

# **ATTACHMENT A**

## **Settlement Agreement**



**FILED**

07-15-09  
04:59 PM

Exhibit A

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Park Water	)	
Company (U 314 W) for Authority to Increase	)	
Rates Charged for Water Service by \$1,479,580	)	Application 09-01-001
or 5.99% in 2010, \$503,371 or 1.91% in 2011,	)	(Filed January 2, 2009)
and \$643,923 or 2.40% in 2012.	)	
_____	)	

**Article I. SETTLEMENT AGREEMENT**

**1.00 General**

1.01 The Parties to this Settlement Agreement ("Settlement") before the California Public Utilities Commission ("Commission") are the Division of Ratepayer Advocates ("DRA") and Park Water Company ("Park") -- collectively, the "Parties".

1.02 The Parties agree that no signatory hereto nor any member of the Staff of the Public Utilities Commission assumes any personal liability as a result of this Settlement. The Parties agree that no legal action may be brought in any state or federal court, or in any other forum, against any individual signatory representing the interest of DRA, its staff, its attorneys, or the DRA itself regarding this Settlement. All rights and remedies are limited to those available before the California Public Utilities Commission.

1.03 Park acknowledges that DRA is charged with representing the interests of customers of public utilities in the State of California, as required by Public Utilities Code Section 309.5, and nothing in this Settlement is intended to limit the ability of DRA to carry out that responsibility.

1.04 Since this Settlement represents a compromise by them, the Parties have entered into the Settlement on the basis that its approval by the Commission not be construed as an admission or concession by either Party regarding any fact or matter of law in dispute in this proceeding. Furthermore, that the Parties intend that the approval of this Settlement by the

Commission not be construed as a precedent or statement of policy of any kind except as it relates to the current and future proceedings addressed in the Settlement. (Rule 12.5, Commission Rules of Practice and Procedure.)

1.05 The Parties' negotiations have resulted in the resolution of all of the issues raised in DRA's Report on the Results of Operations of Park Water Company dated April 9, 2009.

1.06 Cross references to the record of this proceeding including Park's Revenue Requirements Report ("Park Report"), DRA's Report on The Operations of Park Water Company Central Basin Division ("DRA Report"), rebuttal testimony, and supplemental testimony are contained in the Settlement.

1.07 Pursuant to the Scoping Memo and Ruling of Assigned Commissioner, a Comparison Exhibit containing the Parties' respective ratemaking analyses, differences and the settlement amounts will be filed on July 15, 2009.

Additional detail and support for the settlement of individual issues, including cross references to the record of this proceeding will be contained in the Comparison Exhibit.

## 2.00 Customers, Water Sales and Operating Revenues

### 2.01 Customers:

There were no issues concerning customers. Therefore, the Parties agree to the number of customers as proposed in Park's application.<sup>1</sup>

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Residential	25,443	25,504	25,565
Business bi-monthly	1,698	1,700	1,702
Business monthly	27	28	28
Industrial bi-monthly	3	3	3
Industrial monthly	2	2	2
Public Authority bi-monthly	147	149	150
Public Authority monthly	51	51	52
Private Fire bi-monthly	148	151	154
Private Fire monthly	27	28	28

<sup>1</sup> Park Report p. 14, DRA Report p. 2-2

Private Fire Hydrants	11	11	11
Resale	2	2	2
Temporary	5	5	5
Irrigation-Reclaimed	27	27	27

**The Parties agree to the number of customers proposed in Park's application.**

**2.02 Water Sales (Ccf per customer):**

There were no contested issues concerning water sales except for residential customers. The Parties used different methodologies to calculate water sales for residential customers. In its rebuttal testimony and during settlement discussions, Park provided DRA with information regarding the current and future impacts of conservation on residential water use. DRA agrees to accept Park's estimate as it provides a more reasonable estimate during this rate case cycle (2010 – 2012).<sup>2</sup>

**The Parties agree to the customer unit consumption proposed in Park's application.**

	<u>Average Ccf per Customer</u>
Residential	161.27
Business bi-monthly	642.78
Business monthly	11,102.00
Industrial bi-monthly	2,113.85
Industrial monthly	11,027.00
Public Authority bi-monthly	742.00
Public Authority monthly	4,759.10
Private Fire bi-monthly	1,779.00
Private Fire monthly	261.00
Private Fire Hydrants	n/a
Resale	47,268.00
Temporary	595.00
Irrigation-Reclaimed	6,568.13

**2.03 Total Water Supply:**

The total water supply represents the sum of water sales and unaccounted-for water. There was no issue regarding Park's proposed unaccounted-for-water of 2.0%. With the

<sup>2</sup> Park Report p. 15, DRA Report p. 2-2 – 2-3, Howard Rebuttal, Jackson Rebuttal p. 3-4

A.09 resolution of water sales (Section 2.02) there is no difference in the estimates of total water supply.<sup>3</sup>

**The Parties agree to the total water supply proposed in Park's application.**

**2.04 Revenues:**

Revenue at present rates consists of Service Charge Revenue, Commodity Charge Revenue and Miscellaneous Revenue. Service Charge revenue is based on the number of customers and multiplied by the appropriate tariff. Commodity charge revenue is calculated by multiplying the number of customers by their applicable water use and the appropriate tariff. DRA agrees with Park's estimate of miscellaneous revenue at present rates. Any differences between the Parties original projection of total operating revenue stemmed from water sales. With the settlement of water sales (Section 2.02), there is no difference between the Parties in calculating revenues at present rates.<sup>4</sup>

**The Parties agree to the revenues at present rates proposed in Park's application.**

**3.0 Operation and Maintenance Expenses**

**3.01 Expense Estimating Methodology:**

In general, Park's expense estimates were based on a five-year average of recorded expenses (2004 – 2008) escalated to the test year. The 2008 data used by Park were partially estimated because that was the most current data available to Park at the time its application was prepared. Park provided DRA with an update of the recorded 2008 data and an updated five-year average of recorded expense (2004 – 2008) from which DRA estimates are based. Park agrees with DRA's use of the updated averages in those areas where a five- year average is the most reasonable way of estimating costs.<sup>5</sup>

**The Parties agree to use the updated information for recorded year 2008 when a five-year averaging methodology is used to estimate expenses.**

**3.02 Escalation Factors:**

The Parties used the same escalation factors in calculating test year expense estimates. Park agrees to DRA's recommendation to update the escalation factors for 2009 and 2010 used by the Parties in the calculation of those expenses where escalation factors

<sup>3</sup> Park Report p. 5-7, DRA Report p. 2-4

<sup>4</sup> Park Report p. 91, DRA Report p. 2-4

<sup>5</sup> Park Report p. 26, DRA Report p. 3-1, Jackson Rebuttal p. 1-2

were used to estimate test year expenses. The Parties agree to use the escalation factors recommended by the DRA Energy Cost of Service Branch in its memos of May 31, 2009. The Parties further agree that a 60/40 weighting of the Non-Labor Index and the Compensation Per Hour Index should be used for all non-labor expenses subject to escalation.<sup>6</sup>

**The Parties agree to use the memorandum published by DRA for May 31, 2009 to update the escalation factors.**

### 3.03 Billing Frequency – Monthly or Bi-Monthly:

Park proposed a change from bi-monthly to monthly billing starting in the test year. Based on its analysis of the financial impact on rates and the potential impact of monthly billing on conservation, DRA found that the benefits of a conversion to monthly billing are unknown and difficult to quantify while the costs are known and significant. DRA points out that waiting until there were a greater implementation of advanced meter devices would reduce the cost impact of the conversion to and therefore DRA recommended that Park defer its request to convert from bi-monthly to monthly billing from this rate case cycle (2010 – 2012). In its rebuttal testimony, Park acknowledged the pros and cons associated with monthly billing, but recognizes that the Commission may decide that policy issues associated with monthly billing outweigh the projected cost increases. After discussion with witnesses, Park agrees with DRA's recommendation to retain bi-monthly billing for this rate case cycle provided that the expense changes associated with a conversion to monthly billing are clearly identified for the Commission.<sup>7</sup> The revisions to expenses/capital expenditures in Park's application associated with retaining a bi-monthly billing frequency are as follows:

- (1) Reduction of 4 proposed positions (2 meter readers and 2 customer services representatives) including the associated O&M payroll, A&G payroll, payroll taxes, workers' compensation insurance, benefits, insurance – business policy and uniforms,
- (2) Reduction in bank fees,
- (3) Reduction in postage associated with reduced volume of bills,
- (4) Reduction in mailing service associated with reduced volume of bills,
- (5) Reduction in outsourcing of payment processing associated with volume of deposits processed, and

---

<sup>6</sup> Park Report p. 26, DRA Report p. 1-1, Jackson Rebuttal p. 1

<sup>7</sup> Park Report p. 21-22, DRA Report p. 13-1 – 13-9, Bruno Rebuttal p. 1-3, Jackson Rebuttal p. 2-3

- (6) Revision to the revenue lag to reflect bi-monthly billing in the working cash allowance.
- (7) Reduction of 2009 plant additions to eliminate Park's proposed Office Remodel project for its customer service area (see Section 7.03).

**The Parties agree that Park will not implement monthly billing in this rate case cycle subject to the condition and pursuant to the agreements described above.**

**3.04 O&M Payroll Expense:**

The Parties used the same methodology to estimate the payroll expense. The payroll estimate for 2009 is based on employees' hourly rates in effect at the end of 2008 with the actual 2009 COLA increase and estimates of merit and promotional salary adjustments to be granted and overtime during 2009. The payroll estimate for 2010 is similarly estimated beginning with the hourly rates expected at the end of year 2009. The original differences between DRA's and Park's estimates resulted from DRA's removal of the payroll costs of 4 proposed new positions associated with the conversion to monthly billing. This issue is settled by the compromise described in Section 3.03. Additionally, DRA removed the payroll costs of one existing meter reader on the basis that the settlement reached in the prior Park rate case for test year 2007 anticipated the elimination of one position in the meter reader department should Park continue to bill on a bi-monthly basis. After review of Park's rebuttal testimony and further discussions, DRA agreed that because of the increase in activity levels since the last rate case that affect the position of meter reader including billing service orders, disconnect notices and replacement of failed meter registers, Park should be allowed to retain the existing meter reader position and the associated payroll costs as described in Section 3.03 item 1. Pursuant to the resolution of escalation factors (Section 3.02), the Parties further agree to update the 2010 labor escalation factor to calculate the payroll expense.<sup>8</sup>

**The Parties agree to recalculate the payroll expense using DRA's recommended adjustment to eliminate the 4 proposed positions associated with monthly billing. The Parties further agree that the existing meter reader position should be retained. The Parties agree that the payroll calculation will be updated for the 2010 labor escalation factor.**

---

<sup>8</sup> Park Report p. 23-24, DRA Report p. 3-1 – 3-3, Bruno Rebuttal p. 4-6, Jackson Rebuttal p. 3

**3.05 Purchased Water Expense:**

The Parties used the same methodology to calculate the purchased water expense. DRA recommended a higher expense based on its higher estimate of water sales. With the resolution of this issue (Section 2.02), there is no difference between the Parties' estimates of purchased water.<sup>9</sup>

**The Parties agree to the purchased water expense proposed in Park's application.**

**3.06 Purchased Power Expense:**

The Parties used the same methodology to calculate the purchased power expense with the exception of the natural gas expense. DRA's methodology incorporates an update for the average cost of gas. Consistent with Park's position on the use of updated information (Section 3.01), Park agrees to use DRA's estimate.<sup>10</sup>

**The Parties agree to use the purchased power expense proposed in DRA's report.**

**3.07 Chemicals Expense:**

The Parties used the same methodology to calculate the chemicals expense. The original differences between Park's and DRA's estimates resulted from an error in DRA's use of the water sales used to calculate the test year estimate. With the resolution of the issue of water sales (Section 2.02), there is no difference between the Parties estimates of chemical expense. The Parties' original estimates included \$2,209 in chemical expense (ferric chloride) for the proposed water treatment facility at Well 9D. Pursuant to the resolution of the issue of the water treatment facility at Well 9D (Section 7.04), the Parties agree to adjust \$2,209 from this expense category.<sup>11</sup>

**The Parties agree to use the chemical expense proposed in Park's application adjusted to remove \$2,209 in chemical expense for the treatment facility at Well 9D.**

**3.08 Operations-Other:**

Both Parties used a five-year average of recorded expenses (2004 – 2008) and specific forecasted estimates to calculate the operations-other expense. Park's estimate includes \$4,000 in permits for the proposed water treatment facility at Well 9D. DRA's estimate included an update of recorded expenses for 2008. Park agrees with DRA's use of updated expenses (Section 3.01). DRA's estimate contained a calculation error in its

---

<sup>9</sup> Park Report p. 28, DRA Report p. 3-3 – 3-4

<sup>10</sup> Park Report p. 29, DRA p. 3-4

<sup>11</sup> DRA Report p. 3-5, Jackson Rebuttal p. 5

proposed adjustment to the category of uniform expense. Pursuant to the resolution of the issue of billing frequency (Section 3.03), the Parties agree that the uniform expense should be adjusted by \$900 to reflect the elimination of 2 proposed meter reader staffing additions associated with monthly billing. The Parties agree that the uniform expense associated with the existing meter reader position (Section 3.04) should properly be included in the expense. Pursuant to the resolution of the issue of the water treatment facility at Well 9D (Section 7.04), the Parties agree to adjust \$4,000 from this expense category. The Parties agree to use the stipulated escalation factors (Item 3.02) in the calculation.<sup>12</sup>

**The Parties agree to recalculate the test year expense using the update of recorded expenses, adjusted for \$900 in uniform expense, adjusted for \$4,000 in permits, and adjusted for the stipulated escalation factors.**

3.09 Maintenance-Other Expense:

Both Parties used a five-year average of recorded expenses (2004 – 2008) and specific forecasted estimates to calculate the maintenance-other expense. DRA's estimate includes an update of recorded expenses for 2008. Park agrees with DRA's use of updated expenses (Section 3.01). The Parties agree to use the stipulated escalation factors (Item 3.02) in the calculation.<sup>13</sup>

**The Parties agree to recalculate the test year expense using the amount in DRA's report adjusted for the stipulated escalation factors.**

3.10 Customer Other Expense (Excluding Conservation):

Both Parties used a five-year average of recorded expenses (2004 – 2008) and specific forecasted estimates to calculate the customer other expense. DRA's estimates are based on the update of recorded 2008 expenses and proposed adjustments to the expense categories of customer billing, mailing services and miscellaneous customer account. With the resolution of the monthly billing, Park agrees to the expense reductions identified in (Section 3.03 items 3–5). Park's original estimate for the expense category of miscellaneous customer account (outsourcing payment processing) contained an error resulting in the overstatement of the expense. The Parties agree to include a corrected amount of \$24,735 for outsource payment processing that includes an adjustment for consistency with the agreement on bi-monthly billing. The Parties further agree to use the stipulated escalation factors (Item 3.02) in the calculation.<sup>14</sup>

---

<sup>12</sup> Park Report p. 27, DRA Report p. 3-5 – 3-6, Jackson Rebuttal p. 5-6

<sup>13</sup> Park Report p. 28, DRA Report p. 3-6, Jackson Rebuttal

<sup>14</sup> Park Report p. 23, 27-28, DRA Report p. 3-6, Bruno Rebuttal p. 7-9, Jackson Rebuttal p. 6

