

ALJ/XJV/mrj

Decision 99-05-018 May 13, 1999

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**Mailed 5/13/99** *2002*  
*698*

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

In the Matter of the Application of CALIFORNIA  
WATER SERVICE COMPANY (U 60 W), a  
Corporation, for an Order Authorizing it to  
Increase Rates Charged for Water Service in the  
East Los Angeles District.

Application 98-09-013

And Related Matters.

Application 98-09-014  
Application 98-09-015  
Application 98-09-016  
(Filed September 9, 1998)

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Water Service Company, applicant.  
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Attorney at Law, for Ratepayer Representation  
Branch, Water Division, protestant.

## OPINION ADOPTING SETTLEMENT

### 1. Summary

We grant the motion of the Ratepayer Representation Branch of the Water Division (RRB) and California Water Service Company (CWS or utility) for adoption of their settlement of all issues pending in these general rate case applications. We conclude that the settlement is in the public interest and approve it. Accordingly, this decision authorizes the following increases in base rates for water service in four CWS districts:

	1999		2000	
District	Amount	Percent	Amount	Percent
	(000)		(000)	
Bear Gulch	\$ 463.5	4.0%	\$ 0.0	no increase
East Los Angeles	\$ 486.1	3.2%	\$ 0.0	no increase
Hermosa-Redondo	\$ 604.7	4.3%	\$ 0.0	no increase
Visalia	\$ 361.0	4.3%	\$ 0.0	no increase

These increases are based on a rate of return on rate base of 8.93% in 1999 and 8.79% in the year 2000, with a corresponding rate of return on common equity of 9.55% for both years. Rates for the first and second test years remain the same because the parties have combined them so that the agreed changes in depreciation do not distort the second year earnings test.

CWS also is authorized a rate increase for the years 2001 and 2002 to account for attrition. The increases in 2001 and 2002, respectively, for the Bear Gulch District are: \$211,500 (1.7%) and \$220,700 (1.8%); for the East Los Angeles District: \$341,900 (2.2%) and \$349,700 (2.2%); and for the Visalia District: \$74,200

(0.9%) and \$80,600 (0.9%). There will be no attrition increases in the Hermosa-Redondo District.

For the household with average water use, these adjustments will mean an increase in the monthly water bill in 1999 from about \$58.71 to \$60.69 in the Bear Gulch District; from \$38.17 to \$39.64 in the East Los Angeles District; from \$40.82 to \$42.45 in the Hermosa-Redondo District; and from \$24.97 to \$25.69 in the Visalia District.

## **2. Background**

CWS is the largest investor-owned water company in California, providing water to 350,000 accounts in 20 districts, all within California. Like other Class A water utilities, CWS annually files applications for rate adjustments in one or more of its districts in accordance with the rate case plan schedule we adopted in Decision (D.) 89-03-003.

On September 9, 1998, CWS filed applications to increase rates in its Bear Gulch, East Los Angeles, Hermosa-Redondo, and Visalia districts for the time period 1999-2002. (Exhibits 1-10.). For filings after mid-year, the rate case plan provides for rate adjustments in the two subsequent "test" years, (here the years 1999 and 2000) and for additional "attrition" adjustments in the third and partial fourth years (here 2001 and 2002).

On September 17, in Resolution ALJ 3000, we preliminary categorized the applications as ratesetting and determined that hearings likely would be necessary. At the prehearing conference (PHC) held on October 16, the administrative law judge (ALJ) consolidated these applications for hearing. Commissioner Duque, the assigned Commissioner, attended the PHC and subsequently issued a scoping memo for the consolidated proceeding which designated ALJ Vieth as the principal hearing officer. The scoping memo also set forth the issues to be decided in this proceeding and established a procedural

schedule under which the Commission would issue a final decision by April 1999, or in no event later than 18 months from the date of filing of the applications, pursuant to Pub. Util. Code § 1701 et seq. and Article 2.5 of our Rules of Practice and Procedure.

The Commission conducted four Public Participation Hearings (PPH), one in each district. The first three, held on December 1 in City of Commerce, December 2 in Hermosa Beach, and December 3 in Menlo Park, were sparsely attended. The City Manager of Hermosa Beach appeared at the December 2 hearing to announce his City Council's opposition to the proposed rate increase. The City Engineer of Redondo Beach also appeared at that hearing to protest the proposed rate increase, at his City Council's direction. Attendance was higher at the Visalia PPH on December 9. Those present focussed primarily on the proposed facilities fee for new developments. Several speakers variously supported, challenged and suggested revisions to the proposed fee.

The Commission also has received numerous letters from residential customers in the four districts. Generally, these customers protested the rate increase but did not complain about service or water quality. The single issue most frequently challenged was the utility's request that the Commission reconsider its prior decisions and authorize a higher addition to rate base for the San Jose headquarters parking. (See D.94-02-045, reh'g. den. D.94-08-031.) In addition, the City of Menlo Park wrote asking the Commission to consider the rate differential between CWS and the City of Menlo Park Municipal Water Service as well as utilization of a tiered, rather than a flat fee, metering system to encourage water conservation.

On December 22, RRB served its reports analyzing CWS' requests for increased rates. RRB recommended numerous cost reductions and a lesser rate of return. (Exhibits 11-16.) Thereafter, the parties noticed settlement discussions

and CWS, by motion, asked to reschedule the evidentiary hearings set to begin on January 12, 1999.

On February 4, at the commencement of the rescheduled evidentiary hearings, the parties informed the ALJ that they had reached settlement of all issues but had yet to memorialize their agreement. Accordingly, evidentiary hearings were continued to March 4. On February 25, CWS and RRB jointly filed a motion for adoption of the settlement attached to that motion and thereafter, the ALJ removed the March 4 hearings from the calendar. No opposition to the motion was filed. The ALJ issued her proposed decision in less than the 90-day statutory timeline.

### **3. Highlights of the Settlement**

The settlement (including the table of contents of appendices but without the voluminous appendices, themselves) is attached to this decision as Appendix D. The settlement resolves all issues pending in this consolidated proceeding, including the following:

- Parking lot. CWS and RRB agree the Commission should dismiss with prejudice the utility's request for reconsideration of the rate base valuation of the San Jose headquarters parking lot. Prior Commission decisions authorized CWS to add to rate base \$81,875, the original cost of the land when it was purchased in the early 1960s, rather than the price it was appraised at in 1990, when parking lot construction occurred. In this proceeding, CWS again raised the issue of the difference in valuation and sought authorization to add \$793,850 to rate base, amortized over five years.
- Environmental audit. The parties agree that CWS should contract for a company-wide environmental audit to assess its compliance with environmental laws and regulations and that the cost, approximately \$200,000, should be recovered by a one-year surcharge assessed to customer accounts in all 20 districts, in accordance with Appendix B. CWS will seek subsequent

authorization to assess the pro rata share of the audit cost in the 16 districts not at issue in this proceeding.

- New services fee. CWS and RRB agree that a \$450 new services fee should apply to each lot in new, private developments in the Visalia district which require a main extension (subject to limited, specified exclusions). This fee is \$50 lower than CWS' original request. RRB agrees the fee should be treated as an advance (subject to refund) and paid prior to CWS' acceptance of the main extension facilities. Payment at the time the meter is set for each lot, which some speakers at the Visalia PPH requested, would create an undue accounting burden, the parties agree. They also agree CWS should file for authorization to establish a per lot, new services fee in seven other districts.
- Cost of Capital: CWS and RRB agree to a return on common equity of 9.55%, a return on ratebase in 1999 of 8.93% and a return on ratebase in 2000 of 8.79%. These figures reflect a compromise from each party's initial position.
- Customers, Sales and Revenues. The parties generally have accepted RRB's slightly larger estimates of customers and CWS' slightly lower sales and revenues estimates.
- Expenses. CWS agrees to most of RRB's generally lower estimates for labor and for operational and maintenance expenses. The parties' compromise position on treatment of tank painting expenditures would permit CWS to capitalize 60% (rather than 100%) of those expenditures and to expense the remaining 40%, flowing the associated tax benefits to ratepayers.
- General Office Capital Expenditures. The parties agree to amortize, over five years in accordance with Appendix B, \$1,178,070 in general office capital expenditures incurred in 1998. This sum is not reflected in the 1998 capital budget nor in either party's rate base calculations.

The settlement describes these and other agreements by the parties in more detail. Comparison exhibits, which are included in Appendix C of the settlement,

set out in detail CWS' original proposals and RRB's original responses (RRB is identified as "LWB", an abbreviation for Large Water Branch, its previous name). The comparison exhibits also show the reductions or increases agreed to by the two parties and the final numbers they agreed upon.

#### **4. Standard for Review of All Party Settlements**

We review settlements, initially, for compliance with Article 13.5 of our Rules of Practice and Procedure. CWS and RRB have followed the procedural requirements set out in those rules and we consider, next, the substantive conditions for our approval. When, such as here, a settlement is presented as an "all party" settlement, we review it for conformance with the broad guidelines we adopted in Re San Diego Gas and Electric Company, D.92-12-019, 46 CPUC 2d 538 (1992). Those guidelines require that we be satisfied that a proposed all party settlement:

- a. commands the unanimous sponsorship of all active parties to the instant proceeding;
- b. that the sponsoring parties are fairly reflective of the affected interests;
- c. that no term of the settlement contravenes statutory provisions or prior Commission decisions; and
- d. that the settlement conveys to the Commission sufficient information to permit us to discharge our future regulatory obligations with respect to the parties and their interests.

We find that the settlement meets each of the four guidelines. In this consolidated proceeding, CWS and RRB are the only parties, no other person or entity has sought to intervene for any purpose and the settlement executed by CWS and RRB is unopposed. Utility and ratepayer interests have been asserted by and are adequately represented by these two parties. In their motion for adoption of the settlement, the parties represent that none of its terms are

contrary to statute or prior Commission decision. We conclude this is accurate. While speakers at the Visalia PPH suggested Gov. Code § 66007 controls when a utility can require payment of a new services fee, that statute applies to local agencies and is inapplicable here. CWS is not a local agency.<sup>1</sup> (See Gov. Code § 66000(c), which defines "local agency".)

Finally, the settlement together with the record in this proceeding provide sufficient information to permit us to make an informed evaluation that adoption of the settlement is in the public interest. We conclude that the settlement should be adopted and the motion for approval of the settlement should be granted.

#### **5. City of Menlo Park Rate Design**

By letter dated January 11, 1999, the Assistant City Manager of the City of Menlo Park advised the ALJ of two concerns about CWS' general rate case proposal. We will comment briefly on each, though the City did not intervene. The City's first concern is the rate differential within the City for water service from CWS and from the municipal water system. While we appreciate the City's concern about the disparity, we have jurisdiction to review the rates for CWS only. Pub. Util. Code § 451 requires that the rates for all utilities within our jurisdiction be "just and reasonable". We are satisfied that the rates we authorize today for CWS' Bear Gulch district are justified by the record here. We note that these rates are somewhat lower than those CWS initially proposed.

The City's second concern -- promotion of water conservation by establishment of a tiered rate design -- falls squarely within our jurisdiction. However, we do not have an adequate record in this proceeding to reach any conclusions about whether CWS should substitute a tiered rate design for the

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<sup>1</sup> Even where Gov. Code § 66007 applies, it provides for exceptions to the general payment rule, particularly for utility fees. (Compare Gov. Code § 66007(a), (b).)



current flat fee rate design. We note the City's letter was sent after the parties' initial positions had been developed and as they were entering settlement negotiations. We believe this issue should be explored thoroughly in the future, however. Therefore, we direct CWS to examine the City's rate design proposal and to include, in its next general rate case application for the Bear Gulch district, an alternative rate design incorporating tiered rates and a recommendation whether to adopt the alternative rate design.

**6. Shortening of Period for Comments on the Proposed Decision; Comments**

The proposed decision of the ALJ 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. At the parties' request, however, the otherwise applicable 30-day period for public review of the proposed decision and comment was reduced to seven days. Consequently, we listed this matter on the first agenda permitted by the 10-day agenda notice requirements under the Bagley-Keene Act (Gov. Code 11120 et seq.).

No comments were filed.

**Findings of Fact**

1. CWS and RRB, the two parties to this consolidated proceeding, have settled all issues and memorialized their agreement in the settlement attached to this decision as Appendix D.
2. The Cities of Hermosa Beach, Redondo Beach, and Menlo Park raised various concerns about aspects of this consolidated proceeding but did not intervene.
3. The settlement is unopposed.
4. The settlement is an all party settlement.

5. The City of Menlo Park's concern about promotion of water conservation by establishment of a tiered rate design, addressed in its letter dated January 11, 1999, raises an issue within our jurisdiction.

6. We do not have an adequate record in this proceeding to reach any conclusions about whether CWS should substitute a tiered rate design for the current flat fee rate design in its Bear Gulch district.

### **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 settlement should be adopted and the motion for approval of the settlement should be granted.

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

4. Adopted quantities are set forth in Appendix C.

5. CWS should be authorized to file the rates set forth in Appendix B, as specified in the order.

6. CWS 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 D and agreed to by California Water Service Company (CWS) and the Ratepayer Representation Branch (RRB) of the Water Division is approved.

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

3. CWS is authorized to file the revised schedules attached to this order as Appendix B. The filing shall comply with General Order (GO) 96-A. The

effective date of the revised schedules shall be not earlier than July 1, 1999, or 5 days after the filing, whichever is later. The revised schedules shall apply to service rendered on or after the effective date.

