

Decision 98-07-090 July 23, 1998

Mailed 7/24/98

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

**ORIGINAL**

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 SOUTH SAN FRANCISCO district.

Application 97-09-009  
(Filed September 9, 1997)

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 SELMA district.

Application 97-09-010  
(Filed September 9, 1997)

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 OROVILLE district.

Application 97-09-011  
(Filed September 9, 1997)

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 MARYSVILLE district.

Application 97-09-014  
(Filed September 9, 1997)

Francis S. Ferraro and McCutchen, Doyle, Brown & Enersen, by William J. Newell and Gregory Bowling, Attorneys at Law, for California Water Service Company; applicant.  
Neal Costanzo, Attorney at Law, for City of Selma, interested party.  
Donald McCrea and Peter Fairchild, Attorney at Law, for Water Division Staff.

## OPINION

### Summary of Decision

This decision authorizes California Water Service Company (CWS) general rate increases in its South San Francisco, Selma, Oroville, and Marysville Districts.

The increases are: \$252,000, or 3.8%, in 1998; \$232,300, or 3.4%, in 1999; \$121,000, or 1.7%, in both 2000 and 2001 for the South San Francisco District; \$45,400, or 3.9%, in 1998, \$34,500, or 2.8%, in 1999 for the Marysville District; a decrease of \$37,100, or 2.1%, in 1998; in the Selma District; and \$39,000, or 1.8%, in 1998 in the Oroville District.

These rates are based on a rate of return on rate base of 9.32% with a corresponding rate of return of 10.35% on common equity. These rates of return were authorized in Decision (D.) 97-04-057 in CWS' last general rate case proceedings Application (A.) 97-09-015 and A.97-09-017. CWS is not requesting changes in its authorized rates of return. According to CWS, no significant changes occurred in its capital structure.

The average customer in South San Francisco using 14 cubic foot (Ccf) per month will see its monthly bill rise from \$26.10 to \$26.30, or 0.8%, including surcharges and surcredits. The average customer in Marysville using 39 Ccf per month will see its monthly bill rise from \$25.86 to \$26.38, or 2.0%, including surcharges and surcredits. The average customer in Selma using 23 Ccf per month will see its monthly bill fall from \$21.20 to \$21.14, or 0.3%, including surcharges and surcredits. The average customer in Oroville using 16 Ccf per month will see its monthly bill rise from \$30.31 to 31.51, or 4.0%, including surcharges and surcredits. In addition to the general rate increases, CWS is also

authorized to recover amounts recorded in its memorandum and balancing accounts. The combined rate increases are shown in Table 5.

### **Background**

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

On September 9, 1997, CWS filed applications to increase the rates it charges for water service in four districts for test years 1998 and 1999 and attrition years 2000 and 2001.<sup>1</sup> The applications were consolidated for hearing. The districts and application numbers are: SSF (A.97-09-009); Selma (A.97-09-010); Oroville (A.97-09-011); and Marysville (A.97-09-014).

According to CWS, these applications are different than the traditional general rate case application CWS has filed in the past. In the past CWS has requested general rate increases to account for projected changes in operating expenses, customer growth, capital improvements, and rates of return. In these applications, CWS is requesting revisions to its rates to account for projected changes to the rate base resulting from capital improvements.

In its Oroville and Selma Districts, CWS requests that the rate case plan be extended from the currently used 3-year cycle to a 6-year cycle. According to CWS' request, the rate changes in these two districts for the years 1999-2003

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<sup>1</sup> The filing was for a three-year or 36-month period beginning in mid-1998 and extending through mid-2001, pursuant to the Rate Case Plan for Class A Water Utility, (1990) 37 CPUC2d 175. The plan provides that for utilities with a July filing, the calendar year following the year of filing is the first test year, and attrition filings are permitted for both the full calendar year following the second test year and for the following partial year.

would be based on changes in the Price Index which is discussed later in this order.

In its Marysville District, CWS is only requesting rate increases in 1998 and 1999. According to CWS, this will provide it an opportunity to prepare a general rate filing requesting a consolidation of its three northern districts, Chico, Marysville, and Willows.

A description of the four districts is included in the applications.<sup>2</sup>

#### **Public Participation Hearings**

Duly noticed public participation hearings were held in Oroville, Selma, and South San Francisco. Hearings in Oroville and Selma were well attended. The customers expressed concern at the magnitude of the requested increases. They asked the Commission to deny the increases. No customers appeared at the public participation hearing in South San Francisco.

#### **Ratepayer Representation Branch Reports**

Ratepayer Representation Branch (RRB), formerly known as the Large Water Branch of the Water Division, conducted its investigation of the requested rate increases. Based on its investigation, RRB prepared its reports on CWS' results of operation. In general, RRB recommended that CWS be granted increases much lower than requested.

#### **Evidentiary Hearings**

Evidentiary hearings in the consolidated proceeding were held on January 26, 1998 and February 2, 1998 in San Francisco before Administrative

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<sup>2</sup> See Report on Results of Operations, Chapters 2 and 3, for each district, Exhibits 1, 2, 3, and 4.

Law Judge Garde. Other than CWS and RRB, the City of Selma (Selma) was the only party in the proceeding.<sup>3</sup>

At the hearing on January 26, 1998, CWS and RRB stated that they were engaged in settlement discussions and that they reached agreement on all issues except two. CWS and RRB requested that further hearing be scheduled to enable the parties to reach a settlement on all issues. Accordingly, further evidentiary hearings were scheduled and held on February 2, 1998.

At the hearing held on February 2, 1998, CWS and RRB stated that they have reached agreement on all issues in the proceeding. CWS and RRB agreed to serve a late-filed exhibit containing the terms of their settlement.

On February 23, 1998, CWS and RRB filed a joint motion for adoption of the settlement contained in the late-filed exhibit. The proceeding was submitted upon filing of the late-filed exhibit.

While Selma did not attend the evidentiary hearings or participate in the settlement discussions, a copy of the joint motion of CWS and RRB was served on Selma.

On March 13, 1998, Selma filed its opposition to one aspect of the settlement reached between CWS and RRB. Selma's position is discussed later in this order.

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<sup>3</sup> Selma's counsel appeared at the Prehearing Conference and indicated that Selma's participation would be limited to issues related to the Selma district. Ultimately these issues related to offset increases for plant additions in the Selma district.

### **The Settlement - Results of Operation**

The settlement refers to resolution of all issues as set forth in late-filed Exhibit 13. The agreed-upon estimates for results of operations are shown in Tables 1 through 4. Table 5 shows the agreed-upon amounts for rate recovery for amounts included in CWS' balancing and memorandum accounts. Other elements of ratemaking are included in Appendices C-1 through C-5, and E.

A brief description of resolution of differences between CWS and RRB is included in Appendix D.

Aside from the agreement on results of operation, CWS and RRB also reached agreement on the following items:

#### **Price Index**

As stated earlier, CWS and RRB have agreed to base future rate increases for the years 1999-2003 in the Oroville and Selma Districts on a Price Index. The proposed Price Index will be comprised of the following three factors which are published on a monthly basis: (1) the Compensation Per Hour Index, (2) the Non-Labor Index (both published in a memo from the Office of Ratepayer Advocates Monopoly Regulation Branch to the Water Division of the Commission), and (3) the Construction Cost Index as printed in Engineering & News Reports. Each factor is weighted one-third. The Price Index will determine the maximum change from the prior year's rates.

CWS and RRB also agree that any revisions to CWS' rates during the years 1999-2003 will be subject to an earnings test discussed in Section 10 of Appendix D.

TABLE I

SOUTH SAN FRANCISCO DISTRICT  
SUMMARY OF EARNINGS AND RATES OF RETURN

YEARS 1998 THROUGH 1999

	PRESENT RATES		PROPOSED RATES	
	1998	1999	1998	1999
OPERATING REVENUES	\$ 6,572.5	\$ 6,654.0	\$ 6,824.5	\$ 7,056.8
OPERATIONS EXPENSES				
PURCHASED WATER	2,400.50	2,437.80	2,400.50	2,437.80
GROUNDWATER EXTRACTION CHARGE				
REPLENISHMENT ASSESSMENT				
PURCHASED POWER	216.20	219.30	216.20	219.30
PURCHASED CHEMICALS	4.10	4.20	4.10	4.20
PAYROLL - DISTRICT	710.40	728.80	710.40	728.80
OTHER OPERATION & MAINTENANCE	434.70	445.60	435.00	446.10
OTHER ADMIN & GENERAL EXP	77.00	78.70	77.00	78.70
TOTAL O&M, A&G, AND MISC EXP	3,842.90	3,914.40	3,843.20	3,914.90
TAXES OTHER THAN INCOME				
AD VALOREM TAXES	121.30	128.80	121.30	128.80
LOCAL FRANCHISE TAXES & BUS LIC	2.10	2.10	2.10	2.10
PAYROLL TAXES	62.90	64.60	62.90	64.60
TOTAL GENERAL TAXES	186.30	195.50	186.30	195.50
DEPRECIATION	436.70	457.50	436.70	457.50
G.O. PRORATED EXPENSES				
PAYROLL AND BENEFITS	462.60	475.30	462.60	475.30
AD VALOREM TAXES	3.90	4.20	3.90	4.20
PAYROLL TAXES	19.30	20.20	19.30	20.20
OTHER PRORATED EXPENSES	230.10	236.20	230.10	236.20
TOTAL G.O. PRORATED EXPENSES	715.90	735.90	715.90	735.90
SUB-TOTAL OPERATING EXPENSES	5,181.80	5,303.30	5,182.10	5,303.80
TOTAL INCOME TAXES	341.10	333.00	451.40	501.70
TOTAL OPERATING EXPENSES	5,522.90	5,636.20	5,633.50	5,805.40
NET OPERATING REVENUE	1,049.60	1,017.80	1,191.00	1,251.40
DEPRECIATED RATE BASE	12,773.40	13,421.70	12,773.40	13,421.70
RATE OF RETURN				
YEAR	8.22%	7.53%	9.32%	9.32%
CHANGE FROM PRIOR YEAR		-0.63%		0.00%

TABLE 2

## SELMA DISTRICT

## SUMMARY OF EARNINGS AND RATES OF RETURN

YEAR 1993

	<u>PRESENT RATES</u> 1993	<u>PROPOSED RATES</u> 1993
OPERATING REVENUES	\$ 1,802.0	\$ 1,764.9
OPERATIONS EXPENSES		
PURCHASED WATER		
GROUNDWATER EXTRACTION CHARGE	11.10	11.10
REPLENISHMENT ASSESSMENT		
PURCHASED POWER	208.30	208.30
PURCHASED CHEMICALS	5.20	5.20
PAYROLL - DISTRICT	326.20	326.20
OTHER OPERATION & MAINTENANCE	129.90	129.80
OTHER ADMIN & GENERAL EXP	24.90	24.90
TOTAL O&M, A&G, AND MISC EXP	705.60	705.50
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	54.20	54.20
LOCAL FRANCHISE TAXES & BUS LIC	0.70	0.70
PAYROLL TAXES	29.70	29.70
TOTAL GENERAL TAXES	84.60	84.60
DEPRECIATION	193.80	193.80
G.O. PRORATED EXPENSES		
PAYROLL AND BENEFITS	153.80	153.80
AD VALOREM TAXES	1.30	1.30
PAYROLL TAXES	6.40	6.40
OTHER PRORATED EXPENSES	76.50	76.50
TOTAL G.O. PRORATED EXPENSES	238.00	238.00
SUB-TOTAL OPERATING EXPENSES	1,221.90	1,221.60
TOTAL INCOME TAXES	162.50	146.30
TOTAL OPERATING EXPENSES	1,384.40	1,368.10
NET OPERATING REVENUE	417.60	396.80
DEPRECIATED RATE BASE	4,255.80	4,255.80
RATE OF RETURN		
YEAR	9.81%	9.32%



TABLE 3

## OROVILLE DISTRICT

## SUMMARY OF EARNINGS AND RATES OF RETURN

	YEAR 1998	
	<u>PRESENT RATES</u> 1998	<u>PROPOSED RATES</u> 1998
OPERATING REVENUES	\$ 2,139.2	\$ 2,178.2
OPERATIONS EXPENSES		
PURCHASED WATER	59.30	59.30
GROUNDWATER EXTRACTION CHARGE		
REPLENISHMENT ASSESSMENT		
PURCHASED POWER	162.90	162.90
PURCHASED CHEMICALS	67.00	67.00
PAYROLL - DISTRICT	454.30	454.30
OTHER OPERATION & MAINTENANCE	195.60	195.60
OTHER ADMIN & GENERAL EXP	47.90	47.90
TOTAL O&M, A&G, AND MISC EXP	987.00	987.20
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	54.60	54.60
LOCAL FRANCHISE TAXES & BUS LIC	0.10	0.10
PAYROLL TAXES	38.10	39.10
TOTAL GENERAL TAXES	92.80	92.80
DEPRECIATION	172.10	172.10
G.O. PRORATED EXPENSES		
PAYROLL AND BENEFITS	169.50	169.50
AD VALOREM TAXES	1.40	1.40
PAYROLL TAXES	7.10	7.10
OTHER PRORATED EXPENSES	84.30	84.30
TOTAL G.O. PRORATED EXPENSES	262.30	262.30
SUB-TOTAL OPERATING EXPENSES	1,514.20	1,514.40
TOTAL INCOME TAXES	159.50	176.50
TOTAL OPERATING EXPENSES	1,673.70	1,690.90
NET OPERATING REVENUE	465.50	487.30
DEPRECIATED RATE BASE	5,226.30	5,226.30
RATE OF RETURN		
YEAR	8.91%	9.32%

TABLE 4

## MARYSVILLE DISTRICT

## SUMMARY OF EARNINGS AND RATES OF RETURN

YEARS 1998 THROUGH 1999

	PRESENT RATES		PROPOSED RATES	
	1998	1999	1998	1999
OPERATING REVENUES	\$ 1,166.7	\$ 1,167.6	\$ 1,212.1	\$ 1,246.6
OPERATIONS EXPENSES				
PURCHASED WATER	.	.	.	.
GROUNDWATER EXTRACTION CHARGE	.	.	.	.
REPLENISHMENT ASSESSMENT	.	.	.	.
PURCHASED POWER	115.60	115.80	115.60	115.80
PURCHASED CHEMICALS	15.80	16.10	15.80	16.10
PAYROLL - DISTRICT	278.20	285.50	278.20	285.50
OTHER OPERATION & MAINTENANCE	104.00	106.50	104.10	106.70
OTHER ADMIN & GENERAL EXP	25.50	26.00	25.50	26.00
TOTAL O&M, A&G, AND MISC EXP	539.10	549.90	539.20	550.10
TAXES OTHER THAN INCOME				
AD VALOREM TAXES	29.50	31.00	29.50	31.00
LOCAL FRANCHISE TAXES & BUS LIC	0.40	0.40	0.40	0.40
PAYROLL TAXES	23.70	24.30	23.70	24.30
TOTAL GENERAL TAXES	53.60	55.70	53.60	55.70
DEPRECIATION	96.30	103.90	96.30	103.90
G.O. PRORATED EXPENSES				
PAYROLL AND BENEFITS	115.10	118.20	115.10	118.20
AD VALOREM TAXES	1.00	1.00	1.00	1.00
PAYROLL TAXES	4.80	5.00	4.80	5.00
OTHER PRORATED EXPENSES	57.20	58.70	57.20	58.70
TOTAL G.O. PRORATED EXPENSES	178.10	182.90	178.10	182.90
SUB-TOTAL OPERATING EXPENSES	867.10	892.40	867.20	892.60
TOTAL INCOME TAXES	80.70	58.00	100.50	91.20
TOTAL OPERATING EXPENSES	947.80	950.40	967.70	983.80
NET OPERATING REVENUE	218.90	217.20	244.40	262.80
DEPRECIATED RATE BASE	2,621.90	2,819.00	2,621.90	2,819.00
RATE OF RETURN				
YEAR	8.35%	7.70%	9.32%	9.32%
CHANGE FROM PRIOR YEAR		-0.64%		0.00%

TABLE 5

STIPULATED RATE INCREASE BY DISTRICT

General Rate Increase

District	Present Revenues Eff. 1/1/98	Stipulated 1998 Increases Based Upon Rates Eff. 1/1/98	Total Authorized 1998 Revenues	Percentage Increases Over 1998 Present Revenues	Authorized 1998 Revenues	Stipulated 1999 Increases Based Upon Rates Eff. 12/31/98	Total Authorized 1999 Revenues	Percentage Increases Over 1998 Authorized Revenues
South San Francisco	\$6,572,500	\$252,000	\$6,824,500	3.8%	\$6,824,500	\$232,300	\$7,056,800	3.4%
Selma	\$1,802,000	(\$37,100)	\$1,764,900	-2.1%	N/A	N/A	N/A	N/A
Oroville	\$2,139,200	\$39,000	\$2,178,200	1.8%	N/A	N/A	N/A	N/A
Marysville	\$1,166,700	\$45,400	\$1,212,100	3.9%	\$1,212,100	\$34,500	\$1,246,600	2.8%

Balancing/Memorandum Accounts

District	Stipulated 1998 Balancing Acct. Recovery	Stipulated 1998 Memorandum Acct. Recovery	Total Annual Recovery	Percentage Increases Over 1998 Present Revenues	Stipulated 1999 Balancing Acct. Recovery	Stipulated 1999 Memorandum Acct. Recovery	Total Annual Recovery	Percentage Increases Over 1998 Authorized Revenues
South San Francisco	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Selma	\$37,100	\$0	\$37,100	2.1%	\$0	\$0	\$0	0.0%
Oroville	\$42,722	(\$3,415)	\$39,307	1.8%	\$42,722	(\$3,412)	\$39,310	1.8%
Marysville	\$28,089	(\$4,918)	\$23,171	2.0%	\$0	(\$5,008)	(\$5,008)	-0.4%

Total GRC & Balancing/Memorandum Accounts

District	Present Revenues Eff. 1/1/98	Stipulated 1998 Increases Including Bal / Mem Acct.	Total Authorized 1998 Revenue Recovery	Percentage Increases Over 1998 Present Revenues	Revenues Eff. 1/1/99	Stipulated 1999 Increases Including Bal / Mem Acct.	Total Authorized 1999 Revenue Recovery	Percentage Increases Over 1998 Authorized Revenues
South San Francisco	\$6,572,500	\$252,000	\$6,824,500	3.8%	\$6,824,500	\$232,300	\$7,056,800	3.4%
Selma	\$1,802,000	\$0	\$1,802,000	0.0%	N/A	\$0	N/A	N/A
Oroville	\$2,139,200	\$78,307	\$2,217,507	3.7%	N/A	\$39,310	N/A	N/A
Marysville	\$1,166,700	\$68,571	\$1,235,271	5.9%	\$1,212,100	\$29,492	\$1,241,592	2.4%

### **Rate Recovery for Planned Capital Improvements**

CWS and RRB have agreed that CWS should be authorized to file advice letters seeking to include in rates the revenue requirements associated with capital improvements in the Oroville and Selma Districts. The planned improvements are discussed below.

#### **Oroville District**

CWS plans to construct a pipeline to connect two pressure zones allowing for increased pressure and greater fire flows in the lower pressure zone. CWS and RRB agree that after the pipeline is constructed and is operational, CWS may seek relief through an advice letter for the cost of the project to a maximum amount of \$89,000.

#### **Selma District**

CWS originally sought relief to construct a storage facility in Selma in 1998. On February 9, 1998, the Selma Planning Commission tentatively authorized a conditional use permit for one of CWS' existing sites, but the permit still requires the approval of the Selma City Council. Selma raised several issues, however, which limited the capacity at CWS' site. Two options, which Selma and CWS are exploring, include a possibly larger water tank on CWS' existing site and an alternate site that would accommodate two water tanks. CWS and RRB agree that CWS should be allowed to file for recovery by advice letter of the cost associated with the facility, after the facility or the facilities are in service. Additionally, CWS and RRB agree that, due to these uncertainties, CWS may seek recovery for actual costs, including related expenses, not to exceed 112% of its original estimate plus inflation. Also, the rates for private fire protection listed in Appendix A on Schedule No. SL-4 should become effective upon approval of the advice letter.

### **Stabilization of Rates In Selma**

In the Selma District, the Settlement provides for a reduction of \$37,100, or 2.1%, in annual rates, excluding the storage facility and amortization of the balancing account. Rather than implement a decrease in 1998 and a larger increase in 1999 for the storage facility, CWS and RRB agree rates should not change in 1998, except for the surcredit for the Injuries and Damages Reserve Refund. In addition, CWS and RRB agree that CWS should track the \$37,100 in its balancing account to offset approximately \$70,000 in undercollections. Finally, when the advice letter is filed for the storage facility (see discussion re capital improvements), CWS agrees to close Selma's balancing accounts, consistent with the methodology used for Oroville.

### **Comments by Selma**

Selma did not participate in the negotiation leading to the settlement. Selma has filed comments on the settlement between CWS and RRB in accordance with Rule 51.4 of the Commission's Rules of Practice and Procedure (Rules). In its comments, Selma notes that it has not expressly joined in the settlement, but it offers an alternative that apparently would make the settlement acceptable to it. In this alternative, Selma requests that the Commission impose a condition to approval of the settlement. According to Selma, the Commission should require CWS to make a showing of justification for the rate increase requested in connection with the construction of the planned improvements and also require CWS to notify the customers and Selma of such a request whether the request is made by an advice letter or otherwise. Selma also requests that it be given access to the data upon which CWS' request for rate increase is made and that Selma be allowed an opportunity to oppose or protest such a request. If these changes are not made, Selma would oppose the settlement.

CWS has filed a response to Selma's comments generally agreeing to provide justification, if required by the Commission, and notification.

### **Discussion**

The agreed-upon advice letter treatment for planned capital improvements in the Oroville and Selma Districts is consistent with past Commission actions. However, we appreciate concerns raised by Selma. We believe that Selma should be provided an opportunity to protest and/or review any rate increase request in the Selma District. Accordingly, we will require CWS to send to Selma a copy of the advice letter requesting rate increase for planned capital improvements on the day such advice letter is filed. Selma will have the opportunity to file a protest to CWS' advice letter and request hearing in the matter. In addition, we will require CWS to make available to Selma upon request any data in support of its rate increase request. With these changes Selma should be in a position to accept the settlement.

With respect to all other issues, we find the Settlement reached by CWS and RRB to be reasonable. The proposed rate stabilization in Selma is consistent with past Commission actions. We agree that the use of a Price Index for revising rates would streamline the ratemaking process and has merit. We also agree that the provisions of the Settlement are sufficient to ensure that rates for the Selma and Oroville Districts will remain within a certain narrowly defined area, and that neither the ratepayers in those districts nor Cal Water's shareholders will be subject to excessive risk. Therefore, we will adopt the proposal to authorize CWS rate increases based on a Price Index in its Oroville and Selma Districts.

Finally, we believe the rest of the settlement as it applies to the South San Francisco and Marysville Districts is also reasonable and should be adopted.

We will also analyze the settlement mindful of the directives set forth in our decision in San Diego Gas & Electric Company's general rate case

D.92-12-019, 46 CPUC2d 538 (1992). In that decision the Commission stated that as a precondition to our approval of a settlement, the settlement should meet the following criteria.

- a. It should command the unanimous support of all active parties in the proceeding;
- b. The sponsoring parties are fairly reflective of the affected interests;
- c. No terms of the settlement contravenes statutory provisions or any prior Commission decisions; and
- d. The settlement conveys to the Commission sufficient information to permit us to discharge our future regulatory obligations with respect to the parties and their interests.

**Is the Settlement Sponsored by All Active Parties?**

With the changes, previously discussed in connection with Selma, we expect Selma to accept the settlement. Therefore, in anticipation of that result we regard this settlement as modified, to address Selma's concerns, to reflect the support of all parties.

**Do the Sponsoring Parties Fairly Reflect the Affected Interests?**

We find that the settling parties, RRB (representing ratepayers) and CWS (representing shareholders), are fairly reflective of the affected interests.

**Is the Settlement Consistent with the Law?**

Our independent review has revealed that the terms of the settlement, with the proposed modification, do not contravene any statutory provisions or any decision of the Commission.