**The Parties agree to recalculate the test year expense using the updated five-year average, adjusted for a corrected estimate of payment processing expense and the use of stipulated escalation factors.**

**3.11 Uncollectible Expense:**

There are no methodological differences between DRA's and Park's estimate of uncollectible expense. The original differences between DRA's and Park's estimates resulted from the different estimates of revenues.<sup>15</sup>

**The Parties agree that the uncollectible expense should be calculated consistent with all other aspects of the Settlement**

**3.12 Clearings Other Expense:**

Both Parties used a five-year average of recorded expenses (2004 – 2008) and specific forecasted estimates to calculate the clearings other expense. DRA's estimate includes an update of recorded 2008 expenses. Park agrees with DRA's use of updated expenses (Section 3.01). DRA's estimate contained a calculation error in its proposed adjustment to the expense category of fuel transportation clearing. The Parties agree that the appropriate estimating methodology to use for this category is a five-year average without any adjustments. The Parties agree to use the stipulated escalation factors (Item 3.02) in the calculation.<sup>16</sup>

**The Parties agree to recalculate the test year expense using the update of recorded expenses adjusted for the stipulated escalation factors.**

**3.13 Clearings Depreciation:**

There are no methodological differences between DRA's and Park's estimates of clearings depreciation. The original differences between DRA's and Park's estimates resulted entirely from the different estimates of utility plant.<sup>17</sup>

**The Parties agree that the clearings depreciation should be calculated using the stipulated utility plant in service.**

---

<sup>15</sup> Park Report p. 28, DRA Report p. 3-6

<sup>16</sup> Park Report p. 28, DRA Report p. 3-7, Jackson Rebuttal p. 7

<sup>17</sup> DRA Report p. 3-7

### 3.14 Conservation:

In its application, Park proposed an increase in its conservation budget as compared to prior years. DRA recommended a reduced conservation budget based on its cost benefit analysis and review of actual and authorized conservation expenses. After review of rebuttal testimony and discussions with Park, DRA agrees that as a result of significant cuts in the funding from the Metropolitan Water District of Southern California which partnered in a number of Park's rebate and retrofit programs, Park will need to increase funding to maintain the level of activities in the programs. The Parties agree to the level of conservation funding proposed by Park in its application. The Parties further agree to DRA's recommendation to establish a one-way capped balancing account for conservation expenses, with the modification that there will be a separate account for Public Information program expenses. The Parties further agree, because conservation costs may not be incurred evenly throughout the rate cycle, that the cap will cover the entire rate cycle versus a yearly cap. The Parties agree that a one-way balancing account for all conservation programs except the Public Information program will be capped at the total adopted amount of expenses for 2010 – 2012 combined (approximately \$550,000) depending on the actual escalation factors for the escalation years, assuming the stipulated 2010 expenses are adopted. The Parties further agree that the one-way balancing account for Public Information program expenses will be capped at the total adopted amount of expenses for 2010 – 2012, combined (approximately \$75,000, depending on the actual escalation factors for the escalation years, assuming the stipulated 2010 expenses are adopted). In the event that Park does not spend the amount of the cap for the Public Information program or the cap for other conservation programs during this rate case cycle, Park would refund to customers any unspent amount in its next rate case. After additional discussion, Park agrees to DRA's reporting requirement for conservation programs. The Parties agree that the reporting requirement will be as follows:

Park will file a summary report by April 1<sup>st</sup> of each of the following years (2010, 2011, and 2012) with the Commission and DRA giving a comprehensive accounting of all water conservation activities performed by Park or a third party on behalf of Park using funds authorized in this application.

The report should contain, by program, the following data:

- Park's actual expenditures on conservation budgets, broken down by major category (Residential Rebate Programs, CII Rebate Programs, LL Programs and Education and Public Information Programs) and then specific program;
- Actual number of rebates or equipment provided, and the amount of incentive payments for each type of device, by program name;

Estimated water savings in Ccfs and dollars based on number of rebates or equipment installed (including cost per Ccf or AF);

- Name of organizations that Park received grant funds and the amount of funds granted, and a full accounting of how the funds were spent and results achieved;
- Actual administrative costs incurred by program; and
- Actual advertising expenses.

In addition, Park will file with the report, a copy of agreements with Central Basin Municipal Water District or any other third party service provider, community based organization or other entity. This provision will not only require Park to justify the funds, but also ensure that programs provided by third party service providers remain within the purview of Commission supervision. Such Commission oversight is necessary so long as ratepayers' money is used, regardless of who uses the funds.<sup>18</sup>

**The Parties agree to use the conservation expenses proposed in Park's application. The Parties further agree to establish a one-way capped balancing account for conservation expenses (as described above). The Parties agree that Park will provide the Commission with an annual reporting of conservation activities and expenses during this rate case cycle.**

#### **4.00 Administrative and General Expenses**

##### **4.01 A&G Payroll Expense:**

The contested issues are the same as identified in Section 3.04 above, the PTO, Holiday, etc. portions of those employees' payroll is included in A&G payroll. The Parties agreement on A&G payroll is based upon the reasons provided in Section 3.04.<sup>19</sup>

**The Parties agree to recalculate the payroll expense using DRA's recommended adjustment to eliminate the 4 proposed positions associated with monthly billing. The Parties further agree that the existing meter reader position will be retained. The Parties agree that the payroll calculation will be updated for the 2010 labor escalation factor.**

<sup>18</sup> Park Report p. 8-10, DRA Report p. 3-7 – 3-19, Bruno Rebuttal p. 9-15, Jackson Rebuttal p. 7-8

<sup>19</sup> Park Report p. 29, DRA Report p. 4-1 – 4-2

#### 4.02 Office Expense:

Both Parties used a five-year average of recorded expenses (2004 – 2008) and specific forecasted estimates to calculate the office expense. DRA's estimates are based on the update of recorded 2008 expenses and proposed adjustments to the expense category of bank fees (\$21,000) (Section 3.03 item 2) and telemetry (\$20,000) to reflect the expense savings associated with the SCADA capital. Park agrees with DRA's proposed adjustments. The Parties agree to use the stipulated escalation factors (Item 3.02) in the calculation.<sup>20</sup>

**The Parties agree to use the amount in DRA's report adjusted for the stipulated escalation factors.**

#### 4.03 Injuries & Damages/Insurance:

DRA and Park used differing methodologies to calculate test year expense. Based on the rebuttal testimony and further discussion with witnesses, DRA agreed to use Park's methodology to calculate revised estimates of the test year expense, for workers' compensation and business policy. The Parties agree to recalculate the injuries & damages using the stipulated payroll.<sup>21</sup>

**The Parties agree to recalculate the estimated test year expense using the methodology contained in Park's application and to incorporate the stipulated payroll expense.**

#### 4.04 Employee Benefits:

There were no methodological differences between DRA's and Park's estimates of employee benefits. The original differences between DRA's and Park's estimates resulted entirely from the different estimates of payroll (number of employees). The Parties agree the employee benefits expense should be calculated using the stipulated payroll.<sup>22</sup>

**The Parties agree to recalculate the estimated test year expense using the methodology contained in Park's application and to incorporate the stipulated payroll expense.**

#### 4.05 Regulatory Commission Expense:

DRA and Park used differing methodologies to calculate test year expense. Based on the rebuttal testimony and further discussion with witnesses, DRA agrees with Park's position that a separate cost of capital proceeding will have significant impact on regulatory

---

<sup>20</sup> Park Report p. 31, DRA Report p. 4-3, Jackson Rebuttal p. 8

<sup>21</sup> Park Report p. 30, DRA Report p. 4-3 – 4-6, Martinet Rebuttal p. 3-9

<sup>22</sup> Park Report p. 30, DRA Report p. 4-6 – 4-7

A.09-01-001-PWD-12 ATTACHMENT A  
commission expense in particular attorney and consultant fees. DRA agrees to accept Park's estimate of regulatory commission expense.<sup>23</sup>

**The Parties agree to use the regulatory commission expense estimate contained in Park's application.**

4.06 A&G Administrative Expense Transferred:

There are no methodological differences between DRA's and Park's estimates. The original differences between DRA's and Park's estimates resulted entirely from the different estimates of utility plant.<sup>24</sup>

**The Parties agree that the A&G administrative expense transferred should be calculated using the stipulated utility plant in service.**

4.07 Outside Services:

Both Parties used a five-year average of recorded expenses (2004 – 2008) and specific forecasted estimates to calculate the outside services expenses. DRA's estimates are based on the update of recorded 2008 expense. Park agrees to use DRA's estimate adjusted for the stipulated escalation factors (Item 3.02) in the calculation.<sup>25</sup>

**The Parties agree to use the amount in DRA's report adjusted for the stipulated escalation factors.**

4.08 Miscellaneous Expense:

Both Parties used a five-year average of recorded expenses (2004 – 2008) and specific forecasted estimates to calculate miscellaneous expense. DRA's estimates are based on the update of recorded 2008 expenses. Park agrees to use DRA's estimate adjusted for the stipulated escalation factors (Item 3.02) in the calculation.<sup>26</sup>

**The Parties agree to use the amount in DRA's report adjusted for the stipulated escalation factors.**

4.09 Franchise Requirements:

There are no methodological differences between DRA's and Park's estimate of franchise requirements. The original differences between DRA's and Park's estimates resulted from the different estimates of revenues.<sup>27</sup>

---

<sup>23</sup> Park Report p. 31, DRA Report p. 4-7 – 4-10, Jackson Rebuttal p. 8-12

<sup>24</sup> DRA Report p. 4-11

<sup>25</sup> DRA Report p. 4-11

<sup>26</sup> Park Report p. 31, DRA Report p. 4-12

<sup>27</sup> Park Report p. 31, DRA Report p. 4-13

**The Parties agree that the franchise requirements should be calculated consistent with all other aspects of the Settlement.**

## **5.00 Taxes Other Than Income Tax**

### **5.01 Ad Valorem Taxes:**

There are no methodological differences between DRA's and Park's estimates of ad valorem taxes. The original differences between DRA's and Park's estimates resulted entirely from the different estimates of utility plant and a calculation error contained in DRA's schedule.<sup>28</sup>

**The Parties agree that the ad valorem taxes should be calculated using Park's uncontested methodology and the stipulated utility plant in service.**

### **5.02 Payroll Taxes:**

There are no methodological differences between DRA's and Park's estimates of payroll taxes. The original differences between DRA's and PWC's estimates resulted entirely from the different estimates of payroll.<sup>29</sup>

**The Parties agree that the payroll taxes should be calculated using the stipulated payroll.**

## **6.00 Income Taxes**

**6.01** There are no methodological differences between DRA's and Park's estimates of income taxes. Both parties used a qualified production deduction in the federal income tax calculation. The original differences between DRA's and Park's estimates resulted from the different estimates of revenue, expense, utility plant and a calculation error in Park's tax depreciation.<sup>30</sup>

**The Parties agree that stipulated Income Taxes should be calculated using Park's corrected, uncontested methodology and consistent with all other aspects of the Settlement.**

## **7.00 Utility Plant In Service**

### **7.01 Real Property Subject to Water Infrastructure Improvement Act of 1996:**

There is no dispute between the Parties regarding properties reported that were either already included in or transferred to non-utility plant. DRA agrees that these

<sup>28</sup> Park Report p. 31, DRA Report p. 5-1, Jackson Rebuttal p. 13

<sup>29</sup> Park Report p. 37, DRA Report p. 5-2

<sup>30</sup> Park Report p. 79-80, DRA Report p. 6-1 – 6-4, Jackson Rebuttal p. 13

A.09-000105-12 ATTACHMENT A  
properties are not necessary or useful in the performance of Park's operations. Accordingly, Park did not include these properties in its calculation of the revenue requirement.<sup>31</sup>

#### 7.02 Grant Funded Projects:

The Parties used different methodologies to account for utility plant additions funded by grants (Proposition 10 Fluoridation facilities). There is no difference in rate base stemming from this issue. Park included the grant funded plant additions in both utility plant and Account 266, Publicly Funded Grant Plant, (which is treated the same as contributions in aid of construction for ratemaking purposes) whereas DRA omitted the grant funded plant additions from rate base. After review of Park's rebuttal and discussions, DRA agrees that it is proper to include the grant funded utility plant additions in both utility plant in service and in Account 266.<sup>32</sup>

**The Parties agree to the methodology contained in Park's application.**

#### 7.03 Utility Plant Additions:

In general, DRA agreed with the necessity of the plant additions proposed by Park for 2010 and 2011. DRA further agreed with the cost estimates of all the plant additions proposed by Park with the exception of the following projects: Well 19C, San Luis Main Installation, Replacement Well Project – Compton West, Computer Equipment (printer costs) and Office Remodel. In addition, DRA made an adjustment to three vehicles consistent with its opposition to Park's proposed conversion from bi-monthly to monthly billing. After a review of rebuttal testimony and discussion with witnesses, DRA agreed that the impediments to Well 19C and the Replacement Well Project – Compton West have been removed and the cost estimate for the San Luis Main installation is justified. The Parties agree to include the plant additions proposed by Park for Well 19C, San Luis Main Installation and the Replacement Well Project – Compton West. DRA further agreed that its proposed adjustment to three vehicles is not associated with Park's proposed conversion to monthly billing. DRA therefore agrees to include Park's estimates of vehicle replacements. DRA also agrees that its proposed adjustment of a computer for the existing meter reader position is inappropriate, Park agrees to DRA's recommended ratemaking adjustments to printer costs and the elimination of the Office Remodel.<sup>33</sup>

**The Parties agree that the utility plant in service will be calculated using the stipulated balances of plant in service.**

---

<sup>31</sup> Park Report p. 66

<sup>32</sup> Park Report p. 50, DRA Report p. 7-2 – 7-3, Jackson Rebuttal p. 13-14

<sup>33</sup> Park Report p. 39-65, DRA Report p. 7-1 – 7-13, Bruno Rebuttal p. 15-30, Jackson Rebuttal p. 14-15

**7.04 Well 9D Water Treatment Facility:**

In its application, Park proposed a water treatment facility at Well 9D, to be funded by grants from Proposition 50. Pursuant to the Scoping Memo, Park provided supplemental testimony on the status of a treatment plant to address arsenic and manganese issues at Well 9D (Bruno, Jackson Supplemental). DRA agrees with the necessity of this project (DRA Supplemental). The Parties agree that Park would wait until December 31, 2009, before proceeding to construct the treatment facility at Well 9D. If a funding agreement that assures Park's receipt of Proposition 50 grant funds within 90 days of Park's submittals for reimbursement of expenditures for construction of the treatment facility has not been executed by that date, Park will proceed to construct a treatment facility with company funds. Upon completion of the project, Park will file a rate base & expense advice letter to recover the capital-related and O&M expenses associated with the treatment plant. The Parties agree that the recovery requested in the advice letter be capped at the project cost of \$2,019,000 as proposed in Park's application and \$66,000 in O&M expenses (Jackson Supplemental). The Parties further agree to reduce the test year expenses (Section 3.07 and 3.08) included in the application pertaining to the new treatment facility.

