

DEC 4 1997

Decision 97-12-018 December 3, 1997

ORIGINAL**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

California-American Water Company, for an order authorizing increased rates of \$1,142,700 (7.65%) in the year 1998; \$376,200 (2.51%) in the year 1999; and \$317,200 (1.93%) in the year 2000, in the Los Angeles Division.

Application 97-04-051
(Filed April 21, 1997)

Steeffel, Levitt, & Weiss by Daryl S. Landy, Attorney at Law, for California-American Water Company, applicant.

Peter G. Fairchild, Attorney at Law, for Office of Ratepayer Advocates; and Daniel R. Paige, for Water Division.

O P I N I O N**Summary**

This decision authorizes the following rate increases to California-American Water Company (CalAm) for its Los Angeles Division:

1998	1999	2000
0.00%	1.61%	2.47%

The calculations and quantities upon which these rate increases are based, the new rate schedules, and a comparison table showing the applicant's original proposal, the response of the Commission's Large Water Branch (LWB), and the final result incorporated in this decision, are included as Appendices A through D to Attachment 1 of this decision.

These increases are based on a rate of return on CalAm's rate base of 9.05% for the test years 1998 and 1999 and attrition year 2000, with a corresponding return on common equity of 10.30% for each of the three years.

Background

CalAm is a public utility corporation with headquarters in Chula Vista, California. It provides water service in various areas in the counties of San Diego, Los Angeles, Ventura, and Monterey.

On April 21, 1997, CalAm filed this application to increase the rates it charges for water service in its Los Angeles Division, encompassing the Baldwin Hills, Duarte, and San Marino Districts, which have been consolidated for ratemaking purposes into a single district, pursuant to Ordering Paragraph 2 of Decision (D.) 94-11-004, 57 CPUC2d 127, 142 (1994). Specifically, CalAm requested the following increases:

Estimated (Test Year)	Amount of Increase (Thousands)	Percent Increase
1998	\$1,142.7	7.75%
1999	376.2	2.51%
2000	317.2	1.93%

In support of this request CalAm states that , at its present rates, any annual increase in revenues resulting from customer growth or increased consumption is more than offset by increases in expenses and in the costs of capital expenditures, and that the rates heretofore authorized have become unreasonably low.

LWB 's response to CalAm's revenue and expense estimates, estimated cost of capital, and rate of return, are contained in its Results of Operation Report dated August 15, 1997 (Exhibit (Exh.) 2) and its Report on Cost of Capital and Rate of Return (Exh. 3) dated August 1997, which are a part of our record.

Public Participation Hearings

Two duly noticed public participation hearings (PPHs) were held on September 22, 1997, the first in Duarte and the second in Inglewood. Four speakers attended each PPH, and the administrative law judge (ALJ) permitted the parties to proceed in a question-and-answer format, enabling CalAm to address directly any questions concerning the reasons for its application and any specific service-related inquiries. This procedure, in this instance, was an effective means of addressing

customer concerns about the application and any related service problems, as attendance was relatively light and the proceedings were amicable.

Evidentiary Hearing

An evidentiary hearing was held in Los Angeles on September 23, 1997, before the ALJ. The only parties in attendance were CalAm and LWB. All exhibits were received by stipulation at that time. No testimony was taken, but the parties agreed that the Application (which includes all of CalAm's prepared testimony) and Exhs 2 and 3, supra, could be received as if they were offered by sponsoring witnesses. They reported that they had reached a settlement on all issues, which would be reduced to writing and proposed to the Commission for adoption by joint settlement after the hearing. The hearing was adjourned pending receipt of the settlement and supporting motion.

Settlement

The annual increases proposed by the parties in their settlement are 0.00% for 1998, 1.61% in 1999, and 2.47% in 2000. The settlement reflects that the parties arrived at reasonable compromises where their estimates differed on particular items, producing rate increases that are substantially lower than those originally requested.

The parties agreed to an overall rate of return of 9.05 % for all three years, based upon a capital structure of 55.00% debt and 45.00% common equity. The parties agreed that CalAm should receive a premium above what we normally authorize of 0.30% in return on equity as a reward under the circumstances of this proceeding for maintaining to the benefit of ratepayers a percentage of debt in this capital structure which is significantly higher than that of the industry generally.

The parties agreed two wells should be allowed as an addition to plant after they have been completed and that CalAm should be authorized to file an advice letter to begin to recover in rates their reasonable cost after they have been placed in service.

Conclusion

The settlement commands the sponsorship of all parties to this proceeding; these parties are fairly representative of all affected interests; no term thereof contravenes any

statutory provision or any decision of the Commission; and the settlement, together with the record in this proceeding, conveys to the Commission sufficient information to permit the Commission to discharge its regulatory obligations with respect to the parties and their interests. The settlement is reasonable in light of the whole record, consistent with applicable law, and in the public interest, and the rates produced thereby are fair and reasonable. We will approve the settlement and adopt the rates, and the calculations and quantities, set forth in Appendices A through D to Attachment 1.

Findings of Fact

1. CalAm and LWB have reached a stipulation on all contested issues in this proceeding.
2. The settlement is sponsored by all parties to this proceeding; the parties are fairly representative of all affected interests; no term of the settlement contravenes any statutory provision or any decision of the Commission; and the settlement, together with the record in this proceeding, conveys to the Commission sufficient information to permit the Commission to discharge its regulatory obligations with respect to the parties and their interests.
3. The rates to be adopted under the terms of the settlement are fair and reasonable.
4. The parties have waived the 30-day waiting period pursuant to Section 311(d) of the Public Utilities (PU) Code.

Conclusions of Law

1. The settlement in this proceeding is reasonable in light of the whole record, consistent with applicable law, and in the public interest, and should be approved
2. CalAm should be authorized to earn a rate of return on rate base of 9.05%, with a corresponding return on equity of 10.30%.
3. Since all parties to the proceeding have stipulated to waive the 30-day waiting period required by Public Utilities Code Section 311(d), the Commission should waive the 30-day waiting period and issue this decision promptly.

O R D E R

IT IS ORDERED that:

1. The Settlement by and between California-American Water Company (CalAm) and the Large Water Branch of the Water Division (WD) of this Commission, attached as Attachment 1, proposed by joint motion of the parties on October 21, 1997, is approved.

