WATER SERVICE CO.
EAST LOS ANGELES DISTRICT
STIPULATED QUANTITIES

	1996	1997
	(DOLLARS IN THOUSANDS)	
PURCHASED POWER		
SUPPLIER - PG&E (1/1/94)		
WELL PRODUCTION (KCCF)	8,916.9	8,906.3
KWH/CCF	656.0	656.0
TOTAL KWH	5,849,857	5,842,903
UNIT COST	\$0.098681	\$0.098780
POWER COST	\$577,270	\$577,163
 TOTAL PURCHASED POWER	 \$577.3	 \$577.2
PURCHASED WATER		
WEST BASIN MUNICIPAL WATER DISTRICT		
PURCHASES - KCCF	6,944.5	6,933.9
PURCHASES - ACRE FEET	15,942.5	15,918.2
SEASONAL STORAGE - ACRE FEET	4,955.0	4,945.0
NON-INTERRUPTIBLE WATER - ACRE FEET	10,987.5	10,973.2
NON-INTERRUPTIBLE RATE / ACRE FOOT	\$456.00	\$456.00
SEASONAL STORAGE RATE / ACRE FEET	\$295.00	\$295.00
TOTAL NON-INTERRUPTIBLE CHARGES	\$5,010,312	\$5,003,776
TOTAL SEASONAL STORAGE CHARGES	\$1,461,725	\$1,458,775
CENTRAL BASIN CONNECTION MAINT CHARGE	\$42,000	\$42,000
LESS : WRD REBATE	(\$554,960)	(\$553,840)
 TOTAL PURCHASED WATER COSTS	 \$5,959.1	 \$5,950.7
 TOTAL WELL PRODUCTION - KCCF	 1,972.4	 1,972.4
TOTAL WELL PRODUCTION - A.F.	4,528.0	4,528.0
RATE		
WATER REPLEN. DISTRICT RATE / A.F.	\$162.00	\$162.00
GROUND WATER CHARGES		
GROUND WATER CHARGES,	\$733,541	\$733,541
 ANNUAL WATERMASTER SERVICE FEES	 \$10,288	 \$10,288
 TOTAL WATER REPLEN. DISTRICT CHARGES	 \$743.8	 \$743.8
 UNCOLLECTABLE RATE		0.001462
FRANCHISE TAX RATE		0.016307
BUSINESS LICENSE FEE RATE		0.000000
FEDERAL TAX RATE		35.12%
STATE CORP. FRANCHISE TAX		9.30%
NET TO GROSS MULT.		1.83171

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California Cwater Service Company
East Los Angeles District

Adopted Quantities

10. Number of Services by meter size:		1996	1997			
5/8 x 3/4		21,832	21,805			
1		2,783	2,785			
1 1/2		318	321			
2		617	617			
3		106	105			
4		42	42			
6		23	23			
8		6	6			
10		3	3			
Total		25,730	25,707			
11. Metered Sales, KCCF All Water		8,463.0	8,453.0			
12. Number of Services and Use:						
	- Avg Services -	- Use, KCCF -		Avg Use, CCF/Sv		
	1996	1997	1996	1997	1996	1997
Commercial	25,259	25,236	6,514.3	6,508.4		
Industrial	131	131	1,127.7	1,127.7	8,608.4	8,608.4
Public Authority	326	326	815.1	811.0	2,500.3	2,487.7
Other	14	14	5.9	5.9	421.4	421.4
Reclaimed Sv.						
Total	25,730	25,707	8,463.0	8,453.0		
Residential Flat						
Private Fire Pro.	547	549				
Public Fire Pro.	44	45				
Total	26,321	26,301	8,463.0	8,453.0		
Losses, 5.09 %			453.9	453.3		
Total Production			8,916.9	8,906.3		

APPENDIX C-2

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CALIFORNIA WATER SERVICE CO.
EAST LOS ANGELES DISTRICTSTIPULATED RATE BASE
(DOLLARS IN THOUSANDS)

	1996	1997
RATE BASE		
WTD. AVG. PLANT IN SERVICE	\$35,995.6	\$37,135.8
MATERIALS & SUPPLIES	191.1	191.1
WORKING CASH - GROSS	0.0	0.0
WORKING CASH - LEAD / LAG	32.3	47.1
WORKING CASH - W/H EMPLOYEES	(3.4)	(3.4)
WTD. AVG. DEPRECIATION RESERVE	(12,044.3)	(12,809.1)
ADVANCES FOR CONSTRUCTION	(286.9)	(268.0)
CONTRIBUTIONS	(3,367.9)	(3,332.0)
AMORTIZATION OF INTANG.	(39.0)	(47.3)
INTEREST CAPITALIZED ADJUSTMENT	(65.8)	(65.8)
DEFERRED TAXES	(1,779.4)	(1,912.3)
UNAMORT. I T C	(195.9)	(190.0)
PRORATED G.O. RATE BASE	783.9	748.4
TAXES ON - ADVANCES	37.1	36.0
TAXES ON - C I A C	406.3	413.1
WTG. AVG. RATE BASE	\$19,663.7	\$19,943.6