4. On or after November 6, 2000, CWS is authorized to file an advice letter, with appropriate work papers, requesting the step rate increase for the year 2001 included in Appendix B or to file a proportionately lesser increase for those rates in Appendix B for the Bear Gulch, East Los Angeles, and Visalia 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 of (a) the rate of return found reasonable by the Commission for CWS during the corresponding period in the then most recent rate decision or (b) 8.79%. 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 January 1, 2001, or 30 days after filing, whichever is later. The revised schedules shall apply only to service rendered on or after their effective dates.

5. On or after November 5, 2001, CWS is authorized to file an advice letter, with appropriate work papers, requesting the step rate increase for the year 2002 included in Appendix B or to file a proportionately lesser increase for those rates in Appendix B for the Bear Gulch, East Los Angeles, and Visalia 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 CWS during the corresponding period in the then most recent rate decision or (b) 8.79%. 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 January 1, 2002 or 30 days after filing, whichever is later. The revised schedules shall apply only to service rendered on or after their effective dates.

6. CWS is authorized to file advice letters in its non-General Rate Case districts to recover agreed-upon costs of CWS' General Office consistent with Paragraph 14.00 of Appendix D.

7. CWS shall examine the City of Menlo Park's rate design proposal, discussed in this Decision, and shall include, in its next general rate case application for the Bear Gulch district, an alternative rate design incorporating tiered rates and a recommendation whether to adopt the alternative rate design.

8. Application (A.) 98-09-013, A.98-09-014, A.98-09-015, and A.98-09-016 are closed.

This order is effective today.

Dated May 13, 1999, at San Francisco, California.

RICHARD A. BILAS  
President  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioners

## APPENDIX A

# APPENDIX A

## TABLE 1

### BEAR GULCH DISTRICT

#### SUMMARY OF EARNINGS AND RATES OF RETURN

YEARS 1999 THROUGH 2000

	PRESENT RATES		PROPOSED RATES	
	1999	2000	1999	2000
OPERATING REVENUES	\$ 11,692.4	\$ 11,749.4	\$ 12,112.0	\$ 12,304.1
OPERATIONS EXPENSES				
PURCHASED WATER	\$ 3,414.0	\$ 3,433.1	\$ 3,414.0	\$ 3,433.1
GROUNDWATER EXTRACTION CHARGE	\$ -	\$ -	\$ -	\$ -
REPLENISHMENT ASSESSMENT	\$ -	\$ -	\$ -	\$ -
PURCHASED POWER	\$ 426.1	\$ 427.8	\$ 426.1	\$ 427.8
PURCHASED CHEMICALS	\$ 33.8	\$ 34.7	\$ 33.8	\$ 34.7
PAYROLL - DISTRICT	\$ 1,326.7	\$ 1,361.2	\$ 1,326.7	\$ 1,361.2
OTHER OPERATION & MAINTENANCE	\$ 795.7	\$ 795.6	\$ 796.1	\$ 796.1
OTHER ADMIN & GENERAL EXP	\$ 142.7	\$ 141.3	\$ 142.7	\$ 141.3
TOTAL O&M, A&G, AND MISC EXP	\$ 6,139.0	\$ 6,193.7	\$ 6,139.4	\$ 6,194.2
TAXES OTHER THAN INCOME				
AD VALOREM TAXES	\$ 270.9	\$ 280.0	\$ 270.9	\$ 280.0
LOCAL FRANCHISE TAXES & BUS LIC	\$ 97.1	\$ 97.6	\$ 100.6	\$ 102.2
PAYROLL TAXES	\$ 105.4	\$ 108.8	\$ 105.4	\$ 108.8
TOTAL GENERAL TAXES	\$ 473.4	\$ 486.4	\$ 476.9	\$ 491.0
DEPRECIATION	\$ 1,027.6	\$ 1,078.7	\$ 1,027.6	\$ 1,078.7
G.O. PRORATED EXPENSES				
PAYROLL AND BENEFITS	\$ 798.6	\$ 830.9	\$ 798.6	\$ 830.9
AD VALOREM TAXES	\$ 7.4	\$ 8.7	\$ 7.4	\$ 8.7
PAYROLL TAXES	\$ 29.9	\$ 31.4	\$ 29.9	\$ 31.4
OTHER PRORATED EXPENSES	\$ 399.3	\$ 411.9	\$ 399.3	\$ 411.9
TOTAL G.O. PRORATED EXPENSES	\$ 1,235.2	\$ 1,282.9	\$ 1,235.2	\$ 1,282.9
SUB-TOTAL OPERATING EXPENSES	\$ 8,875.2	\$ 9,041.7	\$ 8,879.1	\$ 9,046.8
TOTAL INCOME TAXES	\$ 835.0	\$ 760.8	\$ 1,017.3	\$ 988.9
TOTAL OPERATING EXPENSES	\$ 9,710.2	\$ 9,802.5	\$ 9,896.4	\$ 10,035.7
NET OPERATING REVENUE	\$ 1,982.2	\$ 1,946.9	\$ 2,215.6	\$ 2,268.4
DEPRECIATED RATE BASE	\$ 24,800.8	\$ 25,796.6	\$ 24,800.8	\$ 25,796.6
RATE OF RETURN				
YEAR	7.99%	7.55%	8.93%	8.79%
CHANGE FROM PRIOR YEAR		-0.45%		-0.14%

## APPENDIX A

TABLE 2

## EAST LOS ANGELES DISTRICT

## SUMMARY OF EARNINGS AND RATES OF RETURN

YEARS 1999 THROUGH 2000

	PRESENT RATES		PROPOSED RATES	
	1999	2000	1999	2000
OPERATING REVENUES	\$ 15,163.3	\$ 15,120.7	\$ 15,560.9	\$ 15,783.5
OPERATIONS EXPENSES				
PURCHASED WATER	\$ 5,980.7	\$ 5,956.4	\$ 5,980.7	\$ 5,956.4
GROUNDWATER EXTRACTION CHARGE	\$ -	\$ -	\$ -	\$ -
REPLENISHMENT ASSESSMENT	\$ 694.0	\$ 694.0	\$ 694.0	\$ 694.0
PURCHASED POWER	\$ 472.1	\$ 470.9	\$ 472.1	\$ 470.9
PURCHASED CHEMICALS	\$ 25.9	\$ 26.6	\$ 25.9	\$ 26.6
PAYROLL - DISTRICT	\$ 1,734.6	\$ 1,768.5	\$ 1,734.6	\$ 1,768.5
OTHER OPERATION & MAINTENANCE	\$ 701.0	\$ 728.3	\$ 701.9	\$ 729.8
OTHER ADMIN & GENERAL EXP	\$ 117.5	\$ 118.4	\$ 117.5	\$ 118.4
TOTAL O&M, A&G, AND MISC EXP	\$ 9,725.8	\$ 9,763.1	\$ 9,726.7	\$ 9,764.6
TAXES OTHER THAN INCOME				
AD VALOREM TAXES	\$ 220.8	\$ 225.7	\$ 220.8	\$ 225.7
LOCAL FRANCHISE TAXES & BUS LIC	\$ 243.2	\$ 242.6	\$ 249.6	\$ 253.1
PAYROLL TAXES	\$ 137.7	\$ 141.8	\$ 137.7	\$ 141.8
TOTAL GENERAL TAXES	\$ 601.7	\$ 610.1	\$ 608.1	\$ 620.6
DEPRECIATION	\$ 914.7	\$ 954.0	\$ 914.7	\$ 954.0
G.O. PRORATED EXPENSES				
PAYROLL AND BENEFITS	\$ 1,056.5	\$ 1,099.2	\$ 1,056.5	\$ 1,099.2
AD VALOREM TAXES	\$ 9.7	\$ 11.5	\$ 9.7	\$ 11.5
PAYROLL TAXES	\$ 39.6	\$ 41.5	\$ 39.6	\$ 41.5
OTHER PRORATED EXPENSES	\$ 528.3	\$ 544.9	\$ 528.3	\$ 544.9
TOTAL G.O. PRORATED EXPENSES	\$ 1,634.1	\$ 1,697.1	\$ 1,634.1	\$ 1,697.1
SUB-TOTAL OPERATING EXPENSES	\$ 12,876.3	\$ 13,024.3	\$ 12,883.6	\$ 13,036.3
TOTAL INCOME TAXES	\$ 682.2	\$ 581.5	\$ 853.3	\$ 854.7
TOTAL OPERATING EXPENSES	\$ 13,558.5	\$ 13,605.8	\$ 13,736.9	\$ 13,891.0
NET OPERATING REVENUE	\$ 1,604.8	\$ 1,514.9	\$ 1,824.0	\$ 1,892.5
DEPRECIATED RATE BASE	\$ 20,416.8	\$ 21,519.8	\$ 20,416.8	\$ 21,519.8
RATE OF RETURN				
YEAR	7.86%	7.04%	8.93%	8.79%
CHANGE FROM PRIOR YEAR		-0.82%		-0.14%

# APPENDIX A

## TABLE 3

### HERMOSA - REDONDO DISTRICT

#### SUMMARY OF EARNINGS AND RATES OF RETURN

YEARS 1999 THROUGH 2000

	PRESENT RATES		PROPOSED RATES	
	1999	2000	1999	2000
OPERATING REVENUES	\$ 14,051.0	\$ 14,032.8	\$ 14,729.7	\$ 14,603.5
OPERATIONS EXPENSES				
PURCHASED WATER	\$ 6,183.7	\$ 5,601.6	\$ 6,183.7	\$ 5,601.6
GROUNDWATER EXTRACTION CHARGE	\$ -	\$ -	\$ -	\$ -
REPLENISHMENT ASSESSMENT	\$ 409.7	\$ 622.6	\$ 409.7	\$ 622.6
PURCHASED POWER	\$ 263.8	\$ 263.6	\$ 263.8	\$ 263.6
PURCHASED CHEMICALS	\$ 33.8	\$ 34.7	\$ 33.8	\$ 34.7
PAYROLL - DISTRICT	\$ 1,317.4	\$ 1,391.1	\$ 1,317.4	\$ 1,391.1
OTHER OPERATION & MAINTENANCE	\$ 626.4	\$ 635.3	\$ 627.8	\$ 636.4
OTHER ADMIN & GENERAL EXP	\$ 77.8	\$ 78.4	\$ 77.8	\$ 78.4
TOTAL O&M, A&G, AND MISC EXP	\$ 8,912.6	\$ 8,627.3	\$ 8,914.0	\$ 8,628.4
TAXES OTHER THAN INCOME				
AD VALOREM TAXES	\$ 228.6	\$ 241.9	\$ 228.6	\$ 241.9
LOCAL FRANCHISE TAXES & BUS LIC	\$ 24.5	\$ 24.5	\$ 24.7	\$ 24.7
PAYROLL TAXES	\$ 107.8	\$ 117.9	\$ 107.8	\$ 117.9
TOTAL GENERAL TAXES	\$ 360.9	\$ 384.3	\$ 361.1	\$ 384.5
DEPRECIATION	\$ 1,016.1	\$ 1,070.0	\$ 1,016.1	\$ 1,070.0
G.O. PRORATED EXPENSES				
PAYROLL AND BENEFITS	\$ 924.7	\$ 962.2	\$ 924.7	\$ 962.2
AD VALOREM TAXES	\$ 8.5	\$ 10.1	\$ 8.5	\$ 10.1
PAYROLL TAXES	\$ 34.6	\$ 36.3	\$ 34.6	\$ 36.3
OTHER PRORATED EXPENSES	\$ 462.3	\$ 477.0	\$ 462.3	\$ 477.0
TOTAL G.O. PRORATED EXPENSES	\$ 1,430.1	\$ 1,485.6	\$ 1,430.1	\$ 1,485.6
SUB-TOTAL OPERATING EXPENSES	\$ 11,719.7	\$ 11,567.2	\$ 11,721.3	\$ 11,568.5
TOTAL INCOME TAXES	\$ 661.8	\$ 684.7	\$ 958.7	\$ 913.5
TOTAL OPERATING EXPENSES	\$ 12,381.5	\$ 12,251.9	\$ 12,680.0	\$ 12,482.0
NET OPERATING REVENUE	\$ 1,669.5	\$ 1,780.9	\$ 2,049.7	\$ 2,121.5
DEPRECIATED RATE BASE	\$ 22,942.1	\$ 24,124.8	\$ 22,942.1	\$ 24,124.8
RATE OF RETURN				
YEAR	7.28%	7.38%	8.93%	8.79%
CHANGE FROM PRIOR YEAR		0.11%		-0.14%



