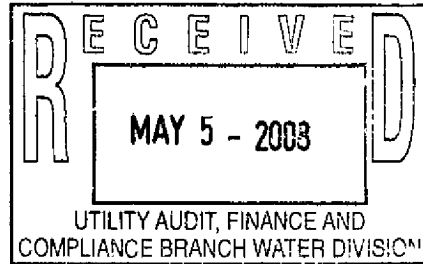


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Examined _____

**CLASS A
WATER UTILITIES**



U# _____

**2007
ANNUAL REPORT
OF**

CALIFORNIA-AMERICAN WATER COMPANY

(NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

303 H Street, Suite 250, Chula Vista, CA

(OFFICIAL MAILING ADDRESS)

91910

ZIP

**TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE
YEAR ENDED DECEMBER 31, 2007**

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2008
(FILE TWO COPIES IF THREE RECEIVED)

INSTRUCTIONS

1. One completed hard copy of this report (two copies if three received) and one electronic copy must be filed NOT LATER THAN MARCH 31, following the year covered by the report, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION
WATER DIVISION
ATTN: KAYODE KAJOPAIYE
505 VAN NESS AVENUE, ROOM 3105
SAN FRANCISCO, CALIFORNIA 94102-3298
kok@cpuc.ca.gov**

2. Failure to file the report on time may subject a utility to the penalties and sanctions provided by the Public Utilities Code.
3. The Oath, on the last page, must be signed by an officer, partner or owner.
4. The report must be prepared in ink or by the use of a typewriter. Computer generated report forms may be substituted.
5. The report must be filled in, and every question answered. LEAVE NO SCHEDULE BLANK. Insert the words "none" or "not applicable" or "n/a" when appropriate.
6. Certain balance sheet and income statement accounts refer to supplemental schedules. The totals of the details in the latter must agree with the balances of the accounts to which they refer.
7. Some schedules provide for a "balance at beginning of year." The amount shown should agree with the "balance at end of year" as shown in the report for the previous year. If there is a difference it should be explained by footnote.
8. When there is insufficient space in a schedule to permit a complete statement of the requested information, insert sheets should be prepared and identified by the number of the schedule to which it refers. Be certain that the inserts are securely attached to the report.
9. This report must cover a calander year, from Janauary 1 through December 31. Fiscal year reports will not be accepted.

INSTRUCTIONS

FOR PREPARATION OF

SELECTED FINANCIAL DATA SHEET

FOR CLASS A, B, C AND D, WATER UTILITIES

To prepare the attached data sheets, refer to the Balance Sheet, Income Statement and supporting detail schedules in the annual report for the required data.

Please follow the instructions below:

1. Common plant allocated to water should be indicated with water plant figures in Net Plant Investment.
2. The capitalization section for those reporting on both California Only and Total System Forms should be identical and completed with Total Company Data. Be sure that Advances for Construction include California water data only.
3. Complete the operation section with California water revenues and expenses, but if necessary, remove interdepartmental revenues and expenses.
4. All other utility and nonutility revenues and expenses are netted on Line No. 38.

2 07

2007

NAME OF UTILITY California American WaterPHONE 1-619-409-770

INCOME STATEMENT		Annual Amount
23	Unmetered Water Revenue	\$ 11,793,418
24	Fire Protection Revenue	1,487,049
25	Irrigation Revenue	272,584
26	Metered Water Revenue	109,310,774
27	Total Operating Revenue	122,863,825
28	<u>Operating Expenses</u>	87,897,059
29	Depreciation Expense (Composite Rate 3.097%)	15,801,280
30	Amortization and Property Losses	349,375
31	Property Taxes	3,136,241
32	Taxes Other Than Income Taxes	1,012,811
33	Total Operating Revenue Deduction Before Taxes	14,667,059
34	California Corp. Franchise Tax	(1,977,442)
35	Federal Corporate Income Tax	(7,046,191)
36	Total Operating Revenue Deduction After Taxes	23,690,692
37	Net Operating Income (Loss) - California Water Operations	23,690,692
38	Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense)	(7,616,464)
39	Income Available for Fixed Charges	16,074,228
40	Interest Expense	14,886,259
41	Net Income (Loss) Before Dividends	1,187,969
42	Preferred Stock Dividends	0
43	Net Income (Loss) Available for Common Stock	\$ 1,187,969

OTHER DATA		
44	Refunds of Advances for Construction	467,230
45	Total Payroll Charged to Operating Expenses	12,684,949
46	Purchased Water	29,066,481
47	Power	7,674,205
48	Class A Water Companies Only:	
a.	Pre-TRA 1986 Contributions in Aid of Construction	50,852,200
b.	Pre-TRA 1986 Advances for Construction	5,531,353
c.	Post TRA 1986 Contributions in Aid of Construction	14,602,401
d.	Post TRA 1986 Advances for Construction	10,194,950

Active Service Connections	(Exc. Fire Protect.)	Annual Average		
		Jan. 1	Dec. 31	
49	Metered Service Connections	149,938	154,394	152,166
50	Flat Rate Service Connections	37,864	34,640	36,252
51	Total Active Service Connections	187,802	189,034	188,418

Year 2007

NAME OF UTILITY California American Water

PHONE 1-619-409-770

PERSON RESPONSIBLE FOR THIS REPORT Kent Turner

(Prepared from Information in the 2007 Annual Report)

	1/1/2007	12/31/2007	Average
BALANCE SHEET DATA			
1 Intangible Plant	\$ 1,865,608	4,895,386	3,380,497
2 Land and Land Rights	5,779,257	7,336,712	6,557,985
3 Depreciable Plant	469,742,313	531,197,921	500,470,117
4 Gross Plant in Service	477,387,178	543,430,020 #	510,408,599
5 Less: Accumulated Depreciation	(181,242,407)	(198,600,186)	(189,921,297)
6 Net Water Plant in Service	296,144,771	344,829,834 #	320,487,302
7 Water Plant Held for Future Use	319,240	319,240	319,240
8 Construction Work in Progress	67,927,923	28,083,854	48,005,888
9 Materials and Supplies	474,684	575,690	525,187
10 Less: Advances for Construction	(17,655,062)	(15,726,303)	(16,690,683)
11 Less: Contributions in Aid of Construction	(43,163,629)	(47,987,023)	(45,575,326)
12 Less: Accumulated Deferred Income and Investment Tax Credits	(18,914,418)	(18,382,829)	(18,648,624)
13 Net Plant Investment	\$ 285,133,508	\$ 291,712,462	\$ 288,422,985

CAPITALIZATION			
14 Common Stock	92,477,914	92,477,914	92,477,914
15 Proprietary Capital (Individual or Partnership)	0	0	0
16 Paid-in Capital	13,122,026	28,122,026	20,622,026
17 Retained Earnings	25,703,242	27,345,162	26,524,202
18 Common Stock and Equity (Lines 14 through 17)	131,303,182	147,945,102	139,624,142
19 Preferred Stock	0	0	0
20 Long-Term Debt	210,948,405	210,832,214	210,890,310
21 Notes Payable	0		0
22 Total Capitalization (Lines 18 through 21)	342,251,587	358,777,316 #	350,514,451

Adjusted to Exclude Non-Regulated Activity

Year 2007

NAME OF UTILITY California American Water

PHONE 1-619-409-770

PERSON RESPONSIBLE FOR THIS REPORT Kent Turner

(Prepared from Information in the 2007 Annual Report)

See SFD2

1/1/___

12/31/___

Average

BALANCE SHEET DATA

1	Intangible Plant			
2	Land and Land Rights			
3	Depreciable Plant			
4	Gross Plant in Service			
5	Less: Accumulated Depreciation			
6	Net Water Plant in Service			
7	Water Plant Held for Future Use			
8	Construction Work in Progress			
9	Materials and Supplies			
10	Less: Advances for Construction	()	()	()
11	Less: Contributions in Aid of Construction	()	()	()
12	Less: Accumulated Deferred Income and Investment Tax Credits	()	()	()
13	Net Plant Investment			

CAPITALIZATION

14	Common Stock			
15	Proprietary Capital (Individual or Partnership)			
16	Paid-in Capital			
17	Retained Earnings			
18	Common Stock and Equity (Lines 14 through 17)			
19	Preferred Stock			
20	Long-Term Debt			
21	Notes Payable			
22	Total Capitalization (Lines 18 through 21)			

Note:

Adjusted to Exclude Non-Regulated Activity
2007

NAME OF UTILITY California American Water PHONE 1-619-409-770

INCOME STATEMENT	Annual Amount
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49 Metered Service Connections		149,938	154,394	152,166
50 Flat Rate Service Connections		37,864	34,640	36,252
51 Total Active Service Connections		187,802	189,034	188,418

Notes to Adjusted Selected Financial Data

Instructions: Provide reasons for each adjustment to the Selected Financial Data due to non-regulated activities. Detail this information by name of line item (Gross Plant, Operating Revenues, etc.), account number, dollar amount, and by point in time (end of year, beginning of year, or average).

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Excess Capacity and Non-Tariffed Services

NOTE: In D.00-07-018, D.03-04-028, and D. 04-12-023, the CPUC set forth rules and requirements regarding water utilities provision of non-tariffed services using excess capacity. These decisions require water utilities to: 1) file an advice letter requesting Commission approval of that service, 2) provide information regarding non-tariffed goods/services in each companies Annual Report to the Commission.

Based on the information and filings required in D.00-07-018, D.03-04-028, and D.04-12-023, provide the following information by each individual non-tariffed good and service provided in 2000 .

Row Number	Description of Non-Tariffed Good/Service	Active or Passive	Total Revenue derived from Non-Tariffed Good/Service (by account)	Revenue Account Number	Total Expenses incurred to provide Non-Tariffed Good/Service (by Account)	Expense Account Number	Advice Letter and/or Resolution Number approving Non-Tariffed Good/Service	Total Income Tax Liability incurred because of non-tariffed Good/Service (by Account)	Income Tax Liability Account Number	Gross Value of Regulated Assets used in the provision of a Non-Tariffed Good/Service (by account).	Regulated Asset Account Number

NONE

GENERAL INFORMATION

1 Name under which utility is doing business:
California American Water

2 Official mailing address:
303 H Street, Ste 250, Chula Vista CA ZIP 91910

3 Name and title of person to whom correspondence should be addressed:
Kent Turner, President Telephone: 1-619-409-7700

4 Address where accounting records are maintained:
131 Woodcrest Road Cherry Hill, NJ 08003

5 Service Area (Refer to district reports if applicable):
See District Reports

6 Service Manager (If located in or near Service Area.) (Refer to district reports if applicable.)
Name: _____
Address: _____ Telephone: _____

7 OWNERSHIP. Check and fill in appropriate line:
 Individual (name of owner) _____
 Partnership (name of partner) _____
 Partnership (name of partner) _____
 Partnership (name of partner) _____
 Corporation (corporate name) _____
Organized under laws of (state) _____ Date: _____

Principal Officers:

<u>B. Kent Turner</u>	<u>President</u>
<u>Thomas J. Bunosky</u>	<u>VP Operations</u>
<u>Christopher Buis</u>	<u>VP Finance & Treasurer</u>
<u>D.P. Stephenson</u>	<u>Asst Treasurer</u>
<u>Carrie Cleeson</u>	<u>Secretary, Corp Counsel</u>

8 Names of associated companies:
American Water Works Company, Inc.

9 Names of corporations, firms or individuals whose property or portion of property have been acquired during the year, together with date of each acquisition:

Date: _____

Date: _____

Date: _____

Date: _____

10 Use the space below for supplementary information or explanations concerning this report:

11 List Name, Grade, and License Number of all Licensed Operators:

**SCHEDULE A
COMPARATIVE BALANCE SHEETS
Assets and Other Debits**

Line No.	Acct.	Title of Account (a)	Schedule No. (b)	Balance End-of-Year (c)	Balance Beginning of Year (d)
1		I. UTILITY PLANT			
2	100	Utility plant		571,833,115	\$ 547,862,932
3	107	Utility plant adjustments		10,942,465	10,687,400
4		Total utility plant	A-1	582,775,580	558,550,332
5	250	Reserve for depreciation of utility plant	A-3	198,532,574	181,304,900
6	251	Reserve for amortization of limited term utility investments		0	0
7	252	Reserve for amortization of utility plant acquisition adjustment	A-3	7,664,663	7,547,275
8		Total utility plant reserves		206,197,237	188,852,175
9		Total utility plant less reserves		376,578,343	369,698,157
10					
11		II. INVESTMENT AND FUND ACCOUNTS			
12	110	Other physical property	A-2	4,070,596	1,942,223
13	253	Reserve for depreciation and amortization of other property	A-3	148,708	30,408
14		Other physical property less reserve		3,921,888	1,911,815
15	111	Investments in associated companies	A-4	0	0
16	112	Other investments	A-5	0	0
17	113	Sinking funds	A-6	0	0
18	114	Miscellaneous special funds	A-7	0	0
19		Total investments and fund accounts		3,921,888	1,911,815
20					
21		III. CURRENT AND ACCRUED ASSETS			
22	120	Cash		965,604	1,406,957
23	121	Special deposits	A-8	70,556	35,856
24	122	Working funds		4,690	4,900
25	123	Temporary cash investments		0	0
26	124	Notes receivable	A-9	25,635	0
27	125	Accounts receivable		8,453,792	8,079,389
28	126	Receivables from associated companies	A-10	1,298	2,375,315
29	131	Materials and supplies		575,691	474,684
30	132	Prepayments	A-11	1,353,446	1,208,918
31	133	Other current and accrued assets	A-12	11,036,417	6,717,805
32		Total current and accrued assets		22,487,129	20,303,824
33					
34		IV. DEFERRED DEBITS			
35	140	Unamortized debt discount and expense	A-13	971,942	995,758
36	141	Extraordinary property losses	A-14	0	0
37	142	Preliminary survey and investigation charges		12,154,570	27,085
38	143	Clearing accounts		0	0
39	145	Other work in progress		193,079	1,389,899
40	146	Other deferred debits	A-15	102,402,882	83,418,346
41		Total deferred debits		115,722,473	85,831,088
42		Total assets and other debits		\$ 518,709,833	\$ 477,775,292
43					

SCHEDULE A
COMPARATIVE BALANCE SHEETS
Liabilities and Other Credits

Line No.	Acct.	Title of Account (a)	Schedule No. (b)	Balance End-of-Year (c)	Balance Beginning of Year (d)
1		I. CORPORATE CAPITAL AND SURPLUS			
2	200	Common capital stock	A-18	92,477,914	\$ 92,477,914
3	201	Preferred capital stock	A-18	0	0
4	202	Stock liability for conversion		0	0
5	203	Premiums and assessments on capital stock	A-19	0	0
6	150	Discount on capital stock	A-16	0	0
7	151	Capital stock expense	A-17	0	0
8	270	Capital surplus	A-20	28,122,027	13,122,026
9	271	Earned surplus	A-21	25,386,647	25,594,320
10		Total corporate capital and surplus		145,986,588	131,194,260
11					
12		II. PROPRIETARY CAPITAL			
13	204	Proprietary capital (Individual or partnership)	A-22	0	0
14	205	Undistributed profits of proprietorship or partnership	A-23	0	0
15		Total proprietary capital		0	0
16					
17		III. LONG-TERM DEBT			
18	210	Bonds	A-24	210,832,214	48,948,405
19	211	Receivers' certificates		0	
20	212	Advances from associated companies	A-25	0	
21	213	Miscellaneous long-term debt	A-26	0	162,000,000
22		Total long-term debt		210,832,214	210,948,405
23					
24		IV. CURRENT AND ACCRUED LIABILITIES			
25	220	Notes payable	A-28	29,713,468	
26	221	Notes receivable discounted		0	
27	222	Accounts payable		7,195,026	14,030,521
28	223	Payables to associated companies	A-29	11,218	7,181,513
29	224	Dividends declared		0	
30	225	Matured long-term debt		116,115	113,375
31	226	Matured interest		0	
32	227	Customers' deposits		0	0
33	228	Taxes accrued	A-31	4,944,572	1,184,689
34	229	Interest accrued		614,799	616,175
35	230	Other current and accrued liabilities	A-30	11,942,027	13,029,202
36		Total current and accrued liabilities		54,537,225	36,155,474
37					
38		V. DEFERRED CREDITS			
39	240	Unamortized premium on debt	A-13		
40	241	Advances for construction	A-32	15,726,303	13,905,493
41	242	Other deferred credits	A-33	43,233,992	24,451,178
42		Total deferred credits		58,960,295	38,356,671
43					
44		VI. RESERVES			
45	254	Reserve for uncollectible accounts	A-34	406,488	301,790
46	255	Insurance reserve	A-34	0	
47	256	Injuries and damages reserve	A-34	0	
48	257	Employees' provident reserve	A-34	0	
49	258	Other reserves	A-34	0	17,655,063
50		Total reserves		406,488	17,956,853
51					
52		VII. CONTRIBUTIONS IN AID OF CONSTRUCTION			
53	265	Contributions in aid of construction	A-35	47,987,023	43,163,629
54		Total liabilities and other credits		\$ 518,709,833	\$ 477,775,292

SCHEDULE B
Income Account for the Year

Line No.	Acct.	Account (a)	Schedule Page No. (b)	Amount (c)
1		I. UTILITY OPERATING INCOME		
2	501	Operating revenues	B-1	122,863,825
3				
4		Operating Revenue Deductions:		
5	502	Operating expenses	B-2	87,897,059
6	503	Depreciation	A-3	15,801,280
7	504	Amortization of limited-term utility investments	A-3	232,237
8	505	Amortization of utility plant acquisition adjustments	A-3	117,138
9	506	Property losses chargeable to operations	B-3	
10	507	Taxes	B-4	(4,874,581)
11		Total operating revenue deductions		99,173,133
12		Net operating revenues		23,690,692
13	508	Income from utility plant leased to others		
14	510	Rent for lease of utility plant		
15		Total utility operating income		23,690,692
16				
17		II. OTHER INCOME		
18	521	Income from nonutility operations (Net)	B-6	5,158
19	522	Revenue from lease of other physical property		244,073
20	523	Dividend revenues		
21	524	Interest revenues		1,942,376
22	525	Revenues from sinking and other funds		
23	526	Miscellaneous nonoperating revenues	B-7	249,500
24	527	Nonoperating revenue deductions - Dr.	B-8	(381,243)
25		Total other income		2,059,863
26		Net income before income deductions		25,750,556
27				
28		III. INCOME DEDUCTIONS		
29	530	Interest on long-term debt		12,814,321
30	531	Amortization of debt discount and expense		78,106
31	532	Amortization of premium on debt - Cr.		
32	533	Taxes assumed on interest		
33	534	Interest on debt to associated companies		
34	535	Other interest charges	B-9	1,993,832
35	536	Interest charged to construction - Cr.		
36	537	Miscellaneous amortization		
37	538	Miscellaneous income deductions	B-10	9,676,328
38		Total income deductions		24,562,587
39		Net income		1,187,969
40				
41		IV. DISPOSITION OF NET INCOME		
42	540	Miscellaneous reservations of net income		0
43				
44		Balance transferred to Earned Surplus or		
45		Proprietary Accounts scheduled on page 21		
46				

SCHEDULE A-1
Account 100 - Utility Plant

Line No.	Acct	Title of Account (a)	Balance Beg of Year (b)	Additions During Year (c)	Retirements During Year (d)	Other Debits or (Credits) (e)	Balance End of Year (f)
1	100 - 1	Utility plant in service (Schedule A-1a)	477,249,572	65,791,004	1,406,862	1,796,308	543,430,021
2	100 - 2	Utility plant leased to others	0	0	0	0	0
3	100 - 3	Construction work in progress	70,055,819	(67,502,665)	0	25,530,700	28,083,854
4	100 - 4	Utility plant held for future use (Sch A-1c)	319,240	0	0	0	319,240
5	100 - 5	Utility plant acquisition adjustments	10,687,400	255,065	0	0	10,942,465
6	100 - 6	Utility plant in process of reclassification	0	0	0	0	0
7		Total utility plant	558,312,031	(1,456,596)	1,406,862	27,327,007	582,775,580

SCHEDULE A-1a
Account 100.1 - Utility Plant in Service

Line No.	Acct	Title of Account (a)	Balance Beg of Year (b)	Additions During Year (c)	Retirements During Year (d)	Other Debits or (Credits) (e)	Balance End of Year (f)
8		I. INTANGIBLE PLANT					
9	301	Organization	157,741.40	5,226.67	-	205.00	163,173.07
10	302	Franchises and consents (Schedule A-1b)	352,321.93	-	-	(249.99)	352,071.94
11	303	Other intangible plant	968,976.45	3,411,164.99	-	-	4,380,141.44
12		Total intangible plant	1,479,039.78	3,416,391.66	-	(44.99)	4,895,386.45
13							
14		II. LANDED CAPITAL					
15	306	Land and land rights	6,094,910.43	1,234,011.42	(2,248.59)	5,542.00	7,336,712.44
16							
17		III. SOURCE OF SUPPLY PLANT					
18	311	Structures and improvements	1,053,879.93	49,466.95	-	-	1,103,346.88
19	312	Collecting and impounding reservoirs	4,640,230.05	40,425.81	-	(1,700,457.67)	2,980,198.19
20	313	Lake, river and other intakes	1,066,501.38	11,332.68	-	12,396.00	1,090,230.06
21	314	Springs and tunnels	-	-	-	-	-
22	315	Wells	19,458,767.44	3,551,879.86	30,628.53	16,962.00	22,996,980.77
23	316	Supply mains	4,273,065.77	52,465.54	-	-	4,325,531.31
24	317	Other source of supply plant	209,157.42	-	-	-	209,157.42
25		Total source of supply plant	30,701,601.99	3,705,570.84	30,628.53	(1,671,099.67)	32,705,444.63
26							
27		IV. PUMPING PLANT					
28	321	Structures and improvements	8,294,345.84	252,840.10	9,702.41	-	8,537,483.53
29	322	Boiler plant equipment	-	-	-	-	-
30	323	Other power production equipment	73,128.65	(87.34)	-	-	73,041.31
31	324	Pumping equipment	35,251,820.71	1,308,972.72	48,563.80	299,426.00	36,811,655.63
32	325	Other pumping plant	94,861.74	3,370,484.35	19,146.89	-	3,446,199.20
33		Total pumping plant	43,714,156.94	4,932,209.83	77,413.10	299,426.00	48,868,379.67
34							
35		V. WATER TREATMENT PLANT					
36	331	Structures and improvements	11,798,125.20	280,299.13	4,713.99	18,716.00	12,092,426.34
37	332	Water treatment equipment	28,322,343.39	16,267,412.59	58,950.93	45,404.00	44,576,209.05
38		Total water treatment plant	40,120,468.59	16,547,711.72	63,664.92	64,120.00	56,668,635.39

SCHEDULE A-1a
Account 100.1 - Utility Plant in Service - Concluded

Line No.	Acct	Title of Account (a)	Balance Beg of Year (b)	Additions During Year (c)	Retirements During Year (d)	Other Debits or (Credits) (e)	Balance End of Year (f)
1		VI. TRANSMISSION AND DIST. PLANT					
2	341	Structures and improvements	308,484	55,130	0	0	363,614
3	342	Reservoirs and tanks	44,469,637	2,991,268	(29,969)	1,591,393	49,082,266
4	343	Transmission and distribution mains	181,522,302	14,064,681	44,813	1,558,048	197,100,218
5	344	Fire mains	0	0	907	0	(907)
6	345	Services	60,641,348	5,047,367	36,101	(10,496)	65,642,118
7	346	Meters	13,661,671	6,769,342	80,935	120,874	20,470,951
8	347	Meter installations	394,296	332,116	0	0	726,412
9	348	Hydrants	17,265,163	1,305,313	26,343	148,900	18,693,033
10	349	Other transmission and distribution plant	(82,247)	0	0	13,750	(68,497)
11		Total transmission and distribution plant	318,180,653	30,565,216	159,129	3,422,468	352,009,208
12							
13		VII. GENERAL PLANT					
14	371	Structures and improvements	5,191,886	2,809,729	130,380	0	7,871,234
15	372	Office furniture and equipment	4,247,105	371,529	780,755	(16,596)	3,821,283
16	373	Transportation equipment	3,988,112	34,235	55,164	(174)	3,967,009
17	374	Stores equipment	17,496	0	734	0	16,762
18	375	Laboratory equipment	405,414	2	24,965	0	380,450
19	376	Communication equipment	11,254,695	584,913	66,085	(37,996)	11,735,527
20	377	Power operated equipment	1,788,733	(3,050)	0	0	1,785,683
21	378	Tools, shop and garage equipment	1,680,996	324,991	15,987	0	1,990,001
22	379	Other general plant	8,124,896	1,267,543	4,205	(269,338)	9,118,896
23		Total general plant	36,699,332	5,389,892	1,078,275	(324,104)	40,686,845
24							
25		VIII. UNDISTRIBUTED ITEMS					
26	390	Other tangible property	259,409	0	0	0	259,409
27	391	Utility plant purchased	0	0	0	0	0
28	392	Utility plant sold	0	0	0	0	0
29		Total undistributed items	259,409	0	0	0	259,409
30		Total utility plant in service	477,249,572	65,791,004	1,406,862	1,796,308	543,430,021

SCHEDULE A-1b
Account 302 - Franchises and Consents

Line No.	Name of Original Grantor (a)	Date of Grant (b)	Term in Years ©	Date of Acquisition by Utility (d)	Amount at which Carried in Account ¹ (e)
31	See Addendum				352,071
32					
33					
34					
35			Total	xxxxxxxxxxxxxxxxxxxxxxxxxxxx	352,071

¹ The total should agree with the balance at the end of the year in Account 302 in Schedule A-1a Line 10.

Schedule A-1b

Account 302 - FRANCHISES AND CONSENTS

<u>NAME OF ORIGINAL GRANTOR</u>	<u>DATE OF GRANT</u>	<u>TERM IN YEARS</u>	<u>DATE OF ACQUISITION BY UTILITY</u>
State of California		Perpetual	See note*
City of San Gabriel Ordinance 406	12/30/1938	50	1/19/1939
City of San Marino Ordinance 903	9/10/1986	15	9/10/1986
County of San Diego Ordinance 0-19283	6/30/2004	25	11/22/1935
City of Los Angeles Ordinance 163757	6/7/1988	10	6/10/1988
County of Monterey Ordinance 1278	2/14/1963	50	2/14/1963
City of Rosemead Ordinance 96	6/26/1964	Indeterminate	6/26/1964
City of Seaside Ordinance 317	10/4/1997	25	12/11/1967
County of Ventura	3/15/1960	50	3/15/1960
Public Utilities Commission	Various	-	Various
County of Los Angeles Ordinance 12393	8/14/1981	25	10/21/1981

*Note: Acquired by purchase of stock of corporations 11-23-35 covering Coronado, Monterey, Pacific Grove and Pasadena

SCHEDULE A-1c
Account 100.4 - Utility Plant Held for Future Use

Line No.	Description and Location of Property (a)	Date of Acquisition (b)	Approximate Date When Property Will be Placed in Service (c)	Balance End of Year (d)
1	Shopping Center-Lot 13-Village District	N/A	N/A	37,740
2	Dry Creek Land- 2.034 AC-Sacramento	3/16/2004	N/A	281,500
3				
4				
5				
6				
7				
8				
9	Total	XXXXXXXXXXXXXXXXXXXXXXXXXX		319,240

SCHEDULE A-2
Account 110 - Other Physical Property

Line No	Name and Description of Property (a)	Book Value End of Year (b)
10	See Addendum- A-Account 110	1,880,300
11	See Addendum- A-Account 110	104,510
12	Non Utility Plant-NUP -Other	2,085,786
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24	Total	4,070,596

California - American Water Company Account Reconciliation
As of December 31, 2007
NUP-Land
Addendum A-Account 110

<u>BU</u>	<u>DESCRIPTION</u>	<u>ASSET ID</u>	<u>Total Amount</u>
053005	RIGHT OF WAY - OTAY WELLS	30072397	399.00
053005	OTAY WEST END GRANT	30072398	1,279.90
053005	OTAY WATERSHED WATER RIGHTS	30072399	17,725.03
053005	LAND OTAY WELL #1	30072400	419.70
054005	Airway Tank Site #2	30072390	1,088.00
054005	Ch Tank Site #1, Lower Mt. Devon	30072391	300.00
054005	Del Rey Terrace Tank & PP #28	30072392	40.00
054005	Harding Well Site Lots 1047&1049	30072393	1,595.50
054005	Paralta Tank Site	30072394	462.00
054005	Palm Well Site	30072396	1,600.00
054006	Land & Ld Rights-SS	30129412	329.97
054007	Land & Ld Rights-SS	30129409	531.55
054008	Land & Ld Rights-SS	30129410	1,002.00
054009	Land & Ld Rights-SS	30129411	2,000.00
054010	Land & Ld Rights-TD	30129413	2,886.87
054011	Land & Ld Rights-SS	30129408	33,545.45
055005	CHADWICK LAND - DUARTE	No Asset	4,179.45
055005	GRAND AVE	No Asset	5,966.88
055005	Land Sales to NUP - Escrow	Richardson Well 30055144	2,609.41
055006	TFR TO NUP SCOTT RES SITE1	30129407	516.00
055007	TFR TO NUP LOT1-TRACT8900	30129405	3,400.29
055008	TFR TO NUP LOT60-TRACT1798	30129404	4,000.00
055009	TFR TO NUP LOT6 SAN M PARK	30129406	7,488.93
055105	ORBIS WELL SITE #2	30058501	240.00
055105	ORBIS WELL SITE #4	30072347	240.00
055105	VILLAGE WELL SITE #4	30072350	45.00
055105	ORBIS WELL SITE #10	30072348	240.00
055105	ORBIS WELL SITE #41	30072349	225.30
056005	LINDA SUE WELL SITE NO. 2	30058775	226.00
056005	UNDESCRIBED	30058793	18.00
056005	65TH ST EXPRESSWAY WELL SITE	30058802	45.00
056005	BLACKHAWK WELL SITE	30058804	46.00
056005	JEANNE WELL SITE	30058805	345.00
056005	GREENBACK LANE WELL SITE	30058806	40.00
056005	9605 ALLEGHENY WELL SITE	30058807	75.00
056005	BARRACUDA WELL SITE	30058808	204.00
056005	HUNTSMAN WELL SITE	30058809	5.00
056005	9513 MIRA DEL RIO	30058810	72.00
056005	6389 NAVION WELL SITE 2	30058811	48.00
056005	6389 NAVION WELL SITE	30058811	48.00
056005	Hurley Ave. Well Site (Vacant)	30058813	182.00
056005	3606 FABERGE	30058814	91.00
056005	3805 CONTEMPO	30058815	262.00
056005	0148 CASTLEBAR	30058816	172.00
056005	4121 ASHGROVE	30058817	153.00
056005	MILLS STATION WELL SITE	30058818	485.00
056005	0036 BURLINE	30058822	100.00
056005	AUBURN WELL SITE	30058824	86.00
056005	4908 BUFFWOOD	30058825	110.00
056005	7721 CMNWEALTH DR WELL SITE	30058827	259.00
056005	CHARDONNAY WELL SITE NO. 5	30058828	115.00
056005	Bellingrath Well Site	30058829	251.00
056005	MAP 1284 34 96 PARCEL 2	61309062	438.00
056005	3805 CONTEMPO Dr	61309044	102.00
056005	MAP 1284 34 29 PARCEL 1	61308984	1,093.00
056006	MAP 1284 34 13 PARCEL 1	61308977	522.00
056007	MAP 1284 34 50 PARCEL 1	61308966	714.00
056008	MAP 1284 34 91 PARCEL 1	61309036	10,011.00
056009	PARCEL EACH	61309080	16,163.00
056010	LAND PARCEL	61309102	17,856.40
056011	PARCEL EACH	61309093	22,733.00
056012	LAND PARCEL	61309103	26,345.47
056013	PARCEL EACH	61309097	34,115.00
056014	PARCEL EACH	61309082	112,875.00
056015	LAND PARCEL	61309106	167,899.29
056016	LAND PARCEL	61309104	220,748.33
056017	PARCEL EACH	61309094	232,531.00
056105	MAP 58 090 16	61320950	29,218.00
056105	MAP 58 090 16	61320950	(29,218.00)
056105	MAP 58 090 16	30129414	7,596.68
056105	PARCEL 059 230 050 Well 6A	30211226	858,085.89
056305	BULL CREEK WATER SHED	30058770	1,764.00
056305	BENNETT SPRINGS	30058771	19,506.00
056305	BULL CREEK WATER SHED	30058772	31,299.00
056305	BULL CREEK WATER SHED	30058773	6.00
056305	BENNETT SPRINGS	30058774	2.00
Grand Total			1,880,300.29

California - American Water Company Account Reconciliation
As of December 31, 2007
NUP-Land
Addendum B-Account 110

<u>BU</u>	<u>DESCRIPTION</u>	<u>ASSET ID</u>	<u>Total Amount</u>
056005	FENCE EACH	30058830	712.00
056005	CASING EACH	30058831	1,430.00
056005	UNIDENTIFIED	30058832	893.00
056005	FENCE EACH	30058834	2,564.00
056005	FENCE EACH	30058835	1,554.00
056005	FENCE EACH	30058836	1,566.00
056005	FENCE EACH	30058837	1,070.00
056005	FENCE EACH	30058838	152.00
056005	FENCE EACH	30058839	33.00
056005	GATE ONLY	30058840	606.00
056005	FENCE EACH	30058841	1,142.21
056005	GATE ONLY	30058842	873.79
056005	FENCE EACH	30058843	3,120.00
056005	FENCE	30058844	4,052.00
056005	FENCE EACH	30058845	1,433.00
056005	FENCE EACH	30058846	1,480.00
056005	FENCE EACH	30058847	7,806.00
056005	FENCE EACH	30058848	1,818.00
056005	FENCE EACH	30058849	1,329.00
056005	FENCE EACH	30058850	2,329.00
056005	FENCE	30058851	2,280.00
056005	FENCE EACH	30058852	3,333.00
056005	Structures & Improvements (CZN ACQ)	30058853	61,911.00
056005	CONCRETE SAND TRAP	30058854	120.00
056005	5000 GAL PRESSURE TANK	30058855	903.00
	Grand Total		104,510.00

**SCHEDULE A-1d
RATE BASE**

Line No.	Acct.	Title of Account (a)	Balance End-of-Year (c)	Balance Beginning of Year (d)
1		RATE BASE		
2				
3		Utility Plant		
4		Plant in Service	537,000,247	471,787,888
5		Construction Work in Progress	28,083,852	66,662,126
6		General Office Prorate	6,429,774	5,461,684
7		Total Gross Plant (Line 4 + Line 5 + Line 6)	571,513,873	543,911,698
8				
9		Less Accumulated Depreciation		
10		Plant in Service	195,849,021	178,810,151
11		General Office Prorate	2,683,554	2,432,256
12		Total Accumulated Depreciation (Line 10 + Line 11)	198,532,575	181,242,407
13				
14		Less Other Reserves		
15		Deferred Income Taxes	16,917,334	17,653,297
16		Deferred Investment Tax Credit	1,177,561	1,259,438
17		Other Reserves	20,577,334	17,817,854
18		Total Other Reserves (Line 15 + Line 16 + Line 17)	38,672,229	36,730,589
19				
20		Less Adjustments		
21		Contributions in Aid of Construction	47,836,620	43,163,629
22		Advances for Construction	15,726,301	13,904,850
23		Other	0	0
24		Total Adjustments (Line 21 + Line 22 + Line 23)	63,562,921	57,068,480
25				
26		Add Materials and Supplies	574,894	520,624
27				
28		Add Working Cash (From Schedule A-1d(2))	16,361,767	12,149,871
29				
30		TOTAL RATE BASE		
31		=Line 7 - Line 12 - Line 18 - Line 24 + Line 26 + Line 28	287,682,808	281,540,719
32				
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SCHEDULE A-1d (2)
RATE BASE
Working Cash Calculation

Line No.	Acct.	Title of Account (a)	Balance End-of-Year (c)	Balance Beginning of Year (d)
1		Working Cash		
2				
3		Determination of Operational Cash Requirement		
4		1. Operating Expenses, Excl Taxes, Depr. & Uncoll.	87,297,840	66,856,852
5		2. Purchased Power & Commodity for Resale*	6,843,343	7,108,651
6		3. Meter Revenues: Bimonthly Billing	101,329,130	97,730,100
7		4. Other Revenues: Flat Rate Monthly Billing	13,411,888	15,576,695
8		5. Total Revenues (3 + 4)	114,741,017	113,306,796
9		6. Ratio - Flat Rate to Total Revenues (4 / 5)	1	1
10		7. $5/24 \times \text{Line 1} \times (100\% - \text{Line 6})$	16,618,294	12,683,196
11		8. $1/24 \times \text{Line 1} \times \text{Line 6}$	313,751	249,063
12		9. $1/12 \times \text{Line 2}$	570,279	592,388
13		10. Operational Cash Requirement (7 + 8 - 9)	16,361,767	12,339,872
14				
15				
16		* Electric power, gas or other fuel purchased for pumping		
17		and/or purchased commodity for resale billed after		
18		receipt (metered).		
19				
20				
21				
22				
23				
24				
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SCHEDULE A-3
Accounts 250 to 253, Inclusive - Depreciation and Amortization Reserves

