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Decision 00-06-074 June 22, 2000

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

In the Matter of the Application of the Southern California Water Company (U 133 W) for an Order Authorizing it to Increase Rates For Water Service in its Wrightwood Customer Service Area.

Application 99-03-065  
(Filed March 30, 1999)

And Related Matters.

Application 99-03-066  
Application 99-03-067  
Application 99-03-068  
(Filed March 30, 1999)

O'Melveny & Myers LLP, by Patricia A. Schmiede,  
Attorney at Law, and Susan L. Conway, for Southern  
California Water Company, applicant.

Maurice Brubaker, for Brubaker & Associates, Inc.;

Sam De Frawi, for Washington Navy Yard; and

John B. Legler, appearing for himself; interested parties.

Norman J. Furuta, Attorney at Law, for Department of the Navy,  
protestant.

Peter G. Fairchild, Attorney at Law, and Donald McCrea, for  
Ratepayer Representation Branch of the Water Division.

## O P I N I O N

### Summary

The Commission approves a settlement between Southern California Water Company (SCWC) and the active parties<sup>1</sup> in this consolidated general rate case proceeding. Pursuant to the settlement, increases in base rates for four districts, are authorized as follows:

Year	2000		2001		2002	
	\$	%	\$	%	\$	%
Wrightwood	99,000	6.89	52,700	3.40	52,800	3.29
Claremont	709,300	7.53	168,700	1.67	183,500	1.79
Barstow	1,150,600	21.54	186,300	2.88	191,400	2.87
Calipatria-Niland	372,600	37.34	36,500	2.66	36,500	2.59

The increases are based on a rate of return on rate base of 8.81% for the years 2000, 2001, and 2002.

A significant part of the rate increase requested by SCWC for all four districts relates to proposed plant additions to meet water quality regulations.

For Wrightwood, Claremont, and Barstow, the request includes the cost of proposed major plant additions to meet anticipated new standards to be issued by the United States Environmental Protection Agency (EPA) and the California Department of Health Services (DHS) for maximum levels of radon and arsenic permissible in drinking water. For Calipatria-Niland, the request includes the cost of proposed major plant additions to comply with current enhanced surface

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<sup>1</sup> The active parties are: the Ratepayer Representation Branch of the Water Division (RRB), the Department of Navy (Navy), and the City of Claremont (Claremont).

water treatment rules. Pursuant to the settlement, SCWC's request for recognition of these major capital additions in rates, is deferred.

The Commission is currently considering Application (A.) 98-09-040 to regionalize rates in SCWC's Region III operating area. In that proceeding, SCWC seeks authority to introduce single tariff pricing for eight water districts, including the four districts that are the subject of this proceeding, that comprise the company's Region III, located primarily in the Los Angeles area. The region-wide tariff would be phased in over three years and would replace stand-alone rates in the eight districts. If the Commission adopts SCWC's proposal in A.98-09-040, the revenue increases adopted by this decision would be reflected in the region-wide tariff. However, if the Commission does not adopt SCWC's proposal in A.98-09-040, SCWC may reflect the above adopted revenue increases in stand-alone rates for each of the four districts. For the household with average water use, the increases on a monthly basis would be as follows:

**Wrightwood**

A typical customer with a 5/8" by 3/4" meter and using 7 Ccf of water per month will see an increase of \$2.90 (6.33%) for a total bill of \$48.71 per month in 2000, a further increase of \$1.14 (2.35%) for a total bill of \$49.85 per month in 2001, and a further increase of \$1.13 (2.26%) for a total bill of \$50.98 in 2002. These increases reflect increasing operating costs and improvements to infrastructure, including replacing the Lone Pine Reservoir, drilling and equipping a well, and replacing various mains.

**Claremont**

A typical customer with a 1" meter and using 35 Ccf of water per month would see an increase of \$7.59 (10.41%) for a total bill of \$80.50 per month in 2000, a further increase of \$1.43 (1.77%) for a total bill of \$81.93 per month in 2001, and a further increase of \$1.34 (1.64%) for a total bill of \$83.27 in 2002.

These increases reflect increasing operating costs and improvements to infrastructure, including installing a Supervisory Control and Data Acquisition System and replacing various mains.

**Barstow**

A typical customer with a 5/8" by 3/4" meter and using 31 Ccf of water per month would see an increase of \$8.17 (20.24%) for a total bill of \$48.56 per month in 2000 and 2001, and a further increase of \$0.04 (0.08%) for a total bill of \$48.60 in 2002. These increases reflect increasing operating costs and improvements to infrastructure, including replacing the Eaton Booster Station, constructing a reservoir and transmission main in the Basalt Booster Zone, and replacing various mains.

**Calipatria-Niland**

A typical customer with a 5/8" and 3/4" meter on metered service and using 32 Ccf of water per month would see an increase of \$20.50 (30.98%) for a total bill of \$86.67 per month in 2000, a further increase of \$1.14 (1.31%) for a total bill of \$87.81 per month in 2001, and a further increase of \$1.52 (1.73%) for a total bill of \$89.33 in 2002. These increases reflect increasing operating costs and improvements to infrastructure, including improvements to the distribution system.

**Procedural Summary**

On May 17, 1999 a prehearing conference was held in San Francisco. Commissioner Neeper, the Assigned Commissioner for this proceeding, attended the prehearing conference and subsequent evidentiary hearing. Commissioner Neeper issued an Assigned Commissioner's Ruling and Scoping Memo which set forth the issues to be addressed, established a schedule for this proceeding, and consolidated these proceedings for hearing and decision. Administrative Law Judge Bertram Patrick was the presiding officer.

Public Participation Hearings were held in Barstow, Calipatria, Claremont, and Wrightwood during June, 1999.

At the August 2, 1999 evidentiary hearing in San Francisco, SCWC and the active parties announced that agreement had been reached on all issues. On August 13, 1999, SCWC and the active parties filed a Motion to Adopt Settlement Agreement. Comments were received from the City of Barstow and the Wrightwood Property Owners Association.

On August 23, 1999, the assigned administrative law judge issued a ruling requesting additional information. On September 15, 1999, following receipt of responses and comments, the proceeding was submitted for decision.

In Resolution ALJ 176-3014, dated April 22, 1999, the Commission preliminarily categorized these proceedings as ratesetting and determined that hearing would be necessary. We affirm the Commission's preliminary determinations.

### **The Applications**

SCWC seeks authority to increase base rates for its Wrightwood, Claremont, Barstow, and Calipatria-Niland Districts. According to SCWC, since the last General Rate Case (GRC) for these districts, both facility costs and operating costs have increased resulting in the need to file the current proposal. Facility-related costs include increasing storage capacity to enhance fire protection, improving the distribution system to reduce the number of leaks, and constructing treatment facilities to ensure that the quality of water provided to customers meets federal and state standards. Operation costs include labor and labor associated items and non-labor related costs such as: purchased services, chemicals, and additional water testing needed to meet increased state

requirements. These items are discussed in SCWC's and RRB's exhibits, and the settlement attached as Appendix A to this decision.

### **Public Participation Hearings**

The evening hearings held at each of the four districts were well attended. Also, numerous letters voicing opposition to the proposed increases were received by the Commission. Generally, customers protested the proposed increases but did not complain about service or water quality.

However, SCWC's Service Charge is a source of irritation to many senior and low-income customers. They argue that however much they reduce usage, they are unable to reduce their bills below the Service Charge amount. For a ¾" residential meter, the current amounts are \$30.90, \$14.05, \$20.00, and \$47.40 per month for Wrightwood, Claremont, Barstow, and Calipatria-Niland, respectively. According to many, this is a burden on people living on a limited income, which the Commission should address.

The comments reflecting the particular concerns of customers in the four districts are summarized below. These comments should be read keeping in mind that SCWC has proposed major rate increases, the highest being 90%, 69% and 41% in the years 2000, 2001, and 2002, for the Calipatria-Niland District. As we explain below, most of the increases are for proposed facilities to meet new water quality standards.

## **Wrightwood District<sup>2</sup>**

Wrightwood has approximately 2,514 active customers. Customer service functions are handled at SCWC's Customer Service Area Office in Wrightwood. The water supply for the service area is obtained from eight wells located in the service area.

### **Public Participation Hearing**

A spokesperson for the Wrightwood Property Owners Association urged the Commission to not approve the part of the rate increase related to water quality-requirements until final regulations were adopted by the EPA. She contended that the utility's operating and administrative costs were too high and could be reduced. She agreed with the need to upgrade the existing one-million gallon storage tank to meet seismic requirements but thought that work on the other tanks could be delayed.

Also, she disagreed with SCWC's characterization that Wrightwood was predominantly a mountain resort area consisting mostly of weekend and vacation cottages. According to her, full-time residents now makeup 65% of the service area; therefore, there was no justification for SCWC's high Service Charge.

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<sup>2</sup> The last GRC proceeding that established the present base rates for Wrightwood was Decision (D.) 90-12-118, dated December 27, 1990, in A.90-02-058, filed February 21, 1990.

### The Settlement

A comparison of SCWC's request and the increase recommended under the settlement is shown below:

	<u>Proposed Revenue Increase</u>		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
Amount Increase	\$196,800	\$253,800	\$253,800
Percent Increase	13.61%	15.39%	13.34%

	<u>Settlement Revenue Increase</u>		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
Amount Increase	\$99,000	\$52,700	\$253,800
Percent Increase	6.89%	3.40%	3.29%

The major difference between the proposed and settlement rate increases is the deferral of water quality projects associated with the proposed water quality regulations (radon and arsenic). SCWC will file a separate application following the issuance of the final rules by EPA and DHS. The incremental effect on rates of the water quality plant additions as originally proposed by SCWC was follows:

	<u>Requested Water Quality Related Revenue Increase</u>		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
Amount Increase of total request	\$000	\$208,400	\$208,300
Percent	0%	82.11%	82.05%



The settlement defers these amounts of SCWC's original request, pending construction of radon and arsenic removal facilities following issuance of the new regulations.

For construction of major capital additions, the settlement provides as follows:

- Replacement of Lone Pine Reservoir for \$230,000 in year 2000 – the settlement recommends approval.
- Drilling and equipping a well on the eastern portion of the system for \$300,000 in year 2001 – the settlement recommends approval.
- Construction of radon removal facilities at all wells for \$2,537,000 in year 2001 – the settlement recommends that SCWC be required to file a separate application for these facilities after the new standards become law.
- Replacement of existing 4" main with 500' of 8" main in Claremont; 700' of 8" main in Highway 2, east of Lone Pine; and, 400' and 8" in Linnet, west of Lone Pine – the settlement recommends approval.

### **Claremont District<sup>3</sup>**

Claremont has approximately 10,361 active customers located within the communities of Claremont, portions of Montclair, Pomona and Upland. Customer service functions are handled at SCWC's Customer Service Area Office in Claremont. Water supply is obtained from 22 company-owned wells located within the service area. Also, water is purchased from Pomona College, West End Consolidated Water, and the Metropolitan Water District of Southern California and transported through the facilities of the Three Valleys Municipal Water District.

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<sup>3</sup> The last GRC proceeding that established the present base rates for the Claremont was D.95-12-027 dated December 18, 1995, in A.95-03-013 filed March 17, 1995.

### **Public Participation Hearing**

A spokesperson representing the Concerned Citizens of Active Claremont argued that the typical residential customer in Claremont pays at least 50% more for water than comparable customers in the neighboring communities of Pomona, Montclair, Upland, and Lavern. Also, several customers expressed their dissatisfaction with SCWC's Service Charge.

### **The Settlement**

A comparison of SCWC's request and the increase recommended under the settlement is shown below:

	<u>Proposed Revenue Increase</u>		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
Amount Increase	\$1,192,000	\$343,300	\$360,000
Percent Increase	12.78%	3.27%	3.32%

	<u>Settlement Revenue Increase</u>		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
Amount Increase	\$709,300	\$168,700	\$183,500
Percent Increase	7.53%	1.67%	1.79%

The major difference between the proposed and settlement rate increases is the removal of the water quality projects associated with proposed water quality regulations (radon and arsenic). These costs are subject to a separate application following the issuance of final rules by the EPA and DHS. The incremental effect

on rates of the water quality plant additions as originally proposed by SCWC was as follows:

	<u>Requested Water Quality Related Revenue Increase</u>		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
Amount Increase	\$000	\$170,100	\$170,300
Percent Increase	00%	49.56%	47.30%

The settlement defers these amounts of SCWC's original request, pending construction of radon and arsenic removal facilities following issuance of the new regulations.

For construction of major capital additions, the settlement provides as follows:

- Installing a centralized control system for \$637,000 in year 2000 – the settlement recommends approval.
- Constructing radon and arsenic removal facilities for \$2,123,000 in year 2001 – the settlement recommends that SCWC file a separate application for these facilities after the new standards become law.
- Replacing mains for \$102,400, \$129,800 and \$550,800 in years 1999, 2000, and 2001 respectively – the settlement recommends approval.

#### **Barstow District<sup>4</sup>**

Barstow has approximately 8,318 active customers. Customer service functions are handled by SCWC's Customer Service Area Office in Barstow. The water supply is obtained from 25 company-owned wells located within the

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<sup>4</sup> The last GRC proceeding that established the present base rates for the Barstow Customer Service Area was D.96-11-001, dated November 6, 1996, in A.96-03-024, filed March 11, 1996.

service area. Of these 25 wells, seven are standby wells and one is an inactive well.

### **Public Participation Hearing**

The City of Barstow urged the Commission not to grant the increase related to the impending water quality regulations until they were issued for implementation by EPA.

The President of the Barstow Board of Realtors spoke of the slow and depressed market for home sales and the lack of development. Given the modest means of the typical home buyer in the area and that the average price of a home was \$75,000, she believed that higher water rates would further depress the market. She urged the Commission to take that into consideration in approving any rate increase.

According to one speaker, Barstow has grown by only 400 inhabitants in the last four or five years and a third of the population are receiving some sort of assistance. He expressed concern that people would not be able to pay the requested 28% increase.

A senior citizen expressed concern that the State of California had not included affordability criteria in the Safe Drinking Water Act. He thought affordability should be defined as 2% of median household income. With a median income of \$15,000 per year, he argued that the people of Barstow cannot afford water bills of \$100 a month as proposed by the company.

The representative of the poor on the Community Action Board for San Bernardino County requested that the Commission consider a low-income rate for elderly and disabled persons with very little income. She pointed out that the gas and electric utilities had programs for low-income people but the water companies did not. Also, she pointed out that the Service Charge was a

particular hardship on low income people because it prevented such customers from reducing their bills by cutting back on usage. She urged the Commission to not approve any increase to the Service Charge and consider a subsidy for the poor and disabled.

In response to the concerns expressed by customers regarding the impact on rates of the proposed water treatment plants, SCWC stated that they were working with state and local legislators, and with the local communities to obtain grant funding for water quality projects. According to SCWC, in the last year, they were successful in getting some money to provide treatment on a couple of wells and were currently working with legislators to obtain financing for a major water quality project.

Responding to a customer complaint, that SCWC had deferred improvement to fire flows at Barstow Heights, SCWC explained that its current proposal to construct an additional reservoir and transmission main at the Basalt booster, which is at the top of Barstow Heights would address that problem.

### **The Settlement**

A comparison of SCWC's request and the increase recommended under the settlement is shown below:

Proposed Revenue Increase

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Amount Increase	\$1,493,4000	\$787,800	\$793,700
Percent Increase	28.01%	11.57%	10.44%

Settlement Revenue Increase

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Amount Increase	\$1,150,600	\$186,300	\$191,400
Percent Increase	21.54%	2.88%	2.87%

The major difference between the proposed and settlement rate increases is the removal of the water quality projects associated with proposed water quality regulations (radon and arsenic). These costs are subject to a separate application following the issuance of final rules by EPA and DOHS. The incremental effect of the water quality plant additions as originally proposed by SCWC was as follows:

Requested Water Quality Related Revenue Increase

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Amount Increase	\$000	\$591,100	\$591,000
Percent Increase	0%	75.04%	74.47%

The settlement defers these amounts of SCWC's original request, pending construction of radon and arsenic removal facilities following issuance of the new regulations.