**The Parties agree that Park should be authorized to file a rate base & expense advice letter to recover the capital-related and O&M expenses subject to the condition and pursuant to the agreements described above.**

**8.00 Depreciation Expense and Reserve**

8.01 There are no methodological differences between DRA and Park. There was no issue regarding the depreciation rates proposed by Park (Park Report p.69). The Parties agree that the depreciation expense and accumulated depreciation reserve should be calculated using the deprecation rates proposed in Park's application and the stipulated balances of plant in service incorporating stipulated adjustments, additions and retirements.<sup>34</sup>

**The Parties agree to recalculate the depreciation expense and reserve using the stipulated balances of plant in service.**

---

<sup>34</sup> Park Report p. 68, DRA Report p. 8-1

**9.01 Working Cash:**

There are no methodological differences between DRA and Park. The differences in the Parties' original working cash estimates resulted from differences in revenues, expense and utility plant used in the total working cash calculation and an error in DRA's schedule. Pursuant to the resolution of the issue of billing frequency (Section 3.03), the Parties agree to use the revenue lag consistent with bi-monthly billing.<sup>35</sup>

**The Parties agree that working cash should be calculated using the revenue lag consistent with bi-monthly billing, stipulated expenses and utility plant in service consistent with the Commission's Standard Practice U-16.**

**9.02 Deferred Taxes:**

There are no methodological differences between DRA and PWC except for the use of bonus depreciation. The differences in the Parties' original deferred tax estimates resulted from differences in the utility plant and the fact that Park's election to take bonus depreciation in 2008 was not reflected in its application estimate. Park agrees with DRA's recommendation to incorporate bonus depreciation for 2008 in the deferred tax calculation.<sup>36</sup>

**The Parties agree to recalculate deferred taxes using the stipulated utility plant in service and bonus depreciation for 2008.**

**10.00 Net-To-Gross Multiplier****10.01 Net-To-Gross Multiplier:**

The Parties agree with the net-to-gross multiplier calculated by Park.<sup>37</sup>

**11.00 Rate Design**

The Parties agree that Park's proposed rate design should be applied to the adopted revenue requirement to determine the adopted rates.

**11.01 Rate Design – Residential Customers:**

The Parties agree to continue the current conservation rate design trial program that includes increasing block rates, as contained in the settlement agreement reached between Park and DRA dated June 15, 2007, filed in the Conservation OII (I.07-01-022), and authorized by the Commission in D.08-02-036. The Parties agree to the following adjustments to the rate design: (1) update the breakpoints between the two increasing block

<sup>35</sup> Park Report p. 72-73, DRA Report p. 9-2, Jackson Rebuttal p. 16

<sup>36</sup> Park Report p. 73-74, DRA Report p. 9-2

<sup>37</sup> Park Report p. 86, DRA Report p. 9-3

rate tiers to reflect average indoor water usage, and (2) adjust the price differential between the two increasing block rate tiers from 10% to 15%.<sup>38</sup>

#### 11.02 Rate Design – Non-Residential Customers:

The Parties agree to maintain the single quantity rate design because developing increasing block rates is not currently feasible. The Parties agree that Park will propose increasing block rates for non-residential customers in its next GRC.<sup>39</sup>

#### 11.03 Rate Design – Other Rates and Fees (revenues):

The Parties agree to update the customer deposit fee in Rule No. 7, Deposits to reflect double the average bill. This is consistent with the Rule No. 7 of other Class A water utilities. The Parties further agreed to increase the NSF Check fee from \$10.50 to \$12.50 to reflect Park's actual costs. The Parties agree to increase the Reconnection Fee from \$40 (during business hours) and \$60 (after business hours) to \$73 and \$90, respectively to reflect Park's actual costs.<sup>40</sup>

**The Parties agree to the fees proposed in Park's application.**

#### 12.00 Low-Income Assistance Program:

Park's program is known as California Alternative Rates for Water. Park proposed continuing this program by (1) increasing the existing monthly discount of \$4.50 by the overall increase granted in this proceeding for qualifying customers, (2) that the balance in the CARW Implementation Cost Memorandum Account be transferred to the CARW Revenue Reallocation Balancing Account and further, (3) that the CARW surcharge be discontinued for this rate case cycle. DRA accepts Park's proposal but recommends that a surcredit be implemented to refund the balance (over collection) in the CARW Revenue Reallocation Balancing Account.

The Parties agree to (1) increase the existing discount by the overall percentage increase granted in this proceeding and (2) discontinue the CARW surcharge for this rate case cycle (2010 – 2012) and (3) that Park will file an advice letter in January of 2010 to refund the December 31, 2009 cumulative balance (over collection) recorded in the CARW Revenue Reallocation balancing account after adjustment is made for the estimated CARW discounts provided during this rate case cycle (2010 – 2012). The Parties further agree that the CARW balancing account continues to be necessary to track the balance of collected surcharges and discounts. The Parties agree that the balance in the CARW Implementation

---

<sup>38</sup> Park Report p. 90, DRA Report p. 11-1 – 11-3

<sup>39</sup> Park Report p. 91, DRA Report p. 11-3

<sup>40</sup> Park Report p. 91-92, DRA Report p. 11-4

A.09 Cost memorandum account be transferred to the CARW balancing account, any additional changes between and December 31, 2009 will be transferred in the same manner, and as of January 1, 2010 the CARW Implementation Cost memorandum account will no longer be necessary or authorized.<sup>41</sup>

**The Parties agree to Park's proposal subject to DRA's recommendation regarding the surcredit described above.**

### **13.0 Regulatory Accounts (as specified):**

The Parties agree that Park should continue its conservation rate design trial program that includes conservation rates, a Water Revenue Adjustment Mechanism (WRAM) and Modified Cost balancing account (MCBA). The Parties agree to Park's proposal to implement a temporary surcharge to recover the balance (under collection) recorded in the previously existing Incremental Cost balancing accounts (ICBA) from January 1, 2008 – September 15, 2008, the implementation date of the WRAM and MCBA. The Parties agree to DRA's recommendation that Park not be authorized to implement a Income Tax Rate Change memorandum account to track the costs of state and federal tax increases brought about by any increase in tax rates in this proceeding.<sup>42</sup>

**The Parties agree that Park should continue its conservation rate design trial program.**

### **14.00 Water Quality:**

The Parties recommend that the Commission find that Park is in compliance with the California Department of Public Health water quality regulations.<sup>43</sup>

### **15.00 Step Rate Increases**

The Parties agree that Park should be authorized to file advice letters for escalation year rate adjustments for escalation years 2011 and 2012. The Parties agree that the advice letters will be filed in accordance with Section VII. Escalation and Attrition Advice Letter Procedure, Appendix A, of the Opinion adopting Revised Rate Case Plan For Class A Water Utilities, D.07-05-062.<sup>44</sup>

---

<sup>41</sup> Park Report p. 10-12, DRA Report p. 14-2 – 14-6, Jackson Rebuttal p. 16-17

<sup>42</sup> Park Report p. 87, DRA Report p. 14-1

<sup>43</sup> Park Report p. 82-85, DRA Report p. 12-1 – 12-5

<sup>44</sup> Park Report p. 87, DRA Report p. 15-1 – 15-2

**16.00 Requests to the Commission**

As a result of this Settlement, the Commission should act to resolve Park's requests in this proceeding. The Parties are providing a list of these requests under paragraph 17.00 below in an effort to ensure the Commission takes notice of necessary findings and orders arising from this proceeding.

**17.00 Requests as a Result of the Settlement**

17.01 The Parties request that the Commission authorize a change in Park's tariff fees pursuant to Section 11.03 effective January 1, 2010. Park's NSF Check fee would be \$12.50. Its Reconnection fee would be \$73 (during business hours) and \$90 (after business hours). Its deposit fee would be twice the average periodic bill. Furthermore, that these fees would be effective January 1, 2010.

17.02 The Parties request that the Commission authorize a transfer of the balance (\$30,907, as of September 30, 2008) in Park's CARW Implementation Cost Memorandum Account to its CARW Revenue Reallocation Balancing Account pursuant to Section 12.00.

17.03 The Parties request that the Commission authorize a change in Park's CARW discount (for qualifying customers) and to eliminate the surcharge (for non-qualifying customers) pursuant to Section 12.00.

17.04 The Parties request that the Commission authorize a surcredit for CARW non-qualifying customers of Park to refund the over-collected balance in its CARW Revenue Reallocation Balancing Account pursuant to Section 12.00.

17.05 The Parties request that the Commission authorize a temporary surcharge for Park to recover the under-collected balance recorded in its previously existing Incremental Cost balancing accounts (ICBA) during 2008.

17.06 The Parties request that the Commission authorize the continuance of the existing Water Revenue Adjustment Mechanism and Modified Cost Balancing Accounts pursuant to Section 13.00.

17.07 The Parties request that the Commission make a finding that Park meets all applicable water quality standards. This finding would be based upon DRA's review of water quality testimony and information provided by Park and DRA's discussion with staff

- 17.08 The Parties request that the Commission find that the properties referred to in Section 7.01 were appropriately considered to be non-utility property.
- 17.09 The Parties request that the Commission authorize capped, one-way balancing accounts for the Public Information conservation program and the other conservation programs to track the difference between dollars spent on conservation and dollars collected in rates for conservation pursuant to Section 3.14.
- 17.10 The Parties request that the Commission authorize the filing of a rate base and expense offset advice letter for the treatment plant at Well 9D pursuant to Section 7.04.
- 17.11 The Parties request that the Commission order the filing of advice letters to implement increases for escalation years 2011 and 2012.
- 17.12 The Parties request that the Commission find that Park's maintenance contract with Central Basin Municipal Water District, that is subject to the Excess Capacity Decision (D.00-07-018) for unregulated transactions is properly reflected in Park's revenue requirement.<sup>45</sup>
- 17.13 The Parties request that the Commission authorize and implement all other agreements of the Parties contained in the Settlement.

## 18.0 Settlement

Rule 12.1(d) requires that a Settlement be "reasonable in light of the whole record, consistent with the law, and in the public interest." The Settlement between the Parties in this proceeding satisfies the criteria in Rule 12.1(d). The Commission should approve this motion, and adopt the Settlement which is supported by DRA and Park.

### 18.01 Settlement is Reasonable

The Settlement taken as a whole provides a reasonable resolution of the issues settled in this proceeding. The reasonableness of the Settlement is supported by DRA's reports and testimony, and by the testimony, reports and rebuttal testimony of Park. In addition, the parties considered the affordability of the rates, letters to the Commission, the financial health of Park, and the Commission's Water Action Plan. The parties fully considered the facts and the law. Following extensive settlement negotiations, the parties

---

<sup>45</sup> Park Report p. 91

reached a reasonable compromise on the various issues which were in contention. The settlement negotiations were accomplished at arm's length over the course of numerous weeks.

#### 18.02 The Settlement is Lawful

The parties are aware of no statutory provisions or prior Commission decision that would be contravened or compromised by the Settlement. The issues resolved in the Settlement are clearly within the scope of the proceeding. Moreover, the Settlement, if adopted, would result in just and reasonable rates to Park's customers.

#### 18.03 The Settlement Serves the Public Interest

The Settlement is in the public interest. The Commission has explained that a settlement which "commands broad support among participants fairly reflective of the affected interest" and "does not contain terms which contravene statutory provisions or prior Commission decisions" well serves the public interest. *Re San Diego Gas & Elec.*, D.92-12-019, 46 CPUC 2d at 552. In this proceeding the parties fairly represent the affected parties' interests. Park provides water service to the customers in its service territory in Los Angeles County, and DRA is statutorily mandated with representing ratepayers in California, including those companies not directly at issue in this proceeding.

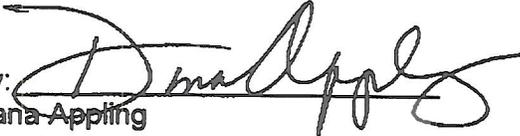
The principal public interest affected in this proceeding is the delivery of safe, reliable water service at reasonable rates. The Settlement advances these interests. In addition, Commission approval of the Settlement will provide speedy resolution of contested issues, which will conserve Commission resources.

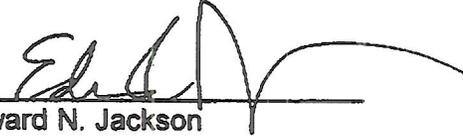
#### 18.04 The Settlement Conveys Sufficient Information

In addition, DRA and Park believe that the Settlement conveys sufficient information for the Commission to discharge its future regulatory obligations. Thus taken as a whole, the Settlement will satisfy the Commission's standards for approving a settlement presented to it.

**DIVISION OF RATEPAYER ADVOCATES**

**PARK WATER COMPANY**

By:   
Dana Apple  
Director

By:   
Edward N. Jackson  
Project Manager

California Public Utilities Commission  
Division of Ratepayer Advocates  
505 Van Ness Avenue  
San Francisco, CA 94102

Park Water Company  
9750 Washburn Road  
Downey, CA 90241

Dated: May 26, 2009

Dated: May 26, 2009

(End of Attachment A)

# **ATTACHMENT B**

## **Rate Schedules**

**PARK WATER COMPANY**

**Schedule No. PR-1-R**

**RESIDENTIAL METERED SERVICE**

**APPLICABILITY**

Applicable to all metered water service provided to single-family residential customers.

**TERRITORY**

Within all service areas in Los Angeles County as delineated in the service area maps included in the tariff schedules.

**RATES**

Quantity Rates:

For the first 1,200 cubic feet, per 100 cubic feet .....	\$ 3.133
For all over 1,200 cubic feet, per 100 cubic feet .....	\$ 3.603

Per Meter  
Per Month

Service Charge:

For 5/8 x 3/4-inch meter .....	\$ 16.01
For 3/4-inch meter .....	24.00
For 1-inch meter .....	40.00
For 1 1/2-inch meter .....	80.10
For 2-inch meter .....	128.10
For 3-inch meter .....	240.20
For 4-inch meter .....	400.30
For 6-inch meter .....	800.50
For 8-inch meter .....	1,280.80
For 10-inch meter .....	1,841.20
For 12-inch meter .....	2,641.70

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the bimonthly charge computed at the Quantity Rates.

**SPECIAL CONDITIONS**

1. All charges under this schedule to customers in the City of Norwalk subject to surcharge of 2.04 percent.

(Continued)

**APPENDIX B**

**Page 2 of 19**

**PARK WATER COMPANY**

**Schedule No. PR-1-R**

**RESIDENTIAL METERED SERVICE**

**(Continued)**

2. A late charge will be imposed per Schedule LC.
3. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the Company, service to the subsequent tenants in that unit will, at the Company's option be furnished on the account of the landlord or property owner.
4. All bills subject to the reimbursement fee set forth on Schedule #UF.
5. As authorized by the California Public Utility Commission, an amount of \$0.176 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 207-W. This surcharge will recover the under collection in the Balancing Account as of December 31, 2007.
6. As authorized by the California Public Utility Commission, an amount of \$0.088 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 212-W. This surcharge will recover the under collection in the Balancing Account as of September 14, 2008.

**PARK WATER COMPANY**

**Schedule No. PR-1-NR**

**NON-RESIDENTIAL METERED SERVICE**

**APPLICABILITY**

Applicable to all metered water service except that provided to single-family residential customers.

**TERRITORY**

Within all service areas in Los Angeles County as delineated in the service area maps included in the tariff schedules.

