

A.08-01-027, A.08-01-024 ALJ/MAB/avs

**APPENDIX A**

A.08-01-027, A.08-01-024

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

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service in its Monterey District by \$24,718,200 or 80.30% in the year 2009; \$6,503,900 or 11.72% in the year 2010; and \$7,598,300 or 12.25% in the year 2011 Under the Current Rate Design and to Increase its Revenues for Water Service in the Toro Service Area of its Monterey District by \$354,324 or 114.97% in the year 2009; \$25,000 or 3.77% in the year 2010; and \$46,500 or 6.76% in the year 2011 Under the Current Rate Design.

And Related Matters

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(Filed January 30, 2008)

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**SETTLEMENT AGREEMENT BETWEEN  
THE DIVISION OF RATEPAYER ADVOCATES AND  
CALIFORNIA-AMERICAN WATER COMPANY ON CONSERVATION  
RATE DESIGN ISSUES**

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November 24, 2008

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**I. GENERAL**

- A. Pursuant to Article 12 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the Division of Ratepayer Advocates ("DRA"), and California-American Water Company (collectively, "the Parties") have agreed on the terms of this Settlement Agreement, which they now submit, for approval. This Settlement Agreement addresses conservation-oriented increasing block rates and the related decoupling mechanisms, Water Revenue Adjustment Mechanisms ("WRAMs") and Modified Cost Balancing Accounts ("MCBAs").
- B. Because this Settlement Agreement represents a compromise by them, the Parties have entered into each stipulation contained in the Settlement Agreement on the basis that its approval by the Commission not be construed as an admission or concession by any Party regarding any fact or matter of law in dispute in this proceeding. Furthermore, the Parties intend that the approval of this Settlement Agreement by the Commission not be

construed as a precedent or statement of policy of any kind for or against any Party in any current or future proceeding. (Rule 12.5, Commission's Rules on Practice and Procedure.)

- C. The Parties agree that no signatory to the Settlement Agreement assumes any personal liability as a result of their agreement. All rights and remedies of the Parties are limited to those available before the Commission. Furthermore, the Settlement Agreement is being presented as an integrated package such that Parties are agreeing to the Settlement as a whole, as opposed to agreeing to specific elements of the Settlement. If the Commission adopts the Settlement Agreement with modifications, all Parties must consent to the modifications or the Settlement is void.
- D. This Settlement Agreement may be executed in counterparts, each of which shall be deemed an original, and the counterparts together shall constitute one and the same instrument.
- E. The Parties agree to use their best efforts to obtain Commission approval of the Settlement Agreement. The Parties shall request that the Commission approve the Agreement without change and find the Settlement Agreement to be reasonable, consistent with the law, and in the public interest.

## II. BACKGROUND

- A. California American Water provides service to approximately 39,447<sup>1</sup> customers (including Private Fire Service) in its Monterey District, which is comprised of the Monterey Main System and the Ambler, Hidden Hills, Ryan Ranch, Bishop, Chualar, and Ralph Lane subsystems.
- B. The tariff sheets for California American Water's Monterey District are listed below, and include General Metered Service, Private Fire Protection Service and Private Fire Hydrant Service. The current tariff sheets are available on California American Water's website. The proposed tariff sheets are not available, as there is not an adopted revenue requirement for 2009 and on.
  - 1. Schedule No. MO-1; Monterey District Tariff Area, General Metered Service
  - 2. Schedule No. MO-1-68; Monterey District Tariff Area, General Metered Service, Hidden Hills and Ryan Ranch Subdivision
  - 3. Schedule No. MO-1AB; Monterey Peninsula District Tariff Area, General Metered Service, Ambler Park and Bishop Service Area
  - 4. Schedule No. MO CO-1; Monterey District Tariff Area, General Metered Service, Ralph Lane and Chualar Service Areas
  - 5. Schedule No. MO-4; Monterey Peninsula District Tariff Area, Private Fire Protection Service

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<sup>1</sup> Customers at year-end 2007, as presented in A.08-01-027, Exhibit A, Chapter 5, Section 1, Table 1B. California-American Water recently acquired another subsystem called Toro. Toro customers are not included in this total and the Toro Subsystem is not addressed in this settlement.

6. Schedule No. MO-4AB; Monterey Peninsula District Tariff Area, Private Fire Protection Service, Ambler Park and Bishop Service Area
7. Schedule No. MO-4H; Monterey Peninsula District Tariff Area, Private Fire Hydrant Service

**C. Current Monterey Main System Rate Design**

1. Residential, multi-residential and low-income residential customers currently have increasing block rates with 5 blocks and seasonal rate changes. The block widths and seasonal rate changes for these customers depend on the customer-specific characteristics including the number of people per residence, size of lot, and number of large animals. There are also two elevation zone surcharges in tariff Schedule MO-1.
2. Commercial, industrial, public authority, and golf course customers have an increasing block rate with two blocks, where the block breakpoint is based on a customer-specific allotment. There are also two elevation zone surcharges in tariff Schedule MO-1. Special use customers, which are currently sale for resale and fire hydrant customers, have a uniform rate.

**D. Current Hidden Hills and Ryan Ranch Rate Design**

1. Hidden Hills residential customers have an increasing block rate with four blocks. Hidden Hills and Ryan Ranch non-residential customers, other than private fire service, have a uniform rate.

**E. Current Ambler Park, Bishop, Chualar, and Ralph Lane Rate Design**

1. All customers in Ambler Park, Bishop, and Chualar currently have a uniform rate. Customers in Ralph Lane have an increasing block rate.

**F. The only flat rate customers are Private Fire Protection Service customers.**

**G. All Monterey customers are billed on a monthly basis.**

**III. PILOT PROGRAM**

**A. Overview:**

1. The Parties agree that the conservation rate designs and related decoupling mechanisms Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) in the Monterey Main System, Hidden Hills, Bishop, Ryan Ranch and Ambler Park constitute a Pilot Program to become effective as soon as the Commission decision is ordered and California American Water is able to institute the necessary changes in its billing system. Prior to implementing these rate changes, California American Water will provide notifications to customers including a description of the new rate design and rate impacts and will conduct workshops in the community to explain the rate design to customers.
2. The Parties agree that this Pilot Program will be reviewed in the next general rate case ("GRC") filing. The filing date for the next GRC is July 1, 2010.

3. The Parties agree that if implementation of the proposed Pilot Program results in a disparate impact on ratepayers or shareholders, the Parties will meet to discuss adjustments to the proposed Pilot Program.

**B. Conservation Rates:**

1. This settlement proposes changes to the conservation rate designs for all customer classes except private fire protection service, private fire hydrant service, and Chualar and Ralph Lane customers.<sup>2</sup> The customer classes included in the conservation rate design proposals are: residential, low-income residential (customers participating in the Help To Others (H2O) program), multi-residential, sale for resale, commercial, industrial, public authority, golf courses (potable use), golf courses (non-potable – Visciano tank), and dedicated irrigation meter customers.
2. Customers in the Monterey Main System, Ryan Ranch, Hidden Hills, and Bishop will be on the same rates and rate design. The Parties agree that there will be a six-year transition period for all block rates in Bishop, and a three-year transition period for the proposed top three block rates in Hidden Hills.
3. The Parties agree that California American Water will attempt to bill its customers in tens of cubic feet instead of 100s of cubic feet (see Section IV. G. 1.). This change will allow an even distribution of water for individual use in each block, and allow California American Water to be able to bill customers accurately according to water rations that would be available during rationing.
4. **Service or Meter Charges:** The Parties agree to move additional fixed costs from the meter charge into the quantity charge for the following customer classes: residential, low-income residential (customers participating in the H2O program), multi-residential, sale for resale, commercial, industrial, public authority, golf courses (potable use), golf courses (non-potable – Visciano tank), metered fire hydrant, and dedicated irrigation meter customers. Service or meter charges are used to recover a portion of fixed costs. The Parties agree the service or meter charges will recover approximately 15% of California American Water Monterey District's fixed costs.
5. **Quantity Rates for Residential Customers:**
  - a. The Parties agree that residential customers will have an increasing quantity (or block) rate design with five blocks and that the quantity or volumetric rates will recover approximately 85% of fixed costs and 100% of the variable cost.
  - b. The Parties agree that block one and two will only have an adjustment for the number of people and number of large animals. Block one will also include an adjustment for medical needs, if applicable.
  - c. The Parties agree that an equivalent amount of water will be allotted to each person in each block. Specifically, each person will be allowed 1.5 Ccf in each and every block.

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<sup>2</sup> The proposed rates in the Settlement Agreement are based upon an estimate of the revenue requirement that will be set forth in the GRC decision in A.08-01-127.

- d. The Parties agree that blocks three, four, and five will have an allotment for landscape in summer months (with decreasing amount per acre above 1 acre) as well as the per person allotment and the large animal allotment. This allotment for landscape in summer months is significantly lower than the current allotment for landscape during summer. Summer months are defined here as May, June, July, August, September and October.
  - e. The Parties agree that the allotment for large animals will remain the same.
6. Quantity Rates for Non-Residential Customers (except private fire service, private hydrant service, and fire hydrant customers):
- a. The Parties agree that non-residential customers will have an annual allotment, calculated on an individual customer-specific basis with a three-level increasing block rate. The block widths and rates are discussed in Section V below. The following customer classes are included in this rate design: commercial, industrial, public authority, golf courses (potable use), golf courses (non-potable – Visciano tank), dedicated irrigation meter customers.

**C. Rate Design Parameters:**

1. Revenue Requirement: The Parties agree the revenue requirement will continue to be shared among all customer classes. For a description of the revenue tracked in the Water Revenue Adjustment Mechanism balancing accounts see section (XV).
2. Consumption Data: California American Water agrees to run all the new parameters through a rate model (i.e., the different block widths and landscape adjustments) to determine the base rate in conjunction with the parameters agreed to in this proposal based on 2007 usage patterns to approximate or project a revenue neutral rate design assuming California American Water sells the same number of units as projected in the rate application. The base rate calculated in this model would apply to residential and non-residential customer classes.

**D. Customer Class Miscategorizations**

1. California American Water agrees to take all reasonable efforts to identify miscategorizations in customer classes. For example, there are customers that are currently categorized as commercial, but who are actually multi-residential customers with a single meter. California American Water will provide a list of the miscategorizations it found in the next GRC, and incorporate the findings into the GRC filing.

**E. Related Accounting Mechanisms:**

1. The Parties agree the current WRAM and Emergency WRAM account will be discontinued and a single Water Revenue Adjustment Mechanism (WRAM) will be authorized for the Monterey District including the Monterey Main system, Hidden Hills, Ryan Ranch, and Bishop. The Parties further agree there will be a single Modified Cost Balancing Account (MCBA) for purchased water and purchased power for the Monterey Main system, Hidden Hills, Ryan Ranch and Bishop.
2. The Parties agree there will be a separate WRAM and MCBA for Ambler Park.

**IV. RESIDENTIAL CUSTOMERS**

A. Customer classes included in this section are residential, multi-residential, low income, and sale-for-resale.

B. Service Charges

1. The Parties agree the portion of fixed cost recovered in the service charge is reduced to 15% of fixed costs. Due to the movement of additional fixed costs to the quantity charge, a greater percentage of the total revenue requirement comes from the quantity charges.
2. The Parties agree that the Elevation Zone Surcharge will be eliminated.

C. Quantity Charges and Consumption Blocks

1. The Parties propose to continue a five-level increasing block rate structure as is currently in place for the Monterey Main system. This five-level increasing block rate structure would replace the current four-level increasing block rate structure in Hidden Hills, and would replace the uniform rate in Bishop.
2. The five consumption blocks are calculated for each customer based on the number of people, season (winter/summer), size of lot, and number of large animals according to the following allotments for each characteristic:

For reference, in the following tables, 1 unit = 1 ccf = 748 gallons; which is approximately 25 gallons per day

**Block Width Adjustment for Number of People**

Number of people in a residence	Current block width adjustment for number of people (Ccfs per month per block)	Proposed Ccfs per month	Proposed Gallons per day
1	2	1.5	37.5
2	3	3	75
3	4	4.5	112.5
4	5	6	150
5	5	7.5	187.5
6	6	9	225
7	7	10.5	262.5

3. Block Width adjustment for large animals will remain the same.

**Block Width Adjustment for Large Animals**

Number of large animals	Current and proposed block width adjustment (ccf per month)	Current and proposed block width adjustment (gallons per day)
1 or 2	0.5	12.5
3 to 5	1	25
6 to 10	1.5	37.5
11 to 20	2	50
Over 20	2.5	62.5

**Block Width Adjustment for Landscape (available in summer (May-October) only)**

Size of Lot	Current Ccfs per month per block	Proposed Ccfs per month per block in blocks three, four, and five.	Proposed gallons per day
No outside space	0	0	0
Up to ¼ acre	1	1	25
Over ¼, up to ½ acre	2	2	50
Over ½, up to 1 acre	3	2	50
Over 1 acre, up to 2 acres	4	3	75
Over 2 acres, up to 3 acres	6	3	75
Over 3 acres, up to 4 acres	8	3	75
Greater than 4 acres	10	3	75

4. Each customer's total block widths in each block are calculated by adding block width adjustments for people, animals, and landscape (in May-October only).
5. The Parties agree that the five block quantity rates are as follows:
  - a. Each block rate will be calculated from a "base rate." At this time, the base rate is unknown as the revenue requirement is being decided concurrently with the rate design. However, the following percentages would be used to differentiate the

block rates and the quantity rates shown below are approximated based on an assumed revenue requirement.<sup>3</sup>

- i. Block 1 rates will be 50% of base rate; Block 2 rates will be, 100% of base rate, Block 3 rates will be 200% of base rate, Block 4 rates will be 400% of base rate and Block 5 rates will be 600% of base rate (shown below)

Block	Current %	Proposed % of base rate.	Current quantity rate (including \$0.9846 service charge)	Proposed rate assuming base rate of \$4.04
1	50%	Note 1	\$2.7036	\$2.7036
2	100%	100%	\$4.4227	\$4.04
3	150%	200%	\$6.1418	\$8.08
4	200%	400%	\$7.8608	\$16.16
5	400%	Note 2	\$14.737	\$28.28

Note 1: the rate in block 1 would stay the same as today (\$2.7036 per Ccf).

Note 2: the rate in block 5 would be limited to twice the current block rate in block 5 (\$29.474) or 700% of the base rate, which ever is lower at the time the conservation rates are implemented.

- ii. The rates will be designed to be revenue neutral for the Monterey Main System, and the Bishop, Hidden Hills, and Ryan Ranch as compared with total adopted quantity revenue less certain exclusions as described in Section XV. A.

**D. Transition Periods**

1. The Parties agree that there will be a three-year transition to the new rate design for Hidden Hills residential customers. The billing criteria in Hidden Hills will be based on the same criteria (i.e., number of people, lot size, large animals and medical needs) but the actual rates will not be the same as that in the Monterey Main System. In 2009 the block rates for blocks 1, 2 and 3 will be the same as those for the Monterey Main system, but the blocks rates for blocks 4 and 5 will be set at 250% and 400%, respectively, of the base rate. In 2010, the rates in blocks 4 and 5 will be set at 300% and 500%, respectively, of the base rate. In 2011, the rates in all blocks will be the same as those in the Monterey Main system.
2. The Parties agree that there will be a six-year transition to the new rate design for Bishop residential customers. The billing criteria in Bishop will be based on the same criteria as the Monterey Main system (i.e., number of people, lot size, large animals and medical needs) but the actual rates will not be the same as that in the

<sup>3</sup> This base rate was calculated based on an assumed revenue requirement of half the increase California American Water requested, or \$12,359,100 revenue increase in 2009. Thus, the base rate of \$4.04 was calculated by taking the midpoint between the current base rate of \$3.4381 and California American Water's proposed base rate of \$4.6345 per Ccf.

**Monterey Main System.** The billing rates per block will be established as follows for Bishop customers:

- a. 2009: Block rate 1 will be set at 50% of the base rate. Block rate 2 will be set at 75% of the base rate. Block rate 3 will be set at 100% of the base rate. Block rate 4 will be set at 125% of the base rate, Block rate 5 will be set at 150% of the base rate.
  - b. 2010: Block rate 1 and 2 will be set at the same rate as the Monterey Main System. Block rate 3 will be set at 125% of the base rate. Block rate 4 will be set at 175% of the base rate, Block rate 5 will be set at 200% of the base rate.
  - c. 2011: Block rate 1 and 2 will be set at the same rate as the Monterey Main System. Block rate 3 will be set at 150% of the base rate. Block rate 4 will be set at 200% of the base rate, Block rate 5 will be set at 250% of the base rate.
  - d. 2012: Block rate 1, 2 and 3 will be set at the same rate as the Monterey Main System. Block rate 4 will be set at 250% of the base rate, Block rate 5 will be set at 400% of the base rate.
  - e. 2013: Block rate 1, 2 and 3 will be set at the same rate as the Monterey Main System. Block rate 4 will be set at 300% of the base rate, Block rate 5 will be set at 500% of the base rate.
  - f. 2014: Block rates will be the same as those in the Monterey Main System.
3. This transition is to ensure the impact on revenue for Bishop and Hidden Hills subunits is not greater than twice the overall percentage rate increase in the Monterey District.

**E. Low Income Program (Help to Others or H2O)**

1. The Parties agree that the rate design for customers enrolled in the Help to Others low-income program ("Low Income") will be the same as residential customers except:
  - a. Low Income customers will not pay the CWP surcharge
  - b. The discount for Low Income customers will increase as the number of residents in the household increases. Residences with 1-4 people will receive an \$8 discount, residences with 5-8 people will receive a \$12 discount, and residences with over 8 people will receive \$16 discount.
2. The Parties agree that qualifying Ambler Park and Bishop subsystem customers will be eligible to participate in the Help to Others Low Income Program.

**F. Surcharges**

1. The Parties agree that this settlement will not change surcharges that the Commission has currently authorized except those explicitly outlined in this settlement.

**F. Miscategorizations of Customer Characteristics Used to Calculate Block Widths**

1. California American Water agrees that it will take reasonable efforts to identify miscategorizations in its documentation for number of people, lot size and large animals. In part, this will be accomplished through an annual survey sent to

customers with any of the following characteristics: 6 or more people, customers with large animals, lot sizes of 2 acres and above, customers with no outside space, as well as customers who have not previously responded to a survey.

**G. Billing in Tens of Cubic Feet.**

1. If California American Water is not able to begin to bill its customers in tens of cubic feet instead of hundreds of cubic feet by July 1, 2009, or within 60 days of a final decision in this proceeding, which ever is later, California American Water will round the large animal block width adjustments up to the nearest whole number, and for block width adjustments for people, California American Water will give a block width adjustment of 2 Ccf per block in blocks 1 and 2, and 1 Ccf per block per person in blocks 3, 4, and 5.

**V. NON-RESIDENTIAL CUSTOMERS**

- A. Customer classes included in this section are commercial, industrial, public authority, golf courses (potable use), golf courses (non-potable – Visciano tank), and dedicated irrigation meter customer classes.
- B. The Parties propose a conservation rate design consisting of reduced service charge, revised allotments and a three-block quantity rate using the allotments as the breakpoint between the first and second blocks for each customer class. The breakpoint between the second and third blocks will be determined based on 15% of the allotment.
- C. Quantity and Service Charges: The Parties agree that the three-block quantity rate will recover a greater percentage of fixed cost than the current two-block quantity rate consistent with the following:
  1. Service charges will be reduced by approximately 60%, with corresponding increases in the quantity rate to achieve revenue recovery neutrality.
  2. The Elevation Zone Surcharge will be eliminated.
- D. Allotment Determination: Commercial, industrial, public authority, golf courses (potable use), golf courses (non-potable), and dedicated irrigation customer classes
  1. California American Water agrees to work with the Monterey Peninsula Water Management District (MPWMD) in its plan to update the 1992 study "Calculated Average Consumptions: Commercial Uses," water factor study that is used to set allotments.
  2. California American Water agrees to work with MPWMD and review historical records to verify the accuracy of allotments for commercial, industrial, public authority customers.
  3. The Parties agree water allotments will be based on audits based upon best management practices for the type of business or the revised MPWMD "Calculated Average Consumptions: Commercial Uses," study. California American Water will implement a system to keep track of whether a customer's allotment is based on the study (and if so which version of the study) or based on an audit.