Line No.	Item (a)	Account 250 Utility Plant (b)	Account 251 Limited-Term Utility Investments (c)	Account 252 Utility Plant Acquisition Adjustments (d)	Account 253 Other Property (e)
1	Balance in reserves at beginning of year	181,242,406	0	7,547,276	42,587
2	Add: Credits to reserves during year				
3	(a) Charged to Account 503, 504, 505 ⁽¹⁾	15,646,789	0	0	0
4	(b) Charged to Account 265	2,034,321	249	0	113,529
5	(c) Charged to clearing accounts	0	0	0	0
6	(d) Salvage recovered	5,500	0	0	0
7	(e) All other credits ⁽²⁾	1,198,867	0	117,138	0
8	Total credits	18,885,477	249	117,138	113,529
9	Deduct: Debits to reserves during year				
10	(a) Book cost of property retired	1,406,861	0	0	0
11	(b) Cost of removal	51,575	0	0	0
12	(c) All other debits ⁽³⁾	136,872	0	0	7,409
13	Total debits	1,595,308	0	0	7,409
14	Balance in reserve at end of year	198,532,574	249	7,664,414	148,707
15					
16	(1) COMPOSITE DEPRECIATION RATE USED FOR STRAIGHT LINE REMAINING LIFE:				3.22%
17					
18	(2) EXPLANATION OF ALL OTHER CREDITS:				
19					
20					
21					
22					
23					
24					
25					
26					
27	(3) EXPLANATION OF ALL OTHER DEBITS:				
28					
29					
30					
31					
32					
33					
34					
35	METHOD USED TO COMPUTE INCOME TAX DEPRECIATION:				
36	(a) Straight Line	()			
37	(b) Liberalized	()			
38	(1) Double declining balance	()			
39	(2) ACRS	()			
40	(3) MACRS	()			
41	(4) Others	()			
42	(c) Both straight line and liberalized	()			

SCHEDULE A-3a

Account 250 - Analysis of Entries in Depreciation Reserve

(This schedule is to be completed if records are maintained showing depreciation reserve by plant accounts)

Line No.	Acct.	DEPRECIABLE PLANT (a)	Balance Beginning of Year (b)	Credits to Reserve During Year Excl. Salvage (c)	Debits to Reserves During Year Excl. Cost Removal (d)	Salvage and Cost of Removal Net (Dr.) or Cr. (e)	Balance End of Year (f)
1		I. SOURCE OF SUPPLY PLANT					
2	311	Structures and Improvements	305,573	28,948	(206)	0	334,727
3	312	Collecting and impounding reservoirs	1,182,038	85,156	0	0	1,267,194
4	313	Lake, river and other intakes	223,286	40,525	0	0	263,811
5	314	Springs and tunnels	0	0	0	0	0
6	315	Wells	7,939,513	802,319	30,629	(2,627)	8,708,576
7	316	Supply mains	1,055,030	96,781	0	0	1,151,811
8	317	Other source of supply plant	106,718	15,165	0	0	121,883
9		Total source of supply plant	10,812,158	1,068,894	30,423	(2,627)	11,848,003
10							
11		II. PUMPING PLANT					
12	321	Structures and improvements	2,167,135	379,603	0	0	2,546,738
13	322	Boiler plant equipment	0	0	0	0	0
14	323	Other power production equipment	5,208	3,269	0	0	8,478
15	324	Pumping equipment	17,111,104	1,817,579	67,711	(3,404)	18,857,569
16	325	Other pumping plant	0	0	0	0	0
17		Total pumping plant	19,283,448	2,200,450	67,711	(3,404)	21,412,784
18							
19		III. WATER TREATMENT PLANT					
20	331	Structures and improvements	4,653,120	555,991	14,416	0	5,194,695
21	332	Water treatment equipment	13,914,322	1,712,321	58,951	0	15,567,693
22		Total water treatment plant	18,567,443	2,268,312	73,367	0	20,762,388
23							
24		IV. TRANS. AND DIST. PLANT					
25	341	Structures and improvements	3,730,892	437,986	0	0	4,168,879
26	342	Reservoirs and tanks	29,627,543	3,282,027	19,040	(30,031)	32,860,498
27	343	Transmission and distribution mains	38,727,280	2,683,263	5,004	(7,894)	41,397,645
28	344	Fire mains	5,570,252	604,127	10,455	(209)	6,163,716
29	345	Services	19,579,281	2,498,521	17,353	(4,206)	22,056,243
30	346	Meters	6,146,578	577,669	80,935	2,207	6,645,518
31	347	Meter installations	1,420,354	188,562	26,086	(21,867)	1,560,963
32	348	Hydrants	4,836,621	312,149	257	0	5,148,513
33	349	Other transmission and distribution plant	122,419	4,823	0	0	127,242
34		Total trans. and distribution plant	109,761,221	10,589,127	159,129	(62,001)	120,129,217
35							
36		V. GENERAL PLANT					
37	371	Structures and Improvements	1,436,428	182,260	130,380	0	1,488,308
38	372	Office furniture and equipment	4,136,570	668,104	780,754	(4,243)	4,019,676
39	373	Transportation equipment	5,142,161	199,253	55,164	27,822	5,314,071
40	374	Stores equipment	20,934	8,652	734	0	28,853
41	375	Laboratory equipment	505,745	24,123	24,965	0	504,903
42	376	Communication equipment	3,901,299	863,703	66,085	0	4,698,918
43	377	Power operated equipment	1,420,224	40,666	0	0	1,460,890
44	378	Tools, shop and garage equipment	1,235,638	66,547	15,987	0	1,286,198
45	379	Other general plant	3,176,160	517,425	4,205	0	3,689,379
46	390	Other tangible property	1,842,978	43,967	(2,043)	0	1,888,988
47	391	Water plant purchased	0	0	0	0	0
48		Total general plant	22,818,136	2,614,699	1,076,231	23,579	24,380,183
49		Total	181,242,406	18,741,482	1,406,861	(44,452)	198,532,574

SCHEDULE A-4
Account 111 - Investments in Associated Companies

Line No.	Class of Security (a)	Name of Issuing Company (b)	Par Value End of Year (c)	Ledger Value End of Year (d)	Rate of Interest (e)	Interest Accrued During Year (f)	Interest and Dividends Received During Year (g)
1		None					
2							
3							
4							
5							
6							
7		Totals ¹	0	0	0	0	0

¹ The total should agree with the balance at the end of the year in Account 111 on page 5.

SCHEDULE A-5
Account 112 - Other Investments

Line No.	Name and Description of Property (a)	Balance End of Year (b)
8		
9	None	
10		
11		
12		
13		
14		
15		
16	Total	0

SCHEDULE A-6
Account 113 - Sinking Funds

Line No.	Name of Fund (a)	Balance Beginning of Year (b)	Additions During Year		Deductions During Year (e)	Balance End of Year (f)
			Principal (c)	Income (d)		
1						
2	None					
3						
4						
5						
6						
7						
8						
9	Totals	0	0	0	0	0

SCHEDULE A-7
Account 114 - Miscellaneous Special Funds

Line No.	Name of Fund (a)	Balance Beginning of Year (b)	Additions During Year		Deductions During Year (e)	Balance End of Year (f)
			Principal (c)	Income (d)		
10						
11	None					
12						
13						
14						
15						
16						
17						
18	Totals	0	0	0	0	0

SCHEDULE A-8
Account 121 - Special Deposits

Name of Depository (a)	Purpose of Deposit (b)	Balance End of Year (c)
City of Chula Vista	Utility Permits	450
Spieker-French Foster	Monterey Office Lease	16,721
County Club Gate Center	FPA County Club Associates-Monterey	35,000
Selvin Commerical Properties	Village Office Lease	15,913
City of Citrus Heights	Encroachment Permit	2,472
	Total	70,556

SCHEDULE A-9
Account 124 - Notes Receivable

Maker (a)	Date of Issue (b)	Date Payable (c)	Balance End of Year (d)	Interest Rate (e)	Interest Accrued During Year (g)	Interest Received During Year (g)
Ramona Water Company \$ 25,635.		N/A- Zero interest loan	25635			0
Totals		Total	25,635			0

SCHEDULE A-10
Account 126 - Receivables from Associated Companies

Due from Whom (a)	Amount (b)	Interest Rate (c)	Interest During Year (d)	Interest Received During Year (e)
American Water Resources-AWR	1,298	0	0	0
Totals	1,298	0	0	0

SCHEDULE A-11
Account 132 - Prepayments

Item (a)	Amount (b)
Prepaid Taxes	97,035
Prepaid Insurance	4,472
Prepaid PUC/PSC Assessments	833,989
Prepaid Other	417,950
Totals	1,353,446

SCHEDULE A-12
Account 133 - Other Current and Accrued Assets

Item (a)	Amount (b)
Accrued Utility Revenues	8,310,863
Current State Def Tax	463,569
Current Fed Def Tax	1,673,149
State Income Tax Receivable	588,836
Totals	11,036,417

SCHEDULE A-13
Accounts 140 and 240 - Unamortized debt discount and expense and unamortized premium on debt

1. Report under separate subheadings for Unamortized Debt Discount and Expense and Unamortized Premium or Debt, particulars of discount and expense of premium applicable to each class and series of long-term debt.
2. Show premium amounts in red or by enclosure in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the discount and expense or premium with respect to the amount of bonds or other long-term debt originally issued.
5. Furnish particulars regarding the treatment of unamortized debt discount and expense or premium, redemption premiums, and redemption expenses associated with issues redeemed during the year, also, date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.
6. Set out separately and identify undisposed amounts applicable to issues which were redeemed in prior years.
7. Explain any debits and credits other than amortization debited to Account 531, Amortization of Debt Discount and Expense, or credited to Account 532, Amortization of Premium on Debt-Credit.

Line No.	Designation of long-term debt (a)	Principal amount of securities to which discount and expense, or premium minus expense, relates (b)	Total discount and expense or net Premium (c)	AMORTIZATION PERIOD		Balance beginning of year (l)	Debits during year (g)	Credits during year (h)	Balance end of year (i)
				From- (d)	To- (e)				
1	Allstate Life Ins - 9.71%	6,000,000		1/1/2003	6/1/2020	78,568	0	5,856	72,712
2	Allstate Life Ins-9.22%	10,000,000		1/1/2003	6/1/2021	82,002	0	5,688	76,314
3	American United Life Ins-6.76%	10,000,000		12/1/2002	12/1/2023	41,209	0	2,436	38,773
4	Salkeid & Co - 6.76%	10,000,000		12/1/2002	12/1/2033	48,773	0	1,812	46,961
5	State Life & American United Ins-7.33%	10,000,000		12/1/2002	5/1/2026	211,377	0	10,933	200,444
6	American Water Capital Corp - 5.52%	10,000,000		12/21/2006	12/21/2016	0	39,589	2,967	36,622
7	American Water Capital Corp - 5.62%	52,300,000		12/21/2006	12/21/2018	0	171,807	9,914	161,893
8	American Water Capital Corp - 5.77%	75,700,000		12/21/2006	12/21/2021	0	261,927	12,275	249,652
9	American Water Corp- 5.39%	24,000,000		12/21/2006	12/21/2013	0	99,554	10,983	88,571
10	Dept of Water 2.41%	2,832,214		1/1/2002	7/1/2027				
11									
12									
13									
14									
15									
16									
17									
18	Total	210,832,214	0			461,929	572,877	62,865	971,942

SCHEDULE A-14
Account 141 - Extraordinary Property Losses

Line No.	Description of Property Loss or Damage (a)	Total Amount of Loss (b)	Previously Written off (c)	WRITTEN OFF DURING YEAR		Balance End of year (f)
				Account Charged (d)	Amount (e)	
1						
2						
3	None					
4	Total			XXXXXXXXXXXX		0

SCHEDULE A-15
Account 146 - Other Deferred Debits

Line No.	Item (a)	Balance End of year (b)
5		
6	See Addendum	102,402,882
7		
8		
9		
10	Total	102,402,882

SCHEDULE A-16
Account 150 - Discount on Capital Stock

1. Report the balance at end of year of discount on capital stock for each class and series of capital stock. respect to any class or series of stock, attach a statement giving particulars of the change. State the reason for any charge-off
2. If any change occurred during the year in the balance with during the year and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance End of year (b)
11	None	
12		
13	Total	0

SCHEDULE A-17
Account 151- Capital Stock Expense

1. Report the balance at end of year of capital stock expense for each class and series of capital stock. respect to any class or series of stock, attach a statement giving particulars of the change. State the reason for any charge-off of
2. If any change occurred during the year in the balance with capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance End of year (b)
14	None	
15		
16	Total	0

California American Water
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ACCOUNT NO. 146 - OTHER DEFERRED DEBITS

ITEMS	BALANCE 12/31/2007
Deferred Rate Case Expense	2,052,963
Reg Asset-AFUDC-Equity	520,095
Reg Asset- PIt Flow	38,475
Reg Asset-Other	(372,602)
Reg Asset-St Flow Through	9,471
Reg Asset-Accum Amortization	(246,595)
Programmed Maintance-Tank Painting	3,654,865
Deferred Service Company Pension	1,777,356
Pension Payment	4,232,868
FAS 112 Costs	116,573
Depreciation Study	8,276
Enviromental Remediation Study-NOAA	6,600,000
Conservation Balance Acct-Water Conservation for Monterey District	45,315
Purchase Wtr & Power, Credit Card Memorandum Acct and Pension Surcharge (Monterey & Felton)	1,299,206
Carmel River Dam	2,533,627
Coastal Water Project	15,738,515
Seaside Basin	5,148,956
Other Reg Assesst	(2,789,106)
Citizens Acquisition-Net of Amortization	60,868,742
Deferred Undistributed Costs	2,273
Deferred Acquisition Costs	146
Other Long Term Deferrad Assets	1,163,483
Total	<u>102,402,882</u>

SCHEDULE A-18
Accounts 200 and 201- Capital Stock

Line No.	Class of Stock (a)	Number of Shares Authorized by Articles of Incorporation (b)	Par Value of Stock Authorized by Articles of Incorporation (c)	Number of Shares Outstanding ¹ (d)	Total Par Value ² Outstanding End of Year (e)	Dividends Declared During Year	
						Rate (f)	Amount (g)
1	Common	2,000,000	0	619,136	92,477,914		1,293,994
2							
3							
4							
5							
6	Totals	2,000,000	0	619,136	92,477,914	0	1,293,994

¹ After deduction for amount of reacquired stock held by or for the respondent.

² If shares of stock have no par value, show value assigned to stock outstanding.

SCHEDULE A-18a
Record of Stockholders at End of Year

Line No.	COMMON STOCK Name (a)	Number Shares (b)	PREFERRED STOCK Name (c)	Number Shares (d)
7	American Water Works Co, Inc	619,136	None	0
8				
9				
10				
11				
12				
13				
14				
15	Total number of shares	619,136	Total number of shares	0

SCHEDULE A-19
Account 203 - Premiums and Assessments on Capital Stock

Line No.	Class of Stock (a)	Balance End of Year (b)
16	None	0
17		
18		
19		
20		
21		
22		
23		
24	Total	0

SCHEDULE A-20
Account 270 - Capital Surplus (For use by Corporations only)

Line No.	Item (a)	Amount (b)
1	Balance beginning of year	13,122,027
2	CREDITS (Give nature of each credit and state account charged)	
3		
4	Equity Infussion	15,000,000
5	Total credits	15,000,000
6	DEBITS (Give nature of each debit and state account credited)	
7		
8		
9		
10	Total debits	0
11	Balance end of year	28,122,027

SCHEDULE A-21
Account 271 - Earned Surplus (For use by Corporations only)

Line No.	Acct	Account (a)	Amount (b)
12		Balance beginning of year	28,172,350
13		CREDITS	
14	400	Credit balance transferred from income account-Per Books	1,187,969
15	401	Miscellaneous credits to surplus (detail)	
16		Monterey Sewer Income/(Loss)	(721,163)
17		Total credits	466,806
18		DEBITS	
19	410	Debit balance transferred from income account	
20	411	Dividend appropriations-preferred stock	
21	412	Dividend appropriations-Common stock	1,293,994
22	413	Miscellaneous reservations of surplus	
23	414	Monterey Retained Earnings	1,958,515
24			
25		Total debits	3,252,509
26		Balance end of year	25,386,647

SCHEDULE A-22
Account 204 - Proprietary Capital
(Sole Proprietor or Partnership)

Line No.	Item (a)	Amount (b)
1	Balance Beginning of year	
2	CREDITS	
3	Net income for year	None
4	Additional investments during year	
5	Other credits (detail)	
6		
7	Total credits	
8	DEBITS	
9	Net loss for year	
10	Withdrawals during year	
11	Other debits (detail)	
12		
13	Total debits	
14	Balance end of year	0

SCHEDULE A-23
Account 205 - Undistributed Profits
of Proprietorship or Partnership
(The use of this account is optional)

Line No.	Item (a)	Amount (b)
15	Balance Beginning of year	
16	CREDITS	
17	Net income for year	None
18	Other credits (detail)	
19		
20	Total credits	
21	DEBITS	
22	Net loss for year	
23	Withdrawals during year	
24	Other debits (detail)	
25		
26		
27	Total debits	
28	Balance end of year	0

**SCHEDULE A-24
Account 210 - Bonds**

Line No.	Class of Bond (a)	Date of Issue (b)	Date of Maturity (c)	Principal Amount Authorized (d)	Outstanding Per Balance Sheet (e)	Rate of Interest (f)	Sinking Fund Added in Current Year (g)	Cost of Issuance (h)	Interest Accrued During Year (i)	Interest Paid During Year (j)
1	Allstate Life Ins	1/1/2003	6/1/2020	6,000,000	6,000,000	9.71%	0	101,962	582,600	582,600
2	Allstate Life Ins	1/1/2003	6/1/2021	10,000,000	10,000,000	9.22%	0	104,754	922,000	922,000
3	American United Life Ins	12/1/2002	12/1/2023	10,000,000	10,000,000	6.76%	0	50,853	676,000	676,000
4	Salkaid & Co	12/1/2002	12/1/2033	10,000,000	10,000,000	6.76%	0	56,021	676,000	676,000
5	State Life & American United Ins	12/1/2002	5/1/2026	10,000,000	10,000,000	7.33%	0	255,110	733,000	733,000
6	American Water Capital Corporation	12/21/2006	12/21/2016	10,000,000	10,000,000	5.52%	0	40,691	552,000	552,000
7	American Water Capital Corporation	12/21/2006	12/21/2018	52,300,000	52,300,000	5.62%	0	176,610	2,839,260	2,839,260
8	American Water Capital Corporation	12/21/2006	12/21/2021	75,700,000	75,700,000	5.77%	0	267,484	4,387,890	4,387,890
9	American Water Capital Corporation	12/21/2006	12/21/2013	24,000,000	24,000,000	5.39%	0	103,332	1,293,600	1,293,600
10	Dept of Water	1/1/2002	7/1/2027	2,832,214	2,832,214	2.42%	0		73,588	74,161
11	Totals			210,832,214	210,832,214		0	1,158,947	12,815,948	12,816,511

† After deduction for amount of reacquired bonds held by or for the respondent.

SCHEDULE A-24 (a)
CLASS A WATER COMPANIES
SAFE DRINKING WATER BOND ACT DATA

Please provide the following information relating to each Safe Drinking Water Bond Act (SDWBA) loan outstanding during the 12 month reporting period. (Use one sheet for each loan.)

1. Current Fiscal Agent:

Name: Bank of America, N.A.
 Address: 1655 Grant Street Bldg. A-10th Floor, Concord, CA 94520-2445
 Phone Number: 1-888-400-9009
 Date Hired: 4/26/1995

2. Total surcharge collected from customers during the 12 month reporting period:

\$ 186,759.18

3. Summary of the trust bank account activities showing:

Balance at beginning of year	\$ 215,228.21
Deposits during the year	192,122.10
Withdrawals made for loan payments	186,797.20
Other withdrawals from this account	43.20
Balance at end of year	\$ 220,509.91

4. Account information:

Bank Name: Bank of America
 Account Number: 1499005090
 Date Opened: 4/26/1995

SCHEDULE A-24 (b)
CLASS A WATER COMPANIES
SAFE DRINKING WATER BOND ACT DATA (continued)

6. Plant amounts included in Schedule A-1a, Account No. 101--Water Plant in Service which were funded using SDWBA funds:

Line No.	Acct. No.	Title of Account (a)	Balance Beginning of Year (b)	Plant Additions During Year (c)	Plant Retirements During Year (d)	Other Debits* or (Credits) (e)	Balance End of Year (f)
1		NON-DEPRECIABLE PLANT					
2	301	Intangible plant					
3	303	Land	262,777.68	-	-	-	262,777.68
4		Total non-depreciable plant	262,777.68	-	-	-	262,777.68
5		DEPRECIABLE PLANT					
6	304	Structures	1,205,330.45	-	-	-	1,205,330.45
7	307	Wells	84,051.47	-	-	-	84,051.47
8	317	Other water source plant		-	-	-	-
9	311	Pumping equipment	493,568.39	-	-	-	493,568.39
10	320	Water treatment plant	1,300,237.38	-	-	-	1,300,237.38
11	330	Reservoirs, tanks and sandpipes	155,912.00	-	-	-	155,912.00
12	331	Water mains	390,901.67	-	-	-	390,901.67
13	333	Services and meter installations		-	-	-	-
14	334	Meters		-	-	-	-
15	335	Hydrants		-	-	-	-
16	339	Other equipment		-	-	-	-
17	340	Office furniture and equipment		-	-	-	-
18	341	Transportation equipment	5,703.43	-	-	-	5,703.43
19		Total depreciable plant	3,635,704.79	-	-	-	3,635,704.79
20		Total water plant in service	3,898,482.47	-	-	-	3,898,482.47

SCHEDULE A-25
Account 212 - Advances from Associated Companies

Line No.	Nature of Obligation (a)	Amount of Obligation (b)	Rate of Interest (c)	Interest Accrued During Year (d)	Interest Paid During Year (e)
9					
10	None				
11					
12					
13	Totals	0			

SCHEDULE A-26
Account 213 - Miscellaneous Long Term Debt

Line No.	Nature of Obligation (a)	Date of Issue (b)	Date of Maturity (c)	Principal Amount Authorized (d)	Outstanding ¹ Per Balance Sheet (e)	Rate of Interest (f)	Interest Accrued During Year (g)	Interest Paid During Year (h)
14	None							
15								
16								
17								
18								
19								
20								
21	Totals				0			

¹ After deduction for amount of reacquired debt held by or for the respondent.

SCHEDULE A-27
Securities Issued or Assumed During Year

Line No.	Class of Security (a)	Commission Authorization (b)	Amount Issued During Year (omit cents) (c)	Discount or Premium (d)	Expenses (e)
22					
23	None				
24					
25					
26	Totals				

**SCHEDULE A-28
Account 220 - Notes Payable**

Line No.	In Favor of (a)	Date of Issue (b)	Date of Maturity (c)	Balance End of Year (d)	Rate of Interest (e)	Interest Accrued During Year (f)	Interest Paid During Year (g)
1	American Water Capital Corporation	None	None	29,713,468	N/A	0	0
2							
3							
4							
5							
6							
7							
8							
9	Totals			29,713,468		0	0

**SCHEDULE A-29
Account 223 - Payables to Associated Companies**

Line No.	Nature of Obligation (a)	Balance End of Year (b)	Rate of Interest (c)	Interest Accrued During Year (d)	Interest Paid During Year (e)
10	American Water Works Service Company	(285)	0	0	0
11	New Mexico American Water	8,054	0	0	0
12	Arizona American Water	422,496	0	0	0
13	Hawaii American Water	5,296	0	0	0
14	American Water Capital Corporation	6,909	0	0	0
15	American Water Works subsidiaries	(431,251)	0	0	0
16	Totals	11,218	0	0	0

**SCHEDULE A-30
Account 230 - Other Current and Accrued Liabilities**

Line No.	Description (a)	Balance End of Year (c)
15	Accrued Purchase Water	3,697,658
16	Accrued Purchase Power	489,828
17	Accrued Legal	101,419
18	Accrued Wages	53,616
19	Accrued Insurance	923
20	Accrued Waste Disposal	78,890
21	Accrued Retire Medical	23,000
22	Accrued DCP Contribution	30,230
23	Accrued Bank Fees	12,136
24	Accrued Payroll Withholding & Taxes	309,666
25	Accrued Employee 401K Match	33,467
26	Unclaimed Credits	239,164
27	Unclaimed Ext Deposit Refund	5,336
28	Unbilled Items	64,566
29	Unbilled Stock	11,801
30	Unbilled Stock-E System	4,096
31	Collection For Others	315,613
32	Collection For Other-Gross Recorded Tax	1,044,323
33	Collection For Other-Municipal Tax	956,853
34	Management Contracts and Customer Service Line Collections	(51,089)
35	Accounts Payable Clearing	3,031,162
36	Payroll Check Clearing	443,868
37	Collection for Others-Customer Wtr Line Protection-AWR	81,237
38	Miscellaneous Deposits Payable	854,595
39	Accrued Insurance Retro	129,669
40		
41		
42		
43	Total	11,942,027

SCHEDULE A-31
Account 228 - Accrued and Prepaid Taxes

1. This schedule is intended to give particulars of the combined prepaid and accrued tax accounts and to show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the material on which the tax was levied was charged.

2. Taxes, paid during the year and charged direct to final accounts, that is, not charged to prepaid or accrued taxes, should be included in the schedule. Enter the amounts both in columns (d) and (e). The balancing of the schedule is not affected by the inclusion of these taxes.

3. Taxes charged during the year, column (d), include taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to prepaid taxes for proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. If any tax covers more than 1 year, the required information of all columns should be show separately for each year.

5. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment. Designate debit adjustments by parentheses.

6. See schedule entitled "TAXES CHARGED DURING YEAR," page 32, for a distribution of taxes charged, column (d) according to utility departments and accounts.

7. Do not include in this schedule entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.

Line No.	Kind of Tax (See instruction 5)	BALANCE BEGINNING OF YEAR		Taxes Charged During Year (d)	Paid During Year (e)	Adjustments (f)	BALANCE END OF YEAR	
		Taxes Accrued (b)	Prepaid Taxes (c)				Taxes Accrued (Account 228) (g)	Prepaid Taxes (Incl. in Acct. 132) (h)
1	Taxes on real and personal property	(305)	94,206	2,843,884	2,859,337		(15,758)	94,206
2	State corporation franchise tax	59,057		22,873	9,200		72,730	
3	State unemployment insurance tax	(398)		84,959	63,390		21,171	
4	Other state and local taxes	862,957		796,954	1,035,709		624,202	
5	Federal unemployment insurance tax	829		20,385	15,512		5,702	
6	Fed. ins. contr. act (old age retire.)	36,018		1,234,813	1,216,836		53,995	
7	Other federal taxes	(27,808)		(361,135)			(388,943)	
8	Federal income taxes	2,676,819		1,186,216			3,863,035	
9	State income taxes	811,738		103,300			708,438	
10								
11								
12								
13								
14	Totals	4,418,907	94,206	5,932,249	5,199,984	0	4,944,572	94,206

(1) Fed. & State income tax on CIAC & Advances

SCHEDULE A-32
Account 241 - Advances for Construction

Line No.	(a)	(b)	Amount (c)
1	Balance beginning of year	xxxxxxxxxxxxxxxx	13,905,493
2	Additions during year	xxxxxxxxxxxxxxxx	2,309,351
3	Subtotal - Beginning balance plus additions during year	xxxxxxxxxxxxxxxx	16,214,844
4	Charges during year	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx
5	Refunds	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx
6	Percentage of revenue basis	467,230	xxxxxxxxxxxxxxxx
7	Proportionate cost basis		xxxxxxxxxxxxxxxx
8	Present worth basis		xxxxxxxxxxxxxxxx
9	Total refunds	xxxxxxxxxxxxxxxx	467,230
10	Transfers to Acct 265 - Contributions in Aid of Construction	xxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxx
11	Due to expiration of contracts	(21,311)	xxxxxxxxxxxxxxxx
12	Due to present worth discount		xxxxxxxxxxxxxxxx
13	Total transfers to Acct. 265	xxxxxxxxxxxxxxxx	(21,311)
14	Securities Exchanged for Contracts (enter detail below)		xxxxxxxxxxxxxxxx
15	Subtotal - Charges during year	xxxxxxxxxxxxxxxx	
16	Balance end of year	xxxxxxxxxxxxxxxx	15,726,303

If stock, bonds, etc., were issued in exchange for construction advance contracts give details below:

Line No.	Type of Security or Other Consideration (Other than Cash) (a)	Dividend or Interest Rate (b)	PUC Decision Number (c)	Amount Issued (d)
17	Common stock			
18	Preferred stock None			
19	Bonds			
20	Other (describe)			
21				
22				

SCHEDULE A-33
Account 242 - Other Deferred Credits

Line No.	Item (a)	Balance End of Year (b)
1	See Addendum A-33	43,233,992
2		
3		
4		
5		
6	Total	43,233,992

SCHEDULE A-34
Accounts 254 to 258, Inclusive - Miscellaneous Reserves

Line No.	Account (a)	Balance Beginning of Year (b)	DEBITS		CREDITS		Balance End of Year (g)
			Nature of Items (c)	Amount (d)	Account Charged (e)	Amount (f)	
7	254	301,790	Reserve Bad Debt	87,585	775	192,283	406,488
8							
9							
10							
11							
12							
13	Totals	301,790	0	87,585	775	192,283	406,488

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ACCOUNT NO. 242 - OTHER DEFERRED CREDITS

ITEMS	BALANCE 12/31/2007
Deferred Federal Income Tax-Norm Property	9,679,932
Deferred Federal Income Tax-Other	8,572,574
Deferred Federal Income Tax-AMT	(33,233)
Deferred State Income Tax-Flow thru Depreciation	(493,838)
Deferred State Income Tax-Other	(520,175)
Unamortized ITC-10%	853,478
Unamortized ITC-6%	324,092
Deferred Regulatory Liability-Federal Income Tax	438,717
Deferred Regulatory Liability-Deficit Deferred Federal Income Tax	(57,861)
Deferred Regulatory Liability	10,036
Regulatory Liability-ITC Gross Up	425,226
Regulatory Liability-ITC Gross Up	159,606
Pension Payment Op Co.	4,232,867
Accrued OPEB	407,984
Accrued OPEB Medical Subsidy	105,183
Accrued Deferred Revenues	878,559
Accrued FAS 112	116,573
Deferred Comp Cost	3,150
Inc Plan Cash Annual	745,166
Deferred Revenue CIAC	1,867
Deferred Revenue CIAC-FIT	670,865
Deferred Revenue CIAC-SIT	2,642
Deferred Tax Gross Up Alc	1,341,066
Deferred Credits	15,043,918
Advance Pay and Deposits Other	325,598
Total	<u><u>43,233,992</u></u>

SCHEDULE A-35
Account 265 - Contributions in Aid of Construction

Instructions for Preparation of Schedule of Contributions in Aid of Construction

¹ The credit balance in the account other than that portion of the balance relating to nondepreciable property (column d), to property retired prior to January 1, 1955 (column e), and to the estimated amount of depreciation accrued to January 1, 1955 (column f), shall be written off through charges to this account and credits to Account 250 - Reserve for Depreciation of Utility Plant over a period equal to the estimated service life of the property involved. Upon retirement of depreciable property for which a depreciation reserve has been created through charges to this account, the cost thereof shall be credited to the appropriate plant account and concurrently charged to Account 250, If the property is retired prior to the service life originally estimated, the balance in this account with respect to the retired property shall be transferred to the depreciation reserve account.

² That portion of the balance applicable to nondepreciable property shall remain unchanged until the property is sold or otherwise retired. Upon retirement, the cost of such nondepreciable property acquired by donation or through use of donated funds shall be credited to the appropriate plant account and charged to this account to clear the credit balance carried herein.

³ That portion of the balance representing donations on property retired prior to January 1, 1955 (column e), and the amount of depreciation accrued to January 1, 1955, on property in service (column f), shall not be transferred from this account or otherwise disposed of without first receiving written authorization from the Commission.

Line No.	Item (a)	Total All Columns (b)	Subject to Amortization		Not Subject to Amortization	
			Property in Service After Dec. 31, 1954		Property Retired Before Jan. 1, 1955 (e)	Depreciation Accrued through Dec. 31, 1954 on Property in Service at Dec. 31, 1954 (f)
			Depreciable (c)	Non-Depreciable (d)		
1	Balance beginning of year	43,163,628	42,928,365	23,526,284	0	0
2	Add: Credits to account during year	XXXXXXXX XX	XXXXXXXX XX	XXXXXXXX XX	XXXXXX XX	XXXXXXXXXX XX
3	Contributions received during year	8,894,105	8,894,105		XXXXXX XX	XXXXXXXXXX XX
4	Other credits*	0	0			
5	Total credits	8,894,105	8,894,105	0	0	0
6	Deduct: Debits to account during year	0	XXXXXXXX XX	XXXXXXXX XX	XXXXXX XX	XXXXXXXXXX XX
7	Depreciation charges for year	4,070,709	4,070,709	XXXXXXXX XX	XXXXXX XX	XXXXXXXXXX XX
8	Nondepreciable donated property retired	0	XXXXXXXX XX		XXXXXX XX	XXXXXXXXXX XX
9	Other debits*	0	0	0	0	0
10	Total debits	4,070,709	0	0	0	0
11	Balance end of year	47,987,023	51,822,470	23,526,284	0	0

*Indicate nature of these items and show the accounts affected by the contra entries.

SCHEDULE B-1
Account 501 - Operating Revenues

Line No.	Acct.	ACCOUNT (a)	Amount Current Year (b)	Amount Preceding Year (c)	Net Change During Year Show Decrease in (Brackets) (d)
1		I. WATER SERVICE REVENUES			
2	601	Metered sales to general customers			
3		601.1 Commercial sales	95,256,845	86,145,718	9,111,127
4		601.2 Industrial sales	1,927,658	1,860,549	67,109
5		601.3 Sales to public authorities	9,047,809	7,882,051	1,165,758
6		Sub-total	106,232,313	95,888,318	10,343,994
7	602	Unmetered sales to general customers	0	0	0
8		602.1 Commercial sales	11,793,418	14,075,889	(2,282,471)
9		602.2 Industrial sales	0	0	0
10		602.3 Sales to public authorities	0	0	0
11		Sub-total	11,793,418	14,075,889	(2,282,471)
12	603	Sales to irrigation customers	0	0	0
13		603.1 Metered sales	272,584	295,523	(22,938)
14		603.2 Unmetered sales	0	0	0
15		Sub-total	272,584	295,523	(22,938)
16	604	Private fire protection service	1,490,109	1,389,887	100,222
17	605	Public fire protection service	(3,060)	(222)	(2,838)
18	606	Sales to other water utilities for resale	29,064	(4,003)	33,067
19	607	Sales to governmental agencies by contracts	0	0	0
20	608	Interdepartmental sales	0	0	0
21	609	Other sales or service	438,548	302,721	135,826
22		Sub-total	1,954,661	1,688,384	266,277
23		Total water service revenues	120,252,975	111,948,114	8,304,862
24		II. OTHER WATER REVENUES			
25	611	Miscellaneous service revenues	2,025,567	(172,876)	2,198,442
26	612	Rent from water property	5,738	21,265	(15,528)
27	613	Interdepartmental rents	0	0	0
28	614	Other water revenues	579,546	1,400,433	(820,887)
29		Total other water revenues	2,610,850	1,248,823	1,362,028
30	501	Total operating revenues	122,863,825	113,196,936	9,666,889

SCHEDULE B-1a
Operating Revenues Apportioned to Cities and Towns

Line No.	Location (a)	Operating Revenues (b)
31	Operations not within incorporated cities ¹	
32		
33		
34		
35	Operations within incorporated territory	
36	City or town of	
37	City or town of	
38	City or town of	
39	City or town of	
40	City or town of	
41		
42		
43		
44		

¹ Should be segregated to operating districts.