APPENDIX C-2

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CALIFORNIA WATER SERVICE CO.
EAST LOS ANGELES DISTRICT

<u>INCOME TAX CALC</u>	1996 -----	1997 -----
	(DOLLARS IN THOUSANDS)	
OPERATING REVENUE (PRESENT RATES)	\$14,014.0	\$13,988.2
EXPENSES		
PURCHASED WATER	\$5,959.1	\$5,950.7
PURCHASED POWER	\$577.3	\$577.2
REPLENTISHMENT CHARGES	\$743.8	\$743.8
PAYROLL	\$1,521.7	\$1,571.0
OTHER O & M	\$727.3	\$750.7
OTHER A & G	\$110.7	\$113.1
G.O. PROATIONS	\$1,330.3	\$1,398.3
PAYROLL TAXES	\$122.3	\$125.4
AD VALOREM TAXES	\$211.5	\$215.0
UNCOLLECTIBLES	\$20.5	\$20.4
FRANCHISE TAXES & BUS LIC.	\$229.5	\$229.1
TRANSPORTATION DEPRECIATION ADJ.	(\$46.0)	(\$47.7)
INTEREST EXPENSE	\$792.0	\$817.9
TOTAL DEDUCTIONS	\$12,300.0	\$12,464.9
STATE TAX DEPRECIATION	\$943.6	\$946.9
NET TAXIBLE INCOME	\$770.4	\$574.4
STATE CORP. FRANCH. TAX @ 9.3%	\$71.6	\$53.4
FEDERAL TAX DEPRECIATION	\$683.9	\$702.0
STATE INCOME TAX	\$71.6	\$71.6
LESS PREFERRED STOCK DIVIDEND	\$4.7	\$4.7
NET TAXIBLE INCOME	\$953.8	\$743.0
FED. INCOME TAX @ 35.12%	\$335.0	\$261.0
INVESTMENT TAX CREDIT	\$0.0	\$0.0
TOTAL FEDERAL INCOME TAX	\$335.0	\$261.0
TOTAL INCOME TAXES	\$406.6	\$314.4

APPENDIX C-3

Page 1

CALIFORNIA WATER SERVICE CO.
HERMOSA REDONDO DISTRICT
STIPULATED QUANTITIES

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	1996	1997
	(DOLLARS IN THOUSANDS)	
PURCHASED POWER		
SUPPLIER - PG&E (1/1/94)		
WELL PRODUCTION (KCCF)	6,218.5	6,261.2
KWHCCF	417.9	417.9
TOTAL KWH	2,598,474	2,616,317
UNIT COST	\$0.103498	\$0.103587
POWER COST	\$268,938	\$271,016
TOTAL PURCHASED POWER	\$268.9	\$271.0
PURCHASED WATER		
WEST BASIN MUNICIPAL WATER DISTRICT		
PURCHASES - KCCF	5,957.1	5,686.2
PURCHASES - ACRE FEET	13,675.8	13,053.8
SEASONAL STORAGE - ACRE FEET	516.8	1,048.8
NON-INTERRUPTIBLE WATER - ACRE FEET	13,159.0	11,975.2
RECLAIMED WATER - ACRE FEET	0.0	29.8
NON - INTERRUPTIBLE RATE / ACRE FOOT	\$501.00	\$501.00
SEASONAL STORAGE RATE / ACRE FOOT	\$320.00	\$320.00
RECLAIMED WATER RATE / ACRE FOOT	\$280.00	\$280.00
TOTAL NON - INTERRUPTIBLE CHARGES	\$6,592,664	\$5,999,594
TOTAL SEASONAL STORAGE CHARGES	\$165,376	\$335,616
TOTAL RECLAIMED WATER CHARGES	\$0	\$8,344
METER CHARGES - WEST BASIN & STANDBY	\$52,110	\$52,110
LESS : WRD REBATE	(\$57,882)	(\$117,466)
TOTAL PURCHASED WATER COSTS	\$6,752.3	\$6,278.2
GROUND WATER CHARGES		
TOTAL WELL PRODUCTION -- KCCF	261.4	575.0
TOTAL WELL PRODUCTION -- A.F.	600.0	1,320.0
WATER REPLEN. DISTRICT RATE / A.F.	\$162.00	\$162.00
GROUND WATER CHARGES	\$97,201	\$213,841
ANNUAL WATERMASTER SERVICE FEES	\$8,039	\$8,039
TOTAL WATER REPLEN. DISTRICT CHARGES	\$105.2	\$221.9
UNCOLLECTABLE RATE		0.002859
FRANCHISE TAX RATE		0.000367
BUSINESS LICENSE FEE RATE		0.000000
FEDERAL TAX RATE		35.12%
STATE CORP. FRANCHISE TAX		9.30%
NET TO GROSS MULT.		1.80503

