

Appendix A

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California Water Service Company
Chico DISTRICT
SUMMARY OF EARNINGS

SUMMARY OF EARNINGS AND RATES OF RETURN

Year 2005-2006
(DOLLARS IN THOUSANDS)

	<u>PRESENT RATES</u> 2005-6	<u>AT AUTHORIZED RATE OF RETURN</u> 2005-6
OPERATING REVENUES	\$ 11,141.8	\$ 12,021.7
Rate increase		\$ 879.9
 OPERATIONS EXPENSES		
PURCHASED WATER	\$ -	\$ -
GROUNDWATER EXTRACTION CHARGE	\$ -	\$ -
PURCHASED POWER	\$ 1,741.7	\$ 1,741.7
PURCHASED CHEMICALS	\$ 92.6	\$ 92.6
PAYROLL - DISTRICT	\$ 1,826.7	\$ 1,826.7
OTHER OPERATION & MAINTENANCE	\$ 813.9	\$ 813.9
UNCOLLECTIBLES	\$ 17.9	\$ 19.3
OTHER ADMIN & GENERAL EXP	\$ (18.9)	\$ (18.9)
 TOTAL O&M, A&G, AND MISC EXP	 \$ 4,474.0	 \$ 4,475.4
 TAXES OTHER THAN INCOME		
AD VALOREM TAXES	\$ 266.8	\$ 266.8
LOCAL FRANCHISE TAXES	\$ -	\$ -
BUSINESS LICENSE FEES	\$ 28.3	\$ 28.3
PAYROLL TAXES	\$ 139.1	\$ 139.1
 TOTAL GENERAL TAXES	 \$ 434.2	 \$ 434.2
 DEPRECIATION		
	\$ 1,714.3	\$ 1,714.3
 G.O. PRORATED EXPENSES		
PAYROLL AND BENEFITS	\$ 1,538.9	\$ 1,538.9
AD VALOREM TAXES	\$ 18.6	\$ 18.6
PAYROLL TAXES	\$ 63.8	\$ 63.8
OTHER PRORATED EXPENSES	\$ 837.7	\$ 837.7
 TOTAL G.O. PRORATED EXPENSES	 \$ 2,459.0	 \$ 2,459.0
 SUB-TOTAL OPERATING EXPENSES	 \$ 9,081.4	 \$ 9,082.8
 TOTAL INCOME TAXES	 \$ 464.7	 \$ 849.8
 TOTAL OPERATING EXPENSES	 <u>\$ 9,546.1</u>	 <u>\$ 9,932.7</u>
 NET OPERATING REVENUE	 \$ 1,595.7	 \$ 2,089.0
 DEPRECIATED RATE BASE	 \$ 24,650.6	 \$ 24,650.6
 RATE OF RETURN YEAR	 6.47%	 8.47%

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California Water Service Company
East Los Angeles District
SUMMARY OF EARNINGS

SUMMARY OF EARNINGS AND RATES OF RETURN

(DOLLARS IN THOUSANDS)

	PRESENT RATES 2005-6	AT AUTHORIZED RATE OF RETURN 2005-6
OPERATING REVENUES	\$ 18,403.8	\$ 18,627.8
Rate increase		\$ 224.0
OPERATIONS EXPENSES		
PURCHASED WATER	\$ 5,692.6	\$ 5,692.6
GROUNDWATER EXTRACTION CHARGE	\$ 991.0	\$ 991.0
PURCHASED POWER	\$ 549.7	\$ 549.7
PURCHASED CHEMICALS	\$ 69.0	\$ 69.0
PAYROLL - DISTRICT	\$ 2,127.3	\$ 2,127.3
OTHER OPERATION & MAINTENANCE	\$ 1,157.8	\$ 1,157.8
UNCOLLECTIBLES	\$ 37.1	\$ 37.5
OTHER ADMIN & GENERAL EXP	\$ 85.8	\$ 85.8
TOTAL O&M, A&G, AND MISC EXP	\$ 10,710.2	\$ 10,710.7
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	\$ 274.8	\$ 274.8
LOCAL FRANCHISE TAXES	\$ 293.0	\$ 296.0
BUSINESS LICENSE FEES	\$ 2.4	\$ 2.4
PAYROLL TAXES	\$ 159.2	\$ 159.2
TOTAL GENERAL TAXES	\$ 729.4	\$ 732.4
DEPRECIATION	\$ 1,241.9	\$ 1,241.9
G.O. PRORATED EXPENSES		
PAYROLL AND BENEFITS	\$ 1,720.0	\$ 1,720.0
AD VALOREM TAXES	\$ 20.8	\$ 20.8
PAYROLL TAXES	\$ 71.3	\$ 71.3
OTHER PRORATED EXPENSES	\$ 936.3	\$ 936.3
TOTAL G.O. PRORATED EXPENSES	\$ 2,748.4	\$ 2,748.4
SUB-TOTAL OPERATING EXPENSES	\$ 15,430.0	\$ 15,433.4
TOTAL INCOME TAXES	\$ 950.2	\$ 1,046.9
TOTAL OPERATING EXPENSES	\$ 16,380.1	\$ 16,480.2
NET OPERATING REVENUE	\$ 2,023.7	\$ 2,147.5
DEPRECIATED RATE BASE	\$ 25,342.0	\$ 25,342.0
RATE OF RETURN YEAR	7.99%	8.47%