SCHEDULE B-2

Account 502 - Operating Expenses - Class A, B, and C Water Utilities

Respondent should use the group of accounts applicable to its class

Line No.	Acct.	Account (a)	Class			Amount Current Year (b)	Amount Preceding Year (c)	Net Change During Year Show Decrease in [Brackets] (d)
			A	B	C			
1		I. SOURCE OF SUPPLY EXPENSE						
2		Operation						
3	701	Operation supervision and engineering	A	B		3,903	21,622	(17,718)
4	701	Operation supervision, labor and expenses			C	0	0	0
5	702	Operation labor and expenses	A	B		115,685	109,230	6,455
6	703	Miscellaneous expenses	A			511,624	608,330	(96,705)
7	704	Purchased water	A	B	C	27,221,361	27,096,745	124,616
8		Maintenance				0	0	0
9	706	Maintenance supervision and engineering	A	B		7,551	16,202	(8,651)
10	706	Maintenance of structures and facilities			C	0	0	0
11	707	Maintenance of structures and improvements	A	B		15,707	1,250	14,457
12	708	Maintenance of collect and impound reservoirs	A			26,193	39,030	(12,837)
13	708	Maintenance of source of supply facilities		B		0	0	0
14	709	Maintenance of lake, river and other intakes	A			(2,966)	46	(3,012)
15	710	Maintenance of springs and tunnels	A			0	0	0
16	711	Maintenance of wells	A			56,616	90,500	(33,884)
17	712	Maintenance of supply mains	A			0	88	(88)
18	713	Maintenance of other source of supply plant	A	B		354,102	(45,047)	399,148
19		Total source of supply expense				28,309,776	27,937,995	371,781
20		II. PUMPING EXPENSES						
21		Operation						
22	721	Operation supervision and engineering	A	B		40,262	56,627	(16,365)
23	721	Operation supervision labor and expense			C	0	0	0
24	722	Power production labor and expense	A			0	0	0
25	722	Power production labor, expenses and fuel		B		0	0	0
26	723	Fuel for power production	A			0	0	0
27	724	Pumping labor and expenses	A	B		968,488	1,020,064	(51,576)
28	725	Miscellaneous expenses	A			119,167	86,614	32,553
29	726	Fuel or power purchased for pumping	A	B	C	6,852,585	7,108,651	(256,066)
30		Maintenance						
31	729	Maintenance supervision and engineering	A	B		189,611	244,992	(55,381)
32	729	Maintenance of structures and equipment			C	0	0	0
33	730	Maintenance of structures and improvements	A	B		102,559	200,200	(97,641)
34	731	Maintenance of power production equipment	A	B		521,006	361,808	159,198
35	732	Maintenance of pumping equipment	A	B		0	0	0
36	733	Maintenance of other pumping plant	A	B		78,669	53,315	25,354
37		Total pumping expenses				8,872,347	9,132,271	(259,925)

SCHEDULE B-2

Account 502 - Operating Expenses - Class A, B, and C Water Utilities (Continued)

Respondent should use the group of accounts applicable to its class

Line No.	Acct.	Account (a)	Class			Amount Current Year (b)	Amount Preceding Year (c)	Net Change During Year Show Decrease in [Brackets] (d)
			A	B	C			
1		III. WATER TREATMENT EXPENSES						
2		Operation						
3	741	Operation supervision and engineering	A	B		4,438	4,874	(436)
4	741	Operation supervision, labor and expenses			C	0	0	0
5	742	Operation labor and expenses	A			819,727	787,450	32,277
6	743	Miscellaneous expenses	A	B		464,793	585,989	(121,196)
7	744	Chemicals and filtering materials	A	B		881,665	794,913	86,751
8		Maintenance						
9	746	Maintenance supervision and engineering	A	B		2,731	5,730	(2,998)
10	746	Maintenance of structures and equipment			C	0	0	0
11	747	Maintenance of structures and improvements	A	B		772	6,709	(5,937)
12	748	Maintenance of water treatment equipment	A	B		753,541	439,062	314,479
13		Total water treatment expenses				2,927,666	2,624,726	302,940
14		IV. TRANS. AND DIST. EXPENSES						
15		Operation						
16	751	Operation supervision and engineering	A	B		723,597	663,213	60,384
17	751	Operation supervision, labor and expenses			C	0	0	0
18	752	Storage facilities expenses	A			24,187	14,700	9,487
19	752	Operation labor and expenses		B		0	0	0
20	753	Transmission and distribution lines expenses	A			25,844	26,268	(424)
21	754	Meter expenses	A			348,241	307,719	40,522
22	755	Customer installations expenses	A			409,682	466,481	(56,799)
23	756	Miscellaneous expenses	A			1,060,757	1,057,922	2,836
24		Maintenance						
25	758	Maintenance supervision and engineering	A	B		52,040	73,365	(21,325)
26	758	Maintenance of structures and plant			C	0	10	(10)
27	759	Maintenance of structures and improvements	A	B		2,364	0	2,364
28	760	Maintenance of reservoirs and tanks	A	B		138,301	81,612	56,689
29	761	Maintenance of trans. and distribution mains	A			1,401,958	1,465,514	(63,556)
30	761	Maintenance of mains		B		0	0	0
31	762	Maintenance of fire mains	A			1,982	2,531	(549)
32	763	Maintenance of services	A			1,668,509	1,814,995	(146,486)
33	763	Maintenance of other trans. and distribution plant		B		0	0	0
34	764	Maintenance of meters	A			96,955	98,433	(1,478)
35	765	Maintenance of hydrants	A			85,548	108,241	(22,693)
36	766	Maintenance of miscellaneous plant	A			1,357,512	1,071,897	285,615
37		Total transmission and distribution expenses				7,397,477	7,252,900	144,577

SCHEDULE B-2

Account 502 - Operating Expenses - Class A, B, and C Water Utilities (Concluded)

Respondent should use the group of accounts applicable to its class

Line No.	Acct.	Account (a)	Class			Amount Current Year (b)	Amount Preceding Year (c)	Net Change During Year Show Decrease in [Brackets] (d)
			A	B	C			
1		V. CUSTOMER ACCOUNT EXPENSES						
2		Operation						
3	771	Supervision	A	B		13,728	67,036	(53,309)
4	771	Superv., meter read., other customer acct expenses			C	0	0	0
5	772	Meter reading expenses	A	B		884,019	898,188	(14,168)
6	773	Customer records and collection expenses	A			546,187	510,068	36,119
7	773	Customer records and accounts expenses		B		0	0	0
8	774	Miscellaneous customer accounts expenses	A			135,759	122,421	13,338
9	775	Uncollectible accounts	A	B	C	0	0	0
10		Total customer account expenses				1,579,693	1,597,712	(18,020)
11		VI. SALES EXPENSES						
12		Operation						
13	781	Supervision	A	B		0	0	0
14	781	Sales expenses			C	0	0	0
15	782	Demonstrating and selling expenses	A			0	0	0
16	783	Advertising expenses	A			0	0	0
17	784	Miscellaneous sales expenses	A			0	0	0
18	785	Merchandising, jobbing and contract work	A			0	0	0
19		Total sales expenses				0	0	0
20		VII. ADMIN. AND GENERAL EXPENSES						
21		Operation						
22	791	Administrative and general salaries	A	B	C	2,974,415	2,690,750	283,665
23	792	Office supplies and other expenses	A	B	C	116,747	129,921	(13,174)
24	793	Property insurance	A			9,994	2,836	7,158
25	793	Property insurance, injuries and damages		B	C	395	2,579	(2,184)
26	794	Injuries and damages	A			(56,616)	(68,639)	12,023
27	795	Employees' pensions and benefits	A	B	C	89,153	243,322	(154,169)
28	796	Franchise requirements	A	B	C	0	0	0
29	797	Regulatory commission expenses	A	B	C	2,841,286	4,159,827	(1,318,541)
30	798	Outside services employed	A			873,267	924,041	(50,773)
31	798	Miscellaneous other general expenses		B		0	0	0
32	798	Miscellaneous other general operation expenses			C	0	0	0
33	799	Miscellaneous general expenses	A			3,661,752	8,914,015	(5,252,263)
34		Maintenance						
35	805	Maintenance of general plant	A	B	C	(18,086)	272,742	(290,828)
36		Total administrative and general expenses				10,492,307	17,271,394	(6,779,087)
37		VIII. MISCELLANEOUS						
38	811	Rents	A	B	C	1,130,108	1,030,865	99,243
39	812	Administrative expenses transferred - Cr.	A	B	C	27,187,684	16,152,057	11,035,628
40	813	Duplicate charges - Cr.	A	B	C	0	0	0
41		Total miscellaneous				28,317,793	17,182,922	11,134,871
42		Total operating expenses				87,897,059	82,999,922	4,897,137

SCHEDULE B-3
Account 506 - Property Losses Chargeable to Operations

Line No.	Description (a)	Amount
1		
2		
3	None	
4		
5		
6		
7		
8	Total	0

1. This schedule is intended to give the account distribution of total taxes charged to operations and other final accounts during the year.
 2. Do not include gasoline and other sales taxes which have been charged to accounts to which the material on which the tax was levied was charged. If the actual or estimated amounts of such taxes are known, they should be shown as a footnote and designated whether estimated or actual amounts.

3. The accounts to which taxes charged were distributed should be shown in columns (c) to (f). Show both the utility department and number of account charged except for taxes capitalized.
 4. For any tax which it was necessary to apportion to more than one utility department or account, state in a footnote the basis of apportioning such tax.

5. The total taxes charged as shown in column (b) should agree with the amounts shown by column (d) of schedule entitled "Accrued and Prepaid Taxes," page 24.
 6. Do not include in this schedule entries with respect to deferred income taxes, or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.

SCHEDULE B-4
Account 507 - Taxes Charged During Year

Line No.	Kind of Tax (a)	Total Taxes Charged During Year (b)	DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)			
			Water (Account 507) (c)	Nonutility (Account 521) (d)	Other (Account -----) (e)	Capitalized (Omit Account) (f)
9	Taxes on real and personal property	3,574,824.57	3,136,240			
10	State corp. franchise tax	507,927.49	438,585			
11	State unemployment insurance tax	30,130.15	69,343			
12	Other state and local taxes	(23,836.12)	(39,213)			
13	Federal unemployment insurance tax	982,681.22	15,377			
14	Federal insurance contributions act	1,209,457.31	967,305			
15	Other federal taxes	(7,046,191.54)	242,153			
16	Federal income tax	(9,048,823.63)	(7,288,344)			
17	State income tax	(2,416,026.50)	(1,760,479)			
18	ITC Restored	(655,547.15)	(655,547)			
19		0.00				
20		0.00				
21		0.00				
22	Totals	(4,874,582.10)	(4,874,582.10)	0.00	0.00	0.00

SCHEDULE B-5

Reconciliation of Reported Net Income With Taxable Income for Federal Taxes

1. Report hereunder a reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net in-

come as if a separate return were to be filed, indicating, however, inter-company amounts to be eliminated in such consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members

3. Show taxable year if other than calendar year from-----to-----

Line No.	Particulars (a)	Amount (b)
1	Net income for the year per Schedule B, page 7.....	
2	Reconciling amounts (list first additional income and unallowable deductions, followed by additional	
3	deductions for non-taxable income):	
4		
5		
6	Federal Tax Return not yet Completed-See Attached Form 7004	
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30	Federal tax net income.....	
31	Computation of tax:	
32		
33		
34		
35	Tax per return	

**Application for Automatic 6-Month Extension of Time To File
 Certain Business Income Tax, Information, and Other Returns**

OMB No. 1545-0040

► File a separate application for each return.

Type or Print	Name	Identifying number
	American Water Works Company Inc. and Subsidiaries	51-0063698
File by the due date for the return for which an extension is requested. See instructions.	Member, trust, and partner code (if R.C. trust, see instructions)	
	121 Woodcrest Road Cherry Hill, NJ 08003	

Note. See instructions before completing this form.

1 Enter the form code for the return that this application is for (see below) 1 2

2 If the foreign corporation does not have an office or place of business in the United States, check here ▶

3 If the organization is a corporation or partnership that qualifies under Regulations section 1.6001-5, check here ▶

4a The application is for calendar year 20 07, or tax year beginning 20 and ending 20

b Short tax year. If this tax year is less than 12 months, check the reason:
 Initial return Final return Change in accounting period Consolidated return to be filed

5 If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here ▶
 If checked, attach a schedule, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

6 Tentative total tax 6 26,827,909

7 Total payments and credits (see instructions) 7 24,827,909

8 Balance due. Subtract line 7 from line 6. Generally, you must deposit this amount using the Electronic Federal Tax Payment System (EFTPS), a Federal Tax Deposit (FTD) Coupon, or Electronic Funds Withdrawal (EFW) (see instructions for exceptions) 8 2,000,000

Application Is For:	Form Code	Application Is For:	Form Code
Form 706-GG(D)	01	Form 1120-ND	19
Form 706-GS(T)	02	Form 1120-ND (section 4951 taxes)	20
Form 1041 (estate)	04	Form 1120-PC	21
Form 1041 (trust)	05	Form 1120-POL	22
Form 1041-N	06	Form 1120-REIT	23
Form 1041-QFT	07	Form 1120-RIC	24
Form 1042	08	Form 1120-S	25
Form 1065	09	Form 1120-SF	26
Form 1085-B	10	Form 3520-A	27
Form 1066	11	Form 5612	28
Form 1120	12	Form 5613	29
Form 1120-A (fiscal year 2005-2007 corporations)	14	Form 8725	30
Form 1120-G	34	Form 2804	31
Form 1120-F	15	Form 8831	32
Form 1120-FSC	16	Form 8878	33
Form 1120-H	17	Form 8923	35
Form 1120-L	18		

For Paperwork Reduction Act Notice, see instructions.

OMB No. 1545-0040

**COMPANIES TO BE INCLUDED IN THE CONSOLIDATED FEDERAL INCOME TAX RETURN
OF AMERICAN WATER WORKS COMPANY, INC. AND AFFILIATED SUBSIDIARIES**

YEAR - 01/01/07-12/31/07

COMPANY	Employer Identification Number
1 AAEI, Inc.	
2 ACUS Corporation	22-3257128
3 American Lake Water Company	74-1939684
4 American Water Capital Corp.	06-1396123
5 American Water Engineering, Inc.	22-3732440
6 American Water Enterprises Holding, Inc.	75-0664601
7 American Water Enterprises, Inc.	75-0626357
8 American Water Industrial Operations, Inc.	22-3158459
9 American Water Industrial, Inc.	74-2177717
10 American Water Operations and Maintenance, Inc.	79-0660317
11 American Water Resources Management, Inc.	98-2165219
12 American Water Resources, Inc.	52-2052548
13 American Water Services CDM, Inc.	54-3912221
14 American Water (USA), Inc.	91-1745331
15 American Water Works Company, Inc.	02-0765920
16 American Water Works Service Company, Inc.	51-0063690
17 Applied Wastewater Management, Inc.	23-1340234
18 Applied Wastewater Services, Inc.	22-2881173
19 Applied Water Management of Delaware, Inc.	22-2711336
20 Applied Water Management, Inc.	20-1550646
21 Arizona-American Water Company	22-3608289
22 Bausfield Valley Water Works Company	89-0096680
23 California-American Water Company	58-9022468
24 Ontario-Water Enterprises, Inc.	51-9184142
25 E-Town Properties, Inc.	74-2405260
26 Eskon Water Company	22-3817018
27 Hawaii-American Water Company	22-3519288
28 Hydro-Aerobics, Inc.	99-0108687
29 Illinois-American Water Company	66-3670533
30 Indiana-American Water Company, Inc.	51-0105684
31 Iowa-American Water Company	35-0936102
32 Kentucky-American Water Company	42-0735216
33 Laurel Oak Properties Corporation	01-0485002
34 Liberty Water Company	20-1022954
35 Long Island American Water	22-3595293
36 Maryland-American Water Company	11-1516966
37 Michigan-American Water Company	52-0265025
38 Missouri-American Water Company	39-1657784
39 Mobile Residue Management (USA), Inc.	44-0578490
40 New Jersey-American Water Company, Inc.	95-0183794
41 New Mexico-American Water Company, Inc.	22-1548042
42 Ohio-American Water Company	89-0344576
43 Pennsylvania-American Water Company, Inc.	31-4399820
44 Philip Automated Management Controls, Inc.	25-1008056
45 PWT Waste Solutions, Inc.	93-0165314
46 Southwest Utilities, Inc.	63-1047291
47 Tennessee-American Water Company	74-2211380
48 Texas-American Water Company	62-4330945
49 Thomas Water Aqua US Holdings, Inc.	20-4363957
50 Thomas Water North America, Inc.	97-1143156
51 UESG Holdings, Inc.	95-1942182
52 United Water Virginia, Inc.	20-0863050
53 Utility Management and Engineering, Inc.	54-1015534
54 Virginia-American Water Company	22-3239740
55 Walker Water Works, Inc.	54-0115650
56 WaterNet, Inc.	75-0715681
57 West Virginia-American Water Company	94-1737132
	55-0307487

Mailing address for all above companies is:
131 Woodcrest Road
Cherry Hill, NJ 08003

SCHEDULE B-6
Account 521 - Income from Nonutility Operations

Line No.	Description (a)	Revenue (b)	Expenses (c)	Net Income (d)
1	Income from NonUtility Operations	5,158	0	5,158
2				
3				
4				
5	Totals	5,158.01	0.00	5,158.01

SCHEDULE B-7
Account 526 - Miscellaneous Nonoperating Revenue

Line No.	Description (a)	Amount (b)
6	Miscellaneous NonOperating Revenues	249,500
7		
8		
9		
10		
11		
12		
13	Totals	249,500

SCHEDULE B-8
Account 527 - Nonoperating Revenue Deductions (Dr.)

Line No.	Description (a)	Amount (b)
14	NonOperating Revenues Deduction	(381,243)
15		
16		
17		
18	Total	(381,243)

SCHEDULE B-9
Account 535 - Other Interest Charges

Line No.	Description (a)	Amount (b)
19	Various Interest Charges	(1,993,832)
20		
21		
22	Total	(1,993,832)

SCHEDULE B-10
Account 538 - Miscellaneous Income Deductions

Line No.	Description (a)	Amount (b)
23	Various Miscellaneous Income Deductions	(9,676,328)
24		
25		
26		
27	Total	(9,676,328)

SCHEDULE C-1
Engineering and Management Fees and Expenses, etc., During Year

Line No.	Give the required particulars of all contracts or other agreements in effect in the course of the year between the respondent and any corporation, association, partnership or person covering supervision and/or management of any department of the respondents affairs such as accounting, engineering, financing, construction or operation, and show the payments under such agreements and also the payments for advice and services to a corporation or corporations which directly or indirectly control respondent through stock ownership	
1	1	Did the respondent have a contract or other agreement with any organization or person covering supervision and/or management of its own affairs during the year?
2		
3	Answer (Yes or No)	Yes
4	2	Name of each organization or person that was a party to such a contract or agreement
5		American Water Works Service Co.
6	3	Date of original contract or agreement. January 1, 1971
7	4	Date of each supplement or agreement. September 1, 1989
8		Note: File with the report a copy of every contract, agreement, supplement or amendment mentioned above
9		unless a copy of the instrument in due form has been furnished in which case a definite reference to the report
10		of the respondent relative to which it was furnished will suffice.
11	5	Amount of compensation paid during the year for supervision or management
12	6	To whom paid
13	7	Nature of payment (salary, traveling expenses, etc.)
14	8	Amounts paid for each class of service
15		
16	9	Base for determination of such amounts
17		
18	10	Distribution of payments:
19	(a)	Charged to operating expenses 13,505,055
20	(b)	Charged to capital accounts 1,925,949
21	(c)	Charged to other accounts 0
22		Total 15,431,004
23	11	Distribution of charges to operating expenses by primary accounts.
24		Number and Title of Account
25		Account 798 Outside Services 14,057,317
26		
27		
28		Total 14,057,317
29	12	What relationship, if any, exists between respondent and supervisory and/or managing concerns? American Service Co provides various operational functions for all American
30		Water Works subsidiars including California American Water.

SCHEDULE C-2
Compensation of Individual Proprietor or Parnter

Do operating expenses include any charge for owner's compensation in the form of salary or wages, rental allowances, or for the use of a private automobile. (If the word "none" truly states the fact it should be given as the answer to this inquiry.)

Line No.	Nature of Allowance (a)	Account Charged (b)	Amount (c)
1			
2	None		
3			
4			
5			
6	Total		

SCHEDULE C-3
Employees and Their Compensation
 (Charged to Account 502 - Operating Expenses - Schedule B-2)

Line No.	Classification (a)	Number at End of Year (b)	Total Salaries and Wages Paid During Year (c)
7	Employees - Source of supply		
8	Employees - Pumping		
9	Employees - Water treatment		
10	Employees - Transmission and distribution		
11	Employees - Customer account		
12	Employees - Sales		
13	Employees - Administrative		
14	General officers		
15	General office		
16	Totals		

SCHEDULE C-4
Record of Accidents During Year

Line No.	Date of Accident (a)	TO PERSONS					TO PROPERTY			
		Employees on Duty		Public ¹		Total Number (f)	Company		Other	
		Killed (b)	Injured (c)	Killed (d)	Injured (e)		Number (g)	Amount (h)	Number (i)	Amount (j)
17	2007		30			30	39	373,652		
18										
19										
20	Totals	0	30	0	0	30	39	373,652	0	0

¹ Accidents to employees not on duty should be included in "Public" accidents

**SCHEDULE C-5
Expenditures for Political Purposes**

Hereunder report all direct or indirect expenditures incurred or made to elect or defeat a candidate for public office; or to place any measure on the ballot; at any election, or to keep it from being placed on the ballot at any election, or to support or defeat any measure on the ballot; at an election, or to support or defeat any proposed legislation, also name the account or accounts to which the expenditures herein mentioned have been charged. (If the word "none" truly states the fact, it should be given as the answer to this inquiry.)

1		
2	Account 538	9,772.69
3		
4		
5		

**SCHEDULE C-6
Loans to Directors, or Officers, or Shareholders**

Show hereunder the amount of loans to directors, or officers, or shareholders and the terms and conditions of such loans. Among other things, show the name of each director, or officer, or shareholder, receiving a loan or loans, the amount of each loan, the rate of interest payable on such loan or loans, the maturity date of each loan or loans, the security given and the date when the shareholders authorized each loan. If such authorization was given. (If the word "none" truly states the fact, it should be given as the answer to this inquiry.)

6		
7	None	
8		
9		
10		
11		

**SCHEDULE C-7
Bonuses Paid to Executives & Officers**

Show hereunder the amount of bonuses paid to Executives and Officers, both cash and non-cash. List by the name of each Executive or Officer receiving the bonus, the dollar value of that bonus, and a description of the bonus if it is non-cash.

12		
13		
14		
15		
16		
17		

**SCHEDULE D-1
Sources of Supply and Water Developed**

STREAMS				FLOW IN(unit) ²				Annual Quantities Diverted(Unit) ²	Remarks
Line No.	Diverted into*	From Stream or Creek (Name)	Location of Diversion Point	Priority Right		Diversions			
				Claim	Capacity	Max.	Min.		
1	See each individual district								
2									
3									
4									
5									
WELLS								Annual Quantities Pumped(Unit) ²	Remarks
Line No.	At Plant (Name or Number)	Location	Number	Dimensions	¹ Depth to Water	Pumping Capacity(Unit) ²			
6	Village & Coronado								
7	Baldwin Hills								
8	Duarte								
9	San Marino								
10	Monterey								
11	Sacramento								
12	Larkfield								
14	Felton								
TUNNELS AND SPRINGS				FLOW IN(Unit) ²				Annual Quantities Used(Unit) ²	Remarks
Line No.	Designation	Location	Number	Maximum		Minimum			
11									
12	see each individual district								
13									
14									
15									
Purchased Water for Resale									
16	Purchased from								
17	Annual quantities purchased			36,942.32		ACRE FEET			
18									
19									

* State ditch, pipe line, reservoir, etc., with name, if any.

¹ Average depth to water surface below ground surface.

2 The quantity unit in established use for expressing water stored and used in large amounts is the acre foot, which equals 42,560 cubic feet; in domestic use the thousand gallon or the hundred cubic feet. The rate of flow or discharge in larger amounts is expressed in cubic feet per second, in gallons per minute, in gallons per day, or in the miner's inch. Please be careful to state the unit used.

**SCHEDULE D-2
Description of Storage Facilities**

Line No.	Type	Number	Combined Capacity (Gallons or Acre Feet)	Remarks
20	A. Collecting reservoirs			
21	Concrete	2	44,644,087	
22	Earth	2	511,417,219	
23	Wood	0	-	
24	B. Distribution reservoirs			
25	Concrete	22	42,360,000	
26	Earth	3	3,440,500	
27	Wood	0	-	
28	C. Tanks			
29	Concrete	12	3,687,350	
30	Earth	0	-	
31	Wood	5	175,000	
	Steel			
		128	61,935,920	
32	Totals	174	667,660,076	

SCHEDULE D-3
Description of Transmission and Distribution Facilities

A. LENGTH OF DITCHES, FLUMES AND LINED CONDUITS IN MILES FOR VARIOUS CAPACITIES
Capacities in Cubic Feet Per Second or Miner's Inches (State Which) _____

Line No.		0 to 5	6 to 10	11 to 20	21 to 30	31 to 40	41 to 50	51 to 75	76 to 100
1	Ditch								
2	Flume								
3	Lined conduit								
4									
5	Totals								

A. LENGTH OF DITCHES, FLUMES AND LINED CONDUITS IN MILES FOR VARIOUS CAPACITIES - Concluded
Capacities in Cubic Feet Per Second or Miner's Inches (State Which) _____

Line No.		101 to 200	201 to 300	301 to 400	401 to 500	501 to 750	751 to 1000	Over 1000	Total All Lengths
6	Ditch								
7	Flume								
8	Lined conduit								
9									
10	Totals								

B. FOOTAGES OF PIPE BY INSIDE DIAMETERS IN INCHES - NOT INCLUDING SERVICE PIPING

Line No.		3/4 to 1	1 1/2	2	2 1/2	3	4	5	6
11	Cast Iron	0	0	24,416	0	13,228	305,462	0	246,611
12	Cast Iron (cement lined)	0	0	14,967	0	0	203,589	0	270,208
13	Concrete	0	0	0	0	0	61	432	3,296
14	Copper	4,035	3,881	2,713	0	0	0	0	168
15	Riveted steel	0	0	0	0	0	3,783	0	3,783
16	Standard screw	5,607	1,591	63,743	1,552	2,434	2,213	0	16,424
17	Screw or welded casing	0	151	11,131	0	2,399	6,249	700	10,001
18	Cement - asbestos	0	0	5,519	0	408	290,645	0	1,752,591
19	Welded steel	7,620	1,750	32,689	413	705	254,254	2,906	231,368
20	Wood	630	1,378	0	0	0	1,362	0	819
21	Other	1,643	1,628	57,937	0	989	19,605	0	265,626
22	Totals	19,535	10,379	213,115	1,965	20,163	1,087,223	4,038	2,800,895

B. FOOTAGES OF PIPE BY INSIDE DIAMETERS IN INCHES - NOT INCLUDING SERVICE PIPING - Concluded

Line No.	Other Sizes (Specify Sizes)										Total All Sizes
	8	10	12	14	16	17 to 18	20	21 to 25	30 to 36		
23	Cast Iron	152,597	32,397	81,909	19,697	12,756	0	21,694	282	6,211	917,260
24	Cast Iron (cement lined)	76,547	999	39,723	2,577	91,592	0	2,766	8,904	18,135	730,007
25	Concrete	954	2,507	16,932	2,050	11,000	2,470	2,215	355	0	42,272
26	Copper	0	0	0	0	0	0	0	0	0	10,797
27	Riveted steel	8,898	16,223	21,532	5,736	1,113	0	688	4,924	0	66,680
28	Standard screw and Gas	502	100	0	3,150	0	0	2,725	0	2,272	102,313
29	Screw or welded casing	453	160	1,442	238	106	0	1,399	765	1,811	37,005
30	Cement - asbestos	1,725,713	612,060	264,165	28,695	64,696	0	3,120	2,750	1,478	4,751,840
31	Welded steel	137,827	51,996	155,084	25,926	32,432	0	15,451	25,343	101,664	1,077,428
32	Wood	8,743	0	3,531	0	7,029	9,933	20,175	100	2,460	56,160
33	Other	1,929,469	165,836	459,825	11,811	51,278	500	37,432	1,528	17,607	3,022,714
34	Totals	4,041,703	882,278	1,044,143	99,880	272,002	12,903	107,665	44,951	151,638	10,814,476

**SCHEDULE D-4
Number of Active Service Connections**

Classification	Metered - Dec 31		Flat Rate - Dec 31	
	Prior Year	Current Year	Prior Year	Current Year
Residential	78,044	81,539	37,863	34,638
Commercial	47,073	48,083	-	-
Industrial	248	248	-	-
Public authorities	1,541	1,470	1	2
Irrigation	66	66	-	-
Other (specify)	964	974	-	-
Subtotal	127,936	132,380	37,864	34,640
Private fire connections	-	-	2,531	2,679
Public fire hydrants	-	-	14,059	13,634
Total	127,936	132,380	54,454	50,953

**SCHEDULE D-5
Number of Meters and Services on
Pipe Systems at End of Year**

Size	Meters	Service
5/8 x 3/4 - in	106,795	17,867
3/4 - in	1,102	81,587
1 - in	20,002	65,098
- in	4,342	3,390
- in	5,362	7,018
- in	301	157
- in	229	534
- in	111	349
Other	84	290
Total	138,328	176,290

**SCHEDULE D-6
Meter Testing Data**

A. Number of Meters Tested During Year as Prescribed	
in Section VI of General Order No. 103:	
1. New, after being received . . .	80
2. Used, before repair	742
3. Used, after repair	530
4. Found fast, requiring billing adjustment	0
	0
B. Number of Meters in Service Since Last Test	
1. Ten years or less	104,241
2. More than 10, but less than 15 years	0
3. More than 15 years	47,825
	8,605

SCHEDULE D-7
Water delivered to Metered Customers by Months and Years in 2007 (Unit Chosen)¹

Classification of Service	During Current Year												Subtotal	
	January	February	March	April	May	June	July	August	September	October	November	December		Total
Commercial	2,748,036	2,247,402	2,265,910	2,327,111	2,891,988	3,145,656	3,964,446							19,590,549
Industrial	63,112	59,844	58,876	81,605	67,978	88,833	87,332							507,580
Public authorities	320,448	216,753	134,649	191,336	274,753	333,811	485,890							1,957,638
Irrigation	0	0	0	0	0	0	0							0
Other (specify)	21,735	8,972	14,014	18,389	13,158	35,296	23,618							135,182
Total	3,153,331	2,532,971	2,473,449	2,618,441	3,247,877	3,603,595	4,561,286							22,190,949
Classification of Service	During Current Year												Total	
	August	September	October	November	December	Subtotal	Total	Prior Year						
Commercial	4,151,501	3,454,361	3,725,677	2,672,091	2,586,285	16,589,917	36,180,465	35,983,276						
Industrial	95,756	82,356	89,818	65,243	71,404	404,578	912,158	991,628						
Public authorities	526,538	436,342	391,635	270,553	166,227	1,791,295	3,748,933	3,550,731						
Irrigation	0	0	0	0	0	0	0	0						
Other (specify)	48,801	13,626	34,084	19,147	17,725	133,383	268,566	249,830						
Total	4,822,597	3,986,686	4,241,214	3,027,034	2,841,642	18,919,173	41,110,122	40,775,465						

¹ Quantity units to be in hundreds of cubic feet, thousands of gallons, acre-feet, or miner's inch-days.

Total acres irrigated 0 Total population served 649,680

**SCHEDULE E-1
Balancing & Memorandum Accounts**

Line No.	Description (a)	Authorized by Decision or Resolution No. (b)	Beginning of Year Balance (c)	Offset Revenues (d)	Offset Expenses (e)	Interest (f)	Surcharge (g)	Surcredit (h)	End of Year Balance (i)
1	Job Creation Tax Credit	All Districts	-	-	-	-	-	-	-
2	Catastrophic Event	All Districts	-	-	-	-	-	-	-
3	Coronado Credit Card Payments	AL840A	-	-	(8,180)	-	-	-	(8,180)
4	Coronado Purchase Water BA	AL823	574,185	(2,756,275)	2,804,941	10,248	(730,122)	-	(97,023)
5	Felton Credit Card Payments	AL840A	-	-	(432)	-	-	-	(432)
6	Felton Deferred Revenue	AL833	347,555	-	-	16,845	(81,882)	-	302,517
7	Felton FLOW Intervenor Compensation	D07-10-031	-	-	69,477	376	-	-	69,853
8	Felton Interim Rate True-up	AL886	126,112	-	-	3,973	(27,313)	-	102,772
9	Felton Low Income Program	D08-11-050 AL868	-	3,176	1,888	-	-	-	5,062
10	Felton Pension Surcharge	D08-11-050	-	-	85,764	-	(74,613)	-	11,151
11	Felton Purchased Power BA	AL826	(21,243)	-	1,199	(1,121)	-	-	(21,165)
12	LA Credit Card Payments	AL840A	-	-	(9,050)	-	-	-	(9,050)
13	LA Low Income Program	D07-08-030 AL679	-	-	-	-	-	-	-
14	LA Purchase Water & Power BA	AL824	928,233	-	207,842	47,591	93	-	1,183,859
15	Larkfield Credit Card Payments	AL640A	-	-	(680)	-	-	-	(680)
16	Larkfield Low Income Program	D08-11-052 AL659	-	570	3,182	-	-	-	3,752
17	Larkfield Purchase Wtr & Pwr BA	AL827	88,152	-	9,819	4,080	(58,307)	-	53,525
	LA Water Contamination Lawsuit vs Adler	Res W-4528/AL580	230,770	-	-	5,450	(173,839)	-	62,391
18	Monterey Carmel River Dam Abandon Proj	D08-11-050	3,290,103	-	-	149,938	(908,413)	-	2,533,627
19	Monterey Coastal Water Project-Pre2005	D08-11-050	3,239,514	-	-	140,658	(1,595,200)	-	1,784,972
20	Monterey Coastal Water Project-Pre2007	D08-11-050	9,817,056	-	4,013,958	322,529	-	-	13,953,543
21	Monterey Credit Card Payments	AL840A	-	-	(14,882)	-	-	-	(14,882)
22	Monterey Emerg Rationing Costs for MPWMD	D08-11-050	-	-	-	-	-	-	-
23	Monterey Emergency WRAM	D08-11-050	-	-	-	-	-	-	-
24	Monterey ESA Memorandum Account	D08-11-050	382,105	-	707,681	-	-	-	1,089,786
25	Monterey Expanded Cons & Rationing Costs	D08-11-050	-	-	-	-	-	-	-
26	Monterey Expense Balancing Account	D08-11-050	43,809	-	-	1,505	-	-	45,315
27	Monterey Interim Rate True-up	AL865	2,992,401	-	-	66,377	(2,129,549)	-	929,229
28	Monterey NOAA Settlement	D08-11-050	8,600,000	-	-	-	-	-	8,600,000
29	Monterey Pension Surcharge	D08-11-050	-	-	1,605,175	-	(1,772,557)	-	(167,382)
30	Monterey Purchased Power BA	AL825	(507,410)	-	37,319	(32,715)	4	-	(502,802)
31	Monterey San Clemente Dam Proj	D08-11-050	10,779,132	-	552,442	748,248	-	-	12,077,822
32	Monterey Seaside Groundwater Basin	AL844	2,268,640	-	2,880,316	-	-	-	5,148,956
33	Monterey WRAM	AL845	(4,189,010)	(1,049,368)	-	(204,135)	1,228,908	-	(4,213,605)
34	Sacramento Credit Card Payments	AL840A	-	-	(22,440)	-	-	-	(22,440)
35	Sacramento Low Income Program	D08-11-052 AL859	-	27,285	26,597	-	-	-	53,882
36	Sacramento Purchase Wtr & Pwr BA	AL848	456,608	-	305,875	20,689	(239,831)	-	543,138
37	Village Credit Card Payments	AL840A	-	-	(6,425)	-	-	-	(6,425)
38	Village Purchase Water & Pwr BA	AL823	935,058	(2,489,866)	2,217,607	38,387	(494,983)	-	206,220

Note 1: For Columns d, e, f, g, & h, provide those amounts booked in the current year.

Note 2: The detail for each individual account includes the Beginning of Year Balance, End of Year Balance, each Offset Expense adjustment during the year, each Offset Revenue adjustment during the year, each Surcharge adjustment during the year, each Su

Schedule E- 2
Description of Low-Income Rate Assistance Program(s)

SEE ADDENBUM E-2

For all low income rate assistance programs offered by water utility, provide detailed responses to the following items:

1. Brief description of each low-income rate assistance program provided, by district. This shall include but is not limited to the percent of discount, the dollar amount of discount, what rate is discounted (service charge, quantity, or total bill), qualifying income level, dollar rate increase to remaining customers to pay for this program.
2. Participation rate for Year 200_ (as a percent of total customers served).
3. Detail of balancing or memorandum account authorized to record expenses incurred and revenues collected for low income rate assistance program.

Schedule E- 3
Description of Water Conservation Program(s)

See Attachments for various Districts

For all water conservation programs offered by water utility, provide detailed responses to the following items:

1. Brief description of each water conservation program provided, by district. This description shall include but not be limited to the type of program offered (such as provision of low-flow plumbing fixtures, leak detection, leak repair, written water conservation tips, or other similar programs to its customers) and length of time it was offered.
2. Discuss how is each water conservation assistance program funded, for example, through rates charged to all customers, rates charged to customer receiving water conservation assistance, shareholder contribution, community funding, government funding, or other funding method. Explain why this type of funding was used.
3. Cost of each program.
4. The degree of participation in each district by customer group.