For construction of major capital additions, the settlement provides as follows:

- Replacing Eaton Booster Station for \$250,000 in year 2000 – the settlement recommends approval.
- Constructing radon and arsenic removal facilities for \$7,261,000 and \$7,464,000 in year 2000 and 2002 respectively – the settlement recommends that SCWC be required to file a separate application for the new facilities after the new standards become law.
- Constructing a 0.5 million gallon reservoir and transmission main for the Basalt Booster Zone for \$550,000 in year 2001 – the settlement recommends approval.
- Replacing mains for \$72,000, \$402,000, and \$397,000 in years 1999, 2000, and 2001, respectively – the settlement recommends approval.

### **The Navy**

The Marine Corps Logistics Base (Base), an activity of the Navy, is located within SCWC's Barstow service area. The Base is a substantial customer of SCWC. It takes service through a 12-inch main and from there provides its own distribution, pressure boosting and storage operations.

The Navy submitted a report indicating areas of disagreement with SCWC's application. The Navy contends that the Base does not make use of the Company's smaller distribution mains to receive water service, and therefore it does not impose the associated costs to provide distribution service. As a result of negotiations between the parties, a modification to the existing contract between the Navy and SCWC was agreed upon. The modification provides for a third declining block rate tier. This additional tier will be for usage over 10,000 Ccf per month. The differential between block two and block three rates will be

no less than \$0.05 per Ccf. The additional tier recognizes that the Navy's large usage does not have a proportional impact on system costs.

We agree that given the large usage of the Navy, the additional tier as proposed in the settlement is reasonable.

### **Calipatria – Niland District**

Calipatria – Niland has approximately 1,150 active customers. Customer service functions are handled at SCWC's Customer Service Area Office in Calipatria. The entire supply is purchased from the Imperial Irrigation District.

### **Public Participation Hearing**

SCWC's proposed water rate increase sent a shock wave through the community. The local high school auditorium was filled to capacity with concerned, but orderly, residents. They turned out in great numbers to express their frustration with the cost of water in their service area.

Many residents spoke of the poverty in the Calipatria-Niland communities, and the fact that the vast majority are either retired and living on social security, or are low-income families. According to most speakers, they simply could not pay the proposed increases, and they would be forced to abandon their homes and move to other areas. They believe that the proposed increases would cause the area to become a ghost town.

The president of the Niland Chamber of Commerce stated that in Niland and the surrounding communities, the average income per capita is \$619 a month. Eighteen percent of the people are below the poverty level. Being a member of the local fire department, he spoke of finding people dead from heat exhaustion because they could not afford the cost of electricity for air conditioning. He believed that the proposed rate increase would require such people to choose between water, electricity, food or medicine. According to him,



the community fully supported the proposal for the City to buy the system from SCWC. His concerns were shared by several speakers.

The mayor of the City of Calipatria stated that the City and SCWC have had talks regarding the sale of the system to the City. He believed that the City, as a government entity, would have access to funds needed to make the upgrades to meet water quality standards. He expected the City would approve a feasibility study to determine whether the City should make an offer to purchase the system from SCWC. According to the mayor, the City could provide service at lower rates.

A spokesperson for the Planning Director and the Chairman of the Board of Supervisors of Imperial County agreed with the mayor regarding the need to explore a possible sale of the system to the City. The Board urged the Commission to stay the proposed increase to give the County time to review the proposed rate increase in the context of the County's General Plan.

### **The Settlement**

A comparison of SCWC's request and the increase recommended under the settlement is shown below:

Proposed Revenue Increase

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Amount Increase	\$899,000	\$1,302,800	\$1,302,700
Percent Increase	90.48%	68.84%	40.77%

Settlement Revenue Increase

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Amount Increase	\$376,600	\$36,500	\$36,500
Percent Increase	37.34%	2.66%	2.59%

The major difference between the proposed and settlement rate increases is the removal of the water quality projects associated with current water quality regulations (Enhanced Surface Water Treatment Rule). The incremental effect on rates of the water quality plant additions as originally proposed was as follows:

Requested Water Quality Related Revenue Increase

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Amount Increase	\$431,000	\$1,108,300	\$1,108,300
Percent Increase	47.94%	85.08%	85.07%

Upon completion of construction of the surface water treatment plant improvements, recovering of these costs may be sought through the Advice Letter process.

For construction of major capital additions, the settlement provides as follows:

- Upgrading the Calipatria and Niland Treatment Plants and interconnecting with the Niland system for \$5,286,000 and \$5,435,000 in years 2000 and 2001 respectively – the settlement recommends that these costs be recovered through Advice Letters.
- Construction of 1.2 and 1.5 million gallon reservoirs at the Calipatria and Niland treatment plants for \$729,000 and \$749,000 in years 2000 and 2001 respectively - the settlement recommends that these costs be recovered through Advice Letters.
- Distribution line improvements for \$96,000 and \$80,000 in years 2000 and 2001 respectively – the settlement recommends approval.

### **Discussion**

We will address the controversial matter of SCWC's Service Charge which was raised at each of the Public Participation hearings. While we appreciate the concerns of people on low incomes, who seek to reduce their water bills by cutting back on usage, there is a reason for the Service Charge.

A customer's bill for metered service consists of two components – Service Charge and Quantity Rate. The Service Charge represents 50% of fixed costs and the Quantity Rate represents the remaining 50% of fixed costs, plus total variable costs. Fixed Costs represent operation and maintenance costs, administrative costs, taxes, and return on investments that do not vary with the amount of water delivered, while variable costs represent pumping and treatment cost to provide the water itself. Because water sales fluctuate with the weather, there is a direct impact on the utilities' cash flow. If not for revenue generated by the Service Charge during winter months when sales are low, the utilities would have to resort to short-term borrowing to meet on-going expenses such as salaries and wages. Also, if water sales are less than expected, due to a cold wet summer for example, the risk that the utilities could not cover fixed cost is much lower with a service charge. Decreased risk results in a lower return on equity, reducing costs to all customers. To reduce the utilities' risk interest expense, the

Commission's current policy is to allow water utilities to recover 50% of fixed expenses through the Service Charge. This reduces overall rates for all customers. Therefore, we propose to continue with the current policy, which benefits all customers.

Turning to the applications before us, most of the rate increases requested by SCWC relate to proposed plant additions to meet water quality regulations. SCWC and other public water companies are required by the Federal Clean Water Act and the California Safe Drinking Water Act to minimize contaminants in water. The Commission, in partnership with the DHS, is required to enforce these standards.<sup>5</sup> By General Order 103, we require that "[a]ny utility serving water for human consumption or for domestic uses shall provide water that is wholesome, potable, in no way harmful or dangerous to health and, insofar as practicable, free from objectionable odors, taste, color and turbidity."

For the Wrightwood, Claremont and Barstow Districts, SCWC has proposed plant additions totaling \$0.4 million, \$0.3 million, and \$1.2 million respectively, spread over the years 2000, 2001 and 2002. These plant additions are needed to comply with new rules to be issued by EPA and DHS that will establish maximum permissible levels of radon and arsenic levels in drinking water. These rules have yet to become law. Therefore, as proposed under the settlement, we will defer recognition of these costs in rates until such time as the proposed standards become law.

However, the Commission has no alternative but to implement the new standards when they become law. We agree with the recommendation of the

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<sup>5</sup> See, *Hartwell Corporation, et al. v. Superior Court of Ventura County* (Ct. App., First App. Dist.) 1999 Cal. App. LEXIS 805.

settlement that SCWC may seek recovery of these costs through separate applications to be filed when the new rules are promulgated. In the meantime, we will authorize SCWC to accrue these costs in a separate memorandum account, with carrying costs computed using the authorized rate of return, without gross-up for taxes.

For the Calipatria-Niland District, major plant additions are required to meet the Enhanced Surface Water Treatment Rules as determined by EPA and DHS. These rules are currently in effect. SCWC proposes that the \$2.6 million cost be spread over the years 2000, 2001, and 2002. Because the costs of plant additions to comply with these rules are certain, rather than require SCWC to file a separate application as required for the proposed radon and arsenic facilities, we will adopt the recommendation of the stipulation that these costs be recovered through an Advice Letter. In the meantime, these costs should be accrued in a memorandum account, with carrying costs computed using the authorized rate of return, without gross-up for taxes.

Turning to the question of operating expenses, the settlement attached to this decision as Appendix A describes the reductions or increases agreed to by each of the active parties, and the agreed-upon final numbers. We have reviewed the settlement in terms of SCWC's application, the RRB Reports, and the Navy's reports, and find the settlement to be a reasonable resolution of the differences initially held.

The all-party settlement conforms with the requirements of Article 13.5 of our Rules of Practice and Procedure. All active parties support the settlement. No party opposes it. The settlement meets the tests we outlined in San Diego Gas & Electric Co. (1992) 46 CPUC2d 538 (D.92-12-019) in that each party is adequately represented; the interests of ratepayers have been asserted by RRB and the City of Claremont; no terms of the settlement contravene any statutory

provision or any decision of this Commission; and the settlement, together with the record in this proceeding, convey sufficient information to permit us to make an informed evaluation. The settlement should be adopted and the motion for approval of the settlement should be granted.

We note that rate recovery of the cost of major plant additions to comply with the impending radon and arsenic standards is an issue that confronts the entire water supply industry. It is likely that when the new requirements become law, the Commission will receive a flood of applications by utilities seeking rate recovery for such plant additions.<sup>6</sup>

To enable the utilities to expeditiously seek recovery of the costs of compliance with the new rules for radon and arsenic, as part of the settlement, SCWC has agreed to schedule and conduct through the California Water Association, workshops to develop a common format for the data and exhibits to be included with such filings. When the new rules become law, the Commission will issue an order authorizing the utilities to establish memorandum accounts to accrue such costs, pending the filing and approval of their applications.

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<sup>6</sup> In D.94-06-033, in OII 90-11-033, the investigation into the financial and operational risks of the regulated utilities, the Commissions stated:

"3. A water company subject to the jurisdiction of this Commission, by application or as part of a general rate case, may seek authorization to add to its Water Quality Memorandum Account (established pursuant to Resolution No. W-3784) those prospective water quality costs that are beyond the control of the company and (a) were not foreseeable and therefore were not included in the company's last general rate case, and will be incurred prior to the company's next general rate case, or (b) cannot be estimated accurately for inclusion in a current rate case." (Ordering Paragraph 3.)

### **SCWC's Proposed Region-Wide Tariff**

Lastly, it should be noted that, concurrently, the Commission has before it an application (A.98-09-040) by SCWC to consolidate the rates for eight water districts, including the four which are the subject of these general rate increase applications. The proposal is that a single region-wide tariff replace stand-alone rates for these districts. If adopted by the Commission, the revenue requirement increases for the four districts authorized by this decision would be included with the revenue requirement for the consolidated eight districts.

### **Comments on Proposed Decision**

The proposed decision of the principal hearing officer in this matter was mailed to the parties in accordance with Pub. Util. Code § 311(d) and Rule 77.1 of the Rules of Practice and Procedure. Comments were filed on November 5, 1999. No reply comments were filed. The comments were reviewed and changes made to the proposed decision where appropriate.

### **Findings of Fact**

1. SCWC, RRB, Navy, and Claremont, the active parties to this consolidated proceeding, have settled all issues and memorialized their agreement in the settlement attached as Appendix A to this decision.

2. The City of Barstow, and the Wrightwood Property Owners Association raised concerns about aspects of this consolidated proceeding but did not intervene.

3. As part of the settlement, to recognize the large usage of the Navy, the parties propose a third rate tier with a tier differential of no less than \$0.05 per Ccf, for usage over 10,000 Ccf per month. The third tier recognizes that the Navy's large usage does not have a proportional impact on system costs for the Barstow service area.

4. The settlement is unopposed.
5. The settlement is an all-party settlement.

### **Conclusions of Law**

1. The settlement complies with Article 13.5 of the Commission's Rules of Practice and Procedure and meets the all party settlement guidelines outlined in Re San Diego Gas & Electric Co., supra.

2. The proposed modification to SCWC's contract with the Navy for its Barstow service area adding a third rate tier for usage over 10,000 Ccf per month, is reasonable and should be adopted.

3. The settlement should be adopted and the motion for approval of the settlement should be granted.

4. The adopted summary of earnings is set forth in Appendix A.

5. Adopted quantities are set forth in Appendix A.

6. SCWC should be authorized to file rates in accordance with Appendix A, as specified in the order if the Commission does not adopt the proposal for a single region-wide tariff in A.98-09-040.

7. SCWC should be authorized to file advice letters requesting rate relief as specified in the order.

## **O R D E R**

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

1. The settlement attached hereto as Appendix A and agreed to by Southern California Water Company (SCWC), the Ratepayer Representation Branch of the Water Division (RRB), the Department of Navy (Navy), and the City of Claremont (Claremont), is approved.

2. The motion for approval of the settlement is granted.



3. If the Commission does not adopt the proposal for a single region-wide tariff in Application (A.) 98-09-040, SCWC is authorized to file revised schedules to reflect the revenue increases as shown in Appendix A. The filing shall comply with General Order (GO) 96-A. The effective date of the revised schedules shall be not earlier than five days after the filing. The revised schedules shall apply to service rendered on or after the effective date.

4. If the Commission does not adopt the proposal for a single region-wide tariff in A.98-09-040, on or after November 6, 2000, SCWC is authorized to file an advice letter, with appropriate work papers, requesting the step rate increase for the year 2001 included in Appendix A or to file a proportionately lesser increase for those rates in Appendix A for the Wrightwood, Claremont, Barstow, and Calipatria-Niland Districts 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, 2000, exceeds the lower (a) the rate of return found reasonable by the Commission for SCWC during the corresponding period in the then most recent rate decision, or (b) 8.81%. This filing shall comply with GO 96-A. The requested step rates shall be reviewed by Water Division to determine their conformity with this order and shall go into effect upon Water Division's determination of conformity. Water Division 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 30 days after filing. The revised schedules shall apply only to service rendered on or after their effective dates.

5. If the Commission does not adopt the proposal for a single region-wide tariff in A.98-09-040, on or after November 5, 2001, SCWC is authorized to file an advice letter, with appropriate work papers, requesting the step rate increase for those rates in Appendix A for the Wrightwood, Claremont, Barstow, and

Calipatria-Niland Districts 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, 2001, exceeds the lower of (a) the rate of return found reasonable by the Commission for SCWC during the corresponding period in the then most recent decision, or (b) 8.81%.

6. SCWC is authorized to establish separate memorandum accounts to accrue radon and arsenic removal plant additions costs, with carrying costs at the authorized rate of return, for its Wrightwood, Claremont and Barstow Districts. SCWC shall file separate applications for each district requesting authority to include in rates, the cost of such plants.

7. Upon completion of construction, SCWC is authorized to file an Advice Letter requesting authority to include in rates, the cost of surface water treatment plant for its Calipatria-Niland Districts.

8. When the United States Environmental Protection Agency and the California Department of Health Services have issued final standards for maximum permissible levels of radon and arsenic in drinking water, and the standards have become law, all water utilities may file an advice letter establishing a memorandum account, with carrying costs at authorized rates of return for investments and at the short-term paper rate for expenses, for the water utilities to accrue costs of radon and arsenic removal facilities.

9. SCWC, in consultation with the Commission's Water Advisory Branch, and through the California Water Association, shall schedule and conduct workshops to develop a common format, including the requirements for data and exhibits, for future applications seeking rate recovery of capital costs for construction of radon and arsenic removal facilities.

A.99-03-065 et al. ALJ/BDP/sid \*

10. A.99-03-065, A.99-03-066, A.99-03-067 and A.99-03-068 are closed.

This order is effective today.

Dated June 22, 2000, at San Francisco, California.

HENRY M. DUQUE  
JOSIAH L. NEEPER  
RICHARD A. BILAS  
CARL W. WOOD  
Commissioners

President Loretta M. Lynch, being necessarily  
absent, did not participate.

# APPENDIX A

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

In the Matter of the Application of the  
Southern California Water Company  
(U 133 W) for an order authorizing it to  
increase rates for water service in its  
Wrightwood Customer Service Area.

Application Nos. 99-03-065  
99-03-066  
99-03-067  
99-03-068

And Related Matters.