2. On or after the effective date of this order CalAm shall file the revised rate schedules in Appendix B in compliance with General Order (GO) 96. The revised rate schedules shall apply only to service rendered on or after their effective date, which shall be 5 days after filing.

3. On or after November 5, 1998, CalAm is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increase for 1999 included in Appendix B, or to file a proportionate lesser increase for those rates in Appendix B in the event that a 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 lesser of (a) the rate of return found reasonable for CalAm during the corresponding period in the then-most-recent rate decision, or (b) 9.05%. This filing shall comply with GO 96-A. The requested step rates shall be reviewed by the Commission's WD to determine their conformity with this order or other Commission orders and shall go into effect upon WD's determination of conformity. WD 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.

4. On or after November 5, 1999, CalAm is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increase for 2000 included in Appendix B, or to file a proportionate lesser increase for those rates in Appendix B in the event that a rate of return on rate base, adjusted to reflect rates then in effect and

normal ratemaking adjustments for the 12 months ended September 30, 1999, exceeds the lesser of (a) the rate of return found reasonable for CalAm during the corresponding period in the then-most-recent rate decision, or (b) 9.05%. This filing shall comply with GO 96-A. The requested step rates shall be reviewed by the Commission's WD to determine their conformity with this order or other Commission orders and shall go into effect upon WD's determination of conformity. WD 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, 2000, or 30 days after filing, whichever is later. The revised schedules shall apply only to service rendered on and after their effective date.

5. CalAm is authorized to file advice letters, with appropriate supporting workpapers, requesting recovery in rates of two wells when they are constructed as described in Paragraph 8.04 of the Settlement.

6. Application 97-04-051 is closed.

This order is effective today.

Dated December 3, 1997, at San Francisco, California.

P. GREGORY CONLON
President
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners

A.97-04-051 /ALJ/VDR/gab

ATTACHMENT 1

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CALIFORNIA-AMERICAN WATER COMPANY)
(U210W) for an order authorizing it)
to increase its rates for water)
service in its Los Angeles District)
_____)

Application
No. 97-04-051

SETTLEMENT1.00 Introduction

1.01 The Parties to this Settlement are the Large Water Branch ("LWB") of the Water Division and California-American Water Company ("Cal-Am")--collectively, the "Parties."

1.02 The Parties agree that no signatory hereto nor any member of the staff of the California Public Utilities Commission assumes any personal liability as a result of this Settlement. The Parties agree that no legal action may be brought in any state or federal court, or in any other forum, against any individual signatory representing the interests of LWB, its staff, its attorneys, or LWB itself regarding this Settlement. All rights and remedies are limited to those available before the California Public Utilities Commission.

1.03 The Parties acknowledge that LWB is charged with representing the interest of customers of public utilities in the State of California, as required by Public Utilities Code Section 309.5, and nothing in this Settlement is intended to limit the ability of LWB to carry on that responsibility.

1.04 The Parties' negotiations have resulted in the resolution of all issues raised in Application 97-04-051 and in LWB's reports dated August 15, 1997. In summary, the annual increases

proposed by the Parties and those agreed to in the Settlement are as follows:

	<u>1998</u>	<u>1999</u>	<u>2000</u>
Cal-Am	7.05%	2.51%	1.93%
LWB	-0.24%	1.91%	1.57%
Settlement	0.00%	1.61%	2.47%

1.05 Attached to this Settlement are the following appendices showing the calculations, and quantities that have been agreed to by the Parties:

Appendix A--Summary of Earnings

Appendix B--Rate Schedules

Appendix C--Comparison of Rates

Appendix D--Adopted Quantities and Income Tax Calculations

2.00 Sales and Revenues

2.01 Consumption: The Parties agree that consumption for residential customers will be 189.3 Ccf for the Baldwin Hills Service Area, 228.2 Ccf for the Duarte Service Area, and 298.2 Ccf for the San Marino Service Area, based on data for the period of 1982 to 1996.

2.02 The Parties agree that consumption for commercial customers will be 383.2 Ccf for the Baldwin Hills Service Area, 1297.1 Ccf for the Duarte Service Area, and 830.7 Ccf for the San Marino Service Area, based on data from 1982 to 1996.

2.03 The Parties agree that consumption for industrial customers will be 30,038.5 Ccf in the Baldwin Hills Service Area and 1,914.7 Ccf in the San Marino Service Area. The Parties base their estimates on an average of the last three years for Baldwin Hills and the last two years for San Marino, in part according to

historical trends and in part according to changed use by certain customers.

3.00 Customers and Operating Revenues

3.01 Loss of Water: The Parties agree that 6.59% of water will be lost in Baldwin Hills, 8.77% in Duarte, and 4.67% in San Marino, based on the most recent data available.

4.00 Operation and Maintenance

4.01 Payroll: The Parties agree that payroll for the test years should be based on current employees and known payroll.

4.02 Purchased Water: The Parties agree that purchased water should be based on the application of current rates to stipulated production. An adjustment, effective July 1, 1997, for the price paid by Cal-Am has been considered in developing tariffs applicable to all aspects of this settlement.

4.03 The Parties agree that the well to be constructed in 1999 may not reduce the expense of purchased water due to its projected usage as a replacement for elevated storage and other wells.

4.04 Purchased Power: The Parties agreed that purchased power should be based on the application of current rates and stipulated production.

4.05 The Parties agree that the well to be constructed in 1999 may not change the expense of purchased power due to its probable replacement of production from other wells.

4.06 Transmission and Distribution: The Parties agree that \$101,000 for 1998 and \$98,400 for 1999 are reasonable estimates for the expenses of transmission and distribution.

4.07 The Parties agree that \$20,000 per year is reasonable for estimating the expense of programmed maintenance.

4.08 The Parties agree that Cal-Am has properly amortized the expense of seismic evaluation for the Oak Knoll Reservoir.

4.09 The Parties agree that the expense of painting tanks should be based on current and proposed projects amortized over the expected useful life of the coatings.

4.10 Uncollectibles: The Parties agree that Uncollectibles should be estimated on the basis of an average of the last three years.

5.00 Administrative and General Expenses

5.01 Regulatory Expense: The Parties agree that \$32,000 is a reasonable estimate of regulatory expenses for this application.