4. The Parties agree that outdoor water will be viewed as discretionary use except for properties that have to have water for the business purposes. This means that outdoor water use that is not essential to the business function will be billed at block 2 or 3 rates. For example, water used by a bar or restaurant for outdoor purposes would be billed at the block 2 or 3 rates.
5. The Parties agree that all use of a Public Authority customer, excluding any golf courses, will be combined in one bill. For example, a city that uses water for irrigating medians, city hall and a city-owned school, would be billed for the use in each location under one bill and one total allotment; within the allotment, the public authority customer would have discretion over how to allocate its use. The allotments for each use of the customer would be combined into one total allotment for each customer. Public Authority meters or premises that have water budgets would be excluded from this consideration.
6. The Parties agree that all water use on a commercial premise will be combined into one bill. A commercial customer with multiple meters on one premise would receive one bill; however, a customer with multiple meters on separate premises, would still receive separate bills for each premise. The allotments for each use on the premise will be combined into one total allotment for each premise.
7. California American Water agrees to attempt to complete the updating of all commercial, industrial, public authority, golf course (potable use), golf course (non-potable), and dedicated irrigation customers' allotments prior to implementing the rate design outlined in this settlement, but if it is unable to do so, California American Water will complete the updating of all commercial, industrial, and public authority allotments no later than September 1, 2009.

**E. Calculation of Commercial Monthly Allotment and Annual True-up**

1. Commercial customers will receive an annual water allotment. The customers' monthly allotment will be based on historical monthly percentage from the usage from the immediately preceding 12 months, unless there is not twelve months of history. If there is not twelve months of history, the monthly allotment will be based on 1/12 of the annual allotment.
2. The Parties agree that commercial customers' water usage charges be adjusted annually to balance the monthly allotments against the annual allotments to assure that customers who have not exceeded their annual allotment are not penalized by the allocation of the monthly allotments. California American Water will use the following method, as shown in the example below, to calculate the adjustment if necessary:

Monthly allotment = 10 Ccf

Annual allotment = 120 Ccf

Usage: Month 1 - 10 Ccf

Month 2 - 10 Ccf

Month 3 - 12 Ccf

Month 4 - 9 Ccf

Month 5 - 9 Ccf

Month 6 - 10 Ccf

Month 7 - 12 Ccf

Month 8 - 9 Ccf

Month 9 - 9 Ccf

Month 10 - 9 Ccf

Month 11 - 9 Ccf

Month 12 - 9 Ccf

In this example, the customer was billed for 4 Ccf at the higher block rate (for exceeding its allotment) in two months, yet its annual usage was 3 Ccfs under the annual allotment. The customer will be refunded the difference between the lower block rate and higher block rate for all 4 Ccf.

3. The Parties agree that California American Water will establish annual allotments and conduct the annual true-up on a water year (Oct 1 - Sept 30) schedule.
4. If California American Water is unable to implement this true-up in its billing system at the time that it implements this rate design, the Parties agree that California American Water would implement commercial rates the same way it has in the past, including all the other modifications from this settlement, and will address the true-up issue in its next GRC.

**F. Commercial, Industrial and Public Authority Rate Design**

1. The Parties agree that commercial, industrial and public authority customers will have a three block design. The first block will be set at the customers' monthly allotment. The second block will be set at 15% of the customers' allotment. The third block is all usage over the second block.
2. California American Water agrees that it will continue customer class separations in its billing system for the non-residential customer classes including: commercial; industrial, public authority, golf course (potable use), golf course (non-potable - Visciano tank) and dedicated irrigation meter customers so that rationing can be implemented by customer class.
3. The Parties agree the block rates for commercial, industrial, and public authority customers will be:
  - Block 1 - 100% of base rate
  - Block 2 - 300% of base rate
  - Block 3 - \*% of base rate

\* the top block rate for commercial, industrial and public authority customers will be the same as the top block rate for residential customers.

**F. Golf Courses (potable use)**

1. The Parties agree that potable use golf courses will have the same rates and rate design as commercial customers and that California American Water will assign the potable use golf courses allotments based on best management practices.

**G. Golf Courses (non-potable – Visciano tank)**

1. The Parties agree that all golf courses served by the Visciano tank, will be assigned an allotment based on best management practices. It is assumed that all non-potable use within this allotment will be billed at the lowest commercial block rate. Usage above the annual allotment would be billed in accordance with the same rate structure as for golf courses using potable water.
2. The Parties agree that potable water use by golf courses on reclaimed water (water supplied by California American Water to the Visciano Tank) will be billed on the same rate design as commercial customers with a 30 Acre-feet total annual allotment for Visciano Tank. (All water going to the non-potable golf course customers goes to the Visciano Tank). The Parties assume that the charges for the potable use will go to courses requiring the usage.

**H. Dedicated Irrigation customers**

1. The Parties agree that the dedicated irrigation customer class includes non-public authority customers, customers using dedicated irrigation for non-essential business functions, or other customers with dedicated irrigation meters other than metered fire hydrant customers (metered fire hydrant customers are addressed in the special use category).
2. California American Water agrees that it will document the customer class of each of these customers and provide a list of who the customers are and their allotments in California American Water's next GRC.
3. The Parties agree that dedicated irrigation customers will have a two block rate design. California American Water agrees that it will set the customers allotments using best management practices in accordance with section V. D. The Parties agree that dedicated irrigation customer usage up to the customer's allotment will be billed at the same rate as the residential third block rate and usage above the allotment will be billed at the same rate as the residential fifth block rate.

**VI. AMBLER PARK: SEPARATE RATE DESIGN**

- A. The Parties agree that residential and multi-residential customers in the Ambler Park subsystem will have a three-level increasing block rate design approximately based on the current Hidden Hills rate design. The meter charges for Ambler customers will be the same as all other customers except those on Chualar and Ralph Lane.
- B. The Parties agree that residential and multi-residential customers in Ambler Park will have revenue shifted from the meter charge to the quantity charge and the following break points between the blocks:

1. The break point between the first two blocks would be 8 Ccf
  2. The block break point between the second and third block would be 24 Ccf
  3. The third block would include all usage above 24 Ccf
- C. The Parties agree that there will be no change in non-residential rate design for Ambler Park. However, to the extent that multi-residential customers are miscategorized as commercial customers, they would be subject to section III. D. regarding Customer Class Miscategorizations.
- D. The Parties agree that the total revenues will be defined based on the same percentage increase from current revenues as the Monterey Main system, as this is the method California American Water has used to increase revenues for this subsystem in the past. The Parties agree that California American Water will include qualifying Ambler Park customers in its low-income program, Help to Others.

#### **VII. AMBLER PARK: SEPARATE WRAM/MCBA**

- A. The Parties agree that Ambler Park will have a separate WRAM/MCBA mechanism. The WRAM and MCBA characteristics will be the same as those describe in the WRAM/MCBA sections XIV, XV, XVII, and XVIII.

#### **VIII. CHUALAR**

- A. The Parties agree that California American Water will only increase rates in the Chualar area based on the rate of inflation since the last rate change in December 2006, which is 9.17%.
- B. California American Water agrees to work with area residents and community groups to redesign the rates in a manner that brings more of the costs into the quantity rate without severely impacting any specific customers.

#### **IX. RALPH LANE**

- A. The Parties agree that rates and rate design in the Ralph Lane subarea will not change.

#### **X. EMERGENCY CONSERVATION RATES**

- A. Applicability: Emergency conservation rates apply to customers in the Monterey Main System, Hidden Hills, Ryan Ranch, and Bishop.
- B. The Parties agree that the summer landscape adjustment will be eliminated from the block width for emergency conservation rate design.
- C. The Parties agree that the emergency conservation rates for residential customers will have a five-block rate design, which would add 200% of base rate to the current rates being charged in blocks 4 and 200% to the current rate being charged in block 5.

Block	Current %	Proposed % of base rate
1	50%	50%
2	100%	100%
3	150%	200%
4	400%	600%
5	800%	800%

D. The Parties agree that public authority, industrial, and commercial customers will have a three emergency conservation block design that would add 100% of the base rate to block 2 making that rate 400% of the base rate, and 200% of base rate to block 3, making that rate exactly the same as the rate residential customers pay in block 5 in an emergency under this settlement. For non-residential customers in Hidden Hills and Bishop during emergency conservation rates, the above percentages of base rate would be added to the current rates being charged in each of those areas.

Block	Proposed Conservation Rates (% of base rate)	Proposed Emergency Conservation Rates (% of base rate)
1	100%	100%
2	300%	400%
3	*	800%

\* The Parties agree that the top block rate in block 3 will be the same rate as the residential block rate in block 5.

E. The Parties agree that customers with flat block rates (fire hydrant customers) will have their rates increased by 200% of base rate.

## XI. EMERGENCY RATIONING RATES

- A. **Applicability:** Emergency conservation rates apply to customers in the Monterey Main System, Hidden Hills, Ryan Ranch, and Bishop.
- B. **Residential Customers:** the Parties agree that residential customers will have a three-block rate design during rationing.<sup>4</sup> The Parties agree that the first block will include usage up to a customer's monthly ration, as determined by MPWMD. Usage in the first block rate will be billed at 100% of the base rate. The Parties agree that California American Water will use a person adjustment for up to 12 people per residence to implement MPWMD's per-person ration. The Parties agree that California American Water will set the second block at a block width of 25% of the customer's ration and will bill usage in the second block at 300% of the base rate. California American Water will

<sup>4</sup> For the purposes of settlement, the Parties assume California American Water will implement MPWMD's rationing program. However, the rationing program is being determined as part of A.07-12-010. This settlement does not preclude California American Water from implementing its Stand-alone rationing program if adopted in A.07-12-010.

set the third block at usage above 125% of the ration and will bill usage in the third block at 800% of base rate.

- C. Rations for all other customers except fire hydrant customer rations will be set by MPWMD. The Parties agree that California American Water will bill these customers at 100% of base rate up to their ration. The Parties agree that California American Water will set the second block at a block width of 25% of the customer's ration and usage in the second block will be billed at 300% of the base rate. California American Water will set the third block at all usage above 125% of the ration and usage will be billed at 800% of the base rate.
- D. The Parties agree that customer categories and percentages of allotments used to calculate rations will be based on MPWMD Ordinances.
- E. Fire Hydrant customers would receive a ration or suspension of use in accordance with MPWMD during stages 4, 5 and 6 and would be cut off in accordance with MPWMD rationing regulation XV (See Ordinance 137) during stage 7.

## **XII. PRIVATE FIRE SERVICE AND PRIVATE FIRE HYDRANT**

- A. The Parties agree that rates for Private Fire Protection Service will not change; these rates will be maintained at current levels.

## **XIII. SPECIAL USE CUSTOMERS**

- A. The Parties agree that California American Water will include only metered fire hydrant use customers in the special use category.
- B. The Parties agree the rate will not change from the current percentage of the base rate (200%).

## **XIV. MECHANISMS FOR DECOUPLING SALES AND REVENUE**

- A. The goals of the decoupling mechanisms in the Pilot Program are as follows:
  - 1. Sever the relationship between sales and revenue to remove any disincentive for California American Water to implement conservation rates and conservation programs.
  - 2. Ensure cost savings resulting from conservation are passed on to ratepayers.
  - 3. Reduce overall water consumption by California American Water ratepayers.
- B. Decoupling for California American Water will be accomplished through both of the following mechanisms:
  - 1. A Water Revenue Adjustment Mechanism (WRAM) in the Monterey District ("Monterey WRAM") and a WRAM in Ambler Park ("Ambler Park WRAM").
  - 2. A Modified Cost Balancing Account (MCBA) for the Monterey District ("Monterey MCBA") and an MCBA in Ambler Park ("Ambler Park MCBA"). The Monterey

MCBA and Ambler Park MCBA will replace existing cost balancing accounts for purchased power. California American Water does not currently have pump taxes or purchased water expenses in the Monterey District, but if it did, these variable costs would also be tracked in the MCBAs.

3. Together, the Monterey WRAM and the Monterey MCBA combination as well as the Ambler Park WRAM and Ambler Park MCBA combination will ensure recovery of the adopted fixed costs recovered through the quantity charge and the actual variable costs for purchased power, purchased water, and pump taxes.<sup>5</sup> The fixed costs not included in these accounts will be recovered through the service charge, which is a monthly charge that customers pay regardless of consumption.
4. In accordance with established Commission practice, the WRAM and MCBA accounts will accrue interest at the 90-day commercial paper rate.

#### **XV. WATER REVENUE ADJUSTMENT MECHANISM (WRAM)**

- A. The Monterey WRAM will track the difference between the total quantity charge revenues authorized by the Commission ("Total Adopted Quantity Revenues"), and the total revenues actually recovered through the quantity charge based on actual sales ("Total Actual Quantity Revenues") during conservation rates, emergency rates, or rationing rates, excluding:
  1. Revenue from Ambler Park, Ralph Lane, Chualar, Toro;
  2. Private Fire Protection Service (Schedule No. MO-4), and Private Fire Hydrant Service (Schedule No. MO-4H);
  3. Revenue from the Coastal Water Project surcharge or equivalent water supply project (to be revisited when a new water supply project comes online); and
  4. Miscellaneous charges.
- B. The Ambler Park WRAM will track the difference between the total quantity charge revenues authorized by the Commission for Ambler Park, and the total revenues actually recovered through the quantity charge based on actual sales, excluding private fire protection service and miscellaneous charges.
- C. The Parties agree that there will be no net change in taxes associated with the WRAM accounts.
- D. The Parties agree that replenishment fees will continue to be booked in a memorandum account until such time as California American Water incurs them. At that time, California American Water would file an advice letter to transfer these costs to a separate balancing account (see section XX).

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<sup>5</sup> The revenue decoupling mechanisms also ensure recovery of other variable costs (such as chemicals and uncollectibles), which are *de minimus*, at adopted levels.

## **XVI. THE MONTEREY WRAM WILL REPLACE THE CURRENT EMERGENCY WRAM**

- A. The Parties agree the current Emergency WRAM would no longer function, and instead, California American Water will use the Monterey WRAM balancing account when emergency conservation rates or rationing rates are implemented.

## **XVII. MODIFIED COST BALANCING ACCOUNT**

- A. The Parties agree that the Monterey Modified Cost Balancing Account (MCBA) will track variable costs on a going forward basis, specifically, the account will track:
1. The difference between the total variable costs authorized by the Commission ("Total Adopted Variable MCBA Costs"), and the total variable costs actually incurred ("Total Actual Variable MCBA Costs").<sup>6</sup>
  2. An MCBA tracks changes in price and quantity (amount of consumption), and will capture both cost savings and cost increases.
- B. The Parties agree that the Ambler Park MCBA will operate in the same way, but will just track variable costs for Ambler Park on a going forward basis.
- C. The Parties agree the MCBAs will capture the cost savings and cost increases associated with purchased water, purchased power, and pump taxes (all of which are recovered through the quantity charge under both the current and proposed rate designs). Although California American Water does not currently have any purchased water or pump taxes currently in the Monterey District, if it did they would be tracked in the MCBA as they are in other California American districts.

## **XVIII. MAINTAINING LEAST-COST WATER MIX**

- A. With regard to changes in the water mix that result in changes in variable costs tracked in the MCBAs, California American Water stipulates that it will exercise due diligence in ensuring the least-cost water mix of its water sources, within the constraints of Order 95-10 and the Seaside Groundwater Basin adjudication.
- B. California American Water agrees to make a showing in the next GRC filing demonstrating that it has exercised due diligence in ensuring the least-cost mix for its water sources.

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<sup>6</sup> The other *de minimus* variable costs described in footnote 5, *supra*, are not tracked in the MCBAs because they are a small amount and do not vary significantly. Recovery of these other variable costs at adopted levels is ensured, however, because any under- or over-collection of the revenues associated with these costs is included in the WRAM balance. See Section XV.

## **XIX. RECOVERY AND REFUND OF BALANCING ACCOUNTS**

- A. The Parties agree that conservation rates may cause the amount of water consumed, and thus the cost of water production, to vary from adopted levels.
- B. The Parties agree that the desired outcome and purpose of using a WRAM and MCBA is to ensure that the utility and ratepayers are proportionally affected when conservation rates are implemented.
  1. In the context of this Settlement Agreement, a proportional impact means that, if consumption is over or under the forecast level, the effect on either the utility or ratepayers (as a whole) should reflect that the costs or savings resulting from changes in consumption will be accounted for in a way such that neither the utility or ratepayers are harmed, or benefited, at the expense of the other party.
- C. Reporting and Interest Accrual Requirements: The Parties agree that the amounts in the WRAM and MCBA accounts will be reported as follows:
  1. By March 31<sup>st</sup> of each year, California American Water will provide the Water Division (with a copy to DRA) with a written report on the status of the WRAMs (Monterey Main System and Ambler) and MCBAs (Monterey Main System and Ambler) as described herein. The WRAM/MCBA for the Monterey Main system, Hidden Hills, Bishop, and Ryan Ranch tracks certain revenues for those systems. The Ambler Park WRAM/MCBA is separate because Ambler Park has a separate rate design and separate water supply.
    - a. WRAMs: The written report will include a section on the WRAM showing the revenue over- or under-collection with respect to actual (or recorded) water sales, by customer class, as of December 31st of the preceding calendar year. Differences between Total Adopted Quantity Revenues and Total Actual Quantity Revenues will be tracked in the WRAM and accrue interest at the 90-day commercial paper rate.
    - b. MCBAs: The written report will include a section on the MCBA comparing Total Adopted MCBA Costs with Total Actual MCBA Costs as of December 31st of the preceding calendar year. Differences between Total Adopted MCBA Costs and Total Actual MCBA Costs will be tracked in the MCBAs and accrue interest at the 90-day commercial paper rate.
    - c. The written report will include a section listing the monthly balance in the Monterey WRAM, Monterey MCBA and the net balance. The purpose of these balances is to track whether the over or under collections were due to conservation rates, emergency conservation rates, or rationing rates.
- D. The Parties agree that the net balances of the WRAM and MCBA accounts will be resolved in the following manner:
  1. The WRAM and MCBA accounts will always be considered together for the purposes of determining the need for additional revenue recovery from, or for refunds to, ratepayers, and will be netted prior to any refund or recovery.

2. California American Water will track revenues in the WRAM account by customer class for analysis purposes, but implementation of a surcharge or surcredit will be done considering the net balance of the WRAM and MCBA accounts for all customer classes.
3. If the annual report shows a combined under-collection in the WRAM/MCBA, California American Water would wait until the next GRC to request recovery unless the net balance exceeds 2.5% of the total recorded revenue requirement for the prior calendar year. If the net balance of the WRAM and MCBA accounts exceeds 2.5% under-collection, California American Water will file an advice letter within 30 days to either collect the amount of the under-collection via a rate element similar to that used for purchased water, or through a surcharge. This would be concurrent with California American Water's attrition step rate increases. Whether it is a rate element or a surcharge, the amount of revenues collected through the rate element or surcharge will be tracked in a balancing account compared to the total amount of the under-collection. California American Water would revisit this rate change 6 months later to see if it has stabilized and provide a report to the Water Division and DRA with the results.
4. If the annual report shows that there is a combined over-collection in the WRAM/MCBA net balance that exceeds 2.5% of the total recorded revenue requirement for the prior calendar year, California American Water will file an advice letter within 30 days that refunds the balance in the WRAM and MCBA account within one year. Refunds of over-collections will be passed on to ratepayers through a flat surcredit for each account (residential and non-residential) that is subject to the WRAM/MCBA.
5. If the 2.5% threshold is not met, these balancing accounts will be refunded or recovered in the next GRC.

## **XX. SEASIDE WATERMASTER FEES**

- A. The Parties agree that the Seaside Watermaster administrative and replenishment fees will continue to be tracked in the current memorandum account and will be transferred to a separate balancing account after they are actually paid to be recovered via a separate surcharge.

## **XXI. MONITORING AND DATA COLLECTION**

- A. California American Water agrees to track data including billing and usage data by meter size, by month, and by class of customer, for use in analyzing customer response to the proposed conservation rates so that it is readily available to the Commission and the Parties to evaluate the results of this Pilot Project.
- B. California American Water agrees to present usage data in the next GRC as follows:
  6. California American Water will present customer usage data to DRA in a table (in Excel format) showing how much water customers used annually and monthly by Ccf level.