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California Water Service Company
Livermore District
SUMMARY OF EARNINGS

SUMMARY OF EARNINGS AND RATES OF RETURN

(DOLLARS IN THOUSANDS)

	<u>PRESENT RATES</u>	<u>AT AUTHORIZED RATE OF RETURN</u>
	<u>2005-6</u>	<u>2005-6</u>
OPERATING REVENUES	\$ 11,612.5	\$ 11,544.9
Rate increase		\$ (67.6)
OPERATIONS EXPENSES		
PURCHASED WATER	\$ 4,801.4	\$ 4,801.4
GROUNDWATER EXTRACTION CHARGE	\$ -	\$ -
PURCHASED POWER	\$ 596.8	\$ 596.8
PURCHASED CHEMICALS	\$ 14.8	\$ 14.8
PAYROLL - DISTRICT	\$ 987.6	\$ 987.6
OTHER OPERATION & MAINTENANCE	\$ 639.4	\$ 639.4
UNCOLLECTIBLES	\$ 11.1	\$ 11.0
OTHER ADMIN & GENERAL EXP	\$ (3.2)	\$ (3.2)
TOTAL O&M, A&G, AND MISC EXP	\$ 7,047.8	\$ 7,047.8
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	\$ 153.6	\$ 153.6
LOCAL FRANCHISE TAXES	\$ -	\$ -
BUSINESS LICENSE FEES	\$ 115.3	\$ 115.6
PAYROLL TAXES	\$ 83.3	\$ 83.3
TOTAL GENERAL TAXES	\$ 352.2	\$ 352.5
DEPRECIATION	\$ 749.6	\$ 749.6
G.O. PRORATED EXPENSES		
PAYROLL AND BENEFITS	\$ 1,053.8	\$ 1,053.8
AD VALOREM TAXES	\$ 12.7	\$ 12.7
PAYROLL TAXES	\$ 43.7	\$ 43.7
OTHER PRORATED EXPENSES	\$ 573.6	\$ 573.6
TOTAL G.O. PRORATED EXPENSES	\$ 1,683.9	\$ 1,683.9
SUB-TOTAL OPERATING EXPENSES	\$ 9,833.6	\$ 9,833.8
TOTAL INCOME TAXES	\$ 460.7	\$ 431.0
TOTAL OPERATING EXPENSES	<u>\$ 10,294.3</u>	<u>\$ 10,264.8</u>
NET OPERATING REVENUE	\$ 1,318.2	\$ 1,280.1
DEPRECIATED RATE BASE	\$ 15,105.5	\$ 15,105.5
RATE OF RETURN		
YEAR	8.73%	8.47%

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California Water Service Company
Los Altos District

SUMMARY OF EARNINGS

SUMMARY OF EARNINGS AND RATES OF RETURN

(DOLLARS IN THOUSANDS)