# APPENDIX A

## TABLE 4

### VISALIA DISTRICT

#### SUMMARY OF EARNINGS AND RATES OF RETURN

YEARS 1999 THROUGH 2000

	PRESENT RATES		PROPOSED RATES	
	1999	2000	1999	2000
OPERATING REVENUES	\$ 7,957.3	\$ 8,070.1	\$ 8,319.0	\$ 8,518.2
OPERATIONS EXPENSES				
PURCHASED WATER	\$ -	\$ -	\$ -	\$ -
GROUNDWATER EXTRACTION CHARGE	\$ -	\$ -	\$ -	\$ -
REPLENISHMENT ASSESSMENT	\$ -	\$ -	\$ -	\$ -
PURCHASED POWER	\$ 949.8	\$ 963.4	\$ 949.8	\$ 963.4
PURCHASED CHEMICALS	\$ 101.4	\$ 103.2	\$ 101.4	\$ 103.2
PAYROLL - DISTRICT	\$ 1,632.5	\$ 1,673.8	\$ 1,632.5	\$ 1,673.8
OTHER OPERATION & MAINTENANCE	\$ 686.7	\$ 720.1	\$ 688.1	\$ 721.8
OTHER ADMIN & GENERAL EXP	\$ 51.6	\$ 52.5	\$ 51.6	\$ 52.5
TOTAL O&M, A&G, AND MISC EXP	\$ 3,422.0	\$ 3,513.0	\$ 3,423.4	\$ 3,514.7
TAXES OTHER THAN INCOME				
AD VALOREM TAXES	\$ 194.6	\$ 200.3	\$ 194.6	\$ 200.3
LOCAL FRANCHISE TAXES & BUS LIC	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6
PAYROLL TAXES	\$ 125.3	\$ 129.3	\$ 125.3	\$ 129.3
TOTAL GENERAL TAXES	\$ 320.5	\$ 330.2	\$ 320.5	\$ 330.2
DEPRECIATION	\$ 1,037.0	\$ 1,080.7	\$ 1,037.0	\$ 1,080.7
G.O. PRORATED EXPENSES				
PAYROLL AND BENEFITS	\$ 858.2	\$ 892.9	\$ 858.2	\$ 892.9
AD VALOREM TAXES	\$ 7.9	\$ 9.3	\$ 7.9	\$ 9.3
PAYROLL TAXES	\$ 32.1	\$ 33.7	\$ 32.1	\$ 33.7
OTHER PRORATED EXPENSES	\$ 429.1	\$ 442.7	\$ 429.1	\$ 442.7
TOTAL G.O. PRORATED EXPENSES	\$ 1,327.3	\$ 1,378.6	\$ 1,327.3	\$ 1,378.6
SUB-TOTAL OPERATING EXPENSES	\$ 6,106.8	\$ 6,302.5	\$ 6,108.2	\$ 6,304.2
TOTAL INCOME TAXES	\$ 537.1	\$ 484.1	\$ 695.1	\$ 668.7
TOTAL OPERATING EXPENSES	\$ 6,643.9	\$ 6,786.6	\$ 6,803.3	\$ 6,972.9
NET OPERATING REVENUE	\$ 1,313.4	\$ 1,283.5	\$ 1,515.7	\$ 1,545.3
DEPRECIATED RATE BASE	\$ 16,967.1	\$ 17,573.0	\$ 16,967.1	\$ 17,573.0
RATE OF RETURN				
YEAR	7.74%	7.30%	8.93%	8.79%
CHANGE FROM PRIOR YEAR		-0.44%		-0.14%

(END OF APPENDIX A)

## APPENDIX B

## APPENDIX B-1

Page 1

Schedule No. BG-1

Bear Gulch Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The Communities of Atherton, Menlo Park, Portola Valley, Woodside, and vicinity, San Mateo County.

RATES

## Quantity Rates:

Per 100 cu. ft. ....	\$ 1.8594	( I )
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## Service Charge:

Per Meter
<u>Per Month</u>

For 5/8 x 3/4-inch meter .....	\$ 8.50	( I )
For 1-inch meter .....	16.00	
For 1-1/2-inch meter .....	22.90	
For 2-inch meter .....	31.00	
For 3-inch meter .....	57.00	
For 4-inch meter .....	74.70	
For 6-inch meter .....	135.00	
For 8-inch meter .....	685.50	
For 10-inch meter .....	985.50	( I )
For 12-inch meter .....	1,413.50	( N )
For 14-inch meter .....	1,927.50	( N )

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

SPECIAL CONDITIONS

1. To refund \$49,275 or 0.4% as agreed to in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.05 per service connection is to be applied to each bill for 60 months from the effective date of this Advice Letter. ( N )  
( N )
2. To recover \$11,520 or 0.1% for an Environmental Compliance Audit, a surcharge of \$0.06 per service connection is to be applied to each bill for twelve months from the effective date of this Advice Letter. ( N )  
( N )
3. To recover \$67,857 or 0.6% for General Office capital budget carryover amortization, a surcharge of \$0.07 per service connection is to be applied to each bill for 36 months followed by a surcharge of \$0.06 per service connection for 24 months from the effective date of this Advice Letter. ( N )  
( N )
4. All bills are subject to the reimbursement fees set forth on Schedule Nos. UF and DHS-1. ( T )

# APPENDIX B-1

Page 2

Schedule No. BG-4

Bear Gulch Tariff Area

## SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

### APPLICABILITY

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

### TERRITORY

The Communities of Atherton, Menlo Park, Portola Valley, Woodside, and vicinity, San Mateo County.

### RATES

		<u>Per Meter</u>	
		<u>Per Month</u>	
For	1-1/2-inch meter .....	9.00	( I )
For	2-inch meter .....	12.00	
For	3-inch meter .....	18.00	
For	4-inch meter .....	24.00	
For	6-inch meter .....	36.00	
For	8-inch meter .....	48.00	
For	10-inch meter .....	60.00	
For	12-inch meter .....	72.00	
For	14-inch meter .....	84.00	( I )

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

### SPECIAL CONDITIONS

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

## APPENDIX B-1

Page 3

BEAR GULCH DISTRICT  
DESIGN PROPOSED 1999-2002 RATES

	RATES				RATE INCREASE		
	1999	2000	2001	2002	2000	2001	2002
5/8 x 3/4	8.50	8.50	9.10	9.70	0.00	0.60	0.60
1	16.00	16.00	17.05	18.10	0.00	1.05	1.05
1 1/2	22.90	22.90	24.50	26.10	0.00	1.60	1.60
2	31.00	31.00	33.00	35.00	0.00	2.00	2.00
3	57.00	57.00	61.00	65.00	0.00	4.00	4.00
4	74.70	74.70	80.00	85.30	0.00	5.30	5.30
6	135.00	135.00	150.00	165.00	0.00	15.00	15.00
8	685.50	685.50	728.00	770.50	0.00	42.50	42.50
10	985.50	985.50	1,046.50	1,107.50	0.00	61.00	61.00
12	1,413.50	1,413.50	1,501.50	1,589.50	0.00	88.00	88.00
14	1,927.50	1,927.50	2,047.50	2,167.50	0.00	120.00	120.00
TOTAL							
Q All Ccf	1.8594	1.8594	1.8755	1.8915	0.0000	0.0161	0.0161

## APPENDIX B-2

Page 1

Schedule No. EL-1

East Los Angeles Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The Cities of East Los Angeles, Commerce, Montebello, Monterey Park, and vicinity, Los Angeles County.

RATES

## Quantity Rates:

Per 100 cu. ft. ....	\$ 1.3376	(I)
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## Service Charge:

Per Meter
<u>Per Month</u>

For 5/8 x 3/4-inch meter .....	\$ 10.10	(I)
For 1-inch meter .....	19.40	
For 1-1/2-inch meter .....	36.15	
For 2-inch meter .....	45.90	
For 3-inch meter .....	84.90	
For 4-inch meter .....	118.20	
For 6-inch meter .....	201.70	
For 8-inch meter .....	305.00	
For 10-inch meter .....	391.70	(I)
For 12-inch meter .....	1,669.25	(N)
For 14-inch meter .....	2,276.25	(N)

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

SPECIAL CONDITIONS

1. To refund an amount agreed to in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.04 per service connection is to be applied to each bill for 60 months from June 11, 1996, the effective date of Advice Letter 1417. (N)
2. To recover \$15,240 or 0.1% for an Environmental Compliance Audit, a surcharge of \$0.05 per service connection is to be applied to each bill for twelve months from the effective date of this Advice Letter. (N)
3. To recover \$89,769 or 0.6% for General Office capital budget carryover amortization, a surcharge of \$0.06 per service connection is to be applied to each bill for 60 months from the effective date of this Advice Letter. (N)
4. All bills are subject to the reimbursement fees set forth on Schedule Nos. UF and DHS-1. (T)

# APPENDIX B-2

Page 2

Schedule No. EL-4

East Los Angeles Tariff Area

## SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

### APPLICABILITY

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

### TERRITORY

The Cities of East Los Angeles, Commerce, Montebello, Monterey Park, and vicinity, Los Angeles County.

### RATES

		<u>Per Meter</u>	
		<u>Per Month</u>	
For	1-1/2-inch meter .....	9.00	( I )
For	2-inch meter .....	12.00	
For	3-inch meter .....	18.00	
For	4-inch meter .....	24.00	
For	6-inch meter .....	36.00	
For	8-inch meter .....	48.00	
For	10-inch meter .....	60.00	
For	12-inch meter .....	72.00	
For	14-inch meter .....	84.00	( I )

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

### SPECIAL CONDITIONS

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

## APPENDIX B-2

Page 3

EAST LOS ANGELES DISTRICT  
DESIGN PROPOSED 1999-2002 RATES

	RATES				RATE INCREASE		
	1999	2000	2001	2002	2000	2001	2002
5/8 x 3/4	10.10	10.10	10.70	11.30	0.00	0.60	0.60
1	19.40	19.40	20.50	21.60	0.00	1.10	1.10
1 1/2	36.15	36.15	38.20	40.25	0.00	2.05	2.05
2	45.90	45.90	48.55	51.20	0.00	2.65	2.65
3	84.90	84.90	90.00	95.10	0.00	5.10	5.10
4	118.20	118.20	125.50	132.80	0.00	7.30	7.30
6	201.70	201.70	215.00	228.30	0.00	13.30	13.30
8	305.00	305.00	325.00	345.00	0.00	20.00	20.00
10	391.70	391.70	425.00	458.30	0.00	33.30	33.30
12	1,669.25	1,669.25	1,765.50	1,861.75	0.00	96.25	96.25
14	2,276.25	2,276.25	2,407.50	2,538.75	0.00	131.25	131.25
TOTAL							
Q All Ccf	1.3376	1.3376	1.3605	1.3834	0.0000	0.0229	0.0229



# APPENDIX B-3

Page 1

Schedule No. HR-1

Hermosa - Redondo Tariff Area

## GENERAL METERED SERVICE

### APPLICABILITY

Applicable to all metered water service.

### TERRITORY

The Cities of Hermosa Beach, Redondo Beach, Torrance and vicinity, Los Angeles County.

### RATES

Quantity Rates:

Per 100 cu. ft. ....	\$ 1.8301	( I )
----------------------	-----------	-------

Service Charge:

	Per Meter Per Month	
For 5/8 x 3/4-inch meter .....	\$ 7.60	( I )
For 1-inch meter .....	15.30	
For 1-1/2-inch meter .....	30.05	
For 2-inch meter .....	38.00	
For 3-inch meter .....	71.75	
For 4-inch meter .....	119.00	
For 6-inch meter .....	207.00	
For 8-inch meter .....	307.00	
For 10-inch meter .....	877.85	( I )
For 12-inch meter .....	1,259.50	( N )
For 14-inch meter .....	1,717.50	( N )

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

### SPECIAL CONDITIONS

1. To refund an amount agreed to in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.04 per service connection is to be applied to each bill for 60 months from June 11, 1996, the effective date of Advice Letter 1417. ( N )
2. To recover \$13,340 or 0.1% for an Environmental Compliance Audit, a surcharge of \$0.04 per service connection is to be applied to each bill for twelve months from the effective date of this Advice Letter. ( N )
3. To recover \$78,577 or 0.6% for General Office capital budget carryover amortization, a surcharge of \$0.05 per service connection is to be applied to each bill for 60 months from the effective date of this Advice Letter. ( N )
4. All bills are subject to the reimbursement fees set forth on Schedule Nos. UF and DHS-1. ( T )

## Schedule No. HR-6

Hermosa - Redondo Tariff AreaRECLAIMED METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The Cities of Hermosa Beach, Redondo Beach, Torrance and vicinity, Los Angeles County.

RATES

## Quantity Rates:

Per 100 cu. ft. ....	\$ 1.5786 *	( I )
----------------------	-------------	-------

## Service Charge:

	<u>Per Meter</u> <u>Per Month</u>	
For 5/8 x 3/4-inch meter .....	\$ 7.60	( I )
For 1-inch meter .....	15.30	
For 1-1/2-inch meter .....	30.05	
For 2-inch meter .....	38.00	
For 3-inch meter .....	71.75	
For 4-inch meter .....	119.00	
For 6-inch meter .....	207.00	
For 8-inch meter .....	307.00	
For 10-inch meter .....	877.85	( I )
For 12-inch meter .....	1,259.50	( N )
For 14-inch meter .....	1,717.50	( N )

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

SPECIAL CONDITIONS

1. Reclaimed water will be supplied only as available from West Basin Municipal Water District.
2. As a condition of service under this schedule, all customers are required to comply with the Company's Rule 16, Section D, Reclaimed Water Service.
3. To recover \$13,340 or 0.1% for an Environmental Compliance Audit, a surcharge of \$0.04 per service connection is to be applied to each bill for twelve months from the effective date of this Advice Letter. This only applies to customers who do not take potable water service. ( N )  
|  
( N )
4. To recover \$78,577 or 0.6% for General Office capital budget carryover amortization, a surcharge of \$0.05 per service connection is to be applied to each bill for 60 months from the effective date of this Advice Letter. This only applies to customers who do not take potable water service. ( N )  
|  
( N )
5. All bills are subject to the reimbursement fees set forth on Schedule Nos. UF and DHS-1. ( T )

\*Reclaimed water customers that have signed a contract with the West Basin Municipal Water District (West Basin) for repayment of the conversion costs from potable to reclaimed water service will be charged the potable quantity rates while the contract is in effect. The Company will pay West Basin 45% of the quantity rate revenues collected from reclaimed water customers billed at potable water rates. The 45% represents the difference between the January 1, 1998 West Basin wholesale potable water rate and wholesale reclaimed water rate. ( T )  
( T )

Schedule No. HR-4

Hermosa - Redondo Tariff AreaSERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMSAPPLICABILITY

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

TERRITORY

The Cities of Hermosa Beach, Redondo Beach, Torrance, and vicinity, Los Angeles County.