### SETTLEMENT

#### 1.00 Introduction

1.01 This Settlement resolves all issues in the matter of the applications of Southern California Water Company (SCWC) for an increase in its general rates in each Customer Service Area (CSA) listed below:

A. 99-03-065	Wrightwood
A. 99-03-066	Calipatria-Niland
A. 99-03-067	Claremont
A. 99-03-068	Barstow

1.02 The parties to this Settlement are SCWC, the Ratepayer Representation Branch (RRB) of the Water Division, the City of Claremont, and the Department of Navy (Navy), collectively referred to as the "Parties."

1.03 RRB conducted an independent review of SCWC's applications. As part of this review, a tour and a Public Participation Hearing was held in each of the Wrightwood, Calipatria-Niland, Claremont, and Barstow Customer Service Areas. On conclusion of that review, RRB submitted reports, dated July, 1999, indicating areas of disagreement with SCWC's applications. The Navy submitted a report indicating areas of disagreement with SCWC's application for the Barstow CSA. Subsequently, the Parties met to discuss the differences between SCWC's applications and RRB's and Navy's reports. Those negotiations resulted in the resolution of all issues between the Parties.

1.04 The annual increases agreed to by the Parties are a function of the stipulated Rate of Return. The resolution of all other disputed items are discussed separately in this Settlement.

## APPENDIX A

1.05 The mechanics of the calculation of the allowance to offset financial attrition are not disputed. Financial attrition will be determined in the final decision.

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

Appendix A – Summary of Earnings

Appendix B – Supporting Calculations

1.07 Only areas of difference between the Parties are specifically addressed in the Settlement. All items relating to cost of service, including those discussed, are represented in the Appendices, using RRB's and SCWC's reports as supporting documentation.

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

### 2.00 Advice Letter

SCWC has filed one Advice Letter since the filing of these applications. Advice Letter 1061, the Annual Quarterly Rate Increase for the California Department of Corrections, Calipatria, California, was filed on April 30, 1999, and became effective on July 1, 1999.

### 3.00 Barstow - Ratebase

3.01 Vehicles -- The Parties agree to adopt RRB's policy of replacing vehicles with mileage exceeding 100,000 miles at the end of each test year. SCWC's workpapers included proposed replacements, together with current mileage. RRB's report proposed that two vehicles in the Barstow CSA (vehicles 340 and 524) proposed by SCWC to be replaced in 2000 be moved to 2001. SCWC provided RRB with a workpaper that included the current mileage of the two cars and the average mileage per year. The Parties agree to keep the replacement of vehicle 340 in 2000 and move the replacement of vehicle 524 to 2001.

## APPENDIX A

- 3.02 Pump House -- After viewing the location, the Parties agree that a reduction in scope of the project is appropriate. The project is reduced from an enclosed pump house at a cost of \$100,000 to a block wall at a cost of \$19,000.

### 4.00 Sales

- 4.01 Customers (Connections) -- SCWC and RRB used a variety of forecasting methodologies to derive an appropriate estimate for each class within each CSA. SCWC used regression analysis for Claremont and Wrightwood, and the latest recorded number of connections for Barstow and Calipatria. RRB used averages of the last four and five years. The Parties reviewed each class within each CSA and agree to the following estimates for connections:

<u>Tariff</u>			2000					
	<u>Barstow</u>		<u>Calipatria</u>		<u>Claremont</u>		<u>Wrightwood</u>	
Commercial	8,264	3/	1,134	1/	9,993	1/	2,513	2/
Industrial	5	1/	4	3/	11	1/	0	
Public Auth.	70	3/	23	2/	33	1/	4	1/
Irrigation	0		0		25	1/	0	
Contract	1	1/	1	1/	172	2/	0	
Other	7	3/	1	1/	33	2/	0	
Private Fire	<u>81</u>	1/	<u>5</u>	2/	<u>91</u>	1/	<u>4</u>	1/
Total	8,428		1,168		10,358		2,521	

For 2001, the only difference from the above table is the Commercial Class in the Claremont CSA, which the Parties agree to be 10,006 (SCWC's estimate). Correspondingly, the total for the Claremont CSA for 2001 is 10,371.

1/ No issue.

2/ RRB's estimate.

3/ SCWC's estimate.

## APPENDIX A

- 4.02 Sales per Customer – SCWC and RRB used a variety of forecasting methodologies to derive the most appropriate estimate for each class. SCWC used regression analysis, and averaged five and ten years of recorded data. RRB used regression analysis, and averaged four and five years of recorded data. The Parties reviewed each class within each CSA and agree to the estimates of Ccf per customer per year (prior to future effects of conservation for Claremont and Barstow) shown below:

<u>Tariff</u>	<u>Barstow</u>		<u>Calipatria</u>		<u>Claremont</u>		<u>Wrightwood</u>	
Commercial	369	1/	380	3/	425	4/	87.5	4/
Industrial	30,510	2/	1,944	3/	5,195	1/	0	
Public Auth.	5,508	3/	2,106	1/	5,627	1/	1,258	2/
Irrigation	0		0		2,201	1/	0	
Contract	509,278	2/	375,459	4/	1,093	1/	0	
Other	5,377	1/	1,583	1/	6,356	1/	0	

1/ No issue.

2/ RRB's estimate.

3/ SCWC's estimate.

4/ Compromise between RRB's and SCWC's estimate.

### 5.00 Labor

- 5.01 Total Labor – SCWC's forecast for total labor is based on the current number of employees and actual payroll. No additional employees were requested in these applications. The Parties agree to SCWC's forecast of labor in Wrightwood, Barstow and Calipatria. The Parties also agree to reduce SCWC's estimate of labor in Claremont from \$824,500 to \$784,500 for 2000, a reduction of \$40,000, and \$867,400 to \$817,400 for 2001, a reduction of \$50,000. These changes are due to a reallocation of labor among CSAs.

- 5.02 Taxes on Payroll – The Parties do not dispute SCWC's estimates of taxes on payroll and agree that these estimates should be adjusted to reflect the forecast of total labor agreed to in Paragraph 5.01, above.

### 6.00 Administrative & General

- 6.01 Office Supplies – To estimate expenditures for Office Supplies in Barstow, Claremont, and Wrightwood, SCWC used a zero-based budget, while RRB averaged three years of recorded expenses. The differences between the two estimates include inflation, reallocation of employees,

## APPENDIX A

and equipment. The Parties agree that, with the revision of inflation, both estimates are valid. Therefore, the Parties agree that SCWC will revise its forecast using RRB's inflation rates and then take the average of SCWC's and RRB's forecasts for 2000 and 2001. The agreed upon averages are as follows:

		2000 (\$000s)	
	<u>SCWC</u>	<u>RRB</u>	<u>Stipulated</u>
Wrightwood	37.1	31.5	34.0
Claremont	85.2	66.8	75.3
Barstow	120.3	108.4	113.3

		2001 (\$000s)	
	<u>SCWC</u>	<u>RRB</u>	<u>Stipulated</u>
Wrightwood	38.0	32.2	34.8
Claremont	87.3	68.2	76.9
Barstow	123.3	110.8	115.8

The Parties agree to SCWC's estimates for Calipatria.

6.02

Pensions and Benefits – To estimate expenditures for Pensions and Benefits in Barstow, Claremont, and Wrightwood, SCWC used a zero-based budget, while RRB averaged three years of recorded expenses. The differences between the two estimates were minor. Therefore, the Parties agree that SCWC will revise its forecast using RRB's inflation rates and then take the average of SCWC's and RRB's forecasts for 2000 and 2001. The agreed upon averages are as follows:

		2000 (\$000s)	
	<u>SCWC</u>	<u>RRB</u>	<u>Stipulated</u>
Wrightwood	6.7	4.1	5.4
Claremont	14.5	8.1	11.2
Barstow	20.3	12.4	16.2

		2001 (\$000s)	
	<u>SCWC</u>	<u>RRB</u>	<u>Stipulated</u>
Wrightwood	6.9	4.2	5.5
Claremont	14.8	8.3	11.4
Barstow	20.8	12.7	16.6

The Parties agree to SCWC's estimates for Calipatria.



## APPENDIX A

### 7.00 Operations and Maintenance

7.01 Operations – SCWC averaged four years of recorded expenses, while RRB averaged three years of recorded expenses. The differences between the two estimates were minor. Therefore, the Parties agree that SCWC will revise its forecast using RRB's inflation rates and then take the average of SCWC's and RRB's forecasts for 2000 and 2001. The agreed upon averages are as follows:

		2000 (\$000s)	
	<u>SCWC</u>	<u>RRB</u>	<u>Stipulated</u>
Wrightwood	36.7	33.2	34.8
Claremont	185.3	171.5	177.7
Barstow	155.7	144.6	149.8

		2001 (\$000s)	
	<u>SCWC</u>	<u>RRB</u>	<u>Stipulated</u>
Wrightwood	37.7	33.9	35.6
Claremont	190.3	175.3	181.5
Barstow	159.5	147.8	153.0

The Parties agree to SCWC's estimates for Calipatria.

7.02 All Other Maintenance – SCWC averaged four years of recorded expenses, while RRB averaged three years of recorded expenses. The Parties agree to RRB's estimates for 2000 and 2001 for the Wrightwood, Claremont and Barstow CSAs.

		2000 (\$000s)	
	<u>SCWC</u>	<u>RRB</u>	<u>Stipulated</u>
Wrightwood	94.9	76.2	76.2
Claremont	289.3	267.5	267.5
Barstow	312.5	302.9	302.9

		2001 (\$000s)	
	<u>SCWC</u>	<u>RRB</u>	<u>Stipulated</u>
Wrightwood	92.0	72.7	72.7
Claremont	302.1	279.6	279.6
Barstow	321.1	311.0	311.0

The Parties agree to SCWC's estimates for Calipatria.

## APPENDIX A

### 8.00 Supply

8.01 Water— A combination of historical usage, expected developments, and constraints on systems were analyzed to determine the level of production from wells. Any additional requirements will be supplied through purchases. The Parties agree to the volumes to be produced from wells and other sources in developing costs in the test years and for pro-forma purposes, rather than using a specific mix. The Parties agree that a percentage of the supply (mix) should not be applied to demand in future years. For purposes of this Settlement, costs of supply shall be based on amount produced in Ccfs, not on a percentage, as follows:

<u>District</u>	<u>Well</u>	2000 (Ccf) <u>Purchased</u>	<u>Total</u>
Wrightwood	272,500		272,500
Calipatria		1,839,500	1,839,500
Claremont	2,891,500	2,246,600	5,138,100
Barstow	4,585,400		4,585,400

<u>District</u>	<u>Well</u>	2001(Ccf) <u>Purchased</u>	<u>Total</u>
Wrightwood	272,500		272,500
Calipatria		1,839,500	1,839,500
Claremont	2,891,500	2,232,800	5,124,300
Barstow	4,577,000		4,577,000

8.02 Other Issues — The Parties do not dispute SCWC's estimate of chemical costs and pump taxes, which should therefore be adjusted to reflect stipulated supply.

8.03 Purchased Power — The Parties agree that, since SCWC is not presently offered a discount on purchased power, a reduction of 10% is not appropriate at this time. While pursuing efforts to reduce costs, SCWC is not able to quantify the amount of savings that may be realized, due to the volatility in the industry. The Parties recognize that any savings will flow through the Supply Cost Balancing Account to customers. Therefore, the Parties agree to savings of 5%. Actual costs are recorded in the Supply Cost Balancing Accounts each month, allowing savings to be passed on to customers.

8.04 Other Costs — The Parties agree that expenditures related to the current contract with Cost Control Associates, which expires after the first quarter of 2000, estimated to be \$24,600 in Barstow and \$39,000 in Claremont,

## APPENDIX A

are prudent. Actual costs/savings will be reflected in their Supply Cost Balancing Accounts.

### 9.00 Treatment

9.01 Radon and Arsenic – The Parties agree that all necessary expenditures to meet new requirements for Radon and Arsenic as determined by the United States Environmental Protection Agency and the California Department of Health Services for the Wrightwood, Claremont and Barstow CSAs should be recovered by separate application, as follows:

(a) SCWC will schedule and conduct workshops within the industry through the California Water Association to establish common format, content, information, and exhibits for future applications to recover the costs of compliance with new rules for Radon and Arsenic.

(b) SCWC will schedule and conduct a workshop with RRB and Navy to review the common format, content, information, data, and exhibits for future applications to recover the costs of compliance with new rules for Radon and Arsenic.

(c) At such time as new rules for Radon and Arsenic become final, SCWC shall immediately file applications to revise rates to recover the total costs of compliance with such new rules for Radon and Arsenic.

(d) SCWC and RRB agree to prosecute each such application on an expedited basis. Both parties will make an effort to request ex parte treatment of such applications.

(e) Due to the magnitude of investment expected for treatment to comply with any new rules for Radon and Arsenic, SCWC shall record carrying costs in a Memorandum Account from the first day of the period for compliance with the new rules until new rates to recover the costs of compliance take effect. Carrying costs shall be computed using authorized rate of return, without gross-up for taxes.

(f) Among other things, the applications to recover the costs of compliance should set forth rates targeted for an effective date six months from the date of filing, and should include compliance costs incurred to date, weighted average ratebase reflecting total compliance costs from a completed compliance program, and amortization of carrying costs recorded in the Memorandum Accounts. Subsequently, SCWC will file an Advice Letter to revise rates to transition the weighted average ratebase to the ending period ratebase.

## APPENDIX A

(g) If the applications detailed above are filed during the period covered by the instant proceeding, i.e., before December 31, 2001, notice should be given only to the Parties to this Settlement, since this issue was properly noticed in this proceeding.

(h) In the event that new rules regarding Radon and Arsenic do not become final prior to December 31, 2002, or that the compliance period set forth in such rules is greater than twenty-four months and work-in-progress on projects required to comply with the new rules has not begun by December 31, 2002, this Paragraph 9.01, including subparts, shall become null and void.

9.02 Surface Water – The Parties agree that all expenditures incurred to meet the requirements of the Enhanced Surface Water Treatment Rule, as determined necessary by the United States Environmental Protection Agency and the California Department of Health Services for the Calipatria-Niland CSA, shall be recovered through an Advice Letter. Due to the magnitude of possible treatment alternatives, all investment, subject to the Commission's review, shall be put into a Memorandum Account in order to recover carrying costs. Carrying costs shall be computed using authorized rate of return, without gross-up for taxes. Additionally, SCWC and RRB will explore all alternatives in order to minimize the financial impact in complying with the Enhanced Surface Water Treatment Rule.

### 10.00 Design of Rates

10.01 Barstow – The Parties agree that SCWC and the Navy shall enter into a modification of their existing contract, Reference Number N62474-74-C-7200, to revise the design of rates applicable to the Navy as a customer in the Barstow CSA. The modification will provide for a differential of a minimum of \$0.05 between the first and second tiers of rates, and an additional differential of \$0.06 between the second tier and a third tier of rates for usage over 10,000 Ccf per month. The additional tier recognizes that the Navy's large usage does not have a proportional impact on costs in the Barstow CSA. The modification will also provide that if SCWC's pending Application 98-09-040 (Regionalization of Rates) is approved, resulting in a one-tier regional rate, Navy will receive a differential of \$0.124 from the regional rate for usage over 10,000 Ccf per month.

10.02 Indivisibility – The Navy has entered into this Settlement contingent upon the indivisibility of the matters upon which agreement was reached in Paragraphs 9.00 and 10.00, including all subparts. The Navy may withdraw from this Settlement if the Commission modifies, deletes from, or adds to the disposition of matters resolved in Paragraphs 9.00 and 10.00. Before the Navy exercises its right to withdraw, the Parties agree to

## APPENDIX A

negotiate in good faith with regard to any changes ordered to Paragraphs 9.00 or 10.00 in order to restore the balance of benefits and burdens reached by this Settlement. The Navy agrees to exercise the right to withdraw only if such negotiations are unsuccessful.

### 11.00 Common Issues

11.01 Rate of Return – The Parties have agreed on a rate of return of 8.81% for each of the years 2000, 2001, and 2002. The table below shows the filed position of each party and the stipulated rate of return.