ADDENDUM TO Schedule E- 2
Description of Low-Income Rate Assistance Program(s)

For all low income rate assistance programs offered by water utility, provide detailed responses to the following

1. Brief description of each low-income rate assistance program provided, by district. This shall include but is not limited to the percent of discount, the dollar amount of discount, what rate is discounted (service charge, quantity, or total bill), qu

	Type of Program	Discount Rate	Rate Discounted	Qualifying Income Level	Rate Increase to Others
Coronado	N/A				
Los Angeles	Flat Dollar Discount	\$6.50	Total Bill	Same As PG&E	None Yet - Held in B/A
Village	N/A				
Monterey	Full reduction of Monthly Service Charge	See Attached by Meter Size	Total Bill	Same As PG&E	Don't Know - built into rates
Felton	% Discount of Monthly Service Charge	50% of Monthly Service Charge	Service Charge	Same As PG&E	None Yet - Held in B/A
Larkfield	Flat Dollar Discount	\$8.50	Total Bill	Same As PG&E	None Yet - Held in B/A
Sacramento	Flat Dollar Discount	\$5.00	Total Bill	Same As PG&E	None Yet - Held in B/A

2. Participation rate for Year 2007 (as a percent of total customers served).

Coronado	N/A
Los Angeles	0.00% Started 1/1/08
Village	N/A
Monterey	2.77%
Felton	3.08%
Larkfield	1.23%
Sacramento	0.60%

3. Detail of balancing or memorandum account authorized to record expenses incurred and revenues collected for low income rate assistance program.

	Type of Account	Expenses Incurred 2007	Revenues Lost 2007	Interest Accrued 2007	Net Account 2007
Coronado	N/A				\$0.00
Los Angeles	B/A				\$0.00
Village	N/A				\$0.00
Monterey	None				\$0.00
Felton	B/A	\$1,886.00	\$ 3,176.49		\$5,062.49
Larkfield	B/A	\$3,182.16	\$ 569.50		\$3,751.66
Sacramento	B/A	\$26,596.64	\$ 27,285.00		\$53,881.64

**Schedule E-4
Report on Affiliate Transactions**

Affiliate includes all related companies including but not limited to Parent, Affiliates, and Subsidiaries.

INSTRUCTIONS:

* For those utilities with specifically authorized affiliate transaction rules, provide all information required by those rules.

* For those utilities with no specifically authorized affiliate transaction rules, or those utilities whose authorized affiliate transaction rules do not provide the following information, provide the following:

1. Summary of all transactions between regulated water utility and its affiliated companies for the previous calendar year. The summary shall include a description of each transaction and an accounting of all dollars associated with each transaction alt

(a) services provided by regulated water utility to any affiliated company;

Transaction Description	Dollars
Agua Fria CBM Testing (AZ American Water)	\$ 9,318.30
Verrado Waste Water CBM Testing (AZ American Water)	\$ 2,717.00
Engineering TSS Control designing and testing at Mauna Lani (HI American Water)	\$ 1,284.89
Engineering support for pump station #4 (HI American Water)	\$ 7,656.21
Rate case filing (HI American Water)	\$ 64,642.31
Engineering support for Sewer Rehab project (HI American Water)	\$ 49,996.27
CBM Testing (HI American Water)	\$ 21,637.73
Rate case filing (NM American Water)	\$ 14,544.35
Sun City Water CBM Testing (AZ American Water)	\$ 12,175.22
Sun City West CBM Testing (AZ American Water)	\$ 7,233.48
CBM Testing (NM American Water)	\$ 20,309.75
Anthem Water CBM Testing (HI American Water)	\$ 8,550.81
Bullhead City CBM Testing (AZ American Water)	\$ 13,347.68
NW Valley Regional CBM Testing (AZ American Water)	\$ 11,492.27
CBM Testing - Surprise (AZ American Water)	\$ 8,059.14
TUBAC - CBM Testing (AZ American Water)	\$ 3,082.92

(b) services provided by any affiliated company to regulated water utility;

Transaction Description	Dollars
Back office support (NM American Water)	\$ 13,574.72
Radio upgrade at Ventura County telemetry SCADA system (AZ American Water)	\$ 424.01

(c) assets (both tangible and intangible) transferred from regulated water utility to any affiliated company;
NONE

(d) assets (both tangible and intangible) transferred from any affiliated company to regulated water utility;
NONE

(e) employees transferred from regulated water utility to any affiliated company;
One employee transferred from California American Water to Hawaii American Water.

(f) employees transferred from any affiliated company to regulated water utility; and
A total of 14 employees transferred from the American Water Western Region Service Company to California American Water.

(g) financing arrangements and transactions between regulated water utility and any affiliated company.

All financing activities are covered by an agreement between American Water Capital Corporation (AWCC) and California American Water.

**CLASS A, B, C AND D WATER COMPANIES
SAFE DRINKING WATER BOND ACT/STATE REVOLVING FUND DATA**

Please provide the following information relating to each Safe Drinking Water Bond Act (SDWBA) or Safe Drinking Water State Revolving Fund loan surcharge collection for the calendar year. Please use one page per loan.

1. Current Fiscal Agent:

Name: Bank of America, N.A.
 Address: 1655 Grant Street Bldg. A-10th Floor, Concord, CA 94520-2445
 Phone Number: 1-888-400-9009
 Account Number: 1499005090
 Date Hired: 4/26/1995

2. Total surcharge collected from customers during the 12 month reporting period:

	Meter Size	No. of Metered Customers	Monthly Surcharge Per Customer
\$186,759	3/4 inch	1,256	11.50
	1 inch	3	17.26
	1 1/2 inch	27	28.76
	2 inch	8	57.52
	3 inch	12	92.03
	4 inch	0	172.55
	6 inch	1	287.59
	Number of Flat Rate Customers		
	Total	1,307	

3. Summary of the bank account activities showing:

Balance at beginning of year	\$215,228
Deposits during the year	192,122
Interest earned for calendar year	186,797
Withdrawals from this account	43
Balance at end of year	220,510

4. Reason or Purpose of Withdrawal from this bank account:

Bank Fees

5. Plant amounts included in Schedule A-1a, Account No. 101--Water Plant in Service which were funded using SDWBA or SRF funds:

Line No.	Acct. No.	Title of Account (a)	Balance Beginning of Year (b)	Plant Additions During Year (c)	Plant Retirements During Year (d)	Other Debits* or (Credits) (e)	Balance End of Year (f)
1		NON-DEPRECIABLE PLANT					0
2	301	Intangible plant					0
3	303	Land	262,778				262,778
4		Total non-depreciable plant	262,778	0	0	0	262,778
5		DEPRECIABLE PLANT					0
6	304	Structures	1,205,330				1,205,330
7	307	Wells	84,051				84,051
8	317	Other water source plant					0
9	311	Pumping equipment	493,568				493,568
10	320	Water treatment plant	1,300,237				1,300,237
11	330	Reservoirs, tanks and sandpipes	155,912				155,912
12	331	Water mains	390,902				390,902
13	333	Services and meter installations					0
14	334	Meters					0
15	335	Hydrants					0
16	339	Other equipment					0
17	340	Office furniture and equipment					0
18	341	Laboratory Equipment	5,703				5,703
19		Total depreciable plant	3,635,703	0	0	0	3,635,703
20		Total water plant in service	3,898,481	0	0	0	3,898,481

FACILITIES FEES DATA

Please provide the following information relating to Facilities Fees for districts or subsidiaries servicing 2,000 or fewer connections for the calendar year. (Per D.91-04-068)

1. Trust Account Information:

Bank Name: None
Address: _____
Account Number: _____
Date Opened: _____

2. Facilities Fees collected for new connections during the calendar year:

A. Commercial

NAME	AMOUNT
<u>None</u>	<u>\$</u>
_____	<u>\$</u>
_____	<u>\$</u>
_____	<u>\$</u>

B. Residential

NAME	AMOUNT
<u>None</u>	<u>\$</u>
_____	<u>\$</u>
_____	<u>\$</u>
_____	<u>\$</u>

3. Summary of the bank account activities showing:

Balance at beginning of year	<u>\$</u>
Deposits during the year	_____
Interest earned for calendar year	_____
Withdrawals from this account	_____
Balance at end of year	_____

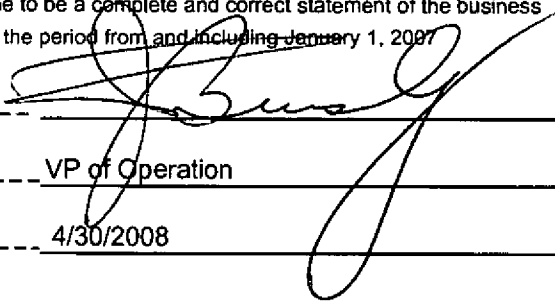
4. Reason or Purpose of Withdrawal from this bank account:

DECLARATION
Before Signing, Please Check to See That All Schedules Have Been Completed

I, the undersigned Tomas J. Bunosky, VP of Operation
Officer, Partner or Owner

of California American Water
Name of Utility

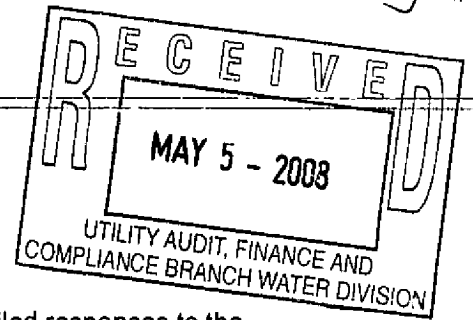
under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of the above-named respondent and the operations of its property for the period from ~~and including January 1, 2007~~ and including December 31, 2007.

SIGNED 
Title VP of Operation
Date 4/30/2008

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2007 CPUC Annual Report Schedule E – 3
Description of Water Conservation Program(s)



CAW District – Coronado

For all water conservation programs offered by water utility, provide detailed responses to the following items:

1. **Brief description of each water conservation program provided, by district. This description shall include but not be limited to the type of program offered (such as provision of low-flow plumbing fixtures, leak detection, leak repair, written water conservation tips, or other similar programs to its customers) and length of time it was offered.**
2. **Discuss how each water conservation assistance program is funded, for example, through rates charged to all customers, rates charged to customer receiving water conservation assistance, shareholder contribution, community funding, government funding, or other funding method. Explain why this type of funding was used.**
3. **Cost of each program.**
4. **The degree of participation in each district by customer group.**

CAW's Coronado District includes service area in the City of Imperial Beach, Coronado, and parts of the City of San Diego and Chula Vista. In 2007 CAW's Coronado District provided various water conservation programs to customers including residential (single and multi-family), commercial, public authority (or institutional), large landscape customer rebates and free water saving devices. Given the CPUC has not yet approved a specific budget in Rates for water conservation; CAW-Coronado utilized various resources, departments and staff to implement the conservation efforts. For example, CAW-Coronado promoted water use efficiency through public outreach and education campaigns managed and funded by the External Affairs Department with some cross-over outreach campaigns with the regional wholesalers including the City of San Diego and the San Diego County Water Authority (SDCWA). Each program provided in 2007 is described below with all requested information included and listed in relation to the California Urban Water Conservation Council's (CUWCC's) correlating BMP programs.

Table 1 provides a summary of California American Water's 2007 Conservation Program expenditures for the Coronado District. Table 2 shows the estimated expenses for conservation related activities or programs funded through other sources of CAW's approved CPUC budget.

Table 1a – Summary of California American Water (CAW) 2007 Conservation Programs Tracked under Conservation Object Code (575255.16)

BMP	Actual Spending	Number Interventions or Description
1	\$0	No funding or staff available for BMP 1 program or staff.
2	\$2,000 (estimate)	Efforts ongoing to reach 75% saturation level of low flow devices.
5	\$0	No funding or staff available for BMP 5 program or staff.
6	\$3,000 (estimate)	Internal rebate program still in review. Estimated 30 HECW rebates at \$100 each processed by internal staff.
6	\$2,500	ViewTech managed HECW rebate program that processed up to 20 rebates for Coronado District customers until the Smart Rebate Program began.
6	\$5,419.50	All 50 available HECW rebates processed were 2007 resulting in a 100% of funding spent and a waiting list for 2008.
9	\$500	No staff available and only minimal funding for CII incentives that was applied to the Save a Buck Rebate to offer toilet and HECW rebates to CII customers.
14	\$3301.36	Pre-paid for 50 toilet rebates through the Smart Rebate Program (26 toilet rebates processed with 24 pre-paid toilet rebates rolled over to 2008).
14	TBA	Toilet rebates processed internally by CAW staff prior to Smart Rebate Program and for "special circumstance" cases will be incorporated into the annual BMP Report to the CUWCC.
7	\$1,400 (estimate)	Fall event & education materials for Sandcastle Expo and for walk-in customer requests for information on conservation.
7*	\$0	* Includes multiple direct mailers, ads (radio, TV, & newspaper), 5 events, etc. and regional campaigns.
8	\$5,000	National Theater for Children's educational assembly program for 10 schools within CAW's service area. Activity books & pencils and other materials within inventory (expensed to previous annual budgets) were also distributed to students at community events and on request
Total	\$23,121	(Pre-paid 2008 rebate expenses = \$7,500, transferred from unused LA and Village District Smart Rebate funds)

* See table 2 listing costs by External Affairs outreach activities and the School Sponsorship program funded through the Operations budget and not coded under the conservation object code.

Table 2 - Summary of Other California American Water (CAW) 2007 Conservation Efforts

BMP	Description of Activity	Estimated Expenses	CPUC Approved Budget	Number of Inventions	Benefits or Savings	Funding Source	Comments
7	Community Relations Events and Campaigns	<i>Investigating</i>	Yes	<i>Investigating</i>	Increase public awareness	Community Relations Accounts (575300)	Crossover of events, advertisements to conservation objectives.
8	School Sponsorship Program	\$6,000	Yes	2 schools	Outreach and relationship building with local schools	Operations - Outreach/General Funds	Operations Dept. sponsors two schools in the Coronado District's service area annually for up to \$3,000 for each school.
12	Conservation Staff (.10)	\$8,000	Yes	N/A	Implementation of conservation programs	(CA Corporate) Operations Labor Budget	Statewide Conservation Manager assisting in program development.
13	Water Waste Calls (Operations staff - Labor)	\$28,000	Yes	<i>Investigating</i>	Unknown water savings	Operations Labor Budget	Estimated 800 hours per year of staff time.
Total Estimated Expenses		\$42,000					

BMP 1 – Residential Water Surveys/Audits – Currently no funding for program

BMP 2 – Residential Plumbing Retrofit

1. In 2007, CAW-Coronado District provided various water savings devices including showerheads, faucet aerators for the bathroom and kitchen, toilet displacement bags, leak detection tablets/kits, and so forth at no cost to residential customers. The goal of this program as outlined in the CUWCC's MOU (BMP 2) is to reach a 75 percent level of retrofit in all residential properties within CAW's service area. In 2007, CAW tracked distribution of the various water savings devices by comparing purchase and inventory records to identify the total number of each device distributed. In some cases, CAW recorded where or how the devices were distributed to customers. This information allowed CAW to determine what is the most effective means for distributing devices and provides the necessary documentation to show the actual retrofit percentage complete in each year. CAW will utilize this information in planning BMP 2 efforts for 2008 and subsequent years to ensure maximize success in distributing applicable devices to those sites that need to be retrofitted.

CAW distributes the devices through various means including but not limited to:

- Community events (at CAW Company booth)
- Walk in customers (into office in Imperial Beach)
- Upon request (by customer)
- Joint ventures and events with regional wholesaler or other water retailers in the area

Though CAW kept record of the estimated total number of devices distributed annually it has not been able to identify if all the devices were actually installed and into properties that were not already retrofitted. Thus, CAW estimates that 45 to 70% of the devices distributed are installed to sites needing retrofitting. Walk in and customers requesting devices are more likely to install the free devices, while the devices distributed randomly at events are less likely to be installed where they are needed. In 2007, CAW-Coronado did not identify if the devices distributed at events were specifically being given to CAW customers. CAW will restrict future distribution of devices by requiring that residents must be CAW customers with homes built prior to 1992 (with no recent upgrades already made) in order to receive applicable free devices. This will reduce the total number of devices distributed each year and the total program costs; however the installation rate and potential water savings will increase per device and help the program to be more cost-effective.

In addition to the standard devices listed under the CUWCC's BMP 2 requirements, CAW also offered a variety of outdoor devices to help customers improve their water use efficiency including:

- Garden hose spray nozzles
- Rain gauges
- Soil probes

CAW keeps records of the required water savings devices as well as these additional devices that help customers save water.

2. The purchase of the water saving devices (under BMP 2 Residential Plumbing Retrofit) was funded from the CAW-Coronado's General Operations budget included in Rates and budget applied to all CAW-Coronado customers. To track expenses relating to conservation, all invoices for water saving devices were coded for billing under the water conservation object code 575255.16.
3. The program costs for BMP 2 in 2007 was \$2,000. This only included the purchase cost of the actual water saving devices. CAW labor costs (staff assisting customers, phone requests, etc.) are included in the Labor budget and any promotion of the free devices through bill insert messaging or bill inserts were part of the conservation advertising budget. In 2007, these promotional expenses were tracked under the External Affairs Dept.; however in 2008 CAW will create a sub-subsidiary to allow External Affairs Dept. to identify these conservation related expenses separate from all other PR expenses. As a result, the PR expenses will be included in the annual BMP reporting expenses for each applicable BMP starting in 2008.
4. In 2007, the total number of each type of water saving device was distributed to CAW residential customers:
 - o Showerheads – over 500
 - o Handicap (with hose) showerheads – 20
 - o Kitchen faucet aerators – over 400
 - o Bathroom faucet aerators – over 750
 - o Leak detection kits – 800 (estimated)
 - o Toilet displacement bags – 0
 - o Garden Hose Spray nozzle – 750
 - o Rain gauges – 200
 - o Soil probes – 400

BMP 3 - Unaccounted for Water and Distribution System Leak Detection

1. CAW follows the American Water Works Association (AWWA) unaccounted for water and distribution system pre-audit procedures and protocols to evaluate its systems operating efficiency and unaccounted for water levels. These efforts and managed and implemented under the Operations Manager and not conservation.

2. The operations and management of the water distribution system is funded through the CAW-Coronado's Operating Budget through rates charged to call CAW customers.
3. The estimated costs for these efforts are listed within the Operating budget (535000.16, General Operating: Administration) coming from the 2005-07 Rate Case as expenses collected from all customers.
4. This program is not accessed based on customer participation and therefore the degree of participation does not apply.

BMP 4 - Meter Retrofit – not applicable as Coronado District is 100% metered.

BMP 5 – Large Landscape Audits and Conservation Programs – No funding for program

As Least As Effective As (ALAEA) Program - Other Rebate Incentives for Residential and Commercial, Institutional & Industrial (CII) Customers

1. In 2007, CAW-Coronado participated in two rebate programs for residential and non-residential customers funded through Prop 50 grants and CAW's rebate budgets in rates. CAW-Coronado offers a variety of rebate incentive for toilets and clothes washers as required under BMP 14 (Residential Toilet Incentives) and BMP 6 (High Efficiency Clothes Washer Incentives) as well as additional water saving technologies and appliances including waterbrooms for restaurants, schools, etc. through the Smart Rebate program or MWD's Save a Buck program for CII customers. The Smart Rebate Program contracted vendor manages the entire rebate program. This includes efforts far beyond simply processing rebates and mailing checks to customers including program marketing, outreach, invoicing to CUWCC, and other program management tasks. Other tasks by the Smart Rebate Program vendor include: the review of the application, answers customer questions, confirms installations and eligibility, notifies customer of non-compliance, and numerous other efforts as part of the program's management. The Smart Rebate Program vendor staff receives calls, email or website messages, CAW customers at community events and meetings with information requests on the Smart Rebate program. All such efforts are funded through the Prop 50 grant and CAW-Coronado's conservation budget for rebates.

CAW's External Affairs/Outreach Dept. assists in marketing the rebate program through a variety of methods including:

- a. Bill inserts on rebates
- b. Bill Messaging
- c. Promotion of program at company booth at community events

The Smart Rebate vendor assists in marketing the rebate program through a variety of methods including:

- d. General program flyers (covering design, production and distribution costs)
- e. Community advertising on program

Further details of the Smart Rebate Program are described under BMP 6 (HECW Incentives) and BMP 14 (Toilet Incentives) as this program only applies to (single and multi-family) residential customers only.

2. The details of the Smart Rebate Program including program funding, expenses and participation and included under BMP 6, 9 and 14 as applicable.
3. The costs for the Smart Rebate Program are described under BMP 6, 9 and 14 as applicable.
4. The participant count for the Smart Rebate Program is described under BMP 6, 9 and 14 as applicable.

BMP 6 - Clothes Washer Rebate Incentive Program

1. In 2007, CAW-Coronado offered rebates for high efficiency clothes washers to single-family and residential customers through two programs. From January 2007 through May 2007 the HECW rebate program was managed through a contracted vendor ViewTech. In June, CAW transferred to the Prop 50 grant funded Smart Rebate Program in partnership with the CUWCC. Through the Smart Rebate Program, CAW received grant funding for half of the rebate costs. For example, if a customer received a \$100 rebate for a high efficiency toilet (HET), CAW paid \$50 of the rebate and the Prop 50 grant funded the other \$50 of the rebate costs. In addition, CAW split a rebate processing and program marketing fee with the Prop 50 grant funded. This fee per rebate processed covered the management of the program including:
 - o Management of customer inquiries (phone calls, emails, etc.)
 - o Review, approval and processing of rebate applications
 - o Distribution of rebate check to customers
 - o Billing of the CUWCC (and CAW) for processed rebates
 - o Design, production and mailing distribution of program mailer and letter
 - o Monthly program status reports to CUWCC and CAW
 - o Annual and Program end report

As the Smart Rebate Program was being set up the local CAW-Coronado staff continued to process HECW rebate applications and requests from residential customers directly. This process began several years ago and utilized local

administrative staff to process the rebates and manage programs records. CAW-Coronado decided to join the Smart Rebate Program with the other four CAW Districts to help reduce staff demands, customer confusion on rebate contacts and incentive amounts, as well as allow the CAW-Coronado District to maximize its limited budget for rebates through the grant funded Smart Rebate Program.

2. All of the different HECW rebate programs or rebate processing methods including the ViewTech managed and the grant funded Smart Rebate Programs were funded through CAW-Coronado's Operations budget as part of the Rate Case. All related charges were tracked under the created conservation programs Object Code (575255.16) to begin tracking expense records of conservation for the 2008-10 Rate Case. ViewTech invoiced expenses on a monthly basis and as rebates per distributed to customers. Alternatively, CAW's portion of the Smart Rebate Program's rebate expenses were paid to the CUWCC (and then to the vendor) upfront. CAW was then only charged on a monthly basis for rebate marketing and processing fees as rebates were distributed. Rebates processed at the local District office were invoiced to the conservation account as the applications were approved and the rebate checks were mailed to the customers.
3. Through both the ViewTech and Smart Rebate Program, customers received up to a \$150 rebate for upgrading to a CEE approved high efficiency washer model (Tier 1 through 3) based on the Water Factor (WF) or gallons per cycle. ViewTech then charged CAW a monthly program management fee that was split between the participating American Water Districts (included Village, Los Angeles, Monterey, Larkfield, and New Mexico). In addition, ViewTech charged CAW a rebate processing fee of \$26.25 per rebate. Thus, the total cost per rebate was \$176.25 with an estimated monthly management fee of \$100-125 (total monthly fee of \$700 split between several districts based on participation levels each month). In 2007, the total program cost from the ViewTech program was \$2,500.

Alternatively, the Smart Rebate Program was co-funded through a Prop 50 grant so CAW only paid half of the rebate amount or \$75 per HECW rebate and a program marketing and management fee of \$33.39 per rebate processed. The total processing fee by the Smart Rebate Program vendor was \$59.25 with the grant covering the costs above CAW's \$33.39 per rebate portion. Thus, the total cost to CAW per rebate was \$108.39. In 2007, the total program cost from the Smart Rebate Program was \$5,419.50. The overall total program cost for BMP 6 HECW Rebates for 2007 was \$7,919.50.

While the Smart Rebate program was getting set up, the CAW-Coronado District continued to process HECW rebates for residential customers in the local office. Through the internal process customers received a \$100 rebate for purchasing a HECW. CAW is currently reviewing the records from the rebates processed through the local office and will report the final findings in the 2007 BMP Report to the CUWCC. Based on preliminary review, a total of \$3,000 in expenses was applied to the conservation object code accounts for these internally processed HECW rebates.

4. Since only one HECW rebate per customer or household was permitted, the number of rebates distributed is equal to the number of participants. A total of 20 HECW rebates were distributed through the ViewTech program, 30 rebates through internal rebate processing efforts, and 50 through the Smart Rebate Program. The total estimated number of HECW rebates to residential customers in 2007 is 100 (or a total of 100 participants).

BMP 9 and 14 - CII Rebate Program

1. CAW-Coronado had limited funding resources in 2007 for conservation programs. Therefore, only a small budget was allocated for a few rebates for commercial, industrial and institutional (CII) customers. The rebated items included toilets, clothes washers and waterbrooms. The rebates were part of the grant funded Smart Rebate program that CAW-Coronado was partnered with the CUWCC.
2. The Smart Rebate program for CII customers is 100% funded by CAW-Coronado's conservation rebate budget as part of the Rate Case applied to all ratepayers.
3. In 2007, there were no costs to CAW for the Smart Rebate Program for CII customers. Unused rebate funds were transferred into 2008 where they were utilized by CII customers by April 2008.
4. No CII customers participated in the Smart Rebate in 2007.

BMP 14 – Residential Toilet Rebate Program

1. In 2007, CAW-Coronado offered rebates for high efficiency toilets (HETs), dual flush (DFs), and ultra low flush toilets (ULFTs) to single-family and residential customers through the two programs. From January 2007 through May 2007 the toilet rebate program was managed by local District staff. In June, CAW transferred to the Prop 50 grant funded Smart Rebate Program in partnership with the CUWCC. Through the Smart Rebate Program, CAW received grant funding for half of the rebate costs. For example, if a customer received a \$100 rebate for a high efficiency toilet (HET), CAW paid \$50 of the rebate and the Prop 50 grant funded the other \$50 of the rebate costs. In addition, CAW split a rebate processing and program marketing fee with the Prop 50 grant funded. This fee per rebate processed covered the management of the program including:
 - o Management of customer inquiries (phone calls, emails, etc.)
 - o Review, approval and processing of rebate applications
 - o Distribution of rebate check to customers
 - o Billing of the CUWCC (and CAW) for processed rebates
 - o Design, production and mailing distribution of program mailer and letter
 - o Monthly program status reports to CUWCC and CAW
 - o Annual and Program end report

2. Both the internally managed and the grant funded Smart Rebate Programs for toilet rebates were initially funded through CAW-Coronado's Operations budget as part of the Rate Case. All related charges were tracked under the created conservation programs Object Code (575255.16) to begin tracking expense records of conservation for the 2008-10 Rate Case. The rebates processed internally were set up as vendor accounts for each rebated customer. Rebate checks were then processed and mailed out of American Water's Corporate Accounts Payable Department in New Jersey. This process caused some delay in application review, approval and processing of check. Alternatively, CAW's portion of the Smart Rebate Program's rebate expenses were paid to the CUWCC (and then to the vendor) upfront. CAW was then only charged on a monthly basis for rebate marketing and processing fees as rebates were distributed. This helped ensure customers received their rebate checks after submitting their completed application form in a timely manner.
3. Through both the internal and Smart Rebate Program, customers received up to a \$100 rebate for upgrading to a lower water using toilet. Rebates were not given to customers replacing a 1.6gpf ULFT with another ULFT. Rebates were given to customers that replaced a ULFT with a HET or Dual Flush (DF) toilet using 1.28gpf or less because this replacement generates water savings. In 2007, the total program cost from the internal program has not been yet reviewed. The costs for toilet rebates processed internally will be included in the 2007 BMP Report to the CUWCC.

Alternatively, the Smart Rebate Program was co-funded through a Prop 50 grant so CAW only paid half of the rebate amount or \$50 per toilet rebate and a program marketing and management fee of \$33.39 per rebate processed. The total processing fee by the Smart Rebate Program vendor was \$59.25 with the grant covering the costs above CAW's \$33.39 per rebate portion. Thus, the total cost to CAW per rebate was \$83.39. In 2007, the total program cost from the Smart Rebate Program was \$3,301.36. CAW prepaid for its portion of toilet rebates (\$2,500). At the end of 2007, only \$868.14 in program marketing and processing fees remained for the toilet rebate program's overall costs. These 26 prepaid toilet rebates will be rolled over to 2008 with the remaining program costs invoiced to CAW-Coronado as the toilet rebates are distributed to customers.

The total program expenses for BMP 14 (Toilet Rebates) recorded to date for the 2007 calendar year is \$3,301.36.

4. Customers could receive rebates for up to 3 toilets per residence or household. Thus, the total number of rebates is not equal to the number of participants as several customers participating in the toilet rebate program received a rebate for more than one toilet. As a result, a total of 24 toilets were rebated to up to 24 residential customers the Smart Rebate Program. The total number of rebates processed internally is still being confirmed for 2007.

Table 3 – Summary of CAW-Coronado Rebate Program Efforts & Expenses

Subsidized Devices	Rebate Goal	Agency Cost Per Rebate \$\$	Total Agency Rebate \$\$	Remaining Agency Rebate \$\$	December 2007	2007 ## Subtotal	2007 \$\$ Subtotal	2008 ## Subtotal	2008 \$\$ Subtotal	# of Inspections Required to Date	# of Inspections Completed	Remaining # of Inspections
HEW-Residential	50	75.00	3,750.00	0.00		50	3,750.00	0	0.00	3	0	3
HEW-Commercial		200.00	0.00	0.00		0	0.00	0	0.00	0	0	0
Water Broom		25.00	0.00	0.00		0	0.00	0	0.00	0	0	0
ULFT/HET-Residential	50	50.00	2,500.00	1,300.00	1	24	1,200.00	0	0.00	2	0	2
High Efficiency Urinals		150.00	0.00	0.00		0	0.00	0	0.00	0	0	0
X-Ray Film Retrofit		1,000.00	0.00	0.00		0	0.00	0	0.00	0	0	0
ULFT-Commercial		150.00	0.00	0.00		0	0.00	0	0.00	0	0	0
HET-Commercial	5	100.00	500.00	500.00	0	0	0.00	0	0.00	0	0	0
Cooling Tower		600.00	0.00	0.00		0	0.00	0	0.00	0	0	0
CT Meter		350.00	0.00	0.00		0	0.00	0	0.00			
CT Meter Installation		100.00	0.00	0.00		0	0.00	0	0.00			
	105		\$6,750.00	\$1,800.00	1	74		0				
			Total Processing Charge Per Monthly Activity									
			Per Site Inspection Charge Per Monthly Activity									
			Per Unit Inspection Charge Per Monthly Activity									
			Total Monthly Charges to be Invoiced									

BMP 7 - Public Outreach, Education and Advertising

1. CAW's public outreach and educational efforts are managed by the External Affairs Department in cooperation with the Conservation department. CAW utilizes several professional marketing and design firms to develop numerous highly professional educational brochures, direct mailers, advertisement pieces for newspaper and magazines, and unique marketing items. Given budget limitations for conservation program marketing and outreach, the CAW-Coronado District only promoted conservation programs and water efficiency messaging through standard bill inserts, messaging and other venues already part of the External Affairs Dept. Thus, conservation messaging did not incur additional expenses upon the External Affairs Department. Unfortunately, the limited public outreach and advertising resulted in low participation in the rebate programs. CAW will utilize approved funding in 2008 (per the Rate Case) to more effectively promote the rebate and new conservation programs to begin in the 2008-10 Rate Case period.

In addition, the City of San Diego, Otay MWD, and SDCWA implemented regional conservation outreach campaigns that CAW-Coronado customers benefited from. These programs were funded through these wholesalers and managed internally and/or through a contracted vendor. Such regional marketing efforts include:

- o Maintenance and expansion of regional educational websites (such as SDCWA's Voucher Program and Conservation website).
- o Development and design on Voucher program marketing brochures, tabletop displays (ultimately referred customers to the Smart Rebate Program for CAW-Coronado).
- o Radio and television advertisements promoting water efficient messaging.
- o Newspaper advertisement and press releases on water conservation and water supply issues affecting the region.
- o Funding of community projects and demonstration California Friendly Gardens.
- o Landscape Workshops for homeowners and landscape professionals.
- o Educational presentations at community meetings and events.

The External Affairs also coordinates and funds CAW's participation at local events within the City of Imperial Beach, Coronado, San Diego and surrounding areas where residents visit. The events target both residential and CII customers, as well as homeowner associations with large landscaped areas. Costs associated with attending such events includes sponsorship fees and booth costs, marketing of event and CAW booth, materials and giveaways for customers visiting the booth, new booth displays that can be used every year, and so forth. At least one direct mailer is dedicated specifically for promoting CAW's attendance at a community event. CAW has tested the effectiveness of such marketing by requiring customers to bring in their mailer to the CAW booth to receive a special gift such as free garden spray nozzles. One of the most successful events CAW-Coronado attendees each year in Imperial Beach is the Annual Sandcastle Expo where over one hundred thousand people attend each year. At the Sandcastle Expo CAW's staff promotes

the rebate program, educates customers on landscape irrigation efficiency utilizing educational displays, and entertains children with Mr. Leaky costume and interactive Water whiz game board. CAW provides various education brochures, materials and promotional items at these events to customers to further promote the water use efficiency messaging.

2. The costs under BMP 7 (Public Outreach and Education) for the wholesaler and MWD activities were not funded through the rates or in any way by CAW. All such efforts were funded the wholesalers, local cities and other water retailers surrounding CAW's service area. For those activities implemented by CAW such as educational bill messages, bill inserts, and attendance at community events was funded by CAW's External Affairs Department. The funded of such External Affairs projects are included in the California Corporate overhead expenses and a small budget within the CAW-Coronado's Operations budget (Public Outreach specific Object Code used for tracking expenses), both funded in the rates (per 2005-07 Rate Case).
3. There were no "conservation" specific or additional efforts and/or projects implemented in 2007 by External Affairs. All such bill inserts, messaging, and other outreach campaigns were part of the External Affairs Department's 2007 Program Plan. Thus, the total expenses for such efforts under the conservation object (account) code 575255.16 was zero. A small cost for the purchase of various educational and promotional items relating specifically to water conservation was incurred upon the BMP 7 conservation account. The costs for these conservation and promotional items ordered through a wholesaler supplier totaled \$1,400 in 2007. All costs relating to staffing community events and workshops is included in the rates under CAW-Coronado's Labor object code (account).
4. The conservation focused bill inserts and messaging were sent to all ratepayers in the Coronado District service area. The regional programs were also designed to reach all customers from residential to CII and large landscape. The attendance at events CAW-Coronado participated in ranged from less than 100 to several thousand attendees.

BMP 8 School Education and Outreach

1. Given limited funding and staff resources designed for conservation programs, CAW-Coronado implemented a minimal BMP 8 program. The school education program included an interactive educational assembly through the National Theater for Children's (NTE's) program on water conservation and the environment to 10 elementary schools in CAW's service area. Secondly, CAW-Coronado donates \$3,000 annually to two schools in the service area to encourage expanded educational programs covering such topics as water conservation.
2. All school education programs (BMP 8) were 100% funded by CAW-Coronado's Operations budget under General Administration/General Funds applied in the Rate Case 2005-07 to all ratepayers.
3. The specific costs for these programs within CAW-Coronado's service area are \$11,000; however the payment to NTE of \$5,000 for the assembly program was not processed until the 2008 calendar year.

4. CAW-Coronado's 2007 School Education Program reached 10 schools through the NTE educational assembly program and two schools through the donation program.

BMP 9 CII Audits, Water Allocations and Conservation Programs

1. CAW-Coronado participates in the grant funded Smart Rebate Program for CII customers. Through the Smart Rebate Program CAW-Coronado offers CII customers rebates for toilets, clothes washers and waterbrooms. In 2007, CAW assigned funding to offer up to 5 toilet rebates for CII customers. However, the Smart Rebate funding is flexible and can be rearranged among the eligible appliances (i.e. toilets, clothes washers, waterbrooms, etc.) and customer types. Depending on the demand patterns of CII customers CAW-Coronado may increase funding to CII rebates and add HECW and waterbrooms to the list of eligible technologies for rebates.
2. The Smart Rebate Program for CII customers is managed by the contracted program vendor and co-funded through a grant and CAW's Operations budget, conservation rebate object code (575355.16).
3. CAW pre-paid for its portion of the rebates resulting in a total cost of \$500.00 for 2007. These rebates available were not utilized by customers in 2007 and therefore were transferred over to 2008. In 2008 CAW-Coronado will only be invoiced for the per rebate processing and marketing fee of \$33.39.
4. The total number of CAW-Coronado customers participating in the CII incentive portion of the Smart Rebate Program was zero and available rebates rolled over into the 2008 calendar year. By early 2008 several commercial customers inquired about rebates for HECWs for laundry facilities. Thus, CAW will review the distribution of rebate funding allocation and transfer rebate program funds to offer CAW-Coronado commercial customer rebates for HECWs.

BMP 10 - Wholesaler Assistance Program - *Not applicable*

BMP 11 – Conservation Pricing and CAW's Tiered & Water Allocation Rate Structure

1. Not applicable to the Conservation Dept. programs. All rate development and design costs in 2007 were part of the Rate Dept. and included under the CAW Corporate overhead expenses or under applicable specific Rate Case accounts under the CAW-Monterey budget.