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California Water Service Company
Hermosa-Redondo District

Adopted Quantities

10. Number of Services by meter size:	GMS, Sch No. HR-1		Reclaimed Metered Sch No. HR-6	
	1996	1997	1996	1997
5/8 x 3/4	17,329	17,400		
1	5,219	5,208		
1 1/2	1,101	1,101		
2	873	868	0	3
3	83	83		
4	28	26	0	2
6	9	9		
8	5	5		
10				
Total	24,647	24,700	0	5

11. Metered Sales, KCCF

All Water	5,902.0	5,929.5	0	13.0
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12. Number of Services and Use:

	- Avg Services -		- Use, KCCF -		Avg Use, CCF/Sv	
	1996	1997	1996	1997	1996	1997
Commercial	24,237	24,295	5,206.1	5,218.6	214.8	214.8
Industrial	37	36	332.8	332.8	8,994.6	9,244.4
Public Authority	360	356	356.6	371.6	990.6	1,043.8
Other	13	13	6.5	6.5	500.0	500.0
Reclaimed Sv.	0	5	.0	13.0		
Total	24,647	24,705	5,902.0	5,942.5		
Residential Flat						
Private Fire Pro.	217	220				
Public Fire Pro.	16	16				
Total	24,880	24,941	5,902.0	5,942.5		
Losses, 5.09 %			316.5	318.7		
Total Production			6,218.5	6,261.2		

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APPENDIX C-3

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CALIFORNIA WATER SERVICE CO.
HERMOSA REDONDO DISTRICT

STIPULATED RATE BASE
(DOLLARS IN THOUSANDS)

	1996	1997
RATE BASE		
WTD. AVG. PLANT IN SERVICE	\$30,482.0	\$33,274.0
MATERIALS & SUPPLIES	176.0	176.0
WORKING CASH - GROSS	0.0	0.0
WORKING CASH - LEAD / LAG	16.5	48.5
WORKING CASH - W/H EMPLOYEES	(2.8)	(2.8)
WTD. AVG. DEPRECIATION RESERVE	(8,637.2)	(9,281.9)
ADVANCES FOR CONSTRUCTION	(548.9)	(548.7)
CONTRIBUTIONS	(1,682.8)	(1,722.7)
AMORTIZATION OF INTANG.	(50.9)	(52.7)
INTEREST CAPITALIZED ADJUSTMENT	(43.5)	(43.5)
DEFERRED TAXES	(1,437.0)	(1,531.5)
UNAMORT. I T C	(172.2)	(167.0)
PRORATED G.O. RATE BASE	645.3	616.0
TAXES ON - ADVANCES	40.4	42.6
TAXES ON - C I A C	190.6	203.3
WTG. AVG. RATE BASE	\$18,975.6	\$21,009.5

APPENDIX C-3
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CALIFORNIA WATER SERVICE CO.
HERMOSA REDONDO DISTRICT

<u>INCOME TAX CALC</u>	<u>1996</u>	<u>1997</u>
	(DOLLARS IN THOUSANDS)	
OPERATING REVENUE (PRESENT RATES)	\$11,093.9	\$11,150.3
EXPENSES		
PURCHASED WATER	\$6,752.3	\$6,278.2
PURCHASED POWER	\$268.9	\$271.0
REPLENTISHMENT CHARGES	\$105.2	\$221.9
PAYROLL	\$1,138.4	\$1,179.7
OTHER O & M	\$761.6	\$804.8
OTHER A & G	\$89.4	\$90.9
G.O. PROATIONS	\$1,094.7	\$1,150.6
PAYROLL TAXES	\$91.3	\$94.3
AD VALOREM TAXES	\$188.3	\$202.8
UNCOLLECTIBLES	\$31.7	\$31.9
FRANCHISE TAXES & BUS LIC.	\$23.5	\$23.5
TRANSPORTATION DEPRECIATION ADJ.	(\$35.3)	(\$38.6)
INTEREST EXPENSE	\$726.7	\$819.6
TOTAL DEDUCTIONS	\$11,236.8	\$11,130.5
STATE TAX DEPRECIATION	\$920.2	\$952.3
NET TAXIBLE INCOME	(\$1,063.1)	(\$932.5)
STATE CORP. FRANCH. TAX @ 9.3%	(\$98.9)	(\$86.7)
FEDERAL TAX DEPRECIATION.	\$828.8	\$917.0
STATE INCOME TAX	(\$98.9)	(\$98.9)
LESS PREFERRED STOCK DIVIDEND	\$4.1	\$4.1
NET TAXIBLE INCOME	(\$876.9)	(\$802.4)
FED. INCOME TAX @ 35.12%	(\$308.0)	(\$281.8)
INVESTMENT TAX CREDIT	\$0.0	\$0.0
TOTAL FEDERAL INCOME TAX	(\$308.0)	(\$281.8)
TOTAL INCOME TAXES	(\$406.9)	(\$368.5)