5.02 Outside Services: The Parties agree that using an average of the last five years, excluding the highest year and the lowest year, is a reasonable basis for estimating legal fees. The Parties agree that an average of the last two years is reasonable for the expenses of other outside services, based on current trend.

5.03 Miscellaneous General Expenses: The Parties agree that using the last twelve months of recorded expenses represents a reasonable basis for estimating mandated conservation. The Parties also agree that an average of three years should be used to estimate all other miscellaneous general expenses.

6.00 Taxes on Income

6.01 Interest: The Parties agree that the deduction for interest should be derived by multiplying ratebase, including working cash, by the weighted cost of debt.

7.00 Net-To-Gross Multiplier

7.01 The Parties agree that the Net-To-Gross Multiplier should be 1.78477, after making adjustments for the revised uncollectible rate and removing the deduction for the state income tax for federal taxes.

8.00 Plant

8.01 Tanks: The Parties agree that the High Mesa and Starpine Tanks should be allowed as additions due to the structural instability of the tanks they will replace. High Mesa should be allowed as an addition in 1997 at its completed cost and Starpine should be allowed in 1998 at a cost equal to that of High Mesa.

8.02 Distribution Mains: The Parties agree that the Starpine/Vineyard Main should be allowed in 1998 and the South Mountain Main in 1999.

8.03 Longden Booster Station: The Parties agree that the Longden Booster Station should be allowed as an addition in 1998.

8.04 Wells: The Parties agree that, due to uncertain timing, Hall Well and Richardson Well should each be allowed as an addition to plant only after they have been completed. Cal-Am should be authorized to file an advice letter to begin to recover in rates their reasonable costs after they have been placed in service.

8.05 Construction Work in Progress: The Parties agree that construction work in progress should be allowed as completed in each year of construction.

9.00 Working Cash

9.01 Purchased Water: The Parties agree that payment for purchased water lags the receipt of service by 97.2 days.

9.02 Goods and Services: The Parties agree that goods and services lag 33.3 days between receipt and payment.

9.03 General Office: The Parties agree that the charges for the General Office lag 33.3 days between billing and payment, the same as for the charges for other goods and services.

9.04 State and Federal Income Taxes: The Parties agree that the payment of State and Federal Income Taxes lags 45.3 days from billing.

9.05 PUC Surcharge: The Parties agree that the PUC Surcharge lags 90 days between billing and payment and should be computed at 1.4% of revenues.

10.00 Design of Rates

10.01 Irrigation: The Parties agree that rates charged for Irrigation should be changed by the same percentage as the change for other classes of service.

11.00 Cost of Capital

11.01 Rate of return is a function of capital structure, cost of debt, and return on equity. The various elements of this function requested by Cal-Am, recommended by LWB, and agreed to by the Parties are shown in the following table. The Parties agree that Cal-Am should receive, as reflected in that table, an additional 0.30% in return on equity as a reward under the circumstances of this proceeding for maintaining to the benefit of ratepayers a percentage of debt in its capital structure which is significantly higher than that of the industry generally.

1998

	<u>Capital Structure</u>	<u>Cost</u>	<u>Weighted Cost</u>
Cal-Am:			
Debt	56.00%	8.02%	4.49%
Common Equity	<u>44.00%</u>	11.25%	<u>4.95%</u>
Total	100.00%		9.44%
LWB			
Debt	56.00%	8.03%	4.50%
Common Equity	<u>44.00%</u>	9.80%	<u>4.31%</u>
Total	100.00%		8.81%
Settlement:			
Debt	55.00%	8.03%	4.42%
Common Equity	<u>45.00%</u>	10.30%	<u>4.63%</u>
Total	100.00%		9.05%

1999

	<u>Capital Structure</u>	<u>Cost</u>	<u>Weighted Cost</u>
Cal-Am:			
Debt	56.00%	8.01%	4.48%
Common Equity	<u>44.00%</u>	11.25%	<u>4.95%</u>
Total	100.00%		9.43%
LWB			
Debt	56.00%	8.00%	4.40%
Common Equity	<u>44.00%</u>	9.80%	<u>4.31%</u>
Total	100.00%		8.79%
Settlement:			
Debt	55.00%	8.03%	4.42%
Common Equity	<u>45.00%</u>	10.30%	<u>4.63%</u>
Total	100.00%		9.05%

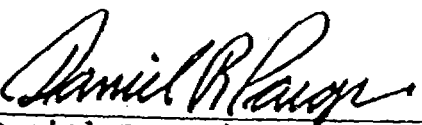
2000

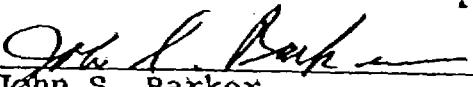
	<u>Capital Structure</u>	<u>Cost</u>	<u>Weighted Cost</u>
Cal-Am:			
Debt	56.00%	8.02%	4.49%
Common Equity	<u>44.00%</u>	11.25%	<u>4.95%</u>
Total	100.00%		9.44%
LWB			
Debt	56.00%	7.96%	4.46%
Common Equity	<u>44.00%</u>	9.80%	<u>4.31%</u>
Total	100.00%		8.77%
Settlement:			
Debt	55.00%	8.03%	4.42%
Common Equity	<u>45.00%</u>	10.30%	<u>4.63%</u>
Total	100.00%		9.05%

12.00 Summary of Earnings

12.01 The Parties agree that the summary of earnings attached to this Settlement as Appendix A reflects all items, conditions, and adjustments to which the Parties have agreed and that this schedule should be included in the Commission's decision in this proceeding.

12.02 The Parties agree to use the factors recommended by LWB in Attachment A of its report for escalating expenses from year to year.

By 
Daniel R. Paige
Program and Project
Supervisor for LWB

By 
John S. Barker
Vice President/Treasurer
California-American Water Co.