BMP 12 – Water Conservation Coordinator and Staff

1. In 2007, CAW-Coronado had no specific conservation staff. The Water Conservation Manager for California assisted the Coronado District in updating and expanding its rebate programs to operate more efficiently and cost-effectively. The efforts included:

- Transfer from ViewTech contractor to grant funded Smart Rebate Program to offer more rebates at the same cost.
 - Elimination of internal rebate processing to free Front Desk staff to assist with other tasks and conservation inquiries and create a single residential rebate program for toilet and clothes washers for CAW-Coronado and four other CAW Districts.
 - Submission of Conservation Program Plan and Budget for the 2008-10 calendars years in the 2008-10 Rate Case to obtain funding to expand conservation programs and services offered in the Coronado District.
 - Annual required reporting on conservation (BMP) programs to CPUC, CUWCC, wholesaler agency and various information requests.
2. The Water Conservation Manager position is funded in the Labor code under the Rate Case as a California Corporate Employee and is funded through general rates to all customers.
 3. There is no annual cost for BMP 12 for under the Conservation program budget. The cost under labor for Water Conservation staff hours utilized for CAW-Coronado efforts without overhead is estimated at \$8,000.
 4. The participation for BMP 12 Conservation staff cannot be evaluated by count of participants (participating customers).

BMP 13 – Water Waste Prohibition and Enforcement – Program enforced by applicable cities (City of Imperial Beach, San Diego, Coronado, etc.), and San Diego County.

2007 CPUC Annual Report Schedule E – 3

Description of Water Conservation Program(s)

CAW District – Los Angeles

For all water conservation programs offered by water utility, provide detailed responses to the following items:

- 1. Brief description of each water conservation program provided, by district. This description shall include but not be limited to the type of program offered (such as provision of low-flow plumbing fixtures, leak detection, leak repair, written water conservation tips, or other similar programs to its customers) and length of time it was offered.**
- 2. Discuss how each water conservation assistance program is funded, for example, through rates charged to all customers, rates charged to customer receiving water conservation assistance, shareholder contribution, community funding, government funding, or other funding method. Explain why this type of funding was used.**
- 3. Cost of each program.**
- 4. The degree of participation in each district by customer group.**

CAW's Los Angeles District includes service area in the City of San Marino, Duarte, Baldwin Hills, Bradbury, as well as parts of San Gabriel, Pasadena, Monrovia, and unincorporated Los Angeles County area. In 2007 CAW's Los Angeles District provided various water conservation programs to customers including residential (single and multi-family), commercial, public authority (or institutional), large landscape customer rebates and free water saving devices. Given the CPUC has not yet approved a specific budget in Rates for water conservation; CAW-Los Angeles utilized various resources, departments and staff to implement the conservation efforts. For example, CAW-Los Angeles promoted water use efficiency through public outreach and education campaigns managed and funded by the External Affairs Department and the regional wholesalers West Basin Municipal Water District (CMWD), Upper San Gabriel Valley Municipal Water District (USGVMWD) and the Metropolitan Municipal Water District of Southern California (MWDSC or also known as MWD). Each program provided in 2007 is described below with all requested information included and listed in relation to the California Urban Water Conservation Council's (CUWCC's) correlating BMP programs.

Table 1 provides a summary of California American Water's 2007 Conservation Program expenditures for the Los Angeles District. Table 2 shows the estimated expenses for conservation related activities or programs funded through other sources of CAW's approved CPUC budget.

**Table 1 – Summary of California American Water (CAW) 2007 Conservation Programs Tracked
under Conservation Object Code (575255.16)**

BMP	Actual Spending	Number Interventions or Description
1	\$0	No funding or staff available for BMP 1 program or staff.
2	\$1,500 <i>(estimate)</i>	Efforts ongoing to reach 75% saturation level of low flow devices.
5	\$0	No funding or staff available for BMP 5 program or staff.
6	TBA	Internal rebate program still in review.
6	\$1,000 (- \$550)	ViewTech managed HECW rebate program that processed up to 5 rebates for Village District customers until the Smart Rebate Program began.
6	\$14,175.51 (- \$990)	Smart Rebate Program distributed 9 rebates, with costs including pre-payment for 185 HECW rebates (credit towards 2008). Post-reimbursement expenses for 2007 = \$13,185.51)
9	\$0	No funding or staff available. Save a Buck Rebate and other CII Programs managed and funded 100% by MWD.
14	\$7,500 (- \$0.00)	Pre-paid for Smart Rebate Program (No toilet rebates processed in 2007 with 150 pre-paid toilet rebates rolled over to 2008)
14	TBA	Toilet rebates processed internally by CAW staff prior to Smart Rebate Program and for "special circumstance" cases will be incorporated into the annual BMP Report to the CUWCC.
7	\$900 <i>(estimate)</i>	Fall event & education materials
7*	\$0	* Includes multiple direct mailers, ads (radio, TV, & newspaper), 5 events, etc. and regional campaigns.
8	\$0	Activity books & pencils and other educational materials distributed to students at community events and on request.
Total	\$25,076	(Total post-reimbursement from wholesaler = \$23,536) <i>Reimbursement credit of \$1,540 for 2008 from wholesaler</i>

* See table 2 listing costs by External Affairs. Regional wholesaler and MWD programs and associated costs are not provided as they are not within rates and funded by ratepayers.

Table 2 - Summary of Other California American Water (CAW) 2007 Conservation Efforts

BMP	Description of Activity	Estimated Expenses	CPUC Approved Budget	Number of Inventions	Benefits or Savings	Funding Source	Comments
7	Community Relations Events and Campaigns	<i>Investigating</i>	Yes	<i>Investigating</i>	Increase public awareness	Community Relations Accounts (575300)	Crossover of events, advertisements to conservation objectives.
12	Conservation Staff (.10)	\$10,000	Yes	N/A	Implementation of conservation programs	(CA Corporate) Operations Labor Budget	Statewide Conservation Manager assisting in program development.
13	Water Waste Calls (Operations staff - Labor)	\$28,000	Yes	<i>Investigating</i>	Unknown water savings	Operations Labor Budget	Estimated 800 hours per year of staff time.
Total Estimated Expenses		\$38,000					

BMP 1 – Residential Water Surveys/Audits – Currently no funding for program

BMP 2 – Residential Plumbing Retrofit

1. In 2007, CAW-Los Angeles District provided various water savings devices including showerheads, faucet aerators for the bathroom and kitchen, toilet displacement bags, leak detection tablets/kits, and so forth at no cost to residential customers. The goal of this program as outlined in the CUWCC's MOU (BMP 2) is to reach a 75 percent level of retrofit in all residential properties within CAW's service area. In 2007, CAW tracked distribution of the various water savings devices by comparing purchase and inventory records to identify the total number of each device distributed. In some cases, CAW recorded where or how the devices were distributed to customers. This information allowed CAW to determine what is the most effective means for distributing devices and provides the necessary documentation to show the actual retrofit percentage complete in each year. CAW will utilize this information in planning BMP 2 efforts for 2008 and subsequent years to ensure maximize success in distributing applicable devices to those sites that need to be retrofitted.

CAW distributes the devices through various means including but not limited to:

- Community events (at CAW Company booth)
- Walk in customers (into San Marino and Rosemead offices)
- Upon request (by customer)
- Joint ventures and events with regional wholesaler or other water retailers in the area

Though CAW kept record of the estimated total number of devices distributed annually it has not been able to identify if all the devices were actually installed and into properties that were not already retrofitted. Thus, CAW estimates that 45 to 70% of the devices distributed are installed to sites needing retrofitting. Walk in and customers requesting devices are more likely to install the free devices, while the devices distributed randomly at events are less likely to be installed where they are needed. In 2007, CAW-Los Angeles did not identify if the devices distributed at events were specifically being given to CAW customers. CAW will restrict future distribution of devices by requiring that residents must be CAW customers with homes built prior to 1992 (with no recent upgrades already made) in order to receive applicable free devices. This will reduce the total number of devices distributed each year and the total program costs; however the installation rate and potential water savings will increase per device and help the program to be more cost-effective.

In addition to the standard devices listed under the CUWCC's BMP 2 requirements, CAW also offered a variety of outdoor devices to help customers improve their water use efficiency including:

- Garden hose spray nozzles
- Rain gauges

-
- Soil probes

CAW keeps records of the required water savings devices as well as these additional devices that help customers save water.

2. The purchase of the water saving devices (under BMP 2 Residential Plumbing Retrofit) was funded from the CAW-Los Angeles's General Operations budget included in Rates and budget applied to all CAW-Los Angeles customers. To track expenses relating to conservation, all invoices for water saving devices were coded for billing under the water conservation object code 575255.16.
3. The program costs for BMP 2 in 2007 was \$1,500. This only included the purchase cost of the actual water saving devices. CAW labor costs (staff assisting customers, phone requests, etc.) are included in the Labor budget and any promotion of the free devices through bill insert messaging or bill inserts were part of the conservation advertising budget. In 2007, these promotional expenses were tracked under the External Affairs Dept.; however in 2008 CAW will create a sub-subsidiary to allow External Affairs Dept. to identify these conservation related expenses separate from all other PR expenses. As a result, the PR expenses will be included in the annual BMP reporting expenses for each applicable BMP starting in 2008.
4. In 2007, the total number of each type of water saving device was distributed to CAW residential customers was not tracked. CAW is currently reviewing purchase records and available information on inventory at the start and end of the 2007 year to identify and estimated number of device distributed to the customers. CAW-Los Angeles offered the following water savings devices and tools to customers in the LA service area in 2007:

- Showerheads
- Handicap (with hose) showerheads
- Kitchen faucet aerators
- Bathroom faucet aerators
- Leak detection kits
- Toilet displacement bags
- Garden Hose Spray nozzle
- Rain gauges
- Soil probes

BMP 3 - Unaccounted for Water and Distribution System Leak Detection

1. CAW follows the American Water Works Association (AWWA) unaccounted for water and distribution system pre-audit procedures and protocols to evaluate its systems operating efficiency and unaccounted for water levels. These efforts are managed and implemented under the Operations Manager and not conservation.
2. The operations and management of the water distribution system is funded through the CAW-Los Angeles's Operating Budget through rates charged to call CAW customers.
3. The estimated costs for these efforts are listed within the Operating budget (535000.16, General Operating: Administration) coming from the 2005-07 Rate Case as expenses collected from all customers.
4. This program is not accessed based on customer participation and therefore the degree of participation does not apply.

BMP 4 - Meter Retrofit – not applicable as Los Angeles District is 100% metered.

BMP 5 – Large Landscape Audits and Conservation Programs – No funding for program

As Least As Effective As (ALAEA) Program - Other Rebate Incentives for Residential and Commercial, Institutional & Industrial (CII) Customers

1. In 2007, CAW-Los Angeles participated in two rebate programs for residential and non-residential customers funded through Prop 50 grants and Calleguas Municipal Water District's MWD funding assistance. CAW-Los Angeles offers a variety of rebate incentive for toilets and clothes washers as required under BMP 14 (Residential Toilet Incentives) and BMP 6 (High Efficiency Clothes Washer Incentives) as well as additional water saving technologies and appliances including waterbrooms, cooling tower conductivity controllers, pre-rinse spray valves for restaurants, weather-based irrigation controllers, among others through either the Smart Rebate program or MWD's Save a Buck program for CII customers. MWD's contracted vendor manages the entire Save a Buck rebate program since its creation. This includes efforts far beyond simply processing rebates and mailing checks to customers including program marketing, outreach, invoicing to MWD, and other program management tasks. Other tasks by the MWD vendor include: the review of the application, answers customer questions, confirms installations and eligibility, notifies customer of non-compliance, and numerous other efforts as part of the program's management. The MWD vendor staff receives calls, email or website messages, CAW customers at community events and meetings with information requests on the Save a Buck Rebate program. All such efforts are funded through the MWD budget.

CAW's External Affairs/Outreach Dept. assists in marketing the rebate program through a variety of methods including:

- a. Bill inserts on rebates

b. Bill Messaging

MWD assists in marketing the rebate program through a variety of methods including:

- Promotion of program at company booth at community events
- General program flyers (covering design, production and distribution costs)
- Community newspaper, TV and radio advertising on program

CAW also participates in the Prop 50 grant funded Smart Rebate Program in partnership with the CUWCC and other water purveyors. The Smart Rebate Program is also managed by a contracted vendor that process rebates, responses to customer inquiries and requests, distributes rebate checks, and provides monthly reports to the CUWCC and CAW on program progress. The details of the Smart Rebate Program are described under BMP 6 (HECW Incentives) and BMP 14 (Toilet Incentives) as this program only applies to (single and multi-family) residential customers only.

5. The Save a Buck program is funded 100% by MWD through their Conservation Program budgets. The regional wholesaler acts as the liaison of the program with MWD for all its water retailers including CAW. The 2007 program report has not been provided to CAW from West Basin Municipal Water District (WBMWD) and USGVMWD listing the total number of rebates by type of devices or appliance distributed to CAW customers. When the report is received, CAW will include the Save a Buck Program information in the 2007 BMP Report to the CUWCC.
6. There are no costs for rebates under the Save a Buck Rebate program in 2007 for CAW as the program is completely funded and managed by MWD. A general promotion of all rebate programs was included in a 2007 bill insert organized by CAW's External Affairs Dept. The expenses relating to this bill insert are part of the External Affairs budget as California Corporate overhead. Since these bill inserts are required to be included in each monthly (or bi-monthly for Sacramento District customers) water bill there were no additional expenses to make the messaging to promote the rebate program. Thus, it is not included in the Conservation program budget. However, in 2008 CAW plans to distribute an extra direct mailer to Los Angeles District customers promoting rebate programs and other conservation programs. This extra mailer would be designed and managed by the External Affairs (with Conservation Dept. input) with expenses charged to the conservation budget.
7. The total estimated number of customers rebated and thus participating in the program is unknown until MWD's annual report can be provided. Participation in the Smart Rebate program for BMP 6 and is provided in each of these BMP's specific section.

BMP 6 - Clothes Washer Rebate Incentive Program

1. In 2007, CAW-Los Angles offered rebates for high efficiency clothes washers to single-family and residential customers through two programs. From January 2007 through May 2007 the HECW rebate program was managed through a contracted

vendor ViewTech. In June, CAW transferred to the Prop 50 grant funded Smart Rebate Program in partnership with the CUWCC. Through the Smart Rebate Program, CAW received grant funding for half of the rebate costs. For example, if a customer received a \$100 rebate for a high efficiency toilet (HET), CAW paid \$50 of the rebate and the Prop 50 grant funded the other \$50 of the rebate costs. In addition, CAW split a rebate processing and program marketing fee with the Prop 50 grant funded. This fee per rebate processed covered the management of the program including:

- Management of customer inquiries (phone calls, emails, etc.)
- Review, approval and processing of rebate applications
- Distribution of rebate check to customers
- Billing of the CUWCC (and CAW) for processed rebates
- Design, production and mailing distribution of program mailer and letter
- Monthly program status reports to CUWCC and CAW
- Annual and Program end report

2. Both the ViewTech managed and the grant funded Smart Rebate Programs for HECW rebates were initially funded through CAW-Los Angeles's Operations budget as part of the Rate Case. All related charges were tracked under the created conservation programs Object Code (575255.16) to begin tracking expense records of conservation for the 2008-10 Rate Case. ViewTech invoiced expenses on a monthly basis and as rebates per distributed to customers. Alternatively, CAW's portion of the Smart Rebate Program's rebate expenses were paid to the CUWCC (and then to the vendor) upfront. CAW was then only charged on a monthly basis for rebate marketing and processing fees as rebates were distributed. At the end of 2007, CAW-Los Angeles submitted for up to \$110 per HECW rebate distributed in reimbursement to WBMWD and USGVMWD (funded by MWD). The reimbursed amount is then credited to the CAW-Los Angeles Operation's budget.
3. Through both the ViewTech and Smart Rebate Program, customers received up to a \$150 rebate for upgrading to a CEE approved high efficiency washer model (Tier 1 through 3) based on the Water Factor (WF) or gallons per cycle. ViewTech then charged CAW a monthly program management fee that was split between the participating American Water Districts (included Village, Coronado, Monterey, Larkfield, and New Mexico). In addition, ViewTech charged CAW a rebate processing fee of \$26.25 per rebate. Thus, the total cost per rebate was \$176.25 with an estimated monthly management fee of \$100-125 (total monthly fee of \$700 split between several districts based on participation levels each month). In 2007, the total program cost from the ViewTech program was \$1,000. CAW has submitted to the wholesalers for a reimbursement of \$550 (or \$110 per processed HECW rebate), for a remaining expense balance of \$450.

Alternatively, the Smart Rebate Program was co-funded through a Prop 50 grant so CAW only paid half of the rebate amount or \$75 per HECW rebate and a program marketing and management fee of \$33.39 per rebate processed. The total processing fee by the Smart Rebate Program vendor was \$59.25 with the grant covering the costs above CAW's \$33.39 per rebate portion. Thus, the total cost to CAW per rebate was \$108.39. In 2007, the total program cost from the Smart Rebate Program was \$14,175.51. CAW has submitted to the wholesalers a request for reimbursement of \$990 (or \$110 per processed HECW rebate) for the 9 HECW rebates processed and distributed to customers. The wholesaler reimbursement will cover 100% of the \$108.39 per HECW rebate cost through the Smart Rebate program. The reimbursed amount that exceeds program costs will be used for additional program marketing including printing CAW letterhead, production of mailing envelopes and local advertising in key communities. CAW-Los Angeles had a significant volume of HECW rebates pre-paid for in 2007 that did not get processed. Therefore, the CUWCC transferred these 176 pre-paid rebate credits into 2008. As a result, CAW-Los Angeles was only reimbursed by WBMWD and USGVMWD (from MWD) for the processed rebates only. CAW-Los Angeles will not receive reimbursement for the remaining pre-paid rebates until they are processed to customers throughout 2008. As a result, CAW-Los Angeles had expenses post-reimbursement in 2007, but may have a credit in 2008 as rebates are processed for a charge of \$33.39 each and are reimbursed by the wholesaler for \$110 each (for processing fee in 2008 and the actual rebate costs incurred in 2007).

The program expenses for BMP 6 (HECW Rebates) in 2007 are as follows:

Total ViewTech program expenses = \$1,000

Total Smart Rebate program expenses = \$14,175.51

Total BMP 6 expenses = \$15,175.51

Submitted reimbursement requests = \$990

Balance of expenses after reimbursement for 2007 = \$14,185.51

Estimated program costs in 2008 = \$5,001

Estimated program reimbursements for 2008 = \$

Grand total BMP 6 costs (2007-08) = \$21,052

Grand total BMP 6 reimbursements (2007-08) = \$20,350

Balance of expenses for BMP 6 (2007-08) = \$702

4. Since only one HECW rebate per customer or household was permitted, the number of rebates distributed is equal to the number of participants. A total of 5 HECW rebates were distributed through the ViewTech program and 9 through the Smart Rebate Program for a BMP 6 grand total of 14 rebates (14 participants).

BMP 9 and 14 - CII Rebate Program

1. All commercial, industrial and institutional (CII) rebate incentives were available to CAW customers through the MWD Save a Buck Program. The program is completely funded, managed, and promoted by MWD. Various marketing materials are provided to CAW and all participating MWD member agencies including office displays, template letters and mailers, and pre-printed brochures on the program to distribute to CII customers as needed.
2. The Save a Buck Rebate program for CII customers is 100% funded by MWD. In 2007, CAW did not contribute any additional funding for the program given limited budget resources for conservation programs.
3. In 2007, there were no costs to CAW for the Save a Buck Program. CAW is currently waiting for the 2007 Report from the regional wholesaler and MWD member agency to identify the total cost to MWD for CAW customers' participation.
4. CAW is currently waiting for the 2007 Report from the regional wholesaler and MWD member agency. This report will provide CAW with the total number of rebates processed and CII customers in the Save a Buck Program that were in CAW's Los Angeles service areas.

BMP 14 – Residential Toilet Rebate Program

1. In 2007, CAW-Los Angeles offered rebates for high efficiency toilets (HETs), dual flush (DFs), and ultra low flush toilets (ULFTs) to single-family and residential customers through the two programs. From January 2007 through May 2007 the toilet rebate program was managed by local District staff. In June, CAW transferred to the Prop 50 grant funded Smart Rebate Program in partnership with the CUWCC. Through the Smart Rebate Program, CAW received grant funding for half of the rebate costs. For example, if a customer received a \$100 rebate for a high efficiency toilet (HET), CAW paid \$50 of the rebate and the Prop 50 grant funded the other \$50 of the rebate costs. In addition, CAW split a rebate processing and program marketing fee with the Prop 50 grant funded. This fee per rebate processed covered the management of the program including:
 - o Management of customer inquiries (phone calls, emails, etc.)
 - o Review, approval and processing of rebate applications
 - o Distribution of rebate check to customers
 - o Billing of the CUWCC (and CAW) for processed rebates
 - o Design, production and mailing distribution of program mailer and letter
 - o Monthly program status reports to CUWCC and CAW

- o Annual and Program end report

2. Both the internally managed and the grant funded Smart Rebate Programs for toilet rebates were initially funded through CAW-Los Angeles's Operations budget as part of the Rate Case. All related charges were tracked under the created conservation programs Object Code (575255.16) to begin tracking expense records of conservation for the 2008-10 Rate Case. The rebates processed internally were set up as vendor accounts for each rebated customer. Rebate checks were then processed and mailed out of American Water's Corporate Accounts Payable Department in New Jersey. This process caused some delay in application review, approval and processing of check. Alternatively, CAW's portion of the Smart Rebate Program's rebate expenses were paid to the CUWCC (and then to the vendor) upfront. CAW was then only charged on a monthly basis for rebate marketing and processing fees as rebates were distributed. This helped ensure customers received their rebate checks after submitting their completed application form in a timely manner. At the end of 2007, CAW-Los Angeles submitted for up to \$75 per toilet rebate distributed in reimbursement to applicable wholesaler agency or directly from MWD for San Marino service area (all funded by MWD). The reimbursed amount is then credited to the CAW-Los Angeles Operation's budget.
3. Through both the internal and Smart Rebate Program, customers received up to a \$100 rebate for upgrading to a lower water using toilet. Rebates were not given to customers replacing a 1.6gpf ULFT with another ULFT. Rebates were given to customers that replaced a ULFT with a HET or Dual Flush (DF) toilet using 1.28gpf or less because this replacement generates water savings. The total program cost from the 2007 internal rebate efforts is currently be calculated and will be included in the 2007 BMP Report to the CUWCC. CAW will be submitting to applicable wholesaler or MWD directly (for San Marino service area) a request for reimbursement of \$75 per processed toilet rebate once the internal rebate program records are confirmed.

Alternatively, the Smart Rebate Program was co-funded through a Prop 50 grant so CAW only paid half of the rebate amount or \$50 per toilet rebate and a program marketing and management fee of \$33.39 per rebate processed. The total processing fee by the Smart Rebate Program vendor was \$59.25 with the grant covering the costs above CAW's \$33.39 per rebate portion. Thus, the total cost to CAW per rebate was \$83.39. In 2007, the total program cost from the Smart Rebate Program was \$7,500. Unfortunately there was no participation in the Los Angeles service areas. When participation occurs in 2008 CAW will submit a request for reimbursement to applicable wholesaler or MWD directly (for San Marino service area) for \$75 per processed toilet rebate. The overall remaining balance for toilet rebates and processing fees through the Smart Rebate Program is \$2,259. This balance covers the difference between CAW's expenses of \$83.39 and the \$75 reimbursable amount from the wholesaler. Like with the HECW rebates, the CAW-Los Angeles toilet rebates pre-paid for in 2007 that did not get processed will be transferred into 2008. CAW-Los Angeles will not receive reimbursement for the remaining pre-paid rebates until they are processed to customers throughout 2008. As a result, CAW-Los Angeles' toilet rebate part of the Smart rebate program has high cost in 2007 from pre-payment of all rebates, but may have a credit in 2008 as rebates are processed for a charge of \$33.39 each and are reimbursed by the wholesaler for \$75 each (i.e. processing fee in 2008 and the actual rebate costs incurred in 2007).

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4. Customers could receive rebates for up to 3 toilets per residence or household. Thus, the total number of rebates is not equal to the number of participants as several customers participating in the toilet rebate program received a rebate for more than one toilet. As a result, more toilets may be rebated than the number of residential customers that participate in the program. CAW is reviewing the efforts from the internally managed program and will identify the number of toilets rebated and the number of participating residential customers. The results will be provided in the 2007 BMP Report to the CUWCC.

Table 3 summarizes the activities through the Smart Rebate Program for the Los Angeles District of California American Water (CAW).

BMP 7 - Public Outreach, Education and Advertising

1. CAW's public outreach and educational efforts are managed by the External Affairs Department in cooperation with the Conservation department. CAW utilizes several professional marketing and design firms to develop numerous highly professional educational brochures, direct mailers, advertisement pieces for newspaper and magazines, and unique marketing items. Given budget limitations for conservation program marketing and outreach, the CAW-Los Angeles District only promoted conservation programs and water efficiency messaging through standard bill inserts, messaging and other venues already part of the External Affairs Dept. Thus, conservation messaging did not incur additional expenses upon the External Affairs Department. Unfortunately, the limited public outreach and advertising resulted in low participation in the rebate programs. CAW will utilize approved funding in 2008 (per the Rate Case) to more effectively promote the rebate and new conservation programs to begin in the 2008-10 Rate Case period.

In addition, CAW worked with the WBMWD, USGVMWD, and MWD on regional conservation outreach campaigns. These programs were funded through the wholesaler and MWD and managed through a contracted vendor. Such regional marketing efforts include:

- o Maintenance and expansion of MWD's Be Water Wise and Save a Buck websites.
- o Development and design on Save a Buck Program marketing brochures, tabletop displays.
- o Radio and television advertisements promoting water efficient messaging (MWD).
- o Newspaper advertisement and press releases on water conservation and water supply issues affecting the region.
- o Funding of community projects and demonstration California Friendly Gardens (through MWD's Community Relations Department).
- o Landscape Workshops for homeowners and landscape professionals.
- o Educational presentations at community meetings and events.

The External Affairs also coordinates and funds CAW's participation at local events within the City of San Marino, Duarte, Baldwin Hills and surrounding areas where residents visit. The events target both residential and CII customers, as well as homeowner associations with large landscaped areas. Costs associated with attending such events includes sponsorship fees and booth costs, marketing of event and CAW booth, materials and giveaways for customers visiting the booth, new booth displays that can be used every year, and so forth. At least one direct mailer is dedicated specifically for promoting CAW's attendance at a community event. CAW has tested the effectiveness of such marketing by requiring customers to bring in their mailer to the CAW booth to receive a special gift such as free garden spray nozzles.

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2. The costs under BMP 7 (Public Outreach and Education) for the wholesaler and MWD activities were not funded through the rates or in any way by CAW. All such efforts were funded by MWD and the wholesaler MWD member agency (WBMWD, USGVMWD and MWD directly for the San Marino service area). For those activities implemented by CAW such as educational bill messages, bill inserts, and attendance at community events was funded by CAW's External Affairs Department.

The funding for such External Affairs projects are included in the California Corporate overhead expenses and a small budget within the CAW-Los Angeles's Operations budget (Public Outreach specific Object Code used for tracking expenses), both funded in the rates (per 2005-07 Rate Case).

3. There were no "conservation" specific or additional efforts and/or projects implemented in 2007 by External Affairs. All such bill inserts, messaging, and other outreach campaigns were part of the External Affairs Department's 2007 Program Plan. Thus, the total expenses for such efforts under the conservation object (account) code 575255.16 was zero. A small cost for the purchase of various educational and promotional items relating specifically to water conservation was incurred upon the BMP 7 conservation account. The costs for these conservation and promotional items ordered through a wholesaler supplier totaled \$900 in 2007. All costs relating to staffing community events and workshops is included in the rates under CAW-Los Angeles's Labor object code (account).
4. The conservation focused bill inserts and messaging were sent to all ratepayers in the Los Angeles District service area. The regional programs were also designed to reach all customers from residential to CII and large landscape.

The attendance at events CAW-Los Angeles participated in ranged from less than 100 to several thousand attendees.

BMP 8 School Education and Outreach

1. Given limited funding and staff resources designed for conservation programs, CAW-Los Angeles relied on the School Education Programs (BMP 8) implemented by the applicable wholesaler and MWD. In 2007, CAW did not have local staff available to build a relationship with the wholesaler to ensure schools in the CAW-Los Angeles service area participated in available MWD educational programs.
2. All school education programs (BMP 8) were 100% funded by MWD and the wholesaler as part of the BMP 10 Wholesaler Assistance Program. There are no expenses for CAW applied to the ratepayers.
3. The specific costs for these programs within CAW-Los Angeles's service area are not provided by the wholesaler or MWD.
4. CAW-Los Angeles is currently waiting for the 2007 School Education Program results in CAW's service area from the local water wholesaler agency and MWD member agency.

BMP 9 CII Audits, Water Allocations and Conservation Programs

1. CAW-Los Angeles participates in the MWD funded and managed Save a Buck Rebate Program for CII customers. In addition, CII customer are eligible to participate in MWD's other various incentive programs including their Performance Pays program that reimburses CII sites for a portion or all of their costs for upgrades made to generate water savings. All these programs are managed by MWD. CAW did not have available local staff to promote these incentive programs directly to its customers. In the future, CAW-Los Angeles hopes to have conservation specific staff to build relationships with CII customers and to assist them in the process of participating in the various MWD incentive programs.
2. The Save a Buck Program and the other CII incentive programs are all managed and funded 100% by MWD. There are no expenses in 2007 to CAW or its ratepayers.
3. The total cost for the various CII program by MWD was not provided to CAW for its service area.
4. The total number of CAW-Los Angeles customers participating in the CII incentive programs by MWD was not provided to CAW for its service area.

BMP 10 - Wholesaler Assistance Program - Not applicable

BMP 11 – Conservation Pricing and CAW's Tiered & Water Allocation Rate Structure

1. Not applicable to the Conservation Dept. programs. All rate development and design costs in 2007 were part of the Rate Dept. and included under the CAW Corporate overhead expenses or under applicable specific Rate Case accounts under the CAW-Monterey budget.

BMP 12 – Water Conservation Coordinator and Staff

1. In 2007, CAW-Los Angeles had no specific conservation staff. The Water Conservation Manager for California assisted the Los Angeles District in updating and expanding its rebate programs to operate more efficiently and cost-effectively. The efforts included:
 - Transfer from ViewTech contractor to grant funded Smart Rebate Program to offer more rebates at the same cost.
 - Elimination of internal rebate processing to free Front Desk staff to assist with other tasks and conservation inquiries and create a single residential rebate program for toilet and clothes washers for CAW-Los Angeles and four other CAW Districts.

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- Submission of Conservation Program Plan and Budget for the 2008-10 calendars years in the 2008-10 Rate Case to obtain funding to expand conservation programs and services offered in the Los Angeles District.
 - Annual required reporting on conservation (BMP) programs to CPUC, CUWCC, wholesaler agency and various information requests.
2. The Water Conservation Manager position is funded in the Labor code under the Rate Case as a California Corporate Employee and is funded through general rates to all customers.
 3. There is no annual cost for BMP 12 for under the Conservation program budget. The cost under labor for Water Conservation staff hours utilized for CAW-Los Angeles efforts without overhead is estimated at \$10,000.
 4. The participation for BMP 12 Conservation staff cannot be evaluated by count of participants (participating customers).

BMP 13 – Water Waste Prohibition and Enforcement – Program enforced by applicable cities (City of San Marino, Duarte, Baldwin Hills, San Gabriel, Pasadena, Monrovia, etc.), wholesalers (WBMWD, USGVMWD and MWD), and Los Angeles County.

2007 CPUC Annual Report Schedule E – 3

Description of Water Conservation Program(s)

CAW District – Monterey

For all water conservation programs offered by water utility, provide detailed responses to the following items:

- 1. Brief description of each water conservation program provided, by district. This description shall include but not be limited to the type of program offered (such as provision of low-flow plumbing fixtures, leak detection, leak repair, written water conservation tips, or other similar programs to its customers) and length of time it was offered.**
- 2. Discuss how each water conservation assistance program is funded, for example, through rates charged to all customers, rates charged to customer receiving water conservation assistance, shareholder contribution, community funding, government funding, or other funding method. Explain why this type of funding was used.**
- 3. Cost of each program.**
- 4. The degree of participation in each district by customer group.**

CAW's Monterey District provides a variety of water conservation programs to customers including residential (single and multi-family), commercial, public authority (or institutional), large landscape, and other customer types. Each program currently and/or previously provided in 2007 is described below with all requested information and listed in relation to the CUWCC's correlating BMP program.

Table 1 provides a summary of California American Water's 2007 Conservation Program expenditures. Using the \$330,000 authorized conservation budgets designated in rates, CAW implemented several conservation programs that resulted in a total cost of nearly \$413,000. Table 2 shows the estimated expenses for conservation related activities or programs funded through other sources of CAW's approved CPUC budget.

Table 1a – Summary of California American Water (CAW) 2007 Conservation Programs

BMP	Actual Spending	PUC Authorized	Number Interventions
1	\$5,978	\$10,000	50 offered, 13 completed
2	\$25,587	\$15,000	Reached an estimated 59% SF & 42% MF saturation rate
5	\$0	\$16,012	134 totals completed to date (1999-2007) & 1152 staff hours
6 & 14	\$99,250	\$100,000	Nearly 900 rebates distributed for ULFTs, HECW, DW, etc.
6	\$6,825		ViewTech Clothes Washer Rebate program for service areas outside the MPWMD (> 20 rebates).
7	\$7,142	\$5,000	Fall event & education materials
7*	\$268,000	\$200,000	Includes multiple direct mailers, ads (radio, TV, & newspaper), 5 events, etc.
8	\$0	\$0	1000 activity books & pencils, with WAC completed 3 class presentations reaching 150 students
9 & 11	\$0	Staff time only	Staff completed allocation of over total 3,000 CII accounts by 6/1/07
Total	\$412,782	\$346,012	

* The total expenses under BMP 7 (Public Outreach & Education) have been rounded to the nearest thousand dollars.

Table 2 - Summary of Other California American Water (CAW) 2007 Conservation Efforts

BMP	Description of Activity	Estimated Expenses	CPUC Approved Budget	Number of Inventions	Benefits or Savings	Funding Source	Comments
1	Residential Data Surveys for Allocations & Rationing	\$38,000	Yes	33,000 surveys mailed, 14,000 returned & entered	Accurate data for allocations & rationing (for MPWMD)	Operations Administration - Misc. (535000.16)	Cost for survey design, production & mailing. Staff hours part of Labor budget.
3	Distribution System & Unaccounted for Water Study (Goff Report)	\$24,160	Yes	Completion of Report & start of Phase II	Improve efficiency and meet MPWMD Requirements	Operations/Capital Projects (535000.16)	Phase II includes plan for implementing recommendations.
7	Community Relations Events and Campaigns	<i>Investigating</i>	Yes	<i>Investigating</i>	Increase public awareness	Community Relations Accounts (575300)	Crossover of events, advertisements to conservation objectives.
8	Living Wise School Education Program	\$3,500	Yes	100 (5th grade) students	261,075gpy or 2.3mil gals overall	Estimated 261,075gpy or 2.3mil gals overall	Implemented in Low Income service area (Chular).
12	Conservation Staff (3.5)	\$230,060	Yes	N/A	Implementation of conservation programs	Operations Labor Budget †	3 Fulltime staff with Supervisor position added in 5/07.
13	Water Waste Calls (Operations staff - Labor)	\$28,000	Yes	<i>Investigating</i>	Unknown water savings	Operations Labor Budget	Estimated 800 hours per year of staff time.
Total Estimated Expenses		\$323,720					

BMP 1 – Residential Water Surveys/Audits

1. In 2007, CAW Monterey focused Residential Audit Program (BMP 1) efforts on large residential customers for outdoor landscape audits only to continue the ongoing objective (or goal) to have 100 percent of large residential customers audited and assigned water budgets under Stage 1 of the MPWMD's Expanded Water Conservation and Rationing Plan. Large residential customers are classified as using an average of 32 ccf/month or more or with a property size of 3 acres or more. This free service to residential customers has been offered since 1999 as part of CAW's requirements under the Monterey Peninsula Water Management District's Rules and Regulations or WR-95. As part of the outdoor landscape audit service, CAW's certified auditors (Irrigation Association Landscape Auditor certified) measure landscape area, troubleshoot for system inefficiencies and water waste, and develop a water budget for the audited site based on historical ET data. Participating customers are provided an in-depth report of the audit findings and summary of recommendations, as well as a graphed comparison between the customer's actual and calculated water budget allocation.

The MPWMD is provided a tally of the total residential audits completed each year and in the event that Stage 2 of the Water Conservation and Rationing Plan is enacted, all audited customers are required to stay within their budget water allocation and are reported to the MPWMD if they exceed their monthly budgets. Since 1999, CAW's Conservation staff has completed 310 in-depth onsite water audits of these large residential customer sites. This effort included the customers receiving a personalized site report of audit findings, recommendations, as well as a weather-based watering schedule and assigned water budget. Over the years CAW monitored these customers' usage to ensure they stayed within their assigned water budgets. In 2007, CAW's Conservation staff sent 310 of these high using residential customers that were previously audited, a letter to notify them that Monterey was in Stage One (Water Conservation and Rationing Plan Stages) and given ongoing drought conditions was near entering Stage Three. The Stage Three level would require compliance with their water budgets, potential significant rate increases and water waste fees imposed by the MPWMD for these customers.