CALIFORNIA WATER SERVICE CO.
STOCKTON DISTRICT
STIPULATED QUANTITIES

	1996	1997
	(DOLLARS IN THOUSANDS)	
PURCHASED POWER		
SUPPLIER - PG&E (1/1/94)		
WELL PRODUCTION (KCCF)	4,197.3	4,221.4
KWH/KCF	1,100.7	1,100.7
TOTAL KWH	4,619,922	4,646,448
UNIT COST	\$0.131126	\$0.131205
POWER COST	\$605,792	\$609,635
TOTAL PURCHASED POWER	\$605.8	\$609.6
PURCHASED WATER		
STOCKTON EAST WATER DISTRICT		
FIXED MONTHLY CHARGES - CURRENT CONTRAC	\$252,166.13	\$252,166.13
ANNUAL CHARGES	\$3,025,994	\$3,025,994
TOTAL PURCHASED WATER COSTS	\$3,026.0	\$3,026.0
GROUND WATER CHARGES		
TOTAL WELL PRODUCTION - KCCF	4,197.3	4,221.4
TOTAL WELL PRODUCTION - A.F.	9,635.8	9,691.1
STKEAST RATE / A.F.	\$48.70	\$48.70
STOCKTON EAST GROUND WATER CHARGES	\$469.3	\$472.0
UNCOLLECTABLE RATE		0.003913
FRANCHISE TAX RATE		0.004739
BUSINESS LICENSE FEE RATE		0.000000
FEDERAL TAX RATE		35.12%
STATE CORP. FRANCHISE TAX		9.30%
NET TO GROSS MULT.		1.81488

California Water Service Company
Stockton District

Adopted Quantities

10. Number of Services by meter size:	1996	1997
5/8 x 3/4	35,205	35,253
1	3,543	3,547
1 1/2	510	511
2	779	786
3	145	145
4	56	56
6	30	30
8	14	14
10	2	2
Total	40,284	40,344

11. Metered Sales, KCCF

0 - 300 CCF	9,126.7	9,145.4
Over 300 CCF	3,425.8	3,429.9
Total	12,552.5	12,575.3

12. Number of Services and Use:

	— Avg Services —		— Use, KCCF —		Avg Use, CCF/Sv	
	1996	1997	1996	1997	1996	1997
Commercial	39,894	39,955	9,538.7	9,553.2	239.1	239.1
Industrial	100	100	1,888.1	1,888.1	18,881.0	18,881.0
Public Authority	284	283	1,119.4	1,127.7	3,941.5	3,984.8
Other	6	6	6.3	6.3	1,050.0	1,050.0
Reclaimed Sv.	0	0	0	0		
Total	40,284	40,344	12,552.5	12,575.3		
Residential Flat						
Private Fire Pro.	552	562				
Public Fire Pro.	47	48				
Total	40,883	40,954	12,552.5	12,575.3		
Losses, 5.32 %			705.3	706.6		
Total Production			13,257.8	13,281.9		

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APPENDIX C-4
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CALIFORNIA WATER SERVICE CO.
STOCKTON DISTRICT

STIPULATED RATE BASE
(DOLLARS IN THOUSANDS)

	1996	1997
RATE BASE		
WTD. AVG. PLANT IN SERVICE	\$52,398.5	\$55,133.0
MATERIALS & SUPPLIES	313.8	313.8
WORKING CASH - GROSS	0.0	0.0
WORKING CASH - LEAD / LAG	804.1	827.2
WORKING CASH - W/H EMPLOYEES	(4.2)	(4.2)
WTD. AVG. DEPRECIATION RESERVE	(16,449.6)	(17,523.9)
ADVANCES FOR CONSTRUCTION	(7,732.6)	(8,304.4)
CONTRIBUTIONS	(3,402.0)	(3,487.3)
AMORTIZATION OF INTANG.	(21.7)	(25.8)
INTEREST CAPITALIZED ADJUSTMENT	(75.5)	(75.5)
DEFERRED TAXES	(2,556.9)	(2,828.8)
UNAMORT. ITC	(219.4)	(212.9)
PRORATED G.O. RATE BASE	969.7	925.8
TAXES ON - ADVANCES	1,199.7	1,333.7
TAXES ON - CIAC	572.4	602.8
WTG. AVG. RATE BASE	\$25,796.3	\$26,673.5