**RATES**

Quantity Rate:

For all water delivered per 100 cubic feet ..... \$ 3.329

Per Meter  
Per Month

Service Charge:

For 5/8 x 3/4-inch meter .....	\$ 16.01
For 3/4-inch meter .....	24.00
For 1-inch meter .....	40.00
For 1 1/2-inch meter .....	80.10
For 2-inch meter .....	128.10
For 3-inch meter .....	240.20
For 4-inch meter .....	400.30
For 6-inch meter .....	800.50
For 8-inch meter .....	1,280.80
For 10-inch meter .....	1,841.20
For 12-inch meter .....	2,641.70

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the bimonthly charge computed at the Quantity Rates.

**SPECIAL CONDITIONS**

1. All charges under this schedule to customers in the City of Norwalk subject to surcharge of 2.04 percent.

(Continued)

**APPENDIX B****Page 4 of 19****PARK WATER COMPANY****Schedule No. PR-1-NR****NON-RESIDENTIAL METERED SERVICE****(Continued)**

2. A late charge will be imposed per Schedule LC.
3. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the Company, service to the subsequent tenants in that unit will, at the Company's option be furnished on the account of the landlord or property owner.
4. All bills subject to the reimbursement fee set forth on Schedule #UF
5. As authorized by the California Public Utility Commission, an amount of \$0.176 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 207-W. This surcharge will recover the under collection in the Balancing Account as of December 31, 2007.
6. As authorized by the California Public Utility Commission, an amount of \$0.088 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 212-W. This surcharge will recover the under collection in the Balancing Account as of September 14, 2008.

## PARK WATER COMPANY

## Schedule No. PR-4F

NON-METERED FIRE SPRINKLER SERVICEAPPLICABILITY

Applicable only for water service to privately owned non-metered fire sprinkler systems and hydrants where water is to be used only in case of fire.

TERRITORY

Within all service areas in Los Angeles County as delineated on the service area maps included in the tariff schedules.

RATES

<u>Size of Service</u>	<u>Per Service Per Month</u>
	<u>2010</u>
2-inch .....	\$ 15.51
3-inch .....	20.44
4-inch .....	30.41
6-inch .....	44.92
8-inch .....	66.47
10-inch .....	97.79
12-inch .....	141.49

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility with the cost thereof paid by the applicant. Such payment shall not be subject to refund.
2. The minimum diameter for fire protection service shall be two (2) inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.
3. If a distribution main of adequate size to serve a private fire protection system in addition to all Other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.

(Continued)

**APPENDIX B****Page 6 of 19****PARK WATER COMPANY****Schedule No. PR-4F****NON-METERED FIRE SERVICE****(Continued)**

4. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the board of Fire Underwriters for protection against theft, leakage or waste of water, and the cost paid by the applicant. Such payment shall not be subject to refund.
5. The utility undertakes to supply only such water at such pressure as may be available at any time through the normal operation of its system.
6. Any unauthorized use of water, other than for fire extinguishing purposes, shall be charged for at the regular established rate as set forth under Schedule No.PR-1, and/or may be the grounds for the immediate disconnection of the service without liability to the Company.
7. The utility reserves the right to limit the installation of private fire hydrant service to such areas where public fire hydrant does not exist or where public fire hydrant service is limited in scope to the detriment of the applicant.
8. A late charge will be imposed per Schedule No. LC.
9. All bills are subject to the reimbursement fee set forth on Schedule No.UF.

**APPENDIX B**

Page 7 of 19

**PARK WATER COMPANY**

Schedule No. PR-6

**RECLAIMED WATER SERVICE**

**APPLICABILITY**

Applicable to metered reclaimed water service

**TERRITORY**

Within all service areas in Los Angeles County as delineated on the service area maps included in the tariff schedules.

**RATES**

Quantity Rate:

For all water delivered per 100 cubic feet ..... \$ 2.631

Per Meter  
Per Month

Service Charge:

For 5/8 x 3/4-inch meter .....	\$ 16.01
For 3/4-inch meter .....	24.00
For 1-inch meter .....	40.00
For 1 1/2-inch meter .....	80.10
For 2-inch meter .....	128.10
For 3-inch meter .....	240.20
For 4-inch meter .....	400.30
For 6-inch meter .....	800.50
For 8-inch meter .....	1,280.80
For 10-inch meter .....	1,841.20
For 12-inch meter .....	2,641.70

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the bimonthly charge computed at the Quantity Rates.

(Continued)

**APPENDIX B****Page 8 of 19****PARK WATER COMPANY****Schedule No. PR-6****RECLAIMED WATER SERVICE****(Continued)****SPECIAL CONDITIONS**

1. The user (customer) is responsible for on-site compliance with local, state, or federal regulations that may apply to the use of an approved reclaimed water source.
2. All charges under this schedule to customers in the City of Norwalk are subject to a surcharge of 2.04 percent.
3. A late charge will be imposed per Schedule No. LC.
4. All bills are subject to the reimbursement fee set forth on Schedule #UF.
5. As authorized by the California Public Utility Commission, an amount of \$0.150 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 206-W. This surcharge will recover the under collection in the Balancing Account as of December 31, 2007.
6. As authorized by the California Public Utility Commission, an amount of \$0.070 per Ccf is to be added to the quantity rate for a period of 12 months, beginning on the effective date of Advice Letter 212-W. This surcharge will recover the under collection in the Balancing Account as of September 14, 2008.

**APPENDIX B****Page 9 of 19****PARK WATER COMPANY****Schedule No. PR-9CM****CONSTRUCTION AND OTHER TEMPORARY METERED SERVICE****APPLICABILITY**

Applicable to all metered water service furnished for construction and other temporary purposes.

**TERRITORY**

Within all service areas in Los Angeles County as delineated on the maps included in the tariff schedules.

**RATES**

Monthly quantity rates and service charge listed in Schedule PR-1, General Metered Service will apply to service furnished under this schedule.

**SPECIAL CONDITIONS**

1. Where it is necessary to install or relocate a meter to furnish service under this schedule, and such meter may be connected to the utility's existing facilities, the following charges will apply:
  - a. For installation and removal of the meter \$25.00
  - b. For each relocation of the meter within the same local area as the original installation \$12.50
2. Where no suitable outlet exists at the point where service is desired, the necessary facilities will be installed under the provisions of Rule No. 13, Temporary Service.
3. In case a meter is installed or used under conditions which are considered by the utility to subject the meter to unusual hazards, the applicant will be required to deposit with the utility the amount, shown in the table below, which corresponds to the size and type of meter installed:

(Continued)

**APPENDIX B****Page 10 of 19****PARK WATER COMPANY****Schedule No. PR-9CM****CONSTRUCTION AND OTHER TEMPORARY METERED SERVICE****(Continued)**

<u>Size of Meter</u>	<u>Amount of Deposit</u>
5/8 x 3/4 or 3/4 inch .....	\$ 30.00
1-inch disc .....	60.00
1-1/2 inch .....	125.00
2-inch disc or torrent .....	200.00
2-1/2 inch Sparling Fire Hydrant .....	250.00
3-inch disc or torrent .....	700.00

The deposit less the cost of any repairs other than those due to normal depreciation, will be returned to the customer upon completion of the service for which the meter was installed.

4. A late charge will be imposed per Schedule No. LC.

**APPENDIX B**

**Page 11 of 19**

**PARK WATER COMPANY**

**Schedule No. LC**

**LATE PAYMENT CHARGE**

**APPLICABILITY**

Applicable to all service.

**TERRITORY**

Within the entire service area of the Company.

**RATES**

Late Charge: A late charge of 1.5% on unpaid balance subject to special conditions and minimum charge below:

Minimum Charge: The minimum charge is \$1.00

**SPECIAL CONDITIONS**

1. The balance is unpaid and subject to a late charge if the bill is Past-Due, or delinquent, as defined in Rule No, 11, Section B.1.a.
2. The late charge should be imposed only once on a delinquent bill since the account would be shut off before a subsequent bill and then subject to the reconnection fee as authorized by Tariff Rule No. 11.
3. All bills shall be subject to the reimbursement fee as set forth on Schedule No. UF.

**APPENDIX B**

**Page 12 of 19**

**PARK WATER COMPANY**

**Schedule No. UF**

**SURCHARGE TO FUND PUBLIC UTILITIES**

**COMMISSION REIMBURSEMENT FEE**

**APPLICABILITY**

This surcharge applies to all water bills rendered under all tariff rate schedules authorized by the Commission.

**TERRITORY**

This schedule is applicable within the entire territory service by the utility.

**RATES\***

A 1.4% (.014) surcharge shall be added to all customer bills.

\*In 1982 the Legislature established a Public Utility Commission Reimbursement Fee to be paid by all water and sewer system corporations to fund their regulation by the Commission. Public Utilities (PU) Code Sections 401-442. The surcharge to defray the cost of that fee is ordered by the Commission under authority granted by PU Code Section 403.

**APPENDIX B**

Page 13 of 19

**PARK WATER COMPANY****SCHEDULE NO. CARW****CALIFORNIA ALTERNATIVE RATES FOR WATER****APPLICABILITY**

Applicable to residential domestic service to CARW households accommodation with a 1-inch or smaller meter, where the customer meets all the Special Conditions of this rate schedule.

**TERRITORY**

Within all service areas of Los Angeles County as delineated in the service area maps included in the tariff schedules.

**METERED SINGLE-FAMILY RESIDENTIAL RATES****Quantity Rate:**

Customers will be charged per 100 cubic feet of water delivered at the quantity rate reflected in Schedule No. PR-1, General Metered Service.

**Service Charges:**

Customers will be charged a monthly service charge at the applicable meter size rate reflected in Schedule No. PR-1, General Metered Service. Customers will receive a monthly CARW Credit of \$5.50 prorated based on days of service, if service is not provided for a full month.

**QUALIFIED NON-PROFIT GROUP LIVING FACILITIES RATES****Quantity Rate:**

Customers will be charged per 100 cubic feet of water delivered at the quantity rate reflected in Schedule No. PR-1, General Metered Service.

**Service Charges:**

Customers will be charged a monthly service charge at the applicable meter size rate reflected in Schedule No. PR-1, General Metered Service. Customers will receive a monthly CARW credit of \$20.00 prorated based on days of service, if service is not provided for a full month. The maximum monthly credit per qualifying sub-meter customer is \$20.00.

(Continued)

**APPENDIX B****Page 14 of 19****PARK WATER COMPANY****SCHEDULE NO. CARW****CALIFORNIA ALTERNATIVE RATES FOR WATER****(Continued)****SPECIAL CONDITIONS**

1. **CARW Household:** A CARW Household is a household where the total gross income from all sources is less than or equal to the maximum household income level for the CARE programs approved by the Commission as reflected on Form No. 13, California Alternative Rates for Water (CARW) Application. Total gross income shall include income from all sources, both taxable and non-taxable. Persons who are claimed as dependent on another person's income tax return are not eligible for this program.
2. **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 Utility, either the accommodation or the occupancy is transitory.
3. **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 Utility.
4. **Verification:** Information provided by the applicant is subject to verification by the Utility. Refusal or failure of a customer to provide documentation of eligibility acceptable to the Utility, upon the request of the Utility, shall result in removal from this rate schedule.
5. **Notice from Customer:** It is the customer's responsibility to notify the Utility if there is a change in the customer's eligibility status.
6. **Customers may be re-billed for CARW credits received during periods of ineligibility.**
7. **All bills are subject to the Public Utilities Commission Reimbursement Fee set forth on Schedule No. UF.**

**APPENDIX B**

**Page 15 of 19**

**PARK WATER COMPANY**

**SCHEDULE NO. CARW-SC**

**CALIFORNIA ALTERNATIVE RATES FOR WATER**

**APPLICABILITY**

Applicable to all metered water service, excluding Fire Sprinkler Service, Reclaimed Water Service, Construction and Temporary Metered Service, and customers that receive a CARW credit.

**TERRITORY**

Within all service areas of Los Angeles County as delineated in the service area maps included in the tariff schedules.

**SPECIAL CONDITIONS**

A surcharge of \$0.00 per month is applicable to all metered customers, excluding customers receiving Non-Metered Fire Sprinkler Service, Reclaimed Water Service, Construction and Other Temporary Metered Service, and customers that receive a CARW credit. The surcharge offsets CARW credits and CARW program costs and will be applied to each customer's bill.

**APPENDIX B****Page 16 of 19****PARK WATER COMPANY  
Rule No. 7  
DEPOSITS****A. Amount to Establish Credit****1. Metered Service**

- a. To establish credit by deposit, the amount for all service will be twice the estimated average monthly bill.
- b. To establish credit by deposit, the amount for all other service will be twice the estimated average periodic bill when bills are rendered monthly or bimonthly, but in any event not more than twice the estimated monthly bill nor less than the amounts set forth above.

**2. Flat Rate Service**

No deposit will be required, except as prescribed for temporary Service in Rule No. 13.

**B. Amount to Re-establish Credit****1. Former customers**

To re-establish credit for an applicant who previously has been a customer of the utility and during the last 12 months of that prior service has had service discontinued for non-payment of bills, the amount will be twice the estimated average monthly or bimonthly bill to be rendered for the service requested.

**2. Present Customer**

To re-establish credit for a customer whose service has been discontinued for non-payment of bills, the amount will be twice the average monthly or bimonthly bill to be rendered for that service.

**C. Applicability to Unpaid Accounts**

Deposits made under this rule will be applied to unpaid bills for service when service has been discontinued.

(Continued)

**APPENDIX B****Page 17 of 19****PARK WATER COMPANY****Rule No. 7****DEPOSITS****(Continued)****D. Return of Deposits**

1. Upon discontinuance of service, the utility will refund the balance of the customer's deposit in excess of unpaid bills for that service for which the deposit was made.
2. After the customer has, for 12 consecutive months, paid bills for service on the average within 15 days after a presentation, the utility will refund the customer's deposit with interest as provided in Paragraph E of this rule.

**E. Interest on Deposits**

1. Interest on deposits held will be paid by the utility at the rate of 7% per annum for the first 12 consecutive months during which the customer has paid bills for service within an average period of 15 days after presentation, and for additional time thereafter up to the date of refund; provided, however, that no interest shall accrue after mailing to the customer or the customer's last known address the refund or a notice that the refund is payable.
2. No interest will be paid if service is discontinued within the initial 12-month period.

**APPENDIX B**  
**Page 18 of 19**  
**PARK WATER COMPANY**  
**RULE NO. 9**  
**RENDERING AND PAYMENT OF BILLS**

3. Proration of Bills (Continued)

and the quantity in each of the several quantity rate blocks will be prorated on the basis of the ratio of the number of days in the period to the number of days in an average billing period. The measured quantity of usage will be applied to such prorated amounts and quantities.

(2) Flat Rate Service

The billing period charge will be prorated on the basis of the ratio of the number of days in the period to the number of days in an average billing period.

(3) Average Billing Period

The number of days in an average billing period is defined as 365 divided by the number of billing period in a year. (It is 30.4 days for a monthly billing period.)

B. Payment of Bills

Bills for service are due and payable upon presentation and payment may be made at any commercial office of the utility or to any representative of the utility authorized to make collections. Collections of closing bills may be made at the time of presentation.

- (1) The utility may charge \$12.50 for any bad check or electronic fund transfer not honored.