	<u>SCWC</u>	<u>RRB</u>	<u>Navy</u>	<u>Stipulated</u>
2000	9.57	8.19	8.82	8.81
2001	9.57	8.19	8.81	8.81
2002	9.57	8.19	8.80	8.81

11.02 Inflation – The Parties agree that the indices for inflation (“established factors”) available on October 1, 1999, should be used to develop the Commission’s decision in these applications.

11.03 Rates Charged for Purchased Water – The Parties agree that rates charged SCWC for 2000 should be used to calculate the expense of supply identified in the final decision for these applications.

11.04 Balancing Accounts – The Parties agree that the Supply Cost Balancing Accounts for the Wrightwood, Calipatria-Niland, Claremont, and Barstow CSAs should be reviewed for amortization through September 30, 1999. The Parties also agree to the continuation of those accounts. Any Memorandum Account for which SCWC seeks amortization through this application should be forwarded to RRB with the corresponding Supply Cost Balancing Account.

11.05 Established Factors – Established Factors will be comprised of 1) the Compensation Per Hour Index and 2) the Non-Labor Index (both published in a memo from the ORA Monopoly Regulation Branch to the Water Division of the Commission on a monthly basis).

## APPENDIX A

### 12.00 Summary of Results of Settlement

- 12.01 Wrightwood – Pursuant to this Settlement, revenues will increase in the Wrightwood CSA by \$99,900 (6.89%) in 2000, \$52,700 (3.40%) in 2001, and \$52,800 (3.29%) in 2002. A typical customer with a 5/8" by 3/4" meter and using 7 Ccf of water per month will see an increase of \$2.90 (6.33%) for a total bill of \$48.71 per month in 2000, a further increase of \$1.14 (2.35%) for a total bill of \$49.85 per month in 2001, and a further increase of \$1.13 (2.26%) for a total bill of \$50.98 in 2002. These increases are necessitated by increasing operating costs and improvements to infrastructure, including replacing the Lone Pine Reservoir, drilling and equipping a well, and replacing various mains.
- 12.02 Claremont – Pursuant to this Settlement, revenues will increase in the Claremont CSA by \$709,300 (7.53%) in 2000, \$168,700 (1.67%) in 2001, and \$183,500 (1.79%) in 2002. A typical customer with a 1" meter and using 35 Ccf of water per month will see an increase of \$7.59 (10.41%) for a total bill of \$80.50 per month in 2000, a further increase of \$1.43 (1.77%) for a total bill of \$81.93 per month in 2001, and a further increase of \$1.34 (1.64%) for a total bill of \$83.27 in 2002. These increases are necessitated by increasing operating costs and improvements to infrastructure, including installing a Supervisory Control and Data Acquisition System and replacing various mains.
- 12.03 Barstow – Pursuant to this Settlement, revenues will increase in the Barstow CSA by \$1,150,600 (21.54%) in 2000, \$186,300 (2.88%) in 2001, and \$191,400 (2.87%) in 2002. A typical customer with a 5/8" by 3/4" meter and using 31 Ccf of water per month will see an increase of \$8.17 (20.24%) for a total bill of \$48.56 per month in 2000 and 2001, and a further increase of \$0.04 (0.08%) for a total bill of \$48.60 in 2002. These increases are necessitated by increasing operating costs and improvements to infrastructure, including replacing the Eaton Booster Station, constructing a reservoir and transmission main in the Basalt Booster Zone, and replacing various mains.
- 12.04 Calipatria-Niland – Pursuant to this Settlement, revenues will increase in the Calipatria-Niland CSA by \$372,600 (37.34%) in 2000, \$36,500 (2.66%) in 2001, and \$36,500 (2.59%) in 2002. A typical customer with a 5/8" by 3/4" meter on metered service and using 32 Ccf of water per month will see an increase of \$20.50 (30.98%) for a total bill of \$86.67 per month in 2000, a further increase of \$1.14 (1.31%) for a total bill of \$87.81 per month in 2001, and a further increase of \$1.52 (1.73%) for a total bill of \$89.33 in 2002. These increases are necessitated by increasing operating costs and improvements to infrastructure, including improvements to the distribution system.

## APPENDIX A

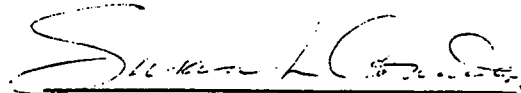
This Settlement may be executed in counterparts.

Dated: August 16, 1999



R. DONALD McCREA  
Ratepayer Representation Branch  
of the Water Division  
California Public Utilities Commission

Dated: August 13, 1999



SUSAN L. CONWAY  
Vice President, Regulatory Affairs  
Southern California Water Company

Dated: August 13, 1999



MARK J. HARMON  
Utilities Manager  
City of Claremont

Dated: August \_\_, 1999

NORMAN J. FURUTA  
Associate Counsel  
Department of Navy

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## APPENDIX A

This Settlement may be executed in counterparts.

Dated: August \_\_, 1999

Dated: August \_\_, 1999

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R. DONALD McCREA  
Ratepayer Representation Branch  
of the Water Division  
**California Public Utilities Commission**

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SUSAN L. CONWAY  
Vice President, Regulatory Affairs  
**Southern California Water Company**


Dated: August \_\_, 1999

Dated: August 13, 1999

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MARK J. HARMON  
Utilities Manager  
**City of Claremont**

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NORMAN J. FURUTA  
Associate Counsel  
**Department of Navy**

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# APPENDIX A

## Appendix A

# APPENDIX A

Table 4-B

## SOUTHERN CALIFORNIA WATER COMPANY

### BARSTOW CUSTOMER SERVICE AREA

#### FUNCTIONAL SUMMARY of EARNINGS-ESTIMATED YEARS (Dollars in Thousands)

(a)		(b)		(c)	(d)	(e)
		AT PRESENT RATES		AT PROPOSED RATES		
CPUC WUDF ACCOUNT		2000	2001	2000	2001	
1	61500	OPERATING REVENUES	5,340.9	5,332.7	6,492.2	6,669.6
		OPERATION EXPENSES				
2	70400	Purchased Water	0.0	0.0	0.0	0.0
3	72600	Purchased Power	710.5	684.9	710.5	684.9
4	73500	Pump Taxes	26.5	26.5	26.5	26.5
5		TOTAL SUPPLY EXPENSES	737.0	711.4	737.0	711.4
6		REVENUE LESS SUPPLY EXPENSES	4,603.9	4,621.3	5,755.2	5,958.2
7	74400	Chemicals	33.7	34.4	33.7	34.4
8	77300	Allocated Common Customer Account	99.4	101.5	99.4	101.5
9	77325	Postage				
10	77500	Uncollectibles	42.0	41.9	51.1	52.5
11	78000	Operation Labor	359.1	377.8	359.1	377.8
12	78100	Other Operation Expenses	149.8	153.0	149.8	153.0
13	78600	TOTAL OPERATION EXPENSES	1,420.9	1,419.9	1,429.9	1,430.4
14	78700	Maintenance Labor	140.1	147.4	140.1	147.4
15	78800	Other Maintenance Expenses	302.9	311.0	302.9	311.0
16	78900	TOTAL MAINTENANCE EXPENSE	443.1	458.4	443.1	458.4
17	79000	TOTAL O&M EXCLUDING A&G	1,864.0	1,878.4	1,873.0	1,888.9
18	79200	Office Supplies & Expenses	113.3	115.8	113.3	115.8
19	79300	Property Insurance	0.0	0.0	0.0	0.0
20	79400	Injuries and Damages	0.3	0.3	0.3	0.3
21	79500	Pension and Benefits	16.2	16.6	16.2	16.6
22	79600	Business Meals	2.2	2.2	2.2	2.2
23	79700	Regulatory Expenses	21.3	21.3	21.3	21.3
24	79800	Outside Services	45.8	46.8	45.8	46.8
25	79900	Miscellaneous	1.4	1.4	1.4	1.4
26	79910	Allocated General Office Expenses	572.4	584.8	572.4	584.8
27	80500	Other Maintenance of General Plant	3.8	3.9	3.8	3.9
28	81100	Rent	69.2	71.3	69.2	71.3
29	81200	A&G Expenses Capitalized				
30	81500	A&G Labor	324.1	341.0	324.1	341.0
31	81700	TOTAL ADMIN & GENERAL EXPENSES	1,170.0	1,205.3	1,170.0	1,205.3
32	50300	DEPRECIATION AND AMORTIZATION	669.7	742.7	669.7	742.7
33	50710	Property Taxes	181.9	192.6	181.9	192.6
34	50720	Payroll Taxes	65.9	69.3	65.9	69.3
35	50730	Local Taxes	57.4	57.3	69.7	71.7
36	50740	TOTAL TAXES NOT ON INCOME	305.1	319.2	317.5	333.6
37	82000	TOTAL EXPENSE EXCLUDING INCOME TAX	4,008.9	4,145.6	4,030.3	4,170.5
38	82500	NET OPER REVENUE BEFORE INCOME TAX	1,332.0	1,187.1	2,461.9	2,499.1
39		State Income Tax	54.3	30.1	154.2	146.1
40		Federal Income Tax	275.9	183.9	671.4	643.1
41		TOTAL INCOME TAXES	330.2	214.0	825.6	789.2
42		TOTAL OPERATING EXPENSES	4,339.1	4,359.6	4,855.8	4,959.7
43		NET OPERATING REVENUE	1,001.8	973.1	1,636.3	1,709.9
44		RATE BASE	\$18,572.9	\$19,408.8	\$18,572.9	\$19,408.8
45		RATE OF RETURN	5.39%	5.01%	8.81%	8.81%

# APPENDIX A

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- FINAL -

## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY BARSTOW DISTRICT - A.99-03-068 TEST YEAR 2000

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SUMMARY OF EARNINGS	Original Application	Increase	Final SCWC	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Operating Revenues	5,331.2	9.7	5,340.9	0.0	5,340.9	(90.0)	5,430.9
Oper. & Maint. Expenses							
Purchased Water	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchased Power	745.0	(34.5)	710.5	0.0	710.5	50.1	660.4
Pump Taxes	26.5	0.0	26.5	0.0	26.5	0.0	26.5
Chemicals	33.5	0.2	33.7	0.0	33.7	0.2	33.5
Common Cust Alloc	99.4	0.0	99.4	0.0	99.4	0.0	99.4
Postage		0.0		0.0		0.0	
Uncollectibles	41.9	0.1	42.0	0.0	42.0	(0.7)	42.7
Oper-Labor	359.1	0.0	359.1	0.0	359.1	8.9	350.2
Oper-Others	155.7	(5.9)	149.8	0.0	149.8	5.2	144.6
Maint-Labor	140.1	0.0	140.1	0.0	140.1	20.0	120.1
Maint-Others	312.5	(9.6)	302.9	0.0	302.9	0.0	302.9
A&G Expenses							
Office Supplies	120.3	(7.0)	113.3	0.0	113.3	4.9	108.4
Insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Injuries & Damages	0.3	0.0	0.3	0.0	0.3	0.0	0.3
Pension & Benefits	20.3	(4.1)	16.2	0.0	16.2	3.8	12.4
Business Meals	2.2	0.0	2.2	0.0	2.2	0.0	2.2
Regulatory Comm	21.3	0.0	21.3	0.0	21.3	0.0	21.3
Outside Services	45.9	(0.1)	45.8	0.0	45.8	(0.1)	45.9
Misc	1.4	0.0	1.4	0.0	1.4	0.0	1.4
Alloc Gen Office	572.4	0.0	572.4	0.0	572.4	0.0	572.4
Maintenance	3.8	0.0	3.8	0.0	3.8	0.0	3.8
Rent	69.4	(0.2)	69.2	0.0	69.2	(0.2)	69.4
A&G Labor	324.1	0.0	324.1	0.0	324.1	80.6	243.5
Other Taxes							
Property Taxes	181.9	0.0	181.9	0.0	181.9	0.0	181.9
Payroll Taxes	65.9	0.0	65.9	0.0	65.9	8.8	57.1
Local Taxes	57.3	0.1	57.4	0.0	57.4	(0.5)	57.9
Depreciation	669.8	(0.1)	669.7	0.0	669.7	(0.1)	669.8
Income Taxes	300.6	29.6	330.2	0.0	330.2	(106.7)	436.9
Total Expenses After Taxes	4,370.3	(31.3)	4,339.0	0.0	4,339.0	74.4	4,264.7
Net Operating Revenues	960.9	41.0	1,001.9	0.0	1,001.9	(164.4)	1,166.2
Rate Base	\$18,631.7	(58.8)	18,572.9	0.0	18,572.9	5.1	18,567.8
Rate of Return	5.16%		5.39%		5.39%		6.28%

### AT PROPOSED RATES:

Operating Revenues	6,823.1	(330.9)	6,492.2	0.0	6,492.2	418.0	6,074.2
Uncollectibles	53.7	(2.6)	51.1	0.0	51.1	3.3	47.8
Local Taxes	73.3	(3.5)	69.8	0.0	69.8	4.5	65.3
Income Taxes	942.4	(116.8)	825.6	0.0	825.6	112.2	713.4
Total Expenses After Taxes	5,039.9	(184.0)	4,855.9	0.0	4,855.9	302.3	4,553.4
Net Operating Revenues	1,783.2	(146.9)	1,636.3	0.0	1,636.3	115.7	1,520.8
Rate Base	18,631.7	(58.8)	18,572.9	0.0	18,572.9	5.1	18,567.8
Rate of Return	9.57%		8.81%		8.81%		8.19%

# APPENDIX A

- FINAL -

## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY BARSTOW DISTRICT - A.99-03-068

TEST YEAR 2001

SUMMARY OF EARNINGS	Original Application	Increase	Final SCWC	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Operating Revenues	5,323.0	9.7	5,332.7	0.0	5,332.7	(97.2)	5,429.9
Oper. & Maint. Expenses							
Purchased Water	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchased Power	719.3	(34.4)	684.9	0.0	684.9	26.8	658.1
Pump Taxes	26.4	0.1	26.5	0.0	26.5	0.1	26.4
Chemicals	34.2	0.2	34.4	0.0	34.4	0.2	34.2
Common Cust Alloc	101.8	(0.3)	101.5	0.0	101.5	(0.3)	101.8
Postage		0.0		0.0		0.0	
Uncollectibles	41.9	0.1	41.9	0.0	41.9	(0.8)	42.7
Oper-Labor	377.8	0.0	377.8	0.0	377.8	19.2	358.6
Oper-Others	159.5	(6.5)	153.0	0.0	153.0	5.2	147.8
Maint-Labor	147.4	(0.0)	147.4	0.0	147.4	24.4	123.0
Maint-Others	321.1	(10.1)	311.0	0.0	311.0	0.0	311.0
A&G Expenses							
Office Supplies	123.3	(7.5)	115.8	0.0	115.8	5.0	110.8
Insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Injuries & Damages	0.3	0.0	0.3	0.0	0.3	0.0	0.3
Pension & Benefits	20.8	(4.2)	16.6	0.0	16.6	3.9	12.7
Business Meals	2.2	0.0	2.2	0.0	2.2	0.0	2.2
Regulatory Comm	21.3	0.0	21.3	0.0	21.3	0.0	21.3
Outside Services	47.0	(0.2)	46.8	0.0	46.8	(0.2)	47.0
Misc	1.4	0.0	1.4	0.0	1.4	0.0	1.4
Alloc Gen Office	586.5	(1.7)	584.8	0.0	584.8	(1.7)	586.5
Maintenance	3.9	0.0	3.9	0.0	3.9	0.0	3.9
Rent	71.6	(0.3)	71.3	0.0	71.3	(0.3)	71.6
A&G Labor	341.0	0.0	341.0	0.0	341.0	91.6	249.4
Other Taxes							
Property Taxes	193.2	(0.6)	192.6	0.0	192.6	0.1	192.5
Payroll Taxes	69.3	0.0	69.3	0.0	69.3	10.8	58.5
Local Taxes	57.2	0.1	57.3	0.0	57.3	(0.6)	57.9
Depreciation	745.4	(2.7)	742.7	0.0	742.7	(2.7)	745.4
Income Taxes	102.6	111.3	213.9	0.0	213.9	(98.9)	312.8
Total Expenses After Taxes	4,316.4	43.3	4,359.6	0.0	4,359.6	81.8	4,277.8
Net Operating Revenues	1,006.7	(33.6)	973.1	0.0	973.1	(179.0)	1,152.1
Rate Base	\$23,651.5	(4,242.7)	\$19,408.8	0.0	\$19,408.8	(149.9)	\$19,558.7
Rate of Return	4.26%		5.01%		5.01%		5.89%