APPENDIX C-4

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CALIFORNIA WATER SERVICE CO.
STOCKTON DISTRICT

<u>INCOME TAX CALC</u>	<u>1996</u>	<u>1997</u>
	(DOLLARS IN THOUSANDS)	
OPERATING REVENUE (PRESENT RATES)	\$13,499.0	\$13,526.0
EXPENSES		
PURCHASED WATER	\$3,026.0	\$3,026.0
PURCHASED POWER	\$605.8	\$609.6
REPLENISHMENT CHARGES	\$469.3	\$472.0
PAYROLL	\$2,193.2	\$2,267.4
OTHER O & M	\$840.0	\$864.0
OTHER A & G	\$160.8	\$171.3
G.O. PROATIONS	\$1,645.6	\$1,729.7
PAYROLL TAXES	\$175.8	\$181.2
AD VALOREM TAXES	\$257.7	\$270.4
UNCOLLECTIBLES	\$52.8	\$52.9
FRANCHISE TAXES & BUS LIC.	\$66.8	\$66.9
TRANSPORTATION DEPRECIATION ADJ.	(\$63.6)	(\$66.5)
INTEREST EXPENSE	\$998.0	\$1,043.0
TOTAL DEDUCTIONS	\$10,428.2	\$10,687.9
STATE TAX DEPRECIATION	\$1,349.3	\$1,416.8
NET TAXIBLE INCOME	\$1,721.5	\$1,421.3
STATE CORP. FRANCH. TAX @ 9.3%	\$160.1	\$132.2
FEDERAL TAX DEPRECIATION	\$958.4	\$978.2
STATE INCOME TAX	\$160.1	\$160.1
LESS PREFERRED STOCK DIVIDEND	\$5.5	\$5.5
NET TAXIBLE INCOME	\$1,946.8	\$1,694.3
FED. INCOME TAX @ 35.12%	\$683.7	\$595.1
INVESTMENT TAX CREDIT	\$0.0	\$0.0
TOTAL FEDERAL INCOME TAX	\$683.7	\$595.1
TOTAL INCOME TAXES	\$843.8	\$727.3

APPENDIX C-5

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CALIFORNIA WATER SERVICE CO.
VISALIA DISTRICT
STIPULATED QUANTITIES

	1996	1997
	(DOLLARS IN THOUSANDS)	
PURCHASED POWER		
SUPPLIER -PG&E (1/1/94)		
WELL PRODUCTION (KCCF)	10,725.6	10,850.1
KWH/CCF	930.3	930.3
TOTAL KWH	9,977,784	10,093,604
UNIT COST	\$0.099680	\$0.099617
POWER COST	\$994,584	\$1,005,495
 TOTAL PURCHASED POWER	 \$994.6	 \$1,005.5
 UNCOLLECTABLE RATE		0.002236
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.		1.80324

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California Cwater Service Company
Visalia District

Adopted Quantities

10. Number of Services by meter size:	1996	1997
5/8 x 3/4	6,285	6,892
1	2,600	2,709
1 1/2	268	273
2	618	629
3	80	80
4	31	31
6	12	12
8	4	4
10		
Total	9,898	10,630

11. Metered Sales, KCCF		
All Water	4,863.0	5,113.3

12. Number of Services and Use:

	— Avg Services —		— Use, KCCF —		Avg Use, CCF/Sv	
	1996	1997	1996	1997	1996	1997
Commercial	9,573	10,303	4,380.1	4,630.9		
Industrial	58	58	168.7	168.2	2,908.6	2,900.0
Public Authority	243	245	292.4	292.4	1,203.3	1,193.5
Other	24	24	21.8	21.8	908.3	908.3
Reclaimed Sv.	0	0	0	0		
Total	9,898	10,630	4,863.0	5,113.3		
Residential Flat	16,685	16,435	5,004.6	4,868.8	299.9	296.2
Private Fire Pro.	291	302				
Public Fire Pro.	21	21				
Total	26,895	27,388	9,867.6	9,982.1		
Losses, 8 %			858.1	868.0		
Total Production			10,725.7	10,850.1		
Commercial, Residential Met'd					292.5	292.5
Commercial, Business (Total - Res)					777.3	777.3

13. Number of flat rate services by lot size:

	1996	1997
6,000 sq. ft. or less	2,648	2,619
6,001 to 10,000 sq. ft.	10,380	10,209
10,001 to 16,000 sq. ft.	3,091	3,046
16,001 to 25,000 sq. ft.	566	561
Total	16,685	16,435
Additional Unit	107	106

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APPENDIX C-5
Page 3

CALIFORNIA WATER SERVICE CO.
VISALIA DISTRICT

STIPULATED RATE BASE
(DOLLARS IN THOUSANDS)