**APPENDIX B**  
**Page 19 of 19**  
**PARK WATER COMPANY**  
**RULE NO. 11**  
**(Continued)**

**DISCONTINUANCE AND RESTORATION OF SERVICE**

- B. 4. For Unsafe Apparatus or Where Service is Detrimental or Damaging to the Utility or its Customers

If an unsafe or hazardous condition is found to exist on the customer's premises, or if the use of water thereon by apparatus, appliances, equipment or otherwise is found to be detrimental or damaging to the utility or its customers, the service may be shut off without notice. The utility will notify the customer immediately of the reasons for the discontinuance and the corrective action to be taken by the customer before service can be restored.

5. For Fraudulent Use of Service

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

- C. Restoration of Service

1. Reconnection Charge

Where service has been discontinued for violation of these rules or for nonpayment of bills, the utility may charge \$73.00 for reconnection of service during regular working or \$90.00 for reconnection of service at other than regular working hours when the customer has requested that the reconnection be made at other than regular working hours.

2. To be Made During Regular Working Hours

The utility will endeavor to make reconnections during regular working hours on the day of the request, if conditions permit, otherwise reconnection will be made on the regular working day following the day the request is made.

(End of Attachment B)

# **ATTACHMENT C**

## **Summary of Earnings**

**TEST YEAR 2010  
SUMMARY OF EARNINGS**

(Dollars In Thousands)

	PRESENT RATES	AT AUTHORIZED RATE OF RETURN
OPERATING REVENUES	26,396.1	26,583.0
DEFERRED REVENUES	(0.5)	(0.5)
MISC. REV.	(244.6)	(244.6)
TOTAL REVENUES	26,641.1	26,828.0
OPERATIONS & MAINTENANCE		
PAYROLL-OPERATIONS	808.8	808.8
OPERATIONS-OTHER	183.4	183.4
PURCHASED WATER	9,177.0	9,177.0
PURCHASED POWER	208.0	208.0
LEASED WATER RIGHTS	347.1	347.1
REPLENISHMENT CHARGES	485.5	485.5
CHEMICALS	9.2	9.2
PAYROLL-CUSTOMER	813.6	813.6
CUSTOMERS-OTHER	418.5	418.5
UNCOLLECTIBLES .98%	261.1	262.9
PAYROLL-MAINTENANCE	346.9	346.9
MAINTENANCE-OTHER	429.1	429.1
PAYROLL-CLEARINGS	130.4	130.4
DEPRECIATION-CLEARINGS	122.4	122.4
CLEARINGS-OTHER	188.0	188.0
SUBTOTAL O & M	13,929.0	13,930.8
ADMINISTRATIVE & GENERAL		
PAYROLL	1,744.5	1,744.5
PAYROLL-BENEFITS	1,386.9	1,386.9
INSURANCE	832.0	832.0
UNINSURED PROP. DAMAGE	0.3	0.3
REG. COMM. EXPENSE	121.3	121.3
FRANCHISE REQUIREMENTS .41%	109.2	110.0
OUTSIDE SERVICES	177.6	177.6
OFFICE SUPPLIES	342.9	342.9
A & G TRANSFERRED	(162.6)	(162.6)
MISCELLANEOUS	72.9	72.9
RENTS		
<sup>1</sup> MAIN OFFICE ALLOCATION		
A & G EXPENSES	2,088.4	2,088.4
SUBTOTAL A & G	6,713.5	6,714.3
<sup>1</sup> AD VALOREM TAXES	387.6	387.6
<sup>1</sup> PAYROLL TAXES	344.3	344.3
RECOVER UNDERCOLLECTION		
<sup>1</sup> DEPRECIATION	1,509.5	1,509.5
CA INCOME TAX	232.2	248.5
FEDERAL INCOME TAXES	917.1	979.3
TOTAL EXPENSE	24,033.3	24,114.4
NET REVENUES	2,607.8	2,713.6
RATE BASE	29,743.6	29,743.6
RATE OF RETURN	8.77%	9.12%

**PARK WATER COMPANY  
COMPARISON OF RATES  
TEST YEAR 2010**

USAGE	PRESENT	ADOPTED	INCREASE	PERCENT
0	14.38	16.01	1.63	11.34%
10	46.91	47.34	0.43	0.91%
12 AVG	53.97	53.60	-0.37	-0.68%
20	82.22	82.43	0.21	0.25%
24	96.34	96.84	0.49	0.51%
30	117.53	118.45	0.92	0.79%
50	188.15	190.51	2.36	1.25%

Note: Based on Monthly Charges According to Schedule No. 1  
Metered Comparison based on 5/8 x 3/4-inch meter  
Rates do not include CPUC fees or surcharges that may appear on customer bills

A.09-01-001 RMD/jt2  
**PARK WATER COMPANY**  
**ADOPTED QUANTITIES**  
**(Dollars in Thousands)**

ATTACHMENT C

RATE BASE SUMMARY

	<b>2010</b>	<b>2011</b>
AVERAGE BALANCES		
PLANT IN SERVICE	53,887.0	57,109.1
WORK IN PROGRESS	443.4	287.5
MATERIALS & SUPPLIES	214.3	222.8
WORKING CASH	1,003.1	891.7
SUBTOTAL	55,547.7	58,511.1
LESS:		
DEPRECIATION RESERVE	16,210.5	18,304.7
ADVANCES	1,425.8	1,403.9
CONTRIBUTIONS	4,843.1	4,801.1
UNAMORTIZED ITC	75.1	68.1
DEFERRED INCOME TAX	3,945.7	4,097.8
SUBTOTAL	26,500.3	28,675.6
PLUS:		
METHOD 5 ADJUSTMENT	16.4	13.4
NET DISTRICT RATE BASE	29,063.9	29,848.9
MAIN OFFICE ALLOCATION	679.7	521.1
TOTAL RATE BASE	29,743.6	30,370.0

Net-to-Gross Multiplier	1.774000
Uncollectible Rate	0.98%
Franchise Fee	0.41%
Federal Tax Rate	34.00%
State Tax Rate	8.84%

	2010	2011	2012
<b><u>Water Consumption (KC cf)</u></b>			
Domestic Water Sales	5,926.7	5,950.5	5,967.2
Unaccounted Domestic Water (2.0%)	121.0	121.4	121.8
Total Domestic Production	6,047.6	6,071.9	6,089.0

Reclaimed Water Sales	177.3	177.3	177.3
Unaccounted Water (0.0%)	0.0	0.0	0.0
Total Domestic Production	177.3	177.3	177.3

<b><u>Replenishment</u></b>			
Replenishment (A.F.)	2,670	2,681	2,688
Replenishment Rate (\$/A.F.)	181.85	181.85	181.85
Total Replenishment Charge	485,518	487,469	488,838

<b><u>Leased Water Rights</u></b>			
Leased Water (A.F.)	2,670	2,681	2,688
Cost per A.F.	130	130	130
Total Leased Water Rights Cost	347,085	348,479	349,458

<b><u>Purchased Power</u></b>			
Electric			
Total Cost (\$)	156,884	157,238	157,465
Total Kilowatts (kWhs)	1,465,316	1,470,776	1,474,252
Cost per Kilowatt Hour	\$0.10707	\$0.10691	\$0.10681

Gas			
Total Cost (\$)	51,117	51,117	51,117
Total Therms	50,499	50,499	50,499
Cost per Therm	\$1.01223	\$1.01223	\$1.01223

Total Purchased Power	208,001	208,355	208,582
-----------------------	---------	---------	---------

<b><u>Purchased Water</u></b>			
<u>Domestic Water</u>			
Central Basin MWD (A.F.)	11,214	11,259	11,290
Usage Rate per A.F.	\$781	\$781	\$781
Usage Cost (\$)	8,757,757	8,792,933	8,817,643
Minimum Flow Violation (A.F.)	18	18	18
Usage Rate per A.F.	\$781	\$781	\$781
Usage Cost (\$)	14,058	14,058	14,058
Monthly Service Charge (\$)	58,500	58,500	58,500
Monthly Capacity Reservation Charge (\$)	152,640	152,640	152,640
Total Domestic Water Cost (\$)	8,982,955	9,018,131	9,042,841

<u>Reclaimed Water (\$)</u>			
Reclaimed Water (A.F.)	407.11	407.11	407.11
Usage Rate per A.F. -1st 25 A.F.	73.16%	\$477.00	\$477.00
Usage Rate per A.F. -2nd 25 A.F.	26.27%	\$477.00	\$477.00
Usage Rate per A.F. -3rd 25 A.F.	0.57%	\$434.00	\$434.00

Total Reclaimed Water Cost (\$)	194,090	194,090	194,090
---------------------------------	---------	---------	---------

Total Purchased Water Cost (\$)	9,177,045	9,212,221	9,236,931
---------------------------------	-----------	-----------	-----------

A-09-01-001 BMD/12  
**PARK WATER COMPANY**  
**ADOPTED QUANTITIES**  
**TEST YEAR 2010**  
**(Dollars in Thousands)**

ATTACHMENT C

<u>INCOME TAX CALCULATIONS</u>	<u>PRESENT RATES</u>	<u>AT AUTHORIZED RATE OF RETURN</u>
OPERATING REVENUES	26,641.1	26,828.0
EXPENSES		
OPERATIONS & MAINTENANCE	13,667.9	13,667.9
UNCOLLECTIBLES .98%	261.1	262.9
ADMINISTRATIVE & GENERAL	6,604.3	6,604.3
FRANCHISE FEES .41%	109.2	110.0
AD VALOREM TAXES	387.6	387.6
PAYROLL TAXES	344.3	344.3
MEALS ADJUSTMENT	(8.3)	(8.3)
SUBTOTAL	21,366.1	21,368.7
DEDUCTIONS		
CA TAX DEPRECIATION	1,565.5	1,565.5
INTEREST	1,082.7	1,082.7
CA TAXABLE INCOME	2,626.8	2,811.1
CCFT @ 8.84%	232.2	248.5
DEDUCTIONS		
FED. TAX DEPRECIATION	1,202.8	1,202.8
INTEREST	1,082.7	1,082.7
CA TAX	232.2	232.2
QUALIFIED PROD. DEDUCTION	41.1	42.5
FIT TAXABLE INCOME	2,716.1	2,899.0
FIT (BEFORE ADJUSTMENT) 34.00%	923.5	985.7
PRORATED ADJUSTMENT		
INVESTMENT TAX CREDIT	(6.4)	(6.4)
NET FEDERAL INCOME TAX	917.1	979.3

**PARK WATER COMPANY  
ADOPTED QUANTITIES**

<u>Number of Customers</u>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Residential	25,443	25,504	25,565
Business	1,698	1,700	1,702
Business	27	28	28
Industrial	3	3	3
Industrial	2	2	2
Public Authority	147	149	150
Public Authority	51	51	52
Private Fire Service	148	151	154
Private Fire Service	27	28	28
Private Fire Hydrants	11	11	11
Resale	2	2	2
Temporary	5	5	5
Irrigation-Reclaimed	27	27	27
Total	27,591	27,661	27,729
<u>Water Sales (Ccfs)</u>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Residential bi-monthly	4,103,257	4,113,062	4,122,868
Business bi-monthly	1,091,183	1,092,597	1,094,012
Business monthly	299,754	310,856	310,856
Industrial bi-monthly	6,342	6,342	6,342
Industrial monthly	22,054	22,054	22,054
Public Authority bi-monthly	109,074	110,558	111,300
Public Authority monthly	242,709	242,709	247,468
Private Fire Service bi-monthly	1,779	1,779	1,779
Private Fire Service monthly	261	261	261
Private Fire Hydrants bi-monthly	0	0	0
Resale monthly	47,268	47,268	47,268
Temporary monthly	2,975	2,975	2,975
Irrigation-Reclaimed monthly	177,336	177,336	177,336
Total	6,103,992	6,127,797	6,144,519
<u>Consumption per Customer (Ccf per Customer)</u>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Residential bi-monthly	161.3	161.3	161.3
Business bi-monthly	642.8	642.8	642.8
Business monthly	11,102.0	11,102.0	11,102.0
Industrial bi-monthly	2,114.0	2,114.0	2,114.0
Industrial monthly	11,027.0	11,027.0	11,027.0
Public Authority bi-monthly	742.0	742.0	742.0
Public Authority monthly	4,759.0	4,759.0	4,759.0
Private Fire Service bi-monthly	1,779.0	1,779.0	1,779.0
Private Fire Service monthly	261.0	261.0	261.0
Private Fire Hydrants bi-monthly	0.0	0.0	0.0
Resale monthly	47,268.0	47,268.0	47,268.0
Temporary monthly	595.0	595.0	595.0
Irrigation-Reclaimed monthly	6,568.0	6,568.0	6,568.0

**MAIN OFFICE**  
**TEST YEAR 2010**  
**SUMMARY OF OPERATING EXPENSES**  
(Dollars In Thousands)

	<b>2010</b>
PAYROLL - CUSTOMERS	0.00
PAYROLL - MAINTENANCE	33.50
MAINTENANCE - OTHER	346.23
PAYROLL-CLEARINGS	17.11
CLEARINGS-OTHER	80.20
A & G PAYROLL	3,442.19
PAYROLL - BENEFITS (NON-P/R	877.37
INSURANCE	82.11
UNINSURED PROP. DAMAGE	0.30
REG. COM. EXPENSE	8.65
OUTSIDE SERVICES	477.38
OFFICE SUPPLIES	181.57
A & G TRANSFERRED	(15.20)
MISCELLANEOUS	43.67
PROPERTY TAXES	20.98
PAYROLL TAXES	204.36
DEPRECIATION	671.89
GRAND TOTAL	6,472.3
Allocation %	37.46%
CB Allocation	2,424.5

**MAIN OFFICE  
RATE BASE SUMMARY**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
MAIN OFFICE RATE BASE	2,237.8	1,814.4	1,391.0
<b><u>FOUR FACTOR ALLOCATION</u></b>			
Allocation %	37.46%	37.46%	37.46%
CB Allocation	838.3	679.7	521.1

(End of Attachment C)

# **ATTACHMENT D**

## **Joint Comparison Exhibit**



**FILED**

07-15-09  
04:59 PM

Exhibit B

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Park Water Company (U314W) for Authority to Increase Rates Charged for Water Service by \$1,479,580 or 5.99% in 2010, \$503,371 or 1.91% in 2011, and \$643,923 or 2.40% in 2012.