### AT PROPOSED RATES:

Operating Revenues	7,603.5	(933.9)	6,669.6	0.0	6,669.6	427.4	6,242.2
Uncollectibles	59.8	(7.3)	52.5	0.0	52.5	3.4	49.1
Local Taxes	81.7	(10.0)	71.7	0.0	71.7	4.6	67.1
Income Taxes	1,083.7	(294.6)	789.1	0.0	789.1	127.1	662.0
Total Expenses After Taxes	5,339.9	(380.1)	4,959.8	0.0	4,959.8	317.2	4,642.7
Net Operating Revenues	2,263.6	(553.7)	1,709.9	0.0	1,709.9	110.2	1,599.5
Rate Base	23,651.5	(4,242.7)	19,408.8	0.0	19,408.8	(149.9)	19,558.7
Rate of Return	9.57%		8.81%		8.81%		8.18%

# APPENDIX A

Table 4-B

## SOUTHERN CALIFORNIA WATER COMPANY

### CALIPATRIA CUSTOMER SERVICE AREA

#### FUNCTIONAL SUMMARY of EARNINGS-ESTIMATED YEARS (Dollars in Thousands)

(a) CPUC WUDF ACCOUNT	(b) AT PRESENT RATES		(d) AT PROPOSED RATES	
	2000	2001	2000	2001
61500 OPERATING REVENUES	997.9	997.8	1,370.5	1,406.9
70400 OPERATION EXPENSES				
72600 Purchased Water	57.4	57.4	57.4	57.4
73500 Purchased Power	53.2	53.2	53.2	53.2
73500 Pump Taxes	0.0	0.0	0.0	0.0
TOTAL SUPPLY EXPENSES	110.6	110.6	110.6	110.6
REVENUE LESS SUPPLY EXPENSES	887.3	887.2	1,259.9	1,296.2
74400 Chemicals	102.8	105.0	102.8	105.0
77300 Allocated Common Customer Account	11.7	11.9	11.7	11.9
77325 Postage				
77500 Uncollectibles	10.4	10.4	14.2	14.6
78000 Operation Labor	104.8	110.3	104.8	110.3
78100 Other Operation Expenses	62.1	63.5	62.1	63.5
78600 TOTAL OPERATION EXPENSES	402.4	411.7	406.3	415.9
78700 Maintenance Labor	33.9	35.7	33.9	35.7
78800 Other Maintenance Expenses	225.7	232.0	225.7	232.0
78900 TOTAL MAINTENANCE EXPENSES	259.6	267.7	259.6	267.7
79000 TOTAL O&M EXCLUDING A&G	662.0	679.3	665.9	683.6
79200 Office Supplies & Expenses	50.4	51.6	50.4	51.6
79300 Property Insurance	0.0	0.0	0.0	0.0
79400 Injuries and Damages	0.0	0.0	0.0	0.0
79500 Pension and Benefits	2.3	2.3	2.3	2.3
79600 Business Meals	1.1	1.1	1.1	1.1
79700 Regulatory Expenses	7.1	7.1	7.1	7.1
79800 Outside Services	0.8	0.8	0.8	0.8
79900 Miscellaneous	1.4	1.4	1.4	1.4
79910 Allocated General Office Expenses	67.3	68.8	67.3	68.8
80500 Other Maintenance of General Plant	9.2	9.4	9.2	9.4
81100 Rent	3.1	3.2	3.1	3.2
81200 A&G Expenses Capitalized				
81500 A&G Labor	75.1	79.1	75.1	79.1
81700 TOTAL ADMIN & GENERAL EXPENSES	217.9	225.0	217.9	225.0
50300 DEPRECIATION AND AMORTIZATION	130.7	142.7	130.7	142.7
50710 Property Taxes	23.0	24.2	23.0	24.2
50720 Payroll Taxes	17.1	18.0	17.1	18.0
50730 Local Taxes	9.5	9.5	13.1	13.5
50740 TOTAL TAXES NOT ON INCOME	49.6	51.7	53.2	55.6
82000 TOTAL EXPENSE EXCLUDING INCOME TA	1,060.2	1,098.7	1,067.6	1,106.9
82500 NET OPER REVENUE BEFORE INCOME TA	(62.3)	(100.9)	302.9	300.0
State Income Tax	(9.7)	(14.3)	22.6	21.2
Federal Income Tax	(35.9)	(61.5)	91.9	78.8
TOTAL INCOME TAXES	(45.6)	(75.8)	114.5	100.0
TOTAL OPERATING EXPENSES	1,014.6	1,022.9	1,182.1	1,206.8
NET OPERATING REVENUE	(16.7)	(25.1)	188.4	200.0
RATE BASE	\$2,138.7	\$2,270.3	\$2,138.7	\$2,270.3
RATE OF RETURN	-0.78%	-1.11%	8.81%	8.81%

# APPENDIX A

— FINAL —

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## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY CALIPATRIA DISTRICT — A.99-03-066 TEST YEAR 2000

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SUMMARY OF EARNINGS	Original Application	Increase	Final SCWC	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Operating Revenues	993.6	4.3	997.9	0.0	997.9	(13.6)	1,011.5
Oper. & Maint. Expenses							
Purchased Water	56.9	0.5	57.4	0.0	57.4	(0.7)	58.1
Purchased Power	52.7	0.5	53.2	0.0	53.2	(0.6)	53.8
Pump Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chemicals	101.5	1.3	102.8	0.0	102.8	1.3	101.5
Common Cust Alloc	11.7	0.0	11.7	0.0	11.7	0.0	11.7
Postage		0.0		0.0		0.0	
Uncollectibles	10.3	0.0	10.4	0.0	10.4	(0.1)	10.5
Oper-Labor	104.8	0.0	104.8	0.0	104.8	0.0	104.8
Oper-Others	62.6	(0.5)	62.1	0.0	62.1	(0.5)	62.6
Maint-Labor	33.9	0.0	33.9	0.0	33.9	0.0	33.9
Maint-Others	226.1	(0.4)	225.7	0.0	225.7	(0.3)	226.0
A&G Expenses							
Office Supplies	50.4	0.0	50.4	0.0	50.4	0.0	50.4
Insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Injuries & Damages	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension & Benefits	2.3	0.0	2.3	0.0	2.3	0.0	2.3
Business Meals	1.1	0.0	1.1	0.0	1.1	0.0	1.1
Regulatory Comm	7.1	0.0	7.1	0.0	7.1	0.0	7.1
Outside Services	0.8	0.0	0.8	0.0	0.8	0.0	0.8
Misc	1.4	0.0	1.4	0.0	1.4	0.0	1.4
Alloc Gen Office	67.3	0.0	67.3	0.0	67.3	0.0	67.3
Maintenance	9.2	0.0	9.2	0.0	9.2	0.0	9.2
Rent	3.1	0.0	3.1	0.0	3.1	0.0	3.1
A&G Labor	75.1	0.0	75.1	0.0	75.1	0.0	75.1
Other Taxes							
Property Taxes	23.0	0.0	23.0	0.0	23.0	0.0	23.0
Payroll Taxes	17.1	0.0	17.1	0.0	17.1	0.0	17.1
Local Taxes	9.5	0.0	9.5	0.0	9.5	(0.1)	9.6
Depreciation	130.7	0.0	130.7	0.0	130.7	0.0	130.7
Income Taxes	(98.3)	52.7	(45.6)	0.0	(45.6)	(2.0)	(43.6)
Total Expenses After Taxes	960.4	54.1	1,014.5	0.0	1,014.5	(3.0)	1,017.5
Net Operating Revenues	33.2	(49.8)	(16.6)	0.0	(16.6)	(10.6)	(6.0)
Rate Base	\$5,517.6	(3,378.9)	\$2,138.7	0.0	\$2,138.7	63.4	\$2,075.3
Rate of Return	0.60%		-0.78%		-0.78%		-0.29%

### AT PROPOSED RATES:

Operating Revenues	1,892.6	(522.1)	1,370.5	0.0	1,370.5	39.4	1,331.1
Uncollectibles	19.6	(5.4)	14.2	0.0	14.2	0.4	13.8
Local Taxes	18.1	(5.0)	13.1	0.0	13.1	0.4	12.7
Income Taxes	288.0	(173.5)	114.5	0.0	114.5	20.8	93.7
Total Expenses After Taxes	1,364.6	(182.6)	1,182.0	0.0	1,182.0	20.7	1,161.1
Net Operating Revenues	528.0	(339.5)	188.4	0.0	188.4	18.7	170.0
Rate Base	5,517.6	(3,378.9)	2,138.7	0.0	2,138.7	63.4	2,075.3
Rate of Return	9.57%		8.81%		8.81%		8.19%

# APPENDIX A

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- FINAL -

## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY CALIPATRIA DISTRICT - A.99-03-066

TEST YEAR 2001

SUMMARY OF EARNINGS	Original Application	Increase	Final SCWC	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Operating Revenues	993.5	4.3	997.8	0.0	997.8	(13.6)	1,011.4
Oper. & Maint. Expenses							
Purchased Water	56.9	0.5	57.4	0.0	57.4	(0.7)	58.1
Purchased Power	52.7	0.5	53.2	0.0	53.2	(0.6)	53.8
Pump Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chemicals	103.7	1.3	105.0	0.0	105.0	1.3	103.7
Common Cust Alloc	12.0	(0.1)	11.9	0.0	11.9	(0.1)	12.0
Postage		0.0		0.0		0.0	
Uncollectibles	10.3	0.0	10.4	0.0	10.4	(0.1)	10.5
Oper-Labor	110.3	0.0	110.3	0.0	110.3	0.0	110.3
Oper-Others	64.3	(0.8)	63.5	0.0	63.5	(0.8)	64.3
Maint-Labor	35.7	0.0	35.7	0.0	35.7	0.0	35.7
Maint-Others	232.7	(0.7)	232.0	0.0	232.0	(0.5)	232.5
A&G Expenses							
Office Supplies	51.6	0.0	51.6	0.0	51.6	0.0	51.6
Insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Injuries & Damages	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension & Benefits	2.3	0.0	2.3	0.0	2.3	0.0	2.3
Business Meals	1.1	0.0	1.1	0.0	1.1	0.0	1.1
Regulatory Comm	7.1	0.0	7.1	0.0	7.1	0.0	7.1
Outside Services	0.8	0.0	0.8	0.0	0.8	0.0	0.8
Misc	1.4	0.0	1.4	0.0	1.4	0.0	1.4
Alloc Gen Office	69.0	(0.2)	68.8	0.0	68.8	(0.2)	69.0
Maintenance	9.4	0.0	9.4	0.0	9.4	0.0	9.4
Rent	3.2	0.0	3.2	0.0	3.2	0.0	3.2
A&G Labor	79.1	0.0	79.1	0.0	79.1	0.0	79.1
Other Taxes							
Property Taxes	51.6	(27.4)	24.2	0.0	24.2	(2.5)	26.7
Payroll Taxes	18.0	0.0	18.0	0.0	18.0	0.0	18.0
Local Taxes	9.5	0.0	9.5	0.0	9.5	(0.1)	9.6
Depreciation	378.2	(235.5)	142.7	0.0	142.7	5.4	137.3
Income Taxes	(350.9)	275.1	(75.8)	0.0	(75.8)	(4.6)	(71.2)
Total Expenses After Taxes	1,010.2	12.7	1,022.9	0.0	1,022.9	(3.5)	1,026.4
Net Operating Revenues	(16.6)	(8.4)	(25.1)	0.0	(25.1)	(10.1)	(15.0)
Rate Base	\$12,488.0	(10,217.7)	\$2,270.3	0.0	\$2,270.3	(25.1)	\$2,295.4
Rate of Return	-0.13%		-1.11%		-1.11%		-0.65%

### AT PROPOSED RATES:

Operating Revenues	3,195.3	(1,788.4)	1,406.9	0.0	1,406.9	26.8	1,380.1
Uncollectibles	33.2	(18.6)	14.6	0.0	14.6	0.3	14.3
Local Taxes	30.6	(17.1)	13.5	0.0	13.5	0.3	13.2
Income Taxes	595.2	(495.2)	100.0	0.0	100.0	12.8	87.2
Total Expenses After Taxes	2,000.2	(793.3)	1,206.9	0.0	1,206.9	14.7	1,192.3
Net Operating Revenues	1,195.1	(995.1)	200.0	0.0	200.0	12.1	187.8
Rate Base	12,488.0	(10,217.7)	2,270.3	0.0	2,270.3	(25.1)	2,295.4
Rate of Return	9.57%		8.81%		8.81%		8.18%

# APPENDIX A

Table 4-B

## SOUTHERN CALIFORNIA WATER COMPANY

### CLAREMONT CUSTOMER SERVICE AREA

#### FUNCTIONAL SUMMARY of EARNINGS - ESTIMATED YEARS

(Dollars in Thousands)

(a) CPUC WUDF ACCOUNT	(b) AT PRESENT RATES		(d) AT PROPOSED RATES	
	2000	2001	2000	2001
61500 OPERATING REVENUES	9,415.0	9,399.6	10,123.4	10,281.1
OPERATION EXPENSES				
70400 Purchased Water	1,880.9	1,867.0	1,880.9	1,867.0
72600 Purchased Power	714.3	675.2	714.3	675.2
73500 Pump Taxes	486.8	486.8	486.8	486.8
TOTAL SUPPLY EXPENSES	3,082.0	3,028.9	3,082.0	3,028.9
REVENUE LESS SUPPLY EXPENSES	6,333.0	6,370.7	7,041.4	7,252.2
74400 Chemicals	31.6	32.3	31.6	32.3
77300 Allocated Common Customer Account	151.4	154.7	151.4	154.7
77325 Postage				
77500 Uncollectibles	25.0	25.0	26.9	27.3
78000 Operation Labor	272.5	286.5	272.5	286.5
78100 Other Operation Expenses	177.7	181.5	177.7	181.5
78600 TOTAL OPERATION EXPENSES	3,740.2	3,708.9	3,742.1	3,711.2
78700 Maintenance Labor	118.5	125.8	118.5	125.8
78800 Other Maintenance Expenses	267.5	279.6	267.5	279.6
78900 TOTAL MAINTENANCE EXPENSE	386.0	405.4	386.0	405.4
79000 TOTAL O&M EXCLUDING A&G	4,126.2	4,114.3	4,128.1	4,116.6
79200 Office Supplies & Expenses	75.3	76.9	75.3	76.9
79300 Property Insurance	0.0	0.0	0.0	0.0
79400 Injuries and Damages	1.5	1.6	1.5	1.6
79500 Pension and Benefits	11.2	11.4	11.2	11.4
79600 Business Meals	2.4	2.5	2.4	2.5
79700 Regulatory Expenses	30.1	30.1	30.1	30.1
79800 Outside Services	7.4	7.5	7.4	7.5
79900 Miscellaneous	1.7	1.7	1.7	1.7
79910 Allocation of General Office Expenses	872.1	890.9	872.1	890.9
80500 Other Maintenance - General Plant	5.0	5.1	5.0	5.1
81100 Rent	38.1	40.4	38.1	40.4
81200 A&G Expenses Capitalized				
81500 A&G Labor	393.5	405.1	393.5	405.1
81700 TOTAL ADMIN & GENERAL EXPENSES	1,438.2	1,473.2	1,438.2	1,473.2
50300 DEPRECIATION AND AMORTIZATION	1,048.3	1,124.7	1,048.3	1,124.7
50710 Property Taxes	215.6	226.8	215.6	226.8
50720 Payroll Taxes	62.8	65.4	62.8	65.4
50730 Local Taxes	12.3	12.3	13.3	13.5
50740 TOTAL TAXES NOT ON INCOME	290.7	304.5	291.6	305.7
82000 TOTAL EXPENSE EXCLUDING INCOME TA	6,903.4	7,016.6	6,906.2	7,020.1
82500 NET OPER REVENUE BEFORE INCOME TA	2,511.6	2,383.0	3,217.1	3,261.0
State Income Tax	156.5	134.0	218.9	211.6
Federal Income Tax	569.1	495.9	816.0	803.2
TOTAL INCOME TAXES	725.6	629.9	1,034.9	1,014.8
TOTAL OPERATING EXPENSES	7,629.0	7,646.5	7,941.2	8,034.9
NET OPERATING REVENUE	1,786.0	1,753.1	2,182.2	2,246.2
RATE BASE	\$24,769.2	\$25,496.5	\$24,769.2	\$25,496.5
RATE OF RETURN	7.21%	6.88%	8.81%	8.81%