7. In the same table, California American Water will also present information showing each customer's allotment as well as the same customer's usage for the past 12 months. Customer turnover will be noted in the table.
8. California American Water will develop a method to keep track of and maintain historical allotment data and will report this data to the Commission in the next GRC for the time period between a decision in this case and the next GRC.
9. California American Water will track revenues by customer class. California American Water will keep track of how much is refunded through the WRAM/MCBA by customer class so that the information can be evaluated in the next GRC to determine if the rate design and WRAM/MCBA mechanism is reasonable.

## **XXII. RETURN ON EQUITY**

- A. The Commission opened Investigation ("I.") 07-01-022 (Water Conservation OII) to consider conservation rates and programs for Class A water utilities.
  1. In Phase 1A of I.07-01-022, the Commission adopted WRAM/MCBA mechanisms for California Water Service Company (CWS") and Park Water Company ("Park"), in conjunction with conservation rate designs, in D.08-02-036. Additionally, in D.08-06-002, the Commission adopted WRAM/MCBA mechanisms for California American Water's Los Angeles District, in conjunction with conservation rate designs. The Parties agree that the WRAM/MCBA mechanisms proposed in this settlement are substantially similar to the WRAM/MCBA mechanisms adopted for CWS and Park in D.08-02-036 and California American Water's Los Angeles District in D.08-06-002.
  2. In the consolidated proceeding A.08-05-002, -003, and -004, the Commission is currently considering the effect of the WRAM/MCBA mechanisms on the returns on equity ("ROEs") of CWS and California American Water. The Parties agree that California American Water's Monterey District ROE would be subject to the same ROE adjustment the Commission adopts in A.08-05-003 for CWS and California American Water Los Angeles District.

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A.08-01-027, A.08-01-024

Respectfully submitted,

By:

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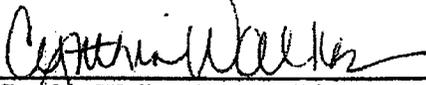
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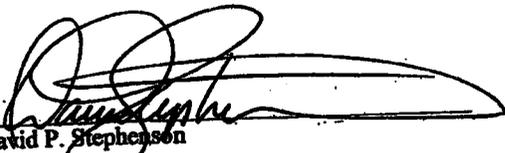
  
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November 24 2008

A.08-01-027, A.08-01-024

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November \_\_, 2008

(END OF APPENDIX A)

A.08-01-027, A.08-01-024 ALJ/MAB/avs

**APPENDIX B**

Appendix B Page 1 of 22  
 California American Water  
 COMPARISON OF REVISED AND DRA RECOMMENDED  
 RATE OF RETURN  
 SETTLEMENT  
 MONTEREY WATER

	Cal-Am Revised			DRA Recommended			ADOPTED		
	Capital Structure	Cost Factor	Weighted Cost	Capital Structure	Cost Factor	Weighted Cost	Capital Structure	Cost Factor	Weighted Cost
<u>Test Year</u> <u>2009</u>									
Long-Term Debt	57.97%	6.80%	3.94%	57.97%	6.80%	3.94%	58.00%	6.48%	3.76%
Common Equity	<u>42.03%</u>	10.20%	<u>4.29%</u>	<u>42.03%</u>	10.20%	<u>4.29%</u>	<u>42.00%</u>	10.20%	<u>4.28%</u>
Total	<u>100.00%</u>		<u>8.23%</u>	100.00%		<u>8.23%</u>	<u>100.00%</u>		<u>8.04%</u>
 <u>Escalation Year</u> <u>2010</u>									
Long-Term Debt	57.97%	6.80%	3.94%	57.97%	6.80%	3.94%	58.00%	6.48%	3.76%
Common Equity	<u>42.03%</u>	10.20%	<u>4.29%</u>	<u>42.03%</u>	10.20%	<u>4.29%</u>	<u>42.00%</u>	10.20%	<u>4.28%</u>
Total	<u>100.00%</u>		<u>8.23%</u>	100.00%		<u>8.23%</u>	100.00%		<u>8.04%</u>
 <u>Attrition Year</u> <u>2011</u>									
Long-Term Debt	57.97%	6.80%	3.94%	57.97%	6.80%	3.94%	58.00%	6.48%	3.76%
Common Equity	<u>42.03%</u>	10.20%	<u>4.29%</u>	<u>42.03%</u>	10.20%	<u>4.29%</u>	<u>42.00%</u>	10.20%	<u>4.28%</u>
Total	<u>100.00%</u>		<u>8.23%</u>	100.00%		<u>8.23%</u>	100.00%		<u>8.04%</u>

## Appendix B Page 2 of 22

California American Water  
Monterey Water

## SUMMARY OF EARNINGS

TEST YEAR 2009

(AT PRESENT RATES)

ITEM	STAFF		UTILITY		ADOPTED
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of \$)		(Thousands of \$)		
OPERATING REVENUES	30,782.5	30,782.5	30,782.5	30,782.5	30,782.5
ADD REVENUE FROM CONTRIBUTION	0.0	0.0	0.0	0.0	0.0
OPERATING EXPENSES					
OPERATION & MAINTENANCE	5,184.9	5,183.5	7,670.2	12,096.0	6,387.6
ADMINISTRATIVE & GENERAL	5,379.6	5,379.6	6,114.7	6,117.0	6,004.8
PAYROLL	5,793.5	5,793.5	6,114.7	6,321.0	5,734.4
G. O. PRORATED EXP.	5,768.7	4,214.6	4,977.4	6,384.5	4,307.5
DEPRECIATION & AMORTIZATION	6,196.3	6,210.3	6,752.4	6,826.0	6,309.4
TAXES OTHER THAN INCOME	2,031.2	1,703.5	1,933.6	2,031.3	1,731.3
STATE CORP. FRANCHISE TAX	(257.2)	1,101.6	(566.3)	(1,085.3)	(268.5)
FEDERAL INCOME TAX	(1,192.6)	4,950.8	(2,515.5)	(4,877.5)	(1,262.0)
TOTAL OPERATING EXPENSES	28,904.4	34,537.4	30,481.2	33,813.0	28,944.5
NET OPERATING REVENUE	1,878.1	(3,754.9)	301.3	(3,030.5)	1,838.0
RATE BASE	103,635.0	106,684.3	117,735.3	142,156.8	102,491.8
RATE OF RETURN	1.81%	-3.52%	0.26%	-2.13%	1.79%

Rate Increase Calculation	8.23%	8.23%	8.04%
Rate Base	106,684.3	117,735.3	102,491.8
Utility Operating Income	8,780.1	9,689.6	8,242.8
Present UOI	(3,754.9)	301.3	1,838.0
Additional UOI	12,535.0	9,388.3	6,404.8
Net To Gross	1.75	1.72300	1.74950
Additional Revenues	21,936.3	16,176.1	11,205.1

Appendix B Page 3 of 22  
California American Water  
Monterey Water

## SUMMARY OF EARNINGS

TEST YEAR 2009

(AT PROPOSED RATES)

ITEM	STAFF		UTILITY		ADOPTED
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of \$)		(Thousands of \$)		
OPERATING REVENUES	55,485.3	46,958.6	46,958.6	55,500.7	41,983.5
ADD REVENUE FROM CONTRIBUTION	0.0	0.0	0.0	0.0	0.0
OPERATING EXPENSES					
OPERATION & MAINTENANCE	5,250.1	5,226.2	7,591.7	12,161.3	6,417.2
ADMINISTRATIVE & GENERAL	5,379.6	5,379.6	6,114.7	6,117.0	6,004.8
PAYROLL	5,793.5	5,793.5	6,114.7	6,321.0	5,734.4
G.O. PRORATED EXP.	5,768.7	4,214.6	4,977.4	6,384.5	4,307.5
DEPRECIATION & AMORTIZATION	6,196.3	6,210.3	6,752.4	6,826.0	6,309.4
TAXES OTHER THAN INCOME	2,031.2	1,703.5	1,933.6	2,031.3	1,731.3
STATE CORP. FRAN. TAX	1,637.5	1,098.3	683.6	810.5	590.6
FEDERAL INCOME TAX	7,430.6	4,935.9	3,096.8	3,751.0	2,648.0
TOTAL OPERATING EXPENSES	39,487.5	34,561.9	37,264.9	44,402.6	33,743.2
NET OPERATING REVENUE	15,997.8	12,396.7	9,693.7	11,098.1	8,240.4
RATE BASE	103,635.0	106,684.3	117,735.3	142,156.8	102,491.8
RATE OF RETURN	15.44%	11.62%	8.23%	7.81%	8.04%

California American Water  
Monterey WaterAVERAGE CONSUMPTION (CCF) PER CUSTOMER PER YEAR  
2009

ITEM	STAFF		UTILITY		<u>ADOPTED</u>
	ORIGINAL	REVISED	REVISED	ORIGINAL	
Residential	87.0	87.0	87.0	87.0	87.0
PAR Customers	68.4	68.4	68.4	68.4	68.4
Multi-Residential	729.5	729.5	729.5	729.5	729.5
Commercial	392.2	392.2	392.2	392.2	392.2
Industrial	6,124.0	6,124.0	6,124.0	6,124.0	6,124.0
Public Authority	830.4	830.4	830.4	830.4	830.4
Golf Course	13,246.6	13,246.6	13,246.6	13,246.6	13,246.6
Viscaino Reclamation Tank	13,068.0	13,068.0	13,068.0	13,068.0	13,068.0
Construction	230.1	230.1	230.1	230.1	230.1
Sale for Resale	1,465.5	1,465.5	1,465.5	1,465.5	1,465.5
Other	60.7	60.7	60.7	60.7	60.7
Ambler	258.7	258.7	258.7	258.7	258.7
Bishop	230.0	230.0	230.0	230.0	230.0
Hidden Hills	183.0	183.0	183.0	183.0	183.0
Ryan Ranch	228.9	228.9	228.9	228.9	228.9
Ralph Lane	222.5	222.5	222.5	222.5	222.5
Chualar	284.9	284.9	284.9	284.9	284.9

California American Water  
Monterey Water

AVERAGE CONSUMPTION (CCF) PER CUSTOMER PER YEAR  
2010

ITEM	STAFF		UTILITY		ADOPTED
	ORIGINAL	REVISED	REVISED	ORIGINAL	
Residential	87.0	87.0	87.0	87.0	87.0
PAR Customers	68.4	68.4	68.4	68.4	68.4
Multi-Residential	729.5	729.5	729.5	729.5	729.5
Commercial	392.2	392.2	392.2	392.2	392.2
Industrial	6,124.0	0.0	0.0	6,124.0	6,124.0
Public Authority	830.4	830.4	830.4	830.4	830.4
Golf Course	13,246.6	13,246.6	13,246.6	13,246.6	13,246.6
Viscaino Reclamation Tank	13,068.0	13,068.0	13,068.0	13,068.0	13,068.0
Construction	230.1	230.1	230.1	230.1	230.1
Sale for Resale	1,465.5	1,465.5	1,465.5	1,465.5	1,465.5
Other	60.7	60.7	60.7	60.7	60.7
Ambler	258.7	258.7	258.7	258.7	258.7
Bishop	230.0	230.0	230.0	230.0	230.0
Hidden Hills	183.0	183.0	183.0	183.0	183.0
Ryan Ranch	228.9	228.9	228.9	228.9	228.9
Ralph Lane	222.5	222.5	222.5	222.5	222.5
Chualar	284.9	284.9	284.9	284.9	284.9

AVERAGE CONSUMPTION (CCF) PER CUSTOMER PER YEAR  
2009

ITEM	STAFF		UTILITY		<u>ADOPTED</u>
	ORIGINAL	REVISED	REVISED	ORIGINAL	
Residential	31,762	31,762	31,762	31,762	31,762
PAR Customers	668	668	668	668	668
Multi-Residential	811	811	811	811	811
Commercial	3,175	3,175	3,175	3,175	3,175
Industrial	6	0	6	6	6
Public Authority	553	553	553	553	553
Golf Course	8	8	8	8	8
Viscaino Reclamation Tank	1	1	1	1	1
Construction	31	31	31	31	31
Sale for Resale	2	2	2	2	2
Other	2	2	2	2	2
Ambler	392	392	392	392	392
Bishop	385	385	385	385	385
Hidden Hills	436	436	436	436	436
Ryan Ranch	133	133	133	133	133
Ralph Lane	17	17	17	17	17
Chualar	189	189	189	189	189
<b>Total Metered Connection</b>	<b>38,571</b>	<b>38,565</b>	<b>38,571</b>	<b>38,571</b>	<b>38,571</b>
<u>Fire Protection Connection</u>					
Non-Domestic Fire Service	2	2	2	2	2
Private Fire Service	864	864	864	864	864
Fire Hydrant	22	22	22	22	22
<b>Total Fire Protection Connections</b>	<b>888</b>	<b>888</b>	<b>888</b>	<b>888</b>	<b>888</b>
<b><u>TOTAL ACTIVE CONNECTIONS</u></b>					
Including Private Fire Protection	39,459	39,453	39,459	39,459	39,459
Excluding Private Fire Protection	38,573	38,567	38,573	38,573	38,573

California American Water  
Monterey WaterAVERAGE CONSUMPTION (CCF) PER CUSTOMER PER YEAR  
2010

ITEM	STAFF		UTILITY		ADOPTED
	ORIGINAL	REVISED	REVISED	ORIGINAL	
Residential	31,762	31,762	31,762	31,762	31,762
PAR Customers	668	668	668	668	668
Multi-Residential	811	811	811	811	811
Commercial	3,177	3,177	3,177	3,177	3,177
Industrial	6	0	6	6	6
Public Authority	553	553	553	553	553
Golf Course	8	8	8	8	8
Viscaino Reclamation Tank	1	1	1	1	1
Construction	31	31	31	31	31
Sale for Resale	2	2	2	2	2
Other	2	2	2	2	2
Ambler	393	393	393	393	393
Bishop	385	385	385	385	385
Hidden Hills	441	441	441	441	441
Ryan Ranch	133	133	133	133	133
Ralph Lane	17	17	17	17	17
Chualar	189	189	189	189	189
<b>Total Metered Connection</b>	<b>38,579</b>	<b>38,573</b>	<b>38,579</b>	<b>38,579</b>	<b>38,579</b>
<u>Fire Protection Connection</u>					
Non-Domestic Fire Service	2	2	2	2	2
Private Fire Service	864	864	864	864	864
Fire Hydrant	22	22	22	22	22
<b>Total Fire Protection Connections</b>	<b>888</b>	<b>888</b>	<b>888</b>	<b>888</b>	<b>888</b>
<b>TOTAL ACTIVE CONNECTIONS</b>					
Including Private Fire Protection	39,467	39,461	39,467	39,467	39,467
Excluding Private Fire Protection	38,581	38,575	38,581	38,581	38,581

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California American Water					
Monterey Water					
TOTAL SALES AND SUPPLY					
2009					
ITEM	STAFF		UTILITY		ADOPTED
	ORIGINAL	REVISED	REVISED	ORIGINAL	
<b>METERED SALES (KCCF)</b>					
Residential	2,763.3	2,763.3	2,763.3	2,763.3	2,763.3
PAR Customers	45.7	45.7	45.7	45.7	45.7
Multi-Residential	591.6	591.6	591.6	591.6	591.6
Commercial	1,245.2	1,245.2	1,245.2	1,245.2	1,245.2
Industrial	36.7	36.7	36.7	36.7	36.7
Public Authority	459.2	459.2	459.2	459.2	459.2
Golf Course	106.0	106.0	106.0	106.0	106.0
Viscaino Reclamation Tank	13.1	13.1	13.1	13.1	13.1
Construction	7.1	7.1	7.1	7.1	7.1
Sale for Resale	2.9	2.9	2.9	2.9	2.9
Other	0.1	0.1	0.1	0.1	0.1
Ambler	72.2	72.2	72.2	72.2	72.2
Bishop	99.6	99.6	99.6	99.6	99.6
Hidden Hills	100.7	73.9	73.9	73.9	73.9
Ryan Ranch	30.2	30.2	30.2	30.2	30.2
Ralph Lane	3.1	3.1	3.1	3.1	3.1
Chualar	43.3	43.3	43.3	43.3	43.3
<b>TOTAL METERED SALES</b>	<b>5,620.0</b>	<b>5,593.2</b>	<b>5,593.2</b>	<b>5,593.2</b>	<b>5,593.2</b>
<b>WATER LOSS</b>					
Used in Operations	0.0	0.0	0.0	0.0	0
Unacc For Water Percentage-Mont	8.50%	8.50%	11.59%	11.59%	9.00%
Unacc For Water Percentage - RR/HH	8.50%	8.50%	16.16%	16.16%	13.80%
Unacc For Water Percentage - Bish/Amb	8.50%	8.50%	13.14%	13.14%	13.14%
Unaccounted for Water*	522.0	522.0	741.3	741.3	566.7
<b>TOTAL DELIVERED</b>	<b>6,142.0</b>	<b>6,115.2</b>	<b>6,334.5</b>	<b>6,334.5</b>	<b>6,159.9</b>
<b>EQUIVALENT ACRE FEET (AF)</b>	<b>14,100.3</b>	<b>14,038.7</b>	<b>14,542.2</b>	<b>14,542.2</b>	<b>14,141.4</b>
<b>PRODUCTION (AF)</b>					
Sand City Contract	0.0	0.0	300.0	300.0	0.0
Seaside Wells	3,464.0	3,464.0	3,464.0	3,464.0	3,464.0
Lower C. Valley Wells & Begonia	11,285.0	11,285.0	11,285.0	11,285.0	11,285.0
<b>Total Production</b>	<b>14,749.0</b>	<b>14,749.0</b>	<b>15,049.0</b>	<b>15,049.0</b>	<b>14,749.0</b>
*Subject to Unaccounted For Water Incentive in Water Revenue Adjustment Mechanism					

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California American Water  
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TOTAL SALES AND SUPPLY  
2010

ITEM	STAFF		UTILITY		ADOPTED
	ORIGINAL	REVISED	REVISED	ORIGINAL	
<b>METERED SALES (KCCF)</b>					
Residential	2,763.3	2,763.3	2,763.3	2,763.3	2,763.3
PAR Customers	45.7	45.7	45.7	45.7	45.7
Multi-Residential	591.6	591.6	591.6	591.6	591.6
Commercial	1,246.0	1,246.0	1,246.0	1,246.0	1,246.0
Industrial	36.7	36.7	36.7	36.7	36.7
Public Authority	459.2	459.2	459.2	459.2	459.2
Golf Course	106.0	106.0	106.0	106.0	106.0
Viscaino Reclamation Tank	13.1	13.1	13.1	13.1	13.1
Construction	7.1	7.1	7.1	7.1	7.1
Sale for Resale	2.9	2.9	2.9	2.9	2.9
Other	0.1	0.1	0.1	0.1	0.1
Ambler	101.7	101.7	101.7	101.7	101.7
Bishop	88.6	88.6	88.6	88.6	88.6
Hidden Hills	74.7	74.7	74.7	74.7	74.7
Ryan Ranch	30.2	30.2	30.2	30.2	30.2
Ralph Lane	3.9	3.9	3.9	3.9	3.9
Chualar	50.9	50.9	50.9	50.9	50.9
<b>TOTAL METERED SALES</b>	<b>5,621.7</b>	<b>5,621.7</b>	<b>5,621.7</b>	<b>5,621.7</b>	<b>5,621.7</b>
<b>WATER LOSS</b>					
Used in Operations	0.0	0.0	0.0	0.0	0
Unacc For Water Percentage-Mont	8.50%	8.50%	11.59%	11.59%	9.00%
Unacc For Water Percentage - RR/HH	8.50%	8.50%	16.16%	16.16%	13.80%
Unacc For Water Percentage - Bish/Amb	8.50%	8.50%	13.14%	13.14%	13.14%
Unaccounted for Water*	522.2	522.2	745.2	745.2	569.5
<b>TOTAL DELIVERED</b>	<b>6,143.9</b>	<b>6,143.9</b>	<b>6,366.9</b>	<b>6,366.9</b>	<b>6,191.2</b>
<b>EQUIVALENT ACRE FEET (AF)</b>	<b>14,104.8</b>	<b>14,104.8</b>	<b>14,616.7</b>	<b>14,616.7</b>	<b>14,213.3</b>
<b>PRODUCTION (AF)</b>					
Sand City Contract	0.0	0.0	300.0	300.0	0.0
Seaside Wells	3,464.0	3,464.0	3,464.0	3,464.0	3,464.0
Lower C. Valley Wells & Begonia	11,285.0	11,285.0	11,285.0	11,285.0	11,285.0
<b>Total Production</b>	<b>14,749.0</b>	<b>14,749.0</b>	<b>15,049.0</b>	<b>15,049.0</b>	<b>14,749.0</b>