In the letter provided to these large residential customers CAW offered assistance to these sites to help them meet their individual water budgets and the region's water demand requirements. Included in the letter was a free interactive GardenSoft Water Wise CD to educate and assist them in upgrading their irrigation system and landscape with emphasis on water use efficiency. Additional efforts included phone call follow ups as well as on-site visits to confirm potential inefficiency and providing cost-effective recommendations for the resident to stay within their monthly water budget. In August, CAW increased its efforts by identify 210 large residential customers who exceeded their July 2007 water budget allocations. These customers received a letter and were contacted directly by phone to encourage and assist customers in taking immediate action to meet their water budget allocation. Through this effort, 22 large residential customers were visited and their properties re-audited to help identify inefficiency and assist them in meeting their water budgets long term. These customers were continually followed up with until it was shown that they were regularly in compliance with their water budget. Any residential sites with ongoing non-compliance of their water budget were reported to the MPWMD for further investigation and potential punitive action.

In fall 2007, CAW developed a plan to update information needed for assignment of water allocations and rationing assignments (when in Stage 4 – 7) for all residential customers. Based on the requirements under the MPWMD Rules and Regulations, CAW's conservation staff designed a mail-back customer survey for to collect the necessary information for water allocation and rationing. The surveys were produced and mailed out with included return envelopes with postage to 33,000 residential customers in the Monterey system in October 2007. From November 2007 through January 2008 CAW received 14,000 completed surveys

returned by customers. The survey was sent to single-family property owners as well as the property owners of multi-family residential accounts such as apartment complexes, master metered mobile home parks, etc. The information requested in the survey included:

- Household size (number of persons living in the residence)
 - o Full time residents
 - o Part time residents (borders, children visiting during school breaks and summer, etc.)
 - o Days per year part-time residents live at residence
 - Confirmation of home location and contact information
 - Property size (by acre feet)
 - Number of units on water account/bill (for multi-family customers)
 - Number of water meters on property (mostly applies to multi-family accounts only)
 - o Type of water meters (landscape, mixed indoor/outdoor use, indoor only)
 - o Buildings served by each meter
2. BMP 1 Residential Audits is funded from the Water Conservation budget (Operations budget account 575255.16) through a conservation surcharge applied to all CAW-Monterey customers.
3. The total program cost was \$5,977.76. A confirmed amount of \$417.76 of the expenses was for mailing materials and supplies including letters to residential customers using an average of 32 ccf/month or more, or with a 3 acre property or larger were accrued. CAW specifically targeted those large residential customers non-compliant with their water budgets in July of 2007 or any other high use months. In 2007, there was approximately \$4,900 in public outreach expenses and \$660 in expenses for follow up site audits materials including audit kits, report materials, and water saving devices distributed, were also included in program costs. The costs do not include the labor and related overhead expenses for the audits that were completed by internal CAW Conservation staff.
4. In 2007, a total of 22 (large) residential follow up audits were completed in CAW's Monterey District with 310 customers contacted in Phase One of public outreach and then 210 large residential customers non-compliant with their water budget were contacted in Phase Two. In 2007, the MPWMD has offered to assist in the efforts for residential water audits utilizing their conservation surcharge budget and a contracted consultant. Program and contract development and negotiations began in mid-2007 for a MPWMD managed and funded residential audit service. The MPWMD continues to negotiate the details of a contract with a local consultant to complete 76 residential water audits (for residential customers using an average of 32 ccf/month or with 3 acres or more of irrigated area) in 2008 with a total of 133 to be completed before 2010. CAW is currently evaluating the projected water savings from these follow up audits and other efforts for residential customers that would be considered "as least as effective as" (ALAEA) and that do not fit in the standard residential audit water savings model and cost-effectiveness analysis (CEA) worksheets approved by the California Urban Water Conservation Council (CUWCC).

BMP 2 – Residential Plumbing Retrofit

1. CAW provides free to residential customers various water savings devices including showerheads, faucet aerators for the bathroom and kitchen, toilet displacement bags,

leak detection tablets/kits, and so forth. The goal of this program is to reach a 75 percent level of retrofit in all residential properties within CAW's service area. In 2007, CAW began tracking distribution of the various water savings devices to identify the total number of each device distributed and where or how they were distributed to customers. These objectives allow CAW to determine what is the most effective means for distributing devices and provides the necessary documentation to show the actual retrofit percentage complete in Monterey each year. Though CAW distributed enough devices to continue meeting ongoing goals under the CUWCC's MOU and as required by the MPWMD's Rules and Regulations, it has not been able to identify if all the devices were actually installed and into properties that were not already retrofitted. In 2008, CAW will expand the program monitoring efforts to ensure these issues are addressed.

The various devices are distributed to CAW customers in a variety of means including but not limited to:

- Community events (at Company booth/display)
- CAW Front Desk (walk-in customers)
- On-site Audits
- Upon customer request
- Special giveaway offer (through the Front Desk staff) advertised in the residential customer's monthly water bills.

In addition to the standard devices listed under the CUWCC's BMP 2 requirements, CAW also offered a variety of outdoor devices to help customers improve their water use efficiency including:

- Garden hose spray nozzles
- Rain gauges
- Soil probes

2. BMP 2 Residential Plumbing Retrofit is funded from the Water Conservation budget (Operations budget account 575255.16) through a conservation surcharge applied to all CAW-Monterey customers.
3. The program costs for BMP 2 in 2007 was \$25,587.16. This only included the cost of the actual water saving devices. In the proposed 2008-10 Conservation Rate Case the total for conservation devices was estimated at a little over \$35,000, however this included educational pamphlets and promotional materials distributed to customers at events, the front desk, and so forth. In January 2008 CAW reviewed all expenses coded into the conservation account (575255.16) and reallocated listed expenses to the specific BMPs they applied to. This effort resulted in a more accurate and detailed listing of conservation expenditures by specific BMP or program. Therefore there are some variations in BMP 2 and other programs between the actual end year expenses in comparison to the original 2007 expenditure estimates included in the Rate Case proposal. CAW labor costs (staff assisting customers, phone requests, etc.) are included in the Labor budget and the bill insert messaging promoting the free giveaway was part of the conservation advertising budget listed under BMP 7 (listed as conservation account 575255.16 expenses for BMP 7).
4. In 2007, the total number of each type of water saving device was distributed to CAW residential customers in Monterey:

- Showerheads – 1,588
- Handicap (with hose) showerheads – 100
- Kitchen faucet aerators – 1,100
- Bathroom faucet aerators – 3,700
- Leak detection kits – 1,000
- Toilet displacement bags – 0
- Garden Hose Spray nozzle – 1,200
- Rain gauges – 500
- Soil probes – 1,440 (approximately 1,000 distributed through BMP 7 efforts)

BMP 3 - Unaccounted for Water and Distribution System Leak Detection

1. CAW follows the American Water Works Association (AWWA) unaccounted for water and distribution system pre-audit procedures and protocols to evaluate its systems operating efficiency and unaccounted for water levels. In 2006-07 CAW contracted for the completion of an in-depth study of the distribution system's efficiency and specific attention to the reduction of unaccounted for water to meet the rigorous local requirement of 7 percent unaccounted for water or less annually as regulated by the MPWMD. Known as the Goff Report, the report provided CAW with a system by system evaluation of opportunities to improve efficiency and potential areas to reduce unaccounted for water. Phase 2 of the report currently in progress addresses a plan of action to implement recommendations to improve the distribution system's operating efficiency.
2. The operations and management of the water distribution system is funded through the CAW Monterey's Operating Budget through rates charged to call CAW customers.
3. The estimated costs for these efforts are listed within the Operating budget (054005.535000.16, General Operating: Administration) coming from the 2006-08 Rate Case as expenses collected from all customers. The 2007 invoiced expenses for the Goff Report and related efforts totaled \$24,160.
4. This program is not accessed based on customer participation and therefore the degree of participation does not apply.

BMP 4 - Meter Retrofit – not applicable as Monterey District is 100% metered.

BMP 5 – Large Landscape Audits and Conservation Programs

1. Since the late 1990s the Monterey District of CAW has offered free landscape audits to all customers or properties with dedicated irrigation meters as required by the MPWMD's WR-95. In addition, these efforts also apply to CAW's goals for 15 percent

of large landscape customers audited and 90 percent of dedicated irrigation meters assigned water budgets. All audited sites are provided a detailed and comprehensive audit report including recommendations for the site to improve its water use efficiency as well as minimize water waste from run-off, broken or absent irrigation system equipment, and so forth. These landscape audits are only completed by CAW's certified landscape auditors (Irrigation Associations landscape auditor certification) that are part of the Conservation Dept. of the Monterey District.

In 2007, CAW's Conservation Dept. has limited resources to apply to completing landscape audits. However, CAW began working with the MPWMD to develop a cooperative multi-year plan to audit 100 percent of the sites with dedicated irrigation meters within the Peninsula and assign an individualized water budget. The plan includes a joint effort between CAW, the MPWMD and a contracted consultant to ensure all sites are audited by the end of 2010.

In 2007, CAW Conservation staff selected to review customers previously audited and assigned water budgets to identify priority targets for water saving opportunities. Those customers with water usage in excessive of their monthly and annual water budgets were contacted by letter and by telephone to follow up and identify why their budgets were not met. In 2007 a total of 127 customers with dedicated irrigation meters (known as "large landscape") were sent a letter notifying them of the potential for the region to move into Stage Three of the MPWMD's Extended Water Conservation and Water Rationing Plan requiring them to follow their assigned water budget. A second letter was sent to those large landscape accounts that exceeded July water budgets. As applicable, additional follow up and assistance was provided including on-site visits, re-auditing of site, and verbal and written recommendations to help the customer meet their water budget. Customers were regularly monitored and followed up with to ensure they continued to meet their water budget after such efforts were met. Many of the audits were completed as long ago as 1999 and 2000. Therefore, it was important that these sites were reviewed and re-assisted given changes in property ownership, irrigation system, property management staff, and so forth. The CAW staff will continue regular monitoring and assistance to their large landscape customers that are assigned water budgets in 2007 and in the future.

2. The large landscape audit program is normally funded through CAW's portion of the water conservation surcharge tracked under the Conservation account 575255.16 within the Operations budget. However, the proposed joint program with the MPWMD and CAW is planned to be funded with the MPWMD's portion of the conservation surcharge (\$300,000 collected maximum annually from this surcharge) per Special Request 7.
3. The cost for the large landscape audit program in 2007 was minimal with only minor costs for mailing invitation letters, audit reports and report materials. The labor costs for the certified landscape auditors that are part of CAW's Conservation staff are included in the Labor Costs for the District. The proposed program effort with the MPWMD includes utilizing outside contracted consultants at an average rate of \$1,500 to \$3,000 per audit which includes labor, material, overhead and all other such costs. Given delays in contract negotiation and settling of the agreement with the consultant, this program was delayed until 2008.
4. In 2007, a total of 127 large landscape properties previously audited were notified to further assist in meeting their water budgets. A second letter was sent to 44 of these customers in further effort to reduce water usage and meet regional supply/demand

requirements. All 44 customers were contacted by phone for re-evaluation and assistance in maintaining ongoing compliance with their assigned water budgets. An example of such efforts includes an in-person meeting with the City of Monterey and their Parks and Recreation Department to create specific strategies to reduce water waste and improve irrigation efficiency in the city's key landscape account sites. Given the urgency of the region's water supply issues, the MPWMD offered to assist in getting the remaining 123 large landscape accounts with dedicated irrigation meters using 10ccf/month or more audited and assigned water budgets. The MPWMD continues to negotiate the details of a contract with a local consultant to complete all of these large landscape (with dedicated irrigation meters) site audits by 2010.

As Least As Effective As (ALAEA) Program - Other Rebate Incentives for Residential and Commercial, Institutional & Industrial (CII) Customers

1. CAW Monterey offers a variety of rebate incentive for additional water saving technologies and appliances including dishwashers, cistern systems, recirculating and hot water on demand systems, among others. The MPWMD has managed the entire rebate program since its creation in the 1990s. This includes efforts far beyond simply processing rebates and mailing checks to customers. The MPWMD estimates an average of 815 rebate applications were received in 2007 with only 635 applications meeting all the necessary requirements for the customer to receive a rebate check. As a result, the MPWMD deals with the review of the application, answers customer questions, confirms installations and eligibility, notifies customer of non-compliance, and numerous other efforts as part of the program's management. The MPWMD staff receives calls, walk in customers, and information requests on the rebate program at community events, meetings and presentations. All such efforts are funded through the MPWMD Labor budget or under the conservation surcharge budget for rebates.

CAW's External Affairs/Outreach Dept. assists the MPWMD in marketing the rebate program through a variety of methods including:

- a. Bill inserts on rebates
 - b. Bill Messaging
 - c. Community newspaper, TV and radio advertising on program
 - d. Promotion of program at company booth at community events
 - e. General program flyers (covering design, production and distribution costs)
2. This rebate program like the clothes washer rebates (BMP 6) is co-funded by CAW and the MPWMD. The MPWMD set up program funding so that CAW paid all rebate costs for the first \$100,000 of rebates distributed and the MPWMD paid all additional rebates up to \$100,000 for a total rebate budget of \$200,000. The program was funded through CAW's conservation budget (conservation surcharge) of \$330,000 total annually and the MPWMD's conservation surcharge (Special Request #7) of \$300,000 total annually. The MPWMD invoiced CAW for all rebates processed on a monthly or quarterly basis depending on the level of participation with payments applied to the conservation budget account 575255.16.
 3. The total cost for rebates under the rebate program in 2007 was \$99,250.21 that was funded 100 percent through CAW's conservation budget. This does not include the costs for the MPWMD's labor to process rebates and manage the program as these

costs are sunken costs part of the MPWMD Labor budget. The rebate program marketing including newspaper and radio advertisements as well as bill messaging is included as part of CAW's Conservation Outreach and Advertising budget (under BMP 7). All such expenses to promote the program by CAW's External Affairs Dept. were budgeted under the conservation budget and CAW surcharge (575255.16) under BMP 7 (Public Outreach), unless specific marketing materials beyond the External Affairs' annual planned campaigns was designed and distributed. In 2007, no specialized rebate marketing materials or campaign beyond External Affairs' plan was generated.

The Conservation Rate Case was generated in fall 2007 before the expenses for the end of the year could be included in the testimony. CAW provided estimated expenses expected for the full year of 2007 given tasks and campaigns planned for the remainder of the year. Once all pending 2007 invoices were processed and accounts were reviewed, CAW calculated finalized expense totals by account (or funding source) and conservation program (or BMP). In most cases the estimates provided in the Rate Case testimony and the end year actual varied. For example, an estimated \$80,000 in rebate expenses was expected in 2007 based on 2006 expenses for rebates as well as the current level of customer applications being received in October. However, an unexpected increase in applications submitted for rebates resulted in the total rebate expenses reaching nearly \$100,000 for 2007.

The second variance in rebate expenses is between CAW's actual expenses reported and the total rebate expenses in Table 3 provided by the MPWMD. Through correspondence with the MPWMD's Finance and Accounts Payable Department staff, the minor difference in total rebate expenses for 2007 was explained. The MPWMD total expenses are based on accounting records of the total expenses paid out to customers in 2007 calendar year, however some previous year's costs are also included. MPWMD accounting had some rebates actually processed in December 2006 included while also including all rebate expenses in December 2007. As a result, the MPWMD's total rebate expenses of \$107,815 applied to expenses of almost 13 months (part of December 2006) and not just 2007. CAW's total expenses represent the total amount to customers during the 2007 year. CAW compared MPWMD invoice records, customer data records and details to determine actual rebate monies distributed to customers from January 1st through December 31st, 2007. It was concluded that the MPWMD and CAW's total expenses will vary slightly every year given the difference in when the rebated monies are processed in accounting records and counted toward the total expenses. Each year CAW will compare with the MPWMD's Finance Department to identify the variance value and the actual total annual rebate expenses.

4. The total estimated number of customers rebated and thus participating in the program is 635. Note that the provided number is only an estimate as the program participation details is still being confirmed between CAW and the MPWMD. One roadblock in matching the rebate numbers and total program expenses is that CAW operates on a calendar year budget while the MPWMD operates on a fiscal year budget. In addition, CAW currently has not identified those single customers who may have received rebates for more than one appliance such as one clothes washer, two toilets, dishwasher, etc. Thus, the total number of rebates (total rebates appliances/technologies) is different than the total number of applications (represents total participating customers). CAW and the MPWMD estimated an annual savings of 13.526 acre feet (AF) from the rebates distributed in 2007.

BMP 6 - Clothes Washer Rebate Incentive Program

1. CAW Monterey has joined with the MPWMD to offer a variety of rebate incentive for water saving technologies and appliances.
2. The clothes washer rebates (BMP 6) is co-funded by CAW and the MPWMD as was described above. The MPWMD set up the clothes washer rebate program funding so that CAW paid all rebate costs for the first \$100,000 of rebates distributed and then the MPWMD paid all additional rebate costs up to \$100,000 for a total rebate budget of \$200,000. The clothes washer rebate expense in 2007 was less than \$100,000 so CAW funded 100 percent of the rebate expenses. The program was funded through CAW's conservation budget (conservation surcharge) of \$330,000 total annually. The MPWMD invoiced CAW for all rebates processed on a monthly or quarterly basis depending on the level of participation with payments applied to the conservation budget account 575255.16.
3. MPWMD managed the program so CAW did not have access to program cost and participation details. CAW was only provided on a monthly or quarterly basis (depending on participation levels) the invoice of expenditures showing the total rebates processed and total rebated amount. As a result, CAW only has the grand total rebate program costs billed by the MPWMD for 2007. Based on the number of rebates processed at an average of \$150 each, the total cost for 2007 was \$53,400.
4. Customer participation is broken down between single-family residential and non-residential customers. In 2007, there were no multi-family accounts recorded as receiving a clothes washer rebate. In 2007 a total of 356 high efficiency clothes washers (HECWs) rebates were distributed at \$150 each.

BMP 9 and 14 - CII Rebate Program

1. The joint rebate program by CAW and the MPWMD also included rebates for toilet retrofits. In the fall of 2007, the MPWMD staff received Board approval to distinguish toilet rebates for ultra low flush toilets (ULFTs) that use 1.6 gpf at \$100 per toilet, dual flush toilets (DFs) using 1.6 and 1.0 gpf at \$125 per toilet, and high efficiency toilets (HETs) that use 1.28 gpf or less at \$150 for each toilet. The program is managed by the MPWMD with internal staff processing rebates and maintaining program records and databases. The CUWCC's BMP 9 applies credit for all toilets retrofitted through CAW's rebate program in commercial, industrial and/or institutional (CII) facilities while BMP 14 applies only to toilets installed in single and multi-family residences. The MPWMD does not distinguish between toilets installed in commercial, industrial and institutional. The MPWMD only designates between residential and non-residential clothes washer rebates. Therefore, CAW has been limited on provide detailed reporting of customer participation by each sector. The MPWMD began providing customer participation in the rebate program by device for 2007 with 6 ultra low flush toilet (ULFT), 5 dual flush toilets (DF), 72 waterless or low water using urinals, and 32 high efficiency clothes washers (HEWs).
2. The toilet rebate program is also co-funded by CAW and the MPWMD with CAW paying all rebate costs for the first \$100,000 of rebates distributed and the MPWMD paying all additional rebates up to \$100,000 for a total rebate budget of \$200,000. The program has been funded through CAW's conservation budget (conservation

surcharge) of \$339,000 total annually and the MPWMD's conservation surcharge of \$300,000 total annually. The MPWMD invoiced CAW for all rebates processed on a monthly or quarterly basis depending on the level of participation with payments applied to the conservation budget account 575255.16.

3. In 2007, the total cost for specifically CII toilet and other rebates for CII customers were not provided by the MPWMD. However, the number of rebates for each device (and in some cases distinguishing between residential and non-residential) was provided in the end year report in February 2008. Using this information and based on average rebate amounts for each device type (per MPWMD Table 1 below), the estimated total costs for CII rebates in 2007 was \$20,425.
4. The MPWMD began providing customer participation in the rebate program by device for 2007 with 6 ultra low flush toilet (ULFT), 5 dual flush toilets (DF), 72 waterless or low water using urinals, and 32 high efficiency clothes washers (HEWs).

BMP 14 – Residential Toilet Rebate Program

1. CAW-MPWMD offers rebates for ultra low flush toilets (\$100), dual flush toilets (\$125) and high efficiency toilets (\$150) beginning in fall 2007. Prior to this, a standard \$100 rebate per toilet was offered for all types. However, CAW and the MPWMD determined the need to further promote the higher water saving HETs and DF toilet models and received MPWMD Board approval for increased rebates for these toilets. CAW and MPWMD have been offering toilet rebates for residential and qualified non-residential customers since the 1990s. Like all the rebates, the MPWMD processes all applications and manages the program through their local office and staff. CAW directs customers directly to the MPWMD through the Call Center and through the various program advertising and marketing efforts.
2. The toilet rebate program is co-funded by CAW and the MPWMD with CAW paying all rebate costs for the first \$100,000 of rebates distributed and the MPWMD paying all additional rebates up to \$100,000 for a total rebate budget of \$200,000. The MPWMD only invoices CAW for the actual rebated costs and not any program overhead, staffing fees and other program costs. The program has been funded through CAW's conservation budget (conservation surcharge) of \$339,000 total annually and the MPWMD's conservation surcharge of \$300,000 total annually. The MPWMD invoiced CAW for all rebates processed on a monthly or quarterly basis depending on the level of participation with payments applied to the conservation budget account 575255.16.
3. The total estimated cost for these rebates was \$17,400.
4. In 2007, CAW-MPWMD distributed 125 ULFT rebates and 16 Dual flush toilet rebates. In addition, a total of 29 toilet rebates were distributed to multi-family customers.

Table 3 – Summary of MPWMD-CAW Rebate Program Efforts & Expenses

	REBATE PROGRAM SUMMARY	2007 YTD Total
Application Summary		
A.	Applications Received	815
B.	Applications Approved	635
C.	Single Family Applications	780
D.	Multi-Family Applications	25
E.	Non-Residential Applications	10
Types of Fixtures Rebated		
A.	Single Family Toilet	125
B.	SFD-Dual Flush	116
C.	Multi-Family Toilet	29
D.	Non-Residential - Toilet	6
E.	Non-Residential - Dual Flush Toilet	5
F.	SFD ULF Dishwasher	132
G.	Non-Residential ULF Washing Machine	32m
H.	SFD ULF Washing Machine	356
I.	Smart Controllers	2
J.	Zero Water Using Urinals	72
K.	Instant Access Hot Water Systems	13
L.	Cisterns	3
Total Dollars Rebated		\$107,814.72
Estimated Water Savings in Acre-Feet Annually*		13.526

CAW Conservation Budget Expenses as of 1/07 – 10/07 **\$78,296.33**

Grand Total CAW Expenses 1/07 – 12/31/07 **\$99,250.21**

BMP 7 - Public Outreach, Education and Advertising

1. CAW's public outreach and educational efforts are managed by the External Affairs Manager in cooperation with the Conservation department. CAW utilizes several professional marketing and design firms to develop numerous highly professional educational brochures, direct mailers, advertisement pieces for newspaper and magazines, and unique marketing items. In 2007, CAW continued its aggressive outreach campaign particularly in the late summer and early fall given the increase in water demand in a dry year. To ensure CAW did not exceed local production levels from the Seaside Basin or Carmel River, the External Affairs department

implemented an intense multi-media campaign to promote water efficient behaviors to eliminate water waste.

The following outreach materials were produced and distributed during 2007 on the Monterey Peninsula:

- "Flower Power" ad – promoting rebates, drought tolerant landscaping
- Fall letter & survey, requesting updated water allotment information
- GardenSoft CD-Rom/Drought Tolerant Nursery mailer – sent to all customers to promote availability of Monterey County Water Awareness Committee produced local water-saving landscape informational CD. Distribution of CD conducted in partnership with local drought-tolerant nursery
- Postcard to all customers promoting Stage One outdoor watering schedule
- Ad in major local publications with Stage One watering schedule
- Winter Ad – indoor & outdoor watering tips, English and Spanish placed in major local publications
- Winter "Turn Off Your Sprinkler" ad, placed in major local publication
- Stage One Magnet Mailer, direct mail piece to all customers containing refrigerator magnet with 2-day per week watering schedule
- Summer letter to all customers promoting watering schedule, rebates, as well as indoor and outdoor conservation tips
- Turn Your Sprinklers Off postcard to all customers
- Monterey County Fair Water Awareness Day postcard, promoting attendance of conservation booth
- Spring outdoor and indoor tips email
- Summer radio ads promoting conservation awareness
- Spring letter promoting outdoor watering schedule
- KAZU underwriting message – year round schedule, themes include outdoor landscape symposium, outdoor watering schedule, and turn off sprinklers message in rainy season
- Phone call to biggest water users, in winter, message designed to urge wise water use

In addition, CAW worked with the MPWMD in the fall to develop an new information booklet to help customers better understand the regional Water Conservation and Rationing Plan Stage system (Stages 1 through 7) and what it specifically means when the region is in a Stage 1 level. These new booklets, print ads and radio spots were designed to be reused and for easy minor adjustments as the circumstances change within the Peninsula. For the new Stages brochure and education campaign, Caw interviewed customers and business to identify what messaging was most effective and easy to understand. Every customer in CAW received these new "Stages" marketing material as well as bill messaging to further promote the program. At the end of the 2006-7 watering-year (ends in October 2007) CAW had produced within its requirements and ended the water year in full compliance.

Additional efforts included specific marketing of the rebate program which effectiveness can be seen in the increases in the number of rebates from previous years. Customers received a combination of direct mailers, bill inserts, and radio advertisements to promote the rebate program. The MPWMD worked with CAW throughout 2007 to ensure shared messaging for the rebate program as well as general conservation messaging.

The External Affairs also coordinates and funds CAW's participation at local events including the Italian Days/Festival, Monterey County Fair, The Chamber of Commerce Showcase, and numerous small to medium size community events. Costs associated with attending such events includes sponsorship fees and booth costs, marketing of event and CAW booth, materials and giveaways for customers visiting the booth, new booth displays that can be used every year, and so forth. At least one direct mailer is dedicated specifically for promoting CAW's attendance at a community event. CAW has tested the effectiveness of such marketing by requiring customers to bring in their mailer to the CAW booth to receive a special gift such as free garden spray nozzles.

2. The costs under BMP 9 for non-residential (or CII) rebates is described above under the rebate section of this report. The estimated cost for the mailing of letters and survey forms as part of the CII Water Allocation Assignment effort was approximately \$2,000 applied to the conservation surcharge budget (under 575255.16).
3. In the 2006-08 Rate Case CAW estimated an annual cost for BMP 7 activities to be \$67,874; however conditions in the Monterey Peninsula and within CAW changed requiring an increased focus and allocation of funding to BMP 7. As described above, the increase water supply/demand issues and urgency in the Monterey area and transition of CAW to a central customer service and call center were key factors in the decision to increase the focus to public outreach and education (BMP 7). All programs under BMP 7 were funded at ratepayer expense and applied under the conservation account (575255.16) approved in the 2006-8 Rate Case. Programs are needed to raise awareness of need for water conservation on the Monterey Peninsula and to help encourage customers to save water through participating in available conservation programs and engaging in water wise behaviors and practices.

Approximately up to \$150,000 of the BMP 7's budget in 2007 was used for marketing a specific conservation program such as rebates, audits, special events, and notification of Stage level changes. Some of these BMP specific outreach expenses have been moved under the specific BMP and are therefore subtracted from the total costs under BMP 7. For example, approximately \$5,000 of the PR and outreach expenses was for promotion of the residential audit follow up. This \$5,000 expense was subtracted from the total BMP 7 expenses (specifically from the \$150,000 for BMP specific marketing) and added to BMP 1 total expenses. All standard External Affairs activities such as monthly bill messaging and bill inserts remain listed under BMP 7 even if they promoted a specific BMP program. These are activities that are required to be completed whether they focus promotion of a specific BMP program or are focused on another needed topic such as water quality reports, changes in bill formatting, and so forth. In 2008, CAW has requested program promotion budget for specific BMPs when needed such as an extra direct mailer to selected customers to promote the rebate program. Though a direct mailer will be used it will not be part of the BMP 7 (Public Outreach and Advertising) budget as it is above and beyond the required direct mailers External Affairs Department distributes as well as a specific additional effort for the rebate program. CAW will continue to list the expenses for all required direct mailers, standard bill messaging each month, etc. under BMP 7 even if the message or mailer focuses on a specific program.

After subtracting the special BMP specific marketing expenses, approximately \$280,000 was spent overall in 2007 on conservation promotion, education, outreach and general messaging. To meet the urgent needs for messaging in late summer and early fall nearly \$100,000 was expended for outreach efforts to ensure demand levels did not exceed the Monterey region's regulated production requirements.

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4. This massive educational campaign was partnered with the MPWMD with bi-monthly meetings held to coordinate efforts. The MPWMD reviewed messaging and their logo was added to the various advertisements and direct mailers sent to all 40,000 CAW customers. CAW again designed many of the educational materials so they could be reused with little or no updates in further years. Examples of the various newsprint advertisements, direct mailers, brochures and other materials is provided as Appendices for reference of the quality of work and strategic messaging developed in each outreach piece.

BMP 8 School Education and Outreach

1. In 2007, CAW and the MPWMD continued reaching its key objectives for ongoing school outreach and education in water conservation. The key goals for 2007's BMP 8 program included:
 - Ongoing relationship building with the Water Advisory Committee for school educational programs.
 - Implement Pilot Study level of the Water Wise Program by Resource Action Network in the Chular service area school (to justify potential district wide implementation).
 - Outreach to students at community events offering free educational materials.

CAW coordinates with the local Water Advisory Committee (WAC) to offer school education opportunities with Monterey. This includes in class presentations as well as interactive school assemblies on water conservation. In 2007, CAW implemented a new program with the non-profit organization Resource Action Network. The "Water Wise program" targets 5th and/or 6th grade students only and includes in class assignments, curriculum and activities as well as requires students to complete basic home water use audits working with their parents. Through the program, students measure flow and flush volume rates in the bathrooms and the kitchen sink, check water using appliances for water and energy efficiency opportunities and calculate the potential water saving opportunity by retrofitting. Students then work with their parents to install new low flow fixtures including showerheads and faucet aerators. All the data and efforts by the students are collected and put into a detailed report by Resource Action Network and provided to CAW to monitor the success and achieved water savings. In 2007, CAW implemented this program on a pilot level at the schools within the Chular service area. CAW plans to expand this highly successful program to all the schools within its Monterey District service area.

2. As with many of the conservation programs, the school education program was funded through the Water Conservation approved budget in the 2006-08 Rate Case collected as a conservation surcharge.
3. The estimated total cost for the "Water Wise" program was \$33 per-participating student for a grand total estimated cost of \$3,300. This new pilot program was funded through Community Relations accounts and not through the conservation (575255.16) budget.
4. As many as 100 students participated in the Water Wise program implemented in the Chular area. The program report generated and provided by the non-profit Resource Action Network showed nearly 50 percent of the homes needed retrofitting of showerheads, faucet aerators and other devices which were retrofitted during the

program. In addition to the un-measurable educational benefit and future water savings, the program is estimated to save 261,075 gallons of water per year or 2.5 million over the lifetime of the devices installed. Given the results of the program, CAW intends to expand this highly cost-effective program to all 5th and 6th grade students within CAW's service area in 2008.

In addition, several schools received free educational presentations by the WAC organization (approximately 100+ students participating).

BMP 9 CII Audits, Water Allocations and Conservation Programs

1. From January through May 2007, CAW's Conservation Dept. assigned 1,464 CII customers with individualized water allocations for their properties as required under the MPWMD Rules and Regulations. This extensive effort required nearly 100% of three full-time conservation staff hours during these 5 months.
2. There were minimal materials and mailing costs in addition to labor expenses (applied under CAW's Labor budget, General Rate Case). All non-labor expenses for assigning these CII water allocation assignments were applied to the conservation surcharge budget (under 575255.16). BMP 9 expenses for rebates describe above come from the CAW conservation surcharge budget totaled for 2007 at \$330,000.
3. The costs under BMP 9 for non-residential (or CII) rebates is described above under the rebate section of this report. The estimated cost for the mailing of letters and survey forms as part of the CII Water Allocation Assignment effort was approximately \$2,000 applied to the conservation surcharge budget (under 575255.16).
4. A total of 1,464 CII customers received water allocations and are not billed to their water needs rather than a simply flat rate system. Through the water allocations, CAW can identify the difference between actual and allocated water usage to determine the total water savings potential in the CII sector.

BMP 10 - Wholesaler Assistance Program - Not applicable

BMP 11 – Conservation Pricing and CAW's Tiered & Water Allocation Rate Structure

1. Not applicable to the Conservation Dept. programs. All rate development and design costs in 2007 were part of the Rate Dept. and included under the CAW Corporate overhead expenses or under applicable specific Rate Case accounts under the CAW-Monterey budget.

BMP 12 – Water Conservation Coordinator and Staff

1. By mid-2007, CAW's Monterey District had expanded its conservation staff to include a new Water Conservation/Customer Service Operations Supervisor to supervisor

the three full time conservation staff (Conservation Lead and two Conservation Specialist), front office customer service staff (cashier) and the department's temporary employees who assist with various conservation program efforts. All four of the conservation departments "Conservation" specific staff are certified landscape auditors by the Irrigation Association (IA). In addition, the conservation staff has completed additional training in other areas of water conservation and landscape irrigation efficiency.

The conservation staff dedicated 90 percent of their hours from January through May 2007 to set water allocation to all remaining CII customers. During this time over 1,400 CII accounts were reviewed and assigned specialized water allocations based on their type of industry, property size, number of employees, and other parameters described under the MPWMD's Rules and Regulations for water allocation assignments. These efforts as previously described under BMP 9 (Water Audits and Allocations) in some cases required phone surveys with the property managers or owners to collect necessary data to generate the property's specific allocation or an actual on-site visit and walk-through audit to confirm retrofitted devices and appliances, water using processes, and other key factors.

Throughout 2007, the conservation staff also dealt with customer inquiries and issues concerning their water bills with the new more complex tiered rate and water allocation billing system. Conservation staff assisted customers in understanding how their tier breaks were assigned and provided tips to help customers reduce their water usage and their bill. With limited office and customer service staff, the conservation department was required to take on multiple tasks.

2. The conservation staff is funded in the Labor code under the Rate Case and is funded through general rates to all customers.
3. There is no annual cost for BMP 12 for under the Conservation program budget. The cost under labor for Water Conservation staff without overhead is estimated at \$250,000.
4. The participation for BMP 12 Conservation staff cannot be evaluated by count of participants (participating customers).

BMP 13 – Water Waste Prohibition and Enforcement

The key objective in 2007 under BMP 13 was to create an implementation plan and identify necessary resources for a water rationing scenario. The MPWMD had established water rationing parameters and conditions for increases Stages; however a plan for successful implementation to a rationing program was never developed. In 2007, CAW and the MPWMD staff regularly met to create a cooperative implementation plan that identified all the crucial resources such as staff, communication systems, monitoring and record keeping databases, administrative support, data sharing needs, and so forth. This effort was completed by CAW and MPWMD so it could be included in the 2008-10 Conservation Rate Case. This effort was imperative given the extremely dry year and high potential for 2008 to also be a dry year. CAW and the MPWMD are currently waiting CPUC review and approval of the proposed Rationing Plan and funding plan.

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1. The key objective in 2007 under BMP 13 was to create an implementation plan and identify necessary resources for a water rationing scenario. The MPWMD had established water rationing parameters and conditions for increases Stages; however a plan for successful implementation to a rationing program was never developed. In 2007, CAW and the MPWMD staff regularly met to create a cooperative implementation plan that identified all the crucial resources such as staff, communication systems, monitoring and record keeping databases, administrative support, data sharing needs, and so forth. This effort was completed by CAW and MPWMD so it could be included in the 2008-10 Conservation Rate Case. This effort was imperative given the extremely dry year and high potential for 2008 to also be a dry year. CAW and the MPWMD are currently waiting CPUC review and approval of the proposed Rationing Plan and funding plan.

CAW's conservation, customer service and field staff work cooperatively to reduce or eliminate water waste activities throughout the service area. This includes onsite notification of water wasting during water audits, leak calls, and miscellaneous service calls or service drive-bys in the area. In addition, CAW follows the water waste ordinances (rules and regulations) of the MPWMD which includes numerous water waste prohibition rules such as required recycling systems on decorative fountains, etc., weekly watering schedule (2 days/week only), irrigation run-off, and so forth. CAW can directly notify or the MPWMD can identify water wasters and follow up with them accordingly with warnings and/or fines for continued water waste non-compliance. The MPWMD is responsible under their Rules and Regulations to monitor through regular water waste patrols and an enforcement procedure water waste within the Monterey area. As of 2007, the MPWMD does not provide tracked records of their efforts relating to the water waste patrol program.