**Does the Settlement Convey Sufficient Information?**

The settlement with its tables and explanations convey to us sufficient information to permit us to discharge our future regulatory obligations with

respect to the parties and affected ratepayers. By adopting the settlement, with the proposed modification, we fulfill our primary obligations of setting just and reasonable rates.

We believe that the settlement offered by CWS and RRB satisfies the requirements set forth in D.92-12-019. Therefore, we will approve and adopt the settlement assuming the parties accept the proposed modification.

Finally, we recognize that adoption of the modified settlement will result in rate increases for the districts. In authorizing these rate increases, we have carefully considered the comments of customers who attended the public hearings and the letters received that urge us not to grant the requested increases to CWS. We believe that such an approach would neither be realistic nor lawful. Water utilities are experiencing the need to finance new sources of supply. And, as mentioned previously, CWS is in the process of installing facilities to augment its water supply. Also, the water utilities, including CWS, are being required to make nonrevenue-producing investments to improve water quality. Unfortunately, these costs are unavoidable and must be borne by the ratepayers.

The United States Supreme Court has set guidelines to be followed in setting rates for public utility services. While recovery of operating expenses and interest on debt takes precedence over payments to common stockholders, the rates that are set must also provide a fair rate of return to the shareholders for their investment in the utility.<sup>4</sup>

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<sup>4</sup> See Bluefield Water Works and Improvement Co. v. West Virginia Public Service Commission (1923) 262 U.S. 679-93. Also, see Federal Power Commission v. Hope Natural Gas Co. (1944) 320 U.S. 591, 603.



### Comments on ALJ's Proposed Decision

ALJ's proposed decision was filed and mailed to the parties on April 7, 1998. Comments on the proposed decision were due on May 4, 1998. However, in response to a motion by CWS, the comment period was extended by seven days pursuant to Rule 77.2 of the Commission's Rules of Practice and Procedure.

CWS and RRB filed joint comments on the proposed decision. On June 18, an alternate order of Commissioner Bilas was mailed to all parties. Comments on the Alternate decision were due on June 25, 1998. CWS and RRB filed joint comments on the alternate order.

We believe that one issue raised in the joint comments needs to be addressed, the issue of proposed modification of the first sentences in Ordering Paragraphs 3, 4, and 5 of the alternate decision which read as follows:

"3. On or after November 5, 1998,<sup>3</sup> CWS 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 for its South San Francisco and Marysville Districts, respectively, in the event that the 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 latest rate of return found reasonable for CWS.

"4. On or after November 5, 1999, CWS is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increase for 2000<sup>4</sup> included in Appendix B, or to file a proportionate lesser increase for those rates in Appendix B for its South San

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<sup>3</sup> Ordering Paragraph 5 in the proposed decision was in error; it did not include the date, it only included the month and year. We have corrected the error.

<sup>4</sup> Ordering Paragraph 6 in the proposed decision was in error; it provided step rate increase for the year 1999 not 2000. We have corrected the error.

Francisco District, in the event that the district's rate of return on rate base, adjusted to reflect rates then in effect and normal ratemaking adjustments for the 12 months ended 9/30/99, exceeds the latest rate of return found reasonable for CWS.

"5. On or after November 5, 2000, CWS is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increase for 2001<sup>7</sup> included in Appendix B or to file a proportionate lesser increase for those rates in Appendix B for its South San Francisco District, in the event that the 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, 2000, exceeds the latest rate of return found reasonable for CWS. *Alternate Decision, Ordering Paragraphs 3, 4, 5 (emphasis added).*

The joint comments state that the earnings test in these ordering paragraph is a change in a longstanding Commission policy. According to CWS and RRB,

"such a change in the Commission's longstanding policy would be inappropriate, however, especially in the context of the present proceeding. Not only was this matter nowhere discussed in the record, but no explanation of it is given in the Proposed Decision. Nor should it have been considered since the parties did not request any change in the ordering paragraphs last adopted for Cal Water."

CWS and RRB are correct in stating that this matter was not discussed in the record, nor did the parties request any change in the ordering paragraphs last adopted for CWS. It is also correct that the proposed decision does not make any changes to the earnings test included in the ordering paragraphs in CWS' last GRC decision. The first sentences in Ordering Paragraphs 4, 5, and 6 in D.97-04-057 read as follows:

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<sup>7</sup> Ordering Paragraph 7 in the proposed decision was in error; it provided step rate increase for the year 2000 not 2001. We have corrected the error.

"4. 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 Appendices B-1 and B-2, or to file a proportionate lesser increase for those rates in Appendices B-1 and B-2 for its Palos Verdes and Livermore 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 latest rate of return found reasonable for CWS.

"5. 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 Appendices B-1, B-2, or to file a proportionate lesser increase for those rates in Appendices B-1 and B-2 for its Palos Verdes and Livermore 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 latest rate of return found reasonable for CWS.

"6. On or after November 5, 1999, CWS is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increase for 2000 included in Appendices B-1 and B-2, or to file a proportionate lesser increase for those rates in Appendices B-1 and B-2 for its Palos Verdes and Livermore 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, 1999, exceeds the latest rate of return found reasonable for CWS." (First sentences of Ordering Paragraphs 4, 5, and 6, D.97-04-057, emphasis added.)

However, it appears that the ordering paragraphs in CWS' last GRC decision D.97-04-057 in A.96-09-017 et al are inconsistent with the policy adopted by this Commission in Decision 90425, involving CWS' Hermosa-Redondo District (CPUC 2d 736) and extended to other water companies in California serving more than a single district (See Decision 93263, 6 CPUC 2d 383 (California American Water Company); Decision 82-03-014, 8 CPUC 2d 301 (Southern California Water Company); Decision 82-05-038, 9 CPUC 2d 197

(Citizens Utilities Company of California); Decision 83-19-002, 12 CPUC 2d 719 (San Gabriel Valley Water Company); and Decision 84-06-095, 15 CPUC 2d 174 (Suburban Water Systems)). The Commission also followed this procedure in its recent Decision 98-02-020, involving Park Water Company. In addition, the joint comments state that the procedure requested by CWS and RRB represents a fundamental element of the settlement that they reached. We have carefully considered the comments on the alternate decision and we find that the requested changes are indeed consistent with the Commission's policy regarding earnings test for authorizing step rate increases. Therefore, we will approve and adopt CWS' and RRB's request and modify Ordering Paragraphs 3, 4, and 5 accordingly.

#### **Findings of Fact**

1. As set forth in Exhibit 13 and the motion for adoption of settlement, CWS and RRB have reached settlement on all contested issues.
2. The settlement as modified to address Selma's concerns, will have the support of all parties.
3. The settlement proposes to base future rate increases for the years 1999-2003 in the Oroville and Selma Districts on a Price Index.
4. The Settlement between CWS and RRB is reasonable.
5. Selma has filed comments on the settlement opposing the proposal to provide advice letter treatment for planned capital improvements in the Selma District.
6. The proposed advice letter treatment for planned capital improvements is consistent with the current policy. However, Selma's request for an opportunity to review any rate increase request related to capital improvements is valid.
7. If CWS is required to provide Selma a copy of its advice letter requesting rate increase for planned capital improvements and the supporting data upon

request by Selma, Selma will have an opportunity to protest the advice letter and request a hearing; with these changes, Selma's concerns about the settlement have been addressed.

### **Conclusions of Law**

1. The settlement between CWS and RRB is reasonable and should be adopted.
2. CWS should be allowed to modify its rates to reflect the rates found reasonable in this decision.
3. CWS should be required to provide a copy of its advice letter requesting rate increase for capital improvement and if requested by Selma, the data in support of the request.
4. Since all issues in this proceeding are resolved by a settlement, this order should be made effective immediately.

## **ORDER**

### **IT IS ORDERED that:**

1. The settlement in Exhibit 13 between California Water Service Company (CWS) and Ratepayer Representative Branch (RRB) of the Water Division (WD) is approved.
2. CWS is authorized to file the revised schedule attached to this order as Appendices A-1, A-2, A-3, A-4, and A-5. This filing shall comply with General Order (GO) 96-A. The effective date of the revised schedule shall be five days after the date of filing. The revised schedule shall apply to service rendered on or after the effective date.
3. 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, or to file a proportionate lesser increase for those rates in

Appendix B for its South San Francisco and Marysville Districts, respectively, in the event that the 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 lesser of (a) the latest rate of return found reasonable for CWS or (b) 9.32%. This filing shall comply with GO 96-A. The requested step rates shall be reviewed by the WD to determine their conformity with this order 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, CWS 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 for its South San Francisco District, in the event that the 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, 1999, exceeds the lesser of (a) the latest rate of return found reasonable for CWS or (b) 9.32%. This filing shall comply with GO 96-A. The requested step rates shall be reviewed by WD to determine their conformity with this order 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. On or after November 5, 2000, CWS is authorized to file an advice letter, with appropriate workpapers, requesting the step rate increase for 2001 included in Appendix B or to file a proportionate lesser increase for those rates in Appendix B for its South San Francisco District, in the event that the district's rate or return on rate base, adjusted to reflect rates then in effect and normal ratemaking adjustments for the 12 months ended September 30, 2000, exceeds the lesser of (a) the latest rate of return found reasonable for CWS or (b) 9.32%. This filing shall comply with GO 96-A. The requested step rates shall be reviewed by the WD to determine their conformity with this order 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, 2001, or 30 days after filing, whichever is later. The revised schedules shall apply only to service rendered on and after their effective date.

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

7. CWS shall provide Selma with a copy of the advice letter requesting rate increase for capital improvements in the Selma District and if request by Selma, the data in support of the rate increase request.

8. Since all issues raised in this proceeding have been resolved, Application (A.) 97-09-009, A. 97-09-010, A.97-09-011, and A-97-09-014 are closed.

A.97-09-009 et al. COM/RB1/cgm

This order is effective today.

Dated July 23, 1998, at San Francisco, California.

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



# APPENDIX A

APPENDIX A-1

Page 1

Schedule No. SS-1

South San Francisco Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

South San Francisco and vicinity, San Mateo County.

RATES

Quantity Rates:

Per 100 cu. ft. .... \$ 1.3148 (1)

Service Charge:

	<u>Per Meter</u> <u>Per Month</u>	
For 5/8 x 3/4-inch meter .....	\$ 7.92	
For 1-inch meter .....	17.80	
For 1-1/2-inch meter .....	29.30	
For 2-inch meter .....	37.59	
For 3-inch meter .....	71.59	
For 4-inch meter .....	88.14	
For 6-inch meter .....	143.70	
For 8-inch meter .....	209.84	
For 10-inch meter .....	257.41	
For 12-inch meter .....	1,306.80	(N)
For 14-inch meter .....	1,785.00	(N)

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 refund an amount in the injuries and damages reserve account, a credit of \$0.03 per customer per month will apply to each bill until August 15, 2000. (T)  
|
2. All bills are subject to the reimbursement fees set forth on Schedule Nos. UF and DHS-1. (T)

APPENDIX A-1

Page 2

PROPOSED RATES

Schedule No. SS-4

South San Francisco Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

South San Francisco and vicinity, San Mateo County.

RATES

		<u>Per Meter Per Month</u>	
For	1-1/2-inch meter .....	8.25	(1)
For	2-inch meter .....	11.00	
For	3-inch meter .....	16.50	
For	4-inch meter .....	22.00	
For	6-inch meter .....	33.00	
For	8-inch meter .....	44.00	
For	10-inch meter .....	55.00	(1)
For	12-inch meter .....	66.00	(N)
For	14-inch meter .....	77.00	(N)

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. 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 therefore under Schedule No. SS-1, General Metered Service.
5. The Utility will supply only such water at such pressure as may be available from time to time as a result of normal operation of Utility's system.
6. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF and DHS-1.

(T)

APPENDIX A-2

Page 1

PROPOSED RATES

Schedule No. SL-1

Selma Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Selma and vicinity, Fresno County.

RATES

Per Meter Per Month

Quantity Rates:

Per 100 cu. ft. .... \$ 0.5038

Service Charge:

For 5/8 x 3/4-inch meter .....	\$ 9.61
For 1-inch meter .....	15.82
For 1-1/2-inch meter .....	26.04
For 2-inch meter .....	34.01
For 3-inch meter .....	62.45
For 4-inch meter .....	84.68
For 6-inch meter .....	142.83
For 8-inch meter .....	212.28
For 10-inch meter .....	260.51
For 12inch meter .....	1,585.65
For 14inch meter .....	2,162.25

(N)  
(N)

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 refund an amount adopted in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.06 per service connection will apply to each bill for 60 months from the initial effective date of this special condition.
2. New service connections may be subject to a facilities fee as detailed under Rule 15.
3. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF and DHS-1.

(N)  
|  
|  
(N)  
(T)

PROPOSED RATES

Schedule No. SL-2R

Selma Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Selma and vicinity, Fresno 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 .....	\$ 21.54
6,001 to 10,000 sq. ft. ....	25.59
10,001 to 16,000 sq. ft. ....	32.42
16,001 to 25,000 sq. ft. ....	41.95

For each additional single-family residential  
unit on the same premises and served  
from the same service connection..... \$ 15.20

SPECIAL CONDITIONS

1. To refund an amount adopted in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.06 per service connection will apply to each bill for 60 months from the initial effective date of this special condition. (N)  
I  
(N)
2. The above flat rates apply to service connections not larger than one inch in diameter.
3. All service not covered by the above classifications shall be furnished only on a metered basis.
4. 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. SL-1, General Metered Service.
5. This Schedule is closed to all new connections as of January 20, 1992, the effective date of tariff sheet 4338-W.
6. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF and DHS-1. (T)

PROPOSED RATES

Schedule No. SL-4

Selma Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Selma and vicinity, Fresno County.

RATES

		<u>Per Meter Per Month</u>	
For	1-1/2-inch meter .....	8.25	(1)
For	2-inch meter .....	11.00	
For	3-inch meter .....	16.50	
For	4-inch meter .....	22.00	
For	6-inch meter .....	33.00	
For	8-inch meter .....	44.00	
For	10-inch meter .....	55.00	(1)
For	12-inch meter .....	66.00	(N)
For	14-inch meter .....	77.00	(N)

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. 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 therefore under Schedule No. SL-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 Nos. UF and DHS-1.

(T)

APPENDIX A-3

Page 1

PROPOSED RATES

Schedule No. OR-1

Oroville Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Oroville and vicinity, Butte County.

RATES

	<u>Per Meter Per Month</u>	
Quantity Rates:		
Per 100 cu. ft. ....	\$ 0.9674	(R)
Service Charge:		
For 5/8 x 3/4-inch meter .....	\$ 15.55	(I)
For 1-inch meter .....	27.05	
For 1-1/2-inch meter .....	54.75	
For 2-inch meter .....	69.70	
For 3-inch meter .....	129.55	
For 4-inch meter .....	178.60	
For 6-inch meter .....	293.20	
For 8-inch meter .....	436.70	
For 10-inch meter .....	542.50	(I)
For 12-inch meter .....	2,565.75	(N)
For 14-inch meter .....	3,498.75	(N)

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 refund an amount adopted in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.06 per service connection will apply to each bill for 60 months from the initial effective date of this special condition. (N)
2. Due to the under-collection in the balancing account, a surcharge of \$ 0.0336 per 100 cu. ft. of water used will apply to the quantity rates for 24 months from the initial effective date of this special condition. (N)
3. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF and DHS-1. (T)

APPENDIX A-3

Page 2

PROPOSED RATES

Schedule No. OR-2R

Oroville Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Oroville and vicinity, Butte 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 .....	\$ 37.60	(1)
6,001 to 10,000 sq. ft. ....	44.75	
10,001 to 16,000 sq. ft. ....	55.55	
16,001 to 25,000 sq. ft. ....	69.90	(1)

For each additional single-family residential unit on the same premises and served from the same service connection..... \$ 25.10 (1)

SPECIAL CONDITIONS

1. To refund an amount adopted in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.06 per service connection will apply to each bill for 60 months from the initial effective date of this special condition. (N)
2. As shown below due to the under-collection in the balancing account, a surcharge will apply to each bill for a period of 24 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 .....	\$ 1.12	
6,001 to 10,000 sq. ft. ....	1.13	
10,001 to 16,000 sq. ft. ....	1.14	
16,001 to 25,000 sq. ft. ....	1.15	
For each additional unit served from the same connection.....	\$ 0.35	(N)
3. The above flat rates apply to service connections not larger than one inch in diameter.
4. All service not covered by the above classifications shall be furnished only on a metered basis.
5. 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. OR-1, General Metered Service.
6. This Schedule is closed to all new connections as of January 20, 1992, the effective date of tariff sheet 4336-W.
7. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF and DHS-1. (T)



APPENDIX A-3

Page 3

PROPOSED RATES

Schedule No. OR-4

Oroville Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Oroville and vicinity, Butte County.

RATES

		<u>Per Meter Per Month</u>	
For	1-1/2-inch meter .....	8.25	(I)
For	2-inch meter .....	11.00	
For	3-inch meter .....	16.50	
For	4-inch meter .....	22.00	
For	6-inch meter .....	33.00	
For	8-inch meter .....	44.00	
For	10-inch meter .....	55.00	(I)
For	12inch meter .....	66.00	(N)
For	14inch meter .....	77.00	(N)

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. 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 therefore under Schedule No. OR-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 Nos. UF and DHS-1.

(T)

PROPOSED RATES

Schedule No. OR-2UL

Oroville Tariff Area

LIMITED FLAT RATE SERVICE

APPLICABILITY

Applicable to flat rate residential water service to Alex Kosloff.

TERRITORY

Oroville and vicinity, Butte County.

RATES

	<u>Per Miner's Inch Day</u>	
Alex Kosloff .....	\$ 14.07	(I)

SPECIAL CONDITIONS

1. To refund an amount adopted in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.06 per service connection will apply to each bill for 60 months from the initial effective date of this special condition. (N)  
I  
(N)
2. Service under this schedule is limited to the above service which was being furnished as of January 1, 1955.
3. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF and DHS-1. (T)

PROPOSED RATES

Schedule No. OR-3M

Oroville Tariff Area

IRRIGATION SERVICE

APPLICABILITY

Applicable to service of untreated water from the Powers Canal to irrigation districts and to irrigation or mining ditches, for uses including but not limited to the irrigation of vineyards, orchards, and pasture lands.

TERRITORY

Lands located along the Powers Canal, between Coal Canyon Powerhouse and Cherokee Reservoir north of the city of Oroville, Butte County.

RATES

	<u>Per Miner's Inch Day</u>	
For all water delivered .....	\$ 1.31	(1)

SPECIAL CONDITIONS

1. To refund an amount adopted in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.06 per service connection will apply to each bill for 60 months - from the initial effective date of this special condition. (N)  
I  
(N)
2. A miner's inch day is defined as the quantity of water equal to 1/40 of a cubic foot per second flowing continuously for a period of 24 hours.
3. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF and DHS-1. (T)

APPENDIX A-4

Page 1

PROPOSED RATES

Schedule No. MR-1

Marysville Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Marysville and vicinity, Yuba County.

RATES

	<u>Per Meter Per Month</u>	
Quantity Rates:		
Per 100 cu. ft. ....	\$ 0.4374	(R)
Service Charge:		
For 5/8 x 3/4-inch meter .....	\$ 8.85	(I)
For 1-inch meter .....	18.00	
For 1-1/2-inch meter .....	27.00	
For 2-inch meter .....	34.00	
For 3-inch meter .....	58.00	
For 4-inch meter .....	83.00	
For 6-inch meter .....	125.00	
For 8-inch meter .....	708.00	
For 10-inch meter .....	1,017.75	(I)
For 12-inch meter .....	1,460.25	(N)
For 14-inch meter .....	1,991.25	(N)

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 \$ 0.0129 per 100 cu. ft. of water used will apply to the quantity rates for 12 months from the initial effective date of this special condition. (N)  
|  
(N)
2. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF and DHS-1. (T)

APPENDIX A-1

Page 2

PROPOSED RATES

Schedule No. MR-2R

Marysville Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Marysville and vicinity, Yuba 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 .....	\$ 19.30	(1)
6,001 to 10,000 sq. ft. ....	23.30	
10,001 to 16,000 sq. ft. ....	28.75	
16,001 to 25,000 sq. ft. ....	36.55	(1)

For each additional single-family residential  
unit on the same premises and served  
from the same service connection..... \$ 13.50 (1)

SPECIAL CONDITIONS

1. As shown below due to the under-collection in the balancing account, a surcharge will apply to each bill for a period of 12 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 .....	\$ 0.39	
6,001 to 10,000 sq. ft. ....	0.60	
10,001 to 16,000 sq. ft. ....	0.61	
16,001 to 25,000 sq. ft. ....	0.62	
For each additional unit served from the same connection.....	\$ 0.39	(N)
2. The above flat rates apply to service connections not larger than one inch in diameter.
3. All service not covered by the above classifications shall be furnished only on a metered basis.
4. 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. MR-1, General Metered Service.
5. This Schedule is closed to all new connections as of January 20, 1992, the effective date of tariff sheet 4336-W.
6. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF and DHS-1. (T)

APPENDIX A-4

Page 3

PROPOSED RATES

Schedule No. MR-4

Marysville Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Marysville and vicinity, Yuba County.

RATES

		<u>Per Meter Per Month</u>	
For	1-1/2-inch meter .....	8.25	(I)
For	2-inch meter .....	11.00	I
For	3-inch meter .....	16.50	I
For	4-inch meter .....	22.00	I
For	6-inch meter .....	33.00	I
For	8-inch meter .....	44.00	I
For	10-inch meter .....	55.00	(I)
For	12-inch meter .....	66.00	(N)
For	14-inch meter .....	77.00	(N)

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. 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 therefore under Schedule No. MR-1, General Metered Service.
5. The Utility will supply only such water at such pressure as may be available from time to time as a result of normal operation of Utility's system.
6. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF and DHS-1. (T)

APPENDIX A-5

Page 1

PROPOSED RATES

Rule No. 15

Sheet 11 of 11

MAIN EXTENSIONS

(continued)

E. Income Tax Component of Contributions and Advances Provision (continued)

5. The ITC tax factor has been derived from the corporate rate and it will remain in effect until the utility's net taxable income changes to the extent the gross-up rate would increase or decrease by five percentage points or more. When and if that occurs, the utility will file an advice letter showing the new rates and cancel out this sheet.
6. If a utility collects a gross-up calculated by using an incremental tax rate that is more than its actual incremental rate, the difference between what was collected and what should have been collected will be refunded to the contributor.

F. Facilities Connection Fees by District

1. New connections in the following districts may be subject to a facilities fee as listed below:

<u>District</u>	<u>Description</u>	
Selma	A \$750 per lot (or per equivalent 5/8 x 3/4-inch meter) facilities fee shall be applicable to all new services as of the effective date of Decision No. _____, excluding residential developments of 4 units or less.	(N) I (N)

Rule No. 7

DEPOSITS

A. Amount to Establish Credit

1. Metered Service

To establish credit by deposit, the amount will not exceed twice the estimated average monthly bills.

2. Flat Rate Service

To establish credit by deposit, the amount will not exceed the estimated average monthly bills for one month.

(C)  
(C)

B. Amount to Re-establish Credit

1. Former Customers

For an applicant who is a former customer and whose service was discontinued during the last 12 months of his or her former service for non-payment of bills, an amount equal to twice the estimated average monthly bill for the service desired.

(T)

2. Present Customers

For a customer whose service has been discontinued for non-payment of bills, an amount equal to twice his or her average monthly bill for that service.

(T)

C. Applicability to Unpaid Accounts

Deposits prescribed herein are applicable to unpaid bills for water service when such service has been discontinued.

D. Return of Deposits

1. When service has been for less than 12 consecutive months, upon customer's request for the discontinuance of service, the company will refund the customer's deposit or the balance of the deposit in excess of any unpaid bills for that service, and any interest payable under Section E of this rule.

(T)

(T)

(T)



APPENDIX A-5

Page 3

Rule No. 8

NOTICES

(Continued)

B. Notice from Customers

1. A customer may make notification in person, by telephone or by letter to the company at its commercial office, or to an authorized representative of the company. (T)
2. Customers who are elderly or handicapped must present evidence to the company establishing their status if they wish to qualify for consideration under Rule No. 8.A.3.b (above), and Rule No. 11.B.1.e., i., and k. (T)  
(T)
3. Elderly or handicapped customers who desire third party notification must so inform the company with certification of status and with a letter from the third party accepting the responsibility. (T)
4. Proof of age must be supported by certificate of birth, driver's license, passport or other reliable document. Proof of handicap must be by certification from a licensed physician, public health nurse or social worker.