# APPENDIX A

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- FINAL -

## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY CLAREMONT DISTRICT - A.99-03-067 TEST YEAR 2000

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SUMMARY OF EARNINGS	Original Application	Increase	Final SCWC	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Operating Revenues	9,328.1	86.9	9,415.0	0.0	9,415.0	(140.6)	9,555.6
Oper. & Maint. Expenses							
Purchased Water	1,811.6	69.3	1,880.9	0.0	1,880.9	69.3	1,811.6
Purchased Power	749.0	(34.7)	714.3	0.0	714.3	46.3	668.0
Pump Taxes	486.8	0.0	486.8	0.0	486.8	(13.9)	500.7
Chemicals	31.5	0.1	31.6	0.0	31.6	0.1	31.5
Common Cust Alloc	151.4	0.0	151.4	0.0	151.4	0.0	151.4
Postage		0.0		0.0		0.0	
Uncollectibles	24.8	0.2	25.0	0.0	25.0	(0.4)	25.4
Oper-Labor	291.3	(18.8)	272.5	0.0	272.5	(18.8)	291.3
Oper-Others	185.3	(7.6)	177.7	0.0	177.7	6.2	171.5
Maint-Labor	129.1	(10.6)	118.5	0.0	118.5	(10.6)	129.1
Maint-Others	289.3	(21.8)	267.5	0.0	267.5	0.0	267.5
A&G Expenses							
Office Supplies	85.2	(9.9)	75.3	0.0	75.3	8.5	66.8
Insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Injuries & Damages	1.5	0.0	1.5	0.0	1.5	0.0	1.5
Pension & Benefits	14.5	(3.3)	11.2	0.0	11.2	3.1	8.1
Business Meals	2.4	0.0	2.4	0.0	2.4	0.0	2.4
Regulatory Comm	30.1	0.0	30.1	0.0	30.1	0.0	30.1
Outside Services	7.4	0.0	7.4	0.0	7.4	0.0	7.4
Misc	1.7	0.0	1.7	0.0	1.7	0.0	1.7
Alloc Gen Office	872.1	0.0	872.1	0.0	872.1	0.0	872.1
Maintenance	5.0	0.0	5.0	0.0	5.0	0.0	5.0
Rent	38.1	0.0	38.1	0.0	38.1	0.0	38.1
A&G Labor	404.1	(10.6)	393.5	0.0	393.5	92.2	301.3
Other Taxes							
Property Taxes	215.6	0.0	215.6	0.0	215.6	0.0	215.6
Payroll Taxes	66.0	(3.2)	62.8	0.0	62.8	5.1	57.7
Local Taxes	12.2	0.1	12.3	0.0	12.3	(0.2)	12.5
Depreciation	1,048.3	0.0	1,048.3	0.0	1,048.3	0.0	1,048.3
Income Taxes	669.5	56.1	725.6	0.0	725.6	(131.4)	857.0
Total Expenses After Taxes	7,623.6	5.5	7,629.1	0.0	7,629.1	55.5	7,573.6
Net Operating Revenues	1,704.5	81.4	1,785.9	0.0	1,785.9	(196.1)	1,982.0
Rate Base	\$24,773.5	(4.3)	24,769.2	0.0	24,769.2	194.0	24,575.2
Rate of Return	6.88%		7.21%		7.21%		8.07%

### AT PROPOSED RATES:

Operating Revenues	10,519.2	(395.8)	10,123.4	0.0	10,123.4	513.0	9,610.4
Uncollectibles	28.0	(1.1)	26.9	0.0	26.9	1.3	25.6
Local Taxes	13.8	(0.5)	13.3	0.0	13.3	0.7	12.6
Income Taxes	1,189.5	(154.6)	1,034.9	0.0	1,034.9	153.9	881.0
Total Expenses After Taxes	8,148.3	(207.1)	7,941.2	0.0	7,941.2	343.4	7,597.6
Net Operating Revenues	2,370.9	(188.7)	2,182.2	0.0	2,182.2	169.6	2,012.8
Rate Base	24,773.5	(4.3)	24,769.2	0.0	24,769.2	194.0	24,575.2
Rate of Return	9.57%		8.81%		8.81%		8.19%

# APPENDIX A

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- FINAL -

## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY CLAREMONT DISTRICT - A.99-03-067

TEST YEAR 2001

SUMMARY OF EARNINGS	Original Application	Increase	Final SCWC	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Operating Revenues	9,312.6	87.0	9,399.6	0.0	9,399.6	(158.0)	9,557.6
Oper. & Maint. Expenses							
Purchased Water	1,797.3	69.7	1,867.0	0.0	1,867.0	69.7	1,797.3
Purchased Power	709.8	(34.6)	675.2	0.0	675.2	13.3	661.9
Pump Taxes	486.8	0.0	486.8	0.0	486.8	(0.1)	486.9
Chemicals	32.2	0.1	32.3	0.0	32.3	0.1	32.2
Common Cust Alloc	155.1	(0.4)	154.7	0.0	154.7	(0.4)	155.1
Postage		0.0		0.0		0.0	
Uncollectibles	24.8	0.2	25.0	0.0	25.0	(0.4)	25.4
Oper-Labor	306.5	(20.0)	286.5	0.0	286.5	(20.0)	306.5
Oper-Others	190.3	(8.8)	181.5	0.0	181.5	6.2	175.3
Maint-Labor	135.8	(10.0)	125.8	0.0	125.8	(10.0)	135.8
Maint-Others	302.1	(22.5)	279.6	0.0	279.6	0.0	279.6
A&G Expenses							
Office Supplies	87.3	(10.4)	76.9	0.0	76.9	8.7	68.2
Insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Injuries & Damages	1.6	0.0	1.6	0.0	1.6	0.0	1.6
Pension & Benefits	14.8	(3.4)	11.4	0.0	11.4	3.1	8.3
Business Meals	2.5	0.0	2.5	0.0	2.5	0.0	2.5
Regulatory Comm	30.1	0.0	30.1	0.0	30.1	0.0	30.1
Outside Services	7.6	(0.1)	7.5	0.0	7.5	(0.1)	7.6
Misc	1.7	0.0	1.7	0.0	1.7	0.0	1.7
Alloc Gen Office	893.5	(2.6)	890.9	0.0	890.9	(2.6)	893.5
Maintenance	5.1	0.0	5.1	0.0	5.1	0.0	5.1
Rent	40.5	(0.1)	40.4	0.0	40.4	(0.1)	40.5
A&G Labor	425.1	(20.0)	405.1	0.0	405.1	96.6	308.5
Other Taxes							
Property Taxes	226.8	0.0	226.8	0.0	226.8	0.0	226.8
Payroll Taxes	69.4	(4.0)	65.4	0.0	65.4	5.3	60.1
Local Taxes	12.2	0.1	12.3	0.0	12.3	(0.2)	12.5
Depreciation	1,124.7	0.0	1,124.7	0.0	1,124.7	0.0	1,124.7
Income Taxes	531.7	98.1	629.8	0.0	629.8	(114.8)	744.6
Total Expenses After Taxes	7,615.1	31.4	7,646.5	0.0	7,646.5	54.3	7,592.2
Net Operating Revenues	1,697.6	55.5	1,753.1	0.0	1,753.1	(212.3)	1,965.4
Rate Base	\$26,733.4	(1,236.9)	\$25,496.5	0.0	\$25,496.5	131.6	\$25,364.9
Rate of Return	6.35%		6.88%		6.88%		7.75%

### AT PROPOSED RATES:

Operating Revenues	10,851.5	(570.4)	10,281.1	0.0	10,281.1	522.1	9,759.0
Uncollectibles	28.9	(1.6)	27.3	0.0	27.3	1.3	26.0
Local Taxes	14.2	(0.7)	13.5	0.0	13.5	0.7	12.8
Income Taxes	1,203.7	(189.0)	1,014.7	0.0	1,014.7	182.1	832.6
Total Expenses After Taxes	8,293.2	(258.3)	8,034.7	0.0	8,034.7	353.9	7,681.1
Net Operating Revenues	2,558.3	(312.1)	2,246.2	0.0	2,246.2	168.2	2,077.9
Rate Base	26,733.4	(1,236.9)	25,496.5	0.0	25,496.5	131.6	25,364.9
Rate of Return	9.57%		8.81%		8.81%		8.19%

# APPENDIX A

Table 4-B

## SOUTHERN CALIFORNIA WATER COMPANY

### WRIGHTWOOD CUSTOMER SERVICE AREA

#### FUNCTIONAL SUMMARY of EARNINGS-ESTIMATED YEARS (Dollars in Thousands)

(a)	(b)		(c)		(d)		(e)	
	AT PRESENT RATES		AT PRESENT RATES		AT PROPOSED RATES		AT PROPOSED RATES	
	2000	2001	2000	2001	2000	2001	2000	2001
CPUC WUDF ACCOUNT								
61500 OPERATING REVENUES		1,449.2		1,449.1		1,549.1		1,601.7
OPERATION EXPENSES								
70400 Purchased Water		0.0		0.0		0.0		0.0
72600 Purchased Power		50.0		50.3		50.0		50.3
73500 Pump Taxes		0.0		0.0		0.0		0.0
TOTAL SUPPLY EXPENSES		50.0		50.3		50.0		50.3
REVENUE LESS SUPPLY EXPENSES		1,399.1		1,398.8		1,499.1		1,551.3
74400 Chemicals		1.3		1.3		1.3		1.3
77300 Allocated Common Customer Account		17.5		17.9		17.5		17.9
77325 Postage		-		-		-		-
77500 Uncollectibles		6.0		6.0		6.4		6.6
78000 Operation Labor		191.5		201.4		191.5		201.4
78100 Other Operation Expenses		34.8		35.6		34.8		35.6
78600 TOTAL OPERATION EXPENSES		301.1		312.5		301.5		313.2
78700 Maintenance Labor		38.1		40.1		38.1		40.1
78800 Other Maintenance Expenses		76.2		72.7		76.2		72.7
78900 TOTAL MAINTENANCE EXPENSE		114.3		112.7		114.3		112.7
79000 TOTAL O&M EXCLUDING A&G		415.4		425.3		415.8		425.9
79200 Office Supplies & Expenses		34.0		34.8		34.0		34.8
79300 Property Insurance		0.0		0.0		0.0		0.0
79400 Injuries and Damages		0.1		0.1		0.1		0.1
79500 Pension and Benefits		5.4		5.5		5.4		5.5
79600 Business Meals		0.5		0.5		0.5		0.5
79700 Regulatory Expenses		9.8		9.8		9.8		9.8
79800 Outside Services		1.1		1.2		1.1		1.2
79900 Miscellaneous		0.8		0.8		0.8		0.8
79910 Allocated General Office Expenses		101.0		103.2		101.0		103.2
80500 Other Maintenance of General Plant		4.3		4.4		4.3		4.4
81100 Rent		14.1		14.6		14.1		14.6
81200 A&G Expenses Capitalized								
81500 A&G Labor		88.9		93.5		88.9		93.5
81700 TOTAL ADMIN & GENERAL EXPENSES		260.0		268.3		260.0		268.3
50300 DEPRECIATION AND AMORTIZATION		156.9		168.8		156.9		168.8
50710 Property Taxes		44.5		47.2		44.5		47.2
50720 Payroll Taxes		25.5		26.8		25.5		26.8
50730 Local Taxes		5.9		5.9		6.3		6.5
50740 TOTAL TAXES NOT ON INCOME		75.8		79.8		76.2		80.5
82000 TOTAL EXPENSE EXCLUDING INCOME TA		908.2		942.2		909.0		943.4
82500 NET OPER REVENUE BEFORE INCOME TA		541.0		507.0		640.1		658.2
State Income Tax		27.2		16.6		35.9		30.0
Federal Income Tax		124.8		109.7		159.5		162.6
TOTAL INCOME TAXES		152.0		126.3		195.4		192.6
TOTAL OPERATING EXPENSES		1,060.1		1,068.5		1,104.4		1,136.1
NET OPERATING REVENUE		389.0		380.6		444.7		465.6
RATE BASE		\$5,047.8		\$5,285.2		\$5,047.8		\$5,285.2
RATE OF RETURN		7.71%		7.20%		8.81%		8.81%

# APPENDIX A

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- FINAL -

## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY WRIGHTWOOD DISTRICT - A.99-03-065 TEST YEAR 2000

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SUMMARY OF EARNINGS	Original Application	Increase	Final SCWC	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Operating Revenues	1,451.8	(2.6)	1,449.2	0.0	1,449.2	(37.2)	1,486.4
Oper. & Maint. Expenses							
Purchased Water	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchased Power	48.8	1.2	50.0	0.0	50.0	4.7	45.3
Pump Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chemicals	1.4	(0.1)	1.3	0.0	1.3	(0.1)	1.4
Common Cust Alloc	17.5	0.0	17.5	0.0	17.5	0.0	17.5
Postage		0.0		0.0		0.0	
Uncollectibles	6.0	0.0	6.0	0.0	6.0	(0.2)	6.1
Oper-Labor	191.5	0.0	191.5	0.0	191.5	4.0	187.5
Oper-Others	36.7	(1.9)	34.8	0.0	34.8	1.6	33.2
Maint-Labor	38.1	0.0	38.1	0.0	38.1	3.8	34.3
Maint-Others	94.9	(18.7)	76.2	0.0	76.2	0.0	76.2
A&G Expenses							
Office Supplies	37.1	(3.1)	34.0	0.0	34.0	2.5	31.5
Insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Injuries & Damages	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Pension & Benefits	6.7	(1.3)	5.4	0.0	5.4	1.3	4.1
Business Meals	0.5	0.0	0.5	0.0	0.5	0.0	0.5
Regulatory Comm	9.8	0.0	9.8	0.0	9.8	0.0	9.8
Outside Services	1.1	0.0	1.1	0.0	1.1	0.0	1.1
Misc	0.8	0.0	0.8	0.0	0.8	0.0	0.8
Alloc Gen Office	101.0	0.0	101.0	0.0	101.0	0.0	101.0
Maintenance	4.3	0.0	4.3	0.0	4.3	0.0	4.3
Rent	14.2	(0.1)	14.1	0.0	14.1	(0.1)	14.2
A&G Labor	88.9	0.0	88.9	0.0	88.9	4.2	84.7
Other Taxes							
Property Taxes	44.5	0.0	44.5	0.0	44.5	0.0	44.5
Payroll Taxes	25.5	0.0	25.5	0.0	25.5	1.0	24.5
Local Taxes	5.9	0.0	5.9	0.0	5.9	(0.2)	6.0
Depreciation	156.9	0.0	156.9	0.0	156.9	0.0	156.9
Income Taxes	143.4	8.6	152.0	0.0	152.0	(21.8)	173.8
Total Expenses After Taxes	1,075.3	(15.3)	1,060.1	0.0	1,060.1	0.8	1,059.3
Net Operating Revenues	376.5	12.7	389.0	0.0	389.0	(38.0)	427.1
Rate Base	\$5,042.3	5.5	\$5,047.8	0.0	\$5,047.8	(96.8)	\$5,144.6
Rate of Return	7.47%		7.71%		7.71%		8.30%

### AT PROPOSED RATES:

Operating Revenues	1,642.6	(93.5)	1,549.1	0.0	1,549.1	72.9	1,476.2
Uncollectibles	6.8	(0.4)	6.4	0.0	6.4	0.3	6.1
Local Taxes	6.7	(0.4)	6.3	0.0	6.3	0.3	6.0
Income Taxes	226.4	(31.0)	195.4	0.0	195.4	26.0	169.4
Total Expenses After Taxes	1,159.9	(55.6)	1,104.3	0.0	1,104.3	49.5	1,054.6
Net Operating Revenues	482.7	(37.9)	444.7	0.0	444.7	23.4	421.6
Rate Base	5,042.3	5.5	5,047.8	0.0	5,047.8	(96.8)	5,144.6
Rate of Return	9.57%		8.81%		8.81%		8.19%