RATES

		<u>Per Meter</u>	
		<u>Per Month</u>	
For	1-1/2-inch meter .....	9.00	( I )
For	2-inch meter .....	12.00	
For	3-inch meter .....	18.00	
For	4-inch meter .....	24.00	
For	6-inch meter .....	36.00	
For	8-inch meter .....	48.00	
For	10-inch meter .....	60.00	
For	12-inch meter .....	72.00	
For	14-inch meter .....	84.00	( I )

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

SPECIAL CONDITIONS

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

## APPENDIX B-3

Page 4

HERMOSA-REDONDO DISTRICT  
DESIGN PROPOSED 1998-2001 RATES

	RATES				RATE INCREASE		
	1999	2000	2001	2002	2000	2001	2002
5/8 x 3/4	7.60	7.60	7.60	7.60	0.00	0.00	0.00
1	15.30	15.30	15.30	15.30	0.00	0.00	0.00
1 1/2	30.05	30.05	30.05	30.05	0.00	0.00	0.00
2	38.00	38.00	38.00	38.00	0.00	0.00	0.00
3	71.75	71.75	71.75	71.75	0.00	0.00	0.00
4	119.00	119.00	119.00	119.00	0.00	0.00	0.00
6	207.00	207.00	207.00	207.00	0.00	0.00	0.00
8	307.00	307.00	307.00	307.00	0.00	0.00	0.00
10	877.85	877.85	877.85	877.85	0.00	0.00	0.00
12	1,259.50	1,259.50	1,259.50	1,259.50	0.00	0.00	0.00
14	1,717.50	1,717.50	1,717.50	1,717.50	0.00	0.00	0.00
TOTAL							
Q All Ccf	1.8301	1.8301	1.8301	1.8301	0.0000	0.0000	0.0000

## APPENDIX B-4

Page 1

Schedule No. VS-1

Visalia Tariff AreaGENERAL METERED SERVICEAPPLICABILITY

Applicable to all metered water service.

TERRITORY

The City of Visalia and vicinity, Tulare County.

RATES

## Quantity Rates:

Per 100 cu. ft. ....	\$ 0.5093	( I )
----------------------	-----------	-------

## Service Charge:

	Per Meter Per Month	
For 5/8 x 3/4-inch meter .....	\$ 5.75	( I )
For 1-inch meter .....	10.90	
For 1-1/2-inch meter .....	24.00	
For 2-inch meter .....	30.70	
For 3-inch meter .....	57.50	
For 4-inch meter .....	80.00	
For 6-inch meter .....	132.00	
For 8-inch meter .....	198.00	
For 10-inch meter .....	661.25	( I )
For 12-inch meter .....	948.75	( N )
For 14-inch meter .....	1,293.75	( N )

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

SPECIAL CONDITIONS

1. To refund an amount agreed to in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.04 per service connection is to be applied to each bill for 60 months from June 11, 1996, the effective date of Advice Letter 1417.
2. To recover \$12,380 or 0.1% for an Environmental Compliance Audit, a surcharge of \$0.04 per service connection is to be applied to each bill for twelve months from the effective date of this Advice Letter. ( N )  
|  
( N )
3. To recover \$72,923 or 0.9% for General Office capital budget carryover amortization, a surcharge of \$0.04 per service connection is to be applied to each bill for 60 months from the effective date of this Advice Letter. ( N )  
|  
( N )
4. All bills are subject to the reimbursement fees set forth on Schedule Nos. UF and DHS-1. ( T )

## APPENDIX B-4

Page 2

Schedule No. VS-2R

Visalia Tariff AreaRESIDENTIAL FLAT RATE SERVICEAPPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Visalia and vicinity, Tulare County.

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

6,000 sq. ft., or less .....	\$ 14.15	( I )
6,001 to 10,000 sq. ft. ....	19.35	
10,001 to 16,000 sq. ft. ....	24.55	
16,001 to 25,000 sq. ft. ....	30.70	( I )

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

\$ 11.85 ( I )

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. VS-1, General Metered Service.
4. This Schedule is closed to all new connections as of July 23, 1992, the effective date of tariff sheet 4220-W.
5. To refund an amount agreed to in Decision 95-08-058 for the injuries and damages reserve account, a surcredit is to be applied to each bill for 60 months according to the following schedule from June 11, 1996, the effective date of Advice Letter 1417: ( T )  
( T )

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

6,000 sq. ft., or less .....	\$0.01
6,001 to 10,000 sq. ft. ....	\$0.01
10,001 to 16,000 sq. ft. ....	\$0.01
16,001 to 25,000 sq. ft. ....	\$0.02
For each additional unit served from the same connection .....	\$0.01

6. To recover \$12,380 or 0.1% for an Environmental Compliance Audit, a surcharge of \$0.04 per service connection is to be applied to each bill for twelve months from the effective date of this Advice Letter. ( N )  
|  
( N )
7. To recover \$72,923 or 0.9% for General Office capital budget carryover amortization, a surcharge of \$0.04 per service connection is to be applied to each bill for 60 months from the effective date of this Advice Letter. ( N )  
|  
( N )
8. All bills are subject to the reimbursement fees set forth on Schedule Nos. UF and DHS-1. ( T )

APPENDIX B-4

Page 3

Schedule No. VS-4

Visalia Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

The City of Visalia and vicinity, Tulare County.

RATES

	<u>Per Meter</u> <u>Per Month</u>	
For 1-1/2-inch meter .....	9.00	( I )
For 2-inch meter .....	12.00	
For 3-inch meter .....	18.00	
For 4-inch meter .....	24.00	
For 6-inch meter .....	36.00	
For 8-inch meter .....	48.00	
For 10-inch meter .....	60.00	
For 12-inch meter .....	72.00	
For 14-inch meter .....	84.00	( I )

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

SPECIAL CONDITIONS

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

## APPENDIX B-4

Page 4

VISALIA DISTRICT  
DESIGN PROPOSED 1998-2001 RATES

	RATES				RATE INCREASE		
	1999	2000	2001	2002	2000	2001	2002
5/8 x 3/4	5.75	5.75	5.75	5.75	0.00	0.00	0.00
1	10.90	10.90	10.90	10.90	0.00	0.00	0.00
1 1/2	24.00	24.00	24.00	24.00	0.00	0.00	0.00
2	30.70	30.70	30.70	30.70	0.00	0.00	0.00
3	57.50	57.50	57.50	57.50	0.00	0.00	0.00
4	80.00	80.00	80.00	80.00	0.00	0.00	0.00
6	132.00	132.00	132.00	132.00	0.00	0.00	0.00
8	198.00	198.00	198.00	198.00	0.00	0.00	0.00
10	661.25	661.25	661.25	661.25	0.00	0.00	0.00
12	948.75	948.75	948.75	948.75	0.00	0.00	0.00
14	1,293.75	1,293.75	1,293.75	1,293.75	0.00	0.00	0.00
TOTAL							
Q All Ccf	0.5093	0.5093	0.5093	0.5093	0.0000	0.0000	0.0000
0-6,000 sq. ft.	\$14.15	\$14.15	\$14.15	\$14.15	0.00	0.00	0.00
6-10,000 sq. ft.	\$19.35	\$19.35	\$19.35	\$19.35	0.00	0.00	0.00
10-16,000 sq. ft.	\$24.55	\$24.55	\$24.55	\$24.55	0.00	0.00	0.00
16-25,000 sq. ft.	\$30.70	\$30.70	\$30.70	\$30.70	0.00	0.00	0.00
Addl. Unit	\$11.85	\$11.85	\$11.85	\$11.85	0.00	0.00	0.00



**Environmental Compliance Audit Amortization**

DISTRICT	Dec '97 4-FACTOR	TOTAL SURCHARGE AMOUNT
BK	13.84%	\$27,680
BG	5.76%	\$11,520
CH	5.66%	\$11,320
DIX	0.69%	\$1,380
ELA	7.62%	\$15,240
HR	6.67%	\$13,340
KC	0.67%	\$1,340
LIV	4.14%	\$8,280
LAS	4.95%	\$9,900
MRL	0.95%	\$1,900
ORO	1.39%	\$2,780
PV	8.48%	\$16,960
SLN	6.03%	\$12,060
MID	8.16%	\$16,320
SEL	1.26%	\$2,520
SSF	3.91%	\$7,820
STK	9.85%	\$19,700
VIS	6.19%	\$12,380
WLK	3.11%	\$6,220
WIL	0.67%	\$1,340
TOTAL	100.00%	\$200,000

# **Environmental Compliance Audit Amortization**

<b>District</b>	<b>Customer Projections</b>	<b>Amount Per CUSTOMER Per MONTH</b>
	<b>1999</b>	<b>1999</b>
Bakersfield	54,423	\$0.04
Bear Gulch	17,267	\$0.06
Chico	21,904	\$0.04
Dixon	2,758	\$0.04
East Los Angeles	25,661	\$0.05
Hermosa Redondo	24,806	\$0.04
King City	2,194	\$0.05
Livermore	15,739	\$0.04
Los Altos - Suburban	17,865	\$0.05
Marysville	3,704	\$0.04
Oroville	3,405	\$0.07
Palos Verdes	23,309	\$0.06
Salinas	24,777	\$0.04
Mid-Peninsula	35,229	\$0.04
Selma	4,918	\$0.04
South San Francisco	15,440	\$0.04
Stockton	40,464	\$0.04
Visalia	28,029	\$0.04
Westlake	6,807	\$0.08
Willows	2,233	\$0.05

**G.O. Capital Budget Carryover Amortization**

DISTRICT	Dec '97 4-FACTOR	TOTAL REFUND AMOUNT
BK	13.84%	\$163,045
BG	5.76%	\$67,857
CH	5.66%	\$66,679
DIX	0.69%	\$8,129
ELA	7.62%	\$89,769
HR	6.67%	\$78,577
KC	0.67%	\$7,893
LIV	4.14%	\$48,772
LAS	4.95%	\$58,314
MRL	0.95%	\$11,192
ORO	1.39%	\$16,375
PV	8.48%	\$99,900
SLN	6.03%	\$71,038
MID	8.16%	\$96,131
SEL	1.26%	\$14,844
SSF	3.91%	\$46,063
STK	9.85%	\$116,040
VIS	6.19%	\$72,923
WLK	3.11%	\$36,638
WIL	0.67%	\$7,893
TOTAL	100.00%	\$1,178,070

**G.O. Capital Budget Carryover Amortization - Surcharge Per Customer**  
**Customer Projections**                      **Amount Per CUSTOMER Per MONTH**

District	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
Bakersfield	54,423	54,605	54,787	54,969	55,151	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
Bear Gulch	17,267	17,329	17,391	17,453	17,515	\$0.07	\$0.07	\$0.07	\$0.06	\$0.06
Chico	21,904	22,237	22,570	22,903	23,236	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
Dixon	2,758	2,776	2,794	2,812	2,830	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
East Los Angeles	25,661	25,638	25,615	25,592	25,569	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06
Hermosa Redondo	24,806	24,859	24,912	24,965	25,018	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
King City	2,194	2,277	2,360	2,443	2,526	\$0.06	\$0.06	\$0.06	\$0.05	\$0.05
Livermore	15,739	15,955	16,171	16,387	16,603	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
Los Altos - Suburban	17,865	17,946	18,027	18,108	18,189	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
Marysville	3,704	3,699	3,694	3,689	3,684	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
Oroville	3,405	3,395	3,385	3,375	3,365	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08
Palos Verdes	23,309	23,318	23,327	23,336	23,345	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07
Salinas	24,777	25,356	25,935	26,514	27,093	\$0.05	\$0.05	\$0.05	\$0.04	\$0.04
Mid-Peninsula	35,229	35,279	35,329	35,379	35,429	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
Selma	4,918	4,994	5,070	5,146	5,222	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
South San Francisco	15,440	15,622	15,804	15,986	16,168	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
Stockton	40,464	40,524	40,584	40,644	40,704	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
Visalia	28,029	28,511	28,993	29,475	29,957	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04
Westlake	6,807	6,872	6,937	7,002	7,067	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09
Willows	2,233	2,235	2,237	2,239	2,241	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06

General Office  
Stipulated Plant Additions

## Utility Plant

	1998	1999	2000
Original CWS Plant additions	\$ 4,651.6	\$ 2,909.4	\$ 2,248.0
Cal Water Adjustment in Final Budgets	\$ -	\$ 195.9	\$ (774.7)
Reduced Estimate for directional signs	\$ 4.0		
Remove Workspaces for programmers	\$ -		
Adjust estimate for Human Resources remodel	\$ (8.3)		
remove furniture in Human Resources	\$ 10.2		
Remove cash remittance carpet		\$ 2.0	
Remove security system		\$ -	
Reduced Estimate for engineering records transfer		\$ 9.8	
Reduce Engineering Carpeting			\$ 36.0
Remove Engineering Supervisor furniture			\$ 23.0
Total Adjustments	\$ 5.9	\$ 207.7	\$ (715.7)
Stipulated Plant Additions	\$ 4,645.7	\$ 2,701.7	\$ 2,963.7
Original RRB Plant Additions	\$ 4,625.9	\$ 2,635.7	\$ 2,939.7