2. Currently there are no specific budget funds for water waste. The program is primarily a labor based program with staff costs as the key expenditure. Labor is funded under the Operations labor budget and funded by the rate case through all customers' monthly bills.
3. In 2007 CAW was not specifically tracking the staff hours related to water waste patrols and calls. In the future staff hours will be tracked for water waste efforts to better assess labor costs for such efforts.
4. The total water waste or leak calls received in 2007 was not tallied; however it is estimated that at least 15 to 20 percent of customer service calls are related to water waste, leaks, high bills and other issues related to water wasting and BMP 13 requirements. Further investigation to determine an accurate count of water waste and leak service calls will be completed in 2008 to include the findings in the 2007 BMP Report to the CUWCC. These findings will also be included in the supplement response on this historical conservation report to the CPUC in late spring of 2008. Additional customers may have also received water waste assistance through conservation audits as well as directly by the MPWMD which is responsible for regular water waste patrols.

2007 CPUC Annual Report Schedule E – 3 Description of Water Conservation Program(s)

CAW District – Sacramento

For all water conservation programs offered by water utility, provide detailed responses to the following items:

1. **Brief description of each water conservation program provided, by district. This description shall include but not be limited to the type of program offered (such as provision of low-flow plumbing fixtures, leak detection, leak repair, written water conservation tips, or other similar programs to its customers) and length of time it was offered.**
2. **Discuss how each water conservation assistance program is funded, for example, through rates charged to all customers, rates charged to customer receiving water conservation assistance, shareholder contribution, community funding, government funding, or other funding method. Explain why this type of funding was used.**
3. **Cost of each program.**
4. **The degree of participation in each district by customer group.**

CAW's Sacramento District includes service area in the City of Sacramento, Antelope, Elk Grove, Rancho Cordova, Rosemont, and other areas in Sacramento County, as well as a part of West Placer County. In 2007 CAW's Sacramento District provided various water conservation programs to customers including residential (single and multi-family), commercial, public authority (or institutional), large landscape customer rebates and free water saving devices. Given the CPUC has not yet approved a specific budget in Rates for water conservation; CAW-Sacramento utilized various resources, departments and staff to implement the conservation efforts. A total of \$50,000 from the Operating budget was allocated for the water conservation programs. CAW-Sacramento promoted water use efficiency through public outreach and education campaigns managed and funded by the External Affairs Department and through the Regional Water Authority (RWA). Each program provided in 2007 is described below with all requested information included and listed in relation to the California Urban Water Conservation Council's (CUWCC's) correlating BMP programs.

Table 1 provides a summary of California American Water's 2007 Conservation Program expenditures for the Sacramento District. Table 2 shows the estimated expenses for conservation related activities or programs funded through other sources of CAW's approved CPUC budget.

Table 1a – Summary of California American Water (CAW) 2007 Conservation Programs Tracked under Conservation Object Code (575255.16)

BMP	Actual Spending	Number Interventions or Description
1	\$0	Completed over 160 residential audits. (Costs incorporated under BMP 2 & 7 for equipment & Labor Object code for staff)
2	\$2,500	Efforts ongoing to reach 75% saturation level of low flow devices.
5	\$0	Completed surveys of 32 dedicated irrigation meters at Crosswood Community.
6	\$10,000	SMUD Partnership program with 80 rebates processed in 2007.
6	\$7,867.29	Smart Rebate Program distributed 11 rebates, with costs including pre-payment for 100 HECW rebates (credit towards 2008).
9	\$75	Offered limited number of waterbroom rebates to CII customers starting mid 2007. Pre-paid unused rebates rolled over to 2008.
14	\$10,771.31	Pre-paid for Smart Rebate Program (83 toilet, 11 clothes washer and 0 waterbroom rebates distributed) for residential and CII customers
14	\$9,564.71	Toilet rebates processed internally by CAW staff prior to Smart Rebate Program and for "special circumstance" cases totaled 57 rebates.
7	\$1,850	Fall event & education materials
7*	\$0	* Includes multiple direct mailers, ads (radio, TV, & newspaper), 5 events, etc. and regional campaigns.
8	\$0	Activity books & pencils and other educational materials distributed to students at community events and on request.
9 & 11	\$0	Offering a minimal amount of HECW and toilet rebates for CII customers as part of Smart Rebate Program
Total	\$42,628	

* See table 2 listing costs by External Affairs and annual membership dues for RWA's Regional Water Efficiency Programs.

Table 2 - Summary of Other California American Water (CAW) 2007 Conservation Efforts

BMP	Description of Activity	Estimated Expenses	CPUC Approved Budget	Number of Inventions	Benefits or Savings	Funding Source	Comments
7	Community Relations Events and Campaigns	No additional costs for conservation efforts	Yes	Investigating	Increase public awareness	Community Relations Accounts (575300)	Crossover of events & sponsorships, advertisements to conservation objectives.
7, 8, 9, 10, 12 & 14	Regional Water Authority managed Regional Water Use Efficiency Programs	\$34,500	Yes		Cost-effective regional program marketing increased participation in BMP 1, 2, 5, and 14, and met requirements of BMP 7 and 8	Operations Budget - Regional Membership Dues (RWA)	Annual dues covered regional marketing, Water Wise hotline directing customer inquiries, additional community events, and comprehensive BMP 8 programs for K-6 th grade.
12	Conservation Staff (1.7)	\$90,000	Yes	N/A	Implementation of conservation programs	(CA Corporate) Operations Labor Budget	Full-time Conservation Specialist position, Dept. intern from 1/07-5/07, and Operations Supervisor assigned to oversee day to day conservation activities as well as assistance from the CA Conservation Manager.
13	Water Waste Calls (Operations staff - Labor)	\$42,000 (estimate only)	Yes	Investigating	Unknown water savings	Operations Labor Budget	Estimated 1,200 hours per year of staff time.
Total Estimated Expenses		\$84,500					

BMP 1 – Residential Water Surveys/Audits

1. CAW-Sacramento developed a residential water use survey/audit program that began in 2006 in collaboration with the meter retrofit efforts. In 2007, the residential audit program continued with one full time conservation staff devoting 70 to 100% of their hours dedicated to BMP 1 activities. In early 2007 both the temporary intern and the Conservation staff worked on BMP 1 activities. The program initially offered audits for single-family or single-unit townhouses and condos then expanded the program in fall 2007 to also offer multi-family residential properties free water audits. The audits include an in-depth evaluation of both indoor and outdoor water usage including a station by station (or valve) assessment of the irrigation system's efficiency. Trained auditors educate customers on water saving recommendations and new technologies and install showerheads, aerators and other applicable devices upon the homeowner's request. For outdoor water use reductions CAW's auditors create updated irrigation schedules based on local weather and climate conditions and provide to the customers and even enter into irrigation timer upon the homeowner's request. The extensive data and information collected is entered and maintained in an Excel database that allows CAW to keep easy tally of the number of devices installed, audits completed, rebates recommended, and estimated water savings achievable from the recommendations provided. The program greatly exceeds all the requirements listed under the CUWCC's BMP 1 to help the homeowner achieve the maximum water savings inside and outside the home. Each audited homeowner is then sent an individualized audit report and packet for their residence to further follow up and ensure the recommended water saving upgrades and behavior changes are made.

The audit packet includes such materials as:

- a. Individualized audit report of their site with all information and data collected.
- b. List of recommendations to save water indoors and outdoors.
- c. Applicable rebate applications for water and energy savings (including PG & E and SMUD rebate applications).
- d. Applicable information sheets on various new technologies, recommended vegetation for the region, and other useful guides to further help the homeowner achieve water savings.
- e. Quarterly Irrigation System Evaluation Sheets to encourage the customer to check and adjust their irrigation system on a quarterly basis.

The free audit services was promoted through several highly effective means including the meter retrofit notification letters (over a 20% response rate from letters), bill message, regional campaign by RWA (newspaper and radio advertisements, Garden Makeover Contest promotions for audits, Green Gardener events, etc.), and through CAW's Company booth at local events. A decrease in audit requests and activities occurred in fall of 2007 as the conservation department was transferred under an Operations Supervisor. During this time less direct marketing of the audit services was completed that resulted in a significant decrease in audit requests.

As single-family audit requests decreased, the Conservation Specialist (auditor) focused efforts on multi-family sites. In December 2007 through January 2008 over 100 multi-family units were audited by CAW-Sacramento. The multi-family audits only included evaluation of indoor usage therefore allowing the auditor to visit the site no matter the weather conditions. Multi-family audit records were kept in MS Word format that included a list of water saving devices installed, count of old toilets to replace and rebates recommended, and water using appliances to upgrade.

2. The audit program expenses are funded through three sources; Labor Object Code for auditor staff, audit materials and equipment under the Conservation Object Code (575255.16) and Operations-Office Suppliers (for audit report paper, printing, etc.), and for program marketing efforts. All three sources of funding BMP 1 expenses are under the CAW-Sacramento Operations budget that is within the rates applied to all ratepayers (per the 2005-07 Rate Case).

The internal efforts for advertising the residential audit program in 2007 was funded through two sources. The meter retrofit capital project included three letters to be mailed to customers getting meters and transferring from flat rate to metered water rates. CAW-Sacramento's Conservation Department utilized these letters as no additional cost to promote the free water audit service to these customers. The customers receiving meters and transferring to metered rates were the key priority targets for the audits and therefore these letters provided an ideal method for promoting the audit services to these first priority customers. CAW also marketed the audit services at community meter retrofit outreach meetings in the Antelope service area. The outreach meeting was a required component of the meter retrofit capital project and was funded 100% through the capital project budget included in the rates (per 2005-07 Rate Case).

Program promotion was also completed through the External Affairs Department. External Affairs manages the bill insert and messaging for the Sacramento District's water bills (distributed every other month). External Affairs designed one bill insert to focus on water conservation programs including the residential water audit services for Sacramento bills in 2007. External Affairs expenses are funded in rates through the California Corporate overhead costs as bill inserts and messaging for all California Districts (except Monterey) are designed and produced at the state level.

Lastly, regional advertising campaigns for residential water audit services by RWA is funded through Regional Water Use Efficiency Programs membership dues from all member agencies including CAW. A portion of CAW's annual dues of \$34,500 is used for this advertising campaign and for costs associated with managing the Be Water Wise Hotline which tracks customer inquiries. RWA membership dues are funded through CAW-Sacramento's Operations budget under regional membership dues object code.

3. The total costs for BMP 1 under the conservation specific object code for 2007 was less than \$1000. These costs included of needed water savings devices, audit report and packet materials, and auditor tools. The specific costs are unknown as the water saving devices in 2007 were purchase for BMP 1, 2 and 7 all together. The total cost for the purchased water savings devices is listed under BMP 2.

Since the residential audit program advertising was incorporated into pre-established marketing efforts by the External Affairs and Meter Retrofit project, there were no additional costs for BMP 1 promotional efforts. The costs by RWA for promoting BMP 1 is

not specifically broken down within the total annual expenses. BMP 1 advertising is part of the overall marketing and advertising budget for RWA listed under BMP 7.

4. In 2007, CAW-Sacramento had the following participation in the residential water audit program (BMP 1):

Single-Family (SF) audit requests = 129

Total completed SF audits = 129

Multi-Family (MF) audit requests = 32

Total completed MF audits = 32

Total residential audits completed in 2007 = 161

BMP 2 – Residential Plumbing Retrofit

1. In 2007, CAW-Sacramento District provided various water savings devices including showerheads, faucet aerators for the bathroom and kitchen, toilet displacement bags, leak detection tablets/kits, and so forth at no cost to residential customers. The goal of this program as outlined in the CUWCC's MOU (BMP 2) is to reach a 75 percent level of retrofit in all residential properties within CAW's service area. In 2007, CAW tracked distribution of the various water savings devices by comparing purchase and inventory records to identify the total number of each device distributed. In many cases, CAW recorded where or how the devices were distributed to customers. This information allowed CAW to determine what is the most effective means for distributing devices and provides the necessary documentation to show the actual retrofit percentage complete in each year. CAW will utilize this information in planning BMP 2 efforts for 2008 and subsequent years to ensure maximize success in distributing applicable devices to those sites that need to be retrofitted.

CAW distributes the devices through various means including but not limited to:

- Community events (at CAW Company booth)
- Walk in customers (into office in Sacramento)
- Upon request (by customer)
-
- Joint ventures and events with regional wholesaler or other water retailers in the area

Though CAW kept record of the estimated total number of devices distributed annually it has not been able to identify if all the devices were actually installed. However, CAW staff was attentive in identifying if customers qualified to need the water savings devices. For example, customers with homes built after 1992 already have low flow showerheads in

their homes or apartments and therefore were not given a free showerhead from CAW and were only given faucet aerators if the home was built before 1990 or a faucet did not have any aerator installed yet. These efforts in identifying and providing devices only to customers who needed the devices and would save water from them were given applicable devices. CAW-Sacramento estimates that 65 to 95% of the devices distributed are installed to sites needing retrofitting. Walk in and customers requesting devices are more likely to install the free devices and during water audits CAW's auditors directly installed or had the customer install the needed devices during the onsite audit. When conservation was transferred under the Operations Supervisor, CAW-Sacramento stopped identifying if the devices distributed at events were specifically being given to CAW customers and no longer tracked the number of devices and types distributed at events or through the front desk. In 2008, CAW will return to restricting distribution of devices by requiring that residents must be CAW customers with homes built prior to 1992 (with no recent upgrades already made) in order to receive applicable free devices. This will reduce the total number of devices distributed each year and the total program costs; however the installation rate and potential water savings will increase per device and help the program to be more cost-effective.

In addition to the standard devices listed under the CUWCC's BMP 2 requirements, CAW also offered a variety of outdoor devices to help customers improve their water use efficiency including:

- Garden hose spray nozzles
- Rain gauges
- Soil probes

CAW keeps records of the required water savings devices as well as these additional devices that help customers save water.

2. The purchase of the water saving devices (under BMP 2 Residential Plumbing Retrofit) was funded from the CAW-Sacramento's General Operations budget included in Rates and budget applied to all CAW-Sacramento customers. To track expenses relating to conservation, all invoices for water saving devices were coded for billing under the water conservation object code 575255.16.
3. The program costs for BMP 2 in 2007 was \$2,500. This only included the purchase cost of the actual water saving devices. CAW-Sacramento had a significant stock of various water savings devices prior to the start of 2007. As a result, CAW-Sacramento's 2007 expenses were only to stock some of the devices that ran out or near depletion in the inventory. CAW labor costs (staff assisting customers, phone requests, etc.) are included in the Labor budget and any promotion of the free devices through bill insert messaging or bill inserts were part of the conservation advertising budget. In 2007, these promotional expenses were tracked under the External Affairs Dept.; however in 2008 CAW will create a sub-subsidiary to allow External Affairs Dept. to identify these conservation related expenses separate from all other PR expenses. As a result, the PR expenses will be included in the annual BMP reporting expenses for each applicable BMP starting in 2008.
4. In 2007, the total number of each type of water saving device was distributed to CAW residential customers (with number of devices distributed through residential water audits noted in parenthesis):

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- Showerheads – 700
 - o Single family audits – 159
 - o Multifamily audits – 30
 - o Total distributed/installed during audits – 189

 - Handicap (with hose) showerheads – 100
 - o Single family audits – 40
 - o Multifamily audits – 0
 - o Total distributed/installed during audits - 40

 - Kitchen faucet aerators – 1,000
 - o Single family audits – 62
 - o Multifamily audits – 29
 - o Total distributed/installed during audits - 91

 - Bathroom faucet aerators – 1,300
 - o Single family audits – 270
 - o Multifamily audits – 26
 - o Total distributed/installed during audits - 296

 - Leak detection kits – 1,000
 - o Single family audits –
 - o Multifamily audits –
 - o Total distributed/installed during audits -

 - Toilet displacement bags – 60
 - o Single family audits – 81
 - o Multifamily audits – 32
 - o Total distributed/installed during audits - 113

 - Replacement toilet flappers – 50
 - o Single family audits – 33
 - o Multifamily audits – 2
 - o Total distributed/installed during audits - 35

 - Garden Hose Spray nozzle – 1,200
 - o Single family audits – 140
 - o Multifamily audits – 0
 - o Total distributed/installed during audits - 140

 - Rain gauges – 225
 - Soil probes – 700

BMP 3 - Unaccounted for Water and Distribution System Leak Detection

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1. CAW follows the American Water Works Association (AWWA) unaccounted for water and distribution system pre-audit procedures and protocols to evaluate its systems operating efficiency and unaccounted for water levels. These efforts and managed and implemented under the Operations Manager and not conservation.
 2. The operations and management of the water distribution system is funded through the CAW-Sacramento's Operating Budget through rates charged to call CAW customers.
 3. The estimated costs for these efforts are listed within the Operating budget (535000.16, General Operating: Administration) coming from the 2005-07 Rate Case as expenses collected from all customers.
 4. This program is not accessed based on customer participation and therefore the degree of participation does not apply.

BMP 4 - Meter Retrofit – not applicable as Coronado District is 100% metered.

1. CAW has an ongoing Meter Retrofit program to install over 40,000 residential meters in the Sacramento District. The program is designed to reach 100% metering by the state required deadline of 2025. The Meter Retrofit Program works closely with the Conservation Department to help prepare customers to the new metered rates. For example, customers planned for retrofit in 2007 were designed first priority for CAW's residential audit services and strategic marketing to these customers were completed.

Outreach and educational efforts to customers planned for meter retrofitting in 2007 included:

- a. Informative letters updating them on the project's schedule and the impact on their billing schedule.
- b. Community Outreach Workshops and Meetings in the service areas undergoing meter retrofitting (such as Antelope and Rosemont).
- c. In office Meter Retrofit Customer Service staff to assist with customer calls and questions.
- d. Specific field staff to check newly installed meters and address customers' concerns.

The meters are installed by an internal meter retrofit staff as well as outside contractors. The program is co-managed through Engineering and Operations with outreach assistance and activity planning by the External Affairs Department.

2. The operations and management of the meter retrofit program is funded through the CAW-Sacramento's Capital Projects Budget through rates charged to call CAW

customers. Labor specific to the Meter Retrofit is also funded through the capital budget.

3. The estimated costs for these efforts are listed within the Operating budget's Capital Project budget as approved in the 2005-07 Rate Case as expenses collected from all customers. There were no costs to conservation for meter retrofit activities in 2007.
4. In 2007, CAW installed over 2,500 meters and transferred customers to a meter rate billing system. To date, nearly 6,000 meters have been installed and these customers were transferred to metered billing.

BMP 5 – Large Landscape Audits and Conservation Programs – No funding for program

1. Though there was no available budget funds for Large Landscape Conservation Programs (BMP 5), CAW utilized conservation staff to complete several large landscape audits in 2007. CAW's Water Conservation Manager worked with the Crosswood Homeowner's Association to audit their 50+ acre neighborhood of 500 attached individually owned homes. The Crosswood's project included:
 - a. Onsite visit and walk-through of common landscape areas on dedicated irrigation meters.
 - b. Evaluation of landscape areas by each irrigation timer and reporting of inefficiencies in irrigation system (reported to Crosswood Management staff).
 - c. Review of original property maps to identify total landscaped and irrigated landscape area.
 - d. Coordination with Crosswood's Management to obtain bid proposals for upgrading site with a weather-based system.
 - e. Presentation to HOA Board on projects and provided recommendations to maximize water and costs savings.
 - f. Assisted Crosswood HOA in identifying grant and other funding sources for upgrading site to a weather-based central controller system.

As of the end of 2007 the Crosswood Project was waiting funding. Through the efforts landscapes were surveyed and (basic) audited completed for over 32 dedicated irrigation meters.

2. In 2007, the only costs associated with the Crosswood BMP 5 project was Labor expenses. The labor costs for the Water Conservation Manager is included in the Rate Cases (applied to all ratepayers) under California Corporate overhead.
3. There are no costs to the conservation budget (object code 575255.16). An estimated 5% of the Conservation Manager's hours in 2007 were spent toward the Crosswood (BMP 5) project.

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4. In 2007, a total of 33 dedicated irrigation meters were surveyed and water saving recommendations and project plan was provided for the Crosswood HOA area.

As Least As Effective As (ALAEA) Program - Other Rebate Incentives for Residential and Commercial, Institutional & Industrial (CII) Customers

1. In 2007, CAW-Sacramento participated in two rebate programs for residential and non-residential customers funded through Prop 50 grants and CAW's rebate budgets in rates. CAW-Sacramento offers a variety of rebate incentive for toilets and clothes washers as required under BMP 14 (Residential Toilet Incentives) and BMP 6 (High Efficiency Clothes Washer Incentives) as well as additional water saving technologies and appliances including waterbrooms for restaurants, schools, etc. through the Smart Rebate program or MWD's Save a Buck program for CII customers. The Smart Rebate Program contracted vendor manages the entire rebate program. This includes efforts far beyond simply processing rebates and mailing checks to customers including program marketing, outreach, invoicing to CUWCC, and other program management tasks. Other tasks by the Smart Rebate Program vendor include: the review of the application, answers customer questions, confirms installations and eligibility, notifies customer of non-compliance, and numerous other efforts as part of the program's management. The Smart Rebate Program vendor staff receives calls, email or website messages, CAW customers at community events and meetings with information requests on the Smart Rebate program. All such efforts are funded through the Prop 50 grant and CAW-Sacramento's conservation budget for rebates.

CAW's External Affairs/Outreach Dept. assists in marketing the rebate program through a variety of methods including:

- a. Bill inserts on rebates
- b. Bill Messaging
- c. Promotion of program at company booth at community events

The Smart Rebate vendor assists in marketing the rebate program through a variety of methods including:

- d. General program flyers (covering design, production and distribution costs)
- e. Community advertising on program

Further details of the Smart Rebate Program are described under BMP 6 (HECW Incentives) and BMP 14 (Toilet Incentives) as this program only applies to (single and multi-family) residential customers only.

2. The details of the Smart Rebate Program including program funding, expenses and participation and included under BMP 6, 9 and 14 as applicable.
3. The costs for the Smart Rebate Program are described under BMP 6, 9 and 14 as applicable.

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4. The participant count for the Smart Rebate Program is described under BMP 6, 9 and 14 as applicable.

BMP 6 - Clothes Washer Rebate Incentive Program

1. In 2007, CAW-Sacramento offered rebates for high efficiency clothes washers (HECW) to single-family and residential customers through two programs. Starting in January 2006 CAW began a partnership with the Sacramento Municipal Utility District (SMUD) for a clothes washer incentive program. This partnership program continued throughout 2007 with SMUD processing water rebates of \$50 per HECW for CAW-Sacramento customers. SMUD manages the program day to day at no cost to CAW. Monthly reports are provided to CAW's Water Conservation Manager and local Conservation Supervisor in Sacramento listing the participants, their address and other contact information, make/model of purchased HECWs, store purchased, and purchased cost. CAW pre-paid for the rebates to minimize invoicing costs and time upon the SMUD. Any left over funds for the HECW rebates were rolled over to 2008 by SMUD and as approved by CAW-Sacramento.

The second program for HECW rebates is the Smart Rebate program that began in May 2007. CAW selected to continue with the SMUD partnership to continue building relationships with the key regional energy provider. The Prop 50 grant funded Smart Rebate Program is in partnership with the CUWCC and managed by an outside vendor Honeywell DMC. Through the Smart Rebate Program, CAW received grant funding for half of the rebate costs. For example, a customer receives a \$150 rebate for a high efficiency clothes washers (HECW), CAW pays \$75 of the rebate and the Prop 50 grant funded the other \$75 of the rebate costs. In addition, CAW splits a rebate processing and program marketing fee with the Prop 50 grant funded. This fee per rebate processed covers the management of the program including:

- o Management of customer inquiries (phone calls, emails, etc.)
- o Review, approval and processing of rebate applications
- o Distribution of rebate check to customers
- o Billing of the CUWCC (and CAW) for processed rebates
- o Design, production and mailing distribution of program mailer and letter
- o Monthly program status reports to CUWCC and CAW

o Annual and Program end report

2. Both the SMUD managed and the grant funded Smart Rebate Programs for HECW rebates are funded through CAW-Sacramento Operations budget's \$50,000 conservation allocation as part of the Rate Case. All related charges were tracked under the created conservation programs Object Code (575255.16) to begin tracking expense records of conservation for the 2008-10 Rate Case. SMUD was pre-paid

\$10,000 for all 2007 HECW rebates to be processed through this partnering program. Alternatively, CAW's portion of the Smart Rebate Program's rebate expenses were paid to the CUWCC (and then to the vendor) upfront. CAW was then only charged on a monthly basis for rebate marketing and processing fees as rebates were distributed.

3. Through the SMUD partnered program customers receive a \$50 rebate and through Smart Rebate Program customers received up to a \$150 rebate for upgrading to a CEE approved high efficiency washer model (Tier 1 through 3). Designation on the CEE approved list is based on the energy efficiency factor and most important for CAW, based on the Water Factor (WF) or gallons per cycle. SMUD does not charge CAW any monthly program management fee or rebate processing fee. In return, CAW equally promotes the water and SMUD's energy rebate for HECW in bill inserts, onsite home audits, and other marketing efforts. In 2007, the total program cost from the ViewTech program was \$10,000; however a balance of \$5,100 remained at the end of 2007

Alternatively, the Smart Rebate Program was co-funded through a Prop 50 grant so CAW only paid half of the rebate amount or \$75 per HECW rebate and a program marketing and management fee of \$33.39 per rebate processed. The total processing fee by the Smart Rebate Program vendor was \$59.25 with the grant covering the costs above CAW's \$33.39 per rebate portion. Thus, the total cost to CAW per rebate was \$108.39. In 2007, the total program cost from the Smart Rebate Program was \$7,867.29 which included \$7,500 for pre-payment of CAW's portion of the customer rebate and then \$367.29 in processing and marketing fees for 11 rebates. The overall total program cost for BMP 6 HECW Rebates for 2007 was \$17,867.29. CAW-Sacramento currently has a credit of \$6,675 for HECW rebates remaining from the pre-paid balance in the Smart Rebate Program that will rollover to the 2008 year. Remaining balance under the SMUD rebate program will also be rolled over to 2008.

4. Since only one HECW rebate per customer or household was permitted, the number of rebates distributed is equal to the number of participants. Over 80 HECW rebates were distributed through the SMUD program and 11 through the Smart Rebate Program for a BMP 6 grand total of over 90 rebates (90+ participants).

BMP 9 and 14 - CII Rebate Program

1. CAW-Sacramento had limited funding resources in 2007 for conservation programs. Therefore, only a small budget was allocated for a few rebates for commercial, industrial and institutional (CII) customers. The rebated items included toilets, clothes washers and waterbrooms. The rebates were part of the grant funded Smart Rebate program that CAW-Sacramento was partnered with the CUWCC.
2. The Smart Rebate program for CII customers is 100% funded by CAW-Sacramento's conservation rebate budget as part of the Rate Case applied to all ratepayers.
3. In 2007, there were no costs to CAW for the Smart Rebate Program for CII customers. Unused rebate funds were transferred into 2008 where they were utilized by CII customers by April 2008.

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4. No CII customers participated in the Smart Rebate in 2007.

BMP 14 – Residential Toilet Rebate Program

1. In 2007, CAW-Sacramento offered rebates for high efficiency toilets (HETs), dual flush (DFs), and ultra low flush toilets (ULFTs) to single-family and residential customers through the two programs. From January 2007 through May 2007 the toilet rebate program was managed by local District staff. In June, CAW transferred to the Prop 50 grant funded Smart Rebate Program in partnership with the CUWCC. Through the Smart Rebate Program, CAW received grant funding for half of the rebate costs. For example, if a customer received a \$100 rebate for a high efficiency toilet (HET), CAW paid \$50 of the rebate and the Prop 50 grant funded the other \$50 of the rebate costs. In addition, CAW split a rebate processing and program marketing fee with the Prop 50 grant funded.

This fee per rebate processed covered the management of the program including:

- Management of customer inquiries (phone calls, emails, etc.)
 - Review, approval and processing of rebate applications
 - Distribution of rebate check to customers
 - Billing of the CUWCC (and CAW) for processed rebates
 - Design, production and mailing distribution of program mailer and letter
 - Monthly program status reports to CUWCC and CAW
 - Annual and Program end report
2. Both the internally managed and the grant funded Smart Rebate Programs for toilet rebates were initially funded through CAW-Sacramento's Operations budget as part of the Rate Case. All related charges were tracked under the created conservation programs Object Code (575255.16) to begin tracking expense records of conservation for the 2008-10 Rate Case. The rebates processed internally were set up as vendor accounts for each rebated customer. Rebate checks were then processed and mailed out of American Water's Corporate Accounts Payable Department in New Jersey. This process caused some delay in application review, approval and processing of check. Alternatively, CAW's portion of the Smart Rebate Program's rebate expenses were paid to the CUWCC (and then to the vendor) upfront. CAW was then only charged on a monthly basis for rebate marketing and processing fees as rebates were distributed. This helped ensure customers received their rebate checks after submitting their completed application form in a timely manner.

Through the Regional Water Use Efficiency Program managed by RWA, CAW qualifies for reimbursement from the Sacramento Regional Community Sanitation

District (SRCSD). From January 1st through August 31st, 2007 the SRCSD reimbursed CAW and other water purveyors for up to \$50 per toilet rebate. SRCSD reimbursement only qualified for purchase costs relating to the toilet and materials. Costs associated with professional installation did not apply towards the reimbursement calculation. The reimbursement amount per toilet rebate was equal to up to 25% of the total cost of the toilet and materials, not to exceed \$50. Thus, any toilets and materials costing \$200 or more would receive the full \$50 reimbursement from SRCSD and anything less than \$200 would be 25% of total costs. Starting September 1st, 2007 the SRCSD revised its contract with RWA and its members to increase the toilet rebate amount to up to \$75 per toilet and a minimum of \$50 as long as at least \$50 was spent on the toilet and materials. This revision simplified the SRCSD reimbursement process and calculations.

Since CAW has joined in a Prop 50 grant funded rebate program with the CUWCC, special negotiations with RWA and SRCSD was needed to confirm the reimbursable amount. As a rule, the water purveyor (CAW) must have spent \$75 per toilet rebate in order to receive the full SRCSD reimbursement amount. CAW-Sacramento has petition that the rebate processing and marketing fee of \$33.39 per toilet rebate applies to their total amount paid for each rebate for a total of \$83.39 and not just \$50 for the rebate alone. In 2008, reimbursement negotiations began. Any reimbursements from the SRCSD will be applied to the CAW-Sacramento Conservation budget currently being finalized in the 2008-10 Rate Case filing which will be in rates.

3. Through both the internal and Smart Rebate Program, customers received up to a \$100 rebate for upgrading to a lower water using toilet. The rebate amount did not exceed the total cost for the toilet and installation. For example, if a customer purchased a toilet tank and bowl for \$60 and installed it themselves, the maximum rebate they could receive would be \$60. Rebates were not given to customers replacing a 1.6gpf ULFT with another ULFT. Rebates were given to customers that replaced a ULFT with a HET or Dual Flush (DF) toilet using 1.28gpf or less because this replacement generates water savings. In 2007, the total program cost from the internal program was \$9,564.71

Alternatively, the Smart Rebate Program was co-funded through a Prop 50 grant so CAW only paid half of the rebate amount or \$50 per toilet rebate and a program marketing and management fee of \$33.39 per rebate processed. The total processing fee by the Smart Rebate Program vendor was \$59.25 with the grant covering the costs above CAW's \$33.39 per rebate portion. Thus, the total cost to CAW per rebate was \$83.39. In 2007, the total program cost from the Smart Rebate Program was \$10,771.31 which included \$8,000 for pre-payment of rebates, and \$2771.31 in processing costs. CAW did not spend all of its (pre-paid) funding allocation for toilet rebates in 2007. A credit balance of \$3,850 remains for CAW-Sacramento to use in 2008 for the pre-paid toilet rebates through the Smart Rebate Program.

The total program expenses for BMP 14 (Toilet Rebates) in 2007 were \$20,336.02. The potential reimbursements for toilet rebates from the SRCSD will not be approved and received by CAW-Sacramento until 2008 and are therefore not included in this report.

4. Customers could receive rebates for up to 3 toilets per residence or household. Thus, the total number of rebates is not equal to the number of participants as several

customers participating in the toilet rebate program received a rebate for more than one toilet. For example 49 toilets were rebated to an apartment complex in Sacramento in December 2006 (9130 Tuolumne Drive "Pletz Properties") for approximately 40 units under a single property (customer) owner through the Smart Rebate Program. The total toilet rebates processed for single and multi-family residential customers in 2007 through the Smart Rebate Program was 83. Toilet rebates processed internally or per "special circumstances" (approved by Supervisor) was 57 (9 HETs and 48 ULFTs).

The total number of rebates processed in 2007 under all BMP 14 programs was 140 toilets rebated to customers.

BMP 7 - Public Outreach, Education and Advertising

1. CAW's public outreach and educational efforts are managed by the External Affairs Department in cooperation with the Conservation department. CAW utilizes several professional marketing and design firms to develop numerous highly professional educational brochures, direct mailers, advertisement pieces for newspaper and magazines, and unique marketing items. Given budget limitations for conservation program marketing and outreach, the CAW-Sacramento District only promoted conservation programs and water efficiency messaging through standard bill inserts, messaging and other venues already part of the External Affairs Dept. Thus, conservation messaging did not incur additional expenses upon the External Affairs Department. Unfortunately, the limited public outreach and advertising resulted in low participation in the rebate programs. CAW will utilize approved funding in 2008 (per the Rate Case) to more effectively promote the rebate and new conservation programs to begin in the 2008-10 Rate Case period.

In addition, the Regional Water Authority (RWA) implemented a regional conservation outreach campaigns that CAW-Sacramento customers benefited from as a RWA member. These programs were funded through water purveyor membership dues and managed internally and/or through a contracted vendor. Such regional marketing efforts include:

- o Maintenance and expansion of regional educational websites (such as RWA website).
- o Development and design on Rebate program marketing brochures, example application form, advertisements, etc.
- o Ongoing maintenance and management of the Be Water Wise Hotline that referred CAW customers interested in water audits to Conservation staff and interest in rebates to the Smart Rebate Program.
- o Radio and television advertisements promoting water efficient messaging.
- o Newspaper advertisement and press releases on water conservation and water supply issues affecting the region.
- o Funding of community projects and demonstration gardens such as the Fair Oaks Horticulture Center.
- o Landscape Workshops for homeowners and landscape professionals in partnership with Master Gardeners and the River Friendly Garden organization.
- o Educational presentations at community meetings and events.

The External Affairs also coordinates and funds CAW's participation at local events within the Sacramento service area, West Placer County, and surrounding areas where CAW-Sacramento residents visit. The events target both residential and CII customers, as well as homeowner associations with large landscaped areas. Costs associated with attending such events includes sponsorship fees and booth costs, marketing of event and CAW booth, materials and giveaways for customers visiting the booth, new booth displays that can be used every year, and so forth.

In 2007, CAW attended the following events:

- o Salmon Festival
- o Creek Week Clean Up and Celebration
- o Meter Retrofit Community Meeting and Workshop
- o RWA Booth at Sacramento Home and Garden Show
- o Master Gardener Educational Seminar at Fair Oaks Horticulture Center (CAW staff assisted at RWA booth).

At least one direct mailer is dedicated specifically for promoting CAW's attendance at a community event. CAW has tested the effectiveness of such marketing by requiring customers to bring in their mailer to the CAW booth to receive a special gift such as free garden spray nozzles. One of the most successful events CAW-Sacramento attendees each year in Folsom is the Annual Salmon Festival where over twenty thousand people attend each year. At the Salmon Festival CAW's staff promotes the rebate program, educates customers on landscape irrigation efficiency utilizing educational displays, and entertains children with Mr. Leaky costume and interactive Water whiz game board. CAW provides various education brochures, materials and promotional items at these events to customers to further promote the water use efficiency messaging.

2. The costs under BMP 7 (Public Outreach and Education) for the RWA activities were are funded through membership dues including CAW's portion. CAW pays the RWA dues through the Sacramento District's Operations budget under regional membership dues object code which is included in rates to all ratepayers (per 2005-07 Rate Case). For those activities implemented by CAW such as educational bill messages, bill inserts, and sponsorship at community events was funded by CAW's External Affairs Department. Staff labor costs for working community events comes from the CAW-Sacramento labor budget included in the 2005-07 Rate Case and is part of rates applied to all ratepayers.

The efforts funded by External Affairs projects are included in the California Corporate overhead expenses and a small budget within the CAW-Sacramento's Operations budget (Public Outreach specific Object Code used for tracking expenses), both funded in the rates (per 2005-07 Rate Case). CAW-Sacramento's Conservation Department designated a portion of the provided \$50,000 operations budget for conservation to fund the purchase of educational and promotional events used at community events and the CAW front desk (under BMP 7).

3. There were no "conservation" specific or additional efforts and/or projects implemented in 2007 by External Affairs. All such bill inserts, messaging, and other outreach campaigns were part of the External Affairs Department's 2007 Program Plan. Thus, the total expenses for such efforts under the conservation object (account) code 575255.16 was zero. A small cost for the purchase of various educational and promotional items relating specifically to water conservation was incurred upon the BMP 7 conservation account. The costs for these conservation and promotional items ordered through a wholesaler supplier totaled \$#####.## in 2007.

All costs relating to staffing community events and workshops is included in the rates under CAW-Sacramento's Labor object code (account).