Application No. 09-01-001

**JOINT COMPARISON EXHIBIT OF**

**PARK WATER COMPANY**

**AND**

**DIVISION OF RATEPAYER ADVOCATES**

YOKE W. CHAN  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Phone: (415) 703-1909  
Fax: (415) 703-1758  
[ywc@cpuc.ca.gov](mailto:ywc@cpuc.ca.gov)

EDWARD N. JACKSON  
Park Water Company  
9750 Washburn Road  
Downey, CA 90241  
Phone: (562) 923-0711  
Fax: (562) 861-5902  
[ed.jackson@parkwater.com](mailto:ed.jackson@parkwater.com)

Project Manager for the DIVISION OF  
RATEPAYER ADVOCES

Project Manager for  
PARK WATER COMPANY

July 15, 2009

**TABLE OF CONTENTS**

<b>INTRODUCTION.....</b>	<b>1</b>
<b>RESOLVED ISSUES.....</b>	<b>1</b>
1.    Water Sales .....	2
2.    Billing Frequency – Monthly or Bi-Monthly.....	2
3.    Escalation Factors .....	2
4.    O&M Payroll Expense .....	3
5.    Purchased Water Expense.....	3
6.    Purchased Power Expense .....	3
7.    Chemicals Expense .....	4
8.    Operations-Other Expense .....	4
9.    Maintenance-Other Expense.....	4
10.   Customer Other Expense (Excluding Conservation).....	4
11.   Uncollectible Expense .....	5
12.   Clearings Other Expense.....	5
13.   Clearings Depreciation.....	5
14.   Conservation .....	6
15.   A&G Payroll Expense.....	6
16.   Office Expense.....	6
17.   Injuries & Damages/Insurance.....	6
18.   Employee Benefits .....	7
19.   Regulatory Commission Expense .....	7
20.   A&G Administrative Expense Transferred .....	7
21.   Outside Services.....	8
22.   Miscellaneous Expense .....	8
23.   Franchise Requirements.....	8
24.   Ad Valorem Taxes .....	8
25.   Payroll Taxes .....	9
26.   Income Taxes .....	9
27.   Grant Funded Projects.....	9
28.   Utility Plant Additions .....	10

**TABLE OF CONTENTS**

(continued)

29.	Depreciation Expense and Reserve.....	10
30.	Working Cash .....	11
31.	Deferred Taxes.....	11
32.	Well 9D Water Treatment Facility .....	11
33.	Low-Income Assistance Program .....	12
34.	Income Tax Rate Change Memorandum Account.....	12

**TABLES**

1.	2010 Summary of Earnings at Present Rates .....	13
2.	2010 Summary of Earnings at Proposed Rates .....	14
3.	2011 Summary of Earnings at Proposed Rates .....	15
4.	2012 Summary of Earnings at Proposed Rates .....	16
5.	2010 Income Tax Calculations at Present Rates .....	17
6.	2010 Income Tax Calculations at Proposed Rates .....	18
7.	2011 Income Tax Calculations at Proposed Rates .....	19
8.	2012 Income Tax Calculations at Proposed Rates .....	20
9.	2010 Rate Base Summary Comparison .....	21
10.	2011 Rate Base Summary Comparison .....	22
11.	Summary of Number of Customers .....	23
12.	Summary of Consumption per Customer .....	24
13.	Summary of Water Sales .....	25
14.	Costs to Implement Monthly Billing .....	26
15.	Impact of Escalation Factors.....	27

**JOINT COMPARISON EXHIBIT  
PARK WATER COMPANY &  
DIVISION OF RATEPAYER ADVOCATES**

## **INTRODUCTION**

This comparison exhibit, sponsored jointly by Park Water Company (Park) and the Division of Ratepayer Advocates (DRA), sets forth the final estimates (litigation positions) of both Parties as well as the settlement amounts.

Both Park and DRA have revised their estimates of the 2010 revenue requirements to reflect corrections and stipulations. Estimates of individual items may have been revised up or down but overall Park's request has decreased from 5.99% to 5.52% and DRA's has increased from 1.40% to 2.01%. The settlement provides for a rate increase for Park for 2010 of \$328,250 or a 1.33 % increase over present rates. The rate increase proposed by the settlement is lower than the revised estimates of both Parties due to the use of more recent escalation factors as described below in Section 3.

Included in this comparison exhibit are summary of earnings tables at present rate revenues (2010) and at Park's and DRA's proposed rate of return (2010, 2011 and 2012) providing the results of Park's and DRA's revised estimates as well as the settlement amounts by category. The summary of earnings tables for escalation years 2011 and 2012 are provided for informational purposes as required by the rate case plan (D.07-05-062, page A-12). Income tax tables are similarly provided at present rate revenues (2010) and at Park's and DRA's proposed rate of return (2010, 2011 and 2012). Rate base tables are provided for years 2010 and 2011. Tables are also provided for customers and water sales for years 2010, 2011 and 2012.

The differences between Park's and DRA's original and final estimates are due to the Parties' corrections, stipulations and resolution of sales, revenues, expense, tax and capital items through additional discussions held after the issuance of DRA's Results of Operations Report. The Parties have reached agreement on all sales, revenues, expense, tax and capital items as described in the Settlement Agreement. Details of the settlement estimates are contained in the Joint Motion to Approve Settlement Agreement and Settlement Agreement dated May 26, 2009.

## **RESOLVED ISSUES**

Park's estimates that were accepted by DRA and not identified as issues in DRA's Results of Operation Report are not discussed here but are identified in the Settlement Agreement.

1. Water Sales:

The Parties agree to use Park's estimate of sales forecasts as described in the Settlement Agreement.

Test Year 2010

	<u>Avg CCF per Customer (2010)</u>		
	Proposed		Settlement
	Park	DRA	
Residential bi-monthly	161	164	161

2. Billing Frequency – Monthly or Bi-Monthly:

The Parties agree that Park will not implement monthly billing in this rate case cycle as described in the Settlement Agreement. The expense/capital expenditures associated with a conversion to monthly billing are identified in Table 14.

3. Escalation Factors:

The Parties agree to use the memorandum published by DRA for May 31, 2009 to update the escalation factors as described in the Settlement Agreement. This results in revised estimates for all of Park's and DRA's expense estimates that are subject to the use of escalation factors (see Table 15).

	<u>Test Year 2010</u>		
	Proposed		Settlement
	Park	DRA	
Labor	4.0%	4.0%	(1.2)%
Composite	4.0%	4.0%	1.02%
CPI-U	4.0%	4.0%	(1.2)%

	<u>Escalation Year 2011</u>		
	Proposed		Settlement
	Park	DRA	
Labor	4.0%	4.0%	1.5%
Composite	4.0%	4.0%	2.04%
CPI-U	4.0%	4.0%	1.5%

Escalation Year 2012

	Proposed		Settlement
	Park	DRA	
Labor	4.0%	4.0%	2.40%
Composite	4.0%	4.0%	2.58%
CPI-U	4.0%	4.0%	2.40%

4. O&M Payroll Expense:

The Parties agree on the methodology to estimate the payroll expense as described in the Settlement Agreement. The Parties agree to recalculate the payroll expense using DRA's recommended adjustment to eliminate the 4 proposed positions associated with monthly billing. The Parties further agree that the existing meter reader position should be retained.

Test Year 2010

	Proposed (\$K)		Settlement (\$K)
	Park	DRA	
	2,357.4	2,168.9	2,099.7

5. Purchased Water Expense:

The Parties agree to use Park's estimate of purchased water expense as described in the Settlement Agreement.

Test Year 2010

	Proposed (\$K)		Settlement (\$K)
	Park	DRA	
	7,493.2	7,611.6	7,493.2

6. Purchased Power Expense:

The Parties agree to use DRA's estimate of purchased power expense as described in the Settlement Agreement.

Test Year 2010

	Proposed (\$K)		Revised (\$K)		Settlement (\$K)
	Park	DRA	Park	DRA	
	213.2	208.0	215.0	208.0	208.0

7. Chemicals Expense:

The Parties agree on the methodology to estimate the chemical expense as described in the Settlement Agreement. The Parties agree to use Park's estimate of chemical expense adjusted to remove \$2,209 in chemical expense for the treatment facility at Well 9D.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
11.4	12.4	18.3	12.4	9.2

8. Operations-Other Expense:

The Parties agree on the methodology to calculate the operations-other expense as described in the Settlement Agreement. The Parties agree to calculate the test year expense using the update of recorded expenses, adjusted to remove \$900 in uniform expense, adjusted to remove \$4,000 in permits, and adjusted for the stipulated escalation factors

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
202.6	198.8	209.5	199.7	183.4

9. Maintenance-Other Expense:

The Parties agree on the methodology to calculate the maintenance-other expense as described in the Settlement Agreement. The Parties agree to use DRA's estimate adjusted for the stipulated escalation factors.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
477.7	470.6	503.6	470.6	429.1

10. Customer Other Expense (Excluding Conservation):

The Parties agree on the methodology to calculate the customer other expense as described in the Settlement Agreement. The Parties agree to recalculate the test year expense using the updated five-year average, adjusted for a corrected estimate of payment processing expense and the use of stipulated escalation factors.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
464.8	326.2	417.9	212.3	218.5

11. Uncollectible Expense:

The Parties agree on the methodology to calculate the uncollectible expense. The Parties agree to use this percentage (0.98%) to calculate test year uncollectible expenses based on the stipulated 2010 revenue requirement.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
256.7	259.2	255.6	247.1	245.5

12. Clearings Other Expense:

The Parties agree on the methodology to calculate the clearings other expense as described in the Settlement Agreement. The Parties agree to recalculate the test year expense using the update of recorded expenses adjusted for the stipulated escalation factors.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
216.4	197.0	214.0	205.5	188.0

13. Clearings Depreciation:

The Parties agree on the methodology to calculate the clearings depreciation as described in the Settlement Agreement. The Parties agree to calculate the clearings depreciation using the stipulated utility plant in service.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
120.9	115.6	122.4	115.6	122.4

14. Conservation:

The Parties agree to use Park's estimate of conservation expenses as described in the Settlement Agreement. The Parties further agree to establish a one-way capped balancing account for conservation expenses and annual reporting requirements as described in the Settlement Agreement.

Test Year 2010

Proposed (\$K)		Settlement (\$K)
Park	DRA	
200.0	113.7	200.0

15. A&G Payroll Expense:

The Parties agree on the methodology to estimate the payroll expense as described in the Settlement Agreement. The Parties agree to recalculate the payroll expense using DRA's recommended adjustment to eliminate the 4 proposed positions associated with monthly billing. The Parties further agree that the existing meter reader position should be retained.

Test Year 2010

Proposed (\$K)		Settlement (\$K)
Park	DRA	
1,851.0	1,828.7	1,744.5

16. Office Expense:

The Parties agree on the methodology to estimate the office expense as described in the Settlement Agreement. The Parties agree to use DRA's estimate adjusted for the stipulated escalation factors.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
432.1	374.0	397.6	374.0	342.9

17. Injuries & Damages/Insurance:

The Parties agree on the methodology to estimate the injuries & damages/insurance expense as described in the Settlement Agreement. The Parties agree to use Park's methodology

to calculate workers' compensation and the business policy adjusted for the stipulated payroll expense and to use DRA's estimates for all other categories of insurance.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
875.2	785.9	876.6	785.9	832.0

18. Employee Benefits:

The Parties agree on the methodology to estimate the employee benefits expense as described in the Settlement Agreement. The Parties agree to recalculate the estimated test year expense using Park's methodology adjusted for the stipulated payroll expense.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
1,476.2	1,384.9	1,498.6	1,384.9	1,386.9

19. Regulatory Commission Expense:

The Parties agree to use Park's regulatory commission expense estimate as described in the Settlement Agreement.

Test Year 2010

Proposed (\$K)		Settlement (\$K)
Park	DRA	
121.3	67.2	121.3

20. A&G Administrative Expense Transferred:

The Parties agree on the methodology to calculate the administrative expense transferred as described in the Settlement Agreement. The Parties agree to calculate the administrative expense transferred using the stipulated plant in service.

Test Year 2010

Proposed (\$K)		Settlement (\$K)
Park	DRA	
(163.6)	(127.1)	(162.6)

21. Outside Services:

The Parties agree on the methodology to calculate the outside services expense as described in the Settlement Agreement. The Parties agree to use DRA's estimate adjusted for the stipulated escalation factors.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
193.6	187.3	187.3	187.3	177.6

22. Miscellaneous Expense:

The Parties agree on the methodology to calculate the miscellaneous expense as described in the Settlement Agreement. The Parties agree to use DRA's estimate adjusted for the stipulated escalation factors.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
90.2	79.5	79.5	79.5	72.9

23. Franchise Requirements:

The Parties agree on the methodology to calculate the franchise requirements. The Parties agree to use this percentage (.41%) to calculate test year franchise requirements based upon the stipulated 2010 revenue requirement.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
107.4	108.4	106.9	103.4	102.7

24. Ad Valorem Taxes:

The Parties agree on the methodology to calculate the ad valorem taxes as described in the Settlement Agreement. The Parties agree that the payroll taxes should be calculated using the stipulated payroll.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
389.3	403.3	392.0	381.2	387.6

25. Payroll Taxes:

The Parties agree on the methodology to calculate the payroll taxes as described in the Settlement Agreement. The Parties agree that the payroll taxes should be calculated using the stipulated payroll.

Test Year 2010

Proposed (\$K)		Settlement (\$K)
Park	DRA	
373.4	356.0	344.3

26. Income Taxes:

The Parties agree on the methodology to calculate the income taxes as described in the Settlement Agreement. The Parties agree that income taxes should be calculated consistent with all aspects of the Settlement.

Test Year 2010 – CA State

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
277.4	336.9	247.3	240.8	249.0

Test Year 2010 – Federal

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
1,042.2	1,320.6	1,010.9	954.4	985.1

27. Grant Funded Projects:

The Parties agree to Park's methodology as described in the Settlement Agreement. The Parties agree to include the grant funded utility plant additions in both utility plant in service and in Account 266, Publicly Funded Grant Plant.

28. Utility Plant Additions:

The Parties agree to the utility plant in service as described in the Settlement Agreement. The Parties agree to include the plant additions proposed by Park for Well 19C, San Luis Main Installation, the Replacement Well Project – Compton West, and vehicle replacements. The Parties agree to DRA’s recommended adjustments to printer costs and the Office Remodel.

Test Year 2010

Description	Proposed		Difference	Settlement
	Park	DRA		
Transportation Equip.	68,000	0	68,000	68,000
Off. Furn. & Equip.	24,300	20,000	4,300	3,300
Communication Equip.	246,000	204,000	42,000	246,000
Wells & Springs	1,232,064	0	1,232,064	1,239,756
Pumping Struct./Improv.	194,000	28,000	166,000	194,000
Pumping Equip.	51,000	28,000	23,000	51,000
Water Treatment Equip.	92,000	20,000	72,000	92,000
Gen. Plant Struct/Improv	55,000	34,000	21,000	55,000
Subtotal	1,962,364	334,000	1,628,364	1,949,056
All Other Projects	2,276,400	2,259,700	0	2,276,400
Total	4,238,764	2,593,700	1,628,364	4,225,456

Test Year 2011

Description	Proposed		Difference	Settlement
	Park	DRA		
Personal Computer Equip.	55,000	53,000	2,000	53,000
Wells & Springs	0	126,756	(126,756)	0
Subtotal	55,000	179,756	(124,756)	53,000
All Other Projects	2,807,200	2,781,200	0	2,807,200
Total	2,862,200	2,960,956	(124,756)	2,860,200

29. Depreciation Expense:

The Parties agree on the methodology to calculate the depreciation expense and reserve as described in the Settlement Agreement. The Parties agree to calculate the depreciation expense and reserve using the stipulated balances of plant in service.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
1,511.5	1,480.7	1,512.4	1,480.7	1,509.5

30. Working Cash:

The Parties agree on the methodology to calculate working cash as described in the Settlement Agreement. The Parties agree to calculate working cash using the revenue lag consistent with bi-monthly billing, stipulated expenses and utility plant in service consistent with the Commission's Standard Practice U-16.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
212.5	845.8	211.4	1009.3	1,003.1

31. Deferred Taxes:

The Parties agree on the methodology to calculate deferred taxes as described in the Settlement Agreement. The Parties agree to calculate the deferred taxes using the stipulated utility plant in service and bonus depreciation for 2008.