## General Office Expenses

## RRB/CWS Settlement

\$1,000

General Office Expenses	1999			2000		
	CWS	CWS/RRB	RRB	CWS	CWS/RRB	RRB
Payroll	7,350.4	7,334.9	7,334.9	7,727.6	7,694.4	7,694.4
Transportation	289.3	271.5	271.5	307.3	276.1	276.1
Source of Supply	(5.7)	(6.1)	(6.1)	(5.8)	(6.3)	(6.3)
Pumping	(3.1)	(4.5)	(4.5)	(3.2)	(4.6)	(4.6)
Water Treatment	(70.5)	(76.5)	(76.5)	(71.4)	(78.2)	(78.2)
Transmission and Distribution	62.9	56.5	56.5	63.7	57.8	57.8
Customer Accounting	819.9	784.4	784.4	873.5	801.7	801.7
Conservation	2.3	2.0	2.0	2.4	2.1	2.1
Purchased Services	32.3	31.3	31.3	32.7	32.0	32.0
Stores	0.2	0.2	0.2	0.2	0.2	0.2
A&G Salaries	(117.1)	(119.6)	(119.6)	(118.6)	(122.8)	(122.8)
Office Supplies	1,381.7	1,340.8	1,340.8	1,453.1	1,373.0	1,373.0
Property Insurance	24.3	24.1	24.1	24.6	24.6	24.6
Injuries and Damages	1,631.3	1,631.3	1,631.3	1,652.5	1,652.5	1,652.5
Pensions and Benefits	6,608.5	6,529.9	6,429.4	6,921.8	6,730.9	6,570.8
Franchise Requirements	0.3	0.2	0.2	0.3	0.2	0.2
Regulatory Commission Expenses	72.7	70.3	70.3	73.7	71.8	71.8
Outside Services	459.9	399.4	399.4	465.9	409.8	409.8
Misc. General Expenses	1,328.4	1,258.1	1,258.1	1,428.1	1,285.7	1,285.7
Maint. Of General Plant	133.7	133.5	133.5	135.4	136.5	136.5
AMORT OF D.93-01-025	38.1	38.1	38.1	38.1	38.1	38.1
Dues and Donations Adjustment	(42.1)	(44.2)	(44.2)	(42.1)	(44.2)	(44.2)
Ad Valorem Taxes	124.9	124.9	124.9	148.0	148.0	148.0
Payroll Taxes	519.3	519.3	519.3	544.8	544.8	544.8
Business License	3.0	3.0	3.0	3.0	3.0	3.0
Depreciation Expense	1,141.3	1,141.3	1,141.3	1,245.2	1,245.2	1,245.2
Total Expenses	21,786.2	21,444.1	21,343.6	22,900.9	22,272.3	22,112.2

## General Office Expenses

## RRB/CWS Settlement

\$1,000

General Office Expenses	2000	escalation factor	2001	escalation factor	2002
	<u>CWS/RRB</u>		Total		Total
Payroll	7,694.4	L			
Transportation	276.1	C			
Source of Supply	(6.3)	C			
Pumping	(4.6)	C			
Water Treatment	(78.2)	C			
Transmission and Distribution	57.8	C			
Customer Accounting	801.7	C			
Conservation	2.1	C			
Purchased Services	32.0	C			
Stores	0.2	C			
A&G Salaries	(122.8)	C			
Office Supplies	1,373.0	C			
Property Insurance	24.6	C			
Injuries and Damages	1,652.5	C			
Pensions and Benefits	6,730.9	L			
Franchise Requirements	0.2	C			
Regulatory Commission Expenses	71.8	C			
Outside Services	409.8	C			
Misc. General Expenses	1,285.7	C			
Maint. Of General Plant	136.5	C			
AMORT OF D.93-01-025	38.1		38.1		38.1
Dues and Donations Adjustment	(44.2)		(44.2)		(44.2)
Ad Valorem Taxes	148.0		163.6*		179.1*
Payroll Taxes	544.8	L			
Business License	3.0		3.0		3.0
Depreciation Expense	<u>1,245.2</u>		<u>1392.8*</u>		<u>1523.7*</u>
Total Expenses	22,272.3				

Note: L-uses labor rate to be determined in future GRC filings

C-uses ORA composite rate

\*- Increase due to stipulated plant additions

(END OF APPENDIX B)

## APPENDIX C



APPENDIX C-1  
CALIFORNIA WATER SERVICE COMPANY  
BEAR GULCH

ADOPTED QUANTITIES

	<u>1999</u>	<u>2000</u>
	( DOLLARS IN THOUSANDS )	
PURCHASED POWER		
SUPPLIER - PG&E		
Total Production ( kccf )	5,369.2	5,396.9
Kwh / ccf	733.7	733.7
Total calculated KWH	3,939,325	3,959,648
Unit Cost	\$0.10815	\$0.10804
Power Cost	\$426,054	\$427,793
TOTAL PURCHASED POWER	\$426.1	\$427.8
PURCHASED WATER		
SUPPLIER - SAN FRANCISCO WATER DEPT.		
PURCHASED WATER PRODUCTION - KCCF	4734.4	4762.1
UNIT COST OF S.F.W.D. RATES - CCF	\$0.69	\$0.69
S.F.W.D. FIXED ANNUAL SERVICE CHARGES	147.3	147.3
QUANTITY CHARGES	\$3,266.7	\$3,285.8
TOTAL PURCHASED WATER	\$3,414.0	\$3,433.1
CHEMICALS		
Total Production ( kccf )	5,369.2	5,396.9
ADOPTED CHEMICAL DOLLARS	33.8	34.7
ADOPTED \$ per KCCF	\$0.006295	\$0.006430
UNCOLLECTABLES RATE		0.08879%
FRANCHISE TAX RATE		0.72900%
BUSINESS LICENSE FEE RATE		0.001009
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULTIPLIER		1.79712

# APPENDIX C-1

## Page 2

### California Water Service Company Bear Gulch District

#### Adopted Quantities

#### 10. Number of Services by meter size:

	1999	2000
5/8 x 3/4	11,462	11,503
1	4,309	4,324
1 1/2	962	965
2	478	480
3	37	37
4	11	11
6	8	8
8	0	0
10	0	0
TOTAL	17,267	17,328

#### 11. Metered Sales, Kccf

All Water	5,170.0	5,196.7
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#### 12. Number of Services and Use:

	Avg Services		Use, Kccf		Avg Use, Ccf/Sv/Mo	
	1999	2000	1999	2000	1999	2000
Residential	15,796	15,856	4,312.3	4,328.7	273.0	273.0
Business	1,275	1,275	587.3	587.3		
Multi-family	64	64	117.0	118.6		
Industrial	1	1	2.0	2.0		
Public Authority	94	94	145.0	153.4		
Other	37	39	6.4	6.7		
Sub-Total	17,267	17,329	5,170.0	5,196.7		
Private Fire Prot.	178	185				
Public Fire Prot.	15	16				
TOTAL	17,460	17,530	5,170.0	5,196.7		
Losses, 4.96%			199.2	200.2		

## APPENDIX C-1

Page 3

CALIFORNIA WATER SERVICE COMPANY  
BEAR GULCH DISTRICT

## STIPULATED RATE BASE

RATE BASE ( Thousands of \$ )	1999	2000
WEIGHTED AVERAGE PLANT	42,249.1	44,165.3
WTD AVERAGE DEPR. RESERVE	12,080.6	13,035.1
NET UTILITY PLANT	30,168.5	31,130.2
Materials & Supplies	138.2	138.2
Working Cash - Gross	0.0	0.0
Working Cash - Lead/Lag	358.7	367.2
Working Cash - W/H Empl.	(2.1)	(2.1)
Total Working Cash	356.6	365.1
SUBTOTAL	30,663.3	31,633.5
DEDUCTION FROM RATE BASE		
Advances	2,317.1	2,246.7
Contributions	1,672.9	1,659.7
Reserve Amortization of Intangibles	8.2	9.6
Accumulated Deferred FIT	2,677.5	2,800.6
Accumulated Unamortized ITC	212.6	205.6
TOTAL DEDUCTIONS	6,888.3	6,922.2
ADDITIONS TO RATE BASE		
Accumulated Deferred Taxes - CIAC	142.4	135.6
Accumulated Deferred Taxes - Advances	152.9	149.2
TOTAL ADDITIONS	295.3	284.8
DISTRICT RATE BASE	24,070.4	24,996.1
PRORATED G.O. RATE BASE	730.4	800.5
WEIGHTED AVERAGE RATE BASE	24,800.8	25,796.6

## APPENDIX C-1

Page 4

CALIFORNIA WATER SERVICE COMPANY  
BEAR GULCH DISTRICT

## TAXES BASED ON INCOME

ITEM ( Thousands of \$ )	1999	2000
OPERATING REVENUES (proposed rates)	12,112.0	12,304.1
EXPENSES		
PURCHASED WATER	— 3,414.0	3,433.1
PURCHASED POWER	426.1	427.8
CHEMICALS	33.8	34.7
PAYROLL	1,326.7	1,361.2
OTHER O&M EXPENSES	785.3	785.2
OTHER A&G EXPENSES	142.7	141.3
G.O. PRORATIONS	1,235.2	1,282.9
PAYROLL TAXES	105.4	108.8
AD VALOREM TAXES	270.9	280.0
UNCOLLECTIBLES	10.8	10.9
FRANCHISE TAXES & BUS. LIC.	100.6	102.2
TRANSPORTATION DEPR. ADJ.	(53.3)	(55.8)
INTEREST EXPENSE	923.6	985.0
TOTAL DEDUCTIONS	8,721.8	8,897.3
STATE TAX DEPRECIATION	1,268.4	1,335.6
NET TAXIBLE INCOME	2,121.8	2,071.2
STATE CORP. FRANCH. TAX @ 8.84%	187.6	183.1
FEDERAL TAX DEPRECIATION	863.8	912.0
STATE INCOME TAX	150.8	187.6
LESS PREFERRED STOCK DIVIDEND	5.0	5.0
NET TAXIBLE INCOME	2,370.6	2,302.2
FED. INCOME TAX @ 35.00%	829.7	805.8
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	829.7	805.8
TOTAL INCOME TAXES	1,017.3	988.9

APPENDIX C-2  
CALIFORNIA WATER SERVICE COMPANY  
EAST LOS ANGELES DISTRICT

ADOPTED QUANTITIES

	1999	2000
	( DOLLARS IN THOUSANDS )	
PURCHASED POWER		
SUPPLIER - PG&E		
Total Production ( kccf )	8,925.9	8,902.9
Kwh / ccf	547.6	547.6
Total calculated KWH	4,887,591	4,874,997
Unit Cost	\$0.0966	\$0.0966
Power Cost	\$472,141	\$470,925
	<b>\$472.1</b>	<b>\$470.9</b>
TOTAL PURCHASED POWER		
PURCHASED WATER ( CENTRAL & WEST BASIN W.D. )	6,953.5	6,930.5
PURCHASED WATER PRODUCTION - KCCF	15,963.2	15,910.4
PURCHASED WATER PRODUCTION - ACRE FEET		
NON - INTERRUPT. - ACRE FEET	3,400.0	3,400.0
SEASONAL STORAGE - ACRE FEET	\$12,563.2	\$12,510.4
NON - INTERRUPT. - RATE \$ per ACRE FOOT	\$461.00	\$461.00
SEASONAL STORGAGE - RATE \$ per ACRE FOOT	\$299.00	\$299.00
NON - INTERRUPT. - QUANTITY CHARGES	\$5,791,635	\$5,767,294
SEASONAL STORAGE - QUANTITY CHARGES	\$1,016,600	\$1,016,600
LESS W. R. D. REBATE \$ 120 per ACRE FOOT	(\$869,520)	(\$869,520)
ADD CENTRAL BASIN CONNECTION MAINT. CHARGE	\$42,000	\$42,000
TOTAL CHARGES	\$5,980,715	\$5,956,374
	<b>\$5,980.7</b>	<b>\$5,956.4</b>
TOTAL PURCHASED WATER COST		
CHEMICALS	8,925.9	8,902.9
Total Production ( kccf )	25.9	26.6
ADOPTED CHEMICAL DOLLARS		
ADOPTED \$ per KCCF	<b>\$0.002902</b>	<b>\$0.002988</b>
PUMP TAXES ( WATER REPLENTISHMENT DISTRICT )	4,528.0	4,528.0
WELL WATER PRODUCTION - ACRE FEET	\$151.00	\$151.00
UNIT COST - ACRE FEET	\$683,728	\$683,728
TOTAL GROUNDWATER CHARGES	\$10,290	\$10,290
ANNUAL WATERMASTER SERVICE		
	<b>\$694.0</b>	<b>\$694.0</b>
TOTAL PUMP TAX EXPENSE		
UNCOLLECTABLES RATE		0.22281%
FRANCHISE TAX RATE		1.59030%
BUSINESS LICENSE FEE RATE		0.000000
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULTIPLIER		1.81344

# APPENDIX C-2

Page 2

## California Water Service Company East Los Angeles District

### Adopted Quantities

#### 10. Number of Services by meter size:

	1999	2000
5/8 x 3/4	21,754	21,737
1	2,774	2,767
1 1/2	309	308
2	601	594
3	108	107
4	43	43
6	22	21
8	6	6
10	3	3
TOTAL	25,620	25,586

#### 11. Metered Sales, Kccf All Water

8,477.8	8,456.0
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#### 12. Number of Services and Use:

	Avg Services		Use, Kccf		Avg Use, Ccf/Sv/Mo	
	1999	2000	1999	2000	1999	2000
Residential	20,092	20,087	3,946.1	3,945.1	196.4	196.4
Business	4,943	4,924	2,422.6	2422.1		
Multi-family	136	136	204.7	204.7		
Industrial	131	131	1,266.1	1,263.9		
Public Authority	312	304	634.8	618.5		
Other	6	3	3.5	1.7		
Sub-Total	25,620	25,585	8,477.8	8,456.0		
Private Fire Prot.	547	548				
Public Fire Prot.	42	42				
TOTAL	26,209	26,175	8,477.8	8,456.0		
Losses, 4.96%			448.1	446.9		