	PRESENT RATES 2005-6	AT AUTHORIZED RATE OF RETURN 2005-6
OPERATING REVENUES	\$ 15,913.9	\$ 16,338.7
Rate increase		\$ 424.8
OPERATIONS EXPENSES		
PURCHASED WATER	\$ 4,970.6	\$ 4,970.6
GROUNDWATER EXTRACTION CHARGE	\$ 2,282.8	\$ 2,282.8
PURCHASED POWER	\$ 783.8	\$ 783.8
PURCHASED CHEMICALS	\$ 46.5	\$ 46.5
PAYROLL - DISTRICT	\$ 1,506.0	\$ 1,506.0
OTHER OPERATION & MAINTENANCE	\$ 816.6	\$ 816.6
UNCOLLECTIBLES	\$ 5.2	\$ 5.4
OTHER ADMIN & GENERAL EXP	\$ 30.7	\$ 30.7
TOTAL O&M, A&G, AND MISC EXP	\$ 10,442.2	\$ 10,442.4
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	\$ 240.3	\$ 240.3
LOCAL FRANCHISE TAXES	\$ 211.3	\$ 216.9
BUSINESS LICENSE FEES	\$ 0.2	\$ 0.2
PAYROLL TAXES	\$ 112.7	\$ 112.7
TOTAL GENERAL TAXES	\$ 564.6	\$ 570.1
DEPRECIATION	\$ 835.9	\$ 835.9
G.O. PRORATED EXPENSES		
PAYROLL AND BENEFITS	\$ 1,307.4	\$ 1,307.4
AD VALOREM TAXES	\$ 15.8	\$ 15.8
PAYROLL TAXES	\$ 54.2	\$ 54.2
OTHER PRORATED EXPENSES	\$ 711.7	\$ 711.7
TOTAL G.O. PRORATED EXPENSES	\$ 2,089.2	\$ 2,089.2
SUB-TOTAL OPERATING EXPENSES	\$ 13,931.9	\$ 13,937.6
TOTAL INCOME TAXES	\$ 573.6	\$ 757.4
TOTAL OPERATING EXPENSES	\$ 14,505.5	\$ 14,695.0
NET OPERATING REVENUE	\$ 1,408.3	\$ 1,643.7
DEPRECIATED RATE BASE	\$ 19,394.1	\$ 19,394.2
RATE OF RETURN		
YEAR	7.26%	8.47%

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SUMMARY OF EARNINGS

SUMMARY OF EARNINGS AND RATES OF RETURN

(DOLLARS IN THOUSANDS)

	<u>PRESENT RATES</u> 2005-6	<u>AT AUTHORIZED RATE OF RETURN</u> 2005-6
OPERATING REVENUES	\$ 21,716.7	\$ 21,637.5
Rate increase		\$ (79.2)
OPERATIONS EXPENSES		
PURCHASED WATER	\$ 9,023.2	\$ 9,023.2
GROUNDWATER EXTRACTION CHARGE	\$ -	\$ -
PURCHASED POWER	\$ 503.5	\$ 503.5
PURCHASED CHEMICALS	\$ 13.3	\$ 13.3
PAYROLL - DISTRICT	\$ 1,701.0	\$ 1,701.0
OTHER OPERATION & MAINTENANCE	\$ 1,302.9	\$ 1,302.9
UNCOLLECTIBLES	\$ 24.6	\$ 24.5
OTHER ADMIN & GENERAL EXP	\$ 55.0	\$ 55.0
TOTAL O&M, A&G, AND MISC EXP	\$ 12,623.3	\$ 12,623.2
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	\$ 309.7	\$ 309.7
LOCAL FRANCHISE TAXES	\$ -	\$ -
BUSINESS LICENSE FEES	\$ -	\$ -
PAYROLL TAXES	\$ 129.8	\$ 129.8
TOTAL GENERAL TAXES	\$ 439.5	\$ 439.5
DEPRECIATION	\$ 1,404.1	\$ 1,404.1
G.O. PRORATED EXPENSES		
PAYROLL AND BENEFITS	\$ 1,923.2	\$ 1,923.2
AD VALOREM TAXES	\$ 23.3	\$ 23.3
PAYROLL TAXES	\$ 79.8	\$ 79.8
OTHER PRORATED EXPENSES	\$ 1,046.9	\$ 1,046.9
TOTAL G.O. PRORATED EXPENSES	\$ 3,073.1	\$ 3,073.1
SUB-TOTAL OPERATING EXPENSES	\$ 17,540.0	\$ 17,539.9
TOTAL INCOME TAXES	\$ 1,309.4	\$ 1,274.7
TOTAL OPERATING EXPENSES	<u>\$ 18,849.4</u>	<u>\$ 18,814.6</u>
NET OPERATING REVENUE	\$ 2,867.3	\$ 2,822.9
DEPRECIATED RATE BASE	\$ 33,329.1	\$ 33,329.1
RATE OF RETURN		
YEAR	8.60%	8.47%

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California Water Service Company
Salinas District

SUMMARY OF EARNINGS

SUMMARY OF EARNINGS AND RATES OF RETURN

(DOLLARS IN THOUSANDS)