DISCONTINUANCE AND RESTORATION OF SERVICE  
(Continued)

## B. Discontinuance of Service by Company (continued)

The discontinuance of service notice required in (b) above will be given in both cases stated in (b) before service is discontinued. (T)

Residential service will not be discontinued for nonpayment of bills for separate nonresidential service. (T)

g. Service will not be discontinued by reason of delinquency in payment for service on any Saturday, Sunday, legal holiday, or at any time during which the business offices of the company are not open to the public. (T)

h. Where water service is provided to residential users through a master meter, the company shall make every good faith effort to inform the actual users, by telephone, in person, or by means of a notice when the account is in arrears that the service will be discontinued in 10 days. The 10-day discontinuance notice shall be posted within a conspicuous place of each residential unit. The notice shall further inform the actual users that they have the right to become company customers without being required to pay the amount due on the account. The company shall not be obligated to make service available unless and until each and every actual user of the water service then residing on the premises shall agree to the terms and conditions of service and shall meet the requirements of the company's rules and tariffs provided, that if (1) one or more actual users are willing and able to assume responsibility for the entire account to the satisfaction of the company or if (2) there is a physical means, legally available to the company, of selectively discontinuing service to those actual users who have not met the requirements of the company's rules and tariffs, the company shall make service available to the actual users who have met those requirements. (T)  
(T)  
(T)

i. A reasonable attempt must be made by the company to personally contact an adult person on the residential customer's premises either by telephone, in person, or by mail delivery, at least 24 hours prior to discontinuance. (T)  
(T)

For elderly or handicapped residential customers, the company shall provide at least 48 hours' notice by telephone or in person. For these customers, if telephone or personal contact cannot be made, a notice of

discontinuance of service shall be posted in a conspicuous location at the service address at least 48 hours prior to discontinuance.

j. Residential Customer's Remedies Upon Receipt of Discontinuance Notice.

- (1) If upon receipt of a 10-day discontinuance notice, a residential customer is unable to pay, he or she must contact the company before discontinuance of service to make payment arrangements to avoid discontinuance of service. (T)

DISCONTINUANCE AND RESTORATION OF SERVICE

(Continued)

- B. Discontinuance of Service by Company (continued) (T)
2. If, after contacting the company, the residential customer alleges to the Commission an inability to pay and that he is unable to make payment arrangements with the Company he or she should write to the Commission's Consumer Affairs Branch (CAB) to make an informal complaint. This action must be taken within the 10-day discontinuance of service notice. (T)
  3. The CAB's resolution of the matter will be reported to the Company and the residential customer within ten business days after receipt of the informal complaint. If the customer is not satisfied with such resolution, he or she must file, within ten business days after the date of the CAB's letter, a formal complaint with the Commission under Public Utilities Code Section 1702 on a form provided by the CAB. (T)
  4. Failure of the residential customer to observe these time limits shall entitle the Company to insist upon payment or, upon failure to pay, to discontinue the customer's service. (T)
- k. Designation of a Third Party Representative (Elderly or Handicapped Only)
1. Customer must inform Company if he or she desires that a third party receive termination or other notices on his behalf. (T)
  2. Company must be advised of name, address and telephone number of third party with a letter from third party accepting this responsibility. (T)
  3. Only customers who certify that they are elderly or handicapped are entitled to third-party representation.
- \* Proof of age must be supported by certificate of birth, driver's license, passport or other reliable document. Proof of handicap must

**DISCONTINUANCE AND RESTORATION OF SERVICE**  
(Continued)

**B. Discontinuance of Service by Company (continued)**

be by certification from a licensed physician, public health nurse or social worker.

1. The Company may require payment of a collection charge of \$15.00 when Company's representative makes a call to a customer's premises to discontinue service for nonpayment of a bill and the customer makes payment in full to avoid discontinuance of service. (T)

2. For Noncompliance with Rules

The Company may discontinue service to any customer for violation of these rules after it has given the customer at least 5 days' written notice of such intention. Where safety of water supply is endangered; service may be discontinued immediately without notice. (T)

3. For Waste of Water

- a. Where negligent or wasteful use of water exists on a customer's premises, the Company may discontinue the service if such practices are not remedied within 5 days after it has given the customer written notice to such effect. (T)

- b. In order to protect itself against serious and unnecessary waste or misuse of water, the Company may meter any flat rate service and apply the regularly established meter rates where the customer continues to misuse or waste water beyond 5 days after the Company has given the customer written notice to remedy such practices. (T)

4. For Unsafe Apparatus or Where Service is Detrimental or Damaging to the Company or its Customers (T)

If an unsafe or hazardous condition is found to exist on the customer's premises, or if the use of water thereon by

## Rule No. 11

DISCONTINUANCE AND RESTORATION OF SERVICE

(Continued)

apparatus, appliances, equipment or otherwise is found to be detrimental or damaging to the Company or its customers, the service may be shut off without notice. The Company will notify the customer immediately of the reasons for the discontinuance and the corrective action to be taken by the customer before service can be restored. (T)

## 5. For Fraudulent Use of Service

When the Company has discovered that a customer has obtained service by fraudulent means, or has diverted the water service for unauthorized use, the service to that customer may be discontinued without notice. The Company will not restore service to such customer until that customer has complied with all filed rules and reasonable requirements of the Company and the Company has been reimbursed for the full amount of the service rendered and the actual cost to the Company incurred by reason of the fraudulent use. (T)

## C. Restoration of Service

## 1. Reconnection Charge

Where service has been discontinued for violation of these rules or for nonpayment of bills, the Company may charge \$25.00 for reconnection of service during regular working hours or \$65.00 for reconnection of service at other than regular working hours when the customer has requested that the reconnection be made at other than regular working hours. (I)

(END OF APPENDIX A)

# APPENDIX B

## APPENDIX B-1

Page 1

## California Water Service Company

## South San Francisco District

Each of the following increases in rates may be put into effect on or after January 1 of the indicated year by filing a rate schedule which adds the appropriate increase/decrease to the rate which would otherwise be in effect on that date.

SCHEDULE NO. SS-1	<u>1999</u>	<u>2000</u>	<u>2001</u>
Service Charge:			
5/8 x 3/4 - inch meter	\$ 0.03	\$ 0.05	\$ 0.05
1 - inch meter	0.20	0.30	0.30
1 1/2 - inch meter	3.00	0.70	0.70
2 - inch meter	3.81	1.60	1.60
3 - inch meter	7.31	8.10	8.10
4 - inch meter	8.96	9.90	9.90
6 - inch meter	14.70	16.10	16.10
8 - inch meter	21.46	23.70	23.70
10 - inch meter	26.29	29.30	29.30
12 - inch meter	4.95	8.25	8.25
14 - inch meter	6.75	11.25	11.25

Quantity Rates:			
For all water, per 100 cu. ft.	0.0215	0.0239	0.0239

SCHEDULE NO. SS-4	<u>1999</u>
1 1/2 - inch meter	0.75
2 - inch meter	1.00
3 - inch meter	1.50
4 - inch meter	2.00
6 - inch meter	3.00
8 - inch meter	4.00
10 - inch meter	5.00
12 - inch meter	6.00
14 - inch meter	7.00



APPENDIX B-1

Page 2

California Water Service Company

Selma District

Each of the following increases in rates may be put into effect on or after January 1 of the indicated year by filing a rate schedule which adds the appropriate increase/decrease to the rate which would otherwise be in effect on that date.

SCHEDULE NO. SL-4	<u>1999</u>
1 1/2 - inch meter	0.75
2 - inch meter	1.00
3 - inch meter	1.50
4 - inch meter	2.00
6 - inch meter	3.00
8 - inch meter	4.00
10 - inch meter	5.00
12 - inch meter	6.00
14 - inch meter	7.00

APPENDIX B-1

Page 3

California Water Service Company

Oroville District

Each of the following increases in rates may be put into effect on or after January 1 of the indicated year by filing a rate schedule which adds the appropriate increase/decrease to the rate which would otherwise be in effect on that date.

SCHEDULE NO. OR-4	<u>1999</u>
1 1/2 - inch meter	0.75
2 - inch meter	1.00
3 - inch meter	1.50
4 - inch meter	2.00
6 - inch meter	3.00
8 - inch meter	4.00
10 - inch meter	5.00
12 - inch meter	6.00
14 - inch meter	7.00

## APPENDIX B-1

Page 4

## California Water Service Company

## Marysville District

Each of the following increases in rates may be put into effect on or after January 1 of the indicated year by filing a rate schedule which adds the appropriate increase/decrease to the rate which would otherwise be in effect on that date.

SCHEDULE NO. MR-1 1999

## Service Charge:

5/8 x 3/4 - inch meter	\$ 0.20
1 - inch meter	1.05
1 1/2 - inch meter	1.25
2 - inch meter	2.25
3 - inch meter	4.50
4 - inch meter	7.00
6 - inch meter	10.00
8 - inch meter	16.00
10 - inch meter	23.00
12 - inch meter	33.00
14 - inch meter	45.00

## Quantity Rates:

For all water, per 100 cu. ft. 0.0408

SCHEDULE NO. MR-2R 1999

6,000 sq. ft. or less	0.48
6,001 to 10,000 sq. ft.	0.58
10,001 to 16,000 sq. ft.	0.72
16,001 to 25,000 sq. ft.	0.91
Additional unit	0.34

SCHEDULE NO. MR-4 1999

1 1/2 - inch meter	0.75
2 - inch meter	1.00
3 - inch meter	1.50
4 - inch meter	2.00
6 - inch meter	3.00
8 - inch meter	4.00
10 - inch meter	5.00
12 - inch meter	6.00
14 - inch meter	7.00

(END OF APPENDIX B)

# APPENDIX C

APPENDIX C-1  
PAGE 1

CALIFORNIA WATER SERVICE CO.  
SOUTH SAN FRANCISCO DISTRICT  
STIPULATED QUANTITIES

	1998	1999
(DOLLARS IN THOUSANDS)		
PURCHASED POWER		
SUPPLIER - PG&E		
TOTAL PRODUCTION (KCCF)	3,730.3	3,784.3
KWH/CCF	426.6	426.6
TOTAL KWH	1,591,491	1,614,530
UNIT COST	\$0.135823	\$0.135823
POWER COST	\$216,161	\$219,290
TOTAL PURCHASED POWER	\$216.2	\$219.3
PURCHASED WATER		
SUPPLIER - SAN FRANCISCO WATER DEPARTMENT		
PURCHASED WATER PRODUCTION - KCCF	3,254.3	3,308.3
UNIT COST S.F.W.D. RATES - CCF	\$0.69	\$0.69
S.F.W.D. FIXED ANNUAL SERVICE CHARGES	\$155.1	\$155.1
COMMODITY CHARGES	\$2,245.4	\$2,282.7
TOTAL PURCHASED WATER COSTS	\$2,400.5	\$2,437.8
UNCOLLECTABLE RATE		0.11297%
FRANCHISE TAX RATE		0.00000%
BUSINESS LICENSE FEE RATE		0.00000%
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULT.		1.78264

**APPENDIX C-1**

**Page 2**

**California Water Service Company  
South San Francisco District**

**Adopted Quantities**

10. Number of Services by meter size:	1998	1999
5/8 x 3/4	13,658	13,827
1	631	639
1 1/2	281	284
2	318	322
3	44	44
4	21	22
6	5	5
8	0	0
10	0	0
<b>TOTAL</b>	<b>14,958</b>	<b>15,143</b>

11. Metered Sales, Kccf	1998	1999
All Water	3,544.2	3,595.5

12. Number of Services and Use:

	Avg Services		Use, Kccf		Avg Use, Ccf/Sv	
	1998	1999	1998	1999	1998	1999
Commercial	14,958	15,143	3,032.2	3,095.5	202.7	204.4
Industrial	79	79	319.0	307.0	4,038.0	3,886.1
Public Authority	199	196	188.0	188.0	944.7	959.2
Other	22	22	5.0	5.0	227.3	227.3
<b>Sub-Total</b>	<b>15,258</b>	<b>15,440</b>	<b>3,544.2</b>	<b>3,595.5</b>		
Private Fire Prot.	462	465				
Public Fire Prot.	17	18				
<b>TOTAL</b>	<b>15,737</b>	<b>15,923</b>	<b>3,544.2</b>	<b>3,595.5</b>		
Losses, 4.96%			185.0	187.7		
<b>Total Production</b>			<b>3,729.2</b>	<b>3,783.2</b>		

APPENDIX C-1  
PAGE 3

CALIFORNIA WATER SERVICE CO.  
SOUTH SAN FRANCISCO DISTRICT

STIPULATED RATE BASE  
(DOLLARS IN THOUSANDS)

	1998	1999
RATE BASE		
WTD. AVG. PLANT IN SERVICE	\$25,224.2	\$26,241.8
MATERIALS & SUPPLIES	161.6	161.6
WORKING CASH - LEAD / LAG	223.8	232.7
WORKING CASH - W / H EMPLOYEES	(1.5)	(1.5)
WTD. AVG. DEPRECIATION RESERVE	(6,615.6)	(7,022.5)
ADVANCES FOR CONSTRUCTION	(1,911.2)	(1,799.6)
CONTRIBUTIONS	(3,793.4)	(3,773.4)
AMORTIZATION OF INTANG.	0.0	0.0
DEFERRED TAXES	(1,351.0)	(1,439.5)
UNAMORT. I T C	(93.2)	(90.2)
PRORATED G.O. RATE BASE	344.2	344.2
TAXES ON - ADVANCES	174.6	169.9
TAXES ON - C I A C	410.8	398.2
WTG. AVG. RATE BASE	\$12,773.4	\$13,421.7

## APPENDIX C-1

PAGE 4

CALIFORNIA WATER SERVICE CO.  
SOUTH SAN FRANCISCO DISTRICT  
TAXES BASED ON INCOME

(THOUSANDS OF \$)

	1998	1999
OPERATING REVENUE (PROPOSED RATES)	\$6,824.5	\$7,056.8
EXPENSES		
PURCHASED WATER	\$2,400.5	\$2,437.3
PURCHASED POWER	\$216.2	\$219.3
REPLENTISHMENT CHARGES	\$0.0	\$0.0
PAYROLL	\$710.4	\$728.8
OTHER O & M	\$431.7	\$442.8
OTHER A & G	\$77.0	\$78.7
G.O. PROATIONS	\$715.9	\$735.9
PAYROLL TAXES	\$62.9	\$64.6
AD VALOREM TAXES	\$121.3	\$128.8
UNCOLLECTIBLES	\$7.4	\$7.5
FRANCHISE TAXES & BUS LIC.	\$2.1	\$2.1
TRANSPORTATION DEPRECIATION ADJ.	(\$26.1)	(\$28.5)
INTEREST EXPENSE	\$504.8	\$536.4
TOTAL DEDUCTIONS	\$5,224.0	\$5,354.1
STATE TAX DEPRECIATION	\$741.6	\$766.3
NET TAXIBLE INCOME	\$858.9	\$936.4
STATE CORP. FRANCH. TAX @ 8.84 %	\$75.9	\$82.8
FEDERAL TAX DEPRECIATION	\$471.7	\$427.7
STATE INCOME TAX	\$53.7	\$75.9
LESS PREFERRED STOCK DIVIDEND	\$2.3	\$2.3
NET TAXIBLE INCOME	\$1,072.8	\$1,196.8
FED. INCOME TAX @ 35.00 %	\$375.5	\$418.9
INVESTMENT TAX CREDIT	\$0.0	\$0.0
TOTAL FEDERAL INCOME TAX	\$375.5	\$418.9
TOTAL INCOME TAXES	\$451.4	\$501.7



APPENDIX C-2  
PAGE 1

CALIFORNIA WATER SERVICE CO.  
SELMA DISTRICT  
STIPULATED QUANTITIES

---

1998

(\$ - THOUSANDS)

PURCHASED POWER  
SUPPLIER - PG&E

TOTAL PRODUCTION (KCCF)  
KWH/CCF  
TOTAL KWH  
UNIT COST  
POWER COST  
10% REDUCTION  
TOTAL PURCHASED POWER

2,487.8  
870.7  
2,166,208  
\$0.106862  
\$231,486  
\$23,149  
\$208.3

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

0.26292%  
0.00000%  
0.00000%  
35.00%  
8.84%  
1.78532

**APPENDIX C-2**

Page 2

California Water Service Company  
Selma District

Adopted Quantities

10. Number of Services by meter size:	1998
5/8 x 3/4	1,714
1	186
1 1/2	61
2	111
3	23
4	8
6	1
8	2
10	0
<b>TOTAL</b>	<b>2,106</b>

11. Metered Sales, Kccf	
Metered Sales	1,097.8
Flat Rate Use	1,191.0

12. Number of Services and Use:

	Avg Services	Use, Kccf	Avg Use, Ccf/Sv
	1998	1998	1998
Commercial	2,000	923.8	461.9
Industrial	17	67.0	3,941.2
Public Authority	85	88.0	1,035.3
Other	3	19.0	6,333.3
<b>Sub-Total</b>	<b>2,105</b>	<b>1,097.8</b>	
Residential Flat S	2,813	1,191.0	
Private Fire Prot.	58		
Public Fire Prot.	9		
<b>TOTAL</b>	<b>4,985</b>	<b>2,288.8</b>	
Losses, 8.00%		199.0	
<b>Total Production</b>		<b>2,487.8</b>	

CALIFORNIA WATER SERVICE CO.  
SELMA DISTRICT

STIPULATED RATE BASE  
(DOLLARS IN THOUSANDS)

1998

RATE BASE

WTD. AVG. PLANT IN SERVICE	\$9,443.0
MATERIALS & SUPPLIES	38.9
WORKING CASH - LEAD / LAG	(9.9)
WORKING CASH - W/H EMPLOYEES	(0.5)
WTD. AVG. DEPRECIATION RESERVE	(2,139.8)
ADVANCES FOR CONSTRUCTION	(2,447.1)
CONTRIBUTIONS	(575.8)
AMORTIZATION OF INTANG.	0.0
DEFERRED TAXES	(540.8)
UNAMORT. ITC	(31.7)
PRORATED G.O. RATE BASE	114.5
TAXES ON - ADVANCES	327.9
TAXES ON - CIAC	77.2
WTG. AVG. RATE BASE	\$4,255.8

## APPENDIX C-2

PAGE 4

CALIFORNIA WATER SERVICE CO.  
SELMA DISTRICT  
TAXES BASED ON INCOME

(\$ - THOUSANDS )

	<u>1998</u>
OPERATING REVENUE (PROPOSED RATES)	\$1,764.9
EXPENSES	
PURCHASED WATER	\$0.0
PURCHASED POWER	\$208.3
REPLENTISHMENT CHARGES	\$11.1
PAYROLL	\$326.2
OTHER O & M	\$130.3
OTHER A & G	\$24.9
G.O. PROATIONS	\$238.0
PAYROLL TAXES	\$29.7
AD VALOREM TAXES	\$54.2
UNCOLLECTIBLES	\$4.7
FRANCHISE TAXES & BUS LIC.	\$0.7
TRANSPORTATION DEPRECIATION ADJ.	(\$11.4)
INTEREST EXPENSE	\$172.1
TOTAL DEDUCTIONS	\$1,188.8
STATE TAX DEPRECIATION	\$346.6
NET TAXIBLE INCOME	\$229.5
STATE CORP. FRANCH. TAX @ 8.84 %	\$20.3
FEDERAL TAX DEPRECIATION	\$191.7
STATE INCOME TAX	\$23.6
LESS PREFERRED STOCK DIVIDEND	\$0.8
NET TAXIBLE INCOME	\$360.0
FED. INCOME TAX @ 35.00 %	\$126.0
INVESTMENT TAX CREDIT	\$0.0
TOTAL FEDERAL INCOME TAX	\$126.0
TOTAL INCOME TAXES	\$146.3

APPENDIX C-3  
PAGE 1

CALIFORNIA WATER SERVICE CO.  
OROVILLE DISTRICT  
STIPULATED QUANTITIES

1998

(DOLLARS IN THOUSANDS)

PURCHASED POWER	
SUPPLIER - PG&E	
TOTAL PRODUCTION (KCCF)	1,786.0
KWH/CCF	750.8
TOTAL KWH	1,340,920
UNIT COST	\$0.121503
POWER COST	\$162,926
TOTAL PURCHASED POWER	\$162.9
PURCHASED WATER	
COUNTY OF BUTTE (STATE WATER)	
CONTRACTED ACRE FEET	1,000.0
UNIT COST per ACRE FOOT	\$26.69
TOTAL COMMODITY CHARGES	\$26.7
TOTAL SERVICE CHARGES	\$0.2
TOTAL COUNTY OF BUTTE	\$26.9
UNION PACIFIC RAILROAD	\$0.0
P.G. & E. (CANAL WATER)	\$32.4
TOTAL PURCHASED WATER COSTS \$-THOUSANDS	\$59.3
UNCOLLECTABLE RATE	0.51717%
FRANCHISE TAX RATE	0.00000%
BUSINESS LICENSE FEE RATE	0.00000%
FEDERAL TAX RATE	35.00%
STATE CORP. FRANCHISE TAX	8.84%
NET TO GROSS MULT.	1.78988

**APPENDIX C-3**

**Page 2**

**California Water Service Company  
Oroville District**

**Adopted Quantities**

<b>10. Number of Services by meter size:</b>	<b>1998</b>
5/8 x 3/4	12,915
1	2,026
1 1/2	137
2	175
3	34
4	15
6	4
8	0
10	0
<b>TOTAL</b>	<b>15,306</b>

<b>11. Metered Sales, Kccf</b>	
<b>All Water</b>	<b>3,833.8</b>

**12. Number of Services and Use**

	<u>Avg Services</u>	<u>Use, Kccf</u>	<u>Avg Use, Cct/Sy</u>
	1998	1998	1998
Commercial	15,153	3,470.0	229.0
Industrial	3	2.4	800.0
Public Authority	136	347.3	2,553.7
Other	14	14.1	1,007.1
<b>Sub-Total</b>	<b>15,306</b>	<b>3,833.8</b>	
Private Fire Prot	170		
Public Fire Prot	28		
<b>TOTAL</b>	<b>15,504</b>	<b>3,833.8</b>	
Losses, 4.84%		195.0	
<b>Total Production</b>		<b>4,028.8</b>	

APPENDIX C-3  
PAGE 3

CALIFORNIA WATER SERVICE CO.  
OROVILLE DISTRICT

STIPULATED RATE BASE  
(DOLLARS IN THOUSANDS)

1998

RATE BASE

WTD. AVG. PLANT IN SERVICE	\$9,160.3
MATERIALS & SUPPLIES	68.2
WORKING CASH - LEAD / LAG	68.6
WORKING CASH - W/H EMPLOYEES	(0.5)
WTD. AVG. DEPRECIATION RESERVE	(3,109.9)
ADVANCES FOR CONSTRUCTION	(251.9)
CONTRIBUTIONS	(412.4)
AMORTIZATION OF INTANG.	(1.5)
DEFERRED TAXES	(432.0)
UNAMORT. ITC	(44.3)
PRORATED G.O. RATE BASE	126.2
TAXES ON - ADVANCES	7.2
TAXES ON - CIAC	48.4
	-----
WTG. AVG. RATE BASE	\$5,226.3

APPENDIX C-3

PAGE 4

CALIFORNIA WATER SERVICE CO.  
 OROVILLE DISTRICT  
 TAXES BASED ON INCOME

( \$ - THOUSANDS )