Dated: October 15, 1997

Dated: October 17, 1997

A.97-04-051 /ALJ/VDR/gab

APPENDIX A

APPENDIX - A
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SUMMARY OF EARNINGS
TEST YEAR 1998
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
(\$000)

<u>DESCRIPTION</u>	<u>LWB</u>	<u>CAL-AM</u>	<u>SETTLEMENT</u>
OPERATING REVENUES	\$16,219.7	\$15,963.1	\$14,742.5
OPERATION AND MAINTENANCE EXPENSE			
SOURCE OF SUPPLY	\$29.1	\$29.1	\$29.1
PURCHASED WATER	3,266.2	3,207.1	2,166.8
PUMPING	70.3	70.3	70.3
PURCHASED POWER	1,398.7	1,380.5	1,456.6
WATER TREATMENT	25.7	25.7	25.7
TRANSMISSION AND DISTRIBUTION	154.0	154.0	154.0
CUSTOMER ACCOUNTING	22.4	22.4	22.4
UNCOLLECTIBLES	29.1	36.9	34.7
MAINTENANCE	521.6	574.4	550.2
LABOR	1,518.1	1,580.6	1,571.6
TOTAL O & M EXPENSES	7,035.2	7,081.0	6,081.4
ADMINISTRATIVE & GENERAL EXPENSES			
OFFICE SUPPLIES & EXPENSES	130.7	130.7	130.7
EMPLOYEE EXPENSES	16.5	16.5	16.5
EMPLOYEE MEMBERSHIPS	2.2	2.2	2.2
WORKERS' COMPENSATION	-10.7	-10.7	-10.7
INJURIES AND DAMAGES	4.8	4.8	4.8
PENSIONS AND BENEFITS	528.0	528.0	528.0
REGULATORY EXPENSES	10.7	10.7	10.7
OUTSIDE SERVICES	19.0	40.9	34.3
MISCELLANEOUS GENERAL	134.9	198.0	191.9
ALLOCATED GENERAL OFFICE EXPENSE	1,452.8	1,452.8	1,452.8
MAINTENANCE OF GENERAL PLANT	32.8	32.8	32.8
RENT	118.6	118.6	144.5
LABOR	267.9	277.4	274.4
TOTAL A & G EXPENSES	2,708.2	2,802.7	2,812.9
TOTAL OPERATING EXPENSES			
DEPRECIATION AND AMORTIZATION	1,670.3	1,711.1	1,704.7
TAXES OTHER THAN INCOME	463.4	490.3	494.7
STATE CORPORATE FRANCHISE TAXES	268.7	220.1	203.1
FEDERAL INCOME TAXES	984.9	792.5	725.2
TOTAL OPERATING REVENUE DEDUCTIONS	\$13,130.7	\$13,097.7	\$12,022.0
NET OPERATING REVENUES	\$3,089.0	\$2,865.4	\$2,720.5
RATE BASE	\$28,442.5	\$30,331.7	\$30,061.1
RATE OF RETURN	10.86%	9.45%	9.05%

APPENDIX - A
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SUMMARY OF EARNINGS
TEST YEAR 1999
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
(\$000)

<u>DESCRIPTION</u>	<u>LWB</u>	<u>CAL-AM</u>	<u>SETTLEMENT</u>
OPERATING REVENUES	\$16,619.7	\$16,365.8	\$15,139.4
OPERATION AND MAINTENANCE EXPENSE			
SOURCE OF SUPPLY	\$29.4	\$29.4	\$29.4
PURCHASED WATER	3,276.9	3,217.8	2,176.2
PUMPING	71.0	71.0	71.0
PURCHASED POWER	1,400.1	1,381.8	1,458.2
WATER TREATMENT	25.9	25.9	25.9
TRANSMISSION AND DISTRIBUTION	155.6	155.6	155.6
CUSTOMER ACCOUNTING	22.6	22.6	22.6
UNCOLLECTIBLES	29.0	37.0	35.0
MAINTENANCE	526.5	575.9	552.3
LABOR	1,558.8	1,632.1	1,609.1
TOTAL O & M EXPENSES	7,095.8	7,149.1	6,135.2
ADMINISTRATIVE & GENERAL EXPENSES			
OFFICE SUPPLIES & EXPENSES	132.0	132.0	132.0
EMPLOYEE EXPENSES	16.7	16.7	16.7
EMPLOYEE MEMBERSHIPS	2.2	2.2	2.2
WORKERS' COMPENSATION	-11.1	-11.1	-11.1
INJURIES AND DAMAGES	4.9	4.9	4.9
PENSIONS AND BENEFITS	530.9	530.9	530.9
REGULATORY EXPENSES	10.7	10.7	10.7
OUTSIDE SERVICES	19.3	41.3	34.3
MISCELLANEOUS GENERAL	135.9	199.6	191.9
ALLOCATED GENERAL OFFICE EXPENSE	1,483.0	1,483.0	1,483.0
MAINTENANCE OF GENERAL PLANT	32.8	32.8	32.8
RENT	119.8	119.8	145.7
LABOR	275.1	286.4	284.8
TOTAL A & G EXPENSES	2,752.2	2,849.2	2,858.9
TOTAL OPERATING EXPENSES			
DEPRECIATION AND AMORTIZATION	1,751.7	1,809.4	1,815.1
TAXES OTHER THAN INCOME	476.6	512.6	509.6
STATE CORPORATE FRANCHISE TAXES	284.2	229.4	212.6
FEDERAL INCOME TAXES	1,016.1	816.3	755.5
TOTAL OPERATING REVENUE DEDUCTIONS	\$13,376.6	\$13,366.1	\$12,286.9
NET OPERATING REVENUES	\$3,243.1	\$2,999.8	\$2,852.5
RATE BASE	\$29,056.9	\$31,764.1	\$31,514.9
RATE OF RETURN	11.16%	9.44%	9.05%

APPENDIX - A
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SUMMARY OF EARNINGS
TEST YEAR 1998
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
(\$000)