\*Subject to Unaccounted For Water Incentive in Water Revenue Adjustment Mechanism

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California American Water  
Monterey Water

OPERATING REVENUES  
2009

(AT 2009 PRESENT RATES)  
Under Standard Design

ITEM	STAFF		UTILITY		<u>ADOPTED</u>
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of \$)		(Thousands of \$)		
<b><u>METERED REVENUES</u></b>					
Residential	17,003.4	17,003.4	17,003.4	17,003.4	17,003.4
PAR Customers	163.1	163.1	163.1	163.1	163.1
Multi-Residential	2,575.3	2,575.3	2,575.3	2,575.3	2,575.3
Commercial	5,998.2	5,998.2	5,998.2	5,998.2	5,998.2
Hidden Hills/Ryan Ranch	676.8	676.8	676.8	676.8	676.8
Industrial	138.2	138.2	138.2	138.2	138.2
Public Authority	2,248.3	2,248.3	2,248.3	2,248.3	2,248.3
Golf Course	390.0	390.0	390.0	390.0	390.0
Viscaino Reclamation Tank	60.4	60.4	60.4	60.4	60.4
Sale for Resale	15.8	15.8	15.8	15.8	15.8
Other	0.4	0.4	0.4	0.4	0.4
Ambler	374.0	374.0	374.0	374.0	374.0
Bishop	407.1	407.1	407.1	407.1	407.1
Chualar/Ralph Lane	93.8	93.8	93.8	93.8	93.8
<b>TOTAL METERED</b>	<b>30,144.8</b>	<b>30,144.8</b>	<b>30,144.8</b>	<b>30,144.8</b>	<b>30,144.8</b>
<b><u>OTHER REVENUES</u></b>					
Non-Domestic Fire Service	0.0	0.0	0.0	0.0	0.0
Private Fire Service	412.0	412.0	412.0	412.0	412.0
Fire Hydrants	76.9	76.9	76.9	76.9	76.9
Other	0.0	0.0	0.0	0.0	0.0
Construction	100.1	100.1	100.1	100.1	100.1
Misc. Service	5.2	5.2	5.2	5.2	5.2
Rents	3.5	3.5	3.5	3.5	3.5
Antenna Lease	40.0	40.0	40.0	40.0	40.0
<b>TOTAL OTHER</b>	<b>637.7</b>	<b>637.7</b>	<b>637.7</b>	<b>637.7</b>	<b>637.7</b>
<b>TOTAL REVENUES</b>	<b>30,782.5</b>	<b>30,782.5</b>	<b>30,782.5</b>	<b>30,782.5</b>	<b>30,782.5</b>

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 California American Water  
 Monterey Water

OPERATING REVENUES  
 2009

(AT PROPOSED RATES)  
 Under Standard Design

ITEM	STAFF		UTILITY		<u>ADOPTED</u>
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of \$)		(Thousands of \$)		
<b><u>METERED REVENUES</u></b>					
Residential	31,006.6	26,144.5	26,150.0	31,022.0	23,433.8
PAR Customers	264.7	223.2	223.1	264.7	199.9
Multi-Residential	4,417.8	3,725.0	3,724.0	4,417.8	3,337.2
Commercial	10,586.1	8,926.1	8,923.6	10,586.1	7,996.7
Hidden Hills/Ryan Ranch	1,171.3	987.6	987.3	1,171.3	884.7
Industrial	235.3	198.4	198.3	235.3	177.7
Public Authority	4,000.3	3,373.0	3,372.1	4,000.3	3,021.8
Golf Course	643.4	542.5	542.4	643.4	486.1
Viscaino Reclamation Tank	107.5	90.6	90.6	107.5	81.2
Sale for Resale	28.9	24.4	24.4	28.9	21.9
Other	0.7	0.6	0.6	0.7	0.5
Ambler	875.7	738.4	738.2	875.7	661.5
Bishop	935.9	789.1	788.9	935.9	707.0
Chualar/Ralph Lane	101.9	85.9	85.9	101.9	77.0
<b>TOTAL METERED</b>	<b>54,376.1</b>	<b>45,849.4</b>	<b>45,849.4</b>	<b>54,391.5</b>	<b>41,087.0</b>
<b><u>OTHER REVENUES</u></b>					
Non-Domestic Fire Service	0.0	0.0	0.0	0.0	0.0
Private Fire Service	742.8	742.8	742.8	742.8	574.9
Fire Hydrants	116.9	116.9	116.9	116.9	106.8
Other	0.0	0.0	0.0	0.0	0.0
Construction	200.8	200.8	200.8	200.8	166.1
Misc. Service	5.2	5.2	5.2	5.2	5.2
Rents	3.5	3.5	3.5	3.5	3.5
Antenna Lease	40.0	40.0	40.0	40.0	40.0
<b>TOTAL OTHER</b>	<b>1,109.2</b>	<b>1,109.2</b>	<b>1,109.2</b>	<b>1,109.2</b>	<b>896.5</b>
<b>TOTAL REVENUES</b>	<b>55,485.3</b>	<b>46,958.6</b>	<b>46,958.6</b>	<b>55,500.7</b>	<b>41,983.5</b>

OPERATION & MAINTENANCE EXPENSES  
2009

ITEM	STAFF		UTILITY		ADOPTED
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of \$)		(Thousands of \$)		
<b>AT PRESENT RATES</b>					
Operating Revenues	30,782.5	30,782.5	30,782.5	30,782.5	30782.5
Uncollectible Rate	0.2643%	0.2643%	0.2643%	0.2643%	0.2643%
Uncollectibles	81.4	81.4	81.4	81.4	81.4
<b>Operation Expense</b>					
Source of Supply - Miscellaneous	250.2	250.2	304.7	304.7	373.9
Purchased Water	0.0	0.0	1,560.1	6,189.6	794.1
Pumping Expense - Miscellaneous	52.3	52.3	56.1	56.1	52.3
Purchased Power	2,258.7	2,258.7	2,348.7	2,382.5	2,258.7
Water Treatment	0.0	0.0	13.5	13.5	14.9
Water Treatment - Miscellaneous	261.4	250.1	239.9	239.9	222.9
Chemicals	374.7	374.7	377.8	377.8	374.7
Trans. & Dist. - Meters	24.1	24.1	49.3	49.3	49.8
Trans. & Dist. - Customer Installation	0.0	0.0	0.0	0.0	0.0
Trans. & Dist. - Misc.	337.5	337.5	388.8	388.8	552.5
Customer Accts. - Meter Reading	0.0	0.0	0.0	0.0	0.0
Customer Accts. - Records & Collection & Misc.	27.6	27.6	66.1	66.1	27.6
Customer Accounts - Uncollectibles	81.4	81.4	81.4	81.4	81.4
Additional O&M Expenses for new IP projects	0.0	0.0	103.2	103.2	89.5
<b>Total Operation Expenses</b>	<b>3,667.9</b>	<b>3,656.6</b>	<b>5,589.6</b>	<b>10,252.9</b>	<b>4,892.2</b>
<b>Maintenance Expenses</b>					
Source of Supply - Structures	1.5	1.5	1.5	1.5	1.5
Source of Supply - Collection	0.1	0.1	0.0	0.0	0.0
Source of Supply - Lakes, Rivers	0.0	9.9	9.9	9.9	0.1
Source of Supply - Wells	112.9	112.9	167.7	167.7	112.9
Source of Supply - Mains	0.9	0.9	0.9	0.9	0.9
Source of Supply - Misc	270.6	270.6	306.6	69.1	172.1
Pumping - Structures	6.2	6.2	6.2	6.2	6.3
Pumping - Power Production	0.9	0.9	0.9	0.9	0.4
Pumping - Misc	235.6	235.6	204.5	204.5	235.6
Water Treatment - Structures	3.3	3.3	7.7	7.7	3.3
Water Treatment - Equipment	85.4	85.4	184.0	184.0	85.4
T & D Reservoirs & Tanks	237.0	237.0	546.6	546.6	237.0
T & D Mains	19.3	19.3	19.0	19.0	19.3
T & D Services	0.0	0.0	0.0	0.0	0.0
T & D Meters	6.9	6.9	15.4	15.4	6.9
T & D Hydrants	8.6	8.6	11.8	11.8	11.9
T & D Miscellaneous Plant	527.8	527.8	597.9	597.9	601.9
<b>Total Maintenance Expense</b>	<b>1,517.0</b>	<b>1,526.9</b>	<b>2,080.6</b>	<b>1,843.1</b>	<b>1,495.4</b>
<b>Total O &amp; M Expenses (incl. Uncoll.)</b>	<b>5,184.9</b>	<b>5,183.5</b>	<b>7,670.2</b>	<b>12,096.0</b>	<b>6,387.6</b>
<b>AT PROPOSED RATES</b>					
Operating Revenues	55,485.3	46,958.6	1,109.2	55,500.7	41,983.5
Uncollectible Rate	0.2643%	0.2643%	0.2643%	0.2643%	0.2643%
Uncollectibles	146.6	124.1	2.9	146.7	111.0
<b>Total O &amp; M Expenses (incl. Uncoll.)</b>	<b>5,250.1</b>	<b>5,226.2</b>	<b>7,591.7</b>	<b>12,161.3</b>	<b>6,417.2</b>

## ADMINISTRATIVE &amp; GENERAL EXPENSES

2009

ITEM	STAFF		UTILITY		<u>ADOPTED</u>
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of \$)		(Thousands of \$)		
<b><u>AT PRESENT RATES</u></b>					
Operating Revenues less Uncoll.	30,701.1	30,701.1	30,701.1	30,701.1	30701.1
Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Local Franchise Tax	0.0	0.0	0.0	0.0	0.0
Office Supplies & Other Expenses	0.0	0.0	0.0	0.0	0.0
Property Insurance	121.4	121.4	121.4	121.4	121.4
Worker's Comp., Injuries & Damages	669.5	669.5	669.5	669.5	669.5
Employee Pension & Benefits	2,652.8	2,652.8	2,621.1	2,623.4	2,802.3
Regulatory Expense	200.0	200.0	842.8	842.8	350.0
Outside Services	258.3	258.3	307.0	307.0	533.9
Miscellaneous General Expenses	943.7	943.7	1,032.5	1,032.5	993.8
Alloc Gen Office Expense	5,768.7	4,214.6	4,977.4	6,384.5	4,307.5
Other Maintenance of General Plant	47.4	47.4	55.1	55.1	47.4
Rents	486.5	486.5	465.3	465.3	486.5
Total A & G Expenses (Incl. local Franchise Taxes)	11,148.3	9,594.2	11,092.1	12,501.5	10,312.3
PAYROLL	5,793.5	5,793.5	6,114.7	6,321.0	5,734.4
<b><u>AT PROPOSED RATES</u></b>					
Operating Revenues less Uncoll.	55,338.7	46,834.5	1,106.3	55,354.0	41872.5
Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Local Franchise Tax	0.0	0.0	0.0	0.0	0.0

TAXES OTHER THAN INCOME

2009

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		<u>ADOPTED</u>
	ORIGINAL	REVISED		REVISED	ORIGINAL	
	(Thousands of \$)			(Thousands of \$)		
Ad Valorem taxes	1,695.8	1,368.1	241.0	1,609.1	1,695.8	1,417.5
Net Payroll taxes	335.4	335.4	(10.9)	324.5	335.5	313.7
Taxes other than Income (present rates)	2,031.2	1,703.5	230.1	1,933.6	2,031.3	1,731.3
Taxes other than Income (proposed rates)	2,031.2	1,703.5	230.1	1,933.6	2,031.3	1,731.3

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## TAXES BASED ON INCOME

2009

(PRESENT RATES)

	STAFF		UTILITY		<u>ADOPTED</u>
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of \$)		(Thousands of \$)		
Operating Revenues	30,782.5	46,958.6	30,782.5	30,782.5	30,782.5
Revenues from Contributions	0.0	0.0	0.0	0.0	0.0
Deductions:					
O & M expenses	5,184.9	5,183.5	7,670.2	12,096.0	6,387.6
A & G Expenses - Less GO	5,379.6	5,379.6	6,114.7	6,117.0	6,004.8
G. O. Prorated Expenses	5,768.7	4,214.6	4,977.4	6,384.5	4,307.5
Payroll	5,793.5	5,793.5	6,114.7	6,321.0	5,734.4
Domestic Production Activity Deduct	0.0	232.1	232.1	232.1	175.8
Taxes not on Inc.	2,031.2	1,703.5	1,933.6	2,031.3	1,731.3
R/M Interest	3,772.3	4,203.4	4,638.8	5,174.5	3,853.7
Book Depreciation	6,196.3	6,210.3	6,752.4	6,826.0	6,309.4
<b>Total Operating Revenue Deductions:</b>					
Federal	(3,344.0)	14,038.1	(7,651.4)	(14,399.9)	(3,721.9)
State	(3,344.0)	14,270.2	(7,419.3)	(14,167.8)	(3,546.2)
<u>California Corp. Franchise Tax</u>					
State Tax Depreciation	0.0	0.0	0.0	0.0	0.0
Taxable Income for CCFT	(3,344.0)	14,270.2	(7,419.3)	(14,167.8)	(3,546.2)
CCFT Rate	7.69%	7.69%	7.69%	7.69%	7.69%
CCFT	(257.2)	1,097.4	(570.5)	(1,089.5)	(272.7)
Less Deferred Taxes	0.0	(4.2)	(4.2)	(4.2)	(4.2)
Total State Income Taxes	(257.2)	1,101.6	(566.3)	(1,085.3)	(268.5)
<u>Federal Income Tax</u>					
Federal Tax Deductions	63.4	(63.4)	(420.4)	(420.4)	(72.5)
Taxable income for FIT	(3,407.4)	14,101.5	(7,231.0)	(13,979.5)	(3,649.4)
FIT Rate	35.00%	35.00%	35.00%	35.00%	35.00%
FIT	(1,192.6)	4,935.5	(2,530.8)	(4,892.8)	(1,277.3)
Less:					
Deferred Taxes	0.0	(15.3)	(15.3)	(15.3)	(15.3)
Total Federal Income Tax	(1,192.6)	4,950.8	(2,515.5)	(4,877.5)	(1,262.0)
Total FIT and CCFT	(1,449.8)	6,052.4	(3,081.8)	(5,962.8)	(1,530.5)

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## TAXES BASED ON INCOME

2009

(PROPOSED RATES)

	STAFF		UTILITY		ADOPTED
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of \$)		(Thousands of \$)		
Operating Revenues	55,485.3	46,958.6	46,958.6	55,500.7	41,983.5
Revenues from Contributions	0.0	0.0	0.0	0.0	0.0
Deductions:					
O & M expenses	5,250.1	5,226.2	7,591.7	12,161.3	6,417.2
A & G Expenses	5,379.6	5,379.6	6,114.7	6,117.0	6,004.8
G. O. Prorated Expenses	5,768.7	4,214.6	4,977.4	6,384.5	4,307.5
Payroll	5,793.5	5,793.5	6,114.7	6,321.0	5,734.4
Domestic Production Activity Deduct	0.0	232.1	232.1	232.1	175.8
Taxes not on Inc.	2,031.2	1,703.5	1,933.6	2,031.3	1,731.3
R/M Interest	3,772.3	4,203.4	4,638.8	5,174.5	3,853.7
Book Depreciation	6,196.3	6,210.3	6,752.4	6,826.0	6,309.4
Total Operating Revenue Deductions:					
Federal	21,293.6	13,995.4	8,603.2	10,253.0	7,449.5
State	21,293.6	14,227.5	8,835.3	10,485.1	7,625.3
<u>California Corp. Franchise Tax</u>					
State Tax Depreciation	0.0	0.0	0.0	0.0	0.0
Taxable Income for CCFT	21,293.6	14,227.5	8,835.3	10,485.1	7,625.3
CCFT Rate	7.69%	7.69%	7.69%	7.69%	7.69%
CCFT	1,637.5	1,094.1	679.4	806.3	586.4
Less Deferred Taxes	0.0	(4.2)	(4.2)	(4.2)	(4.2)
Total State Income Taxes	1,637.5	1,098.3	683.6	810.5	590.6
<u>Federal Income Tax</u>					
Federal Tax Deductions	63.4	(63.4)	(201.0)	(420.4)	(72.5)
Taxable income for FIT	21,230.2	14,058.8	8,804.3	10,673.4	7,522.0
FIT Rate	35.00%	35.00%	35.00%	35.00%	35.00%
FIT	7,430.6	4,920.6	3,081.5	3,735.7	2,632.7
Less:					
Deferred Taxes	0.0	(15.3)	(15.3)	(15.3)	(15.3)
Total Federal Income Tax	7,430.6	4,935.9	3,096.8	3,751.0	2,648.0
Total FIT and CCFT	9,068.1	6,034.2	3,780.4	4,561.5	3,238.6

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## PLANT IN SERVICE

2009

ITEM	STAFF		UTILITY		<u>ADOPTED</u>
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of \$)		(Thousands of \$)		
Plant in Service - BOY	189,499.0	191,844.8	193,312.7	199,547.8	187,620.7
<u>Additions</u>					
Gross Additions	11,172.4	12,631.4	27,574.9	29,900.1	14,066.5
Retirements of Plant	<u>(114.5)</u>	<u>(145.6)</u>	<u>(546.6)</u>	<u>(554.7)</u>	<u>(347.8)</u>
Net Additions	11,057.9	12,485.8	27,028.3	29,345.4	13,718.7
CWIP - BOY	1,166.5	1,559.5	3,392.0	19,177.5	1,270.7
CWIP - EOY	<u>0.0</u>	<u>593.6</u>	<u>4,718.7</u>	<u>29,872.1</u>	<u>1,306.7</u>
Net Change - CWIP	(1,166.5)	(965.9)	1,326.7	10,694.6	36.0
Plant in Service - EOY	200,556.9	204,330.6	220,341.0	228,893.2	201,339.4
WEIGHTING FACTOR	46.41%	46.41%	46.41%	38.25%	46.41%
WTD. AVG. PLANT IN SERVICE	195,256.1	198,750.7	209,864.3	234,040.6	195,274.9

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## PLANT IN SERVICE

2010

ITEM	STAFF		UTILITY		<u>ADOPTED</u>
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of \$)		(Thousands of \$)		
Plant in Service - BOY	200,556.9	204,330.6	220,341.0	228,893.2	201,339.4
<u>Additions</u>					
Gross Additions	4,364.6	6,471.4	25,630.7	40,648.5	10,104.5
Retirements of Plant	<u>(66.4)</u>	<u>(87.4)</u>	<u>(408.6)</u>	<u>(417.4)</u>	<u>(177.7)</u>
Net Additions	4,298.2	6,384.0	25,222.1	40,231.1	9,926.8
CWIP - BOY	0.0	593.6	4,718.7	29,872.1	1,306.7
CWIP - EOY	<u>0.0</u>	<u>0.0</u>	<u>151.3</u>	<u>68,944.7</u>	<u>151.3</u>
Net Change in CWIP	0.0	(593.6)	(4,567.4)	39,072.6	(1,155.3)
Plant in Service - EOY	204,855.1	210,714.6	245,563.1	269,124.3	211,266.2
WEIGHTING FACTOR	46.41%	46.41%	46.41%	38.25%	46.41%
WTD. AVG. PLANT IN SERVICE	202,551.7	207,611.5	234,645.5	289,099.0	206,716.9

## DEPRECIATION RESERVE &amp; EXPENSE

2009

	STAFF		UTILITY		<u>ADOPTED</u>
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of \$)		(Thousands of \$)		
DEPRECIATION RESERVE - B.O.Y.	68,112.7	68,063.5	68,137.4	68,128.2	68,126.3
ACCRUALS					
(Salvage) and Cost of Removal	(29.0)	28.1	30.9	30.9	29.6
Contributions	781.0	781.0	781.0	781.0	781.0
Depreciation Expense	6,196.3	6,210.3	6,752.4	6,826.0	6,309.4
TOTAL ACCRUALS	<u>6,948.3</u>	<u>7,019.4</u>	<u>7,564.3</u>	<u>7,637.9</u>	<u>7,120.0</u>
RETIREMENTS	<u>(270.3)</u>	<u>(145.6)</u>	<u>(546.6)</u>	<u>(554.7)</u>	<u>(347.8)</u>
DEPRECIATION RESERVE - E.O.Y.	74,790.7	74,937.3	75,155.1	75,211.4	74,898.5
WEIGHTING FACTOR	46.43%	46.43%	46.43%	46.43%	46.43%
WTD. AVG. DEPRECIATION RESERVE	71,213.3	71,255.0	71,395.7	71,416.9	71,270.7