1998

OPERATING REVENUE (PROPOSED RATES)	\$2,178.2
EXPENSES	
PURCHASED WATER	\$59.3
PURCHASED POWER	\$162.9
REPLETISHMENT CHARGES	\$0.0
PAYROLL	\$454.3
OTHER O & M	\$251.7
OTHER A & G	\$47.9
G.O. PROATIONS	\$262.3
PAYROLL TAXES	\$38.1
AD VALOREM TAXES	\$54.6
UNCOLLECTIBLES	\$11.1
FRANCHISE TAXES & BUS LIC.	\$0.1
TRANSPORTATION DEPRECIATION ADJ.	(\$13.6)
INTEREST EXPENSE	\$208.8
TOTAL DEDUCTIONS	\$1,537.6
STATE TAX DEPRECIATION	\$273.9
NET TAXIBLE INCOME	\$366.7
STATE CORP. FRANCH. TAX @ 8.84 %	\$32.4
FEDERAL TAX DEPRECIATION	\$198.8
STATE INCOME TAX	\$29.0
LESS PREFERRED STOCK DIVIDEND	\$1.1
NET TAXIBLE INCOME	\$411.7
FED. INCOME TAX @ 35.00 %	\$144.1
INVESTMENT TAX CREDIT	\$0.0
TOTAL FEDERAL INCOME TAX	\$144.1
TOTAL INCOME TAXES	\$176.5



APPENDIX C-4  
PAGE 1

CALIFORNIA WATER SERVICE CO.  
MARYSVILLE DISTRICT  
STIPULATED QUANTITIES

	1998	1999
(DOLLARS IN THOUSANDS)		
PURCHASED POWER SUPPLIER - PG&E		
TOTAL PRODUCTION (KCCF)	1,548.3	1,550.5
KWH/CCF	630.9	630.9
TOTAL KWH	976,756	978,144
UNIT COST	\$0.118382	\$0.118382
POWER COST	\$115,630	\$115,795
TOTAL PURCHASED POWER	\$115.6	\$115.8
UNCOLLECTABLE RATE		0.30768%
FRANCHISE TAX RATE		0.00000%
BUSINESS LICENSE FEE RATE		0.03000%
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULT.		1.78666

APPENDIX C-4

Page 2

California Water Service Company  
Marysville District

Adopted Quantities

10. Number of Services by meter size:	1998	1999
5/8 x 3/4	12,915	13,098
1	2,026	2,054
1 1/2	137	139
2	175	178
3	34	35
4	15	15
6	4	4
8	0	0
10	0	0
<b>TOTAL</b>	<b>15,306</b>	<b>15,523</b>

11. Metered Sales, Kccf	1998	1999
All Water	3,833.8	3,883.0

12. Number of Services and Use:

	Avg Services		Use, Kccf		Avg Use, Ccf/Sy	
	1998	1999	1998	1999	1998	1999
Commercial	15,153	15,368	3,470.0	3,519.3	229.0	229.0
Industrial	3	3	2.4	2.4	800.0	800.0
Public Authority	136	138	347.3	347.3	2,553.7	2,553.7
Other	14	14	14.1	14.0	1,007.1	1,000.0
<b>Sub-Total</b>	<b>15,306</b>	<b>15,523</b>	<b>3,833.8</b>	<b>3,883.0</b>		
Private Fire Prot.	170	175				
Public Fire Prot.	28	30				
<b>TOTAL</b>	<b>15,504</b>	<b>15,728</b>	<b>3,833.8</b>	<b>3,883.0</b>		
Losses, 4.84%			195.0	197.8		
<b>Total Production</b>			<b>4,028.8</b>	<b>4,080.8</b>		

APPENDIX C-4  
PAGE 3

CALIFORNIA WATER SERVICE CO.  
MARYSVILLE DISTRICT

STIPULATED RATE BASE  
(DOLLARS IN THOUSANDS)

	1998	1999
RATE BASE		
WTD. AVG. PLANT IN SERVICE	\$5,402.8	\$5,721.2
MATERIALS & SUPPLIES	27.2	27.2
WORKING CASH - LEAD / LAG	(9.2)	(8.9)
WORKING CASH - W/H EMPLOYEES	(0.4)	(0.4)
WTD. AVG. DEPRECIATION RESERVE	(1,743.5)	(1,836.3)
ADVANCES FOR CONSTRUCTION	(358.5)	(357.6)
CONTRIBUTIONS	(562.0)	(562.7)
AMORTIZATION OF INTANG.	0.0	0.0
DEFERRED TAXES	(299.0)	(327.9)
UNAMORT. ITC	(31.7)	(30.6)
PRORATED G.O. RATE BASE	85.6	85.6
TAXES ON - ADVANCES	16.7	16.8
TAXES ON - CIAC	93.9	92.6
WTG. AVG. RATE BASE	\$2,621.9	\$2,819.0

CALIFORNIA WATER SERVICE CO.  
MARYSVILLE DISTRICT  
TAXES BASED ON INCOME

(THOUSANDS OF \$)

	1998	1999
OPERATING REVENUE (PROPOSED RATES)	\$1,212.1	\$1,246.6
EXPENSES		
PURCHASED WATER	\$0.0	\$0.0
PURCHASED POWER	\$115.6	\$115.8
REPLENTISHMENT CHARGES	\$0.0	\$0.0
PAYROLL	\$278.2	\$285.5
OTHER O & M	\$116.3	\$119.2
OTHER A & G	\$25.5	\$26.0
G.O. PROATIONS	\$178.1	\$182.9
PAYROLL TAXES	\$23.7	\$24.3
AD VALOREM TAXES	\$29.5	\$31.0
UNCOLLECTIBLES	\$3.6	\$3.6
FRANCHISE TAXES & BUS LIC.	\$0.4	\$0.4
TRANSPORTATION DEPRECIATION ADJ.	(\$10.4)	(\$11.3)
INTEREST EXPENSE	\$105.0	\$115.1
TOTAL DEDUCTIONS	\$865.5	\$892.5
STATE TAX DEPRECIATION	\$174.0	\$182.5
NET TAXIBLE INCOME	\$172.6	\$171.6
STATE CORP. FRANCH. TAX @ 8.84 %	\$15.3	\$15.2
FEDERAL TAX DEPRECIATION	\$91.3	\$121.3
STATE INCOME TAX	\$11.3	\$15.3
LESS PREFERRED STOCK DIVIDEND	\$0.5	\$0.5
NET TAXIBLE INCOME	\$243.5	\$217.0
FED. INCOME TAX @ 35.00 %	\$85.2	\$76.0
INVESTMENT TAX CREDIT	\$0.0	\$0.0
TOTAL FEDERAL INCOME TAX	\$85.2	\$76.0
TOTAL INCOME TAXES	\$100.5	\$91.2

APPENDIX C-5

Page 1

CALIFORNIA WATER SERVICE COMPANY  
SURCHARGES AND SURCREDITS\*

DISTRJCT	AMOUNT	STIPULATED 1998 SALES	SURCHARGE/SURCREDIT PER Ccf
Marysville			
Balancing Account	\$ 26,984	621.0	\$0.0129 1 year surcharge
Oroville			
Balancing Account	\$ 85,444	1202.5	\$0.0336 2 year surcharge
Selma			
Balancing Account	\$ 70,003	Will be amortized by deducting the monthly difference between existing rates and stipulated rates.	

\*Injuries Damages Reserve refund detailed separately

APPENDIX C-5

Page 2

INJURIES AND DAMAGES RESERVE FUND

DISTRICT	Customer Projections *					Refund Amount Per CUSTOMER Per MONTH				
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002
Oroville	3,415	3,412	3,409	3,406	3,403	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06
Selma	4,918	5,008	5,098	5,188	5,278	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03

\*Customer Projections based upon stipulated customers for 1998. Additional years based on change from 1997 to 1998.

APPENDIX C-6  
Page 1  
SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE A-1

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
OPERATING REVENUES	6,153.5	6,642.8	6,572.5
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	3,508.1	3,701.1	3,658.6
ADMINISTRATIVE & GENERAL	185.1	184.3	184.3
G.O. PRORATED EXPENSE	818.7	715.8	715.9
DEPRECIATION & AMORTIZATION	435.2	430.3	436.7
TAXES OTHER THAN INCOME	166.7	182.7	186.3
STATE CORP. FRANCHISE TAX	21.1	57.7	53.7
FEDERAL INCOME TAX	170.0	301.2	287.4
TOTAL OPERATING EXPENSES	5,324.9	5,573.1	5,522.9
NET OPERATING REVENUE	828.6	1,069.7	1,049.6
RATE BASE	12,715.9	12,486.6	12,773.4
RETURN ON RATE BASE	6.52%	8.57%	8.22%

## SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE A-4

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

## SUMMARY OF EARNINGS

TEST YEAR 1999

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
<u>OPERATING REVENUES</u>	6,150.1	6,761.8	6,654.0
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	3,541.6	3,798.6	3,725.6
ADMINISTRATIVE & GENERAL	190.0	188.8	188.8
G.O. PRORATED EXPENSE	868.0	735.9	735.9
DEPRECIATION & AMORTIZATION	455.5	449.5	457.5
TAXES OTHER THAN INCOME	195.7	195.1	195.5
STATE CORP. FRANCHISE TAX	7.5	53.9	47.2
FEDERAL INCOME TAX	140.2	309.4	285.8
TOTAL OPERATING EXPENSES	5,398.6	5,731.2	5,636.2
NET OPERATING REVENUE	751.5	1,050.6	1,017.8
RATE BASE	13,365.8	13,101.6	13,421.7
RETURN ON RATE BASE	5.62%	8.02%	7.58%



APPENDIX C-6  
Page 3  
SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE B-1

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

WATER SALES PER AVERAGE CUSTOMER

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
Metered Connections	( Ccf / Conn. / Year )		
COMMERCIAL	192.7	206.3	202.7
INDUSTRIAL	4,038.0	4,038.0	4,038.0
PUBLIC AUTHORITY	939.7	949.7	944.7
OTHER	227.3	227.3	227.3

TABLE B-2

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

WATER SALES PER AVERAGE CUSTOMER

TEST YEAR 1999

ITEM	CWS	LWB	SETTLEMENT
Metered Connections	( Ccf / Conn. / Year )		
COMMERCIAL	192.5	209.4	204.4
INDUSTRIAL	3,886.1	3,886.1	3,886.1
PUBLIC AUTHORITY	954.1	964.3	959.2
OTHER	227.3	227.3	227.3

APPENDIX C-6  
Page 4  
SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE C-1

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

AVERAGE NUMBER OF CUSTOMERS

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<b>Metered Services</b>			
COMMERCIAL	14,743	14,958	14,958
INDUSTRIAL	79	79	79
PUBLIC AUTHORITY	199	199	199
OTHER	22	22	22
<b>TOTAL</b>	<b>15,042</b>	<b>15,258</b>	<b>15,258</b>
<b>Flat Rate Services</b>			
PRIVATE FIRE PROTECTION	462	462	462
PUBLIC FIRE PROTECTION	17	17	17
<b>TOTAL</b>	<b>479</b>	<b>479</b>	<b>479</b>
<b>TOTAL SERVICES</b>			
INCL. FIRE PROTECTION	15,521	15,737	15,737
EXCL. FIRE PROTECTION	15,042	15,258	15,258

APPENDIX C-6  
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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE C-2

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

AVERAGE NUMBER OF CUSTOMERS

TEST YEAR 1999

ITEM	CWS	LWB	SETTLEMENT
<b>Metered Services</b>			
COMMERCIAL	14,798	15,228	15,143
INDUSTRIAL	79	79	79
PUBLIC AUTHORITY	196	196	196
OTHER	22	22	22
<b>TOTAL</b>	<b>15,094</b>	<b>15,525</b>	<b>15,440</b>
<b>Flat Rate Services</b>			
PRIVATE FIRE PROTECTION	465	465	465
PUBLIC FIRE PROTECTION	18	18	18
<b>TOTAL</b>	<b>483</b>	<b>483</b>	<b>483</b>
<b>TOTAL SERVICES</b>			
INCL. FIRE PROTECTION	15,577	16,008	15,923
EXCL. FIRE PROTECTION	15,094	15,525	15,440

APPENDIX C-6  
Page 6  
SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE D-1

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

TOTAL SALES AND SUPPLY

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
Metered Sales			
COMMERCIAL	2,841.0	3,086.2	3,032.2
INDUSTRIAL	319.0	319.0	319.0
PUBLIC AUTHORITY	187.0	189.0	188.0
OTHER	5.0	5.0	5.0
TOTAL	3,352.0	3,599.2	3,544.2
UNACCOUNTED FOR WATER	175.0	187.8	185.0
TOTAL WATER SUPPLY	3,527.0	3,787.0	3,729.2
COMPANY WELLS	476.0	476.0	476.0
PURCHASES - SFWD	3,051.0	3,311.0	3,253.2

APPENDIX C-6  
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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE D-2

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

TOTAL SALES AND SUPPLY

TEST YEAR 1999

ITEM	CWS	LWB	SETTLEMENT
Metered Sales			
COMMERCIAL	2,849.0	3,188.1	3,095.5
INDUSTRIAL	307.0	307.0	307.0
PUBLIC AUTHORITY	187.0	189.0	188.0
OTHER	5.0	5.0	5.0
TOTAL	3,348.0	3,689.1	3,595.5
UNACCOUNTED FOR WATER	174.8	192.5	187.6
TOTAL WATER SUPPLY	3,522.8	3,881.6	3,783.1
COMPANY WELLS	476.0	476.0	476.0
PURCHASES - OTHER	3,046.8	3,405.6	3,307.1

APPENDIX C-6  
Page 8  
SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE E-1

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

OPERATING REVENUES

TEST YEAR 1998  
(PRESENT RATES)

ITEM	CWS	LWB	SETTLEMENT
<b>Metered Revenues</b>			
COMMERCIAL	5,275.4	5,611.4	5,542.3
INDUSTRIAL	444.5	444.5	444.5
PUBLIC AUTHORITY	316.3	320.0	317.5
OTHER	16.0	16.0	16.0
<b>TOTAL</b>	<b>6,052.2</b>	<b>6,391.9</b>	<b>6,320.3</b>
<b>Flat Rate Revenues</b>			
PRIVATE FIRE	30.5	176.2	176.2
PUBLIC FIRE	2.2	6.0	6.0
OTHER	3.8	3.8	3.8
<b>TOTAL</b>	<b>36.4</b>	<b>186.0</b>	<b>186.0</b>
DEFERRED REVENUES	64.9	64.9	64.9
<b>TOTAL OPERATING REVENUES</b>	<b>6,153.5</b>	<b>6,642.8</b>	<b>6,571.2</b>

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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE E-3

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

OPERATING REVENUES

TEST YEAR 1999  
(PRESENT RATES)

ITEM	CWS	LWB	SETTLEMENT
<b>Metered Revenues</b>			
COMMERCIAL	5,292.0	5,770.3	5,643.3
INDUSTRIAL	429.3	429.3	429.3
PUBLIC AUTHORITY	315.2	318.5	316.4
OTHER	16.0	16.0	16.0
<b>TOTAL</b>	<b>6,052.5</b>	<b>6,534.1</b>	<b>6,405.1</b>
<b>Flat Rate Revenues</b>			
PRIVATE FIRE	31.4	177.4	177.4
PUBLIC FIRE	2.2	6.3	6.3
OTHER	3.8	3.8	3.8
<b>TOTAL</b>	<b>37.3</b>	<b>187.5</b>	<b>187.5</b>
DEFERRED REVENUES	60.2	60.2	60.2
<b>TOTAL OPERATING REVENUES</b>	<b>6,150.1</b>	<b>6,781.8</b>	<b>6,652.8</b>

APPENDIX C-6  
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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE F-1

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

OPERATION & MAINTENANCE EXPENSES

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
OPERATING REVENUES	6,153.5	6,642.8	6,571.2
Uncollectible rate	0.11297%	0.11297%	0.11297%
Uncollectibles	7.0	7.5	7.4
<b>OPERATIONS EXPENSES</b>			
PURCHASED WATER	2,260.3	2,439.7	2,400.5
REPLENISHMENT ASSESSMENT	0.0	0.0	0.0
GROUNDWATER EXTRACTION	0.0	0.0	0.0
PURCHASED POWER	204.4	219.4	216.2
PURCHASED CHEMICALS	4.1	4.1	4.1
PAYROLL	499.9	496.5	496.5
POSTAGE	48.3	48.3	48.3
TRANSPORTATION	45.5	41.2	41.2
PURCHASED SERVICES			
SOURCE OF SUPPLY	0.2	0.2	0.2
PUMPING	18.9	19.2	19.2
WATER TREATMENT	11.4	11.6	11.6
TRANS. & DISTRIBUTION	49.7	50.6	50.6
CUSTOMER ACCOUNTING	45.7	46.5	46.5
CONSERVATION EXPENSES	0.5	0.5	0.5
<b>TOTAL OPERATIONS EXPENSES</b>	<b>3,196.0</b>	<b>3,385.3</b>	<b>3,342.8</b>
<b>MAINTENANCE EXPENSES</b>			
PAYROLL	107.3	106.6	106.6
TRANSPORTATION	16.2	14.5	14.5
STORES	21.4	21.8	21.8
CONTRACTED MAINTENANCE	167.2	172.9	172.9
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>312.2</b>	<b>315.8</b>	<b>315.8</b>
<b>TOTAL O &amp; M EXPENSES</b> (incl. uncollectibles)	<b>3,508.1</b>	<b>3,701.1</b>	<b>3,658.6</b>
<u>At Proposed Rates</u>			
OPERATING REVENUES	6,561.0	7,107.9	7,031.0
Uncollectible Rate	0.11297%	0.11297%	0.11297%
Uncollectibles	7.4	8.0	7.9
<b>Total O&amp;M Expenses</b> (incl. uncollectibles)	<b>3,508.5</b>	<b>3,701.6</b>	<b>3,659.1</b>



APPENDIX C-6  
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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE F-2

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

OPERATION & MAINTENANCE EXPENSES

TEST YEAR 1999

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
OPERATING REVENUES	6,150.1	6,781.8	6,652.8
Uncollectible rate	0.11297%	0.11297%	0.11297%
Uncollectibles	6.9	7.7	7.5
OPERATIONS EXPENSES			
PURCHASED WATER	2,257.4	2,505.0	2,437.8
REPLENISHMENT ASSESSMENT	0.0	0.0	0.0
GROUNDWATER EXTRACTION	0.0	0.0	0.0
PURCHASED POWER	204.1	224.9	219.3
PURCHASED CHEMICALS	4.2	4.2	4.2
PAYROLL	514.9	509.4	509.4
POSTAGE	48.8	48.8	48.8
TRANSPORTATION	47.7	42.3	42.3
PURCHASED SERVICES			
SOURCE OF SUPPLY	0.2	0.2	0.2
PUMPING	19.3	19.8	19.8
WATER TREATMENT	11.6	11.9	11.9
TRANS. & DISTRIBUTION	50.8	52.0	52.0
CUSTOMER ACCOUNTING	46.6	47.6	47.8
CONSERVATION EXPENSES	0.5	0.5	0.5
TOTAL OPERATIONS EXPENSES	3,213.1	3,474.5	3,401.5
MAINTENANCE EXPENSES			
PAYROLL	110.5	109.3	109.3
TRANSPORTATION	17.0	14.9	14.9
STORES	21.9	22.4	22.4
CONTRACTED MAINTENANCE	179.2	177.5	177.5
TOTAL MAINTENANCE EXPENSES	328.6	324.1	324.1
TOTAL O & M EXPENSES (incl. uncollectibles)	3,541.6	3,798.6	3,725.6
<u>At Proposed Rates</u>			
OPERATING REVENUES	6,665.5	7,394.8	7,251.8
Uncollectible Rate	0.11297%	0.11297%	0.11297%
Uncollectibles	7.5	8.4	8.2
Total O&M Expenses (incl. uncollectibles)	3,542.2	3,799.3	3,726.3

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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE G-1

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

ADMINISTRATIVE & GENERAL EXPENSES

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
Operating Revenue (incl. uncoll.)	6,146.5	6,635.3	6,571.2
Effective Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENSE	2.1	2.1	2.1
PAYROLL	108.1	107.3	107.3
TRANSPORTATION EXPENSES	0.0	0.0	0.0
PURCHASED SERVICES			
RENTS	23.0	23.0	23.0
ADMIN CHARGES TRF	0.0	0.0	0.0
NONSPECIFICS	55.6	55.6	55.6
MISCELLANEOUS EXPENSES			
AMORT. OF LIMITED TERM INV.	0.0	0.0	0.0
RATE MAKING ADJUSTMENTS			
DUES & DONATIONS	(1.6)	(1.6)	(1.6)
TOTAL A & G EXPENSES	185.1	184.3	184.3
(Incl. local franch. tax & bus. lic.)	187.2	186.4	186.4
<u>At Proposed Rates</u>			
Operating Revenue (incl. uncoll.)	6,553.6	7,099.9	7,031.0
Effective Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENCE	2.1	2.1	2.1
TOTAL A & G EXPENSES	185.1	184.3	184.3
(Incl. local franch. tax & bus. lic.)	187.2	186.4	186.4

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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE G-2

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

ADMINISTRATIVE & GENERAL EXPENSES

TEST YEAR 1999

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
Operating Revenue (incl. uncoll.)	6,143.2	6,774.1	6,652.8
Effective Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENSE	2.1	2.1	2.1
PAYROLL	111.3	110.1	110.1
TRANSPORTATION EXPENSES	0.0	0.0	0.0
PURCHASED SERVICES			
RENTS	23.5	23.5	23.5
ADMIN CHARGES TRF	0.0	0.0	0.0
NONSPECIFICS	56.8	56.8	56.8
MISCELLANEOUS EXPENSES			
AMORT. OF LIMITED TERM INV.	0.0	0.0	0.0
RATE MAKING ADJUSTMENTS			
DUES & DONATIONS	(1.6)	(1.6)	(1.6)
TOTAL A & G EXPENSES	190.0	188.8	188.8
(Incl. local franch. tax & bus. lic.)	192.1	190.9	190.9
<u>At Proposed Rates</u>			
Operating Revenue (incl. uncoll.)	6,658.1	7,386.4	7,251.8
Effective Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENCE	2.1	2.1	2.1
TOTAL A & G EXPENSES	190.0	188.8	188.8
(Incl. local franch. tax & bus. lic.)	192.1	190.9	190.9

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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE H-1

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

TAXES OTHER THAN INCOME TAXES

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
Metered Connections	( Thousands of \$ )		
AD VALOREM TAXES	121.2	117.7	121.3
BUSINESS LICENSE FEES	2.1	2.1	2.1
PAYROLL TAXES	63.4	62.9	62.9
Taxes other than income (present rates)	186.7	182.7	186.3
Taxes other than income (proposed rates)	186.7	182.7	186.3

TABLE H-2

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

TAXES OTHER THAN INCOME TAXES

TEST YEAR 1999

ITEM	CWS	LWB	SETTLEMENT
Metered Connections	( Thousands of \$ )		
AD VALOREM TAXES	128.3	128.4	128.8
BUSINESS LICENSE FEES	2.1	2.1	2.1
PAYROLL TAXES	65.3	64.6	64.6
Taxes other than income (present rates)	195.7	195.1	195.5
Taxes other than income (proposed rates)	195.7	195.1	195.5

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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE I-1

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

TAXES BASED ON INCOME

TEST YEAR 1998

ITEM (Thousands of \$)	CWS	LWB	SETTLEMENT
OPERATING REVENUES (present rates)	6,153.5	6,642.8	6,572.5
<b>DEDUCTIONS</b>			
O & M EXPENSES	3,508.1	3,701.1	3,658.6
A & G EXPENSES	185.1	184.3	184.3
G.O. PRORATED	818.7	715.8	715.9
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	186.7	182.7	186.3
INTEREST	502.4	499.3	504.8
TRANSPORT. DEPR. ADJ.	(26.1)	(26.1)	(26.1)
<b>TOTAL</b>	<b>5,174.9</b>	<b>5,257.1</b>	<b>5,223.7</b>
<b>INCOME BEFORE TAXES</b>	<b>978.6</b>	<b>1,385.7</b>	<b>1,348.8</b>
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation	739.8	732.8	741.6
Taxable income for CCFT	238.8	652.9	607.2
CCFT Rate	8.84%	8.84%	8.84%
<b>TOTAL CCFT</b>	<b>21.1</b>	<b>57.7</b>	<b>53.7</b>
<u>Federal Income Tax (FIT)</u>			
Federal Tax Depreciation	469.6	465.2	471.7
1996 State Income Tax	21.1	57.7	53.7
Preferred Stock Dividend Credit	2.3	2.3	2.3
Taxable Income for FIT	485.6	860.5	821.1
FIT Rate	35.00%	35.00%	35.00%
<b>TOTAL FIT</b>	<b>170.0</b>	<b>301.2</b>	<b>287.4</b>
<b>TOTAL FIT &amp; CCFT</b>	<b>191.1</b>	<b>358.9</b>	<b>341.1</b>