## APPENDIX C-2

Page 3

CALIFORNIA WATER SERVICE COMPANY  
EAST LOS ANGELES DISTRICT

## STIPULATED RATE BASE

RATE BASE ( Thousands of \$ )	1999	2000
WEIGHTED AVERAGE PLANT	39,422.9	41,348.7
WTD AVERAGE DEPR. RESERVE	14,449.1	15,364.0
NET UTILITY PLANT	24,973.8	25,984.7
Materials & Supplies	133.0	133.0
Working Cash - Gross	0.0	0.0
Working Cash - Lead/Lag	78.8	95.0
Working Cash - W/H Empl.	(2.7)	(2.7)
Total Working Cash	76.1	92.3
SUBTOTAL	25,182.9	26,210.0
DEDUCTION FROM RATE BASE		
Advances	226.9	211.2
Contributions	3,327.8	3,272.5
Reserve Amortization of Intangibles	63.9	72.2
Accumulated Deferred FIT	2,304.2	2,372.9
Accumulated Unamortized ITC	178.4	172.6
TOTAL DEDUCTIONS	6,101.2	6,101.4
ADDITIONS TO RATE BASE		
Accumulated Deferred Taxes - CIAC	364.9	348.6
Accumulated Deferred Taxes - Advance:	3.6	3.5
TOTAL ADDITIONS	368.5	352.1
DISTRICT RATE BASE	19,450.3	20,460.7
PRORATED G.O. RATE BASE	966.5	1,059.1
WEIGHTED AVERAGE RATE BASE	20,416.8	21,519.8

## APPENDIX C-2

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CALIFORNIA WATER SERVICE COMPANY  
EAST LOS ANGELES DISTRICT

## TAXES BASED ON INCOME

ITEM ( Thousands of \$ )	1999	2000
OPERATING REVENUES (proposed rates)	15,560.9	15,783.5
EXPENSES		
PURCHASED WATER	5,980.7	5,956.4
GROUNDWATER EXTRACTION CHARGE	694.0	694.0
PURCHASED POWER	472.1	470.9
CHEMICALS	25.9	26.6
PAYROLL	1,734.6	1,768.5
OTHER O&M EXPENSES	667.2	694.6
OTHER A&G EXPENSES	117.5	118.4
G.O. PRORATIONS	1,634.1	1,697.1
PAYROLL TAXES	137.7	141.8
AD VALOREM TAXES	220.8	225.7
UNCOLLECTIBLES	34.7	35.2
FRANCHISE TAXES & BUS. LIC.	249.6	253.1
TRANSPORTATION DEPR. ADJ.	(54.9)	(59.8)
INTEREST EXPENSE	767.7	823.5
TOTAL DEDUCTIONS	12,681.7	12,846.0
STATE TAX DEPRECIATION	1,097.2	1,187.6
NET TAXIBLE INCOME	1,782.0	1,749.9
STATE CORP. FRANCH. TAX @ 8.84%	157.5	154.7
FEDERAL TAX DEPRECIATION	763.8	775.7
STATE INCOME TAX DEDUCTION	123.0	157.5
LESS PREFERRED STOCK DIVIDEND	4.3	4.3
NET TAXIBLE INCOME	1,988.1	2,000.0
FED. INCOME TAX @ 35.00%	695.8	700.0
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	695.8	700.0
TOTAL INCOME TAXES	853.3	854.7



APPENDIX C-3  
CALIFORNIA WATER SERVICE COMPANY  
HERMOSA REDONDO DISTRICT

ADOPTED QUANTITIES

	<u>1999</u>	<u>2000</u>
	( DOLLARS IN THOUSANDS )	
PURCHASED POWER		
SUPPLIER - PG&E		
Total Production ( kccf )	6,377.3	6,371.6
Kwh / ccf	417.9	417.9
Total calculated KWH	2,665,074	2,662,692
Unit Cost	\$0.0990	\$0.0990
Power Cost	\$263,842	\$263,607
<b>TOTAL PURCHASED POWER</b>	<b>\$263.8</b>	<b>\$263.6</b>
PURCHASED WATER ( WEST BASIN MUNICIPLE WATER DISTRICT )		
PURCHASED WATER PRODUCTION - KCCF	5,218.6	4,598.7
PURCHASED WATER PRODUCTION - ACRE FEET	11,980.3	10,557.3
NON - INTERRUPT. - ACRE FEET	11,880.4	10,457.3
SEASONAL STORAGE - ACRE FEET	0.0	0.0
RECLAIMED WATER - ACRE FEET	100.0	100.0
NON - INTERRUPT. - RATE \$ per ACRE FOOT	\$528.00	\$528.00
SEASONAL STORGAGE - RATE \$ per ACRE FOOT	\$346.00	\$346.00
RECLAIMED WATER RATE \$ per ACRE FOOT	\$280.00	\$280.00
NON - INTERRUPT. - QUANTITY CHARGES	\$6,272,834	\$5,521,445
SEASONAL STORAGE - QUANTITY CHARGES	\$0	\$0
RECLAIMED WATER QUANTITY CHARGES	\$28,000	\$28,000
LESS W. R. D. REBATE \$ 120 per ACRE FOOT	(\$169,200)	\$0
ADD STANDBY METER CHARGES ( 1-4" & 2-2" IN P.V. )	\$1,710	\$1,710
ADD WEST BASIN METER CHARGES	\$50,400	\$50,400
TOTAL CHARGES	\$6,183,744	\$5,601,555
<b>TOTAL PURCHASED WATER COST</b>	<b>\$6,183.7</b>	<b>\$5,601.6</b>
CHEMICALS		
Total Production ( kccf )	6,377.3	6,371.6
ADOPTED CHEMICAL DOLLARS	33.8	34.7
ADOPTED \$ per KCCF	\$0.005300	\$0.005446
PUMP TAXES ( WATER REPLENTISHMENT DISTRICT )		
WELL WATER PRODUCTION - ACRE FEET	2,660.0	4,070.0
UNIT COST - ACRE FEET	\$151.00	\$151.00
TOTAL GROUNDWATER CHARGES	\$401,660	\$614,570
ANNUAL WATERMASTER SERVICE	\$8,040	\$8,040
<b>TOTAL PUMP TAX EXPENSE</b>	<b>\$409.7</b>	<b>\$622.6</b>
UNCOLLECTABLES RATE		0.19531%
FRANCHISE TAX RATE		0.03610%
BUSINESS LICENSE FEE RATE		0.000000
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULTIPLIER		1.784756

# APPENDIX C-3

Page 2

California Water Service Company  
Hermosa - Redondo District

## Adopted Quantities

10. Number of Services by meter size:	1999	2000
5/8 x 3/4	16,834	16,889
1	5,899	5,911
1 1/2	1,108	1,109
2	871	867
3	83	83
4	28	28
6	9	9
8	5	5
10	0	0
TOTAL	24,837	24,901

11. Metered Sales, Kccf		
All Water	5,953.8	5,949.0

## 12. Number of Services and Use:

	Avg Services		Use, Kccf		Avg Use, Ccf/Sv/Mo	
	1999	2000	1999	2000	1999	2000
Residential	20,816	20,896	3,220.2	3,232.6	154.7	154.7
Business	2,181	2,170	941.9	941.9		
Multi-family	1,457	1,457	1,218.4	1,218.4		
Industrial	31	29	256.5	239.9		
Public Authority	349	346	315.0	315.0		
Other	3	2	1.8	1.2		
Sub-Total	24,837	24,900	5,953.8	5,949.0		
Private Fire Prot.	226	229				
Public Fire Prot.	16	16				
TOTAL	25,079	25,145	5,953.8	5,949.0		
Losses, 6.64%			423.5	422.6		
Total Production			6,377.3	6,371.6		

## APPENDIX C-3

Page 3

CALIFORNIA WATER SERVICE COMPANY  
HERMOSA - REDONDO DISTRICT

## STIPULATED RATE BASE

RATE BASE ( Thousands of \$ )	1999	2000
WEIGHTED AVERAGE PLANT	36,907.5	39,033.5
WTD AVERAGE DEPR. RESERVE	10,865.2	11,826.9
NET UTILITY PLANT	26,042.2	27,206.6
Materials & Supplies	149.9	149.9
Working Cash - Gross	0.0	0.0
Working Cash - Lead/Lag	86.6	119.7
Working Cash - W/H Empl.	(2.4)	(2.4)
Total Working Cash	84.2	117.3
SUBTOTAL	26,276.3	27,473.8
DEDUCTION FROM RATE BASE		
Advances	548.6	559.5
Contributions	1,631.0	1,619.9
Reserve Amortization of Intangibles	31.1	31.2
Accumulated Deferred FIT	1,991.2	2,085.2
Accumulated Unamortized ITC	156.7	151.5
TOTAL DEDUCTIONS	4,358.6	4,447.3
ADDITIONS TO RATE BASE		
Accumulated Deferred Taxes - CIAC	152.2	144.4
Accumulated Deferred Taxes - Advances	26.4	26.9
TOTAL ADDITIONS	178.6	171.3
DISTRICT RATE BASE	22,096.3	23,197.7
PRORATED G.O. RATE BASE	845.8	927.1
WEIGHTED AVERAGE RATE BASE	22,942.1	24,124.8

## APPENDIX C-3

Page 4

CALIFORNIA WATER SERVICE COMPANY  
HERMOSA - REDONDO DISTRICT

## TAXES BASED ON INCOME

ITEM ( Thousands of \$ )	1999	2000
OPERATING REVENUES (proposed rates)	14,729.7	14,603.5
EXPENSES		
PURCHASED WATER	6,183.7	5,601.6
GROUNDWATER EXTRACTION CHARGE	409.7	622.6
PURCHASED POWER	263.8	263.6
CHEMICALS	33.8	34.7
PAYROLL	1,317.4	1,391.1
OTHER O&M EXPENSES	599.0	607.9
OTHER A&G EXPENSES	77.8	78.4
G.O. PRORATIONS	1,430.1	1,485.6
PAYROLL TAXES	107.8	117.9
AD VALOREM TAXES	228.6	241.9
UNCOLLECTIBLES	28.8	28.5
FRANCHISE TAXES & BUS. LIC.	24.7	24.7
TRANSPORTATION DEPR. ADJ.	(36.7)	(42.1)
INTEREST EXPENSE	862.4	925.2
TOTAL DEDUCTIONS	11,530.9	11,381.5
STATE TAX DEPRECIATION	1,219.4	1,307.1
NET TAXIBLE INCOME	1,979.4	1,914.9
STATE CORP. FRANCH. TAX @ 8.84%	175.0	169.3
FEDERAL TAX DEPRECIATION	840.3	916.4
STATE INCOME TAX DEDUCTION	115.1	175.0
LESS PREFERRED STOCK DIVIDEND	4.4	4.4
NET TAXIBLE INCOME	2,239.0	2,126.2
FED. INCOME TAX @ 35.00%	783.7	744.2
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	783.7	744.2
TOTAL INCOME TAXES	958.7	913.5

APPENDIX C -4  
CALIFORNIA WATER SERVICE COMPANY  
VISALIA DISTRICT

ADOPTED QUANTITIES

	<u>1999</u>	<u>2000</u>
	( DOLLARS IN THOUSANDS )	
PURCHASED POWER		
SUPPLIER - PG&E		
Total Production ( kccf )	11,353.8	11,516.5
Kwh / ccf	875.7	875.7
Total calculated KWH	9,942,178	10,084,650
Unit Cost	\$0.09553	\$0.09553
Power Cost	\$949,776	\$963,387
TOTAL PURCHASED POWER	\$949.8	\$963.4
CHEMICALS		
Total Production ( kccf )	11,353.8	11,516.5
ADOPTED CHEMICAL DOLLARS	101.4	103.2
ADOPTED \$ per KCCF	\$0.008931	\$0.008961
UNCOLLECTABLES RATE		0.37826%
FRANCHISE TAX RATE		0.00000%
BUSINESS LICENSE FEE RATE		0.00000%
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULTIPLIER		1.78739

# APPENDIX C-4

Page 2

## California Water Service Company Visalia District

### Adopted Quantities

#### 10. Number of Services by meter size:

	1999	2000
5/8 x 3/4	7,145	7,525
1	2,849	2,952
1 1/2	298	301
2	655	664
3	83	84
4	31	31
6	13	13
8	4	4
10	0	0
TOTAL	11,079	11,573

#### 11. Metered Sales, Kccf

All Water 5,428.6 5,578.3

Flat Sales 5,016.9 5,016.9

#### 12. Number of Services and Use:

	Avg Services		Use, Kccf		Avg Use, Ccf/Sv/Mo	
	1999	2000	1999	2000	1999	2000
Residential	7,479	7,939	2,112.1	2,242.0	282.4	282.4
Business	3,112	3,147	2,275.1	2,298.5		
Multi-family	175	175	378.7	378.7		
Industrial	57	57	203.6	203.6		
Public Authority	224	221	424.4	418.7		
Other	32	34	34.7	36.8		
Sub-Total	11,079	11,573	5,428.6	5,578.3		
Residential Flat	16,708	16,659	5,016.9	5,016.9		
Private Fire Prot.	355	373				
Public Fire Prot.	26	27				
TOTAL	28,168	28,632	10,445.5	10,595.2		
Losses, 8.00%			908.3	921.3		
Total Production			11,353.8	11,516.5		