	<u>1996</u>	<u>1997</u>
RATE BASE		
WTD. AVG. PLANT IN SERVICE	\$39,121.3	\$41,180.7
MATERIALS & SUPPLIES	120.1	120.1
WORKING CASH - GROSS	0.0	0.0
WORKING CASH - LEAD / LAG	(98.5)	(94.5)
WORKING CASH - W/H EMPLOYEES	(2.6)	(2.6)
WTD. AVG. DEPRECIATION RESERVE	(8,955.9)	(9,835.6)
ADVANCES FOR CONSTRUCTION	(13,775.4)	(14,374.6)
CONTRIBUTIONS	(1,937.9)	(1,997.7)
AMORTIZATION OF INTANG.	(0.1)	(0.1)
INTEREST CAPITALIZED ADJUSTMEN	(74.5)	(74.5)
DEFERRED TAXES	(1,790.7)	(2,044.6)
UNAMORT. ITC	(133.0)	(129.2)
PRORATED G.O. RATE BASE	592.2	565.4
TAXES ON - ADVANCES	1,795.5	1,980.6
TAXES ON - C I A C	340.5	356.8
	<u>\$15,200.9</u>	<u>\$15,650.1</u>
WTG. AVG. RATE BASE	\$15,200.9	\$15,650.1

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CALIFORNIA WATER SERVICE CO.
VISALIA DISTRICT

<u>INCOME TAX CALC</u>	<u>1996</u>	<u>1997</u>
	(DOLLARS IN THOUSANDS)	
OPERATING REVENUE (PRESENT RATES)	\$6,370.2	\$6,478.0
EXPENSES		
PURCHASED WATER	\$0.0	\$0.0
PURCHASED POWER	\$994.6	\$1,005.5
REPLENISHMENT CHARGES	\$0.0	\$0.0
PAYROLL	\$1,339.5	\$1,390.2
OTHER O & M	\$746.8	\$785.7
OTHER A & G	\$75.4	\$77.6
G.O. PROATIONS	\$1,005.1	\$1,056.3
PAYROLL TAXES	\$107.8	\$111.5
AD VALOREM TAXES	\$180.8	\$189.5
UNCOLLECTIBLES	\$14.2	\$14.5
FRANCHISE TAXES & BUS LIC.	\$0.6	\$0.6
TRANSPORTATION DEPRECIATION ADJ.	(\$51.8)	(\$59.2)
INTEREST EXPENSE	\$620.5	\$647.2
TOTAL DEDUCTIONS	\$5,033.4	\$5,219.4
STATE TAX DEPRECIATION	\$1,185.7	\$1,239.8
NET TAXIBLE INCOME	\$151.1	\$18.8
STATE CORP. FRANCH. TAX @ 9.3%	\$14.1	\$1.7
FEDERAL TAX DEPRECIATION	\$763.4	\$800.0
STATE INCOME TAX	\$14.1	\$14.1
LESS PREFERRED STOCK DIVIDEND	\$3.3	\$3.3
NET TAXIBLE INCOME	\$556.0	\$441.2
FED. INCOME TAX @ 35.12%	\$195.3	\$155.0
INVESTMENT TAX CREDIT	\$0.0	\$0.0
TOTAL FEDERAL INCOME TAX	\$195.3	\$155.0
TOTAL INCOME TAXES	\$209.4	\$156.7

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SECTION

VI.

**CALIFORNIA WATER SERVICE COMPANY
1995 GRC - SURCHARGES & SURCREDITS ***

DISTRICT	AMOUNT	STIPULATED SALES (CCF)	SURCHARGE/SURCREDIT PER CCF	
BAK				
Balancing Account	\$798,050	21,707,700	\$0.0367	2 yr surcharge
Tax Change	\$102,705	10,724,600	\$0.0096	1 yr surcharge
Conservation Expenses	\$30,738	10,724,600	\$0.0029	1 yr surcharge
ELA				
Tax Change	\$51,424	8,463,000	\$0.0061	1 yr surcharge
Lost Revenue	\$33,583	8,463,000	\$0.0040	1 yr surcharge
H/R				
Balancing Account	\$807,995	11,831,500	\$0.0683	2 yr surcharge
Tax Change	\$52,684	5,902,000	\$0.0089	1 yr surcharge
Lost Revenue	\$42,550	5,902,000	\$0.0072	1 yr surcharge
STK				
Balancing Account	(\$1,063,830)	12,552,500	(\$0.0848)	1 yr surcredit
Tax Change	\$57,579	12,552,500	\$0.0046	1 yr surcharge
Lost Revenue	\$988,262	12,552,500	\$0.0787	1 yr surcharge
VIS				
Balancing Account	\$134,377	4,863,000	\$0.0276	1 yr surcharge
Tax Change	\$32,451	4,863,000	\$0.0067	1 yr surcharge
Conservation Expenses	\$22,372	4,863,000	\$0.0046	1 yr surcharge
Meter Retrofit	\$101,568	4,863,000	\$0.0209	1 yr surcharge

* Injuries & Damages Reserve refund detailed separately

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INJURIES & DAMAGES RESERVE REFUND

District	Customer Projections *					Refund Amount Per CUSTOMER Per MONTH				
	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
Bakersfield	54,059	54,241	54,423	54,605	54,787	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
East Los Angeles	25,749	25,726	25,703	25,680	25,657	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04
Hermosa Redondo	24,647	24,705	24,763	24,821	24,879	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
Stockton	40,284	40,344	40,404	40,464	40,524	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
Visalia	26,583	27,065	27,547	28,029	28,511	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03

*Customer Projections based upon stipulated customers for 1996 & 1997. Additional years based on growth from 1996 to 1997.