<u>DESCRIPTION</u>	<u>LWB</u>	<u>CAL-AM</u>	<u>SETTLEMENT</u>
WTD AVG PLANT IN SERVICE	\$48,086.0	\$49,234.7	\$49,027.6
MATERIALS & SUPPLIES	81.5	81.5	81.5
WORKING CASH, OPERATIONAL	878.3	878.3	775.0
WORKING CASH, LEAD-LAG	-490.8	286.5	226.3
SUBTOTAL	48,555.0	50,481.0	50,110.4
LESS DEDUCTIONS FROM RATE BASE			
WTD AVG DEPR RESERVE	-14,402.5	-14,439.3	-14,439.6
ADVANCES	-380.2	-380.2	-380.2
CONTRIBUTIONS	-2,407.9	-2,407.9	-2,407.9
GENERAL OFFICE ALLOC.	182.7	182.7	182.7
ACRS & MACRS DEPRECIATION			
UNAMORTIZED ITC	0.0	0.0	0.0
CAPITALIZED ITEMS	0.0	0.0	0.0
SILVER	0.0	0.0	0.0
DEFERRED REVENUES	0.0	0.0	0.0
ACCUM. DEFERRED FIT	-2,906.4	-2,906.4	-2,835.7
ACCUM. DEFERRED SIT	-198.2	-198.2	-168.6
SUBTOTAL DEDUCTIONS	-\$20,112.5	-\$20,149.3	-\$20,049.3
AVERAGE RATE BASE	\$28,442.5	\$30,331.7	\$30,061.1

APPENDIX - A
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SUMMARY OF EARNINGS
TEST YEAR 1999
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
(\$000)

<u>DESCRIPTION</u>	<u>LWB</u>	<u>CAL-AM</u>	<u>SETTLEMENT</u>
WTD AVG PLANT IN SERVICE	\$49,842.5	\$51,856.9	\$51,591.3
MATERIALS & SUPPLIES	82.3	82.3	82.3
WORKING CASH, OPERATIONAL	803.8	803.8	688.1
WORKING CASH, LEAD-LAG	-556.1	224.7	232.5
SUBTOTAL	50,172.5	52,967.7	52,594.2
LESS DEDUCTIONS FROM RATE BASE			
WTD AVG DEPR RESERVE	-15,412.3	-15,500.3	-15,452.2
ADVANCES	-338.8	-338.8	-338.8
CONTRIBUTIONS	-2,373.2	-2,373.2	-2,373.2
GENERAL OFFICE ALLOC.	171.1	171.1	171.1
ACRS & MACRS DEPRECIATION			
UNAMORTIZED ITC	0.0	0.0	0.0
CAPITALIZED ITEMS	0.0	0.0	0.0
SILVER	0.0	0.0	0.0
DEFERRED REVENUES	0.0	0.0	0.0
ACCUM. DEFERRED FIT	-2,978.6	-2,978.6	-2,926.6
ACCUM. DEFERRED SIT	-183.8	-183.8	-159.6
SUBTOTAL DEDUCTIONS	-\$21,115.6	-\$21,203.6	-\$21,079.3
AVERAGE RATE BASE	\$29,056.9	\$31,764.1	\$31,514.9

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APPENDIX B

APPENDIX - B
PAGE 1 OF 4
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
SCHEDULE NO. LA-1
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered service.

TERRITORY

Baldwin Hills Service Area consisting of Baldwin Hills, Windsor Hills, View Park, Ladera Heights, and vicinity. Duarte Service Area consisting of Bradbury, Duarte, portions of Irwindale, Monrovia, and vicinity, and San Marino Service Area consisting of San Marino, Rosemead, portions of San Gabriel, Temple City, and vicinity, Los Angeles County.

RATES

Quantity Rates:

For all water delivered Baldwin Hills, per 100 cu. ft.	\$1.8505	(D)
For all water delivered Duarte, per 100 cu. ft.	\$1.0850	(L)
For all water delivered San Marino, per 100 cu. ft.	\$0.8987	(L)

Service Charge:

	<u>Per Meter Per Month</u>
For 5/8 x 3/4-inch meter	\$ 7.70
For 3/4-inch meter	\$11.55
For 1-inch meter	\$19.00
For 1 1/2-inch meter	\$38.00
For 2-inch meter	\$62.00
For 3-inch meter	\$115.00
For 4-inch meter	\$192.00
For 6-inch meter	\$385.00
For 8-inch meter	\$616.00
For 10-inch meter	\$885.00
For 12-inch meter	\$1,270.00

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

(continued)

APPENDIX - B
PAGE 2 OF 4
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
SCHEDULE NO. LA-1
GENERAL METERED SERVICE

AUTHORIZED STEP INCREASES

Each of the following increases in rates may be put into effect by filing a rate schedule which adds the appropriate increases to the rates in effect at that time.

Rates to be Effective
01/01/99 01/01/00

Quantity Rate:

For all water delivered Baldwin Hills per 100 cu. ft.	\$0.0000	\$0.0187
For all water delivered Duarte per 100 cu. ft.	\$0.0000	\$0.0116
For all water delivered San Marino per 100 cu. ft.	\$0.0000	\$0.0139

Service charge:

For 5/8 x 3/4-inch meter	\$0.33	\$0.39
For 3/4-inch meter	0.49	0.59
For 1-inch meter	1.06	0.99
For 1 1/2-inch meter	2.13	1.97
For 2-inch meter	2.20	3.16
For 3-inch meter	5.38	5.93
For 4-inch meter	8.63	9.88
For 6-inch meter	16.26	19.76
For 8-inch meter	26.01	31.62
For 10-inch meter	37.89	45.74
For 12-inch meter	54.14	65.23

APPENDIX - B
PAGE 3 OF 4
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
SCHEDULE NO. LA-4
PRIVATE FIRE PROTECTION SERVICE

AUTHORIZED STEP INCREASES

Each of the following increases in rates may be put into effect by filing a rate schedule which adds the appropriate increases to the rates in effect at that time.

RATE	Rates to be Effective	
	<u>01/01/99</u>	<u>01/01/00</u>
For each inch of diameter of private fire protection service, monthly minimum charge based on 4" service ..	\$0.8800	\$0.8000

APPENDIX - B
PAGE 4 OF 4
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
SCHEDULE NO. LA-3M
MEASURED IRRIGATION SERVICE

AUTHORIZED STEP INCREASES

Each of the following increases in rates may be put into effect by filing a rate schedule which adds the appropriate increases to the rates in effect at that time.