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## DEPRECIATION RESERVE &amp; EXPENSE

2010

	STAFF		UTILITY		<u>ADOPTED</u>
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of \$)		(Thousands of \$)		
DEPRECIATION RESERVE - B.O.Y.	74,790.7	74,881.1	75,093.3	75,211.5	74,898.5
ACCRUALS					
(Salvage) and Cost of Removal	(0.4)	0.6	2.7	2.8	1.2
Contributions	798.0	798.0	798.0	798.0	798.0
Depreciation Expense	6,573.3	6,609.9	8,054.9	8,128.5	6,833.1
TOTAL ACCRUALS	<u>7,370.9</u>	<u>7,408.5</u>	<u>8,855.6</u>	<u>8,929.3</u>	<u>7,632.3</u>
RETIREMENTS	(66.4)	(87.4)	(408.6)	(417.4)	(177.7)
DEPRECIATION RESERVE - E.O.Y.	82,095.2	82,202.2	83,540.3	83,723.4	82,353.1
WEIGHTING FACTOR	46.43%	46.43%	46.43%	46.43%	46.43%
WTD. AVG. DEPRECIATION RESERVE	78,182.2	78,280.3	79,015.2	79,163.6	78,359.7

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**CALIFORNIA-AMERICAN WATER**  
 Monterey Water

**WEIGHTED AVERAGE DEPRECIATED RATE BASE**

2009

ITEM	STAFF		UTILITY		<u>ADOPTED</u>
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of \$)		(Thousands of \$)		
WTD AVG PLANT IN SERVICE	195,256.1	198,750.7	209,864.3	234,040.6	195,274.9
MATERIALS & SUPPLIES	221.6	221.6	221.6	221.6	221.6
WORKING CASH, OPERATIONAL	4,470.7	4,470.7	4,470.7	4,470.7	4,470.7
WORKING CASH, LEAD-LAG	2,972.1	2,972.1	3,055.9	3,055.9	2,269.8
WTD AVG DEPR RESERVE	(71,213.3)	(71,255.0)	(71,395.7)	(71,416.9)	(71,270.7)
ADVANCES	(1,608.1)	(1,608.1)	(1,608.1)	(1,608.1)	(1,608.1)
CONTRIBUTIONS	(19,302.9)	(19,302.9)	(19,302.9)	(19,302.9)	(19,302.9)
ACCUM. DEFERRED FIT	(5,927.2)	(5,929.7)	(5,934.4)	(6,044.3)	(5,928.7)
ACCUM. DEFERRED SIT	(1,634.5)	(1,635.1)	(1,636.1)	(1,660.3)	(1,634.8)
GENERAL OFFICE ALLOC.	400.5	0.0	0.0	400.5	0.0
ACRS & MACRS DEPRECIATION	0.0	0.0	0.0	0.0	0.0
UNAMORTIZED ITC	0.0	0.0	0.0	0.0	0.0
TAXES ON - ADVANCES	0.0	0.0	0.0	0.0	0.0
TAXES ON - CIAC	0.0	0.0	0.0	0.0	0.0
<b>AVERAGE RATE BASE</b>	<b>103,635.0</b>	<b>106,684.3</b>	<b>117,735.3</b>	<b>142,156.8</b>	<b>102,491.8</b>
<b>INTEREST CALCULATION:</b>					
AVG RATE BASE	103,635.0	106,684.3	117,735.3	142,156.8	102,491.8
LESS WORKING CASH					
X LTD COST	<b>3.64%</b>	<b>3.94%</b>	<b>3.94%</b>	<b>3.64%</b>	<b>3.76%</b>
<b>INTEREST</b>	<b>3,772.3</b>	<b>4,203.4</b>	<b>4,638.8</b>	<b>5,174.5</b>	<b>3,853.7</b>

CALIFORNIA-AMERICAN WATER  
Monterey Water

WEIGHTED AVERAGE DEPRECIATED RATE BASE

2010

ITEM	STAFF		UTILITY		<u>ADOPTED</u>
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of \$)		(Thousands of \$)		
WTD AVG PLANT IN SERVICE	202,551.7	207,611.5	234,645.5	289,099.0	206,716.9
MATERIALS & SUPPLIES	226.8	226.8	226.8	226.8	226.8
WORKING CASH, OPERATIONAL	5,171.0	5,171.0	5,171.0	5,171.0	5,171.0
WORKING CASH, LEAD-LAG	3,049.5	3,049.5	3,249.8	3,249.8	2,358.3
WTD AVG DEPR RESERVE	(78,182.2)	(78,280.3)	(79,015.2)	(79,163.6)	(78,359.7)
ADVANCES	(1,817.8)	(1,817.8)	(1,817.8)	(1,817.8)	(1,817.8)
CONTRIBUTIONS	(20,304.3)	(20,304.3)	(20,304.3)	(20,304.3)	(20,304.3)
ACCUM. DEFERRED FIT	(6,131.5)	(6,137.7)	(6,158.3)	(6,399.8)	(6,137.1)
ACCUM. DEFERRED SIT	(1,739.8)	(1,682.2)	(1,686.8)	(1,739.8)	(1,682.1)
GENERAL OFFICE ALLOC.	246.8	0.0	0.0	246.8	0.0
ACRS & MACRS DEPRECIATION	0.0	0.0	0.0	0.0	0.0
UNAMORTIZED ITC	0.0	0.0	0.0	0.0	0.0
TAXES ON - ADVANCES	0.0	0.0	0.0	0.0	0.0
TAXES ON - CIAC	0.0	0.0	0.0	0.0	0.0
AVERAGE RATE BASE	103,070.2	107,836.5	134,310.7	188,568.1	106,171.9
INTEREST CALCULATION:					
AVG RATE BASE	103,070.2	107,836.5	134,310.7	188,568.1	106,171.9
LESS WORKING CASH					
X LTD COST	3.63%	3.94%	3.94%	3.70%	3.76%
INTEREST	3,741.4	4,248.8	5,291.8	6,977.0	3,992.1

**CALIFORNIA AMERICAN WATER  
TORO WATER COMPANY ACQUISITION**

**INCOME STATEMENT AT PRESENT AND PROPOSED RATES  
2008 GENERAL RATE CASE**

	Table Ref	Toro Rpt		At Present	Pro Forma	At 2009 Present	Pro Forma	At 2010 Present	Pro Forma
INCOME STATEMENT	1(A)	2005	2008	2009	2009	2010	2010	2011	2011
OPERATING REVENUES	1(B)	322,130	308,176	308,176	386,200	386,200	430,000	430,000	476,900
OPERATING EXPENSES									
O & M	1(C)	287,036	211,556	275,959	275,959	282,473	282,473	289,174	289,174
General Taxes	1(D)	18,080	10,599	18,218	19,778	19,778	21,353	21,353	22,993
Total		305,116	222,155	294,177	295,737	302,250	303,825	310,527	312,167
EBITDA		17,014	86,021	13,999	90,463	83,950	126,175	119,473	164,733
Depreciation	1(E)	18,226	19,894	29,718	29,718	39,022	39,022	48,326	48,326
EBIT		(1,212)	66,127	(15,719)	60,745	44,928	87,153	71,147	116,407
Interest Expense	1(F)	38	8,036	19,404	19,404	29,042	29,042	38,681	38,681
INCOMES TAXES									
Current Portion		800	24,799	(16,557)	19,260	5,627	25,052	12,926	33,638
Deferred Portion		-	-	-	-	-	-	-	-
Total	1(G)	800	24,799	(16,557)	19,260	5,627	25,052	12,926	33,638
INCOME AFTER TAX AMORT OF ACQ ADJ		(2,050)	33,292	(18,565)	22,081	10,259	33,058	19,541	44,089
NET INCOME		(2,050)	33,292	(18,565)	22,081	10,259	33,058	19,541	44,089
UOI		(2,012)	41,328	839	41,485	39,301	62,101	58,221	82,769
Rate Base	1(H)	309,893	222,975	516,286	516,286	772,731	772,731	1,029,175	1,029,175
Rate of Return		-0.65%	18.53%	0.16%	8.04%	5.09%	8.04%	5.66%	8.04%

(END OF APPENDIX B)

A.08-01-027, A.08-01-024 ALJ/MAB/avs

**APPENDIX C**

Appendix C						
CALIFORNIA AMERICAN WATER						
General Office Operating Expense						
(Dollars in thousands)						
2009	DRA		CAL-AM		Adopted	
Description	ORIGINAL	REVISED	REVISED	ORIGINAL		
<b>CALIFORNIA ALLOCATIONS</b>						
Service Co - Belleville Lab	229.7	229.7	302.9	302.9	238.5	
Service Co - Call Center	1,971.5	1,971.5	2,760.9	2,802.6	2,220.3	
Service Co - Finance	454.3	454.3	581.4	581.4	471.7	
Service Co - Human Resources	249.1	249.1	296.6	296.6	258.7	
Service Co - Information Tech	1,379.4	1,379.4	1,786.5	1,786.5	1,432.3	
Service Co - NSC Other	858.9	858.9	1,026.2	1,026.2	891.8	
Service Co - Operations/Network	185.3	185.3	267.6	267.6	192.4	
Service Co - Shared Services	758.7	758.7	1,141.0	1,141.0	787.8	
Service Co - Procurement	134.7	134.7	152.3	152.3	139.9	
National Service Co. subtotal	6,221.7	6,221.7	8,315.4	8,357.1	6,633.5	
					0.0	
Local Service Company	3,099.1	3,099.1	3,547.0	3,547.0	3,099.1	
					0.0	
CalAm GO Function (Cal Corp)	3,905.6	3,905.6	4,954.5	4,954.5	3,905.6	
					0.0	
<b>Total GO Operating Expense</b>	<b>13,226.4</b>	<b>13,226.4</b>	<b>16,816.9</b>	<b>16,858.6</b>	<b>13,638.2</b>	
<b>Rate Base Comparison</b>						
Rate Base	1,269.9			1,269.9	1,269.9	
Revenue Requirement from Rate Base	140.1	140.1	140.1	140.1	140.1	
<b>Total Revenue Requirement</b>	<b>13,366.5</b>	<b>13,366.5</b>	<b>16,957.0</b>	<b>16,998.7</b>	<b>13,778.3</b>	
<b>Revenue Requirement Allocation to District Operations</b>						
Coronado	1,633.4	1,633.4	2072.1	1,835.9	1,683.7	
Los Angeles	2,178.7	2,178.7	2764	2,301.6	2,245.9	
Village	1,650.8	1,650.8	2094.2	2,276.1	1,701.6	
Monterey Water	3,147.8	3,147.8	3993.4	5,407.3	3,244.8	
Monterey Wastewater	176.4	176.4	223.8	387.6	181.9	
Felton	0.0	0.0	0	261.8	0.0	
Sacramento	4,394.9	4,394.9	5575.5	4,207.2	4,530.3	
Larkfield	184.5	184.5	234	321.3	190.1	
<b>Total</b>	<b>13,366.5</b>	<b>13,366.5</b>	<b>16,957.0</b>	<b>16,998.7</b>	<b>13,778.3</b>	
<b>Acquisition Adjustment Allocation to Districts</b>						
Coronado	493.8	493.8	493.8	535.4	493.8	
Los Angeles	672.3	672.3	672.3	729.0	672.3	
Village	523.8	523.8	523.8	567.9	523.8	
Monterey Water	984.0	984.0	984.0	1,066.9	984.0	
Monterey Wastewater	0.0	0.0	0.0	0.0	0.0	
Felton	0.0	0.0	0.0	44.3	0.0	
Sacramento	1,743.8	1,743.8	1,743.8	1,890.8	1,743.8	
Larkfield	73.4	73.4	73.4	79.6	73.4	
<b>Total</b>	<b>4,491.1</b>	<b>4,491.1</b>	<b>4,491.1</b>	<b>4,914.0</b>	<b>4,491.1</b>	

(END OF APPENDIX C)

A.08-01-027, A.08-01-024 ALJ/MAB/avs

**APPENDIX D**

Schedule No. MO-1A  
 Monterey Peninsula District Tariff Area  
GENERAL METERED SERVICE  
AMBLER PARK SERVICE AREA

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Ambler Park subdivision, Oaks subdivision, Rim Rock subdivision, Rancho El Toro Country Club, located nine miles southwest of Salinas, Monterey County, and vicinity.

RATES

Quantity Rates:

<b>Residential Customers</b>		
Block 1: For the first 8 ccfs delivered, per 100 cu. ft.		\$2.4466
Block 2: For the next 16 ccfs delivered, per 100 cu. ft.		\$3.2621
Block 3: For all water delivered over 24 ccfs, per 100 cu. ft.		\$8.1552
<b>Non-Residential Customers</b>		
For all water delivered, up to 100 cu. ft.		\$3.2621

Meter Charge:

	<u>Per Meter Per Month</u>
For 5/8 x 3/4-inch meter . . . . .	\$8.54
For 3/4-inch meter . . . . .	\$12.81
For 1-inch meter . . . . .	\$21.35
For 1-1/2-inch meter . . . . .	\$42.70
For 2-inch meter . . . . .	\$68.32
For 3-inch meter . . . . .	\$128.10
For 4-inch meter . . . . .	\$213.50
For 6-inch meter . . . . .	\$427.00
For 8-inch meter . . . . .	\$683.20

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

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee as set forth in Schedule No. UF.

(continued)

CALIFORNIA AMERICAN WATER COMPANY

1033 B. AVENUE, SUITE 200

CORONADO, CA 92118

Revised

C.P.U.C. SHEET NO. \_\_\_\_\_

CANCELING

Revised

C.P.U.C. SHEET NO. \_\_\_\_\_

Monterey Peninsula District Tariff Area  
GENERAL METERED SERVICE  
AMBLER PARK SERVICE AREA

SPECIAL CONDITIONS (continued)

2. Any residential customer who has been required to install a Residential Fire Sprinkler System (R.F.S.S.) at their place of residence by local fire ordinances will be allowed to have their monthly service charge reduced by one meter size for 3/4" and 1" meters and a reduction of two meter sizes for all 1-1/2" meters, provided it has been requested by the customer and verified by the Company that the lower size of meter would be large enough to provide adequate service to the residence. The R.F.S.S. Service is not considered a fire service by the Company, but is considered an oversized general metered service and therefore, only the rules and conditions of service for general metered service apply.
3. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the company, service to subsequent tenants in that unit will, at the company's option, be furnished on the account of the landlord or property owner.
4. Per Advice Letter 741 and D. 06-11-050, a surcredit of 4.22% will be applied to each customer's base bill to refund an over collection in the minimum Employee Retirement Income Security Act (ERISA) pension balancing account for the Monterey district. The amount over collected for the period January 1, 2006 through December 31, 2008 was \$118,683 including accumulated interest. California American Water requests authorization to refund a total of \$119,024, which includes interest accumulated in 2009. The refund will be made over a one month period once approval of Advice Letter 741 is granted by the Commission.
5. The rates approved by Advice Letter 750-B are subject to refund and may be adjusted upward or Downward depending on the final rates authorized in A. 08-01-027 back to May 11, 2009.
6. Customers must apply with the Company for acceptance into the Low-Income Ratepayer Assistance Program (LIRA). The Company will analyze applications based upon proof of acceptance into the California Alternate Rates for Energy Program of Pacific Gas and Electric.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. \_\_\_\_\_

ISSUED BY

D. P. STEPHENSON

NAME

(TO BE INSERTED BY C.P.U.C.)

DATE FILED \_\_\_\_\_

EFFECTIVE \_\_\_\_\_

DECISION NO. \_\_\_\_\_

MANAGER RATES & REGULATION

RESOLUTION NO. \_\_\_\_\_

Schedule No. MO-1-LIRA  
 Monterey District Tariff Area  
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM

APPLICABILITY

Applicable to all water furnished on a metered basis to residential domestic service to low-income Households, where the customer meets all the Special Conditions of this tariff.

TERRITORY

The incorporated cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, Hidden Hills subdivision, Bishop subdivision including the area known as Laguna Seca Ranch Estates and vicinity and certain unincorporated areas in the County of Monterey. (L)

RATES

Quantity Rates: (D)

**MONTEREY MAIN SYSTEM**

<b>Residential, Multi-Residential and Sale for Resale:</b>	<u>Per Ccf</u>	(C)
Block 1: For the first 100 cu. ft. x Customer Allotment.....	\$2.7036	(I)
Block 2: For the second 100 cu. ft. x Customer Allotment..	\$3.4610	(I)
Block 3: For the third 100 cu. ft. x Customer Allotment. ....	\$6.9220	(I)
Block 4: For the fourth 100 cu. ft. x Customer Allotment. ...	\$13.8440	(I)
Block 5: All Water over 400 cu. ft. x Customer Allotment. ..	\$24.2270	(I)

(D)

**HIDDEN HILLS SYSTEM**

<b>Residential and Multi-Residential</b>		
Block 1: For the first 100 cu. ft. x Customer Allotment.....	\$2.7036	(L, I)
Block 2: For the second 100 cu. ft. x Customer Allotment..	\$3.4610	(L, I)
Block 3: For the third 100 cu. ft. x Customer Allotment. ....	\$6.9220	(L, I)
Block 4: For the fourth 100 cu. ft. x Customer Allotment. ...	\$8.6525	(L, I)
Block 5: All Water over 400 cu. ft. x Customer Allotment. ..	\$13.8440	(L, I)

(continued)

CALIFORNIA AMERICAN WATER COMPANY  
 1033 B. AVENUE, SUITE 200  
 CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. \_\_\_\_\_

CANCELING Revised C.P.U.C. SHEET NO. \_\_\_\_\_

(continued)

RATES (continued)

Quantity Rates (continued):

**BISHOP SYSTEM**

**Residential and Multi-Residential**

Block 1: For the first 100 cu. ft. x Customer Allotment.....	\$1.7305	(L, I)
Block 2: For the second 100 cu. ft. x Customer Allotment..	\$2.5958	(L, I)
Block 3: For the third 100 cu. ft. x Customer Allotment. ....	\$3.4610	(L, I)
Block 4: For the fourth 100 cu. ft. x Customer Allotment. ...	\$4.3263	(L, I)
Block 5: All Water over 400 cu. ft. x Customer Allotment ...	\$5.1915	(L, I)

Meter Rates:

**MONTEREY MAIN, HIDDEN HILLS AND BISHOP SYSTEMS**

	<u>Per Meter Per Month</u>	
For 5/8 x 3/4-inch meter.. .....	\$8.54	(L, I)
For 3/4-inch meter.. .....	\$12.81	(L, I)
For 1-inch meter.. .....	\$21.35	(L, I)
For 1-1/2-inch meter.. .....	\$42.70	(L, I)
For 2-inch meter.. .....	\$68.32	(L, I)
For 3-inch meter.. .....	\$128.10	(L, I)
For 4-inch meter.. .....	\$213.50	(L, I)
For 6-inch meter.. .....	\$427.00	(L, I)
For 8-inch meter .....	\$688.20	(L, I)

(D)

(continued)

Schedule No. MO-1-LIRA  
 Monterey District Tariff Area  
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM  
 (continued)

SPECIAL CONDITIONS APPLICABLE TO LOW-INCOME

CANCELING

1. Low-Income Ratepayer Assistance Program (LIRA): As reflected in this tariff, qualifying customers can receive a monthly discount as shown below. Customers must apply with the Company for acceptance into the low income program. Qualification criteria are outlined below. This program is also known as the H2O Help to Others Program.

(C)

Number of People in Residence	Monthly Discount Amount
1-4	\$8.00
5-8	\$12.00
Over 8	\$16.00

- a. LIRA Household: A LIRA household is a household where the total gross income from all sources, including total income from all persons living full-time in the household, is less than shown on the table below based on the number of persons in the household. Total gross income shall include both taxable and non-taxable income. Persons who are claimed as a dependent on another person's income tax return are not eligible for this program. The California American Water bill must be in the customer's name.

(C)

<b>Income Guidelines (Effective June 1, 2009 to May 31, 2010)</b>	
<u>No. of Persons in Household</u>	<u>Total Gross Annual Income</u>
1 or 2	\$30,500
3	\$35,800
4	\$43,200
5	\$50,600
6	\$58,000
For households with more than six persons	Add \$7,400 annually for each additional person residing in the household.