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CALIFORNIA WATER SERVICE COMPANY
Agreed Capital Structure and ROR

	Capital Structure	Cost Factor	Weighted Cost
Test Year 1996			
Debt	49.10%	8.44%	4.14%
Preferred Stock	1.10%	4.19%	0.05%
Common Equity	49.80%	10.30%	5.13%
Total	<u>100.00%</u>		<u>9.32%</u>

Test Year 1997			
Debt	49.50%	8.38%	4.14%
Preferred Stock	1.10%	4.19%	0.05%
Common Equity	49.40%	10.30%	5.09%
Total	<u>100.00%</u>		<u>9.28%</u>

Test Year 1998			
Debt	49.50%	8.31%	4.11%
Preferred Stock	1.00%	4.19%	0.04%
Common Equity	49.50%	10.30%	5.10%
Total	<u>100.00%</u>		<u>9.25%</u>

Test Year 1999			
Debt	48.80%	8.27%	4.04%
Preferred Stock	1.00%	4.19%	0.04%
Common Equity	50.20%	10.30%	5.17%
Total	<u>100.00%</u>		<u>9.25%</u>

DRAFT

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	)	Application 95-09-005
in the Stockton District.	)	(Filed September 8, 1995)
_____)	
	)	Application 95-09-006
And Related Matters.	)	Application 95-09-007
	)	Application 95-09-008
_____	)	Application 95-09-009

STIPULATION AND SETTLEMENT AGREEMENT

The City of Redondo Beach (City), West Basin Municipal Water District (West Basin), California Water Service Company (Cal Water), and the Division of Ratepayer Advocates (DRA), parties to these consolidated proceedings now pending before the Public Utilities Commission (Commission), desiring to avoid the expense, inconvenience, and uncertainty attendant to litigation of issues in dispute between them have agreed upon a settlement of the issues set forth in this Stipulation. Pursuant to Rules 51-51.10 of the Commission's Rules of Practice and Procedure these parties desire to submit to the Commission this Stipulation for approval and adoption as the Commission's final disposition of such issues.

The City and West Basin have raised issues concerning Cal Water's present and proposed Reclaimed Metered Service Schedule No. HR-6 for the Hermosa-Redondo district. These issues address a double service charge for potable and reclaimed water service, lower rates to attract additional reclaimed water

customers, and the conversion costs from potable to reclaimed water. Additionally, the City and West Basin have identified benefits to the potable water system from customers converting to reclaimed water. Moreover, they state that these benefits are not adequately reflected in the Cal Water's reclaimed water rates.

West Basin and the City have identified the following benefits from customers which convert to reclaimed water.

1. Lower potable water demand.
2. Improved fire flows.
3. Increased reliability of potable water system during drought periods.

While West Basin and the City recognize that these benefits are not easily quantifiable, they believe a reduction in reclaimed water rates is warranted.

DRA and Cal Water have had extensive settlement discussions with the City and West Basin. As a result of these discussions, all parties agree that the double collection of service charges should be eliminated and reclaimed water quantity rates should be reduced. All parties believe that these changes will encourage additional reclaimed water use, will benefit the potable water system in the long-term, and will have a minor impact on potable water revenues (approximately a 0.35% increase at present tariff rates). Under a special condition, customers with a West Basin reclaimed water conversion contract will be charged the potable water quantity based fees contained in tariff

Schedule HR-1 and West Basin will receive 42% of potable water quantity based revenues, but not for more than ten years. However, West Basin at its discretion may rebate to each reclaimed customer up to 10% of the customer's quantity based portion of the bill. This special condition to reclaimed water quantity rates will apply only during the term of the contract between West Basin and the reclaimed customer for the repayment of conversion costs from potable to reclaimed water, but not more than ten years. Accordingly, all parties agree to the attached reclaimed water rate design at stipulated rates which reflect a compromise on the issues.

Additionally, the City has concerns about Cal Water's reclaimed water rate design employed in setting rates after the conversion contracts with West Basin are repaid. However, the City recognizes the considerable time and energy expended in reaching this settlement, which it considers a substantial improvement over Cal Water's current reclaimed water rate design. Therefore, the City, with the concurrence of all parties, will not contest this issue in this proceeding and reserves its right to address reclaimed water rate design in the future.