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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE I-2

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

TAXES BASED ON INCOME

TEST YEAR 1999

ITEM (Thousands of \$)	CWS	LWB	SETTLEMENT
OPERATING REVENUES (present rates)	6,150.1	6,781.8	6,654.0
<b>DEDUCTIONS</b>			
O & M EXPENSES	3,541.6	3,798.6	3,725.6
A & G EXPENSES	190.0	188.8	188.8
G.O. PRORATED	868.0	735.9	735.9
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	195.7	195.1	195.5
INTEREST	533.6	527.4	536.4
TRANSPORT. DEPR. ADJ.	(28.5)	(28.5)	(28.5)
<b>TOTAL</b>	<b>5,300.4</b>	<b>5,417.3</b>	<b>5,353.6</b>
<b>INCOME BEFORE TAXES</b>	<b>849.7</b>	<b>1,364.5</b>	<b>1,300.4</b>
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation	764.6	755.3	766.3
Taxable income for CCFT	85.1	609.2	534.1
CCFT Rate	8.84%	8.84%	8.84%
<b>TOTAL CCFT</b>	<b>7.5</b>	<b>53.9</b>	<b>47.2</b>
<u>Federal Income Tax (FIT)</u>			
Federal Tax Depreciation	425.6	420.4	427.7
1999 State Income Tax	21.1	57.7	53.7
Preferred Stock Dividend Credit	2.3	2.3	2.3
Taxable Income for FIT	400.7	884.1	816.7
FIT Rate	35.00%	35.00%	35.00%
<b>TOTAL FIT</b>	<b>140.2</b>	<b>309.4</b>	<b>285.8</b>
<b>TOTAL FIT &amp; CCFT</b>	<b>147.7</b>	<b>363.3</b>	<b>333.0</b>

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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE J-1

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

PLANT IN SERVICE

TEST YEAR 1998

ITEM (Thousands of \$)	CWS	LWB	SETTLEMENT
Plant in Service - BOY	24,671.6	24,456.9	24,730.1
Beginning Balance - CWIP			
Total BOY	24,671.6	24,456.9	24,730.1
Additions			
Utility Funded	1,217.1	1,168.4	1,235.4
Advances	15.4	15.4	15.4
Contributions	50.8	50.8	50.8
Gross Additions	1,283.3	1,234.6	1,301.6
Retirements	(232.0)	(232.0)	(232.0)
Change in CWIP Balance	-	-	-
Plant in Service - EOY	25,722.9	25,459.5	25,799.7
+ Capitalized Interest Adjustment	-	-	-
Weighting Factor	46.2%	46.2%	46.2%
Weighted Average Plant in Service	25,157.3	24,920.1	25,224.2

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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE J-2

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

PLANT IN SERVICE

TEST YEAR 1999

ITEM ( Thousands of \$ )	CWS	LWB	SETTLEMENT
Plant in Service - BOY	25,722.9	25,459.5	25,799.7
Beginning Balance - CWP			-
Total BOY	25,722.9	25,459.5	25,799.7
Additions			
Utility Funded	1,006.6	890.1	995.2
Advances	15.4	15.4	15.4
Contributions	89.7	89.7	89.7
Gross Additions	1,111.7	995.2	1,100.3
Retirements	(143.4)	(143.4)	(143.4)
Change in CWP Balance	-	-	-
Plant in Service - EOY	26,691.2	26,311.3	26,756.6
+ Capitalized Interest Adjustment	-	-	-
Weighting Factor	46.2%	46.2%	46.2%
Weighted Average Plant in Service	26,170.2	25,853.0	26,241.8



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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE K-1

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

DEPRECIATION RESERVE & EXPENSE

TEST YEAR 1998

ITEM (Thousands of \$)	CWS	LWB	SETTLEMENT
Depreciation Reserve - BOY	6,452.7	6,452.7	6,452.7
<b>ACCRUALS</b>			
TRANSPORTATION EQUIPMENT	20.1	20.1	20.1
OTHER PLANT IN SERVICE	435.2	430.3	436.7
CONTRIBUTED PLANT	108.8	108.8	108.8
TOTAL ACCRUALS	564.1	559.2	565.6
RETIREMENTS	(213.1)	(213.1)	(213.1)
NET ADDITIONS	351.0	346.1	352.5
DEPRECIATION ADJUSTMENT	-	-	-
DEPRECIATION RESERVE - EOY	6,803.7	6,798.8	6,805.2
Weighting Factor	46.20%	46.20%	46.20%
Weighted Average Depr. Reserve	6,614.9	6,612.6	6,615.6

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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE K-2

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

DEPRECIATION RESERVE & EXPENSE

TEST YEAR 1999

ITEM ( Thousands of \$ )	CWS	LWB	SETTLEMENT
Depreciation Reserve - BOY	6,803.7	6,798.8	6,805.2
<b>ACCRUALS</b>			
TRANSPORTATION EQUIPMENT	21.9	21.9	21.9
OTHER PLANT IN SERVICE	455.5	449.5	457.5
CONTRIBUTED PLANT	110.7	110.7	110.7
TOTAL ACCRUALS	588.1	582.1	590.1
RETIREMENTS	(119.8)	(119.8)	(119.8)
NET ADDITIONS	468.3	462.3	470.3
DEPRECIATION ADJUSTMENT	0.0	0.0	0.0
DEPRECIATION RESERVE - EOY	7,272.0	7,261.1	7,275.5
Weighting Factor	46.20%	46.20%	46.20%
Weighted Average Depr. Reserve	7,020.1	7,012.4	7,022.5

## SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE L-1

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

## WEIGHTED AVERAGE DEPRECIATED RATE BASE

TEST YEAR 1998

ITEM (Thousands of \$)	CWS	LWB	SETTLEMENT
WEIGHTED AVERAGE PLANT	25,157.3	24,920.1	25,224.2
WTD AVERAGE DEPR. RESERVE	6,614.9	6,612.6	6,615.6
NET UTILITY PLANT	18,542.4	18,307.5	18,608.6
Materials & Supplies	161.6	161.6	161.6
Working Cash - Gross	0.0	0.0	0.0
Working Cash - Lead/Lag	228.4	217.0	223.8
Working Cash - W/H Empl.	(1.5)	(1.5)	(1.5)
Total Working Cash	226.9	215.5	222.3
SUBTOTAL	18,930.9	18,684.6	18,992.5
DEDUCTION FROM RATE BASE			
Advances	1,911.2	1,911.2	1,911.2
Contributions	3,793.4	3,793.4	3,793.4
Reserve Amortization of Intangibles	0.0	0.0	0.0
Accumulated Deferred FIT	1,346.9	1,329.8	1,351.0
Accumulated Unamortized ITC	93.2	93.2	93.2
TOTAL DEDUCTIONS	7,144.7	7,127.6	7,148.8
ADDITIONS TO RATE BASE			
Accumulated Deferred Taxes - CIAC	410.8	410.8	410.8
Accumulated Deferred Taxes - Advances	174.6	174.6	174.6
TOTAL ADDITIONS	585.4	585.4	585.4
DISTRICT RATE BASE	12,371.7	12,142.4	12,429.2
PRORATED G.O. RATE BASE	344.2	344.2	344.2
AVERAGE RATE BASE	12,715.9	12,486.6	12,773.4

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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE L-2

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

WEIGHTED AVERAGE DEPRECIATED RATE BASE

ITEM ( Thousands of \$ )	TEST YEAR 1999		
	CWS	LWB	SETTLEMENT
WEIGHTED AVERAGE PLANT	26,170.2	25,853.0	26,241.8
WTD AVERAGE DEPR. RESERVE	7,020.1	7,012.4	7,022.5
NET UTILITY PLANT	19,150.1	18,840.6	19,219.3
Materials & Supplies	161.6	161.6	161.6
Working Cash - Gross	0.0	0.0	0.0
Working Cash - Lead/Lag	240.4	262.5	232.7
Working Cash - W/H Empl.	(1.5)	(1.5)	(1.5)
Total Working Cash	238.9	261.0	231.2
SUBTOTAL	19,550.6	19,263.2	19,612.1
DEDUCTION FROM RATE BASE			
Advances	1,799.6	1,799.6	1,799.6
Contributions	3,773.4	3,773.4	3,773.4
Reserve Amortization of Intangibles	0.0	0.0	0.0
Accumulated Deferred FIT	1,434.0	1,410.8	1,439.5
Accumulated Unamortized ITC	90.2	90.2	90.2
TOTAL DEDUCTIONS	7,097.2	7,074.0	7,102.7
ADDITIONS TO RATE BASE			
Accumulated Deferred Taxes - CIAC	398.2	398.2	398.2
Accumulated Deferred Taxes - Advances	169.9	169.9	169.9
TOTAL ADDITIONS	568.1	568.1	568.1
DISTRICT RATE BASE	13,021.5	12,757.4	13,077.5
PRORATED G.O. RATE BASE	344.2	344.2	344.2
AVERAGE RATE BASE	13,365.8	13,101.6	13,421.7

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SOUTH SAN FRANCISCO COMPARISON EXHIBIT

TABLE M

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

NET-TO-GROSS MULTIPLIER

TEST YEARS 1998 & 1999

ITEM	CWS	LWB	SETTLEMENT
1) Uncollectibles (%)	0.11297%	0.11297%	0.11297%
2) Business License Rate	0.00000%	0.00000%	0.00000%
3) Subtotal (Line 1 + Line 2)	0.11297%	0.11297%	0.11297%
4) 1 - Subtotal (100% - Line 3)	99.88703%	99.88703%	99.88703%
5) CCFT (Line 4 * 8.84% by utility, 8.84% by LWB)	8.83001%	8.83001%	8.83001%
6) FIT (Line 4 * 35% by utility, 35% by LWB)	34.96046%	34.96046%	34.96046%
7) Total Taxes Paid (Line 3 + Line 5 + Line 6)	43.90344%	43.90344%	43.90344%
8) Net after taxes (1 - Line 7)	56.09656%	56.09656%	56.09656%
Net-to-Gross Multiplier (1/Line 8)	1.78264	1.78264	1.78264

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SELMA COMPARISON EXHIBIT

TABLE A-1

CALIFORNIA WATER SERVICE COMPANY  
SELMA DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
OPERATING REVENUES	1,788.5	1,802.2	1,802.0
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	690.9	662.2	639.0
ADMINISTRATIVE & GENERAL	71.6	66.6	66.6
G.O. PRORATED EXPENSE	272.1	238.0	238.0
DEPRECIATION & AMORTIZATION	194.4	191.1	193.8
TAXES OTHER THAN INCOME	88.1	84.5	84.6
STATE CORP. FRANCHISE TAX	12.4	20.5	23.6
FEDERAL INCOME TAX	100.0	128.7	138.9
TOTAL OPERATING EXPENSES	1,429.5	1,391.6	1,384.4
NET OPERATING REVENUE	359.0	410.6	417.6
RATE BASE	4,219.6	4,133.0	4,255.8
RETURN ON RATE BASE	8.51%	9.93%	9.81%

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SELMA COMPARISON EXHIBIT

TABLE B-1

CALIFORNIA WATER SERVICE COMPANY  
SELMA DISTRICT

WATER SALES PER AVERAGE CUSTOMER

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
Metered Connections	( Ccf / Conn. / Year )		
COMMERCIAL	438.9	461.9	461.9
INDUSTRIAL	3,941.2	3,941.2	3,941.2
PUBLIC AUTHORITY	941.2	1,035.3	1,035.3
OTHER	6,333.3	6,333.3	6,333.3

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SELMA COMPARISON EXHIBIT

TABLE C-1

CALIFORNIA WATER SERVICE COMPANY  
SELMA DISTRICT

AVERAGE NUMBER OF CUSTOMERS

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<b>Metered Services</b>			
COMMERCIAL	1,989	2,000	2,000
INDUSTRIAL	17	17	17
PUBLIC AUTHORITY	85	85	85
OTHER	3	3	3
<b>TOTAL</b>	<b>2,093</b>	<b>2,105</b>	<b>2,105</b>
<b>Flat Rate Services</b>			
RESIDENTIAL FLAT SERVICE	2,813	2,813	2,813
PRIVATE FIRE PROTECTION	58	58	58
PUBLIC FIRE PROTECTION	9	9	9
<b>TOTAL</b>	<b>2,880</b>	<b>2,880</b>	<b>2,880</b>
<b>TOTAL SERVICES</b>			
INCL. FIRE PROTECTION	4,973	4,985	4,985
EXCL. FIRE PROTECTION	4,906	4,918	4,918



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SELMA COMPARISON EXHIBIT

TABLE D-1

CALIFORNIA WATER SERVICE COMPANY  
SELMA DISTRICT

TOTAL SALES AND SUPPLY

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
Metered Sales			
COMMERCIAL	873.0	923.8	923.8
INDUSTRIAL	67.0	67.0	67.0
PUBLIC AUTHORITY	80.0	88.0	88.0
OTHER	19.0	19.0	19.0
TOTAL	1,039.0	1,097.8	1,097.8
RESIDENTIAL FLAT RATE USE	1,191.0	1,191.0	1,191.0
UNACCOUNTED FOR WATER	193.9	199.0	199.0
TOTAL WATER SUPPLY	2,423.9	2,487.8	2,487.8
COMPANY WELLS	2,423.9	2,487.8	2,487.8

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SELMA COMPARISON EXHIBIT

TABLE E-1

CALIFORNIA WATER SERVICE COMPANY  
SELMA DISTRICT

OPERATING REVENUES

TEST YEAR 1998  
(PRESENT RATES)

ITEM	CWS	LWB	SETTLEMENT
<b>Metered Revenues</b>			
COMMERCIAL	731.5	758.2	758.2
INDUSTRIAL	40.6	41.0	41.0
PUBLIC AUTHORITY	67.9	72.6	72.6
OTHER	10.6	10.6	10.6
<b>TOTAL</b>	<b>850.6</b>	<b>882.4</b>	<b>882.4</b>
<b>Flat Rate Revenues</b>			
COMMERCIAL FLAT RATE	887.8	887.8	887.8
PRIVATE FIRE	30.5	12.3	12.3
PUBLIC FIRE	2.2	2.2	2.0
OTHER	1.0	1.0	1.0
<b>TOTAL</b>	<b>921.4</b>	<b>903.3</b>	<b>903.1</b>
DEFERRED REVENUES	16.5	16.5	16.5
<b>TOTAL OPERATING REVENUES</b>	<b>1,788.5</b>	<b>1,802.2</b>	<b>1,802.0</b>

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SELMA COMPARISON EXHIBIT

TABLE F-1

CALIFORNIA WATER SERVICE COMPANY  
SELMA DISTRICT

OPERATION & MAINTENANCE EXPENSES

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
OPERATING REVENUES	1,788.5	1,802.2	1,802.0
Uncollectible rate	0.26290%	0.26290%	0.26290%
Uncollectibles	4.7	4.7	4.7
OPERATIONS EXPENSES			
PURCHASED WATER	0.0	0.0	0.0
REPLENISHMENT ASSESSMENT	0.0	0.0	0.0
GROUNDWATER EXTRACTION	11.1	11.1	11.1
PURCHASED POWER	225.5	231.5	208.3
PURCHASED CHEMICALS	5.2	5.2	5.2
PAYROLL	284.9	254.6	254.6
POSTAGE	15.4	15.4	15.4
TRANSPORTATION	19.0	17.3	17.3
PURCHASED SERVICES			
SOURCE OF SUPPLY	0.0	0.0	0.0
PUMPING	4.8	4.9	4.9
WATER TREATMENT	2.2	2.2	2.2
TRANS. & DISTRIBUTION	9.8	9.9	9.9
CUSTOMER ACCOUNTING	28.4	28.9	28.9
CONSERVATION EXPENSES	0.6	0.6	0.6
TOTAL OPERATIONS EXPENSES	611.5	586.3	563.1
MAINTENANCE EXPENSES			
PAYROLL	33.5	29.9	29.9
TRANSPORTATION	5.4	4.8	4.8
STORES	5.3	5.4	5.4
CONTRACTED MAINTENANCE	35.2	35.8	35.8
TOTAL MAINTENANCE EXPENSES	79.4	75.9	75.9
TOTAL O & M EXPENSES (incl. uncollectibles)	690.9	662.2	639.0
<u>At Proposed Rates</u>			
OPERATING REVENUES	1,915.2	1,926.1	1,925.9
Uncollectible Rate	0.26290%	0.26290%	0.26290%
Uncollectibles	5.0	5.1	5.1
Total O&M Expenses (incl. uncollectibles)	691.2	662.6	639.4

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SELMA COMPARISON EXHIBIT

TABLE G-1

CALIFORNIA WATER SERVICE COMPANY  
SELMA DISTRICT

ADMINISTRATIVE & GENERAL EXPENSES

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
Operating Revenue (incl. uncoll.)	1,788.5	1,802.2	1,802.0
Effective Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENSE	0.7	0.7	0.7
PAYROLL	46.6	41.7	41.7
TRANSPORTATION EXPENSES	0.8	0.7	0.7
PURCHASED SERVICES			
RENTS	11.8	11.8	11.8
ADMIN CHARGES TRF	0.0	0.0	0.0
NONSPECIFICS	12.6	12.6	12.6
MISCELLANEOUS EXPENSES			
AMORT. OF LIMITED TERM INV.	0.0	0.0	0.0
RATE MAKING ADJUSTMENTS			
DUES & DONATIONS	(0.2)	(0.2)	(0.2)
TOTAL A & G EXPENSES	71.6	66.6	66.6
(Incl. local franch. tax & bus. lic.)	72.3	67.3	67.3
<u>At Proposed Rates</u>			
Operating Revenue (incl. uncoll.)	1,915.2	1,926.1	1,925.9
Effective Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENCE	0.7	0.7	0.7
TOTAL A & G EXPENSES	71.6	66.6	66.6
(Incl. local franch. tax & bus. lic.)	72.3	67.3	67.3

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SELMA COMPARISON EXHIBIT

TABLE H-1

CALIFORNIA WATER SERVICE COMPANY  
SELMA DISTRICT

TAXES OTHER THAN INCOME TAXES

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
Metered Connections	( Thousands of \$ )		
AD VALOREM TAXES	54.2	54.1	54.2
BUSINESS LICENSE FEES	0.7	0.7	0.7
PAYROLL TAXES	33.2	29.7	29.7
Taxes other than income (present rates)	88.1	84.5	84.6
Taxes other than income (proposed rates)	88.1	84.5	84.6

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SELMA COMPARISON EXHIBIT

TABLE I-1

CALIFORNIA WATER SERVICE COMPANY  
SELMA DISTRICT

TAXES BASED ON INCOME

TEST YEAR 1998

ITEM ( Thousands of \$ )	CWS	LWB	SETTLEMENT
OPERATING REVENUES (present rates)	1,788.5	1,802.2	1,802.0
DEDUCTIONS			
O & M EXPENSES	690.9	662.2	639.0
A & G EXPENSES	71.8	66.6	66.6
G.O. PRORATED	272.1	238.0	238.0
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	88.1	84.5	84.6
INTEREST	171.4	168.2	172.1
TRANSPORT. DEPR. ADJ.	(11.4)	0.0	(11.4)
TOTAL	1,282.9	1,219.5	1,188.9
INCOME BEFORE TAXES	505.6	582.7	613.1
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation	354.2	350.7	346.6
Taxable income for CCFT	151.4	232.0	266.5
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	13.4	20.5	23.6
<u>Federal Income Tax (FIT)</u>			
Federal Tax Depreciation	195.6	193.7	191.7
1996 State Income Tax	13.4	20.5	23.6
Preferred Stock Dividend Credit	0.8	0.8	0.8
Taxable Income for FIT	295.8	367.7	397.0
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	103.5	128.7	138.9
TOTAL FIT & CCFT	116.9	149.2	162.5

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SELMA COMPARISON EXHIBIT

TABLE J-1

CALIFORNIA WATER SERVICE COMPANY  
SELMA DISTRICT

PLANT IN SERVICE

TEST YEAR 1998

ITEM ( Thousands of \$ )	CWS	LWB	SETTLEMENT
Plant in Service - BOY	9,136.2	9,002.7	9,114.5
Beginning Balance - CWIP		-	-
Total BOY	9,136.2	9,002.7	9,114.5
Additions			
Utility Funded	360.9	441.1	442.5
Advances	225.9	225.9	225.9
Contributions	6.9	6.9	6.9
Gross Additions	593.7	673.9	675.3
Retirements	(27.5)	(27.5)	(27.5)
Change in CWIP Balance	-	-	-
Plant in Service - EOY	9,702.4	9,649.1	9,762.3
+ Capitalized Interest Adjustment	-	-	-
Weighting Factor	50.7%	50.7%	50.7%
Weighted Average Plant in Service	9,423.3	9,330.4	9,443.0

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SELMA COMPARISON EXHIBIT

TABLE K-1

CALIFORNIA WATER SERVICE COMPANY  
SELMA DISTRICT

DEPRECIATION RESERVE & EXPENSE

TEST YEAR 1998

ITEM ( Thousands of \$ )	CWS	LWB	SETTLEMENT
Depreciation Reserve - BOY	2,043.2	2,043.2	2,043.2
<b>ACCRUALS</b>			
TRANSPORTATION EQUIPMENT	9.4	9.4	9.4
OTHER PLANT IN SERVICE	194.4	191.1	193.8
CONTRIBUTED PLANT	16.0	16.0	16.0
TOTAL ACCRUALS	219.8	216.5	219.2
RETIREMENTS	(28.7)	(28.7)	(28.7)
NET ADDITIONS	191.1	187.8	190.5
DEPRECIATION ADJUSTMENT	-	-	-
DEPRECIATION RESERVE - EOY	2,234.3	2,231.0	2,233.7
Weighting Factor	50.70%	50.70%	50.70%
Weighted Average Depr. Reserve	2,140.1	2,138.4	2,139.8



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SELMA COMPARISON EXHIBIT

TABLE L-1

CALIFORNIA WATER SERVICE COMPANY  
SELMA DISTRICT

WEIGHTED AVERAGE DEPRECIATED RATE BASE

TEST YEAR 1998

ITEM ( Thousands of \$ )	CWS	LWB	SETTLEMENT
WEIGHTED AVERAGE PLANT	9,423.3	9,330.4	9,443.0
WTD AVERAGE DEPR. RESERVE	2,140.1	2,138.4	2,139.8
NET UTILITY PLANT	7,283.2	7,192.0	7,303.2
Materials & Supplies	38.9	38.9	38.9
Working Cash - Gross	0.0	0.0	0.0
Working Cash - Lead/Lag	(10.6)	(13.0)	(10.0)
Working Cash - W/H Empl.	(0.5)	(0.5)	(0.5)
Total Working Cash	(11.1)	(13.5)	(10.5)
SUBTOTAL	7,311.0	7,217.4	7,331.6
DEDUCTION FROM RATE BASE			
Advances	2,447.1	2,447.1	2,447.1
Contributions	575.8	575.8	575.8
Reserve Amortization of Intangibles	0.0	0.0	0.0
Accumulated Deferred FIT	556.4	549.4	540.8
Accumulated Unamortized ITC	31.7	31.7	31.7
TOTAL DEDUCTIONS	3,611.0	3,604.0	3,595.4
ADDITIONS TO RATE BASE			
Accumulated Deferred Taxes - CIAC	77.2	77.2	77.2
Accumulated Deferred Taxes - Advances	327.9	327.9	327.9
TOTAL ADDITIONS	405.1	405.1	405.1
DISTRICT RATE BASE	4,105.1	4,018.5	4,141.3
PRORATED G.O. RATE BASE	114.5	114.5	114.5
AVERAGE RATE BASE	4,219.6	4,133.0	4,255.8