(continued)

Schedule No. MO-1-LIRA  
 Monterey District Tariff Area  
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM  
 (continued)

SPECIAL CONDITIONS APPLICABLE TO LOW-INCOME (continued)

- b. Application and Eligibility Declaration: An application and eligibility declaration on a form authorized by the Commission is required for each request for service under this schedule. Renewal of a customer's eligibility declaration will be required every two years and may be required on an annual basis. Customers are only eligible to receive service under this rate schedule at one residential location at any one time, and the rate applies only to the customer's permanent primary residence. The schedule is not applicable where, in the opinion of the Company, either the accommodation or the occupancy is transitory. The customer must present documentation showing approval into Pacific Gas & Electric's (PG&E's) California Alternate Rate for Energy (CARE) Program or provide verification of your household income. Forms of verification include a copy of the customer's Federal Income Tax Form 1040 including W-2 forms. If the customer is self-employed, a copy of Schedule C should be provided.
- c. Commencement of Rate: Eligible customers shall be billed on this schedule commencing no later than one billing period after receipt and approval of the customer's application by the Company.
- d. Verification: Information provided by the applicant is subject to verification by the Company. Refusal or failure of a customer to provide documentation of eligibility acceptable to the Company, upon the request of the Company, shall result in removal from this tariff.
- e. Notice from Customer: It is the customer's responsibility to notify the Company if there is a change in the customer's eligibility status. Notification should be made within 30 days of the customer's change in eligibility.
- f. Customers may be re-billed for periods of ineligibility under the applicable tariff.

(continued)

Schedule No. MO-1-LIRA  
Monterey District Tariff Area  
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM  
(continued)

SPECIAL CONDITIONS APPLICABLE TO ALL CUSTOMERS

1. The boundaries of the three zones in which the above rates apply are as set forth in the Preliminary Statement and delineated on the Tariff Service Area Maps filed as a part of these

(L)

tariff schedules.

2. Any residential customer who has been required to install a Residential Fire Sprinkler System (R.F.S.S.) at their place of residence by local fire ordinances will be allowed to have their monthly service charge reduced by one meter size, provided it has been requested by the customer and verified by the Company that the lower size of meter would be large enough to provide adequate service to the residence. The R.F.S.S. Service is not considered a fire service by the Company, but is considered an oversized general metered service and therefore, only the rules and conditions of service for general metered service apply.
3. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is based on a percentage of the gross revenues of each bill. The percentages are as follows: Ryan Ranch 2.05%, City of Pacific Grove 2.10%, City of Carmel-by-the-Sea 2.15%, City of Seaside 1.00%, City of Del Rey Oaks 0.11%, City of Sand City 0.14%, City of Monterey 1.05%, and unincorporated areas of Monterey County 1.00%.
4. Customers must apply with the Company for acceptance into the Low-Income Ratepayer Assistance Program (LIRA). Company will analyze applications based upon proof of acceptance into the California Alternate Rates for Energy Program of Pacific Gas and Electric.
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
6. The per capita design shall remain in effect and until ordered otherwise by the Commission. (L)

(continued)

Schedule No. MO-1-LIRA  
 Monterey District Tariff Area  
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM  
 (continued)

SPECIAL CONDITIONS APPLICABLE TO ALL CUSTOMERS (continued)

7. Calculation of residential allotment for Monterey Main, Hidden Hills and Bishop systems: (C)
  - a. The five consumption blocks are calculated for each residential, multi-residential and sale for resale customer based on the number of people, season (winter/summer), size of lot, and number of large animals according to the following allotments for each

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

characteristic:

For reference, in the following tables, 1 unit = 1 ccf = 748 gallons;

**Block Width Adjustment for Number of People**

Number of people in a residence	Allotted Ccfs per month	Equivalent gallons per day
1	1.5	37.5
2	3	75
3	4.5	112.5
4	6	150
5	7.5	187.5
6	9	225
7	10.5	262.5

**Block Width Adjustment for Large Animals**

Number of large animals	Allotted Ccfs per month	Equivalent gallons per day
1 or 2	0.5	12.5
3 to 5	1	25
6 to 10	1.5	37.5
11 to 20	2	50
Over 20	2.5	62.5

(C)

(continued)

Schedule No. MO-1-LIRA  
 Monterey District Tariff Area  
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM  
 (continued)

SPECIAL CONDITIONS APPLICABLE TO ALL CUSTOMERS (continued):

7. (continued)

**Block Width Adjustment for Landscape  
 Available in summer (May through October) only**

(C)

Size of Lot	Allotted Ccfs per month per block in	Equivalent gallons per day

**CALIFORNIA AMERICAN WATER COMPANY**

1033 B. AVENUE, SUITE 200

CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. \_\_\_\_\_

CANCELING Revised C.P.U.C. SHEET NO. \_\_\_\_\_

	Blocks 3, 4 & 5	
No outside space	0	0
Up to ¼ acre	1	25
Over ¼, up to ½ acre	2	50
Over ½ acre, up to 1 acre	2	50
Over 1 acre, up to 2 acres	3	75
Over 2 acres, up to 3 acres	3	75
Over 3 acres, up to 4 acres	3	75
Greater than 4 acres	3	75

- b. Each customer's total block width for each block are calculated by adding block width adjustments for people, animals and, from May through October, landscape.

Example: The allotment, or total block width for each block, for a four person household on 1 acre lot with no large animals is as follows;

**Calculation of allotment**

	Winter (in ccfs) Nov 1 – Apr 30	Summer (in ccfs) May 1 – Oct 31
Adjustment for People	6	6
Adjustment for Animals	0	0
Adjustment for Landscape	0	2
<b>Total Ccfs Allowed in Each Block</b>	<b>6</b>	<b>8</b>

(C)

(continued)

Schedule No. MO-1-LIRA  
 Monterey District Tariff Area  
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM  
 (continued)

SPECIAL CONDITIONS APPLICABLE TO ALL CUSTOMERS (continued):

8. Per Decision 06-11-050, costs associated with the Carmel River Dam shall be placed in a balancing (L, C) account and collected through a meter charge over the next four years beginning the effective date of Advice Letter 656. The total amount to be recovered is \$3,601,239. The balancing account will earn interest at the 90-day commercial rate.

Meter Size	Meter Surcharge
------------	-----------------

**CALIFORNIA AMERICAN WATER COMPANY**

1033 B. AVENUE, SUITE 200

CORONADO, CA 92118

Revised

C.P.U.C. SHEET NO. \_\_\_\_\_

CANCELING

Revised

C.P.U.C. SHEET NO. \_\_\_\_\_

For 5 / 8 x 3 / 4 inch meter	\$1.34
For 3 / 4 inch meter	\$2.01
For 1 inch meter	\$3.35
For 1 1 / 2 inch meter	\$6.69
For 2 inch meter	\$10.71
For 3 inch meter	\$20.08
For 4 inch meter	\$33.46
For 6 inch meter	\$66.92
For 8 inch meter	\$107.07

(D)  
(D)

9. Per Advice Letter and D. 06-11-050, a surcredit of 4.22% will be applied to each customer's base bill to refund an overcollection in the minimum Employee Retirement Income Security Act (ERISA) Pension balancing account for the Monterey district. The amount over collected for the period January 1, 2006 through December 31, 2008 was \$118,683 including accumulated interest. California American Water requests authorization to refund a total of \$119,024, which includes interest accumulated in 2009. The refund will be made over a one month period once approval of Advice Letter 741 is granted by the Commission. (L)
10. The rates approved by Advice Letter No. 750-B are subject to refund and may be adjusted upward or downward depending on the final rates authorized in A. 08-01-027 back to May 11, 2009. (L)
11. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the Company, service to subsequent tenants in that unit will, at the Company's option, be furnished on the account of the landlord or property owner. (L)

(continued)

Schedule No. MO-1-LIRA  
Monterey District Tariff Area  
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM  
(continued)

SPECIAL CONDITIONS APPLICABLE TO ALL CUSTOMERS (continued):

(D)

12. Per Advice Letter 761 and D. 09-05-029, a volumetric surcharge will be applied to each customer's bill to fund conservation programs by California American Water. This surcharge will collect a total of \$2,424,678 and remain in effect through December 31, 2011 as follows; (L)

Effective Dates	Surcharge
Jul 1, 2009 – Dec 31, 2009	\$0.2938 per ccf
Jan 1, 2010 – Dec 31, 2011	\$0.1469 per ccf

**CALIFORNIA AMERICAN WATER COMPANY**

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Revised

C.P.U.C. SHEET NO. \_\_\_\_\_

CANCELING

Revised

C.P.U.C. SHEET NO. \_\_\_\_\_

13. Per Advice Letter 761 and D. 09-05-029, a volumetric surcharge will be applied to each customer's bill to collect \$1,118,141 in conservation funds for the Monterey Peninsula Water Management District (MPWMD). This amount was reached by offsetting the \$1,156,000 granted in D. 09-05-029 with \$37,859 already collected in 2009 under the prior 1% MPWMD conservation surcharge granted in D. 06-11-050. This surcharge will remain in effect through December 31, 2011 as follows: (L)

Effective Dates	Surcharge
Jul 1, 2009 – Dec 31, 2009	\$0.1355 per ccf
Jan 1, 2010 – Dec 31, 2011	\$0.0678 per ccf

14. In accordance with the final decision issued in Monterey General Rate Case Application 08-01-027, costs associated with securing Seaside Basin water rights shall be placed in a balancing account and collected through a meter charge over the next ten years. The total amount to be recovered is \$2,755,960. The balancing account will earn interest at the 90-day commercial rate. (N)

Meter Size	Meter Surcharge
For 5 / 8 x 3 / 4 meter	\$0.37
For 3 / 4 meter	\$0.55
For 1 meter	\$0.91
For 1 1 / 2 meter	\$1.83
For 2 meter	\$2.93
For 3 meter	\$5.49
For 4 meter	\$9.15
For 6 meter	\$18.29
For 8 meter	\$29.27

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

ADVICE LETTER NO. \_\_\_\_\_

D. P. STEPHENSON

DATE FILED \_\_\_\_\_

NAME

EFFECTIVE \_\_\_\_\_

DECISION NO. \_\_\_\_\_

DIRECTOR - RATES & REGULATION

RESOLUTION NO. \_\_\_\_\_

TITLE

Schedule No. MO-1  
 Monterey District Tariff Area  
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all water furnished on a metered basis.

TERRITORY

The incorporated cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, Hidden Hills and Ryan Ranch subdivisions, Bishop subdivision including the area known as Laguna Seca Ranch Estates and vicinity and certain unincorporated areas in the County of Monterey. (L)

RATES

Quantity Rates:

**MONTEREY MAIN SYSTEM**

<b>Residential, Multi-Residential and Sale for Resale:</b>	<u>Per Ccf</u>	(C)
Block 1: For the first 100 cu. ft. x Customer Allotment.....	\$2.7036	(I)
Block 2: For the second 100 cu. ft. x Customer Allotment..	\$3.4610	(I)
Block 3: For the third 100 cu. ft. x Customer Allotment. ....	\$6.9220	(I)
Block 4: For the fourth 100 cu. ft. x Customer Allotment. ...	\$13.8440	(I)
Block 5: All Water over 400 cu. ft. x Customer Allotment. ...	\$24.2270	(I)

**Non-Residential:**

**Commercial, Industrial, Public Authority and Golf Course:**

Block 1: For all water delivered up to monthly allotment, per 100 cu. ft.	\$3.4610	(C, I)
Block 2: For the next 15% of monthly allotment delivered, per 100 cu. ft.	\$10.3830	(C, I)
Block 3: For all water delivered over Tier 2, per 100 cu. ft.	\$24.2270	(C, I)

**Dedicated Irrigation:**

Block 1: For all water delivered up to monthly allotment, per 100 cu. ft.	\$10.3830	(N)
Block 2: For all water delivered over monthly allotment, per 100 cu. ft.	\$24.2270	(N)

**Special Use:**

For all water delivered, per 100 cu. ft.	\$6.9220	(I)
--	----------	-----

(continued)

Schedule No. MO-1  
 Monterey District Tariff Area  
GENERAL METERED SERVICE

(continued)

RATES (continued)

Quantity Rates (continued):

**HIDDEN HILLS AND RYAN RANCH SYSTEM**

**Residential and Multi-Residential**

Block 1: For the first 100 cu. ft. x Customer Allotment.....	\$2.7036	(L, I)
Block 2: For the second 100 cu. ft. x Customer Allotment..	\$3.4610	(L, I)
Block 3: For the third 100 cu. ft. x Customer Allotment. ....	\$6.9220	(L, I)
Block 4: For the fourth 100 cu. ft. x Customer Allotment. ...	\$8.6525	(L, I)
Block 5: All Water over 400 cu. ft. x Customer Allotment. ..	\$13.8440	(L, I)

**Commercial, Industrial, Public Authority and Golf Course**

Block 1: For all water delivered up to monthly allotment, per 100 cu. ft.	\$3.4610	(C)
Block 2: For the next 15% of monthly allotment delivered, per 100 cu. ft.	\$10.3830	(C)
Block 3: For all water delivered over Tier 2, per 100 cu. ft.	\$24.2270	(C)

**Dedicated Irrigation:**

Block 1: For all water delivered up to monthly allotment, per 100 cu. ft.	\$10.3830	(N)
Block 2: For all water delivered over monthly allotment, per 100 cu. ft.	\$24.2270	(N)

**Special Use:**

For all water delivered, per 100 cu. ft.	\$6.9220	(I)
--	----------	-----

**BISHOP SYSTEM**

**Residential and Multi-Residential**

Block 1: For the first 100 cu. ft. x Customer Allotment.....	\$1.7305	(L, I)
Block 2: For the second 100 cu. ft. x Customer Allotment..	\$2.5958	(L, I)
Block 3: For the third 100 cu. ft. x Customer Allotment. ....	\$3.4610	(L, I)
Block 4: For the fourth 100 cu. ft. x Customer Allotment. ...	\$4.3263	(L, I)
Block 5: All Water over 400 cu. ft. x Customer Allotment ...	\$5.1915	(L, I)

**Commercial, Industrial, Public Authority and Golf Course**

Block 1: For all water delivered up to monthly allotment, per 100 cu. ft.	\$3.4610	(C, I)
Block 2: For the next 15% of monthly allotment delivered, per 100 cu. ft.	\$10.3830	(C, I)
Block 3: For all water delivered over Tier 2, per 100 cu. ft.	\$24.2270	(C, I)

**CALIFORNIA AMERICAN WATER COMPANY**  
 1033 B. AVENUE, SUITE 200  
 CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. \_\_\_\_\_

CANCELING Revised C.P.U.C. SHEET NO. \_\_\_\_\_

**RATES (continued)**

Quantity Rates (continued):

**BISHOP SYSTEM (continued)**

**Dedicated Irrigation:**

Block 1: For all water delivered up to monthly allotment, per 100 cu. ft.	\$10.3830	(N)
Block 2: For all water delivered over monthly allotment, per 100 cu. ft.	\$24.2270	(N)

Meter Rates:

**MONTEREY MAIN, HIDDEN HILLS, RYAN RANCH AND  
 BISHOP SYSTEMS**

		<u>Per Meter Per Month</u>	
For	5/8 x 3/4-inch meter.. ..	\$8.54	(L, I)
For	3/4-inch meter.. ..	\$12.81	(L, I)
For	1-inch meter.. ..	\$21.35	(L, I)
For	1-1/2-inch meter.. ..	\$42.70	(L, I)
For	2-inch meter.. ..	\$68.32	(L, I)
For	3-inch meter.. ..	\$128.10	(L, I)
For	4-inch meter.. ..	\$213.50	(L, I)
For	6-inch meter.. ..	\$427.00	(L, I)
For	8-inch meter .....	\$688.20	(L, I)

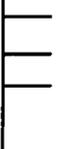
(D)

(continued)

Schedule No. MO-1  
 Monterey District Tariff Area  
GENERAL METERED SERVICE  
 (continued)

**RATES (continued)**

**SPECIAL CONDITIONS**



**CALIFORNIA AMERICAN WATER COMPANY**  
1033 B. AVENUE, SUITE 200  
CORONADO, CA 92118

CANCELING

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1. The boundaries of the three zones in which the above rates apply are as set forth in the Preliminary Statement and delineated on the Tariff Service Area Maps filed as a part of these tariff schedules. (L)
2. Any residential customer who has been required to install a Residential Fire Sprinkler System (R.F.S.S.) at their place of residence by local fire ordinances will be allowed to have their monthly service charge reduced by one meter size, provided it has been requested by the customer and verified by the Company that the lower size of meter would be large enough to provide adequate service to the residence. The R.F.S.S. Service is not considered a fire service by the Company, but is considered an oversized general metered service and therefore, only the rules and conditions of service for general metered service apply.
3. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is based on a percentage of the gross revenues of each bill. The percentages are as follows: Ryan Ranch 2.05%, City of Pacific Grove 2.10%, City of Carmel-by-the-Sea 2.15%, City of Seaside 1.00%, City of Del Rey Oaks 0.11%, City of Sand City 0.14%, City of Monterey 1.05%, and unincorporated areas of Monterey County 1.00%.
4. Customers must apply with the Company for acceptance into the Low-Income Ratepayer Assistance Program (LIRA). The Company will analyze applications based upon proof of acceptance into the California Alternate Rates for Energy Program of Pacific Gas and Electric.
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
6. The per capita design shall remain in effect and until ordered otherwise by the Commission. (L)

(continued)

Schedule No. MO-1  
Monterey District Tariff Area  
GENERAL METERED SERVICE  
(continued)

SPECIAL CONDITIONS (continued)

6. Calculation of residential, multi-residential and sale for resale allotment for Monterey Main, Hidden Hills, Ryan Ranch and Bishop systems: (C)

- a. The five consumption blocks are calculated for each residential, multi-residential and sale for resale customer based on the number of people, season (winter/summer), size of lot, and number of large animals according to the following allotments for each characteristic:

For reference, in the following tables, 1 unit = 1 ccf = 748 gallons;

**Block Width Adjustment for Number of People**

Number of people in a residence	Allotted Ccfs per month	Equivalent gallons per day
1	1.5	37.5
2	3	75
3	4.5	112.5
4	6	150
5	7.5	187.5
6	9	225
7	10.5	262.5

**Block Width Adjustment for Large Animals**

Number of large animals	Allotted Ccfs per month	Equivalent gallons per day
1 or 2	0.5	12.5
3 to 5	1	25
6 to 10	1.5	37.5
11 to 20	2	50
Over 20	2.5	62.5

(C)

(continued)

Schedule No. MO-1  
 Monterey District Tariff Area  
GENERAL METERED SERVICE  
 (continued)

SPECIAL CONDITIONS (continued):

6. (continued)

**Block Width Adjustment for Landscape  
 Available in summer (May through October) only**

(C)

Size of Lot	Allotted Ccfs per month per block in Blocks 3, 4 & 5	Equivalent gallons per day
No outside space	0	0
Up to ¼ acre	1	25
Over ¼, up to ½ acre	2	50
Over ½ acre, up to 1 acre	2	50
Over 1 acre, up to 2 acres	3	75
Over 2 acres, up to 3 acres	3	75
Over 3 acres, up to 4 acres	3	75
Greater than 4 acres	3	75

b. Each customer's total block width for each block are calculated by adding block width adjustments for people, animals and, from May through October, landscape.

Example: The allotment, or total block width for each block, for a four person household on 1 acre lot with no large animals is as follows;

**Calculation of allotment**

	Winter (in ccfs) Nov 1 – Apr 30	Summer (in ccfs) May 1 – Oct 31
Adjustment for People	6	6
Adjustment for Animals	0	0
Adjustment for Landscape	0	2
<b>Total Ccfs Allowed in Each Block</b>	<b>6</b>	<b>8</b>

(C)

(continued)

Schedule No. MO-1  
 Monterey District Tariff Area  
GENERAL METERED SERVICE  
 (continued)

SPECIAL CONDITIONS (continued)

7. Allotment parameters for non-residential customers, including commercial, industrial, public authority, golf courses and dedicated irrigation meter customer classes for Monterey Main, Hidden Hills, Ryan Ranch and Bishop systems:

(N)

Water allotments will be based on audits based upon best management practices for the type of business or the revised MPWMD "Calculated Average Consumptions: Commercial Uses" study. California American Water will implement a system to keep track of whether a customer's allotment is based on the study (and if so, which version of the study) or based on an audit.