4. The conservation focused bill inserts and messaging were sent to all ratepayers in the Sacramento District service area. The regional programs were also designed to reach all customers from residential to CII and large landscape. The attendance at events CAW-Sacramento participated in ranged from less than 100 to several thousand attendees. On average, CAW-Sacramento signed up 23 customers for residential water audits at each community events with an additional 7 customers calling about audit services after the event. Customers also noted hearing about the rebate programs through the community events. A specific count of rebate participation referred through community events is not available.

BMP 8 School Education and Outreach

1. Given limited funding and staff resources designed for conservation programs, CAW-Sacramento relies 100% on the Regional Water Use Efficiency Programs managed by RWA to meet the BMP 8 (School Education) requirements under the CUWCC's BMPs. The RWA school education program included an interactive educational assembly through the South Yuba River Citizens League (SYRCL) "Great Water Mystery" program on water conservation and the environment to four elementary schools in CAW's service area. Secondly, CAW-Sacramento participates in the SAC-Bee newspaper's NIE Educational Program targeting grades K-6th on water efficiency and environmental issues. The SAC-Bee program is managed through RWA for CAW-Sacramento and the other area water purveyors that are members to RWA's RWEF group.
2. All school education programs (BMP 8) were 100% funded by CAW-Sacramento's membership dues to the RWA's Regional Water Efficiency Programs (RWEF). The RWEF membership expenses are funded through the Sacramento Operations budget under Regional Membership dues that is applied in the Rate Case 2005-07 to all ratepayers.
3. The specific costs for these programs within CAW-Sacramento's service area are not broken down by RWA, rather provided as an overall BMP 8 program cost for the entire Sacramento, Yolo, and Placer County areas.
4. CAW-Sacramento's 2007 School Education Program reached 4 schools and over 1,000 students through the SYRCL's "Great Water Mystery" and numerous schools under the SAC-Bee's NIE educational newspaper program (participation not tracked for each water purveyor's service area).

BMP 9 CII Audits, Water Allocations and Conservation Programs

1. CAW-Sacramento participates in the grant funded Smart Rebate Program for CII customers. Through the Smart Rebate Program CAW-Sacramento offers CII customers rebates for toilets, clothes washers and waterbrooms.

2. The Smart Rebate Program for CII customers is managed by the contracted program vendor and co-funded through a grant and CAW's Operations budget, conservation rebate object code (575355.16).
3. CAW pre-paid for its portion of the rebates resulting in a total cost of \$75 for 2007. These rebates available were not utilized by customers in 2007 and therefore were transferred over to 2008. In 2008 CAW-Sacramento will only be invoiced for the per rebate processing and marketing fee of \$33.39.
4. The total number of CAW-Sacramento customers participating in the CII incentive portion of the Smart Rebate Program was zero and available rebates rolled over into the 2008 calendar year.

BMP 10 - Wholesaler Assistance Program – As Least As Effective As (ALAEA)

1. CAW-Sacramento purchases water from the City of Sacramento, County of Sacramento and Sacramento Suburban Water District (SSWD); however none of these wholesalers provide a BMP 10 Wholesaler Assistance Program. To generate the same regional benefits from regional education and marketing campaigns and other conservation programs, CAW has joined the RWA's Regional Water Efficiency Programs (RWEF) group that includes membership from over 15 other water purveyors in the region. Though RWA is not an actual wholesaler, the RWEF programs are managed and implemented on similar principles as many wholesaler programs. The RWEF program helps CAW-Sacramento and the other member agencies meet the requirements under BMP 7, 8, as well as offer regional marketing efforts to help members improve their customer's participation in BMP 1, 2, 5, 6, and 9. A details of the RWEFs by RWA is provided in the attached Addendum A (RWA's Regional Water Efficiency Programs 2007 Report).
2. CAW-Sacramento's annual membership dues to the RWEF are funded through the District's Operations budget under the object code Regional Membership dues. These expenses are funded through the 2005-07 Rate Cases applied to all ratepayers.
3. The total 2007 expenses relating to the RWA RWEF membership dues and fees totaled \$34,500.
4. The RWEF projects are designed to help CAW-Sacramento target 100% of the customers in the Sacramento service area. Customers are reached through various radio, newspaper and television advertisements, as well as community promotion, brochures (available at events, CAW and RWA offices), and numerous other means

BMP 11 – Conservation Pricing and CAW's Tiered & Water Allocation Rate Structure

1. Not applicable to the Conservation Dept. programs. All rate development and design costs in 2007 were part of the Rate Dept. and included under the CAW Corporate overhead expenses or under applicable specific Rate Case accounts under the CAW-Monterey budget.

BMP 12 – Water Conservation Coordinator and Staff

1. In 2007, CAW-Sacramento had one full time Conservation Specialist position and a temporary intern position in conservation from continuing from fall 2006 through spring 2007. In summer of 2007, a local Operations Supervisor was assigned to manage and oversee the daily conservation activities in the SAC-Sacramento District. This included the day to day management of the Water Conservation Specialist staff. In addition, the Water Conservation Manager for California assisted the District in updating and expanding its rebate programs to operate more efficiently and cost-effectively, as well as work on special projects like the Crosswood Homeowners' Association large landscape project (BMP 5). The efforts by the Conservation Manager relating to rebate program upgrades included:
 - Ongoing management and communication for the SMUD HECW Rebate partnership.
 - Elimination of internal rebate processing to free the Conservation Specialist and the Front Desk staff to assist with other tasks and conservation inquiries and created a single residential rebate program for toilet and clothes washers for CAW-Sacramento and four other CAW Districts.
 - Submission of Conservation Program Plan and Budget for the 2008-10 calendars years in the 2008-10 Rate Case to obtain funding to expand conservation programs and services offered in the Sacramento District.
 - Annual required reporting on conservation (BMP) programs to CPUC, CUWCC, wholesaler agency and various information requests.
2. The Water Conservation Manager position is funded in the Labor code under the Rate Case as a California Corporate Employee and is funded through general rates to all customers. The local CAW-Sacramento conservation staff and supervisor are funded through the local Operations Labor budget. Both these labor expenses are funded through rates to all ratepayers.
3. There is no annual cost for BMP 12 for under the Conservation program budget. The cost under labor for Water Conservation staff hours utilized for CAW-Sacramento efforts without overhead is estimated at \$8,000. The total estimated labor costs for local and CAW Corporate management staff for 2007 was \$90,000.
4. The participation for BMP 12 Conservation staff cannot be evaluated by count of participants (participating customers).

BMP 13 – Water Waste Prohibition and Enforcement – Program enforced by applicable cities (City of Sacramento, Elk Grove, Antelope, etc.), and Sacramento and West Placer County.

2007 CPUC Annual Report Schedule E – 3 Description of Water Conservation Program(s)

CAW District – Village

For all water conservation programs offered by water utility, provide detailed responses to the following items:

- 1. Brief description of each water conservation program provided, by district. This description shall include but not be limited to the type of program offered (such as provision of low-flow plumbing fixtures, leak detection, leak repair, written water conservation tips, or other similar programs to its customers) and length of time it was offered.**
- 2. Discuss how each water conservation assistance program is funded, for example, through rates charged to all customers, rates charged to customer receiving water conservation assistance, shareholder contribution, community funding, government funding, or other funding method. Explain why this type of funding was used.**
- 3. Cost of each program.**
- 4. The degree of participation in each district by customer group.**

In 2007 CAW's Village District provided various water conservation programs to customers including residential (single and multi-family), commercial, public authority (or institutional), large landscape customer rebates and free water saving devices. Given the CPUC has not yet approved a specific budget in Rates for water conservation; CAW-Village utilized various resources, departments and staff to implement the conservation efforts. For example, CAW-Village promoted water use efficiency through public outreach and education campaigns managed and funded by the External Affairs Department and the regional wholesaler Calleguas Municipal Water District (CMWD) and the Metropolitan Municipal Water District of Southern California (MWDSC or also known as MWD). Each program provided in 2007 is described below with all requested information included and listed in relation to the California Urban Water Conservation Council's (CUWCC's) correlating BMP programs.

Table 1 provides a summary of California American Water's 2007 Conservation Program expenditures for the Village District. Table 2 shows the estimated expenses for conservation related activities or programs funded through other sources of CAW's approved CPUC budget.

**Table 1 – Summary of California American Water (CAW) 2007 Conservation Programs Tracked
under Conservation Object Code (575255.16)**

BMP	Actual Spending	Number Interventions or Description
1	\$0	No funding or staff available for BMP 1 program or staff.
2	\$2,500 <i>(estimate)</i>	Efforts ongoing to reach 75% saturation level of low flow devices.
5	\$0	No funding or staff available for BMP 5 program or staff.
6	\$4,000	Internal rebate program still in review. Estimated 40 HECW rebates at \$100 each processed by internal staff.
6	\$1,800 (- \$1,100)	ViewTech managed HECW rebate program that processed up to 10 rebates for Village District customers until the Smart Rebate Program began.
6	\$21,651.87 (- \$3,650)	Smart Rebate Program distributed 33 rebates, with costs including pre-payment for 250 HECW rebates (credit towards 2008). Post-reimbursement expenses for 2007 = \$18,021.87
9	\$0	No funding or staff available. Save a Buck Rebate and other CII Programs managed and funded 100% by MWD.
14	\$9,250.85 (- \$1,125)	Pre-paid for Smart Rebate Program (15 toilet rebates processed with 160 pre-paid toilet rebates rolled over to 2008, expenses post-reimbursements for 2007 is \$8,125.85)
14	TBA	Toilet rebates processed internally by CAW staff prior to Smart Rebate Program and for "special circumstance" cases will be incorporated into the annual BMP Report to the CUWCC.
7	\$1,850 <i>(estimate)</i>	Fall event & education materials
7*	\$0	* Includes multiple direct mailers, ads (radio, TV. & newspaper), 5 events, etc. and regional campaigns.
8	\$0	Activity books & pencils and other educational materials distributed to students at community events and on request.
Total	\$41,053	(Total post-reimbursement from wholesaler = \$35,168) Reimbursement credit of \$5,885 for 2008 from wholesaler

* See table 2 listing costs by External Affairs. Regional wholesaler and MWD programs and associated costs are not provided as they are not within rates and funded by ratepayers.

Table 2 - Summary of Other California American Water (CAW) 2007 Conservation Efforts

BMP	Description of Activity	Estimated Expenses	CPUC Approved Budget	Number of Inventions	Benefits or Savings	Funding Source	Comments
7	Community Relations Events and Campaigns	Investigating	Yes	Investigating	Increase public awareness	Community Relations Accounts (575300)	Crossover of events, advertisements to conservation objectives.
12	Conservation Staff (.10)	\$7,000	Yes	N/A	Implementation of conservation programs	Operations Labor Budget	Statewide Conservation Manager assisting in program development.
13	Water Waste Calls (Operations staff - Labor)	\$28,000	Yes	Investigating	Unknown water savings	Operations Labor Budget	Estimated 800 hours per year of staff time.
Total Estimated Expenses		\$35,000					

BMP 1 – Residential Water Surveys/Audits – Currently no funding for program

BMP 2 – Residential Plumbing Retrofit

1. Since the 1990s CAW's Village District has been providing various water savings devices including showerheads, faucet aerators for the bathroom and kitchen, toilet displacement bags, leak detection tablets/kits, and so forth at no cost to residential customers. The goal of this program as outlined in the CUWCC's MOU (BMP 2) is to reach a 75 percent level of retrofit in all residential properties within CAW's service area. In 2007, CAW tracked distribution of the various water savings devices by comparing purchase and inventory records to identify the total number of each device distributed. In some cases, CAW recorded where or how the devices were distributed to customers. This information allowed CAW to determine what is the most effective means for distributing devices and provides the necessary documentation to show the actual retrofit percentage complete in each year. CAW will utilize this information in planning BMP 2 efforts for 2008 and subsequent years to ensure maximize success in distributing applicable devices to those sites that need to be retrofitted.

CAW distributes the devices through various means including but not limited to:

- Community events (at CAW Company booth)
- Walk in customers (into Newbury Park office)
- Upon request (by customer)
- Joint ventures and events with regional wholesaler or other water retailers in the area

Though CAW kept record of the estimated total number of devices distributed annually it has not been able to identify if all the devices were actually installed and into properties that were not already retrofitted. Thus, CAW estimates that 45 to 70% of the devices distributed are installed to sites needing retrofitting. Walk in and customers requesting devices are more likely to install the free devices, while the devices distributed randomly at events are less likely to be installed where they are needed. In 2007, CAW-Village did not identify if the devices distributed at events were specifically being given to CAW customers. CAW will restrict future distribution of devices by requiring that residents must be CAW customers with homes built prior to 1992 (with no recent upgrades already made) in order to receive applicable free devices. This will reduce the total number of devices distributed each year and the total program costs; however the installation rate and potential water savings will increase per device and help the program to be more cost-effective.

In addition to the standard devices listed under the CUWCC's BMP-2 requirements, CAW also offered a variety of outdoor devices to help customers improve their water use efficiency including:

- Garden hose spray nozzles
- Rain gauges
- Soil probes

CAW keeps records of the required water savings devices as well as these additional devices that help customers save water.

2. The purchase of the water saving devices (under BMP 2 Residential Plumbing Retrofit) was funded from the CAW-Village's General Operations budget included in Rates and budget applied to all CAW-Village customers.
3. The program costs for BMP 2 in 2007 was approximately \$2,500 based on purchase records from suppliers. This only included the purchase cost of the actual water saving devices. CAW labor costs (staff assisting customers, phone requests, etc.) are included in the Labor budget and any promotion of the free devices through bill insert messaging or bill inserts were part of the conservation advertising budget. In 2007, these promotional expenses were tracked under the External Affairs Dept.; however in 2008 CAW will create a sub-subsidiary to allow External Affairs Dept. to identify these conservation related expenses separate from all other PR expenses. As a result, the PR expenses will be included in the annual BMP reporting expenses for each applicable BMP starting in 2008.
4. In 2007, CAW-Village distributed the following water savings devices to residential customers:
 - o Showerheads
 - o Handicap (with hose) showerheads
 - o Kitchen faucet aerators
 - o Bathroom faucet aerators
 - o Leak detection kits
 - o Toilet displacement bags
 - o Garden Hose Spray nozzle
 - o Rain gauges
 - o Soil probes

The CAW-Village District is currently reviewing their inventory of water saving devices to place an order to supply for 2008 activities and customer requests. CAW-Village compares the original early January 2007 records with purchase records and end year inventory to determine the total estimated number of each type of device distributed to the community. The results of this inventory review will be included in the 2007 BMP Reports to the CUWCC.

BMP 3 - Unaccounted for Water and Distribution System Leak Detection

1. CAW follows the American Water Works Association (AWWA) unaccounted for water and distribution system pre-audit procedures and protocols to evaluate its systems operating efficiency and unaccounted for water levels. These efforts are managed and implemented under the Operations Manager and not conservation.
2. The operations and management of the water distribution system is funded through the CAW-Village's Operating Budget through rates charged to call CAW customers.
3. The estimated costs for these efforts are listed within the Operating budget (535000.16, General Operating: Administration) coming from the 2005-07 Rate Case as expenses collected from all customers.
4. This program is not accessed based on customer participation and therefore the degree of participation does not apply.

BMP 4 - Meter Retrofit – not applicable as Village District is 100% metered.

BMP 5 – Large Landscape Audits and Conservation Programs – No funding for program

As Least As Effective As (ALAEA) Program - Other Rebate Incentives for Residential and Commercial, Institutional & Industrial (CII) Customers

1. In 2007, CAW Village participated in two rebate programs for residential and non-residential customers funded through Prop 50 grants and Calleguas Municipal Water District's MWD funding assistance. CAW Village offers a variety of rebate incentive for toilets and clothes washers as required under BMP 14 (Residential Toilet Incentives) and BMP 6 (High Efficiency Clothes Washer Incentives) as well as additional water saving technologies and appliances including waterbrooms, cooling tower conductivity controllers, pre-rinse spray valves for restaurants, weather-based irrigation controllers, among others through either the Smart Rebate program or MWD's Save a Buck program for CII customers. MWD's contracted vendor manages the entire Save a Buck rebate program since its creation. This includes efforts far beyond simply processing rebates and mailing checks to customers including program marketing, outreach, invoicing to MWD, and other program management tasks. Other tasks by the MWD vendor include: the review of the application, answers customer questions, confirms installations and eligibility, notifies customer of non-compliance, and numerous other efforts as part of the program's management. The MWD vendor staff receives calls, email or website messages, CAW customers at community events and meetings with information requests on the Save a Buck Rebate program. All such efforts are funded through the MWD budget.

CAW's External Affairs/Outreach Dept. assists in marketing the rebate program through a variety of methods including bill inserts on rebates and one-line bill messages directly printed on customers' bills.

MWD assists in marketing the rebate program through a variety of methods including:

- Promotion of program at company booth at community events
- General program flyers (covering design, production and distribution costs)
- Community newspaper, TV and radio advertising on program

CAW also participates in the Prop 50 grant funded Smart Rebate Program in partnership with the CUWCC and other water purveyors. The Smart Rebate Program is also managed by a contracted vendor that process rebates, responses to customer inquiries and requests, distributes rebate checks, and provides monthly reports to the CUWCC and CAW on program progress. The details of the Smart Rebate Program are described under BMP 6 (HECW Incentives) and BMP 14 (Toilet Incentives) as this program only applies to (single and multi-family) residential customers only.

2. The Save a Buck program is funded 100% by MWD through their Conservation Program budgets. The regional wholesaler Calleguas Municipal Water District acts as the liaison of the program with MWD for all its water retailers including CAW. The 2007 program report has not been provided to CAW from Calleguas Municipal Water District listing the total number of rebates by type of devices or appliance distributed to CAW customers. When the report is received, CAW will include the Save a Buck Program information in the 2007 BMP Report to the CUWCC.
3. There are no costs for rebates under the Save a Buck Rebate program in 2007 for CAW as the program is completely funded and managed by MWD. A general promotion of all rebate programs was included in a 2007 bill insert organized by CAW's External Affairs Dept. The expenses relating to this bill insert are part of the External Affairs budget as California Corporate overhead. Since these bill inserts are required to be included in each monthly (or bi-monthly for Sacramento District customers) water bill there were no additional expenses to make the messaging to promote the rebate program. Thus, it is not included in the Conservation program budget. However, in 2008 CAW plans to distribute an extra direct mailer to Village District customers promoting rebate programs and other conservation programs. This extra mailer would be designed and managed by the External Affairs (with Conservation Dept. input) with expenses charged to the conservation budget.
4. The total estimated number of customers rebated and thus participating in the program is unknown until MWD's annual report can be provided. Participation in the Smart Rebate program for BMP 6 and is provided in each of these BMP's specific section.

BMP 6 - Clothes Washer Rebate Incentive Program

1. In 2007, CAW-Village offered rebates for high efficiency clothes washers to single-family and residential customers through two programs. From January 2007 through May 2007 the HECW rebate program was managed through a contracted vendor ViewTech. In June, CAW transferred to the Prop 50 grant funded Smart Rebate Program in partnership with the CUWCC. Through the Smart Rebate Program, CAW

received grant funding for half of the rebate costs. For example, if a customer received a \$100 rebate for a high efficiency toilet (HET), CAW paid \$50 of the rebate and the Prop 50 grant funded the other \$50 of the rebate costs. In addition, CAW split a rebate processing and program marketing fee with the Prop 50 grant funded. This fee per rebate processed covered the management of the program including:

- o Management of customer inquiries (phone calls, emails, etc.)
 - o Review, approval and processing of rebate applications
 - o Distribution of rebate check to customers
 - o Billing of the CUWCC (and CAW) for processed rebates
 - o Design, production and mailing distribution of program mailer and letter
 - o Monthly program status reports to CUWCC and CAW
 - o Annual and Program end report
2. Both the ViewTech managed and the grant funded Smart Rebate Programs for HECW rebates were initially funded through CAW-Village's Operations budget as part of the Rate Case. All related charges were tracked under the created conservation programs Object Code (575255.16) to begin tracking expense records of conservation for the 2008-10 Rate Case. ViewTech invoiced expenses on a monthly basis and as rebates per distributed to customers. Alternatively, CAW's portion of the Smart Rebate Program's rebate expenses were paid to the CUWCC (and then to the vendor) upfront. CAW was then only charged on a monthly basis for rebate marketing and processing fees as rebates were distributed. At the end of 2007, CAW-Village submitted for up to \$110 per HECW rebate distributed in reimbursement to Calleguas Municipal Water District (funded by MWD). The reimbursed amount is then credited to the CAW-Village Operation's budget.
3. Through both the ViewTech and Smart Rebate Program, customers received up to a \$150 rebate for upgrading to a CEE approved high efficiency washer model (Tier 1 through 3) based on the Water Factor (WF) or gallons per cycle. ViewTech then charged CAW a monthly program management fee that was split between the participating American Water Districts (included Los Angeles, Coronado, Monterey, Larkfield, and New Mexico). In addition, ViewTech charged CAW a rebate processing fee of \$26.25 per rebate. Thus, the total cost per rebate was \$176.25 with an estimated monthly management fee of \$100-125 (total monthly fee of \$700 split between several districts based on participation levels each month). In 2007, the total program cost from the ViewTech program was estimated at \$1,800 (still pending confirmation of year-end results). CAW has submitted to Calleguas Municipal Water District for a reimbursement of \$1,100 (or \$110 per processed HECW rebate), for a remaining expense balance of \$700.

Alternatively, the Smart Rebate Program was co-funded through a Prop 50 grant so CAW only paid half of the rebate amount or \$75 per HECW rebate and a program marketing and management fee of \$33.39 per rebate processed. The total processing fee by the Smart Rebate Program vendor was \$59.25 with the grant

covering the costs above CAW's \$33.39 per rebate portion. Thus, the total cost to CAW per rebate was \$108.39. In 2007, the total program cost from the Smart Rebate Program was \$21,651 that included \$18,750 to pre-pay for 250 HECW rebates and \$3,630 in rebate processing and marketing costs. A balance of \$16,275 for (prepaid) HECW rebates remains and is rolled over for use in 2008. CAW has submitted to Calleguas Municipal Water District for a reimbursement of \$3,630 (or \$110 per processed HECW rebate), for a remaining expense balance of \$18,021.87. CAW-Village had a significant volume of HECW rebates pre-paid for in 2007 that did not get processed. Therefore, the CUWCC transferred these rebate credits into 2008. As a result, CAW-Village was only reimbursed by Calleguas Municipal Water District (from MWD) for the 33 processed rebates only. CAW-Village will not receive reimbursement for the remaining pre-paid rebates until they are processed to customers throughout 2008. As a result, CAW-Village had expenses post-reimbursement in 2007, but may have a credit in 2008 as rebates are processed for a charge of \$33.39 each and are reimbursed by the wholesaler for \$110 each (for processing fee in 2008 and the actual rebate costs incurred in 2007).

The program expenses for BMP 6 (HECW Rebates) in 2007 are as follows:

Total ViewTech program expenses = \$1,800 (estimate)

Total Smart Rebate program expenses = \$3,630
(Prepaid for 250 HECW rebates in 2007 for \$18,750)

Total BMP 6 expenses of processed HECW rebates = \$5,430
(Actual total expenses = \$21,651)

ViewTech reimbursement requests = \$1,100 maximum (for 10 rebates)

Smart Rebate reimbursement requests = \$3,650

Total reimbursement for BMP 6 = \$4,750

Balance of expenses after reimbursement = \$646.87

4. Since only one HECW rebate per customer or household was permitted, the number of rebates distributed is equal to the number of participants. A total of less than 10 HECW rebates were distributed through the ViewTech program (final rebate count from ViewTech pending) and 33 through the Smart Rebate Program for a BMP 6. In addition, CAW-Village processed HECW rebates to residential customers during the first 5 months of 2007. The number of rebates processed internally will be included in the BMP Report to the CUWCC once the information has been confirmed with Administrative staff processing the rebates internally. A grand total of 38 to 43 rebates were processed in 2007 from ViewTech and the Smart Rebate with as many as 40 HECW rebates processed internally. (Potential total of 83 participants).

BMP 9 and 14 - CII Rebate Program

1. All commercial, industrial and institutional (CII) rebate incentives were available to CAW customers through the MWD Save a Buck Program. The program is completely

funded, managed, and promoted by MWD. Various marketing materials are provided to CAW and all participating MWD member agencies including office displays, template letters and mailers, and pre-printed brochures on the program to distribute to CII customers as needed.

2. The Save a Buck Rebate program for CII customers is 100% funded by MWD. In 2007, CAW did not contribute any additional funding for the program given limited budget resources for conservation programs.
3. In 2007, there were no costs to CAW for the Save a Buck Program. CAW is currently waiting for the 2007 Report from the regional wholesaler and MWD member agency, Calleguas Municipal Water District to identify the total cost to MWD for CAW customers' participation.
4. CAW is currently waiting for the 2007 Report from the regional wholesaler and MWD member agency, Calleguas Municipal Water District. This report will provide CAW with the total number of rebates processed and CII customers in the Save a Buck Program that were in CAW's Village service area.

BMP 14 – Residential Toilet Rebate Program

1. In 2007, CAW-Village offered rebates for high efficiency toilets (HETs), dual flush (DFs), and ultra low flush toilets (ULFTs) to single-family and residential customers through the two programs. From January 2007 through May 2007 the toilet rebate program was managed by local District staff. In June, CAW transferred to the Prop 50 grant funded Smart Rebate Program in partnership with the CUWCC. Through the Smart Rebate Program, CAW received grant funding for half of the rebate costs. For example, if a customer received a \$100 rebate for a high efficiency toilet (HET), CAW paid \$50 of the rebate and the Prop 50 grant funded the other \$50 of the rebate costs. In addition, CAW split a rebate processing and program marketing fee with the Prop 50 grant funded. This fee per rebate processed covered the management of the program including:
 - o Management of customer inquiries (phone calls, emails, etc.)
 - o Review, approval and processing of rebate applications
 - o Distribution of rebate check to customers
 - o Billing of the CUWCC (and CAW) for processed rebates
 - o Design, production and mailing distribution of program mailer and letter
 - o Monthly program status reports to CUWCC and CAW
 - o Annual and Program end report
2. Both the internally managed and the grant funded Smart Rebate Programs for toilet rebates were initially funded through CAW-Village's Operations budget as part of the

Rate Case. All related charges were tracked under the created conservation programs Object Code (575255.16) to begin tracking expense records of conservation for the 2008-10 Rate Case. The rebates processed internally were set up as vendor accounts for each rebated customer. Rebate checks were then processed and mailed out of American Water's Corporate Accounts Payable Department in New Jersey. This process caused some delay in application review, approval and processing of check. Alternatively, CAW's portion of the Smart Rebate Program's rebate expenses were paid to the CUWCC (and then to the vendor) upfront. CAW was then only charged on a monthly basis for rebate marketing and processing fees as rebates were distributed. This helped ensure customers received their rebate checks after submitting their completed application form in a timely manner. At the end of 2007, CAW-Village submitted for up to \$75 per toilet rebate distributed in reimbursement to Calleguas Municipal Water District (funded by MWD). The reimbursed amount is then credited to the CAW-Village Operation's budget.

3. Through both the internal and Smart Rebate Program, customers received up to a \$100 rebate for upgrading to a lower water using toilet. Rebates were not given to customers replacing a 1.6gpf ULFT with another ULFT. Rebates were given to customers that replaced a ULFT with a HET or Dual Flush (DF) toilet using 1.28gpf or less because this replacement generates water savings. CAW is currently reviewing the 2007 records of the toilet rebates processed internally with local Administration staff. Once the rebate records have been confirmed, CAW will submitted for reimbursements to Calleguas Municipal Water District for \$75 per processed toilet rebate. Through the internal rebate program, CAW-Village only offered a \$75 rebate for the first toilet and then \$50 for each additional toilet.

Alternatively, the Smart Rebate Program was co-funded through a Prop 50 grant so CAW only paid half of the rebate amount or \$50 per toilet rebate and a program marketing and management fee of \$33.39 per rebate processed. The total processing fee by the Smart Rebate Program vendor was \$59.25 with the grant covering the costs above CAW's \$33.39 per rebate portion. Thus, the total cost to CAW per rebate was \$83.39. In 2007, the total program cost from the Smart Rebate Program for toilet rebates was \$9,250.85. Like the HECW rebates through the Smart Rebate program, CAW-Village pre-paid for all 175 toilet rebates at the start of the program in 2007 for a cost of \$8,750. Only 15 toilet rebates were processed in 2007 with 160 pre-paid rebates rolled over to the 2008 calendar year. CAW has submitted to Calleguas Municipal Water District for a reimbursement of \$1,125 (or \$75 per processed toilet rebate), for a remaining expense balance of \$8,125.85. Like with the HECW rebates, the CAW-Village had a significant volume of toilet rebates pre-paid for in 2007 that did not get processed. Therefore, the CUWCC transferred these rebate credits into 2008. Thus, CAW-Village was only reimbursed by Calleguas Municipal Water District (from MWD) for the processed rebates in 2007 only. CAW-Village will not receive reimbursement for the remaining pre-paid rebates until they are processed to customers throughout 2008. CAW-Village had significant expenses in 2007 for toilet rebates, but may have a credit in the 2008 budget as rebates are processed for a charge of \$33.39 each and are reimbursed by the wholesaler for \$75 each (i.e. processing fee invoiced in 2008 and the actual rebate costs incurred in 2007, but total reimbursement amount allocated in 2008).

The program expenses for BMP 14 (Toilet Rebates) in 2007 are as follows:

Total internal program expenses = TBA

Total Smart Rebate program expenses = \$9,250.85

(Prepaid for 175 toilet rebates for \$8,750 with only 15 processed in 2007)

Total BMP 14 expenses = \$9,250.85

Submitted reimbursement requests = \$1,125

Balance of expenses after reimbursement = \$8,125.85

(Estimated processing expenses for pre-paid rebates in 2008 = \$5,342.40)

Total reimbursement amount remaining for 2008 = \$12,000

(Balance of expenses for Smart toilet rebates in 2008 = \$1,342.40)

4. Customers could receive rebates for up to 3 toilets per residence or household. Thus, the total number of rebates is not equal to the number of participants as several customers participating in the toilet rebate program received a rebate for more than one toilet. CAW-Village will complete review of the internal toilet rebate program activities to identify the number of toilet rebates (HET, DF, and ULFT models) and program costs for 2007 for the CUWCC BMP Report 2007. Until the internal rebate program totals are identified a total number of 15 rebates are recorded to have been processed in 2007 under BMP 14 through the Smart Rebate Program.

Table 3 summarizes the activities through the Smart Rebate Program for the CAW-Village District from the December 2007 or end year program report provided by the program vendor.

BMP 7 - Public Outreach, Education and Advertising

1. CAW's public outreach and educational efforts are managed by the External Affairs Department in cooperation with the Conservation department. CAW utilizes several professional marketing and design firms to develop numerous highly professional educational brochures, direct mailers, advertisement pieces for newspaper and magazines, and unique marketing items. Given budget limitations for conservation program marketing and outreach, the CAW-Village District only promoted conservation programs and water efficiency messaging through standard bill inserts, messaging and other venues already part of the External Affairs Dept. Thus, conservation messaging did not incur additional expenses upon the External Affairs Department. Unfortunately, the limited public outreach and advertising resulted in low participation in the rebate programs. CAW will utilize approved funding in 2008 (per the Rate Case) to more effectively promote the rebate and new conservation programs to begin in the 2008-10 Rate Case period.

In addition, CAW worked with the Calleguas Municipal Water District and MWD on regional conservation outreach campaigns. These programs were funded through the wholesaler and MWD and managed through a contracted vendor. Such regional marketing efforts include:

- o Maintenance and expansion of the MWD Be Water Wise and Save a Buck websites.
- o Development and design on Save a Buck Program marketing brochures, tabletop displays.
- o Radio and television advertisements promoting water efficient messaging (MWD).
- o Newspaper advertisement and press releases on water conservation and water supply issues affecting the region.
- o Funding of community projects and demonstration California Friendly Gardens (through MWD's Community Relations Department).
- o Landscape Workshops for homeowners and landscape professionals.
- o Educational presentations at community meetings and events.

The External Affairs also coordinates and funds CAW's participation at local events within the Thousand Oaks, Newbury Park, and surrounding areas. The events target both residential and CII customers, as well as homeowner associations with large landscaped areas. Costs associated with attending such events includes sponsorship fees and booth costs, marketing of event and CAW booth, materials and giveaways for customers visiting the booth, new booth displays that can be used every year, and so forth.

At least one direct mailer is dedicated specifically for promoting CAW's attendance at a community event. CAW has tested the effectiveness of such marketing by requiring customers to bring in their mailer to the CAW booth to receive a special gift such as free garden spray nozzles.

2. The costs under BMP 7 (Public Outreach and Education) for the wholesaler and MWD activities were not funded through the rates or in any way by CAW. All such efforts were funded by MWD and the wholesaler MWD member agency Calleguas Municipal Water District. For those activities implemented by CAW such as educational bill messages, bill inserts, and attendance at community events was funded by CAW's External Affairs Department. The funded of such External Affairs projects are included in the California Corporate overhead expenses and a small budget within the CAW-Village's Operations budget (Public Outreach specific Object Code used for tracking expenses), both funded in the rates (per 2005-07 Rate Case).
3. There were no "conservation" specific or additional efforts and/or projects implemented in 2007 by External Affairs. All such bill inserts, messaging, and other outreach campaigns were part of the External Affairs Department's 2007 Program Plan. Thus, the total expenses for such efforts under the conservation object (account) code 575255.16 was zero. A small cost for the purchase of various educational and promotional items relating specifically to water conservation was incurred upon the BMP 7 conservation account. The costs for these conservation and promotional items ordered through a wholesaler supplier totaled approximately \$1,850 in 2007.

All costs relating to staffing community events and workshops is included in the rates under CAW-Village's Labor object code (account).

4. The conservation focused bill inserts and messaging were sent to all ratepayers in the Village District service area. The regional programs were also designed to reach all customers from residential to CII and large landscape. The attendance at events CAW-Village participated in ranged from less than 100 to several thousand attendees.

BMP 8 School Education and Outreach

1. Given limited funding and staff resources designed for conservation programs, CAW-Village relied on the School Education Programs (BMP 8) implemented by the wholesaler Calleguas Municipal Water District and MWD. In 2007, CAW did not have local staff available to build a relationship with the wholesaler to ensure schools in the CAW-Village service area participated in available MWD educational programs.
2. All school education programs (BMP 8) were 100% funded by MWD and the wholesaler as part of the BMP 10 Wholesaler Assistance Program. There are no expenses for CAW applied to the ratepayers.
3. The specific costs for these programs within CAW-Village's service area are not provided by the wholesaler or MWD.
4. CAW-Village is currently waiting for the 2007 School Education Program results in CAW's service area from the local water wholesaler agency and MWD member agency.

BMP 9 CII Audits, Water Allocations and Conservation Programs

1. CAW-Village participates in the MWD funded and managed Save a Buck Rebate Program for CII customers. In addition, CII customer are eligible to participate in MWD's other various incentive programs including their Performance Pays program that reimburses CII sites for a portion or all of their costs for upgrades made to generate water savings. All these programs are managed by MWD. CAW did not have available local staff to promote these incentive programs directly to its customers. In the future, CAW-Village hopes to have conservation specific staff to build relationships with CII customers and to assist them in the process of participating in the various MWD incentive programs.
2. The Save a Buck Program and the other CII incentive programs are all managed and funded 100% by MWD. There are no expenses in 2007 to CAW or its ratepayers.
3. The total cost for the various CII program by MWD was not provided to CAW for its service area.
4. The total number of CAW-Village customers participating in the CII incentive programs by MWD was not provided to CAW for its service area.

BMP 10 - Wholesaler Assistance Program - *Not applicable*

BMP 11 – Conservation Pricing and CAW's Tiered & Water Allocation Rate Structure

1. Not applicable to the Conservation Dept. programs. All rate development and design costs in 2007 were part of the Rate Dept. and included under the CAW Corporate overhead expenses or under applicable specific Rate Case accounts under the CAW-Monterey budget.

BMP 12 – Water Conservation Coordinator and Staff

1. In 2007, CAW-Village had no specific conservation staff. The Water Conservation Manager for California assisted the Village District in updating and expanding its rebate programs to operate more efficiently and cost-effectively. The efforts included:
 - Transfer from ViewTech contractor to grant funded Smart Rebate Program to offer more rebates at the same cost.
 - Elimination of internal rebate processing to free Front Desk staff to assist with other tasks and conservation inquiries and create a single residential rebate program for toilet and clothes washers for CAW-Village and four other CAW Districts.

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- Submission of Conservation Program Plan and Budget for the 2008-10 calendar years in the 2008-10 Rate Case to obtain funding to expand conservation programs and services offered in the Village District.

 - Annual required reporting on conservation (BMP) programs to CPUC, CUWCC, wholesaler agency and various information requests.
2. The Water Conservation Manager position is funded in the Labor code under the Rate Case as a California Corporate Employee and is funded through general rates to all customers.

 3. There is no annual cost for BMP 12 for under the Conservation program budget. The cost under labor for Water Conservation staff hours utilized for CAW-Village efforts without overhead is estimated at \$7,000.

 4. The participation for BMP 12 Conservation staff cannot be evaluated by count of participants (participating customers).

BMP 13 – Water Waste Prohibition and Enforcement – Program enforced by City of Thousand Oaks and Los Angeles County