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SELMA COMPARISON EXHIBIT

TABLE M

CALIFORNIA WATER SERVICE COMPANY  
SELMA DISTRICT

NET-TO-GROSS MULTIPLIER

TEST YEARS 1998

ITEM	CWS	LWB	SETTLEMENT
1) Uncollectibles (%)	0.26292%	0.26292%	0.26292%
2) Business License Rate	0.00000%	0.00000%	0.00000%
3) Subtotal (Line 1 + Line 2)	0.26292%	0.26292%	0.26292%
4) 1 - Subtotal (100% - Line 3)	99.73708%	99.73708%	99.73708%
5) CCFT (Line 4 * 8.84% by utility, 8.84% by LWB)	8.81676%	8.81676%	8.81676%
6) FIT (Line 4 * 35% by utility, 35% by LWB)	34.90798%	34.90798%	34.90798%
7) Total Taxes Paid (Line 3 + Line 5 + Line 6)	43.98766%	43.98766%	43.98766%
8) Net after taxes (1 - Line 7)	56.01234%	56.01234%	56.01234%
Net-to-Gross Multiplier (1/Line 8)	1.78532	1.78532	1.78532

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OROVILLE COMPARISON EXHIBIT

TABLE A-1

CALIFORNIA WATER SERVICE COMPANY  
OROVILLE DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
OPERATING REVENUES	2,104.1	2,156.5	2,139.2
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	887.8	882.1	879.8
ADMINISTRATIVE & GENERAL	107.6	107.2	107.2
G.O. PRORATED EXPENSE	300.0	262.3	262.3
DEPRECIATION & AMORTIZATION	173.8	171.3	172.1
TAXES OTHER THAN INCOME	93.4	92.8	92.8
STATE CORP. FRANCHISE TAX	22.6	32.0	29.0
FEDERAL INCOME TAX	103.0	134.7	130.5
TOTAL OPERATING EXPENSES	1,688.2	1,682.4	1,673.7
NET OPERATING REVENUE	415.9	474.1	465.5
RATE BASE	5,278.9	5,184.7	5,226.3
RETURN ON RATE BASE	7.88%	9.14%	8.91%

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OROVILLE COMPARISON EXHIBIT

TABLE B-1

CALIFORNIA WATER SERVICE COMPANY  
OROVILLE DISTRICT

WATER SALES PER AVERAGE CUSTOMER

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
Metered Connections	( Ccf / Conn. / Year )		
COMMERCIAL	291.0	306.9	299.2
INDUSTRIAL	13,470.6	13,470.6	13,470.6
PUBLIC AUTHORITY	1,065.6	1,065.6	1,065.6
OTHER			

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TABLE C-1

CALIFORNIA WATER SERVICE COMPANY  
OROVILLE DISTRICT

AVERAGE NUMBER OF CUSTOMERS

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<b>Metered Services</b>			
COMMERCIAL	2,818	2,819	2,819
INDUSTRIAL	17	17	17
PUBLIC AUTHORITY	122	122	122
IRRIGATION	10	10	10
<b>TOTAL</b>	<b>2,967</b>	<b>2,968</b>	<b>2,968</b>
<b>Flat Rate Services</b>			
RESIDENTIAL FLAT SERVICE	447	447	447
PRIVATE FIRE PROTECTION	70	70	70
PUBLIC FIRE PROTECTION	8	8	8
<b>TOTAL</b>	<b>525</b>	<b>525</b>	<b>525</b>
<b>TOTAL SERVICES</b>			
INCL. FIRE PROTECTION	3,492	3,493	3,493
EXCL. FIRE PROTECTION	2,967	2,968	2,968

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OROVILLE COMPARISON EXHIBIT

TABLE D-1

CALIFORNIA WATER SERVICE COMPANY  
OROVILLE DISTRICT

TOTAL SALES AND SUPPLY

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
Metered Sales			
COMMERCIAL	820.0	865.2	843.5
INDUSTRIAL	229.0	229.0	229.0
PUBLIC AUTHORITY	130.0	130.0	130.0
OTHER			
<b>TOTAL</b>	<b>1,179.0</b>	<b>1,224.2</b>	<b>1,202.5</b>
RAW WATER SALES	414.0	414.0	414.0
RESIDENTIAL FLAT RATE USE	407.5	407.5	407.5
UNACCOUNTED FOR WATER	174.0	177.9	176.0
<b>TOTAL WATER SUPPLY</b>	<b>2,174.5</b>	<b>2,223.6</b>	<b>2,200.0</b>
COMPANY WELLS	330.0	330.0	330.0
PURCHASES - LEASED WELLS	125.0	125.0	125.0
PURCHASES - OTHER	1,719.5	1,768.6	1,745.0

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OROVILLE COMPARISON EXHIBIT

TABLE E-1

CALIFORNIA WATER SERVICE COMPANY  
OROVILLE DISTRICT

OPERATING REVENUES

TEST YEAR 1998  
(PRESENT RATES)

ITEM	CWS	LWB	SETTLEMENT
<b>Metered Revenues</b>			
COMMERCIAL	1,389.7	1,433.4	1,412.7
INDUSTRIAL	250.3	250.3	250.3
PUBLIC AUTHORITY	183.7	182.3	183.7
OTHER	23.8	23.8	23.8
<b>TOTAL</b>	<b>1,847.5</b>	<b>1,889.8</b>	<b>1,870.5</b>
<b>Flat Rate Revenues</b>			
COMMERCIAL	213.9	229.9	232.0
PRIVATE FIRE	30.5	24.5	24.5
PUBLIC FIRE	2.2	2.2	2.2
OTHER	1.8	1.8	1.8
<b>TOTAL</b>	<b>248.3</b>	<b>258.4</b>	<b>260.5</b>
DEFERRED REVENUES	8.3	8.3	8.3
<b>TOTAL OPERATING REVENUES</b>	<b>2,104.1</b>	<b>2,156.5</b>	<b>2,139.3</b>

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OROVILLE COMPARISON EXHIBIT

TABLE F-1

CALIFORNIA WATER SERVICE COMPANY  
OROVILLE DISTRICT

OPERATION & MAINTENANCE EXPENSES

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
OPERATING REVENUES	2,104.1	2,156.5	2,139.2
Uncollectible rate	0.51717%	0.51717%	0.51717%
Uncollectibles	10.9	11.2	11.1
<b>OPERATIONS EXPENSES</b>			
PURCHASED WATER	59.3	59.3	59.3
REPLENISHMENT ASSESSMENT	0.0	0.0	0.0
GROUNDWATER EXTRACTION	0.0	0.0	0.0
PURCHASED POWER	166.3	165.1	162.9
PURCHASED CHEMICALS	67.0	67.0	67.0
PAYROLL	326.1	323.9	323.9
POSTAGE	11.4	11.4	11.4
TRANSPORTATION	40.3	36.4	36.4
<b>PURCHASED SERVICES</b>			
SOURCE OF SUPPLY	24.8	25.2	25.2
PUMPING	4.8	4.9	4.9
WATER TREATMENT	6.3	6.4	6.4
TRANS. & DISTRIBUTION	22.2	22.5	22.5
CUSTOMER ACCOUNTING	26.8	27.3	27.3
CONSERVATION EXPENSES	0.0	0.0	0.0
<b>TOTAL OPERATIONS EXPENSES</b>	<b>766.1</b>	<b>760.6</b>	<b>758.3</b>
<b>MAINTENANCE EXPENSES</b>			
PAYROLL	71.2	70.7	70.7
TRANSPORTATION	4.1	3.6	3.6
STORES	6.3	6.4	6.4
CONTRACTED MAINTENANCE	40.1	40.8	40.8
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>121.7</b>	<b>121.5</b>	<b>121.5</b>
<b>TOTAL O &amp; M EXPENSES</b> (incl. uncollectibles)	<b>887.8</b>	<b>882.1</b>	<b>879.8</b>
<u>At Proposed Rates</u>			
OPERATING REVENUES	2,163.2	2,214.6	2,197.4
Uncollectible Rate	0.51717%	0.51717%	0.51717%
Uncollectibles	11.2	11.5	11.4
<b>Total O&amp;M Expenses</b> (incl. uncollectibles)	<b>882.2</b>	<b>882.4</b>	<b>880.1</b>



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OROVILLE COMPARISON EXHIBIT

TABLE G-1

CALIFORNIA WATER SERVICE COMPANY  
OROVILLE DISTRICT

ADMINISTRATIVE & GENERAL EXPENSES

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
Operating Revenue (incl. uncoll.)	2,104.1	2,156.5	2,139.2
Effective Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENSE	0.0	0.0	0.0
PAYROLL	59.7	59.3	59.3
TRANSPORTATION EXPENSES	0.0	0.0	0.0
PURCHASED SERVICES			
RENTS	13.9	13.9	13.9
ADMIN CHARGES TRF	0.0	0.0	0.0
NONSPECIFICS	34.3	34.3	34.3
MISCELLANEOUS EXPENSES			
AMORT. OF LIMITED TERM INV.	0.0	0.0	0.0
RATE MAKING ADJUSTMENTS			
DUES & DONATIONS	(0.3)	(0.3)	(0.3)
TOTAL A & G EXPENSES	107.6	107.2	107.2
(Incl. local franch. tax & bus. lic.)	107.6	107.2	107.2
<u>At Proposed Rates</u>			
Operating Revenue (incl. uncoll.)	2,163.2	2,214.6	2,197.4
Effective Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENCE	0.0	0.0	0.0
TOTAL A & G EXPENSES	107.6	107.2	107.2
(Incl. local franch. tax & bus. lic.)	107.6	107.2	107.2

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OROVILLE COMPARISON EXHIBIT

TABLE H-1

CALIFORNIA WATER SERVICE COMPANY  
OROVILLE DISTRICT

TAXES OTHER THAN INCOME TAXES

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
Metered Connections	( Thousands of \$ )		
AD VALOREM TAXES	54.9	54.6	54.6
BUSINESS LICENSE FEES	0.1	0.1	0.1
PAYROLL TAXES	38.4	38.1	38.1
Taxes other than income (present rates)	93.4	92.8	92.8
Taxes other than income (proposed rates)	93.4	92.8	92.8

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OROVILLE COMPARISON EXHIBIT

TABLE I-1

CALIFORNIA WATER SERVICE COMPANY  
OROVILLE DISTRICT

TAXES BASED ON INCOME

TEST YEAR 1998

ITEM (Thousands of \$)	CWS	LWB	SETTLEMENT
OPERATING REVENUES (present rates)	2,104.1	2,156.5	2,139.2
DEDUCTIONS			
O & M EXPENSES	882.1	882.1	879.9
A & G EXPENSES	107.9	107.2	107.2
G.O. PRORATED	300.0	262.3	262.3
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	93.4	92.8	92.8
INTEREST	211.2	211.2	208.8
TRANSPORT. DEPR. ADJ.	(13.6)	(13.6)	(13.6)
TOTAL	1,581.0	1,542.0	1,537.4
INCOME BEFORE TAXES	523.1	614.5	601.8
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation	275.2	270.7	273.9
Taxable income for CCFT	247.9	343.8	327.9
CCFT Rate	8.84%	9.30%	8.84%
TOTAL CCFT	21.9	32.0	29.0
<u>Federal Income Tax (FIT)</u>			
Federal Tax Depreciation	199.8	196.6	198.8
1996 State Income Tax	21.9	32.0	29.0
Preferred Stock Dividend Credit	1.1	1.1	1.1
Taxable Income for FIT	300.3	384.8	372.9
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	105.1	134.7	130.5
TOTAL FIT & CCFT	127.0	166.7	159.5

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OROVILLE COMPARISON EXHIBIT

TABLE J-1

CALIFORNIA WATER SERVICE COMPANY  
OROVILLE DISTRICT

PLANT IN SERVICE

TEST YEAR 1998

ITEM ( Thousands of \$ )	CWS	LWB	SETTLEMENT
Plant in Service - BOY	9,103.4	8,989.8	9,034.3
Beginning Balance - CWP	-	-	-
Total BOY	9,103.4	8,989.8	9,034.3
Additions			
Utility Funded	333.8	361.7	362.3
Advances	5.0	5.0	5.0
Contributions	(68.1)	(68.1)	(68.1)
Gross Additions	270.7	298.6	299.2
Retirements	(31.8)	(31.8)	(31.8)
Change in CWP Balance	-	-	-
Plant in Service - EOY	9,342.3	9,256.6	9,301.7
+ Capitalized Interest Adjustment	-	-	-
Weighting Factor	47.1%	47.1%	47.1%
Weighted Average Plant in Service	9,215.9	9,115.5	9,160.3

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TABLE K-1

CALIFORNIA WATER SERVICE COMPANY  
OROVILLE DISTRICT

DEPRECIATION RESERVE & EXPENSE

TEST YEAR 1998

ITEM (Thousands of \$)	CWS	LWB	SETTLEMENT
Depreciation Reserve - BOY	3,034.0	3,034.0	3,034.0
<b>ACCRUALS</b>			
TRANSPORTATION EQUIPMENT	11.4	11.4	11.4
OTHER PLANT IN SERVICE	173.8	171.3	172.1
CONTRIBUTED PLANT	10.8	10.8	10.8
TOTAL ACCRUALS	196.0	193.5	194.3
RETIREMENTS	(33.2)	(33.2)	(33.2)
NET ADDITIONS	162.8	160.3	161.1
DEPRECIATION ADJUSTMENT	-	-	-
DEPRECIATION RESERVE - EOY	3,196.8	3,194.3	3,195.1
Weighting Factor	47.10%	47.10%	47.10%
Weighted Average Depr. Reserve	3,110.7	3,109.5	3,109.9

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OROVILLE COMPARISON EXHIBIT

TABLE L-1

CALIFORNIA WATER SERVICE COMPANY  
OROVILLE DISTRICT

WEIGHTED AVERAGE DEPRECIATED RATE BASE

TEST YEAR 1998

ITEM (Thousands of \$)	CWS	LWB	SETTLEMENT
WEIGHTED AVERAGE PLANT	9,215.9	9,115.5	9,160.3
WTD AVERAGE DEPR. RESERVE	3,110.7	3,109.5	3,109.9
NET UTILITY PLANT	6,105.2	6,006.0	6,050.4
Materials & Supplies	68.2	68.2	68.2
Working Cash - Gross	0.0	0.0	0.0
Working Cash - Lead/Lag	70.4	68.3	68.6
Working Cash - W/H Empl.	(0.5)	(0.5)	(0.5)
Total Working Cash	69.9	67.8	68.1
SUBTOTAL	6,243.3	6,142.0	6,186.7
DEDUCTION FROM RATE BASE			
Advances	251.9	251.9	251.9
Contributions	412.4	412.4	412.4
Reserve Amortization of Intangibles	1.5	1.5	1.5
Accumulated Deferred FIT	436.1	429.0	432.0
Accumulated Unamortized ITC	44.3	44.3	44.3
TOTAL DEDUCTIONS	1,146.2	1,139.1	1,142.1
ADDITIONS TO RATE BASE			
Accumulated Deferred Taxes - CIAC	48.4	48.4	48.4
Accumulated Deferred Taxes - Advances	7.2	7.2	7.2
TOTAL ADDITIONS	55.6	55.6	55.6
DISTRICT RATE BASE	5,152.7	5,058.5	5,100.1
PRORATED G.O. RATE BASE	126.2	126.2	126.2
AVERAGE RATE BASE	5,278.9	5,184.7	5,226.3

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OROVILLE COMPARISON EXHIBIT

TABLE M

CALIFORNIA WATER SERVICE COMPANY  
OROVILLE DISTRICT

NET-TO-GROSS MULTIPLIER

TEST YEARS 1998

ITEM	CWS	LWB	SETTLEMENT
1) Uncollectibles (%)	0.51717%	0.51717%	0.51717%
2) Business License Rate	0.00000%	0.00000%	0.00000%
3) Subtotal (Line 1 + Line 2)	0.51717%	0.51717%	0.51717%
4) 1 - Subtotal (100% - Line 3)	99.48283%	99.48283%	99.48283%
5) CCFT (Line 4 * 8.84% by utility, 8.84% by LWB)	8.79428%	8.79428%	8.79428%
6) FIT (Line 4 * 35% by utility, 35% by LWB)	34.81899%	34.81899%	34.81899%
7) Total Taxes Paid (Line 3 + Line 5 + Line 6)	44.13044%	44.13044%	44.13044%
8) Net after taxes (1 - Line 7)	55.86956%	55.86956%	55.86956%
Net-to-Gross Multiplier (1/Line 8)	1.78988	1.78988	1.78988

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TABLE A-1

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
OPERATING REVENUES	1,178.9	1,166.7	1,166.7
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	468.8	470.1	470.1
ADMINISTRATIVE & GENERAL	69.3	69.0	69.0
G.O. PRORATED EXPENSE	203.7	178.0	178.1
DEPRECIATION & AMORTIZATION	99.8	95.8	96.3
TAXES OTHER THAN INCOME	54.2	53.9	53.6
STATE CORP. FRANCHISE TAX	9.6	11.5	11.3
FEDERAL INCOME TAX	63.8	69.7	69.4
TOTAL OPERATING EXPENSES	969.2	948.0	947.8
NET OPERATING REVENUE	209.7	218.7	218.9
RATE BASE	2,674.7	2,585.5	2,621.9
RETURN ON RATE BASE	7.84%	8.46%	8.35%



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MARYSVILLE COMPARISON EXHIBIT

TABLE A-4

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 1999

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
<u>OPERATING REVENUES</u>	1,175.7	1,167.6	1,167.6
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	478.8	479.3	479.3
ADMINISTRATIVE & GENERAL	71.1	70.6	70.6
G.O. PRORATED EXPENSE	215.9	183.0	182.9
DEPRECIATION & AMORTIZATION	103.6	103.4	103.9
TAXES OTHER THAN INCOME	56.4	56.2	55.7
STATE CORP. FRANCHISE TAX	6.2	8.3	8.2
FEDERAL INCOME TAX	42.1	50.1	49.8
TOTAL OPERATING EXPENSES	974.1	950.9	950.4
NET OPERATING REVENUE	201.6	216.7	217.2
RATE BASE	2,784.5	2,784.2	2,819.0
RETURN ON RATE BASE	7.24%	7.78%	7.70%

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MARYSVILLE COMPARISON EXHIBIT

TABLE B-1

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

WATER SALES PER AVERAGE CUSTOMER

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
Metered Connections	( Ccf / Conn. / Year )		
COMMERCIAL	481.5	487.9	487.9
INDUSTRIAL	13,000.0	13,000.0	13,000.0
PUBLIC AUTHORITY	1,144.9	1,144.9	1,144.9
OTHER	500.0	500.0	500.0

TABLE B-2

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

WATER SALES PER AVERAGE CUSTOMER

TEST YEAR 1999

ITEM	CWS	LWB	SETTLEMENT
Metered Connections	( Ccf / Conn. / Year )		
COMMERCIAL	481.6	489.8	489.8
INDUSTRIAL	12,666.7	12,666.7	12,666.7
PUBLIC AUTHORITY	1,128.6	1,128.6	1,128.6
OTHER	500.0	500.0	500.0

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MARYSVILLE COMPARISON EXHIBIT

TABLE C-1

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

AVERAGE NUMBER OF CUSTOMERS

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<b>Metered Services</b>			
COMMERCIAL	1,028	1,029	1,029
INDUSTRIAL	3	3	3
PUBLIC AUTHORITY	69	69	69
OTHER	2	2	2
<b>TOTAL</b>	<b>1,102</b>	<b>1,103</b>	<b>1,103</b>
<b>Flat Rate Services</b>			
COMMERCIAL FLAT SERVICE	2,616	2,616	2,616
PRIVATE FIRE PROTECTION	44	44	44
PUBLIC FIRE PROTECTION	4	4	4
<b>TOTAL</b>	<b>2,664</b>	<b>2,664</b>	<b>2,664</b>
<b>TOTAL SERVICES</b>			
INCL. FIRE PROTECTION	3,766	3,767	3,767
EXCL. FIRE PROTECTION	3,718	3,719	3,719

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MARYSVILLE COMPARISON EXHIBIT

TABLE C-2

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

AVERAGE NUMBER OF CUSTOMERS

TEST YEAR 1999

ITEM	CWS	LWB	SETTLEMENT
<b>Metered Services</b>			
COMMERCIAL	1,030	1,031	1,031
INDUSTRIAL	3	3	3
PUBLIC AUTHORITY	70	70	70
OTHER	2	2	2
<b>TOTAL</b>	<b>1,105</b>	<b>1,106</b>	<b>1,106</b>
<b>Flat Rate Services</b>			
COMMERCIAL FLAT SERVIC	2,603	2,603	2,603
PRIVATE FIRE PROTECTION	46	46	46
PUBLIC FIRE PROTECTION	4	4	4
<b>TOTAL</b>	<b>2,653</b>	<b>2,653</b>	<b>2,653</b>
<b>TOTAL SERVICES</b>			
INCL. FIRE PROTECTION	3,758	3,759	3,759
EXCL. FIRE PROTECTION	3,708	3,709	3,709

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MARYSVILLE COMPARISON EXHIBIT

TABLE D-1

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

TOTAL SALES AND SUPPLY

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
Metered Sales			
COMMERCIAL	495.0	502.0	502.0
INDUSTRIAL	39.0	39.0	39.0
PUBLIC AUTHORITY	79.0	79.0	79.0
OTHER	1.0	1.0	1.0
TOTAL	614.0	621.0	621.0
RESIDENTIAL FLAT RATE USE	803.5	803.5	803.5
UNACCOUNTED FOR WATER	123.3	123.9	124.0
TOTAL WATER SUPPLY	1,540.7	1,548.4	1,548.5
COMPANY WELLS	1,540.7	1,548.4	1,548.5

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MARYSVILLE COMPARISON EXHIBIT

TABLE D-2

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

TOTAL SALES AND SUPPLY

TEST YEAR 1999

ITEM	CWS	LWB	SETTLEMENT
Metered Sales			
COMMERCIAL	496.0	505.0	505.0
INDUSTRIAL	38.0	38.0	38.0
PUBLIC AUTHORITY	79.0	79.0	79.0
OTHER	1.0	1.0	1.0
TOTAL	614.0	623.0	623.0
RESIDENTIAL FLAT RATE USE	803.5	803.5	803.5
UNACCOUNTED FOR WATER	123.3	124.0	124.0
TOTAL WATER SUPPLY	1,540.7	1,550.5	1,550.5
COMPANY WELLS	1,540.7	1,550.5	1,550.5

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MARYSVILLE COMPARISON EXHIBIT

TABLE E-1

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

OPERATING REVENUES

TEST YEAR 1998  
(PRESENT RATES)

ITEM	CWS	LWB	SETTLEMENT
<b>Metered Revenues</b>			
COMMERCIAL	383.4	386.4	386.4
INDUSTRIAL	18.2	18.2	18.2
PUBLIC AUTHORITY	56.3	56.6	56.6
OTHER	1.2	1.2	1.2
<b>TOTAL</b>	<b>459.1</b>	<b>462.4</b>	<b>462.4</b>
<b>Flat Rate Revenues</b>			
COMMERCIAL	665.5	667.5	667.5
PRIVATE FIRE	30.5	13.8	13.8
PUBLIC FIRE	2.2	1.3	1.3
OTHER	1.6	1.6	1.6
<b>TOTAL</b>	<b>699.7</b>	<b>684.2</b>	<b>684.2</b>
DEFERRED REVENUES	20.1	20.1	20.1
<b>TOTAL OPERATING REVENUES</b>	<b>1,178.9</b>	<b>1,166.7</b>	<b>1,166.7</b>

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MARYSVILLE COMPARISON EXHIBIT

TABLE E-3

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

OPERATING REVENUES

TEST YEAR 1999  
(PRESENT RATES)

ITEM	CWS	LWB	SETTLEMENT
<b>Metered Revenues</b>			
COMMERCIAL	384.0	388.2	388.2
INDUSTRIAL	17.8	17.8	17.8
PUBLIC AUTHORITY	56.9	60.2	60.2
OTHER	1.2	1.2	1.2
<b>TOTAL</b>	<b>459.9</b>	<b>467.4</b>	<b>467.4</b>
<b>Flat Rate Revenues</b>			
COMMERCIAL	661.9	664.1	664.1
PRIVATE FIRE	31.4	14.4	14.4
PUBLIC FIRE	2.2	1.3	1.3
OTHER	1.6	1.6	1.6
<b>TOTAL</b>	<b>697.1</b>	<b>681.4</b>	<b>681.4</b>
DEFERRED REVENUES	18.8	18.8	18.8
<b>TOTAL OPERATING REVENUES</b>	<b>1,175.8</b>	<b>1,167.6</b>	<b>1,167.6</b>