		Rates to be Effective	
		<u>01/01/99</u>	<u>01/01/00</u>
Quantity Rate:			
Pressure Service all Water			
per 100 cu. ft.		\$0.0206	\$0.0178
Gravity Service all Water			
per 100 cu. ft.		\$0.0206	\$0.0138
Service charge:			
For 5/8 x 3/4-inch meter		\$0.06	\$0.05
For 3/4-inch meter		0.08	0.08
For 1-inch meter		0.14	0.12
For 1 1/2-inch meter		0.28	0.25
For 2-inch meter		0.44	0.41
For 3-inch meter		0.83	0.76
For 4-inch meter		1.38	1.26
For 6-inch meter		2.77	2.63
For 8-inch meter		4.43	4.21

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APPENDIX C

APPENDIX - C
PAGE 1 OF 3
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
BALDWIN HILLS DISTRICT
COMPARISON OF RATES

1998

Usage CCF	Present Rates	Adopted Rates	Amount of Increase	Percent Increase
0	\$7.70	\$7.70	\$0.00	0.00%
10	\$26.21	\$26.21	\$0.00	0.00%
15 Avg	\$35.46	\$35.46	\$0.00	0.00%
20	\$44.72	\$44.72	\$0.00	0.00%
25	\$53.97	\$53.97	\$0.00	0.00%
50	\$100.24	\$100.24	\$0.00	0.00%

1999

Usage CCF	Present Rates	Adopted Rates	Amount of Increase	Percent Increase
0	\$7.70	\$8.03	\$0.33	4.11%
10	\$26.21	\$26.54	\$0.33	1.24%
15 Avg	\$35.46	\$35.79	\$0.33	0.92%
20	\$44.72	\$45.04	\$0.32	0.71%
25	\$53.97	\$54.29	\$0.32	0.59%
50	\$100.24	\$100.56	\$0.32	0.32%

2000

Usage CCF	Present Rates	Adopted Rates	Amount of Increase	Percent Increase
0	\$7.70	\$8.42	\$0.72	8.55%
10	\$26.21	\$27.11	\$0.90	3.32%
15 Avg	\$35.46	\$36.46	\$1.00	2.74%
20	\$44.72	\$45.80	\$1.08	2.36%
25	\$53.97	\$55.15	\$1.18	2.14%
50	\$100.24	\$101.88	\$1.64	1.61%

Note: Comparison based on Schedule No. LA-1, General Metered Service
for a 5/8 x 3/4 meter.

APPENDIX - C
PAGE 2 OF 3
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
DUARTE DISTRICT
COMPARISON OF RATES

1998

Usage CCF	Present Rates	Adopted Rates	Amount of Increase	Percent Increase
0	\$7.70	\$7.70	\$0.00	0.00%
10	\$18.55	\$18.55	\$0.00	0.00%
15	\$23.98	\$23.98	\$0.00	0.00%
19 Avg	\$28.32	\$28.32	\$0.00	0.00%
25	\$34.83	\$34.83	\$0.00	0.00%
50	\$61.97	\$61.97	\$0.00	0.00%

1999

Usage CCF	Present Rates	Adopted Rates	Amount of Increase	Percent Increase
0	\$7.70	\$8.03	\$0.33	4.11%
10	\$18.55	\$18.88	\$0.33	1.75%
15	\$23.98	\$24.31	\$0.33	1.36%
19 Avg	\$28.32	\$28.65	\$0.33	1.15%
25	\$34.83	\$35.16	\$0.33	0.94%
50	\$61.97	\$62.28	\$0.31	0.50%

2000

Usage CCF	Present Rates	Adopted Rates	Amount of Increase	Percent Increase
0	\$7.70	\$8.42	\$0.72	8.55%
10	\$18.55	\$19.39	\$0.84	4.33%
15	\$23.98	\$24.87	\$0.89	3.58%
19 Avg	\$28.32	\$29.26	\$0.94	3.21%
25	\$34.83	\$35.84	\$1.01	2.82%
50	\$61.97	\$63.25	\$1.28	2.02%

Note: Comparison based on Schedule No. LA-1, General Metered Service
for a 5/8 x 3/4 inch meter.

APPENDIX - C
PAGE 3 OF 3
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
SAN MARINO DISTRICT
COMPARISON OF RATES

<u>1998</u>				
Usage CCF	Present Rates	Adopted Rates	Amount of Increase	Percent Increase
0	\$7.70	\$7.70	\$0.00	0.00%
10	\$16.69	\$16.69	\$0.00	0.00%
15	\$21.19	\$21.19	\$0.00	0.00%
20	\$25.68	\$25.68	\$0.00	0.00%
24 Avg	\$29.28	\$29.28	\$0.00	0.00%
50	\$52.65	\$52.65	\$0.00	0.00%

<u>1999</u>				
Usage CCF	Present Rates	Adopted Rates	Amount of Increase	Percent Increase
0	\$7.70	\$8.03	\$0.33	4.11%
10	\$16.69	\$17.02	\$0.33	1.94%
15	\$21.19	\$21.51	\$0.32	1.49%
20	\$25.68	\$26.00	\$0.32	1.23%
24 Avg	\$29.28	\$29.60	\$0.32	1.08%
50	\$52.65	\$52.97	\$0.32	0.60%

<u>2000</u>				
Usage CCF	Present Rates	Adopted Rates	Amount of Increase	Percent Increase
0	\$7.70	\$8.42	\$0.72	8.55%
10	\$16.69	\$17.55	\$0.86	4.90%
15	\$21.19	\$22.11	\$0.92	4.16%
20	\$25.68	\$26.67	\$0.99	3.71%
24 Avg	\$29.28	\$30.32	\$1.04	3.43%
50	\$52.65	\$54.05	\$1.40	2.59%

Note: Comparison based on Schedule No. LA-1, General Metered Service for a 5/8 x 3/4 meter.