# APPENDIX A

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## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY WRIGHTWOOD DISTRICT - A.99-03-065

TEST YEAR 2001

SUMMARY OF EARNINGS	Original Application	Increase	Final SCWC	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Operating Revenues	1,451.8	(2.7)	1,449.1	0.0	1,449.1	(41.3)	1,490.4
Oper. & Maint. Expenses							
Purchased Water	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchased Power	49.2	1.1	50.3	0.0	50.3	4.8	45.5
Pump Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chemicals	1.4	(0.1)	1.3	0.0	1.3	(0.1)	1.4
Common Cust Alloc	18.0	(0.1)	17.9	0.0	17.9	(0.1)	18.0
Postage		0.0		0.0		0.0	
Uncollectibles	6.0	(0.0)	6.0	0.0	6.0	(0.2)	6.1
Oper-Labor	201.4	0.0	201.4	0.0	201.4	9.4	192.0
Oper-Others	37.7	(2.1)	35.6	0.0	35.6	1.7	33.9
Maint-Labor	40.1	0.0	40.1	0.0	40.1	5.0	35.1
Maint-Others	92.0	(19.2)	72.8	0.0	72.8	0.1	72.7
A&G Expenses							
Office Supplies	38.0	(3.2)	34.8	0.0	34.8	2.6	32.2
Insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Injuries & Damages	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Pension & Benefits	6.9	(1.4)	5.5	0.0	5.5	1.3	4.2
Business Meals	0.5	0.0	0.5	0.0	0.5	0.0	0.5
Regulatory Comm	9.8	0.0	9.8	0.0	9.8	0.0	9.8
Outside Services	1.2	0.0	1.2	0.0	1.2	0.0	1.2
Misc	0.8	0.0	0.8	0.0	0.8	0.0	0.8
Alloc Gen Office	103.5	(0.3)	103.2	0.0	103.2	(0.3)	103.5
Maintenance	4.4	0.0	4.4	0.0	4.4	0.0	4.4
Rent	14.6	0.0	14.6	0.0	14.6	0.0	14.6
A&G Labor	93.5	0.0	93.5	0.0	93.5	6.8	86.7
Other Taxes							
Property Taxes	47.2	0.0	47.2	0.0	47.2	0.0	47.2
Payroll Taxes	26.8	0.0	26.8	0.0	26.8	1.7	25.1
Local Taxes	5.9	(0.0)	5.9	0.0	5.9	(0.2)	6.0
Depreciation	168.8	0.0	168.8	0.0	168.8	0.0	168.8
Income Taxes	90.3	35.9	126.2	0.0	126.2	(29.8)	156.0
Total Expenses After Taxes	1,058.0	10.6	1,068.6	0.0	1,068.6	2.8	1,065.9
Net Operating Revenues	393.8	(13.3)	380.5	0.0	380.5	(44.1)	424.5
Rate Base	\$6,741.7	(1,456.5)	\$5,285.2	(0.0)	\$5,285.2	92.3	\$5,192.9
Rate of Return	5.84%		7.20%		7.20%		8.18%

### AT PROPOSED RATES:

Operating Revenues	1,903.3	(301.6)	1,601.7	0.0	1,601.7	110.1	1,491.6
Uncollectibles	7.8	(1.2)	6.6	0.0	6.6	0.5	6.1
Local Taxes	7.7	(1.2)	6.5	0.0	6.5	0.5	6.0
Income Taxes	286.6	(94.0)	192.6	0.0	192.6	36.1	156.5
Total Expenses After Taxes	1,258.0	(121.7)	1,136.3	0.0	1,136.3	70.0	1,066.4
Net Operating Revenues	645.2	(179.8)	465.6	(0.0)	465.6	40.1	425.2
Rate Base	6,741.7	(1,456.5)	5,285.2	(0.0)	5,285.2	92.3	5,192.9
Rate of Return	9.57%		8.81%		8.81%		8.19%

## APPENDIX A

## Appendix B

# APPENDIX A

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## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY BARSTOW DISTRICT - A.99-03-068 TEST YEAR 2000

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INCOME TAX CALCULATION	Original Application	Increase	Final Stipulation	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Total Operating Revenues	5,331.2	9.7	5,340.9	0.0	5,340.9	(90.0)	5,430.9
Operating Expenses	4,069.7	(60.9)	4,008.8	0.0	4,008.8	181.1	3,827.8
Interest on LTD	695.0	(2.2)	692.8	0.0	692.8	(9.1)	701.9
Book Deprc'n (w/ G.O.)	(704.6)	0.1	(704.6)	0.0	(704.6)	0.1	(704.6)
Total Deductions	4,060.1	(63.0)	3,997.1	0.0	3,997.1	172.0	3,825.0
State Tax Depreciation	730.1	0.0	730.1	0.0	730.1	0.0	730.1
Other State Schedule M	(0.6)	0.0	(0.6)	0.0	(0.6)	0.0	(0.6)
8.84% -State Tax	47.9	6.4	54.3	0.0	54.3	(23.2)	77.5
Book Deprc'n (w/ G.O.)	704.6	(0.1)	704.6	0.0	704.6	(0.1)	704.6
Tax Depr. - Flow Through	(149.9)	0.0	(149.9)	0.0	(149.9)	(0.3)	(149.6)
State Tax Deduction	47.9	6.4	54.3	0.0	54.3	(23.2)	77.5
Other Fed Schedule M	(78.5)	0.0	(78.5)	0.0	(78.5)	0.0	(78.5)
Def Rev Amort - Contrib	25.0	0.0	25.0	0.0	25.0	0.0	25.0
35.00% -Federal Tax	252.7	23.2	275.9	0.0	275.9	(83.5)	359.4
TOTAL INCOME TAX	300.6	29.6	330.2	0.0	330.2	(106.7)	436.9

### AT PROPOSED RATES:

Total Operating Revenues	6,823.1	(330.9)	6,492.2	0.0	6,492.2	418.0	6,074.2
Operating Expenses	4,097.5	(67.2)	4,030.3	0.0	4,030.3	190.1	3,840.2
Interest on LTD	695.0	(2.2)	692.8	0.0	692.8	(9.1)	701.9
Book Deprc'n (w/ G.O.)	(704.6)	0.1	(704.6)	0.0	(704.6)	0.1	(704.6)
Total Deductions	4,087.8	(69.3)	4,018.6	0.0	4,018.6	181.1	3,837.4
State Tax Depreciation	730.1	0.0	730.1	0.0	730.1	0.0	730.1
Other State Schedule M	(0.6)	0.0	(0.6)	0.0	(0.6)	0.0	(0.6)
8.84% -State Tax	177.3	(23.1)	154.2	0.0	154.2	21.0	133.2
Book Deprc'n (w/ G.O.)	704.6	(0.1)	704.6	0.0	704.6	(0.1)	704.6
Tax Depr. - Flow Through	(149.9)	0.0	(149.9)	0.0	(149.9)	(0.3)	(149.6)
State Tax Deduction	47.9	6.4	54.3	0.0	54.3	(23.2)	77.5
Other Fed Schedule M	(78.5)	0.0	(78.5)	0.0	(78.5)	0.0	(78.5)
Def Rev Amort - Contrib	25.0	0.0	25.0	0.0	25.0	0.0	25.0
35.00% -Federal Tax	765.1	(93.7)	671.4	0.0	671.4	91.2	580.2
TOTAL INCOME TAX	942.4	(116.8)	825.6	0.0	825.6	112.2	713.4

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## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY BARSTOW DISTRICT - A.99-03-068

TEST YEAR 2001

INCOME TAX CALCULATION	Original Application	Increase	Final SCWC	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Total Operating Revenues	5,323.0	9.7	5,332.7	0.0	5,332.7	(97.2)	5,429.9
Operating Expenses	4,213.8	(68.0)	4,145.7	0.0	4,145.7	180.7	3,965.0
Interest on LTD	882.2	(158.3)	723.9	0.0	723.9	(15.4)	739.3
Book Depr'n (w/ G.O.)	(781.1)	2.7	(778.4)	0.0	(778.4)	2.7	(781.1)
Total Deductions	4,314.9	(223.6)	4,091.2	0.0	4,091.2	168.0	3,923.2
State Tax Depreciation	901.4	0.0	901.4	0.0	901.4	100.7	800.7
Other State Schedule M	(0.6)	0.0	(0.6)	0.0	(0.6)	0.0	(0.6)
8.84% -State Tax	9.5	20.6	30.1	0.0	30.1	(32.4)	62.5
Book Depr'n (w/ G.O.)	781.1	(2.7)	778.4	0.0	778.4	(2.7)	781.1
Tax Depr. - Flow Through	(158.0)	0.0	(158.0)	0.0	(158.0)	(17.6)	(140.4)
State Tax Deduction	177.3	(23.1)	154.2	0.0	154.2	(55.2)	209.4
Other Fed Schedule M	(78.5)	0.0	(78.5)	0.0	(78.5)	0.0	(78.5)
Def Rev Amort - Contrib	20.1	0.0	20.1	0.0	20.1	0.0	20.1
***** -Federal Tax	93.1	90.7	183.8	0.0	183.8	(66.5)	250.3
TOTAL INCOME TAX	102.6	111.3	213.9	0.0	213.9	(98.9)	312.8
AT PROPOSED RATES:							
Total Operating Revenues	7,603.5	(933.9)	6,669.6	0.0	6,669.6	427.4	6,242.2
Operating Expenses	4,256.2	(85.5)	4,170.7	0.0	4,170.7	190.1	3,980.6
Interest on LTD	882.2	(158.3)	723.9	0.0	723.9	(15.4)	739.3
Book Depr'n (w/ G.O.)	(781.1)	2.7	(778.4)	0.0	(778.4)	2.7	(781.1)
Total Deductions	4,357.3	(241.1)	4,116.2	0.0	4,116.2	177.4	3,938.8
State Tax Depreciation	901.4	0.0	901.4	0.0	901.4	100.7	800.7
Other State Schedule M	(0.6)	0.0	(0.6)	0.0	(0.6)	0.0	(0.6)
8.84% -State Tax	207.3	(61.2)	146.1	0.0	146.1	13.2	132.9
Book Depr'n (w/ G.O.)	781.1	(2.7)	778.4	0.0	778.4	(2.7)	781.1
Tax Depr. - Flow Through	(158.0)	0.0	(158.0)	0.0	(158.0)	(17.6)	(140.4)
State Tax Deduction	177.3	(23.1)	154.2	0.0	154.2	(55.2)	209.4
Other Fed Schedule M	(78.5)	0.0	(78.5)	0.0	(78.5)	0.0	(78.5)
Def Rev Amort - Contrib	20.1	0.0	20.1	0.0	20.1	0.0	20.1
***** -Federal Tax	876.4	(233.4)	643.0	0.0	643.0	113.9	529.1
TOTAL INCOME TAX	1,083.7	(294.6)	789.1	0.0	789.1	127.1	662.0



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## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY CALIPATRIA DISTRICT — A.99-03-066 TEST YEAR 2000

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INCOME TAX CALCULATION	Original Application	Increase	Final Stipulation	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Total Operating Revenues	993.6	4.3	997.9	0.0	997.9	(13.6)	1,011.5
Operating Expenses	1,058.7	1.4	1,060.1	0.0	1,060.1	(1.0)	1,061.1
Interest on LTD	206.4	(126.6)	79.8	0.0	79.8	1.4	78.4
Book Depr'n (w/ G.O.)	(134.8)	0.0	(134.8)	0.0	(134.8)	0.0	(134.8)
Total Deductions	1,130.3	(125.1)	1,005.1	0.0	1,005.1	0.4	1,004.7
State Tax Depreciation	90.3	0.0	90.3	0.0	90.3	33.2	57.1
Other State Schedule M	11.6	0.0	11.6	0.0	11.6	0.0	11.6
8.84% —State Tax	(21.1)	11.5	(9.6)	0.0	(9.6)	(4.1)	(5.5)
Book Depr'n (w/ G.O.)	134.8	0.0	134.8	0.0	134.8	0.0	134.8
Tax Depr. - Flow Through	(43.7)	0.0	(43.7)	0.0	(43.7)	(16.1)	(27.6)
State Tax Deduction	(21.1)	11.5	(9.6)	0.0	(9.6)	(4.1)	(5.5)
Other Fed Schedule M	11.6	0.0	11.6	0.0	11.6	0.0	11.6
Def Rev Amort - Contrib	2.4	0.0	2.4	0.0	2.4	0.0	2.4
35.00% —Federal Tax	(77.2)	41.2	(36.0)	0.0	(36.0)	2.1	(38.1)
TOTAL INCOME TAX	(98.3)	52.7	(45.6)	0.0	(45.6)	(2.0)	(43.6)

### AT PROPOSED RATES:

Total Operating Revenues	1,892.6	(522.1)	1,370.5	0.0	1,370.5	39.4	1,331.1
Operating Expenses	1,076.6	(9.1)	1,067.5	0.0	1,067.5	(0.1)	1,067.6
Interest on LTD	206.4	(126.6)	79.8	0.0	79.8	1.4	78.4
Book Depr'n (w/ G.O.)	(134.8)	0.0	(134.8)	0.0	(134.8)	0.0	(134.8)
Total Deductions	1,148.2	(135.7)	1,012.5	0.0	1,012.5	1.3	1,011.2
State Tax Depreciation	90.3	0.0	90.3	0.0	90.3	33.2	57.1
Other State Schedule M	11.6	0.0	11.6	0.0	11.6	0.0	11.6
8.84% —State Tax	56.8	(34.2)	22.6	0.0	22.6	0.4	22.2
Book Depr'n (w/ G.O.)	134.8	0.0	134.8	0.0	134.8	0.0	134.8
Tax Depr. - Flow Through	(43.7)	0.0	(43.7)	0.0	(43.7)	(16.1)	(27.6)
State Tax Deduction	(21.1)	11.5	(9.6)	0.0	(9.6)	(4.1)	(5.5)
Other Fed Schedule M	11.6	0.0	11.6	0.0	11.6	0.0	11.6
Def Rev Amort - Contrib	2.4	0.0	2.4	0.0	2.4	0.0	2.4
35.00% —Federal Tax	231.2	(139.3)	91.9	0.0	91.9	20.4	71.5
TOTAL INCOME TAX	288.0	(173.5)	114.5	0.0	114.5	20.8	93.7

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## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY CALIPATRIA DISTRICT - A.99-03-066

TEST YEAR 2001

INCOME TAX CALCULATION	Original Application	Increase	Final SCWC	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Total Operating Revenues	993.5	4.3	997.8	0.0	997.8	(13.6)	1,011.4
Operating Expenses	1,361.1	(262.4)	1,098.7	0.0	1,098.7	1.1	1,097.6
Interest on LTD	465.8	(381.1)	84.7	0.0	84.7	(2.1)	86.8
Book Deprc'n (w/ G.O.)	(382.4)	235.5	(146.9)	0.0	(146.9)	235.5	(382.4)
Total Deductions	1,444.4	(407.9)	1,036.5	0.0	1,036.5	234.5	802.0
State Tax Depreciation	110.9	0.0	110.9	0.0	110.9	69.4	41.5
Other State Schedule M	11.6	0.0	11.6	0.0	11.6	0.0	11.6
8.84% -State Tax	(50.7)	36.4	(14.3)	0.0	(14.3)	(28.1)	13.8
Book Deprc'n (w/ G.O.)	382.4	(235.5)	146.9	0.0	146.9	(235.5)	382.4
Tax Depr. - Flow Through	(45.9)	0.0	(45.9)	0.0	(45.9)	(28.7)	(17.2)
State Tax Deduction	56.8	(34.2)	22.6	0.0	22.6	(51.1)	73.7
Other Fed Schedule M	11.6	0.0	11.6	0.0	11.6	0.0	11.6
Def Rev Amort - Contrib	1.8	0.0	1.8	0.0	1.8	0.0	1.8
35.00% -Federal Tax	(300.2)	238.7	(61.5)	0.0	(61.5)	23.5	(85.0)
TOTAL INCOME TAX	(350.9)	275.1	(75.8)	0.0	(75.8)	(4.6)	(71.2)