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MARYSVILLE COMPARISON EXHIBIT

TABLE F-1

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

OPERATION & MAINTENANCE EXPENSES

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
OPERATING REVENUES	1,178.9	1,166.7	1,166.7
Uncollectible rate	0.30768%	0.30768%	0.30768%
Uncollectibles	3.6	3.6	3.6
<b>OPERATIONS EXPENSES</b>			
PURCHASED WATER	0.0	0.0	0.0
REPLENISHMENT ASSESSMENT	0.0	0.0	0.0
GROUNDWATER EXTRACTION	0.0	0.0	0.0
PURCHASED POWER	115.1	115.6	115.6
PURCHASED CHEMICALS	15.8	15.8	15.8
PAYROLL	197.7	196.4	196.4
POSTAGE	11.9	11.9	11.9
TRANSPORTATION	19.1	17.2	17.2
<b>PURCHASED SERVICES</b>			
SOURCE OF SUPPLY	0.0	0.0	0.0
PUMPING	6.4	6.5	6.5
WATER TREATMENT	4.3	4.4	4.4
TRANS. & DISTRIBUTION	7.2	7.3	7.3
CUSTOMER ACCOUNTING	22.0	22.4	22.4
CONSERVATION EXPENSES	0.5	0.5	0.5
<b>TOTAL OPERATIONS EXPENSES</b>	<b>403.6</b>	<b>401.6</b>	<b>401.6</b>
<b>MAINTENANCE EXPENSES</b>			
PAYROLL	38.5	38.3	38.3
TRANSPORTATION	5.7	5.2	5.2
STORES	3.4	3.5	3.5
CONTRACTED MAINTENANCE	17.6	21.5	21.5
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>65.2</b>	<b>68.5</b>	<b>68.5</b>
<b>TOTAL O &amp; M EXPENSES</b> (incl. uncollectibles)	<b>468.8</b>	<b>470.1</b>	<b>470.1</b>
<u>At Proposed Rates</u>			
OPERATING REVENUES	1,236.6	1,221.4	1,221.4
Uncollectible Rate	0.30768%	0.30768%	0.30768%
Uncollectibles	3.8	3.8	3.8
<b>Total O&amp;M Expenses</b> (incl. uncollectibles)	<b>469.0</b>	<b>470.3</b>	<b>470.3</b>

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MARYSVILLE COMPARISON EXHIBIT

TABLE F-2

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

OPERATION & MAINTENANCE EXPENSES

TEST YEAR 1999

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
OPERATING REVENUES	1,175.7	1,167.6	1,167.6
Uncollectible rate	0.30768%	0.30768%	0.30768%
Uncollectibles	3.6	3.6	3.6
<b>OPERATIONS EXPENSES</b>			
PURCHASED WATER	0.0	0.0	0.0
REPLENISHMENT ASSESSMENT	0.0	0.0	0.0
GROUNDWATER EXTRACTION	0.0	0.0	0.0
PURCHASED POWER	115.1	115.8	115.8
PURCHASED CHEMICALS	16.1	16.1	16.1
PAYROLL	203.7	201.6	201.6
POSTAGE	12.0	12.0	12.0
TRANSPORTATION	20.1	17.7	17.7
<b>PURCHASED SERVICES</b>			
SOURCE OF SUPPLY	0.0	0.0	0.0
PUMPING	6.5	6.7	6.7
WATER TREATMENT	4.4	4.5	4.5
TRANS. & DISTRIBUTION	7.3	7.5	7.5
CUSTOMER ACCOUNTING	22.5	23.0	23.0
CONSERVATION EXPENSES	0.5	0.5	0.5
<b>TOTAL OPERATIONS EXPENSES</b>	<b>411.8</b>	<b>409.0</b>	<b>409.0</b>
<b>MAINTENANCE EXPENSES</b>			
PAYROLL	39.7	39.3	39.3
TRANSPORTATION	5.9	5.3	5.3
STORES	3.5	3.6	3.6
CONTRACTED MAINTENANCE	17.9	22.1	22.1
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>67.0</b>	<b>70.3</b>	<b>70.3</b>
<b>TOTAL O &amp; M EXPENSES</b> (incl. uncollectibles)	<b>478.8</b>	<b>479.3</b>	<b>479.3</b>
<u>At Proposed Rates</u>			
OPERATING REVENUES	1,251.7	1,237.3	1,237.3
Uncollectible Rate	0.30768%	0.30768%	0.30768%
Uncollectibles	3.9	3.8	3.8
<b>Total O&amp;M Expenses</b> (incl. uncollectibles)	<b>479.1</b>	<b>479.5</b>	<b>479.5</b>

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MARYSVILLE COMPARISON EXHIBIT

TABLE G-1

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

ADMINISTRATIVE & GENERAL EXPENSES

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
Operating Revenue (incl. uncoll.)	1,178.9	1,166.7	1,166.7
Effective Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENSE	0.0	0.0	0.0
PAYROLL	43.8	43.5	43.5
TRANSPORTATION EXPENSES	0.0	0.0	0.0
PURCHASED SERVICES			
RENTS	9.6	9.6	9.6
ADMIN CHARGES TRF	0.0	0.0	0.0
NONSPECIFICS	16.5	16.5	16.5
MISCELLANEOUS EXPENSES			
AMORT. OF LIMITED TERM INV.	0.0	0.0	0.0
RATE MAKING ADJUSTMENTS			
DUES & DONATIONS	(0.6)	(0.6)	(0.6)
TOTAL A & G EXPENSES	69.3	69.0	69.0
(Incl. local franch. tax & bus. lic.)	69.3	69.0	69.0
<u>At Proposed Rates</u>			
Operating Revenue (incl. uncoll.)	1,236.6	1,221.4	1,221.4
Effective Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENCE	0.0	0.0	0.0
TOTAL A & G EXPENSES	69.3	69.0	69.0
(Incl. local franch. tax & bus. lic.)	69.3	69.0	69.0

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MARYSVILLE COMPARISON EXHIBIT

TABLE G-2

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

ADMINISTRATIVE & GENERAL EXPENSES

TEST YEAR 1999

ITEM	CWS	LWB	SETTLEMENT
<u>At Present Rates</u>			
Operating Revenue (incl. uncoll.)	1,175.7	1,167.6	1,167.6
Effective Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENCE	0.0	0.0	0.0
PAYROLL	45.1	44.6	44.6
TRANSPORTATION EXPENSES	0.0	0.0	0.0
PURCHASED SERVICES			
RENTS	9.8	9.8	9.8
ADMIN CHARGES TRF	0.0	0.0	0.0
NONSPECIFICS	16.8	16.8	16.8
MISCELLANEOUS EXPENSES			
AMORT. OF LIMITED TERM INV.	0.0	0.0	0.0
RATE MAKING ADJUSTMENTS			
DUES & DONATIONS	(0.6)	(0.6)	(0.6)
TOTAL A & G EXPENSES	71.1	70.6	70.6
(Incl. local franch. tax & bus. lic.)	71.1	70.6	70.6
<u>At Proposed Rates</u>			
Operating Revenue (incl. uncoll.)	1,251.7	1,237.3	1,237.3
Effective Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENCE	0.0	0.0	0.0
TOTAL A & G EXPENSES	71.1	70.6	70.6
(Incl. local franch. tax & bus. lic.)	71.1	70.6	70.6

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MARYSVILLE COMPARISON EXHIBIT

TABLE H-1

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

TAXES OTHER THAN INCOME TAXES

TEST YEAR 1998

ITEM	CWS	LWB	SETTLEMENT
Metered Connections	( Thousands of \$ )		
AD VALOREM TAXES	29.9	29.8	29.5
BUSINESS LICENSE FEES	0.4	0.4	0.4
PAYROLL TAXES	23.9	23.7	23.7
Taxes other than income (present rates)	54.2	53.9	53.6
Taxes other than income (proposed rates)	54.2	53.9	53.6

TABLE H-2

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

TAXES OTHER THAN INCOME TAXES

TEST YEAR 1999

ITEM	CWS	LWB	SETTLEMENT
Metered Connections	( Thousands of \$ )		
AD VALOREM TAXES	31.4	31.5	31.0
BUSINESS LICENSE FEES	0.4	0.4	0.4
PAYROLL TAXES	24.6	24.3	24.3
Taxes other than income (present rates)	56.4	56.2	55.7
Taxes other than income (proposed rates)	56.4	56.2	55.7

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MARYSVILLE COMPARISON EXHIBIT

TABLE I-1

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

TAXES BASED ON INCOME

TEST YEAR 1998

ITEM ( Thousands of \$ )	CWS	LWB	SETTLEMENT
OPERATING REVENUES (present rates)	1,178.9	1,166.7	1,166.7
<b>DEDUCTIONS</b>			
O & M EXPENSES	468.8	470.1	470.1
A & G EXPENSES	69.3	69.0	69.0
G.O. PRORATED	203.7	178.0	178.1
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	54.2	53.9	53.6
INTEREST	108.8	105.1	105.0
TRANSPORT. DEPR. ADJ.	(10.4)	(10.4)	(10.4)
TOTAL	894.4	665.7	665.4
 INCOME BEFORE TAXES	 284.5	 301.0	 301.3
 <u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation	175.8	171.2	174.0
Taxable income for CCFT	108.7	129.8	127.3
CCFT Rate	8.84%	8.84%	8.84%
 TOTAL CCFT	 9.6	 11.5	 11.3
 <u>Federal Income Tax (FIT)</u>			
Federal Tax Depreciation	92.2	89.8	91.3
1996 State Income Tax	9.6	11.5	11.3
Preferred Stock Dividend Credit	0.5	0.5	0.5
 Taxable Income for FIT	 182.2	 199.2	 198.2
FIT Rate	35.00%	35.00%	35.00%
 TOTAL FIT	 63.8	 69.7	 69.4
 TOTAL FIT & CCFT	 73.4	 81.2	 80.7

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MARYSVILLE COMPARISON EXHIBIT

TABLE I-2

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

TAXES BASED ON INCOME

TEST YEAR 1999

ITEM (Thousands of \$)	CWS	LWB	SETTLEMENT
OPERATING REVENUES (present rates)	1,175.7	1,167.6	1,167.6
<b>DEDUCTIONS</b>			
O & M EXPENSES	478.8	479.3	479.3
A & G EXPENSES	71.1	70.6	70.6
G.O. PRORATED	215.9	183.0	182.9
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	56.4	56.2	55.7
INTEREST	113.6	114.1	115.1
TRANSPORT. DEPR. ADJ.	(11.3)	(11.3)	(11.3)
<b>TOTAL</b>	924.5	891.9	892.3
<b>INCOME BEFORE TAXES</b>	251.2	275.7	275.3
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation	181.5	181.3	182.5
Taxable income for CCFT	69.7	94.4	92.8
CCFT Rate	8.84%	8.84%	8.84%
<b>TOTAL CCFT</b>	6.2	8.3	8.2
<u>Federal Income Tax (FIT)</u>			
Federal Tax Depreciation	120.8	120.7	121.3
1999 State Income Tax	9.6	11.5	11.3
Preferred Stock Dividend Credit	0.5	0.5	0.5
Taxable Income for FIT	120.3	143.0	142.2
FIT Rate	35.00%	35.00%	35.00%
<b>TOTAL FIT</b>	42.1	50.1	49.8
<b>TOTAL FIT &amp; CCFT</b>	48.3	58.4	58.0

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MARYSVILLE COMPARISON EXHIBIT

TABLE J-1

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

PLANT IN SERVICE

TEST YEAR 1998

ITEM ( Thousands of \$ )	CWS	LWB	SETTLEMENT
Plant in Service - BOY	5,368.0	5,196.9	5,235.5
Beginning Balance - CWIP	-	-	-
Total BOY	5,368.0	5,196.9	5,235.5
Additions			
Utility Funded	208.2	369.9	373.4
Advances	11.1	11.1	11.1
Contributions	14.0	14.0	14.0
Gross Additions	233.3	395.0	398.5
Retirements	(21.8)	(21.8)	(21.8)
Change in CWIP Balance	-	-	-
Plant in Service - EOY	5,579.5	5,570.1	5,612.2
+ Capitalized Interest Adjustment	-	-	-
Weighting Factor	44.4%	44.4%	44.4%
Weighted Average Plant in Service	5,461.9	5,362.6	5,402.8

P



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MARYSVILLE COMPARISON EXHIBIT

TABLE J-2

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

PLANT IN SERVICE

TEST YEAR 1999

ITEM ( Thousands of \$ )	CWS	LWB	SETTLEMENT
Plant in Service - BOY	5,579.5	5,570.1	5,612.2
Beginning Balance - CWP			-
Total BOY	5,579.5	5,570.1	5,612.2
Additions			
Utility Funded	238.2	242.1	242.1
Advances	11.1	11.1	11.1
Contributions	14.0	14.0	14.0
Gross Additions	263.3	267.2	267.2
Retirements	(21.7)	(21.7)	(21.7)
Change in CWP Balance	-	-	-
Plant in Service - EOY	5,821.1	5,815.6	5,857.7
+ Capitalized Interest Adjustment	-	-	-
Weighting Factor	44.4%	44.4%	44.4%
Weighted Average Plant in Service	5,686.7	5,679.1	5,721.2

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MARYSVILLE COMPARISON EXHIBIT

TABLE K-1

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

DEPRECIATION RESERVE & EXPENSE

TEST YEAR 1998

ITEM ( Thousands of \$ )	CWS	LWB	SETTLEMENT
Depreciation Reserve - BOY	1,704.0	1,704.0	1,704.0
<b>ACCRUALS</b>			
TRANSPORTATION EQUIPMENT	8.9	8.9	8.9
OTHER PLANT IN SERVICE	99.8	95.8	96.3
CONTRIBUTED PLANT	13.2	13.2	13.2
TOTAL ACCRUALS	121.9	117.9	118.4
RETIREMENTS	(29.5)	(29.5)	(29.5)
NET ADDITIONS	92.4	88.4	88.9
DEPRECIATION ADJUSTMENT	-	-	-
DEPRECIATION RESERVE - EOY	1,796.4	1,792.4	1,792.9
Weighting Factor	44.40%	44.40%	44.40%
Weighted Average Depr. Reserve	1,745.0	1,743.2	1,743.5

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TABLE K-2

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

DEPRECIATION RESERVE & EXPENSE

TEST YEAR 1999

ITEM (Thousands of \$)	CWS	LWB	SETTLEMENT
Depreciation Reserve - BOY	1,796.4	1,792.4	1,792.9
<b>ACCRUALS</b>			
TRANSPORTATION EQUIPMENT	9.7	9.7	9.7
OTHER PLANT IN SERVICE	103.6	103.4	103.9
CONTRIBUTED PLANT	13.5	13.5	13.5
TOTAL ACCRUALS	126.8	126.5	127.1
RETIREMENTS	(29.4)	(29.4)	(29.4)
NET ADDITIONS	97.4	97.1	97.7
DEPRECIATION ADJUSTMENT	0.0	0.0	0.0
DEPRECIATION RESERVE - EOY	1,893.8	1,889.5	1,890.6
Weighting Factor	44.40%	44.40%	44.40%
Weighted Average Depr. Reserve	1,839.6	1,835.5	1,836.3

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TABLE L-1

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

WEIGHTED AVERAGE DEPRECIATED RATE BASE

TEST YEAR 1998

ITEM ( Thousands of \$ )	CWS	LWB	SETTLEMENT
WEIGHTED AVERAGE PLANT	5,461.9	5,362.6	5,402.8
WTD AVERAGE DEPR. RESERVE	1,745.0	1,743.2	1,743.5
NET UTILITY PLANT	3,716.9	3,619.4	3,659.3
Materials & Supplies	27.2	27.2	27.2
Working Cash - Gross	0.0	0.0	0.0
Working Cash - Lead/Lag	(9.5)	(9.2)	(9.2)
Working Cash - W/H Empl.	(0.4)	(0.4)	(0.4)
Total Working Cash	(9.9)	(9.6)	(9.6)
<b>SUBTOTAL</b>	<b>3,734.2</b>	<b>3,637.0</b>	<b>3,676.9</b>
<b>DEDUCTION FROM RATE BASE</b>			
Advances	358.5	358.5	358.5
Contributions	562.0	562.0	562.0
Reserve Amortization of Intangibles	0.0	0.0	0.0
Accumulated Deferred FIT	303.5	295.5	299.0
Accumulated Unamortized ITC	31.7	31.7	31.7
<b>TOTAL DEDUCTIONS</b>	<b>1,255.7</b>	<b>1,247.7</b>	<b>1,251.2</b>
<b>ADDITIONS TO RATE BASE</b>			
Accumulated Deferred Taxes - CIAC	93.9	93.9	93.9
Accumulated Deferred Taxes - Advances	16.7	16.7	16.7
<b>TOTAL ADDITIONS</b>	<b>110.6</b>	<b>110.6</b>	<b>110.6</b>
<b>DISTRICT RATE BASE</b>	<b>2,589.1</b>	<b>2,499.9</b>	<b>2,536.3</b>
<b>PRORATED G.O. RATE BASE</b>	<b>85.6</b>	<b>85.6</b>	<b>85.6</b>
<b>AVERAGE RATE BASE</b>	<b>2,674.7</b>	<b>2,585.5</b>	<b>2,621.9</b>

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MARYSVILLE COMPARISON EXHIBIT

TABLE L-2

CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

WEIGHTED AVERAGE DEPRECIATED RATE BASE

ITEM (Thousands of \$)	TEST YEAR 1999		
	CWS	LWB	SETTLEMENT
WEIGHTED AVERAGE PLANT	5,686.7	5,679.1	5,721.2
WTD AVERAGE DEPR. RESERVE	1,839.6	1,835.5	1,836.3
NET UTILITY PLANT	3,847.1	3,843.6	3,884.9
Materials & Supplies	27.2	27.2	27.2
Working Cash - Gross	0.0	0.0	0.0
Working Cash - Lead/Lag	(8.9)	(5.9)	(8.9)
Working Cash - W/H Empl.	(0.4)	(0.4)	(0.4)
Total Working Cash	(9.3)	(6.3)	(9.3)
SUBTOTAL	3,865.0	3,864.5	3,902.8
DEDUCTION FROM RATE BASE			
Advances	357.6	357.6	357.6
Contributions	562.7	562.7	562.7
Reserve Amortization of Intangibles	0.0	0.0	0.0
Accumulated Deferred FIT	324.7	324.4	327.9
Accumulated Unamortized ITC	30.6	30.6	30.6
TOTAL DEDUCTIONS	1,275.6	1,275.3	1,278.8
ADDITIONS TO RATE BASE			
Accumulated Deferred Taxes - CIAC	92.6	92.6	92.6
Accumulated Deferred Taxes - Advances	16.8	16.8	16.8
TOTAL ADDITIONS	109.4	109.4	109.4
DISTRICT RATE BASE	2,698.8	2,698.6	2,733.4
PRORATED G.O. RATE BASE	85.6	85.6	85.6
AVERAGE RATE BASE	2,784.5	2,784.2	2,819.0

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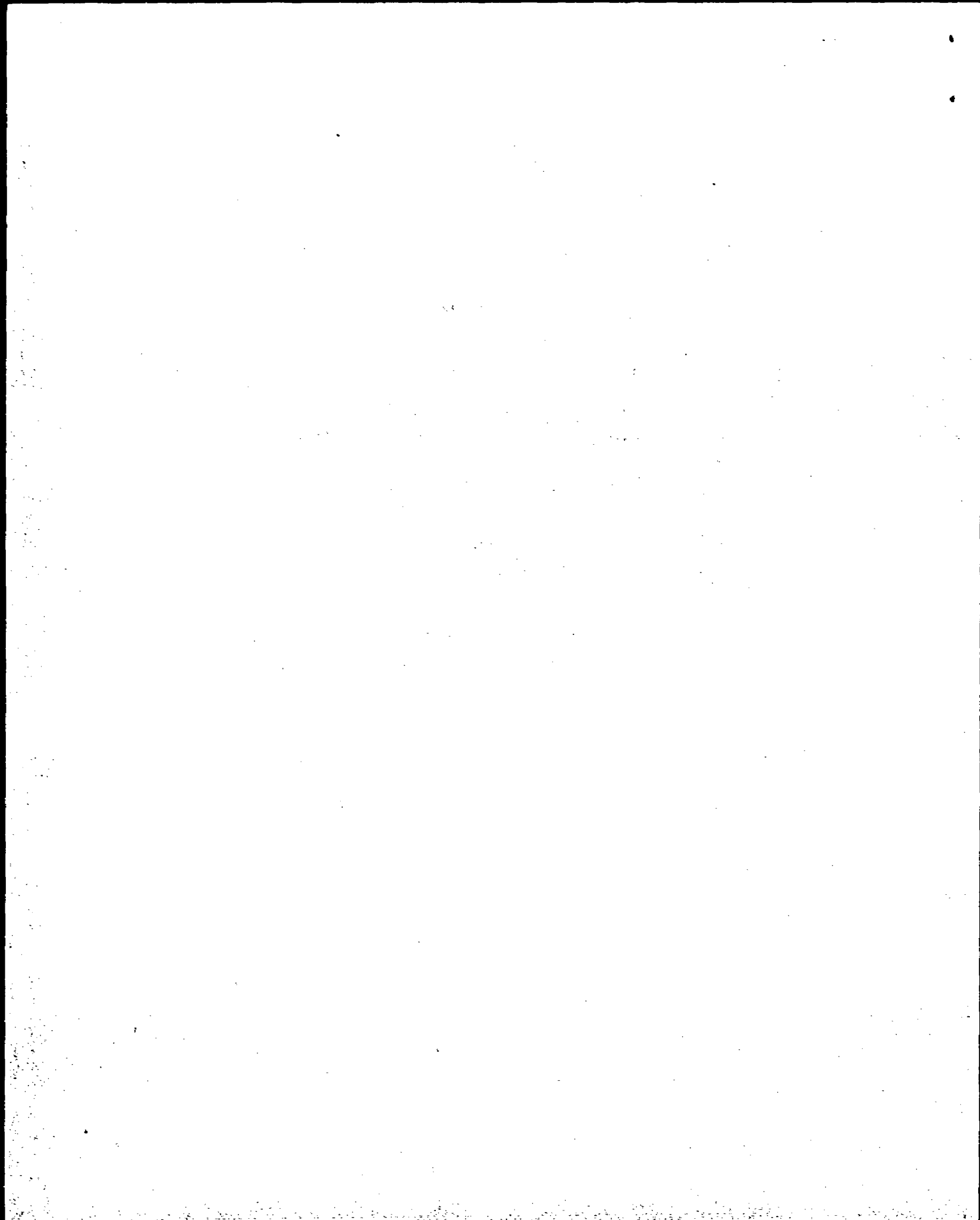
TABLE M  
CALIFORNIA WATER SERVICE COMPANY  
MARYSVILLE DISTRICT

NET-TO-GROSS MULTIPLIER

TEST YEARS 1998 & 1999

ITEM	CWS	LWB	SETTLEMENT
1) Uncollectibles (%)	0.30768%	0.30768%	0.30768%
2) Business License Rate	0.03000%	0.03000%	0.03000%
3) Subtotal (Line 1 + Line 2)	0.33768%	0.33768%	0.33768%
4) 1 - Subtotal (100% - Line 3)	99.66232%	99.66232%	99.66232%
5) CCFT (Line 4 * 8.84% by utility, 8.84% by LWB)	8.81015%	8.81015%	8.81015%
6) FIT (Line 4 * 35% by utility, 35% by LWB)	34.88181%	34.88181%	34.88181%
7) Total Taxes Paid (Line 3 + Line 5 + Line 6)	44.02964%	44.02964%	44.02964%
8) Net after taxes (1 - Line 7)	55.97036%	55.97036%	55.97036%
Net-to-Gross Multiplier (1/Line 8)	1.78666	1.78666	1.78666

(END OF APPENDIX C)



# APPENDIX D



APPENDIX D

Page 1

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 97-09-009
in the South San Francisco District.	)	
_____	)	
	)	Application 97-09-010
And Related Matters.	)	Application 97-09-011
_____	)	Application 97-09-014

SETTLEMENT

1.00 INTRODUCTION

At the Water Industry Round Table held on October 31, 1996, Commissioners and representatives from the water industry expressed the view that regulation should be simpler and more flexible, while maintaining fairness to ratepayers and shareholders. In response, the Water Division and the water industry are exploring new regulatory procedures and revisiting existing ones. Working cooperatively, regulators and the industry see opportunities to improve the process. One such opportunity is presented to the Commission in this Settlement. Rates are determined in the Oroville and Selma Districts based on a traditional summary of earnings for 1998, but future changes (1999 - 2002) are subject to a unique price index. Because this index reflects changes in construction, labor, and non-labor costs, the time between full filings can be lengthened. Additionally, various protections are incorporated into the Settlement for both ratepayers and shareholders.