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APPENDIX D

APPENDIX - D
PAGE 1 OF 8
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
ADOPTED QUANTITIES

Net-to-Gross Multiplier	1.78477
Uncollectibles	0.23508
Franchise Tax Rates	0.00008
State Income Tax Rate	8.84008
Federal Income Tax Rate	35.00008
<u>Water Loss Factors:</u>	
Baldwin Hills District	6.59008
Duarte District	8.77008
San Marino District	4.67008
 AVERAGE CONSUMPTION PER CUSTOMER PER YEAR (CCF)	
<u>Baldwin Hills District</u>	
Residential	189.3
Commercial	383.2
Public Authority	1,253.9
Industrial	30,038.5
Other	1,992.0
 Duarte District	
Residential	228.2
Commercial	1,297.1
Public Authority	1,466.3
Golf Courses	39,958.4
Industrial	1,889.0
Irrigation	3,930.3
Other	634.7
 San Marino District	
Residential	298.2
Commercial	830.7
Public Authority	1,650.0
Industrial	1,914.7
Other	5,068.4

APPENDIX - D
PAGE 2 OF 8
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
ADOPTED QUANTITIES

<u>ADOPTER AVERAGE SERVICES BY METER SIZE</u>	<u>1998</u>	<u>1999</u>
<u>Baldwin Hills District</u>		
Residential		
5/8 X 3/4	3,847	3,859
3/4	0	0
1	1,655	1,662
1-1/2	13	13
2	4	4
3	0	0
4	0	0
Total	5,519	5,538
Commercial		
5/8 X 3/4	250	250
3/4	0	0
1	283	283
1-1/2	49	49
2	49	49
3	2	2
4	1	1
Total	634	634
Public Authority		
5/8 X 3/4	1	1
3/4	0	0
1	7	7
1-1/2	4	4
2	9	9
3	1	1
4	0	0
Total	22	22
Industrial		
4	2	2
Other Services		
3	3	3
Fire Service		
4	12	12
6	12	12
8	8	8
10	0	0
Total	32	32
Grand Total	6,212	6,231

APPENDIX - D
PAGE 3 OF 8
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
ADOPTED QUANTITIES

<u>ADOPTER AVERAGE SERVICES BY METER SIZE</u>		<u>1993</u>	<u>1999</u>
<u>Quarte District</u>			
Residential			
5/8 X 3/4		5,730	5,751
3/4		2	2
1		310	312
1-1/2		74	74
2		92	92
3		0	0
4		0	0
	Total	6,208	6,231
Commercial			
5/8 X 3/4		169	169
1		133	133
1-1/2		145	145
2		164	164
3		7	7
4		3	3
6		2	2
	Total	623	623
Public Authority			
5/8 X 3/4		19	19
3/4		0	0
1		16	16
1-1/2		15	15
2		57	57
3		6	6
4		5	5
	Total	118	118
Golf Course			
6		1	1
Industrial			
1		5	5
1-1/2		1	1
2		8	8
	Total	14	14
<u>Private Fire Service</u>			
4		26	26
6		31	31
8		21	21
10		2	2
	Total	80	80
<u>Private Fire Hydrant</u>			
6		34	34
<u>Irrigation</u>			
Gravity			
2		2	2
4		2	2
Pressure			
1		4	4
1-1/2		2	2
2		36	36
3		13	13
4		2	2
	Total	61	61
Other			
3		4	4
Grand Total		7143	7166

APPENDIX - D
PAGE 4 OF 8
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
ADOPTED QUANTITIES

<u>ADOPTER AVERAGE SERVICES BY METER SIZE</u>		<u>1998</u>	<u>1999</u>
<u>San Marino District</u>			
Residential			
5/8 X 3/4		6,981	6,984
3/4		2	2
1		4,211	4,213
1-1/2		743	743
2		191	191
Total		12,128	12,133
Commercial			
5/8 X 3/4		621	621
3/4		0	0
1		363	363
1-1/2		192	192
2		250	250
3		4	4
4		7	7
6		4	4
8		0	0
10		2	2
Total		1,443	1,443
Public Authority			
5/8 X 3/4		9	9
3/4		0	0
1		15	15
1-1/2		26	26
2		64	64
3		9	9
4		4	4
6		1	1
Total		128	128
Industrial			
5/8 X 3/4		10	10
3/4		0	0
1		8	8
1-1/2		5	5
2		27	27
3		1	1
4		3	3
6		1	1
8		1	1
Total		56	56
<u>Other Services</u>			
3		7	7
6		1	1
Total		8	8
<u>Fire Service</u>			
4		41	41
6		65	65
8		49	49
10		8	8
Total		163	163
Grand Total		13,926	13,931

APPENDIX - D
PAGE 5 OF 8
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
ADOPTED QUANTITIES

<u>PURCHASED WATER</u>	<u>1998</u>	<u>1999</u>
<u>Baldwin Hills Service Area</u>		
<u>Water Production: AF</u>		
Pumping Rights	2,067	2,067
Purchased Water	1,328	1,337
Total AF	3,395	3,404
Total KCCF	1,479	1,483
 Purchased Water Rates		
Purchased Water Cost per AF (WBMWD)	\$521	\$521
Replenishment Costs per AF	\$155	\$155
Meter Charge	\$1,400	\$1,400
Central Basin Management Fees	\$2,300	\$2,300
 Purchased Water Costs		
West Basin Municipal Water District	\$691,798	\$696,403
Replenishment Costs	\$320,385	\$320,385
Meter Charge	\$16,800	\$16,800
Central Basin Management Fees	\$2,300	\$2,300
Total Purchased Water Costs	\$1,031,283	\$1,035,888
 <u>Duarte Service Area</u>		
<u>Water Production: AF</u>		
Main San Gabriel Basin Safe Yield	220,000	220,000
Duarte's Safe Yield Percentage	1.846341	1.846341
Duarte's Safe Yield	4,062	4,062
Surface Diversion Rights	1,672	1,672
Total Pumping Rights	5,734	5,734
Replenishment Water	847	860
Total Production in AF	6,581	6,594
Total Production in KCCF	2,867	2,872
 Purchased Water Rates		
Main San Gabriel Basin @ 7/97		
Replenishment Cost Per AF (\$/AF)	\$250.85	\$250.85
Administrative Assessment Fees	\$7.00	\$7.00
In-Lieu-Assessment	\$0.65	\$0.65
Main San Gabriel Basin Water Quality		
Administrative Assessment	\$5.00	\$5.00
Capital Projects Assesemt	\$9.00	\$9.00
 Purchased Water Costs		
Replenishment Costs	\$212,470	\$215,731
Administrative Assessments	\$40,138	\$40,138
In-Lieu-Assessments	\$3,727	\$3,727
Water Quality Administrative Asses	\$18,245	\$18,245
Water Qualtiy Capital Projects Ass	\$32,841	\$32,841
Total Purchased Water Costs	\$307,421	\$310,682

APPENDIX - D
PAGE 6 OF 8
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
ADOPTED QUANTITIES