### AT PROPOSED RATES:

Total Operating Revenues	3,195.3	(1,788.4)	1,406.9	0.0	1,406.9	26.8	1,380.1
Operating Expenses	1,405.0	(298.1)	1,106.9	0.0	1,106.9	1.9	1,105.0
Interest on LTD	465.8	(381.1)	84.7	0.0	84.7	(2.1)	86.8
Book Deprc'n (w/ G.O.)	(382.4)	235.5	(146.9)	0.0	(146.9)	235.5	(382.4)
Total Deductions	1,488.3	(443.6)	1,044.7	0.0	1,044.7	235.3	809.4
State Tax Depreciation	110.9	0.0	110.9	0.0	110.9	69.4	41.5
Other State Schedule M	11.6	0.0	11.6	0.0	11.6	0.0	11.6
8.84% -State Tax	140.1	(118.9)	21.2	0.0	21.2	(24.6)	45.8
Book Deprc'n (w/ G.O.)	382.4	(235.5)	146.9	0.0	146.9	(235.5)	382.4
Tax Depr. - Flow Through	(45.9)	0.0	(45.9)	0.0	(45.9)	(28.7)	(17.2)
State Tax Deduction	56.8	(34.2)	22.6	0.0	22.6	(51.1)	73.7
Other Fed Schedule M	11.6	0.0	11.6	0.0	11.6	0.0	11.6
Def Rev Amort - Contrib	1.8	0.0	1.8	0.0	1.8	0.0	1.8
35.00% -Federal Tax	455.1	(376.3)	78.8	0.0	78.8	37.4	41.4
TOTAL INCOME TAX	595.2	(495.2)	100.0	0.0	100.0	12.8	87.2

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## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY CLAREMONT DISTRICT - A.99-03-067 TEST YEAR 2000

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INCOME TAX CALCULATION	Original Application	Increase	Final Stipulation	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Total Operating Revenues	9,328.1	86.9	9,415.0	0.0	9,415.0	(140.6)	9,555.6
Operating Expenses	6,954.1	(50.6)	6,903.5	0.0	6,903.5	186.9	6,716.6
Interest on LTD	924.1	(0.2)	923.9	0.0	923.9	(5.0)	928.9
Book Deprc'n (w/ G.O.)	(1,101.4)	0.0	(1,101.4)	0.0	(1,101.4)	0.0	(1,101.4)
Total Deductions	6,776.7	(50.8)	6,725.9	0.0	6,725.9	181.9	6,544.0
State Tax Depreciation	920.7	0.0	920.7	0.0	920.7	0.0	920.7
Other State Schedule M	(2.4)	0.0	(2.4)	0.0	(2.4)	0.0	(2.4)
8.84% -State Tax	144.4	12.1	156.5	0.0	156.5	(28.5)	185.0
Book Deprc'n (w/ G.O.)	1,101.4	0.0	1,101.4	0.0	1,101.4	0.0	1,101.4
Tax Depr. - Flow Through	(200.6)	0.0	(200.6)	0.0	(200.6)	0.0	(200.6)
State Tax Deduction	144.4	12.1	156.5	0.0	156.5	(28.5)	185.0
Other Fed Schedule M	(2.0)	0.0	(2.0)	0.0	(2.0)	0.0	(2.0)
Def Rev Amort - Contrib	7.8	0.0	7.8	0.0	7.8	0.0	7.8
35.00% -Federal Tax	525.1	44.0	569.1	0.0	569.1	(102.9)	672.0
TOTAL INCOME TAX	669.5	56.1	725.6	0.0	725.6	(131.4)	857.0

### AT PROPOSED RATES:

Total Operating Revenues	10,519.2	(395.8)	10,123.4	0.0	10,123.4	513.0	9,610.4
Operating Expenses	6,958.8	(52.5)	6,906.3	0.0	6,906.3	189.5	6,716.8
Interest on LTD	924.1	(0.2)	923.9	0.0	923.9	(5.0)	928.9
Book Deprc'n (w/ G.O.)	(1,101.4)	0.0	(1,101.4)	0.0	(1,101.4)	0.0	(1,101.4)
Total Deductions	6,781.4	(52.7)	6,728.7	0.0	6,728.7	184.5	6,544.2
State Tax Depreciation	920.7	0.0	920.7	0.0	920.7	0.0	920.7
Other State Schedule M	(2.4)	0.0	(2.4)	0.0	(2.4)	0.0	(2.4)
8.84% -State Tax	249.2	(30.3)	218.9	0.0	218.9	29.0	189.9
Book Deprc'n (w/ G.O.)	1,101.4	0.0	1,101.4	0.0	1,101.4	0.0	1,101.4
Tax Depr. - Flow Through	(200.6)	0.0	(200.6)	0.0	(200.6)	0.0	(200.6)
State Tax Deduction	144.4	12.1	156.5	0.0	156.5	(28.5)	185.0
Other Fed Schedule M	(2.0)	0.0	(2.0)	0.0	(2.0)	0.0	(2.0)
Def Rev Amort - Contrib	7.8	0.0	7.8	0.0	7.8	0.0	7.8
35.00% -Federal Tax	940.3	(124.3)	816.0	0.0	816.0	124.9	691.1
TOTAL INCOME TAX	1,189.5	(154.6)	1,034.9	0.0	1,034.9	153.9	881.0

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## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY CLAREMONT DISTRICT — A.99-03-067

TEST YEAR 2001

INCOME TAX CALCULATION	Original Application	Increase	Final SCWC	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Total Operating Revenues	9,312.6	87.0	9,399.6	0.0	9,399.6	(158.0)	9,557.6
Operating Expenses	7,083.4	(66.7)	7,016.7	0.0	7,016.7	169.1	6,847.6
Interest on LTD	997.2	(46.2)	951.0	0.0	951.0	(7.8)	958.8
Book Deprc'n (w/ G.O.)	(1,179.1)	0.0	(1,179.1)	0.0	(1,179.1)	0.0	(1,179.1)
Total Deductions	6,901.5	(112.8)	6,788.6	0.0	6,788.6	161.3	6,627.3
State Tax Depreciation	1,097.4	0.0	1,097.4	0.0	1,097.4	0.0	1,097.4
Other State Schedule M	(2.4)	0.0	(2.4)	0.0	(2.4)	0.0	(2.4)
8.84% —State Tax	116.4	17.6	134.0	0.0	134.0	(28.2)	162.2
Book Deprc'n (w/ G.O.)	1,179.1	0.0	1,179.1	0.0	1,179.1	0.0	1,179.1
Tax Depr. - Flow Through	(207.8)	0.0	(207.8)	0.0	(207.8)	0.0	(207.8)
State Tax Deduction	249.2	(30.3)	218.9	0.0	218.9	(72.1)	291.0
Other Fed Schedule M	(2.0)	0.0	(2.0)	0.0	(2.0)	0.0	(2.0)
Def Rev Amort - Contrib	6.1	0.0	6.1	0.0	6.1	0.0	6.1
35.00% —Federal Tax	415.3	80.5	495.8	0.0	495.8	(86.6)	582.4
TOTAL INCOME TAX	531.7	98.1	629.8	0.0	629.8	(114.8)	744.6

### AT PROPOSED RATES:

Total Operating Revenues	10,851.5	(570.4)	10,281.1	0.0	10,281.1	522.1	9,759.0
Operating Expenses	7,089.5	(69.3)	7,020.2	0.0	7,020.2	171.8	6,848.4
Interest on LTD	997.2	(46.2)	951.0	0.0	951.0	(7.8)	958.8
Book Deprc'n (w/ G.O.)	(1,179.1)	0.0	(1,179.1)	0.0	(1,179.1)	0.0	(1,179.1)
Total Deductions	6,907.6	(115.5)	6,792.1	0.0	6,792.1	164.0	6,628.1
State Tax Depreciation	1,097.4	0.0	1,097.4	0.0	1,097.4	0.0	1,097.4
Other State Schedule M	(2.4)	0.0	(2.4)	0.0	(2.4)	0.0	(2.4)
8.84% —State Tax	251.9	(40.3)	211.6	0.0	211.6	31.6	180.0
Book Deprc'n (w/ G.O.)	1,179.1	0.0	1,179.1	0.0	1,179.1	0.0	1,179.1
Tax Depr. - Flow Through	(207.8)	0.0	(207.8)	0.0	(207.8)	0.0	(207.8)
State Tax Deduction	249.2	(30.3)	218.9	0.0	218.9	(72.1)	291.0
Other Fed Schedule M	(2.0)	0.0	(2.0)	0.0	(2.0)	0.0	(2.0)
Def Rev Amort - Contrib	6.1	0.0	6.1	0.0	6.1	0.0	6.1
35.00% —Federal Tax	951.8	(148.7)	803.1	0.0	803.1	150.5	652.6
TOTAL INCOME TAX	1,203.7	(189.0)	1,014.7	0.0	1,014.7	182.1	832.6

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## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY WRIGHTWOOD DISTRICT — A.99-03-065 TEST YEAR 2000

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INCOME TAX CALCULATION	Original Application	Increase	Final Stipulation	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Total Operating Revenues	1,451.8	(2.6)	1,449.2	0.0	1,449.2	(37.2)	1,486.4
Operating Expenses	931.9	(23.9)	908.1	0.0	908.1	22.6	885.5
Interest on LTD	188.1	0.2	188.3	0.0	188.3	(6.2)	194.5
Book Deprc'n (w/ G.O.)	(210.0)	0.0	(210.0)	0.0	(210.0)	0.0	(210.0)
Total Deductions	910.0	(23.6)	886.4	0.0	886.4	16.4	870.0
State Tax Depreciation	259.3	0.0	259.3	0.0	259.3	0.0	259.3
Other State Schedule M	(3.8)	0.0	(3.8)	0.0	(3.8)	0.0	(3.8)
8.84% —State Tax	25.3	1.9	27.2	0.0	27.2	(4.7)	31.9
Book Deprc'n (w/ G.O.)	210.0	0.0	210.0	0.0	210.0	0.0	210.0
Tax Depr. - Flow Through	(52.3)	0.0	(52.3)	0.0	(52.3)	0.0	(52.3)
State Tax Deduction	25.3	1.9	27.2	0.0	27.2	(4.7)	31.9
Other Fed Schedule M	(3.7)	0.0	(3.7)	0.0	(3.7)	0.0	(3.7)
Def Rev Amort - Contrib	25.0	0.0	25.0	0.0	25.0	0.0	25.0
35.00% —Federal Tax	118.1	6.7	124.8	0.0	124.8	(17.1)	141.9
TOTAL INCOME TAX	143.4	8.6	152.0	0.0	152.0	(21.8)	173.8

### AT PROPOSED RATES:

Total Operating Revenues	1,642.6	(93.5)	1,549.1	0.0	1,549.1	72.9	1,476.2
Operating Expenses	933.5	(24.6)	908.9	0.0	908.9	23.5	885.4
Interest on LTD	188.1	0.2	188.3	0.0	188.3	(6.2)	194.5
Book Deprc'n (w/ G.O.)	(210.0)	0.0	(210.0)	0.0	(210.0)	0.0	(210.0)
Total Deductions	911.6	(24.4)	887.2	0.0	887.2	17.3	869.9
State Tax Depreciation	259.3	0.0	259.3	0.0	259.3	0.0	259.3
Other State Schedule M	(3.8)	0.0	(3.8)	0.0	(3.8)	0.0	(3.8)
8.84% —State Tax	42.0	(6.1)	35.9	0.0	35.9	4.9	31.0
Book Deprc'n (w/ G.O.)	210.0	0.0	210.0	0.0	210.0	0.0	210.0
Tax Depr. - Flow Through	(52.3)	0.0	(52.3)	0.0	(52.3)	0.0	(52.3)
State Tax Deduction	25.3	1.9	27.2	0.0	27.2	(4.7)	31.9
Other Fed Schedule M	(3.7)	0.0	(3.7)	0.0	(3.7)	0.0	(3.7)
Def Rev Amort - Contrib	25.0	0.0	25.0	0.0	25.0	0.0	25.0
35.00% —Federal Tax	184.4	(24.9)	159.5	0.0	159.5	21.1	138.4
TOTAL INCOME TAX	226.4	(31.0)	195.4	0.0	195.4	26.0	169.4

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## RECONCILIATION EXHIBIT SOUTHERN CALIFORNIA WATER COMPANY WRIGHTWOOD DISTRICT - A.99-03-065

TEST YEAR 2001

INCOME TAX CALCULATION	Original Application	Increase	Final SCWC	Difference	Final Staff	Increase	Original Staff
AT PRESENT RATES:							
Total Operating Revenues	1,451.8	(2.7)	1,449.1	0.0	1,449.1	(41.3)	1,490.4
Operating Expenses	967.7	(25.3)	942.4	0.0	942.4	32.6	909.9
Interest on LTD	251.5	(54.4)	197.1	0.0	197.1	0.8	196.3
Book Deprc'n (w/ G.O.)	(223.3)	(0.0)	(223.3)	(0.0)	(223.3)	0.0	(223.3)
Total Deductions	995.9	(79.7)	916.2	(0.0)	916.3	33.4	882.9
State Tax Depreciation	348.5	0.0	348.5	0.0	348.5	57.5	291.0
Other State Schedule M	(3.8)	0.0	(3.8)	0.0	(3.8)	0.0	(3.8)
8.84% --State Tax	9.8	6.8	16.6	0.0	16.6	(11.7)	28.3
Book Deprc'n (w/ G.O.)	223.3	0.0	223.3	0.0	223.3	0.0	223.3
Tax Depr. - Flow Through	(55.8)	0.0	(55.8)	0.0	(55.8)	(9.2)	(46.6)
State Tax Deduction	42.0	(6.1)	35.9	0.0	35.9	(13.9)	49.8
Other Fed Schedule M	(3.7)	0.0	(3.7)	0.0	(3.7)	0.0	(3.7)
Def Rev Amort - Contrib	20.1	0.0	20.1	0.0	20.1	0.0	20.1
35.00% --Federal Tax	80.5	29.1	109.6	0.0	109.6	(18.1)	127.7
TOTAL INCOME TAX	90.3	35.9	126.2	0.0	126.2	(29.8)	156.0

### AT PROPOSED RATES:

Total Operating Revenues	1,903.3	(301.6)	1,601.7	0.0	1,601.7	110.1	1,491.6
Operating Expenses	971.4	(27.7)	943.7	0.0	943.7	33.9	909.8
Interest on LTD	251.5	(54.4)	197.1	0.0	197.1	0.8	196.3
Book Deprc'n (w/ G.O.)	(223.3)	(0.0)	(223.3)	(0.0)	(223.3)	0.0	(223.3)
Total Deductions	999.6	(82.1)	917.5	(0.0)	917.5	34.7	882.8
State Tax Depreciation	348.5	0.0	348.5	0.0	348.5	57.5	291.0
Other State Schedule M	(3.8)	0.0	(3.8)	0.0	(3.8)	0.0	(3.8)
8.84% --State Tax	49.4	(19.4)	30.0	0.0	30.0	1.6	28.4
Book Deprc'n (w/ G.O.)	223.3	0.0	223.3	0.0	223.3	0.0	223.3
Tax Depr. - Flow Through	(55.8)	0.0	(55.8)	0.0	(55.8)	(9.2)	(46.6)
State Tax Deduction	42.0	(6.1)	35.9	0.0	35.9	(13.9)	49.8
Other Fed Schedule M	(3.7)	0.0	(3.7)	0.0	(3.7)	0.0	(3.7)
Def Rev Amort - Contrib	20.1	0.0	20.1	0.0	20.1	0.0	20.1
35.00% --Federal Tax	237.2	(74.6)	162.6	0.0	162.6	34.5	128.1
TOTAL INCOME TAX	286.6	(94.0)	192.6	0.0	192.6	36.1	156.5

## APPENDIX A

### CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document **MOTION TO ADOPT SETTLEMENT** upon all known parties of record in this proceeding by mailing by first-class a copy thereof properly addressed to each party.

Dated at San Francisco, California this 1st day of August 16, 1999.

  
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Mary Bové Holton

(END OF APPENDIX A)