- a. Outdoor water will be viewed as discretionary use except for properties that require outdoor water for business purposes, ie. outdoor water use that is not essential to the business function will be billed at block 2 or 3 rates. For example, water used by a bar or restaurant for outdoor purposes would be billed at the block 2 or 3 rates.
  - b. All water use for a public authority customer, excluding any golf courses, will be combined in one bill. For example, a city that uses water for irrigation medians, city hall and a city-owned school, would be billed for the use in each location under one bill and one total allotment; within the allotment, the public authority customer would have discretion over how to allocate its use. The allotments for each use of the customer would be combined into one total allotment for each customer. Public authority meters or premises that have water budgets would be excluded from this consideration.
  - c. All water use on a commercial premise will be combined into one bill. A commercial customer with multiple meters on one premise would receive one bill. However, a customer with multiple meters on separate premises would still receive separate bills for each premise. The allotments for each use on the premise will be combined into one total allotment for each premise.
8. Calculation of Commercial Monthly Allotment and Annual True-Up: Commercial customers will receive an annual water allotment. The customer's monthly allotment will be based on historical monthly percentage from the usage from the immediately preceding 12 months, unless 12 months of history is unavailable. If 12 months of history is unavailable, the monthly allotment will be based on 1/12 of the annual allotment. (N)

(continued)

Schedule No. MO-1  
Monterey District Tariff Area  
GENERAL METERED SERVICE  
(continued)

SPECIAL CONDITIONS (continued):

8. Calculation of Commercial Monthly Allotment and Annual True-Up (continued) (N)

Commercial customers' water usage charges will be adjusted annually to balance the monthly allotments against the annual allotments to assure that customers who have not exceeded their annual allotment are not penalized by the allocation of the monthly allotments. California American Water will use the following method, as shown in the example below, to calculate the adjustment if necessary;

**Commercial Allotment Calculation (Based on Annual Allotment of 120 Ccfs)**

Annual Allotment = 120 ccfs Monthly Allotment = 10 ccfs	
<b>Usage (in ccfs):</b>	
Month One: 10	Month Seven: 12
Month Two: 10	Month Eight: 9
Month Three: 12	Month Nine: 9
Month Four: 9	Month Ten: 9
Month Five: 9	Month Eleven: 9
Month Six: 10	Month Twelve: 9
	<b>Total Use for 12 Months: 117</b>

In this example, the customer was billed for 4 ccfs at the higher block rate (for exceeding its monthly allotment of 10 ccfs) in two months, yet its annual usage was 3 ccfs under the annual allotment. The customer will be refunded the difference between the lower block rate and the higher block rate for all 4 ccfs.

Annual allotments and annual true ups will be conducted on a water year (Oct 1 – Sept 30) schedule.

**9. Golf Courses (Potable Use)**

Potable use golf courses will have the same rates and rate design as commercial customers. Allotments for potable use golf courses will be based on best management practices as stated in Section V, Part D of the rate design settlement approved in Monterey General Rate Case Application 08-01-027.

(N)

(continued)

Schedule No. MO-1  
 Monterey District Tariff Area  
GENERAL METERED SERVICE  
 (continued)

SPECIAL CONDITIONS (continued):

**10. Golf Courses (Non-Potable – Viscaino Tank)**

(N)

Golf courses served by the Viscaino Tank will be assigned an allotment based on best management practices as stated in Section V, Part D of the rate design settlement approved in Monterey General Rate Case Application 08-01-027. It is assumed that all non-potable use within this allotment will be billed at the lowest commercial block rate. Usage above the annual allotment will be billed in accordance with the same rate structure as for golf courses using potable water.

Potable use by golf courses on reclaimed water (water supplied by California American Water to the Viscaino Tank) will be billed on the same rate design as commercial customers with a 30 acre-foot

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Revised

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annual allotment for Viscaino Tank.

**11. Dedicated Irrigation**

Dedicated irrigation customers include non-public authority customers, customers using dedicated irrigation for non-essential business functions, or other customers with dedicated irrigation meters other than metered fire hydrant customers.

Dedicated customers will have a two block rate design and allotments will be set using best management practices as stated in Section V, Part D of the rate design settlement authorized in Monterey General Rate Case Application 08-01-027.

**12. Special Use Customers**

Special use customers will include only metered fire hydrant use customers.

(N)

(continued)

Schedule No. MO-1  
Monterey District Tariff Area  
GENERAL METERED SERVICE  
(continued)

SPECIAL CONDITIONS (continued):

13. Per Decision 06-11-050, costs associated with the Carmel River Dam shall be placed in a balancing account and collected through a meter charge over the next four years beginning the effective date of Advice Letter 656. The total amount to be recovered is \$3,601,239. The balancing account will earn interest at the 90-day commercial rate. (L, C)

Meter Size	Meter Surcharge
For 5 / 8 x 3 / 4 inch meter	\$1.34
For 3 / 4 inch meter	\$2.01
For 1 inch meter	\$3.35
For 1 1 / 2 inch meter	\$6.69
For 2 inch meter	\$10.71
For 3 inch meter	\$20.08

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For 4 inch meter	\$33.46
For 6 inch meter	\$66.92
For 8 inch meter	\$107.07

13. Coastal Water Project (CWP) Surcharge #1: Per Decision 06-12-040, a surcharge will be applied to customer bills to collect for pre-construction costs associated with the CWP. Costs to be recovered through CWP Surcharge #1 include \$1,353,831 in public outreach costs and \$1,639,429 in other costs, for a total of \$2,993,260. A surcharge of 4% will be added to all bills rendered from January 1, 2007 through June 30, 2007. The surcharge will be increased to 7% from July 1, 2007 through December 31, 2007, and will increase to 10% from January 1, 2008 through a time when the outstanding approved amounts, with interest, are recovered. (D) (L)
14. Per Advice Letter and D. 06-11-050, a surcredit of 4.22% will be applied to each customer's base bill to refund an overcollection in the minimum Employee Retirement Income Security Act (ERISA) Pension balancing account for the Monterey district. The amount over collected for the period January 1, 2006 through December 31, 2008 was \$118,683 including accumulated interest. California American Water requests authorization to refund a total of \$119,024, which includes interest accumulated in 2009. The refund will be made over a one month period once approval of Advice Letter 741 is granted by the Commission. (L)
15. The rates approved by Advice Letter No. 750-B are subject to refund and may be adjusted upward or downward depending on the final rates authorized in A. 08-01-027 back to May 11, 2009. (L)

(continued)

Schedule No. MO-1  
 Monterey District Tariff Area  
GENERAL METERED SERVICE  
 (continued)

SPECIAL CONDITIONS (continued):

16. Per Advice Letter 761 and D. 09-05-029, a volumetric surcharge will be applied to each customer's bill to fund conservation programs by California American Water. This surcharge will collect a total of \$2,424,678 and remain in effect through December 31, 2011 as follows: (L)

Effective Dates	Surcharge
Jul 1, 2009 – Dec 31, 2009	\$0.2938 per ccf
Jan 1, 2010 – Dec 31, 2011	\$0.1469 per ccf

17. Per Advice Letter 761 and D. 09-05-029, a volumetric surcharge will be applied to each customer's bill to collect \$1,118,141 in conservation funds for the Monterey Peninsula Water Management District (MPWMD). This amount was reached by offsetting the \$1,156,000 granted in D. 09-05-029 with (L)

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\$37,859 already collected in 2009 under the prior 1% MPWMD conservation surcharge granted in D. 06-11-050. This surcharge will remain in effect through December 31, 2011 as follows;

Effective Dates	Surcharge
Jul 1, 2009 – Dec 31, 2009	\$0.1355 per ccf
Jan 1, 2010 – Dec 31, 2011	\$0.0678 per ccf

18. In accordance with the final decision issued in Monterey General Rate Case Application 08-01-027, costs associated with securing Seaside Basin water rights shall be placed in a balancing account and collected through a meter charge over the next ten years. The total amount to be recovered is \$2,755,960. The balancing account will earn interest at the 90-day commercial rate. (N)

Meter Size	Meter Surcharge
For 5 / 8 x 3 / 4 meter	\$0.37
For 3 / 4 meter	\$0.55
For 1 meter	\$0.91
For 1 1 / 2 meter	\$1.83
For 2 meter	\$2.93
For 3 meter	\$5.49
For 4 meter	\$9.15
For 6 meter	\$18.29
For 8 meter	\$29.27

Schedule No. MO-1  
 Monterey District Tariff Area  
GENERAL METERED SERVICE  
 (continued)

SPECIAL CONDITIONS (continued):

19. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the Company, service to subsequent tenants in that unit will, at the Company's option, be furnished on the account of the landlord or property owner.

Schedule No. MO-4H  
Monterey Peninsula District Tariff Area  
PRIVATE FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all water service furnished for private fire hydrant service.

TERRITORY

The incorporated cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, certain unincorporated areas in the County of Monterey, the Ambler Park subdivision, Rim Rock subdivision, Rancho El Toro Country Club, located nine miles southwest of Salinas, Monterey County, the area known as Laguna Seca Ranch Estates, and vicinity.

RATES

Per Month

Private Fire Hydrant Service Installed at Cost of Applicant:	
For each Fire Hydrant Installed ... ..	\$31.24

SPECIAL CONDITIONS

1. The fire protection service and connection shall be installed by the Utility or under the Utility's direction. Cost of the entire fire protection installation shall be paid for by the applicant. Such payment shall not be subject to refund.
2. The installation housing the detector type check valve and meter and appurtenances, thereto, shall be in a location mutually agreeable to the applicant and the Utility. Normally such installation shall be located on the premises of applicant, adjacent to the property line. The expense of maintaining all facilities which are the sole property of the applicant (including the vault, meter, detector type check valves, backflow device and appurtenances) shall be paid for by the applicant.
3. All facilities paid for by the applicant, excluding the connection at the main and any service pipe located in a public right-of-way, shall be the sole property of the applicant. The Utility and its duly authorized agents shall have the right to ingress to and egress from the premises for all purposes relating to said facilities.
4. The minimum diameter will be 6 inches, and the maximum diameter will be the diameter of the main to which the service is connected.

(continued)

Schedule No. MO - 4H (continued)  
Monterey Peninsula District Tariff Area  
PRIVATE FIRE HYDRANT SERVICE

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CANCELING Revised C.P.U.C. SHEET NO. \_\_\_\_\_

SPECIAL CONDITIONS (continued):

5. If distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a main from the nearest existing main of adequate capacity shall be installed by the Utility, or under the Utility's direction, and the cost paid by the applicant. Such payment shall not be subject to refund.
6. Service hereunder is for private fire hydrant service to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction. All facilities are to be installed according to the Utility's specifications and maintained to the Utility's satisfaction. The Utility may require the installation of a backflow prevention device and a standard detector type meter approved by the Insurance Services Office for protection against theft, leakage or waste of water.
7. No structure shall be built over the fire protection service and the customer shall maintain and safeguard the area occupied by the service from traffic and other hazardous conditions. The customer will be responsible for any damage to the fire protection service facilities.
8. Subject to the approval of the Utility, any change in the location or construction of fire protection service as may be requested by the public authority or the customer will be made by the Utility following payment to the Utility of the entire cost of such change.
9. Any unauthorized use of water other than fire protection purposes, charges shall be made therefore at the regular established rate for general metered service and/or may be grounds for the Utility discontinuing the fire protection service without liability to the Utility.
10. Customers who use Cal-Am's system to provide for fire flow, but do not receive their domestic Supply from Cal-Am, will pay a special Private Fire Service rate equal to either the higher of the standard rate for their size service or a rate equal to the sum of the standard monthly Service Charges that would be billed for all the properties served by the Private Fire Service if they did receive domestic service. All fire service to non-domestic customers will be considered private fire service. If a new public fire hydrant is required to be installed for a non-domestic customer and other customers will benefit, no fee will be charged.
11. All bills are subject to the reimbursement fee set forth on Schedule No. U.F.

(continued)

Schedule No. MO - 4H (continued)  
Monterey Peninsula District Tariff Area  
PRIVATE FIRE HYDRANT SERVICE (continued)

SPECIAL CONDITIONS (continued):

A

D

- 12. Per Decision 06-11-050, costs associated with the Carmel River Dam shall be placed in an interest free balancing account and collected through a meter surcharge over the next four years. The total amount to be recovered is \$3,601,239. A surcharge of \$0.85 will be applied to all fire hydrant services. The Ambler, Bishop, Ralph Lane and Chualar systems are exempt from this surcharge.
- 13. Coastal Water Project (CWP) Surcharge #1: Per Decision 06-12-040, a surcharge will be applied to customer bills to collect for pre-construction costs associated with the CWP. Costs to be recovered through CWP Surcharge #1 include \$1,353,831 in public outreach costs and \$1,639,429 in other costs, for a total of \$2,993,260. A surcharge of 4% will be added to all bills rendered from January 1, 2007 through June 30, 2007. The surcharge will be increased to 7% from July 1, 2007 through December 31, 2007, and will increase to 10% from January 1, 2008 through a time when the outstanding approved amounts, with interest, are recovered. The Ambler, Bishop, Ralph Lane and Chualar systems are exempt from this surcharge.
- 14. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is based on a percentage of the gross revenues of each bill. The percentages are as follows: Ryan Ranch 2.05%, City of Pacific Grove 2.10%, City of Carmel-by-the-Sea 2.15%, City of Seaside 1.00%, City of Del Rey Oaks 0.11%, City of Sand City 0.14%, City of Monterey 1.05%, and unincorporated areas of Monterey County 1.00%.
- 15. Per Advice Letter 741 and D. 06-11-050, a surcredit of 4.22% will be applied to each customer's base bill to refund an over collection in the minimum Employee Retirement Income Security Act (ERISA) pension balancing account for the Monterey district. The amount over collected for the period January 1, 2006 through December 31, 2008 was \$118,683 including accumulated interest. California American Water requests authorization to refund a total of \$119,024, which includes interest accumulated in 2009. The refund will be made over a one month period once approval of Advice Letter 741 is granted by the Commission.
- 16. The rates approved by Advice Letter No. 750-B are subject to refund and may be adjusted upward or downward depending on the final rates authorized in A.08-01-027 back to May 11, 2009.
- 17. In accordance with the final decision issued in Monterey General Rate Case Application 08-01-027, costs associated with securing Seaside Basin water rights shall be placed in a balancing account and collected through a charge of \$2.10 per hydrant over the next ten years. The total amount to be recovered is \$2,755,960. The balancing account will earn interest at the 90-day commercial rate. The Ambler, Ralph Lane and Chualar systems are exempt from this surcharge.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

ADVICE LETTER NO. \_\_\_\_\_

D. P. STEPHENSON \_\_\_\_\_

DATE FILED \_\_\_\_\_

NAME

EFFECTIVE \_\_\_\_\_

DECISION NO. \_\_\_\_\_

DIRECTOR - RATES & PLANNING \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

TITLE

Schedule No. MO-4

Monterey Peninsula District Tariff Area  
PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished for private fire protection systems.

TERRITORY

The incorporated cities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, a portion of Seaside, Chualar and Ralph Lane sub-unit, Ambler Park subdivision, Oaks subdivision, Rim Rock subdivision, Rancho El Toro Country Club located nine miles southwest of Salinas, Monterey County, the area known as Laguna Seca Ranch Estates (Bishop system) and vicinity and certain unincorporated areas in the County of Monterey.

<u>Residential Private Fire Service</u>	<u>Per Month</u>
For each 1-inch connection.....	\$8.08
For each 1-1/2-inch connection.....	\$12.13
For each 2-inch connection.....	\$16.18
For each 3-inch connection.....	\$24.26
For each 4-inch connection.....	\$32.34
For each 6-inch connection.....	\$65.46
For each 8-inch connection.....	\$103.56
For each 10-inch connection.....	\$146.59

<u>All Other Private Fire Service</u>	<u>Per Month</u>
For each 4-inch connection and smaller.....	\$32.34
For each 6-inch connection.....	\$65.46
For each 8-inch connection.....	\$103.56
For each 10-inch connection.....	\$146.59

The rates for private fire service are based upon the size of the service and no additional charges will be made for fire hydrants, sprinklers, hose connections or standpipes connected to and supplied by such private fire service.

SPECIAL CONDITIONS

1. The fire protection service and connection shall be installed by the Utility or under the Utility's direction. Cost of the entire fire protection installation shall be paid for by the applicant. Such payment shall not be subject to refund.

(continued)

Schedule No. MO-4

Monterey Peninsula District Tariff Area  
PRIVATE FIRE PROTECTION SERVICE

**SPECIAL CONDITIONS** (continued):

- 2. The installation housing the detector type check valve and meter and appurtenances thereto shall be in a location mutually agreeable to the applicant and the Utility. Normally such installation shall be located on the premises of applicant, adjacent to the property line. The expense of maintaining the fire protection facilities on the applicant's premises (including the vault, meter, detector type check valves, backflow device and appurtenances) shall be paid for by the applicant.
- 3. All facilities paid for by the applicant, excluding the connection at the main and any service pipe located in a public right-of-way, shall be the sole property of the applicant. The Utility and its duly authorized agents shall have the right to ingress to and egress from the premises for all purposes relating to said facilities.
- 4. The minimum diameter will be 1 inch, and maximum diameter will be the diameter of the main to which the service is connected.
  - a. The minimum diameter of connections for private fire hydrants will be one inch.
- 5. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal services does not exist in the street or alley adjacent to the premises to be served, then a main from the nearest existing main of adequate capacity shall be installed by the Utility, or under the Utility's direction, and the cost paid by the applicant. Such payment shall not be subject to refund.
- 6. Service, hereunder, is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction. All facilities are to be installed according to the Utility's specifications and maintained to the Utility's satisfaction. The Utility may require the installation of a backflow prevention device and a standard detector type meter approved by the Insurance Services Office for protection against theft, leakage or waste of water.
- 7. No structure shall be built over the fire protection service and the customer shall maintain and safeguard the area occupied by the service from traffic and other hazardous conditions. The customer will be responsible for any damage to the fire protection service facilities.

(continued)

Schedule No. MO-4

Monterey Peninsula District Tariff Area  
**PRIVATE FIRE PROTECTION SERVICE**

**SPECIAL CONDITIONS** (continued):

- 8. Subject to the approval of the Utility, any change in the location or construction of fire protection

service as may be requested by public authority or the customer will be made by the Utility following payment to the Utility of the entire cost of such change.

- 9. Any unauthorized use of water other than fire protection purposes, charges shall be made therefore at the regular established rate for general metered service, and/or may be grounds for the Utility discontinuing the fire protection service without liability to the Utility.
- 10. Customers who use Cal-Am's system to provide for fire flow, but do not receive their domestic supply from Cal-Am, will pay a special Private Fire Service rate equal to either the higher of the standard rate for their size service or a rate equal to the sum of the standard monthly Service Charges that would be billed for all the properties served by the Private Fire Service if they did receive domestic service. All fire service to non-domestic customers will be considered private fire service. If a new public fire hydrant is required to be installed for a non-domestic customer and other customers will benefit, no fee will be charged.
- 11. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
- 12. Per Decision 06-11-050, costs associated with the Carmel River Dam shall be placed in a balancing account and collected through a connection surcharge over the next four years. The total amount to be recovered is \$3,601,239. The balancing account will earn interest at the 90-day commercial rate. The Ambler, Bishop, Ralph Lane and Chualar systems are exempt from this surcharge.

< or equal to 4"	\$0.88
6	\$1.77
8	\$2.81
10	\$3.97

(continued)

Schedule No. MO-4

Monterey Peninsula District Tariff Area  
PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS (continued):

- 13. Coastal Water Project (CWP) Surcharge #1: Per Decision 06-12-040, a surcharge will be applied to customer bills to collect for pre-construction costs associated with the CWP. Costs to be recovered through CWP Surcharge #1 include \$1,353,831 in public outreach costs and \$1,639,429 in other costs, for a total of \$2,993,260. A surcharge of 4% will be added to all bills rendered from

**CALIFORNIA-AMERICAN WATER COMPANY**

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CANCELING Revised C.P.U.C. SHEET NO. \_\_\_\_\_

January 1, 2007 through June 30, 2007. The surcharge will be increased to 7% from July 1, 2007

through December 31, 2007, and will increase to 10% from January 1, 2008 through a time when

the outstanding approved amounts, with interest, are recovered. The Ambler, Bishop, Ralph Lane and Chualar systems are exempt from this surcharge.

14. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is based on a percentage of the gross revenues of each bill. The percentages are as follows: Ryan Ranch 2.05%, City of Pacific Grove 2.10%, City of Carmel-by-the-Sea 2.15%, City of Seaside 1.00%, City of Del Rey Oaks 0.11%, City of Sand City 0.14%, City of Monterey 1.05%, and unincorporated areas of Monterey County 1.00%.

15. Per Advice Letter and D. 06-11-050, a surcredit of 4.22% will be applied to each customer's base bill to refund an overcollection in the minimum Employee Retirement Income Security Act (ERISA) Pension balancing account for the Monterey district. The amount over collected for the period January 1, 2006 through December 31, 2008 was \$118,683 including accumulated interest. California American Water requests authorization to refund a total of \$119,024, which includes interest accumulated in 2009. The refund will be made over a one month period once approval of Advice Letter 741 is granted by the Commission.

16. For water delivered for other than fire protection purposes, charges shall be made therefore under General Metered Schedule MO-1.

17. For the Ambler and Bishop systems, the Utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.

(continued)

Schedule No. MO-4

Monterey Peninsula District Tariff Area  
PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS (continued):

18. The rates approved by Advice Letter No. 750-B are subject to refund and may be adjusted upward or downward depending on the final rates authorized in A. 08-01-027 back to May 11, 2009.

19. In accordance with the final decision issued in Monterey General Rate Case Application 08-01-027, costs associated with securing Seaside Basin water rights shall be placed in a balancing account and collected through a connection charge over the next ten years. The total

**CALIFORNIA-AMERICAN WATER COMPANY**

1033 B. AVENUE, SUITE 200

CORONADO, CA 92118

Revised

C.P.U.C. SHEET NO. \_\_\_\_\_

CANCELING

Revised

C.P.U.C. SHEET NO. \_\_\_\_\_

amount to be recovered is \$2,755,960. The balancing account will earn interest at the 90-day commercial rate. The Ambler, Ralph Lane and Chualar systems are exempt from this surcharge.

Connection Size	Connection Surcharge
For 1 inch connection	\$0.54
For 1 1 / 2 inch connection	\$0.82
For 2 inch connection	\$1.09
For 3 inch connection	\$1.63
For 4 inch connection	\$2.18
For 6 inch connection	\$4.40
For 8 inch connection	\$6.97
For 10 inch connection	\$9.86

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

ADVICE LETTER NO. \_\_\_\_\_

D. P. STEPHENSON

DATE FILED \_\_\_\_\_

NAME

EFFECTIVE \_\_\_\_\_

DECISION NO. \_\_\_\_\_

DIRECTOR - RATES & REVENUES

RESOLUTION NO. \_\_\_\_\_

TITLE

Schedule No. MO CO-1  
 Monterey District Tariff Area  
 Ralph Lane and Chular Service Areas  
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all water furnished on a metered basis.

TERRITORY

Ralph Lane and Chular sub-units, Monterey County

RATES

Quantity Rates:	<u>Per Ccf.</u>
	<b>Ralph Lane</b>
For the first 800 cu. ft., per 100 cu. ft. ....	\$3.0565
For the next 2,200 cu. ft., per 100 cu. ft.	\$3.6689
Over 3,000 cu. ft., per 100 cu. ft. ....	\$6.1187

	<u>Per Ccf.</u>
	<b>Chular</b>
<b>Residential and Commercial:</b>	
For all water delivered per 100 cu. ft.	\$0.66
Meter Charge for all sizes	\$23.01
<b>Public School:</b>	
For all water delivered per 100 cu. ft.	\$0.40
Meter Charge for all sizes	\$30.00

<b>Meter Charge – Ralph Lane</b>	<u>Per Meter Per Month</u>
For 5/8 x 3/4-inch meter.	\$6.37
For 3/4-inch meter.	9.55
For 1-inch meter.	15.91
For 1-1/2-inch meter.	31.83
For 2-inch meter.	50.92
For 3-inch meter.	95.48
For 4-inch meter.	159.12
For 6-inch meter.	318.23
For 8-inch meter.	509.17

(continued)

CALIFORNIA AMERICAN WATER COMPANY  
1033 B. AVENUE, SUITE 200  
CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. \_\_\_\_\_

Canceling Revised C.P.U.C. SHEET NO. \_\_\_\_\_

GENERAL METERED SERVICE

RATES (continued)

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

SPECIAL CONDITIONS

1. Any residential customer who has been required to install a Residential Fire Sprinkler System (R.F.S.S.) at their place of residence by local fire ordinances will be allowed to have their monthly service charge reduced by one meter size, provided it has been requested by the customer and verified by the Company that the lower size of meter would be large enough to provide adequate service to the residence. The R.F.S.S. Service is not considered a fire service by the Company, but is considered an oversized general metered service and therefore, only the rules and conditions of service for general metered service apply.
2. A 1.00% surcharge is included on each bill to collect franchise taxes and/or business license fees paid to Monterey County. The amount collected is based on a percentage of the gross revenues of each bill.
3. Ralph Lane customers must apply with the Company for acceptance into the Low-Income Ratepayer Assistance Program (LIRA). The Company will analyze applications based upon proof of acceptance into the California Alternate Rates for Energy Program of Pacific Gas and Electric. The LIRA program is not available for the Chualar system.
4. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. \_\_\_\_\_

ISSUED BY

D. P. STEPHENSON

NAME

(TO BE INSERTED BY C.P.U.C.)

DATE FILED \_\_\_\_\_

EFFECTIVE \_\_\_\_\_

DECISION NO. \_\_\_\_\_

DIRECTOR - RATES & REVENUES

TITLE

RESOLUTION NO. W4365

Schedule No. MO CO-1-LIRA  
 Monterey District Tariff Area  
 Ralph Lane Service Area

LOW-INCOME RATEPAYER ASSISTANCE PROGRAM

APPLICABILITY

Applicable to all water furnished on a metered basis to residential domestic service to low-income households, where the customer meets all the Special Conditions of this tariff.

TERRITORY

Ralph Lane sub-units, Monterey County

RATES

Quantity Rates:	<u>Per Ccf.</u> <b>Ralph Lane</b>
For the first 800 cu. ft., per 100 cu. ft. ....	\$3.0565
For the next 2,200 cu. ft., per 100 cu. ft.	\$3.6689
Over 3,000 cu. ft., per 100 cu. ft. ....	\$6.1187

**Meter Charge – Ralph Lane**

	<u>Per Meter Per Month</u>
For 5/8 x 3/4-inch meter.	\$6.37
For 3/4-inch meter.	9.55
For 1-inch meter.	15.91
For 1-1/2-inch meter.	31.83
For 2-inch meter.	50.92
For 3-inch meter.	95.48
For 4-inch meter.	159.12
For 6-inch meter.	318.23
For 8-inch meter.	509.17

**LOW-INCOME RATEPAYER ASSISTANCE PROGRAM**

**RATES** (continued)

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

**SPECIAL CONDITIONS APPLICABLE TO LOW-INCOME**

1. Low-Income Ratepayer Assistance Program (LIRA): As reflected in this tariff, qualifying customers can receive a monthly discount as shown below. Customers must apply with the Company for acceptance into the low income program. Qualification criteria are outlined below. This program is also known as the H2O Help to Others Program.

(N)

Number of People in Residence	Monthly Discount Amount
1-4	\$8.00
5-8	\$12.00
Over 8	\$16.00

- a. LIRA Household: A LIRA household is a household where the total gross income from all sources, including total income from all persons living full-time in the household, is less than shown on the table below based on the number of persons in the household. Total gross income shall include both taxable and non-taxable income. Persons who are claimed as a dependent on another person's income tax return are not eligible for this program. The California American Water bill must be in the customer's name.

Income Guidelines (Effective June 1, 2009 to May 31, 2010)	
No. of Persons in Household	Total Gross Annual Income
1 or 2	\$30,500
3	\$35,800
4	\$43,200
5	\$50,600
6	\$58,000
For households with more than six persons	Add \$7,400 annually for each additional person residing in the household.

(N)

(continued)

Schedule No. MO CO-1-LIRA  
 Monterey District Tariff Area  
 Ralph Lane Service Area

**LOW-INCOME RATEPAYER ASSISTANCE PROGRAM**  
 (continued)

**SPECIAL CONDITIONS APPLICABLE TO LOW-INCOME** (continued)

- b. Application and Eligibility Declaration: An application and eligibility declaration on a form authorized by the Commission is required for each request for service under this schedule. Renewal of a customer's eligibility declaration will be required every two years and may be required on an annual basis. Customers are only eligible to receive service under this rate schedule at one residential location at any one time, and the rate applies only to the customer's permanent primary residence. The schedule is not applicable where, in the opinion of the Company, either the accommodation or the occupancy is transitory. The customer must present documentation showing approval into Pacific Gas & Electric's (PG&E's) California Alternate Rate for Energy (CARE) Program or provide verification of your household income. Forms of verification include a copy of the customer's Federal Income Tax Form 1040 including W-2 forms. If the customer is self-employed, a copy of Schedule C should be provided.
- c. Commencement of Rate: Eligible customers shall be billed on this schedule commencing no later than one billing period after receipt and approval of the customer's application by the Company.
- d. Verification: Information provided by the applicant is subject to verification by the Company. Refusal or failure of a customer to provide documentation of eligibility acceptable to the Company, upon the request of the Company, shall result in removal from this tariff.
- e. Notice from Customer: It is the customer's responsibility to notify the Company if there is a change in the customer's eligibility status. Notification should be made within 30 days of the customer's change in eligibility.
- f. Customers may be re-billed for periods of ineligibility under the applicable tariff.

(continued)

Schedule No. MO CO-1-LIRA  
 Monterey District Tariff Area  
 Ralph Lane Service Area  
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM  
 (continued)

**SPECIAL CONDITIONS APPLICABLE TO ALL CUSTOMERS**

- 1. Any residential customer who has been required to install a Residential Fire Sprinkler System (R.F.S.S.)

**CALIFORNIA AMERICAN WATER COMPANY**

1033 B. AVENUE, SUITE 200

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Revised C.P.U.C. SHEET NO. \_\_\_\_\_

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at their place of residence by local fire ordinances will be allowed to have their monthly service charge reduced by one meter size, provided it has been requested by the customer and verified by the Company that the lower size of meter would be large enough to provide adequate service to the residence. The R.F.S.S. Service is not considered a fire service by the Company, but is considered an oversized general metered service and therefore, only the rules and conditions of service for general metered service apply.

2. A 1.00% surcharge is included on each bill to collect franchise taxes and/or business license fees paid to Monterey County. The amount collected is based on a percentage of the gross revenues of each bill.

3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. \_\_\_\_\_

ISSUED BY

D. P. STEPHENSON

NAME

(TO BE INSERTED BY C.P.U.C.)

DATE FILED \_\_\_\_\_

EFFECTIVE \_\_\_\_\_

DECISION NO. \_\_\_\_\_

DIRECTOR - RATES & REVENUES

TITLE

RESOLUTION NO. W4365

Schedule No. MO-1A-LIRA  
 Monterey Peninsula District Tariff Area  
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM  
AMBLER PARK SERVICE AREA

APPLICABILITY

Applicable to all metered water service to residential domestic service to low-income households, where the customer meets all the Special Conditions of this tariff.

TERRITORY

Ambler Park subdivision, Oaks subdivision, Rim Rock subdivision, Rancho El Toro Country Club, located nine miles southwest of Salinas, Monterey County, and vicinity.

RATES

Quantity Rates:

**Residential Customers**

Block 1: For the first 8 ccfs delivered, per 100 cu. ft.	\$2.4466
Block 2: For the next 16 ccfs delivered, per 100 cu. ft.	\$3.2621
Block 3: For all water delivered over 24 ccfs, per 100 cu. ft.	\$8.1552

Meter Charge:

	<u>Per Meter Per Month</u>
For 5/8 x 3/4-inch meter .....	\$8.54
For 3/4-inch meter .....	\$12.81
For 1-inch meter .....	\$21.35
For 1-1/2-inch meter .....	\$42.70
For 2-inch meter .....	\$68.32
For 3-inch meter .....	\$128.10
For 4-inch meter .....	\$213.50
For 6-inch meter .....	\$427.00
For 8-inch meter .....	\$683.20

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

(continued)

**CALIFORNIA AMERICAN WATER COMPANY**  
 1033 B. AVENUE, SUITE 200  
 CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. \_\_\_\_\_

CANCELING Revised C.P.U.C. SHEET NO. \_\_\_\_\_

**Monterey Peninsula District Tariff Area**  
**LOW-INCOME RATEPAYER ASSISTANCE PROGRAM**  
**AMBLER PARK SERVICE AREA**

**SPECIAL CONDITIONS APPLICABLE TO LOW-INCOME**

1. Low-Income Ratepayer Assistance Program (LIRA): As reflected in this tariff, qualifying customers can receive a monthly discount as shown below. Customers must apply with the Company for acceptance into the low income program. Qualification criteria are outlined below. This program is also known as the H2O Help to Others Program.

(C)

<b>Number of People in Residence</b>	<b>Monthly Discount Amount</b>
1-4	\$8.00
5-8	\$12.00
Over 8	\$16.00

- a. LIRA Household: A LIRA household is a household where the total gross income from all sources, including total income from all persons living full-time in the household, is less than shown on the table below based on the number of persons in the household. Total gross income shall include both taxable and non-taxable income. Persons who are claimed as a dependent on another person's income tax return are not eligible for this program. The California American Water bill must be in the customer's name.

(C)

<b>Income Guidelines (Effective June 1, 2009 to May 31, 2010)</b>	
<b>No. of Persons in Household</b>	<b>Total Gross Annual Income</b>
1 or 2	\$30,500
3	\$35,800
4	\$43,200
5	\$50,600
6	\$58,000
For households with more than six persons	Add \$7,400 annually for each additional person residing in the household.

(continued)

Schedule No. MO-1-LIRA  
 Monterey District Tariff Area  
**LOW-INCOME RATEPAYER ASSISTANCE PROGRAM**  
 (continued)

**SPECIAL CONDITIONS APPLICABLE TO LOW-INCOME** (continued)

- b. **Application and Eligibility Declaration:** An application and eligibility declaration on a form authorized by the Commission is required for each request for service under this schedule. Renewal of a customer's eligibility declaration will be required every two years and may be required on an annual basis. Customers are only eligible to receive service under this rate schedule at one residential location at any one time, and the rate applies only to the customer's permanent primary residence. The schedule is not applicable where, in the opinion of the Company, either the accommodation or the occupancy is transitory. The customer must present documentation showing approval into Pacific Gas & Electric's (PG&E's) California Alternate Rate for Energy (CARE) Program or provide verification of your household income. Forms of verification include a copy of the customer's Federal Income Tax Form 1040 including W-2 forms. If the customer is self-employed, a copy of Schedule C should be provided.
- c. **Commencement of Rate:** Eligible customers shall be billed on this schedule commencing no later than one billing period after receipt and approval of the customer's application by the Company.
- d. **Verification:** Information provided by the applicant is subject to verification by the Company. Refusal or failure of a customer to provide documentation of eligibility acceptable to the Company, upon the request of the Company, shall result in removal from this tariff.
- e. **Notice from Customer:** It is the customer's responsibility to notify the Company if there is a change in the customer's eligibility status. Notification should be made within 30 days of the customer's change in eligibility.
- f. **Customers may be re-billed for periods of ineligibility under the applicable tariff.**

(continued)

Schedule No. MO-1A-LIRA  
 Monterey Peninsula District Tariff Area  
LOW-INCOME RATEPAYER ASSISTANCE PROGRAM  
AMBLER PARK SERVICE AREA

**SPECIAL CONDITIONS**

**CALIFORNIA AMERICAN WATER COMPANY**

1033 B. AVENUE, SUITE 200

CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. \_\_\_\_\_

CANCELING Revised C.P.U.C. SHEET NO. \_\_\_\_\_

1. All bills are subject to the reimbursement fee as set forth in Schedule No. UF.
2. Any residential customer who has been required to install a Residential Fire Sprinkler System (R.F.S.S.) at their place of residence by local fire ordinances will be allowed to have their monthly service charge reduced by one meter size for 3/4" and 1" meters and a reduction of two meter sizes for all 1-1/2" meters, provided it has been requested by the customer and verified by the Company that the lower size of meter would be large enough to provide adequate service to the residence. The R.F.S.S. Service is not considered a fire service by the Company, but is considered an oversized general metered service and therefore, only the rules and conditions of service for general metered service apply.
3. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the company, service to subsequent tenants in that unit will, at the company's option, be furnished on the account of the landlord or property owner.
4. Per Advice Letter 741 and D. 06-11-050, a surcredit of 4.22% will be applied to each customer's base bill to refund an over collection in the minimum Employee Retirement Income Security Act (ERISA) pension balancing account for the Monterey district. The amount over collected for the period January 1, 2006 through December 31, 2008 was \$118,683 including accumulated interest. California American Water requests authorization to refund a total of \$119,024, which includes interest accumulated in 2009. The refund will be made over a one month period once approval of Advice Letter 741 is granted by the Commission.
5. The rates approved by Advice Letter 750-B are subject to refund and may be adjusted upward or Downward depending on the final rates authorized in A. 08-01-027 back to May 11, 2009.

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

ADVICE LETTER NO. \_\_\_\_\_

D. P. STEPHENSON

DATE FILED \_\_\_\_\_

NAME

EFFECTIVE \_\_\_\_\_

DECISION NO. \_\_\_\_\_

MANAGER RATES & REGULATION

RESOLUTION NO. \_\_\_\_\_

Schedule No. MO-TO-1

Monterey District Tariff Area  
 Toro Service Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Applicable to Toro sub-unit, Monterey County

RATES

Quantity Rates:

For all water delivered Toro, per 100 cu. ft. .... \$2.8660

Meter Charge:

		<u>Per Meter Per Month</u>
For	5/8 x 3/4-inch meter .....	\$10.05
For	3/4-inch meter .....	10.05
For	1-inch meter .....	13.75
For	1-1/2-inch meter .....	18.40
For	2-inch meter .....	24.75

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

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. The rates approved by Advice Letter No. 750-B are subject to refund and may be adjusted upward or Downward depending on the final rates authorized in A. 08-01-027 back to May 11, 2009.

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. \_\_\_\_\_

ISSUED BY  
 D. P. STEPHENSON  
NAME

(TO BE INSERTED BY C.P.U.C.)  
 DATE FILED \_\_\_\_\_  
 EFFECTIVE \_\_\_\_\_

DECISION NO. \_\_\_\_\_

MGR. - RATES & REGULATION  
TITLE

RESOLUTION NO. \_\_\_\_\_

CALIFORNIA-AMERICAN WATER COMPANY  
1033 B. AVENUE, SUITE 200  
CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. \_\_\_\_\_  
Canceling Revised C.P.U.C. SHEET NO. \_\_\_\_\_

Schedule No. MO-TO-4H  
Monterey District Tariff Area  
Toro Service Area  
PRIVATE FIRE HYDRANT

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Applicable to Toro sub-unit, Monterey County

RATES

Per Month

For each fire hydrant

\$2.97

SPECIAL CONDITIONS

- All bills are subject to the reimbursement fee set forth in Schedule No. UF.
- The rates approved by Advice Letter No. 750-B are subject to refund and may be adjusted upward or downward depending on the final rates authorized in A. 08-01-027 back to May 11, 2009.

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY C.P.U.C.)

ADVICE LETTER NO. \_\_\_\_\_

D. P. STEPHENSON

DATE FILED \_\_\_\_\_

NAME

EFFECTIVE \_\_\_\_\_

DECISION NO. \_\_\_\_\_

MGR. - RATES & REGULATION

RESOLUTION NO. \_\_\_\_\_

TITLE

A.08-01-027, A.08-01-024 ALJ/MAB/avs

**APPENDIX E**

**APPENDIX E  
LIST OF APPEARANCES**

\*\*\*\*\* PARTIES \*\*\*\*\*  
Last updated on 29-APR-2009 by: JVG A0801027 LIST A0801023/A0801024

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C/O Arthur McLoughlin

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CENTRAL COAST COALITION OF CONCERNED

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Ken Dursa RILEY/MEISTER/HARRIS/MOHLER

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For: Bishop Water Company/Pasadera Homeowners Assn./York Hills Homeowners Assn.

A.08-01-027, A.08-01-024 ALJ/MAB/avs

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For: UTILITY WORKERS UNION OF AMERICA

**(END OF APPENDIX E)**