<u>PURCHASED WATER</u>	<u>1998</u>	<u>1999</u>
<u>San Marino Service Area</u>		
<u>Water Production:AF</u>		
Main San Gabriel Basin Safe Yield	220,000	220,000
San Marino's Safe Yield Percentage	3.99080%	3.99080%
San Marino's Safe Yield	8,780	8,780
Raymond Basin	2,299	2,299
Total Pumping Rights	11,079	11,079
Replenishment Water	0	0
Purchased Water	1,381	1,395
Total Production in AF	12,460	12,464
Total Production in KCCF	5,428	5,429
<u>Purchased Water Rates</u>		
Main San Gabriel Basin @ 7/97		
Replenishment Cost Per AF (\$/AF)	\$250.85	\$250.85
Administrative Assessment Fees	\$7.00	\$7.00
In-Lieu-Assessment	\$0.65	\$0.65
Main San Gabriel Basin Water Quality		
Administrative Assessment	\$5.00	\$5.00
Capital Projects Assessment	\$9.00	\$9.00
<u>Raymond Basin</u>		
Administrative Assessments & Fees	\$8,844	\$8,844
<u>City of San Marino (MWD Agency)</u>		
Purchased Water Rate	\$431	\$431
Connection Maintenance Charge	\$3,300	\$3,300
Meter Connection Charge	\$23,868	\$23,868
<u>City of Pasadena - East Connection</u>		
Purchased Water Rate	\$426	\$426
<u>City of Pasadena - West Connection</u>		
Purchased Water Rate	\$494	\$494
Standby Charge	\$4,584	\$4,584
<u>City of South Pasadena</u>		
Purchased Water Rate	\$375	\$375
Standby Charge	\$1,152	\$1,152
<u>El Monte Cemetery</u>		
Rental	\$4,400	\$4,400
<u>Purchased Water Costs</u>		
Main San Gabriel Basin @ 7/97		
Replenishment Cost	\$0	\$0
Administrative Assessment Fees	\$61,460	\$61,460
In-Lieu-Assessment	\$5,707	\$5,707
Main San Gabriel Basin Water Quality		
Administrative Assessment	\$39,440	\$39,440
Capital Projects Assessment	\$70,992	\$70,992
<u>Raymond Basin</u>		
Administrative Assessments & Fees	\$8,844	\$8,844
<u>City of San Marino (MWD Agency)</u>		
Purchased Water Rate	\$595,348	\$596,895
Connection Maintenance Charge	\$3,300	\$3,300
Meter Connection Charge	\$23,868	\$23,868
City of San Marino Contract	\$9,000	\$9,000
<u>City of Pasadena - East Connection</u>		
Purchased Water Rate	\$0	\$0
<u>City of Pasadena - West Connection</u>		
Purchased Water Rate	\$0	\$0
Standby Charge	\$4,584	\$4,584
<u>City of South Pasadena</u>		
Purchased Water Rate	\$0	\$0
Standby Charge	\$1,152	\$1,152
<u>El Monte Cemetery</u>		
Rental	\$4,400	\$4,400
Total Purchased Water Costs	\$828,095	\$829,612

APPENDIX - D
PAGE 7 OF 8
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
ADOPTED QUANTITIES

<u>PURCHASED POWER</u>		<u>1998</u>	<u>1999</u>
<u>Baldwin Hills Service Area</u>			
Total Costs		\$265,318	\$265,318
Total KWH		1,984,150	1,987,008
\$/KWH		\$0.13372	\$0.13353
\$/CCF		\$0.17939	\$0.17891
<u>Duarte Service Area</u>			
Total Costs		\$404,369	\$405,254
Total KWH		4,384,599	4,393,808
\$/KWH		\$0.09222	\$0.09223
\$/CCF		\$0.14104	\$0.14111
<u>San Marino Service Area</u>			
Total Costs		\$757,522	\$757,810
Total KWH			
Pasadena Water & Power		1,591,729	1,591,729
So Cal Edison		6,253,589	6,256,725
	Total	7,845,318	7,848,454
\$/KWH		\$0.09656	\$0.09656
\$/CCF		\$0.13956	\$0.13959

Note: Rates were effective as of May 1996.

APPENDIX - D
PAGE 8 OF 8
CALIFORNIA-AMERICAN WATER COMPANY - LOS ANGELES DIVISION
ADOPTED QUANTITIES
(\$000)

	<u>1998</u>	<u>1999</u>
Operating Revenues	\$14,729.5	\$15,126.9
Revenues from Contributions	13.0	12.5
Total	\$14,742.5	\$15,139.4
Deductions:		
O & M expenses	\$6,081.2	\$6,135.7
A & G Expenses	2,812.9	2,858.9
Depreciation & Amortization	1,704.7	1,815.1
Taxes not on Inc.	494.7	509.6
Book Depreciation	0.0	0.0
Interest	1,327.6	1,391.9
Income before taxes	\$2,321.3	\$2,428.2
<u>California Corp. Franchise Tax</u>		
State Tax Depreciation	0.0	0.0
Taxable Income for CCFT	2,321.3	2,428.2
CCFT Rate	8.84%	8.84%
CCFT	205.2	214.7
Less Deferred Taxes	2.1	2.1
Total State Income Taxes	\$203.1	\$212.6
Federal Income Tax		
Federal Tax Deductions	182.7	203.1
Taxable income for FIT	\$2,138.6	\$2,225.1
FIT Rate	35.0%	35.0%
FIT	\$748.5	\$778.8
Less:		
ITC	15.5	15.5
Deferred Taxes	4.2	4.2
Reverse South Georgia	3.6	3.6
Total Federal Income Tax	\$725.2	\$755.5
Total FIT and CCFT	\$928.3	\$968.1

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document entitled
MOTION FOR ADOPTION OF SETTLEMENT; SETTLEMENT by mailing
by first-class a copy thereof properly addressed to each party below:

Daryl S. Landy
Steefel Levitt & Weiss
One Embarcadero Center
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San Francisco, CA 94111

Peter G. Fairchild
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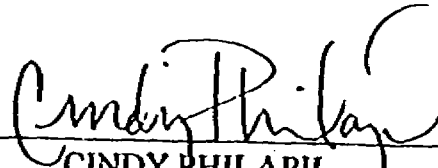
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Dated at San Francisco, California this 21st day of October, 1997.


CINDY PHILAPIL