2.00 GENERAL

2.01 The parties to this settlement before the California Public Utilities Commission ("Commission") are California Water Service Company ("CWS") and the Ratepayer Representation Branch ("RRB"), formerly the Large Water Branch, of the Water Division, collectively ("the Parties"). The Parties, desiring to avoid the expense, inconvenience, and uncertainty attendant to litigation of the matters in dispute among them, have agreed upon this Settlement which they now submit for approval.

2.02 In addition, since this Settlement represents 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 this Settlement 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.

2.03 The Parties agree that no signatory to this Settlement nor any member of the staff of the Commission assumes any personal liability as a result of their agreement. 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 RRB, attorneys representing RRB, or the RRB itself related to this Settlement. All rights and remedies of the Parties are limited to those available before the Commission.

2.04 No Party to this Settlement will provide, either privately or publicly, before this Commission any rationale or strategy for support of any compromises reached herein beyond that stated herein unless otherwise agreed to by the Parties.

2.05 All issues between the Parties have been resolved. The Settlement between the Parties would result in a general rate increase of \$252,000, or 3.8%, in 1998; \$232,300, or 3.4%, in 1999; \$121,000, or 1.7%, in both 2000 and 2001 for the South San Francisco District; \$45,400, or 3.9%, in 1998; \$34,500, or 2.8%, in 1999 for the Marysville District; a decrease of \$37,100, or 2.1%, in 1998; and increases in 1999-2003 tied to the Price Index (detailed below) in the Selma District; and \$39,000, or 1.8%, in 1998; and increases in 1999-2003 tied to the Price Index in the Oroville District. The average customer in South San Francisco using 14 Ccf per month will see its monthly bill rise from \$26.10 to \$26.30, or 0.8%, including surcharges and surcredits. The average customer in Marysville using 39 Ccf per month will see its monthly bill rise from \$25.86 to \$26.38, or 2.0%, including surcharges and surcredits. The average customer in Selma using 23 Ccf per month will see its monthly bill fall from \$21.20 to \$21.14, or 0.3%, including surcharges and surcredits. The average customer in Oroville using 16 Ccf per month will see its monthly bill rise from \$30.31 to \$31.51, or 4.0%, including surcharges and surcredits.

2.06 The following discussion lists the items settled by the Parties. Attached as Appendix A are tables which show RRB's and CWS's stipulated estimates.

### 3.00 CUSTOMERS, SALES, AND REVENUE

#### 3.01 AVERAGE NUMBER OF CUSTOMERS

CWS agrees to each of RRB's estimates of customers, except for the categories listed below. Differences between CWS and RRB are due to updated information. Based upon this updated data, the Parties agree on the figures listed below.

District	Original Positions				Settlement	
	CWS		RRB		1998	1999
	1998	1999	1998	1999		
South San Francisco						
Residential serv	12,836	12,878	13,038	13,282	13,044	13,209
Multi-family serv	151	151	151	151	151	151
Business serv	<u>1,756</u>	<u>1,769</u>	<u>1,769</u>	<u>1,795</u>	<u>1,763</u>	<u>1,783</u>
Total Comm. serv.	14,743	14,798	14,958	15,228	14,958	15,143

### 3.02 SALES AND REVENUES

CWS agrees to each of RRB's estimates of sales, except for the categories listed below. Differences between CWS and RRB are due to different methodologies. Based on updated data, the Parties agree on the sales figures listed below.

District	Original Positions		Settlement 1998
	CWS	RRB	
South San Francisco	1998		
Comm. Metered	192.7 Ccf/sv	206.3 Ccf/sv	202.7 Ccf/sv
Public Authority	187.0 KCcf/yr	189.0 KCcf/yr	188.0 KCcf/yr
Oroville			
Business Metered	385.0 KCcf/yr	422.0 KCcf/yr	400.3 KCcf/yr

### 4.00 EXPENSES

4.01 CWS agrees to each of RRB's estimates, except for the items listed below. Differences between CWS and RRB are due to different methodologies. The Parties agree to settle this issue by standardizing the methodology based on an average of 5 years. The expenses for Oroville and Selma are intended only for testing earnings, and are not reflected in the revenue requirement.

### 5.00 PURCHASED WATER AND POWER

#### 5.01 PURCHASED WATER GENERALLY

The Parties agree to use the most current rates to estimate expenses of purchased water.

#### 5.02 PURCHASED WATER IN OROVILLE

CWS's Oroville District has two sources of water supply: purchased surface water (79%) and pumped groundwater (21%). In 1995, Pacific Gas & Electric Company (PG&E) approached CWS concerning an increase in rates. PG&E's current contract with CWS was approved by the Commission in the early 1950s and has no provision for change. PG&E requested an increase from \$30,000 per year CWS currently pays to \$750,000 per year. Since considerable uncertainty exists surrounding any increase in the price of purchased water, CWS and RRB agree to address this matter by advice letter, if necessary.

#### 5.03 PURCHASED POWER FOR SELMA

CWS agrees to reduce its estimate of purchased power for the Selma District by 10% to reflect savings expected in 1998.

**6.00 PLANT**

6.01 CWS accepts RRB's estimates and treatment for certain projects as shown in RRB's Results of Operations Reports, except as identified below:

**Marysville - Additions**

Year	<u>Original Positions</u>		<u>Settlement</u>
	CWS	RRB	
1998	\$208,200	\$369,900	\$373,400
1999	\$238,200	\$242,100	\$242,100

**Oroville - Additions**

Year	<u>Original Positions</u>		<u>Settlement</u>
	CWS	RRB	
1998	\$333,800	\$361,700	\$362,300

**Selma - Additions**

Year	<u>Original Positions</u>		<u>Settlement</u>
	CWS	RRB	
1998	\$360,900	\$441,100	\$442,500

**South San Francisco - Additions**

Year	<u>Original Positions</u>		<u>Settlement</u>
	CWS	RRB	
1998	\$1,217,100	\$1,168,400	\$1,235,400
1999	\$1,006,600	\$ 890,100	\$ 995,200

Note that, due to the deferral of several additions from 1997, additions in 1998 may exceed amounts originally requested by CWS. Nonetheless, the overall impact is less as a result of the changes.

**7.00 TAXES****7.01 FEDERAL INCOME TAX**

The Parties agree on a rate of 35.00% for federal income taxes.

**7.02 CALIFORNIA INCOME TAX**

The Parties agree on a rate of 8.84% for California income taxes.

**8.00 BALANCING ACCOUNTS, SURCHARGES, AND SURCREDITS****8.01 AD VALOREM TAX AND POSTAGE BALANCING ACCOUNT**

In accordance with D. 94-06-033, the Parties agree that the expenses of ad valorem taxes and postage should no longer be tracked in a balancing account, and that current balances should be recoverable through surcharges.

8.02 CWS and RRB agree that the existing balancing account for the Oroville District should be closed.

### 8.03 SURCHARGES AND SURCREDITS

The Parties agree that the surcharges and surcredits included in CWS's showing, updated for current balances and reflecting stipulated sales and number of customers, should be adopted.

### 9.00 ADVICE LETTERS

#### 9.01 OROVILLE

CWS and RRB agree that a pipeline which replaces a proposed well should be reflected in rates after completion. The pipeline will connect two pressure zones, allowing for increased pressure and greater fire-flows in the lower zone. RRB agrees that the water system would greatly benefit from the pipeline. After the pipeline is constructed and operational, CWS may seek relief by advice letter for the cost of the project, not to exceed \$89,000.

#### 9.02 SELMA

CWS originally sought relief to construct a storage facility in Selma in 1998. On February 9, 1998, the Selma Planning Commission tentatively authorized a conditional use permit for one of CWS's existing sites, but the permit still requires the approval of the Selma City Council. Selma raised several issues, however, which limited the capacity at CWS's site. Two options, which Selma and CWS are exploring, include a possibly larger water tank on CWS's existing site and an alternate site that would accommodate two water tanks. The Parties agree that CWS should be allowed to file for recovery by advice letter after the facility or the facilities are in service. Additionally, the Parties agree that, due to these uncertainties, CWS may seek recovery for actual costs, including related expenses, not to exceed 112% of its original estimate plus inflation. Also, the rates for private fire protection listed in Appendix A on Schedule No. SL-4 should become effective upon approval of the advice letter.

### 10.00 PRICE INDEX

10.01 For Oroville and Selma, CWS and RRB agree to use a Price Index for future changes in rates. This Price Index will be comprised of the following three factors which are published on a monthly basis: 1) the Compensation Per Hour Index, 2) the Non-Labor Index (both published in a memo from the ORA Monopoly Regulation Branch to the Water Division of the Commission), and 3) the Construction Cost Index as printed in Engineering & News Reports. Each factor is weighted one-third. The Price Index will determine the maximum change from the prior year's rates.

10.02 The Price Index is applicable for the years 1999-2003. Any change is subject, however, to an adjustment based on the proforma test for CWS with two modifications:

1. No adjustment is required if earnings fall within a rate of return of 6.82%-11.82% (CWS's last authorized return plus and minus 2.5%), and

2. Expenses are adjusted for changes in the Price Index, except that a reduction of 10 percent is made in the expense of purchased power from that shown in Table 3.

Moreover, if proforma earnings exceed 11.82% prior to an adjustment based on the Price Index for a particular year, CWS agrees that, at RRB's request, it will file for an appropriate change in rates. Prior to any such filing, CWS and RRB will discuss the format, content, and timing of any change. Conversely, if proforma earnings drop below 6.82%, including the full Price Index, CWS, after consulting RRB, may seek relief either by advice letter or application.

#### 11.00 FACILITIES FEE IN SELMA

11.01 RRB supports CWS's proposed fee of \$750 (per equivalent 5/8 x 3/4 inch meter) applicable to new services, excluding residential developments of 4 or less units. In CWS's Visalia and Chico Districts, the Commission has approved similar fees for specific projects. Appendix E contains revisions to Rule 15 to incorporate the fee. Also special condition #2 as shown on the Selma District's proposed general metered schedule included in Appendix A reflects that new connections may be subject to a facilities fee under Rule 15.

#### 12.00 STABILIZATION OF RATES IN SELMA

12.01 In the Selma District, the Settlement provides for a reduction of \$37,100, or 2.1%, in annual rates, excluding the storage facility and amortization of the balancing account. Rather than implement a decrease in 1998 and a larger increase in 1999 for the storage facility, the Parties agree rates should not change in 1998, except for the surcredit for the Injuries and Damages Reserve Refund. Furthermore, the Parties agree that CWS should track the \$37,100 in its balancing account to offset approximately \$70,000 in undercollections. Finally, when the advice letter is filed for the storage facility, CWS agrees to close Selma's balancing accounts, consistent with the methodology used for Oroville.

13.00 CHANGES IN RULES

13.01 RRB supports CWS's proposed changes in rules shown in Appendix A. These changes will increase 1) reconnection charges when service is terminated for nonpayment, 2) the collection charge when payment is made at the customer's premises, and 3) the deposit for customers paying a flat rate. By these charges, the burden delinquent customers impose on all customers is reduced. Accordingly, CWS and RRB request that the Commission authorize CWS to file in accordance with G.O. 96-A the changes shown in Appendix A to be applicable company-wide.

Respectfully submitted,

/s/ Donald McCrea  
Project Manager, Ratepayer  
Representation Branch of the  
Water Division

February 23, 1998

/s/ Francis S. Ferraro  
Vice President, Regulatory Affairs  
California Water Service Company

February 23, 1998

(END OF APPENDIX D)

# APPENDIX E



APPENDIX E  
Page 1

SOUTH SAN FRANCISCO DISTRICT  
SUMMARY OF EARNINGS AND RATES OF RETURN

TABLE 11-B

	PRESENT RATES		PROPOSED RATES	
	1998	1999	1998	1999
OPERATING REVENUES	\$ 6,572.5	\$ 6,654.0	\$ 6,824.5	\$ 7,056.8
OPERATIONS EXPENSES:				
PURCHASED WATER	2,400.50	2,437.80	2,400.50	2,437.80
GROUNDWATER EXTRACTION CHARGE				
REPLENISHMENT ASSESSMENT				
PURCHASED POWER	216.20	219.30	216.20	219.30
PURCHASED CHEMICALS	4.10	4.20	4.10	4.20
PAYROLL - DISTRICT	710.40	728.80	710.40	728.80
OTHER OPERATION & MAINTENANCE	434.70	445.60	435.00	446.10
OTHER ADMIN & GENERAL EXP	77.00	78.70	77.00	78.70
TOTAL O&M, A&G, AND MISC EXP	3,842.90	3,914.40	3,843.20	3,914.90
TAXES OTHER THAN INCOME				
AD VALOREM TAXES	121.30	128.80	121.30	128.80
LOCAL FRANCHISE TAXES & BUS LIC	2.10	2.10	2.10	2.10
PAYROLL TAXES	62.90	64.60	62.90	64.60
TOTAL GENERAL TAXES	186.30	195.50	186.30	195.50
DEPRECIATION	436.70	457.50	436.70	457.50
G.O. PRORATED EXPENSES				
PAYROLL AND BENEFITS	462.60	475.30	462.60	475.30
AD VALOREM TAXES	3.90	4.20	3.90	4.20
PAYROLL TAXES	19.30	20.20	19.30	20.20
OTHER PRORATED EXPENSES	230.10	236.20	230.10	236.20
TOTAL G.O. PRORATED EXPENSES	715.90	735.90	715.90	735.90
SUB-TOTAL OPERATING EXPENSES	5,181.80	5,303.30	5,182.10	5,303.80
TOTAL INCOME TAXES	341.10	333.00	451.40	501.70
TOTAL OPERATING EXPENSES	5,522.90	5,636.20	5,633.50	5,805.40
NET OPERATING REVENUE	1,049.60	1,017.80	1,191.00	1,251.40
DEPRECIATED RATE BASE	12,773.40	13,421.70	12,773.40	13,421.70
RATE OF RETURN				
YEAR	8.22%	7.58%	9.32%	9.32%
CHANGE FROM PRIOR YEAR		-0.63%		0.00%

## APPENDIX E

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## SELMA DISTRICT

## SUMMARY OF EARNINGS AND RATES OF RETURN

TABLE 11-B

YEAR 1998

	<u>PRESENT RATES</u> 1998	<u>PROPOSED RATES</u> 1998
OPERATING REVENUES	\$ 1,802.0	\$ 1,764.9
OPERATIONS EXPENSES		
PURCHASED WATER		
GROUNDWATER EXTRACTION CHARGE	11.10	11.10
REPLENISHMENT ASSESSMENT		
PURCHASED POWER	208.30	208.30
PURCHASED CHEMICALS	5.20	5.20
PAYROLL - DISTRICT	326.20	326.20
OTHER OPERATION & MAINTENANCE	129.90	129.80
OTHER ADMIN & GENERAL EXP	24.90	24.90
TOTAL O&M, A&G, AND MISC EXP	705.60	705.50
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	54.20	54.20
LOCAL FRANCHISE TAXES & BUS LIC	0.70	0.70
PAYROLL TAXES	29.70	29.70
TOTAL GENERAL TAXES	84.60	84.60
DEPRECIATION	193.80	193.80
G.O. PRORATED EXPENSES		
PAYROLL AND BENEFITS	153.80	153.80
AD VALOREM TAXES	1.30	1.30
PAYROLL TAXES	6.40	6.40
OTHER PRORATED EXPENSES	76.50	76.50
TOTAL G.O. PRORATED EXPENSES	238.00	238.00
SUB-TOTAL OPERATING EXPENSES	1,221.90	1,221.80
TOTAL INCOME TAXES	162.50	146.30
TOTAL OPERATING EXPENSES	1,384.40	1,368.10
NET OPERATING REVENUE	417.60	396.80
DEPRECIATED RATE BASE	4,255.80	4,255.80
RATE OF RETURN		
YEAR	9.81%	9.32%

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OROVILLE DISTRICT

SUMMARY OF EARNINGS AND RATES OF RETURN

TABLE 11-B

YEAR 1998

	<u>PRESENT RATES</u> 1998	<u>PROPOSED RATES</u> 1998
OPERATING REVENUES	\$ 2,139.2	\$ 2,178.2
OPERATIONS EXPENSES		
PURCHASED WATER	59.30	59.30
GROUNDWATER EXTRACTION CHARGE	-	-
REPLENISHMENT ASSESSMENT	-	-
PURCHASED POWER	162.90	162.90
PURCHASED CHEMICALS	67.00	67.00
PAYROLL - DISTRICT	454.30	454.30
OTHER OPERATION & MAINTENANCE	195.60	195.80
OTHER ADMIN & GENERAL EXP	47.90	47.90
TOTAL O&M, A&G, AND MISC EXP	987.00	987.20
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	54.60	54.60
LOCAL FRANCHISE TAXES & BUS LIC	0.10	0.10
PAYROLL TAXES	38.10	38.10
TOTAL GENERAL TAXES	92.80	92.80
DEPRECIATION	172.10	172.10
G.O. PRORATED EXPENSES		
PAYROLL AND BENEFITS	169.50	169.50
AD VALOREM TAXES	1.40	1.40
PAYROLL TAXES	7.10	7.10
OTHER PRORATED EXPENSES	84.30	84.30
TOTAL G.O. PRORATED EXPENSES	262.30	262.30
SUB-TOTAL OPERATING EXPENSES	1,514.20	1,514.40
TOTAL INCOME TAXES	159.50	176.50
TOTAL OPERATING EXPENSES	1,673.70	1,690.90
NET OPERATING REVENUE	465.50	487.30
DEPRECIATED RATE BASE	5,226.30	5,226.30
RATE OF RETURN YEAR	8.91%	9.32%

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MARYSVILLE DISTRICT

SUMMARY OF EARNINGS AND RATES OF RETURN

TABLE 11-8

YEARS 1998 THROUGH 1999

	PRESENT RATES		PROPOSED RATES	
	1998	1999	1998	1999
OPERATING REVENUES	\$ 1,166.7	\$ 1,167.6	\$ 1,212.1	\$ 1,245.6
OPERATIONS EXPENSES				
PURCHASED WATER	.	.	.	.
GROUNDWATER EXTRACTION CHARGE	.	.	.	.
REPLENISHMENT ASSESSMENT	.	.	.	.
PURCHASED POWER	115.60	115.80	115.60	115.80
PURCHASED CHEMICALS	15.80	16.10	15.80	16.10
PAYROLL - DISTRICT	278.20	285.50	278.20	285.50
OTHER OPERATION & MAINTENANCE	104.00	106.50	104.10	106.70
OTHER ADMIN & GENERAL EXP	25.50	26.00	25.50	26.00
TOTAL O&M, A&G, AND MISC EXP	539.10	549.90	539.20	550.10
TAXES OTHER THAN INCOME				
AD VALOREM TAXES	29.50	31.00	29.50	31.00
LOCAL FRANCHISE TAXES & BUS LIC	0.40	0.40	0.40	0.40
PAYROLL TAXES	23.70	24.30	23.70	24.30
TOTAL GENERAL TAXES	53.60	55.70	53.60	55.70
DEPRECIATION	96.30	103.90	96.30	103.90
G.O. PRORATED EXPENSES				
PAYROLL AND BENEFITS	115.10	118.20	115.10	118.20
AD VALOREM TAXES	1.00	1.00	1.00	1.00
PAYROLL TAXES	4.80	5.00	4.80	5.00
OTHER PRORATED EXPENSES	57.20	58.70	57.20	58.70
TOTAL G.O. PRORATED EXPENSES	178.10	182.90	178.10	182.90
SUB-TOTAL OPERATING EXPENSES	867.10	892.40	867.20	892.60
TOTAL INCOME TAXES	80.70	58.00	100.50	91.20
TOTAL OPERATING EXPENSES	947.80	950.40	967.70	983.80
NET OPERATING REVENUE	218.90	217.20	244.40	262.80
DEPRECIATED RATE BASE	2,621.90	2,819.00	2,621.90	2,819.00
RATE OF RETURN				
YEAR	8.35%	7.70%	9.32%	9.32%
CHANGE FROM PRIOR YEAR		-0.64%		0.00%

APPENDIX E

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STIPULATED RATE INCREASE BY DISTRICT

General Rate Increase

District	Present Revenues Eff. 1/1/98	Stipulated 1998 Increases Based Upon Rates Eff. 1/1/98	Total Authorized 1998 Revenues	Percentage Increases Over 1998 Present Revenues
South San Francisco	\$6,572,500	\$252,000	\$6,824,500	3.8%
Selma	\$1,802,000	(\$37,100)	\$1,764,900	-2.1%
Oroville	\$2,139,200	\$39,000	\$2,178,200	1.8%
Marysville	\$1,166,700	\$45,400	\$1,212,100	3.9%

Authorized 1998 Revenues	Stipulated 1999 Increases Based Upon Rates Eff. 12/31/98	Total Authorized 1999 Revenues	Percentage Increases Over 1998 Authorized Revenues
\$6,824,500	\$232,300	\$7,056,800	3.4%
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
\$1,212,100	\$34,500	\$1,246,600	2.8%

Balancing / Memorandum Accounts

District	Stipulated 1998 Balancing Acct. Recovery	Stipulated 1998 Memorandum Acct. Recovery	Total Annual Recovery	Percentage Increases Over 1998 Present Revenues
South San Francisco	\$0	\$0	\$0	0.0%
Selma	\$37,100	\$0	\$37,100	2.1%
Oroville	\$42,722	(\$3,415)	\$39,307	1.8%
Marysville	(\$28,089)	(\$4,918)	\$23,171	2.0%

Stipulated 1999 Balancing Acct. Recovery	Stipulated 1999 Memorandum Acct. Recovery	Total Annual Recovery	Percentage Increases Over 1998 Authorized Revenues
\$0	\$0	\$0	0.0%
\$0	\$0	\$0	0.0%
\$42,722	(\$3,412)	\$39,310	1.8%
\$0	(\$5,008)	(\$5,008)	-0.4%

Total GRC & Balancing / Memorandum Accounts

District	Present Revenues Eff. 1/1/98	Stipulated 1998 Increases Including Bal / Mem Acct.	Total Authorized 1998 Revenue Recovery	Percentage Increases Over 1998 Present Revenues
South San Francisco	\$6,572,500	\$252,000	\$6,824,500	3.8%
Selma	\$1,802,000	\$0	\$1,802,000	0.0%
Oroville	\$2,139,200	\$78,307	\$2,217,507	3.7%
Marysville	\$1,166,700	\$68,571	\$1,235,271	5.9%

Authorized 1998 Revenues Eff. 1/1/99	Stipulated 1999 Increases Including Bal / Mem Acct.	Total Authorized 1999 Revenue Recovery	Percentage Increases Over 1998 Authorized Revenues
\$6,824,500	\$232,300	\$7,056,800	3.4%
N/A	\$0	N/A	N/A
N/A	\$39,310	N/A	N/A
\$1,212,100	\$29,492	\$1,241,592	2.4%

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Summary of Earnings and Rates of Return  
Attrition Calculation

District	Gross Revenue Increase			
	2000		2001	
South San Francisco	\$ 121,000	1.7%	\$ 121,000	1.7%

(END OF APPENDIX E)