	PRESENT RATES 2005-6	AT AUTHORIZED RATE OF RETURN 2005-6
OPERATING REVENUES	\$ 12,811.1	\$ 16,116.8
Rate increase		\$ 3,305.7
OPERATIONS EXPENSES		
PURCHASED WATER	\$ 852.6	\$ 852.6
GROUNDWATER EXTRACTION CHARGE	\$ 40.5	\$ 40.5
PURCHASED POWER	\$ 1,534.7	\$ 1,534.7
PURCHASED CHEMICALS	\$ 152.2	\$ 152.2
PAYROLL - DISTRICT	\$ 2,112.4	\$ 2,112.4
OTHER OPERATION & MAINTENANCE	\$ 1,502.9	\$ 1,502.9
UNCOLLECTIBLES	\$ 20.0	\$ 25.2
OTHER ADMIN & GENERAL EXP	\$ 40.5	\$ 40.5
TOTAL O&M, A&G, AND MISC EXP	\$ 6,255.8	\$ 6,260.9
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	\$ 364.1	\$ 364.1
LOCAL FRANCHISE TAXES	\$ 38.9	\$ 48.9
BUSINESS LICENSE FEES	\$ 267.8	\$ 335.6
PAYROLL TAXES	\$ 157.7	\$ 157.7
TOTAL GENERAL TAXES	\$ 828.5	\$ 906.3
DEPRECIATION	\$ 1,926.1	\$ 1,926.1
G.O. PRORATED EXPENSES		
PAYROLL AND BENEFITS	\$ 1,655.9	\$ 1,655.9
AD VALOREM TAXES	\$ 20.0	\$ 20.0
PAYROLL TAXES	\$ 68.7	\$ 68.7
OTHER PRORATED EXPENSES	\$ 901.4	\$ 901.4
TOTAL G.O. PRORATED EXPENSES	\$ 2,646.1	\$ 2,646.1
SUB-TOTAL OPERATING EXPENSES	\$ 11,656.5	\$ 11,739.4
TOTAL INCOME TAXES	\$ 9.8	\$ 1,422.7
TOTAL OPERATING EXPENSES	\$ 11,666.3	\$ 13,162.1
NET OPERATING REVENUE	\$ 1,144.8	\$ 2,954.7
DEPRECIATED RATE BASE	\$ 34,867.3	\$ 34,867.3
RATE OF RETURN		
YEAR	3.28%	8.47%

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California Water Service Company
Stockton District
SUMMARY OF EARNINGS

SUMMARY OF EARNINGS AND RATES OF RETURN

(DOLLARS IN THOUSANDS)

	<u>PRESENT RATES</u> 2005-6	<u>AT AUTHORIZED RATE OF RETURN</u> 2005-6
OPERATING REVENUES	\$ 20,459.3 *	\$ 23,409.6
Rate increase		\$ 2,950.3
OPERATIONS EXPENSES		
PURCHASED WATER	\$ 4,515.5	\$ 4,515.5
GROUNDWATER EXTRACTION CHARGE	\$ 1,586.3	\$ 1,586.3
PURCHASED POWER	\$ 1,018.2	\$ 1,018.2
PURCHASED CHEMICALS	\$ 90.3	\$ 90.3
PAYROLL - DISTRICT	\$ 3,265.2	\$ 3,265.2
OTHER OPERATION & MAINTENANCE	\$ 1,411.8	\$ 1,411.8
UNCOLLECTIBLES	\$ 73.8	\$ 84.4
OTHER ADMIN & GENERAL EXP	\$ 203.3	\$ 203.3
TOTAL O&M, A&G, AND MISC EXP	\$ 12,164.3	\$ 12,175.0
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	\$ 335.6	\$ 335.6
LOCAL FRANCHISE TAXES	\$ 96.3	\$ 109.8
BUSINESS LICENSE FEES	\$ 3.4	\$ 3.9
PAYROLL TAXES	\$ 246.8	\$ 246.8
TOTAL GENERAL TAXES	\$ 682.1	\$ 696.1
DEPRECIATION	\$ 1,633.6	\$ 1,633.6
G.O. PRORATED EXPENSES		
PAYROLL AND BENEFITS	\$ 2,383.6	\$ 2,383.6
AD VALOREM TAXES	\$ 28.8	\$ 28.8
PAYROLL TAXES	\$ 98.9	\$ 98.9
OTHER PRORATED EXPENSES	\$ 1,297.6	\$ 1,297.6
TOTAL G.O. PRORATED EXPENSES	\$ 3,808.9	\$ 3,808.9
SUB-TOTAL OPERATING EXPENSES	\$ 18,288.9	\$ 18,313.6
TOTAL INCOME TAXES	\$ 541.9	\$ 1,824.5
TOTAL OPERATING EXPENSES	<u>\$ 18,830.8</u>	<u>\$ 20,138.0</u>
NET OPERATING REVENUE	\$ 1,628.5	\$ 3,271.5
DEPRECIATED RATE BASE	\$ 38,607.6	\$ 38,607.6
RATE OF RETURN		
YEAR	4.22%	8.47%