Test Year 2010

Proposed (\$K)		Revised (\$K)		Settlement (\$K)
Park	DRA	Park	DRA	
3,411.6	3,941.1	3,947.8	3,941.1	3,945.7

32. Well 9D Water Treatment Facility:

The Parties agree that Park should be authorized to file a rate base & expense advice letter to recover the capital-related and O&M expenses for the Well 9D Treatment Facility as described in the Settlement Agreement. The Parties agree that the recovery requested in the advice letter be capped at the project cost of \$2,019,000 as proposed in Park's application and \$66,000 in O&M expenses. The Parties further agree to reduce the test year expenses included in the application pertaining to the new treatment facility.

33. Low-Income Assistance Program:

There is no difference in the summary of earnings for this issue. The Parties agree to DRA's proposal to implement a surcredit to refund the balance (over collection) in the California Alternative Rates For Water (CARW) Revenue Reallocation Balancing Account.

34. Income Tax Rate Change Memorandum Account:

There is no difference in the summary of earnings for this issue. The Parties agree that Park is not authorized to implement an Income Tax Rate Change memorandum account to track the costs of state and federal tax increases brought about by any increase in tax rates in this proceeding.

**TABLE 1**  
**PARK WATER COMPANY**  
**2010**  
**SUMMARY OF EARNINGS**  
**PRESENT RATES**

	REVISED		
	Park	DRA	SETTLEMENT
OPERATING REVENUES	24,474,386	24,474,386	24,474,386
DEFERRED REVENUES	(454)	(454)	(454)
MISC. REV.	(244,554)	(244,554)	(244,554)
TOTAL REVENUES	24,719,394	24,719,394	24,719,394
OPERATIONS & MAINTENANCE			
PAYROLL-OPERATIONS	851,246	850,529	808,792
OPERATIONS-OTHER	209,468	199,696	183,442
PURCHASED WATER	7,493,237	7,611,601	7,493,237
PURCHASED POWER	215,001	208,001	208,001
LEASED WATER RIGHTS	347,085	347,085	347,085
REPLENISHMENT CHARGES	408,492	408,492	408,492
CHEMICALS	18,306	12,406	9,172
PAYROLL-CUSTOMER	1,001,189	822,112	813,572
CUSTOMERS-OTHER	617,672	326,022	418,475
UNCOLLECTIBLES .98%	242,250	242,250	242,250
PAYROLL-MAINTENANCE	367,497	359,550	346,915
MAINTENANCE-OTHER	503,576	470,576	429,068
PAYROLL-CLEARINGS	137,463	136,746	130,410
DEPRECIATION-CLEARINGS	122,427	115,600	122,427
CLEARINGS-OTHER	214,026	205,526	187,997
SUBTOTAL O & M	12,748,936	12,316,192	12,149,336
ADMINISTRATIVE & GENERAL			
PAYROLL	1,850,956	1,828,698	1,744,492
PAYROLL-BENEFITS	1,498,560	1,384,850	1,386,946
INSURANCE	876,560	785,871	832,012
UNINSURED PROP. DAMAGE	0	0	269
REG. COMM. EXPENSE	121,343	67,233	121,343
FRANCHISE REQUIREMENTS .41%	101,350	101,350	101,350
OUTSIDE SERVICES	187,246	187,246	177,603
OFFICE SUPPLIES	397,568	374,008	342,897
A & G TRANSFERRED	(163,605)	(127,130)	(162,605)
MISCELLANEOUS	79,485	79,485	72,910
RENTS			
<sup>1</sup> MAIN OFFICE ALLOCATION			
A & G EXPENSES	2,188,371	2,188,371	2,088,420
SUBTOTAL A & G	7,137,835	6,869,983	6,705,636
<sup>1</sup> AD VALOREM TAXES	391,976	381,205	387,635
<sup>1</sup> PAYROLL TAXES	373,388	356,009	344,302
RECOVER UNDERCOLLECTION			
<sup>1</sup> DEPRECIATION	1,512,352	1,480,669	1,509,497
CA INCOME TAX	128,257	197,557	220,352
FEDERAL INCOME TAXES	556,564	789,512	875,907
TOTAL EXPENSE	22,849,309	22,391,128	22,192,664
NET REVENUES	1,870,085	2,328,266	2,526,729
RATE BASE	28,984,863	28,607,129	29,743,564
RATE OF RETURN	6.45%	8.14%	8.50%

<sup>1</sup> DEPRECIATION, AD VALOREM AND PAYROLL TAXES FROM PARK'S MAIN OFFICE HAVE BEEN INCLUDED IN THE APPROPRIATE LINE ITEM OF EXPENSE.

PARK WATER COMPANY  
2010  
SUMMARY OF EARNINGS  
PROPOSED RATES

	REVISED		SETTLEMENT
	Park	DRA	
OPERATING REVENUES	25,840,036	24,970,081	24,802,636
DEFERRED REVENUES	(454)	(454)	(454)
MISC. REV.	(244,554)	(244,554)	(244,554)
TOTAL REVENUES	26,085,044	25,215,089	25,047,644
OPERATIONS & MAINTENANCE			
PAYROLL-OPERATIONS	851,246	850,529	808,792
OPERATIONS-OTHER	209,468	199,696	183,442
PURCHASED WATER	7,493,237	7,611,601	7,493,237
PURCHASED POWER	215,001	208,001	208,001
LEASED WATER RIGHTS	347,085	347,085	347,085
REPLENISHMENT CHARGES	408,492	408,492	408,492
CHEMICALS	18,306	12,406	9,172
PAYROLL-CUSTOMER	1,001,189	822,112	813,572
CUSTOMERS-OTHER	617,672	326,022	418,475
UNCOLLECTIBLES .98%	255,633	247,108	245,467
PAYROLL-MAINTENANCE	367,497	359,550	346,915
MAINTENANCE-OTHER	503,576	470,576	429,068
PAYROLL-CLEARINGS	137,463	136,746	130,410
DEPRECIATION-CLEARINGS	122,427	115,600	122,427
CLEARINGS-OTHER	214,026	205,526	187,997
SUBTOTAL O & M	12,762,319	12,321,050	12,152,552
ADMINISTRATIVE & GENERAL			
PAYROLL	1,850,956	1,828,698	1,744,492
PAYROLL-BENEFITS	1,498,560	1,384,850	1,386,946
INSURANCE	876,560	785,871	832,012
UNINSURED PROP. DAMAGE	311	311	269
REG. COMM. EXPENSE	121,343	67,233	121,343
FRANCHISE REQUIREMENTS .41%	106,949	103,382	102,695
OUTSIDE SERVICES	187,246	187,246	177,603
OFFICE SUPPLIES	397,568	374,008	342,897
A & G TRANSFERRED	(163,605)	(127,130)	(162,605)
MISCELLANEOUS	79,485	79,485	72,910
1 MAIN OFFICE ALLOCATION			
A & G EXPENSES	2,188,371	2,188,371	2,088,420
SUBTOTAL A & G	7,143,434	6,872,015	6,706,982
1 AD VALOREM TAXES	391,976	381,205	387,635
1 PAYROLL TAXES	373,388	356,009	344,302
1 DEPRECIATION	1,512,352	1,480,669	1,509,497
CA INCOME TAX	247,303	240,767	248,966
FEDERAL INCOME TAXES	1,010,862	954,411	985,103
TOTAL EXPENSE	23,441,635	22,606,127	22,335,037
NET REVENUES	2,643,409	2,608,962	2,712,607
RATE BASE	28,984,863	28,607,129	29,743,564
RATE OF RETURN	9.12%	9.12%	9.12%
1 DEPRECIATION, AD VALOREM AND PAYROLL TAXES FROM PARK'S MAIN OFFICE HAVE BEEN INCLUDED IN THE APPROPRIATE LINE ITEM OF EXPENSE.			

**TABLE 3**  
**PARK WATER COMPANY**  
**2011**  
**SUMMARY OF EARNINGS**  
**PROPOSED RATES**

	REVISED		
	Park	DRA	SETTLEMENT
OPERATING REVENUES	26,422,108	25,288,953	25,154,908
DEFERRED REVENUES	(332)	(332)	(332)
MISC. REV.	(244,554)	(244,554)	(244,554)
TOTAL REVENUES	26,666,994	25,533,839	25,399,794
OPERATIONS & MAINTENANCE			
PAYROLL-OPERATIONS	887,509	884,550	822,976
OPERATIONS-OTHER	218,392	207,684	187,652
PURCHASED WATER	7,521,837	7,640,535	7,521,837
PURCHASED POWER	208,355	208,355	208,355
LEASED WATER RIGHTS	348,479	348,479	348,479
REPLENISHMENT CHARGES	410,133	410,133	410,133
CHEMICALS	11,876	12,904	9,579
PAYROLL-CUSTOMER	1,043,840	854,996	827,840
CUSTOMERS-OTHER	643,985	339,063	428,080
UNCOLLECTIBLES .98%	261,337	250,232	248,918
PAYROLL-MAINTENANCE	383,152	373,932	352,999
MAINTENANCE-OTHER	524,841	489,223	438,815
PAYROLL-CLEARINGS	143,319	142,216	132,697
DEPRECIATION-CLEARINGS	129,840	119,599	129,840
CLEARINGS-OTHER	223,144	213,747	192,311
SUBTOTAL O & M	12,960,038	12,495,648	12,260,511
ADMINISTRATIVE & GENERAL			
PAYROLL	1,929,807	1,901,846	1,775,086
PAYROLL-BENEFITS	1,562,399	1,440,244	1,411,269
INSURANCE	913,902	817,306	846,603
UNINSURED PROP. DAMAGE	0	0	273
REG. COMM. EXPENSE	121,343	67,233	121,343
FRANCHISE REQUIREMENTS .41%	109,335	104,689	104,139
OUTSIDE SERVICES	195,223	194,736	180,718
OFFICE SUPPLIES	414,504	388,968	350,767
A & G TRANSFERRED	(166,486)	(166,486)	(166,390)
MISCELLANEOUS	82,871	82,665	74,583
RENTS			
<sup>1</sup> MAIN OFFICE ALLOCATION			
A & G EXPENSES	2,282,283	2,282,283	2,128,159
SUBTOTAL A & G	7,445,181	7,113,484	6,826,552
<sup>1</sup> AD VALOREM TAXES	418,894	398,939	413,323
<sup>1</sup> PAYROLL TAXES	388,815	369,979	350,203
<sup>1</sup> DEPRECIATION	1,567,409	1,508,742	1,564,079
CA INCOME TAX	243,050	229,096	249,392
FEDERAL INCOME TAXES	943,062	878,600	965,981
TOTAL EXPENSE	23,966,449	22,994,489	22,630,042
NET REVENUES	2,700,545	2,539,350	2,769,752
RATE BASE	29,611,252	27,843,694	30,370,018
RATE OF RETURN	9.12%	9.12%	9.12%

<sup>1</sup> DEPRECIATION, AD VALOREM AND PAYROLL TAXES FROM PARK'S MAIN OFFICE HAVE BEEN INCLUDED IN THE APPROPRIATE LINE ITEM OF EXPENSE.

## TABLE 4

PARK WATER COMPANY  
2012  
SUMMARY OF EARNINGS  
PROPOSED RATES

	REVISED		SETTLEMENT
	Park	DRA	
OPERATING REVENUES	27,100,209	25,650,209	25,604,209
DEFERRED REVENUES	(237)	(237)	(237)
MISC. REV.	(244,554)	(244,554)	(244,554)
TOTAL REVENUES	27,345,000	25,895,000	25,849,000
OPERATIONS & MAINTENANCE			
PAYROLL-OPERATIONS	925,317	919,932	844,834
OPERATIONS-OTHER	227,695	215,991	192,974
PURCHASED WATER	7,541,928	7,660,956	7,541,928
PURCHASED POWER	208,582	208,582	208,582
LEASED WATER RIGHTS	349,458	349,458	349,458
REPLENISHMENT CHARGES	411,286	411,286	411,286
CHEMICALS	12,377	12,377	9,988
PAYROLL-CUSTOMER	1,088,307	889,196	849,827
CUSTOMERS-OTHER	671,418	352,625	440,222
UNCOLLECTIBLES .98%	267,981	253,771	253,320
PAYROLL-MAINTENANCE	399,475	388,889	362,375
MAINTENANCE-OTHER	547,013	508,617	451,137
PAYROLL-CLEARINGS	149,424	147,904	136,221
DEPRECIATION-CLEARINGS	137,253	123,599	137,253
CLEARINGS-OTHER	232,650	222,297	197,766
SUBTOTAL O & M	13,170,164	12,665,480	12,387,173
ADMINISTRATIVE & GENERAL			
PAYROLL	2,012,016	1,977,920	1,822,232
PAYROLL-BENEFITS	1,628,957	1,497,854	1,448,753
INSURANCE	952,834	849,998	869,089
UNINSURED PROP. DAMAGE	0	0	280
REG. COMM. EXPENSE	121,343	67,233	121,343
FRANCHISE REQUIREMENTS .41%	112,115	106,170	105,981
OUTSIDE SERVICES	203,540	202,526	185,518
OFFICE SUPPLIES	432,162	404,527	360,717
A & G TRANSFERRED	(169,367)	(205,842)	(170,175)
MISCELLANEOUS	86,402	85,971	76,699
<sup>1</sup> MAIN OFFICE ALLOCATION			
A & G EXPENSES	2,392,043	2,392,043	2,199,593
SUBTOTAL A & G	7,772,045	7,378,400	7,020,029
<sup>1</sup> AD VALOREM TAXES	432,311	405,287	425,895
<sup>1</sup> PAYROLL TAXES	405,378	384,996	359,505
<sup>1</sup> DEPRECIATION	1,622,465	1,536,816	1,618,662
CA INCOME TAX	245,065	220,437	251,075
FEDERAL INCOME TAXES	941,106	832,948	961,237
TOTAL EXPENSE	24,588,534	23,424,363	23,023,576
NET REVENUES	2,756,466	2,470,637	2,825,424
RATE BASE	30,237,641	27,080,260	30,996,472
RATE OF RETURN	9.12%	9.12%	9.12%

<sup>1</sup> DEPRECIATION, AD VALOREM AND PAYROLL TAXES FROM PARK'S MAIN OFFICE HAVE BEEN INCLUDED IN THE APPROPRIATE LINE ITEM OF EXPENSE.