## APPENDIX C-4

Page 3

CALIFORNIA WATER SERVICE COMPANY  
VISALIA DISTRICT

## STIPULATED RATE BASE

RATE BASE ( Thousands of \$ )	1999	2000
WEIGHTED AVERAGE PLANT	45,368.2	47,398.3
WTD AVERAGE DEPR. RESERVE	11,684.2	12,781.9
NET UTILITY PLANT	33,684.0	34,616.4
Materials & Supplies	98.0	98.0
Working Cash - Gross	0.0	0.0
Working Cash - Lead/Lag	(98.6)	(101.3)
Working Cash - W/H Empl.	(2.2)	(2.2)
Total Working Cash	(100.8)	(103.5)
SUBTOTAL	33,681.2	34,610.9
DEDUCTION FROM RATE BASE		
Advances	13,823.4	13,884.7
Contributions	2,672.7	2,798.9
Reserve Amortization of Intangibles	0.2	0.2
Accumulated Deferred FIT	2,630.3	2,823.2
Accumulated Unamortized ITC	124.6	120.6
TOTAL DEDUCTIONS	19,251.2	19,627.6
ADDITIONS TO RATE BASE		
Accumulated Deferred Taxes - CIAC	355.1	347.7
Accumulated Deferred Taxes - Advances	1,397.0	1,381.6
TOTAL ADDITIONS	1,752.1	1,729.3
DISTRICT RATE BASE	16,182.2	16,712.6
PRORATED G.O. RATE BASE	784.9	860.4
WEIGHTED AVERAGE RATE BASE	16,967.1	17,573.0

## APPENDIX C-4

Page 4

CALIFORNIA WATER SERVICE COMPANY  
VISALIA DISTRICT

## TAXES BASED ON INCOME

ITEM ( Thousands of \$ )	1999	2000
OPERATING REVENUES (proposed rates)	8,319.0	8,518.2
EXPENSES		
PURCHASED WATER	0.0	0.0
PURCHASED POWER	949.8	963.4
CHEMICALS	101.4	103.2
PAYROLL	1,632.5	1,673.8
OTHER O&M EXPENSES	656.6	689.6
OTHER A&G EXPENSES	51.6	52.5
G.O. PRORATIONS	1,327.3	1,378.6
PAYROLL TAXES	125.3	129.3
AD VALOREM TAXES	194.6	200.3
UNCOLLECTIBLES	31.5	32.2
FRANCHISE TAXES & BUS. LIC.	0.6	0.6
TRANSPORTATION DEPR. ADJ.	(55.8)	(57.2)
INTEREST EXPENSE	647.5	683.8
TOTAL DEDUCTIONS	5,662.9	5,850.1
STATE TAX DEPRECIATION	1,434.9	1,494.1
NET TAXIBLE INCOME	1,221.2	1,174.0
STATE CORP. FRANCH. TAX @ 8.84%	108.0	103.8
FEDERAL TAX DEPRECIATION	899.1	942.6
STATE INCOME TAX DEDUCTION	76.1	108.0
LESS PREFERRED STOCK DIVIDEND	3.6	3.6
NET TAXIBLE INCOME	1,677.3	1,613.9
FED. INCOME TAX @ 35.00%	587.1	564.9
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	587.1	564.9
TOTAL INCOME TAXES	695.1	668.7



Appendix C-4  
Page 5

INJURIES & DAMAGES RESERVE REFUND

District	Customer Projections					Refund Amount Per CUSTOMER Per MONTH				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
Bear Gulch	17,267	17,329	17,391	17,453	17,515	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05

APPENDIX C-5

Page 1

BEAR GULCH DISTRICT  
BILL COMPARISON AT PRESENT AND PROPOSED RATES  
MONTHLY BILL\*

Monthly Usage ----- (100 Cu. Ft.) -----	Present Rates Amount -----	P R O P O S E D   R A T E S											
		1 9 9 9			2 0 0 0			2 0 0 1			2 0 0 1		
		Step Amount -----	Increase % -----	Amount -----	Step Amount -----	Increase % -----	Amount -----	Step Amount -----	Increase % -----	Amount -----	Step Amount -----	Increase % -----	Amount -----
5/8 x 3/4 -Inch Meter													
28	\$58.71	\$1.93	3.18%	\$60.64	\$0.00	0.00%	\$60.64	\$0.99	1.61%	\$61.63	\$1.04	1.66%	\$62.67
40	\$80.68	\$2.30	2.77%	\$82.98	\$0.00	0.00%	\$82.98	\$1.18	1.40%	\$84.14	\$1.23	1.44%	\$85.37
4 -Inch Meter													
250	\$522.25	\$17.38	3.22%	\$539.63	\$0.00	0.00%	\$539.63	\$9.27	1.69%	\$548.90	\$9.29	1.66%	\$558.19
500	\$979.50	\$24.98	2.49%	\$1,004.48	\$0.00	0.00%	\$1,004.48	\$13.29	1.31%	\$1,017.77	\$13.29	1.29%	\$1,031.06
1000	\$1,894.00	\$40.18	2.08%	\$1,934.18	\$0.00	0.00%	\$1,934.18	\$21.34	1.09%	\$1,955.52	\$21.29	1.08%	\$1,976.81
6 -Inch Meter													
5000	\$9,250.00	\$182.08	1.93%	\$9,432.08	\$0.00	0.00%	\$9,432.08	\$95.44	1.00%	\$9,527.52	\$94.99	0.99%	\$9,622.51
10000	\$18,395.00	\$334.08	1.78%	\$18,729.08	\$0.00	0.00%	\$18,729.08	\$175.94	0.93%	\$18,905.02	\$174.99	0.92%	\$19,080.01
20000	\$36,685.00	\$638.08	1.71%	\$37,323.08	\$0.00	0.00%	\$37,323.08	\$336.94	0.89%	\$37,660.02	\$334.99	0.88%	\$37,995.01

\* Excludes 1.5% CPUC Reimbursement Fee

APPENDIX C-5  
Page 2

EAST LOS ANGELES DISTRICT  
BILL COMPARISON AT PRESENT AND PROPOSED RATES  
MONTHLY BILL\*

Monthly Usage ----- (100 Cu. Ft.) -----	Present Rates Amount -----	PROPOSED RATES											
		1999			2000			2001			2001		
		Step Amount -----	Increase % -----	Amount -----	Step Amount -----	Increase % -----	Amount -----	Step Amount -----	Increase % -----	Amount -----	Step Amount -----	Increase % -----	Amount -----
5/8 x 3/4 -Inch Meter													
22	\$38.56	\$1.04	2.63%	\$39.60	(\$0.05)	-0.13%	\$39.55	\$1.10	2.71%	\$40.65	\$1.14	2.73%	\$41.79
40	\$62.59	\$1.08	1.70%	\$63.67	(\$0.05)	-0.08%	\$63.62	\$1.52	2.33%	\$65.14	\$1.56	2.34%	\$66.70
4 -Inch Meter													
250	\$445.70	\$6.97	1.54%	\$452.67	(\$0.05)	-0.01%	\$452.62	\$13.03	2.80%	\$465.65	\$13.06	2.73%	\$478.71
500	\$779.47	\$7.60	0.97%	\$787.07	(\$0.05)	-0.01%	\$787.02	\$18.75	2.33%	\$805.77	\$18.79	2.28%	\$824.56
1000	\$1,447.02	\$8.85	0.61%	\$1,455.87	(\$0.05)	0.00%	\$1,455.82	\$30.20	2.03%	\$1,486.02	\$30.24	1.99%	\$1,516.26
6 -Inch Meter													
5000	\$6,864.22	\$25.55	0.37%	\$6,889.77	(\$0.05)	0.00%	\$6,889.72	\$127.80	1.82%	\$7,017.52	\$127.84	1.79%	\$7,145.36
10000	\$13,539.72	\$38.05	0.28%	\$13,577.77	(\$0.05)	0.00%	\$13,577.72	\$242.30	1.75%	\$13,820.02	\$242.34	1.72%	\$14,062.36
20000	\$26,890.72	\$63.05	0.23%	\$26,953.77	(\$0.05)	0.00%	\$26,953.72	\$471.30	1.72%	\$27,425.02	\$471.34	1.69%	\$27,896.36

\* Excludes 1.5% CPUC Reimbursement Fee

## APPENDIX C-5

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**HERMOSA-REDONDO DISTRICT  
BILL COMPARISON AT PRESENT AND PROPOSED RATES  
MONTHLY BILL\***

Monthly Usage ----- (100 Cu. Ft.)	Present Rates Amount	P R O P O S E D   R A T E S											
		1 9 9 9			2 0 0 0			2 0 0 1			2 0 0 1		
		Step Amount	Increase %	Amount	Step Amount	Increase %	Amount	Step Amount	Increase %	Amount	Step Amount	Increase %	Amount
<b>5/8 x 3/4 -Inch Meter</b>													
19	\$41.60	\$0.82	1.93%	\$42.42	(\$0.04)	-0.09%	\$42.38	\$0.00	0.00%	\$42.38	\$0.04	0.09%	\$42.42
40	\$78.63	\$2.22	2.75%	\$80.85	(\$0.04)	-0.05%	\$80.81	\$0.00	0.00%	\$80.81	\$0.04	0.05%	\$80.85
<b>4 -Inch Meter</b>													
250	\$562.76	\$13.82	2.40%	\$576.58	(\$0.04)	-0.01%	\$576.54	\$0.00	0.00%	\$576.54	\$0.04	0.01%	\$576.58
500	\$1,003.56	\$30.54	2.95%	\$1,034.10	(\$0.04)	0.00%	\$1,034.06	\$0.00	0.00%	\$1,034.06	\$0.04	0.00%	\$1,034.10
1000	\$1,885.16	\$63.99	3.28%	\$1,949.15	(\$0.04)	0.00%	\$1,949.11	\$0.00	0.00%	\$1,949.11	\$0.04	0.00%	\$1,949.15
<b>6 -Inch Meter</b>													
5000	\$9,033.98	\$323.59	3.46%	\$9,357.55	(\$0.04)	0.00%	\$9,357.51	\$0.00	0.00%	\$9,357.51	\$0.04	0.00%	\$9,357.55
10000	\$17,849.98	\$658.09	3.56%	\$18,508.05	(\$0.04)	0.00%	\$18,508.01	\$0.00	0.00%	\$18,508.01	\$0.04	0.00%	\$18,508.05
20000	\$35,481.96	\$1,327.09	3.61%	\$36,809.05	(\$0.04)	0.00%	\$36,809.01	\$0.00	0.00%	\$36,809.01	\$0.04	0.00%	\$36,809.05

\* Excludes 1.5% CPUC Reimbursement Fee

APPENDIX C-5  
Page 4

VISALIA DISTRICT  
BILL COMPARISON AT PRESENT AND PROPOSED RATES  
MONTHLY BILL\*

Monthly Usage		Present Rates	PROPOSED RATES											
			1999			2000			2001			2001		
(100 Cu. Ft.)	Amount		Step Amount	Increase %	Amount	Step Amount	Increase %	Amount	Step Amount	Increase %	Amount	Step Amount	Increase %	Amount
5/8 x 3/4 -Inch Meter														
	39	\$25.24	\$0.41	1.60%	\$25.65	(\$0.04)	-0.16%	\$25.61	\$0.00	0.00%	\$25.61	\$0.04	0.16%	\$25.65
	60	\$35.75	\$0.60	1.65%	\$36.35	(\$0.04)	-0.11%	\$36.31	\$0.00	0.00%	\$36.31	\$0.04	0.11%	\$36.35
4 -Inch Meter														
	250	\$198.14	\$9.23	4.45%	\$207.37	(\$0.04)	-0.02%	\$207.33	\$0.00	0.00%	\$207.33	\$0.04	0.02%	\$207.37
	500	\$323.31	\$11.38	3.40%	\$334.69	(\$0.04)	-0.01%	\$334.65	\$0.00	0.00%	\$334.65	\$0.04	0.01%	\$334.69
	1000	\$573.66	\$15.68	2.66%	\$589.34	(\$0.04)	-0.01%	\$589.30	\$0.00	0.00%	\$589.30	\$0.04	0.01%	\$589.34
6 -Inch Meter														
	5000	\$2,624.46	\$54.08	2.02%	\$2,678.54	(\$0.04)	0.00%	\$2,678.50	\$0.00	0.00%	\$2,678.50	\$0.04	0.00%	\$2,678.54
	10000	\$5,127.96	\$97.08	1.86%	\$5,225.04	(\$0.04)	0.00%	\$5,225.00	\$0.00	0.00%	\$5,225.00	\$0.04	0.00%	\$5,225.04
	20000	\$10,134.96	\$183.08	1.77%	\$10,318.04	(\$0.04)	0.00%	\$10,318.00	\$0.00	0.00%	\$10,318.00	\$0.04	0.00%	\$10,318.04
Residential Flat Rate Premises Having the Following Area:														
	6000 sq. ft. or less	\$13.71	\$0.51	3.59%	\$14.22	(\$0.04)	-0.28%	\$14.18	\$0.00	0.00%	\$14.18	\$0.01	0.07%	\$14.19
	6001 to 10000 sq. ft.	\$18.75	\$0.67	3.45%	\$19.42	(\$0.04)	-0.21%	\$19.38	\$0.00	0.00%	\$19.38	\$0.01	0.05%	\$19.39
	10001 to 16000 sq. ft.	\$23.76	\$0.86	3.49%	\$24.62	(\$0.04)	-0.16%	\$24.58	\$0.00	0.00%	\$24.58	\$0.01	0.04%	\$24.59
	16001 to 25000 sq. ft.	\$29.76	\$1.00	3.25%	\$30.76	(\$0.04)	-0.13%	\$30.72	\$0.00	0.00%	\$30.72	\$0.02	0.07%	\$30.74
Each Additional Unit On the Same Premises														
		\$11.50	\$0.34	2.87%	\$11.84	\$0.00	0.00%	\$11.84	\$0.00	0.00%	\$11.84	\$0.01	0.08%	\$11.85