Furthermore, West Basin has agreed to prepare a status report analyzing whether the reclaimed water rate design changes agreed to in this stipulation have sufficiently encouraged the use of reclaimed water. West Basin's report will be served on all parties to this stipulation, the Administrative Law Judge, and as a compliance filing with the Commission Advisory and

Compliance Division or its successor within sixty (60) days after the first anniversary of the effective date of the Commission's decision in this matter.

Finally, all parties recognize that this agreement has no precedential value for Cal Water's other districts or for other water utilities the Commission regulates.

WHEREFORE, the parties request that the Commission adopt this Stipulation and Settlement Agreement in its entirety as a complete resolution of all the issues addressed above.

Respectfully submitted,

Asadul Rehman

Project Manager
Division of Ratepayer Advocates
April 12, 1996

Thomas R. Lerner

Vice President, Regulatory Affairs
California Water Service Company
March 28, 1996

Attorney Representing the
City of Redondo Beach
_____, 1996

General Manager
West Basin Water District
_____, 1996

Compliance Division or its successor within sixty (60) days after the first anniversary of the effective date of the Commission's decision in this matter.

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Respectfully submitted,

Project Manager
Division of Ratepayer Advocates
_____, 1996

Thomas P. Penaw
Vice President, Regulatory Affairs
California Water Service Company
March 28, 1996

Attorney Representing the
City of Redondo Beach
_____, 1996

Richard M. J. [Signature]
General Manager
West Basin Water District
March 29, 1996

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WHEREFORE, the parties request that the Commission adopt this Stipulation and Settlement Agreement in its entirety as a complete resolution of all the issues addressed above.

Respectfully submitted,

Project Manager
Division of Ratepayer Advocates
_____, 1996

James S. Arnow
Vice President, Regulatory Affairs
California Water Service Company
March 28, 1996

Donald H. Meyer
Attorney Representing the
City of Redondo Beach
March 28, 1996

General Manager
West Basin Water District
_____, 1996

Schedule No. HR-1

Hermosa-Redondo Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Hermosa Beach, Redondo Beach, Torrance, and vicinity, Los Angeles County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$ 1.7306	(1)
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Service Charge:

	<u>Per Meter</u> <u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$ 7.85	(1)
For 1-inch meter	15.30	(R)
For 1-1/2-inch meter	29.83	(1)
For 2-inch meter	37.69	|
For 3-inch meter	71.00	|
For 4-inch meter	118.00	|
For 6-inch meter	203.00	|
For 8-inch meter	301.00	|
For 10-inch meter	374.00	(1)

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 Rate.

SPECIAL CONDITIONS

1. Due to the under-collection in the balancing account, a surcharge of \$ 0.068 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from the effective date of this rate schedule. (N)
2. To recover an increase in Federal Income Taxes due to the elevation of the corporate income tax rate from 34.12% to 35.12%, a surcharge of \$ 0.009 per 100 cu. ft. of water used is to be applied to the quantity rate for 12 months from the effective date of this rate schedule. |
3. To refund an amount agreed to in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.04 per service connection is to be applied to each bill for 60 months from the effective date of this rate schedule. |
4. To recover lost revenue expenses, a surcharge of \$0.007 per 100 cu. ft. of water used is to be applied to the quantity rate for 12 months from the effective date of this rate schedule. (N)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

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Schedule No. HR-6

Hermosa-Redondo Tariff Area

RECLAIMED METERED SERVICE

APPLICABILITY

Applicable to all metered reclaimed water service.

TERRITORY

Hermosa Beach, Redondo Beach, Torrance, and vicinity, Los Angeles County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$ 1.2055 *	(I)
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Service Charge:

	Per Meter Per Month	
For 5/8 x 3/4-inch meter	\$ 7.85	(I)
For 1-inch meter	15.30	(R)
For 1-1/2-inch meter	29.83	(I)
For 2-inch meter	37.69	|
For 3-inch meter	71.00	|
For 4-inch meter	118.00	|
For 6-inch meter	203.00	|
For 8-inch meter	301.00	|
For 10-inch meter	374.00	(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 Rate.

The Service Charge is only applicable to reclaimed customers who do not take potable water service under Schedule No. HR-1 at the site where reclaimed water service is provided. (N)
(N)

SPECIAL CONDITIONS

1. Reclaimed water will be supplied only as available from West Basin Municipal Water District.
2. 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.
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

* Reclaimed water customers which have signed a contract with the West Basin Municipal Water District (West Basin) for repayment of the conversion costs from potable to reclaimed water service will be charged the potable quantity based fees while the contract is in effect. The Company will pay West Basin 42% of the quantity based revenues collected from reclaimed water customers billed at the potable quantity based fees contained in Schedule HR-1 until the conversion cost contract is satisfied or ten years whichever occurs first. The 42% represents the difference between the March 21, 1996 West Basin wholesale potable water rate and wholesale reclaimed water rate. (N)
|
|
|
|
(N)