**TABLE 5**  
**PARK WATER COMPANY**  
**2010**  
**INCOME TAX CALCULATIONS**  
**PRESENT RATES (\$000)**

	REVISED		
	Park	DRA	SETTLEMENT
<sup>1</sup> OPERATING REVENUES	24,719,394	24,719,394	24,719,394
<sup>2</sup> EXPENSES			
OPERATIONS & MAINTENANCE	12,506,686	12,073,942	11,907,086
UNCOLLECTIBLES .98%	242,250	242,250	242,250
ADMINISTRATIVE & GENERAL	7,036,485	6,768,633	6,604,286
FRANCHISE FEES .41%	101,350	101,350	101,350
AD VALOREM TAXES	391,976	381,205	387,635
PAYROLL TAXES	373,388	356,009	344,302
<sup>6</sup> MEALS ADJUSTMENT	(8,810)	(8,810)	(8,321)
SUBTOTAL	20,643,325	19,914,579	19,578,588
DEDUCTIONS			
<sup>3</sup> CA TAX DEPRECIATION	1,570,144	1,528,707	1,565,475
<sup>4</sup> INTEREST	1,055,049	1,041,300	1,082,666
CA TAXABLE INCOME	1,450,876	2,234,808	2,492,666
CCFT @ 8.84%	128,257	197,557	220,352
DEDUCTIONS			
<sup>3</sup> FED. TAX DEPRECIATION	1,205,361	1,187,734	1,202,844
<sup>4</sup> INTEREST	1,055,049	1,041,300	1,082,666
CA TAX	128,257	197,557	220,352
QUALIFIED PROD. DEDUCTION	31,769	37,449	40,067
FIT TAXABLE INCOME	1,655,633	2,340,775	2,594,877
FIT (BEFORE ADJUSTMENT) 34.00%	562,915	795,863	882,258
PRORATED ADJUSTMENT			
<sup>5</sup> INVESTMENT TAX CREDIT	(6,351)	(6,351)	(6,351)
NET FEDERAL INCOME TAX	556,564	789,512	875,907

ATTACHMENT D  
TABLE 6PARK WATER COMPANY  
2010  
INCOME TAX CALCULATIONS  
PROPOSED RATES (\$000)

	REVISED		
	Park	DRA	SETTLEMENT
<sup>1</sup> OPERATING REVENUES	26,085,044	25,215,089	25,047,644
<sup>2</sup> EXPENSES			
OPERATIONS & MAINTENANCE	12,506,686	12,073,942	11,907,086
UNCOLLECTIBLES .98%	255,633	247,108	245,467
ADMINISTRATIVE & GENERAL	7,036,485	6,768,633	6,604,286
FRANCHISE FEES .41%	106,949	103,382	102,695
AD VALOREM TAXES	391,976	381,205	387,635
PAYROLL TAXES	373,388	356,009	344,302
<sup>6</sup> MEALS ADJUSTMENT	(8,810)	(8,810)	(8,321)
SUBTOTAL	20,662,308	19,921,470	19,583,150
DEDUCTIONS			
<sup>3</sup> CA TAX DEPRECIATION	1,570,144	1,528,707	1,565,475
<sup>4</sup> INTEREST	1,055,049	1,041,300	1,082,666
CA TAXABLE INCOME	2,797,543	2,723,613	2,816,353
CCFT @ 8.84%	247,303	240,767	248,966
DEDUCTIONS			
<sup>3</sup> FED. TAX DEPRECIATION	1,205,361	1,187,734	1,202,844
<sup>4</sup> INTEREST	1,055,049	1,041,300	1,082,666
CA TAX	128,257	197,557	220,352
QUALIFIED PROD. DEDUCTION	42,265	41,258	42,590
FIT TAXABLE INCOME	2,991,804	2,825,770	2,916,042
FIT (BEFORE ADJUSTMENT) 34.00%	1,017,213	960,762	991,454
PRORATED ADJUSTMENT			
<sup>5</sup> INVESTMENT TAX CREDIT	(6,351)	(6,351)	(6,351)
NET FEDERAL INCOME TAX	1,010,862	954,411	985,103

**TABLE 7**  
**PARK WATER COMPANY**  
**2011**  
**INCOME TAX CALCULATIONS**  
**PROPOSED RATES (\$000)**

	REVISED		
	Park	DRA	SETTLEMENT
<sup>1</sup> OPERATING REVENUES	26,666,994	25,533,839	25,399,794
<sup>2</sup> EXPENSES			
OPERATIONS & MAINTENANCE	12,698,702	12,245,417	12,011,593
UNCOLLECTIBLES .98%	261,337	250,232	248,918
ADMINISTRATIVE & GENERAL	7,335,846	7,008,796	6,722,413
FRANCHISE FEES .41%	109,335	104,689	104,139
AD VALOREM TAXES	418,894	398,939	413,323
PAYROLL TAXES	388,815	369,979	350,203
<sup>6</sup> MEALS ADJUSTMENT	(9,185)	(9,174)	(8,512)
SUBTOTAL	21,203,743	20,368,878	19,842,077
DEDUCTIONS			
<sup>3</sup> CA TAX DEPRECIATION	1,635,972	1,559,873	1,631,069
<sup>4</sup> INTEREST	1,077,850	1,013,510	1,105,469
CA TAXABLE INCOME	2,749,429	2,591,578	2,821,180
CCFT @ 8.84%	243,050	229,096	249,392
DEDUCTIONS			
<sup>3</sup> FED. TAX DEPRECIATION	1,303,126	1,267,631	1,300,165
<sup>4</sup> INTEREST	1,077,850	1,013,510	1,105,469
CA TAX	247,303	240,767	248,966
QUALIFIED PROD. DEDUCTION	42,581	40,256	43,317
FIT TAXABLE INCOME	2,792,392	2,602,797	2,859,801
FIT (BEFORE ADJUSTMENT) 34.00%	949,413	884,951	972,332
PRORATED ADJUSTMENT			
<sup>5</sup> INVESTMENT TAX CREDIT	(6,351)	(6,351)	(6,351)
NET FEDERAL INCOME TAX	943,062	878,600	965,981

**TABLE 8**  
**PARK WATER COMPANY**  
**2012**  
**INCOME TAX CALCULATIONS**  
**PROPOSED RATES (\$000)**

	REVISED		SETTLEMENT
	Park	DRA	
<sup>1</sup> OPERATING REVENUES	27,345,000	27,345,000	25,849,000
<sup>2</sup> EXPENSES			
OPERATIONS & MAINTENANCE	11,907,086	11,907,086	12,133,852
UNCOLLECTIBLES .98%	242,250	242,250	253,320
ADMINISTRATIVE & GENERAL	6,604,286	6,604,286	6,914,048
FRANCHISE FEES .41%	101,350	101,350	105,981
AD VALOREM TAXES	387,635	387,635	425,895
PAYROLL TAXES	344,302	344,302	359,505
<sup>6</sup> MEALS ADJUSTMENT	(8,321)	(8,321)	(8,753)
SUBTOTAL	19,578,588	19,578,588	20,183,848
DEDUCTIONS			
<sup>3</sup> CA TAX DEPRECIATION	1,565,475	1,565,475	1,696,663
<sup>4</sup> INTEREST	1,082,666	1,082,666	1,128,272
CA TAXABLE INCOME	2,492,666	2,492,666	2,840,217
CCFT @ 8.84%	220,352	220,352	251,075
DEDUCTIONS			
<sup>3</sup> FED. TAX DEPRECIATION	1,202,844	1,202,844	1,397,486
<sup>4</sup> INTEREST	1,082,666	1,082,666	1,128,272
CA TAX	220,352	220,352	249,392
QUALIFIED PROD. DEDUCTION	40,067	40,067	44,154
FIT TAXABLE INCOME	5,220,484	5,220,484	2,845,848
FIT (BEFORE ADJUSTMENT) 34.00%	1,774,964	1,774,964	967,588
PRORATED ADJUSTMENT			
<sup>5</sup> INVESTMENT TAX CREDIT	(6,351)	(6,351)	(6,351)
NET FEDERAL INCOME TAX	1,768,613	1,768,613	961,237

TABLE 9

PARK WATER COMPANY  
2010  
RATE BASE SUMMARY COMPARISON (\$000)

AVERAGE BALANCES	REVISED		SETTLEMENT
	Park	DRA	
PLANT IN SERVICE	53,925,280	50,976,999	53,887,030
WORK IN PROGRESS	443,378	126,756	443,378
MATERIALS & SUPPLIES	214,255	214,255	214,255
WORKING CASH	211,414	1,009,287	1,003,057
SUBTOTAL	54,794,327	52,327,297	55,547,720
LESS:			
DEPRECIATION RESERVE	16,213,724	16,087,323	16,210,493
ADVANCES	1,425,800	1,425,800	1,425,800
CONTRIBUTIONS	4,843,110	2,886,880	4,843,110
UNAMORTIZED ITC	75,138	75,138	75,138
DEFERRED INCOME TAX	3,947,808	3,941,141	3,945,730
SUBTOTAL	26,505,579	24,416,282	26,500,271
PLUS:			
METHOD 5 ADJUSTMENT	16,432	16,432	16,432
RESOURCES ADJUSTMENT			
NET DISTRICT RATE BASE	28,305,179	27,927,447	29,063,881
GENERAL OFFICE ALLOCATION	679,683	679,683	679,683
TOTAL RATE BASE	28,984,862	28,607,130	29,743,564

**TABLE 10**  
**PARK WATER COMPANY**  
**2011**  
**RATE BASE SUMMARY COMPARISON (\$000)**

AVERAGE BALANCES	REVISED		SETTLEMENT
	Park	DRA	
PLANT IN SERVICE	57,153,553	53,435,542	57,109,053
WORK IN PROGRESS	287,500	100,878	287,500
MATERIALS & SUPPLIES	222,825	222,825	222,825
WORKING CASH	98,830	78,481	891,729
SUBTOTAL	57,762,708	53,837,726	58,511,107
LESS:			
DEPRECIATION RESERVE	18,310,985	18,020,651	18,304,662
ADVANCES	1,403,930	1,403,930	1,403,930
CONTRIBUTIONS	4,801,077	2,955,072	4,801,077
UNAMORTIZED ITC	68,106	68,106	68,106
DEFERRED INCOME TAX	4,101,885	4,080,796	4,097,837
SUBTOTAL	28,685,983	26,528,555	28,675,612
PLUS:			
METHOD 5 ADJUSTMENT	13,433	13,433	13,433
RESOURCES ADJUSTMENT			
NET DISTRICT RATE BASE	29,090,158	27,322,604	29,848,928
GENERAL OFFICE ALLOCATION	521,090	521,090	521,090
TOTAL RATE BASE	29,611,248	27,843,694	30,370,018

TABLE 11

**PARK WATER COMPANY  
2010-2012  
SUMMARY OF NUMBER OF CUSTOMERS**

	2010	2011	2012
<b>Residential</b>	25,443	25,504	25,565
<b>Business Bi-Monthly</b>	1,698	1,700	1,702
<b>Business Monthly</b>	27	28	28
<b>Industrial Bi-Monthly</b>	3	3	3
<b>Industrial Monthly</b>	2	2	2
<b>Public Authority Bi-Monthly</b>	147	149	150
<b>Public Authority Monthly</b>	51	51	52
<b>Private Fire Bi-Monthly</b>	148	151	154
<b>Private Fire Monthly</b>	27	28	28
<b>Private Fire Hydrants</b>	11	11	11
<b>Resale</b>	2	2	2
<b>Temporary</b>	5	25	5
<b>Irrigation Reclaimed</b>	27	27	27
<b>Total</b>	27,591	27,661	27,729

**TABLE 12**

**PARK WATER COMPANY  
2010-2012  
SUMMARY OF CONSUMPTION PER CUSTOMER  
(Ccf PER YEAR)**

	2010	2011	2012
<b>Residential</b>	161.3	161.3	161.3
<b>Business Bi-Monthly</b>	642.8	642.8	642.8
<b>Business Monthly</b>	11,102.0	11,102.0	11,102.0
<b>Industrial Bi-Monthly</b>	2,114.0	2,114.0	2,114.0
<b>Industrial Monthly</b>	11,027.0	11,027.0	11,027.0
<b>Public Authority Bi-Monthly</b>	742.0	742.0	742.0
<b>Public Authority Monthly</b>	4,759.0	4,759.0	4,759.0
<b>Private Fire Bi-Monthly</b>	1,779.0	1,779.0	1,779.0
<b>Private Fire Monthly</b>	261.0	261.0	261.0
<b>Resale</b>	47,268.0	47,268.0	47,268.0
<b>Temporary</b>	595.0	595.0	595.0
<b>Irrigation-Reclaimed</b>	6,568.0	6,568.0	6,568.0

TABLE 13

**PARK WATER COMPANY  
2010-2012  
SUMMARY OF WATER SALES**

	2010	2011	2012
<b>Residential</b>	4,103,257	4,113,062	4,122,868
<b>Business Bi-Monthly</b>	1,091,183	1,092,597	1,092,012
<b>Business Monthly</b>	299,754	310,856	310,856
<b>Industrial Bi-Monthly</b>	6,342	6,342	6,342
<b>Industrial Monthly</b>	22,054	22,054	22,054
<b>Public Authority Bi-Monthly</b>	109,074	110,558	111,300
<b>Public Authority Monthly</b>	242,709	242,709	247,468
<b>Private Fire Bi-Monthly</b>	1,779	1,779	1,779
<b>Private Fire Monthly</b>	261	261	261
<b>Resale</b>	47,268	47,268	47,268
<b>Temporary</b>	2,975	2,975	2,975
<b>Irrigation-Reclaimed</b>	177,336	177,336	177,336
<b>Total</b>	6,103,992	6,127,797	6,144,519

ATTACHMENT D  
**TABLE 14**

PARK WATER COMPANY  
 COSTS TO IMPLEMENT MONTHLY BILLING  
 (Using Settlement Escalation)

<u>Expense</u>	2010
1. Employee Positions	
a. O&M Payroll	
Customer Service Rep (2)	72,955
Meter Reader (2)	71,236
b. A&G payroll - PTO/Holiday	
Customer Service Rep (2)	8,585
Meter Reader (2)	8,376
c. Payroll Taxes	
Customer Service Rep (2)	6,642
Meter Reader (2)	6,480
d. Workers' Compensation Insurance	1,683
e. Benefits	106,962
f. Insurance - Business Policy	15,909
g. Uniforms	900
2. Bank Fee	21,000
3. Postage	100,000
4. Mailing Services	56,000
5. Payment Processing	49,479
Total Expenses	526,207
 <u>Capital</u>	
7. Office Partitions	30,000
8. Conversion to monthly meter reading	21,000
9. Working Cash Revenue Lag Days	52

TABLE 15

**PARK WATER COMPANY  
SUMMARY OF EXPENSES (SUBJECT TO ESCALATION FACTORS)**

DESCRIPTION	<u>SETTLEMENT ESCALATION</u>	<u>PROPOSED ESCALATION<sup>1</sup></u>	Difference
	2010-Estimated	2010-Estimated	
PAYROLL – OPERATIONS	808,792	850,768	(41,976)
OPERATIONS – OTHER	183,442	195,568	(12,126)
PAYROLL – CUSTOMERS	813,572	855,737	(42,165)
CUSTOMERS – OTHER	418,475	436,937	(18,462)
PAYROLL – MAINTENANCE	346,915	362,199	(15,284)
MAINTENANCE – OTHER	429,068	471,989	(42,921)
PAYROLL-CLEARINGS	130,410	136,985	(6,575)
CLEARINGS-OTHER	187,997	205,526	(17,529)
A & G PAYROLL	1,744,492	1,833,111	(88,619)
UNINSURED PROP. DAMAGE	269	299	(30)
OUTSIDE SERVICES	177,603	187,246	(9,643)
OFFICE SUPPLIES	342,897	374,008	(31,111)
MISCELLANEOUS	72,910	79,485	(6,575)
RENTS	0	0	0
A & G EXPENSES (G.O. Allocation)	2,424,522	2,528,541	(104,019)
PAYROLL TAXES	267,748	278,997	(11,249)
<b>Total</b>	<u>8,349,112</u>	<u>8,797,397</u>	<u>(448,285)</u>

<sup>1</sup> Escalation Factors proposed in Park's Application

(End of Attachment D)