\* Excludes 1.5% CPUC Reimbursement Fee

(END OF APPENDIX C)

**APPENDIX D**

## APPENDIX D

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

In the Matter of the Application of California Water	)	
Service Company (U 60 W), a Corporation, for an Order	)	
Authorizing it to Increase Rates Charged for Water Service	)	Application No. 98-09-013
in the East Los Angeles District.	)	
_____	)	
	)	Application No. 98-09-014
And Related Matters.	)	Application No. 98-09-015
_____	)	Application No. 98-09-016

## SETTLEMENT

### 1.00 GENERAL

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

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

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

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

1.05 All issues between the Parties have been resolved. The Settlement between the Parties would result in an increase for the Bear Gulch District of \$463,500, or 4.0%, in 1999; no increase in 2000; an increase of \$211,500, or 1.7%, in 2001; and \$220,700, or 1.8% in 2002; an increase for the East Los Angeles District of \$486,100, or 3.2%, in 1999; no increase in 2000; an increase

of \$341,900, or 2.2%, in 2001; and \$349,700, or 2.2% in 2002; an increase for the Hermosa-Redondo District of \$604,700, or 4.3%, in 1999; no increase in 2000; no increase in 2001; and no increase in 2002; and an increase for the Visalia District of \$361,000, or 4.3%, in 1999; no increase in 2000; an increase of \$74,200, or 0.9%, in 2001; and \$80,600 or 0.9% in 2002. The average customer in the Bear Gulch District using 28 Ccf per month will see its monthly bill rise from \$58.71 to \$60.69, or 3.4%, including surcharges and surcredits. The average customer in the East Los Angeles District using 22 Ccf per month will see its monthly bill rise from \$38.17 to \$39.64, or 3.9%, including surcharges and surcredits. The average customer in the Hermosa-Redondo District using 19 Ccf per month will see its monthly bill rise from \$40.82 to \$42.45, or 4.0%, including surcharges and surcredits. The average customer in the Visalia District using 39 Ccf per month will see its monthly bill rise from \$24.97 to \$25.69, or 2.9%, including surcharges and surcredits.

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

## 2.00 COST OF CAPITAL

2.01 CWS and RRB agree to a Return on Common Equity of 9.55%. The Parties further agree to reflect CWS's latest financing and cost of debt, resulting in a return on ratebase of 8.93% in 1999 and 8.79% in 2000.

## 3.00 CUSTOMERS, SALES, AND REVENUES

### 3.01 AVERAGE NUMBER OF CUSTOMERS

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

	<u>Original Positions</u>				<u>Settlement</u>	
	CWS		RRB			
Visalia	1999	2000	1999	2000	1999	2000
Metered						
Residential	7,464	7,914	8,096	8,967	7,479	7,939

### 3.02 SALES AND REVENUES

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

	<u>Original Positions</u>		<u>Settlement</u>
	CWS	RRB	
East Los Angeles	1999	1999	1999
Multi-family	204,700 Ccf	208,200 Ccf	204,700 Ccf
Public Authority	634,800 Ccf	800,200 Ccf	634,800 Ccf
	2000	2000	2000
Multi-family	204,700 Ccf	208,200 Ccf	204,700 Ccf
Public Authority	618,500 Ccf	800,200 Ccf	618,500 Ccf



	<u>Original Positions</u>		<u>Settlement</u>
	CWS	RRB	
	<u>1999</u>	<u>1999</u>	<u>1999</u>
<b>Hermosa-Redondo</b>			
Residential	154.4 Ccf / sv	165.0 Ccf / sv	154.7 Ccf / sv
Business	871,200 Ccf	980,100 Ccf	941,900 Ccf
Multi-family	1,140,900 Ccf	1,255,600 Ccf	1,218,400 Ccf
	<u>2000</u>	<u>2000</u>	<u>2000</u>
Residential	154.4 Ccf / sv	168.4 Ccf / sv	154.7 Ccf / sv
Business	866,800 Ccf	992,600 Ccf	941,900 Ccf
Multi-family	1,140,900 Ccf	1,267,900 Ccf	1,218,400 Ccf
	<u>CWS</u>	<u>RRB</u>	
<b>Visalia</b>	<u>1999</u>	<u>1999</u>	<u>1999</u>
Business	2,275,100 Ccf	2,441,400 Ccf	2,275,100 Ccf
Public Authority	424,400 Ccf	424,400 Ccf	424,400 Ccf
	<u>2000</u>	<u>2000</u>	<u>2000</u>
Business	2,298,500 Ccf	2,547,500 Ccf	2,298,500 Ccf
Public Authority	418,700 Ccf	418,700 Ccf	418,700 Ccf

#### 4.00 EXPENSES

4.01 CWS agrees to each of RRB's estimates, except for the items listed below. Differences between CWS and RRB are due to different methodologies. The Parties agree to use RRB's Inflation Factors, with the exception of labor. The Parties agree to use CWS's Labor Inflation for 1999 (3.0%) based on its union contract and to use RRB's Labor Inflation for 2000 (2.3%). The Parties agree to the following additional employees by district: Bear Gulch – one new employee in 1999; Hermosa-Redondo – one new employee in 1999 and one new employee in 2000; Visalia – one new employee in 1999.

4.02 CWS originally requested that expenditures for painting tanks be 100% capitalized because it serves to extend useful life. The Parties agree that CWS should capitalize 60% of these expenditures while the remaining 40% should be expensed and the associated tax benefits flowed through to customers.

4.03 CWS and RRB agree that CWS's methodology should be used for determining pensions and benefits of the General Office as a percentage of total payroll. The Parties further agree to determine total payroll by applying the Labor Inflation Factors to total payroll for 1998 with the addition of the employees agreed to in this settlement plus two additional employees companywide in 1999 and 2000.

4.04 CWS and RRB agree that this Settlement should be applied to plant and expenses for the General Office for CWS's applications scheduled to be filed in 1999 and 2000. Accordingly, CWS and RRB agree to estimate expenses for the General Office in 2001 and 2002 by escalating the expenses shown in the attached table by the appropriate Labor and Nonlabor Escalation Rates for 2001 and 2002. The appropriate Nonlabor Escalation Rates will be developed using RRB's Composite Escalation Methodology, as determined in future proceedings.

## 5.00 PURCHASED WATER AND POWER

The Parties agree to use current prices for purchased water and power to estimate expenses for purchased water and purchased power.

## 6.00 PLANT

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

### Bear Gulch – Additions

	<u>1998</u>	<u>1999</u>	<u>2000</u>
CWS's Request	\$1,797,500	\$2,354,200	\$3,323,300
Stipulated Adjustments	(\$81,900)	(\$300,400)	(\$1,316,100)
SETTLEMENT	\$1,715,600	\$2,053,800	\$2,007,200

### East Los Angeles – Additions

	<u>1998</u>	<u>1999</u>	<u>2000</u>
CWS's Request	\$1,373,000	\$2,206,700	\$2,199,400
Stipulated Adjustments	(\$82,600)	(\$471,800)	\$204,500
SETTLEMENT	\$1,290,400	\$1,734,900	\$2,403,900

### Hermosa-Redondo – Additions

	<u>1998</u>	<u>1999</u>	<u>2000</u>
CWS's Request	\$2,702,100	\$3,244,500	\$2,925,500
Stipulated Adjustments	(\$22,700)	(\$1,258,500)	(\$550,500)
SETTLEMENT	\$2,697,400	\$1,986,000	\$2,375,000

### Visalia – Additions

	<u>1998</u>	<u>1999</u>	<u>2000</u>
CWS's Request	\$1,465,400	\$1,672,200	\$1,531,800
Stipulated Adjustments	(\$139,600)	(\$554,200)	(\$39,400)
SETTLEMENT	\$1,325,800	\$1,118,000	\$1,492,400

### General Office – Additions

	<u>1998</u>	<u>1999</u>	<u>2000</u>
CWS's Request	\$4,651,600	\$2,713,500	\$3,022,700
Stipulated Adjustments	(\$5,900)	(\$11,800)	(\$59,000)
SETTLEMENT	\$4,645,700	\$2,701,700	\$2,963,700

6.02 CWS and RRB agree that stipulated additions for the General Office in 2001 are \$2,963,700 and that additions for 2002 should be estimated by escalating the additions for 2001 by the appropriate Nonlabor Escalation Rate developed using RRB's Composite Escalation Methodology.

## **7.00 TAXES**

### **7.01 FEDERAL INCOME TAX**

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

### **7.02 CALIFORNIA INCOME TAX**

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

## **8.00 ADVICE LETTERS**

### **8.01 Bear Gulch**

CWS and RRB agree that the proposed project for chloramination in 2000 is required in order that CWS's supply meets new guidelines of the San Francisco Water Department to take effect in 2001. Due to the uncertainty surrounding the time of compliance, the Parties agree that CWS may seek relief by advice letter for the cost of the project once it is completed, not to exceed \$150,000. Additionally, CWS and RRB agree that this advice letter must be filed prior to January 1, 2002, or be incorporated into a future proceeding for a general increase in rates.

### **8.02 Bear Gulch**

CWS and RRB agree that the proposed project for ozone treatment in 2000 is required in order that CWS's raw water supply meets new requirements of the Department of Health Services for trihalomethanes which are scheduled to take effect in 2001. Due to the uncertainty surrounding the time of compliance, the Parties agree that CWS may seek relief by advice letter for the cost of the project once it is completed, not to exceed \$1,500,000. Additionally, CWS and RRB agree that this advice letter must be filed prior to January 1, 2002, or be incorporated in a future proceeding for a general increase in rates.

### **8.03 East Los Angeles**

CWS and RRB agree that the proposed project for replacing a main in Wilcox Avenue, originally proposed in 1998 but not yet built, is necessary and that CWS may seek relief by advice letter for the cost of the project once it is completed, not to exceed \$80,600. Additionally, CWS and RRB agree that this advice letter must be filed prior to January 1, 2002, or be incorporated in a future proceeding for a general increase in rates.

## **9.00 FEE FOR NEW FACILITIES**

RRB supports CWS's proposed fee applicable to new services requiring a main extension (excluding residential developments of 4 or less units in CWS's operating districts where wells are the incremental source of supply) in order that their associated costs be fairly and reasonably recovered from all developers. Accordingly, the Parties agree that a fee of \$450 (per equivalent one-inch service) be implemented in CWS's Visalia District. In addition, the Parties agree that in future applications CWS should request to implement fees in the Bakersfield (\$450), Chico (\$450), Dixon (\$450), King City (\$450), Selma (\$450), Salinas (\$250), and Willows (\$450) districts. For domestic services to residential complexes, the fee for each district should be one-half the fee shown above to reflect the lower demand they place on the water system. For the Selma district, RRB agrees that CWS may file an advice letter to reduce the present facilities fee from \$750 to \$450. Finally, CWS and RRB agree that the fee should be treated as an advance (subject to refund) and paid prior to CWS's acceptance of the main extension facilities, as opposed to being paid when service is requested. This would ease the accounting burden of

tracking multiple payments and refunds for a single development.

#### **10.00 PARKING LOT**

The Parties agree that CWS's request for reconsideration of the amount determined for the parking lot at the General Office should be dismissed with prejudice.

#### **11.00 AMORTIZATION OF CAPITAL EXPENDITURES FOR GENERAL OFFICE**

As shown in the attached appendix, the Parties agree to amortize all capital expenditures incurred in 1998 associated with CWS's capital budgets for 1996 and 1997 over the course of five years. The amortization, which totals \$1,178,070, represents expenditures not reflected in the capital budget for 1998 nor in CWS's and RRB's calculations of ratebase.

#### **12.00 AUDIT OF ENVIRONMENTAL COMPLIANCE**

RRB agrees with CWS's request to recover the cost of an audit of environmental compliance by applying the surcharge shown in the attached appendix to each operating district. The audit is necessary to determine CWS's level of environmental compliance in the face of significant changes in recent years to environmental laws and regulations. This audit represents an essential element of CWS's intent to achieve and maintain compliance with applicable environmental laws and regulations through the ongoing development of an effective environmental management program by assessing whether necessary systems and practices are in place, functioning, and adequate.

#### **13.00 COMBINING RATES FOR THE FIRST AND SECOND TEST YEARS**

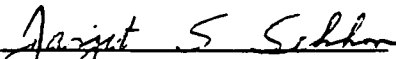
To avoid distorting the earnings test required for the second test year by significant changes in depreciation agreed on in this Settlement, RRB and CWS have combined the first and second test years. Accordingly, rates for the second test year will be the same as those in the first test year.

#### **14.00 GENERAL OFFICE**


Consistent with Decision 98-12-027 for Southern California Water Company, the Parties agree that CWS may file an application to apply stipulated expenses, ratebase, and surcharges from the General Office to CWS's districts not directly involved in the present, consolidated proceeding. CWS agrees to adjust any associated increase by the proforma earnings using the stipulated overall return of 8.93%.

Respectfully Submitted,

DATED: February 25, 1999

*for*   
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CALIFORNIA WATER SERVICE COMPANY

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(END OF APPENDIX D)