* Present rates include effect of Advice Letter 1708, approved May 18, 2005

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California Water Service Company
VISALIA DISTRICT
SUMMARY OF EARNINGS

SUMMARY OF EARNINGS AND RATES OF RETURN

(DOLLARS IN THOUSANDS)

	PRESENT RATES 2005-6	AT AUTHORIZED RATE OF RETURN 2005-6
OPERATING REVENUES	\$ 11,119.2	\$ 11,056.6
Rate increase		\$ (62.6)
 OPERATIONS EXPENSES		
PURCHASED WATER	\$ -	\$ -
GROUNDWATER EXTRACTION CHARGE	\$ -	\$ -
PURCHASED POWER	\$ 1,202.6	\$ 1,202.6
PURCHASED CHEMICALS	\$ 73.9	\$ 73.9
PAYROLL - DISTRICT	\$ 1,974.8	\$ 1,974.8
OTHER OPERATION & MAINTENANCE	\$ 952.4	\$ 952.4
UNCOLLECTIBLES	\$ 18.7	\$ 18.6
OTHER ADMIN & GENERAL EXP	\$ (89.3)	\$ (89.3)
 TOTAL O&M, A&G, AND MISC EXP	 \$ 4,133.1	 \$ 4,133.0
 TAXES OTHER THAN INCOME		
AD VALOREM TAXES	\$ 207.0	\$ 207.0
LOCAL FRANCHISE TAXES	\$ -	\$ -
BUSINESS LICENSE FEES	\$ 0.8	\$ 0.8
PAYROLL TAXES	\$ 159.7	\$ 159.7
 TOTAL GENERAL TAXES	 \$ 367.5	 \$ 367.5
 DEPRECIATION	 \$ 1,563.0	 \$ 1,563.0
 G.O. PRORATED EXPENSES		
PAYROLL AND BENEFITS	\$ 1,586.3	\$ 1,586.3
AD VALOREM TAXES	\$ 19.2	\$ 19.2
PAYROLL TAXES	\$ 65.8	\$ 65.8
OTHER PRORATED EXPENSES	\$ 863.5	\$ 863.5
 TOTAL G.O. PRORATED EXPENSES	 \$ 2,534.8	 \$ 2,534.8
 SUB-TOTAL OPERATING EXPENSES	 \$ 8,598.4	 \$ 8,598.3
 TOTAL INCOME TAXES	 \$ 758.6	 \$ 731.2
 TOTAL OPERATING EXPENSES	 \$ 9,357.0	 \$ 9,329.5
 NET OPERATING REVENUE	 \$ 1,762.3	 \$ 1,727.1
 DEPRECIATED RATE BASE	 \$ 20,385.6	 \$ 20,385.6
 RATE OF RETURN YEAR	 8.64%	 8.47%

(END OF APPENDIX A)

California Water Service Company
Chico District

Schedule No. CH-1

Chico-Hamilton City Tariff Area

General Metered Service

APPLICABILITY

Applicable to all metered water service

TERRITORY

Chico and Vicinity, Butte County and Hamilton City and vicinity, Glenn County

RATES

Quantity Rates:

Per 100 cu. ft.	\$0.5554	(I)
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Service Charge

For 5/8 x 3/4-inch meter	\$8.34	(I)
For 3/4-inch meter	12.51	
For 1-inch meter	20.85	
For 1-1/2-inch meter	41.70	
For 2-inch meter	64.31	
For 3-inch meter	114.39	
For 4-inch meter	163.24	
For 6-inch meter	272.06	
For 8-inch meter	415.52	
For 10-inch meter	919.58	
For 12-inch meter	1,319.39	
For 14-inch meter	1,799.21	(I)

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

SPECIAL CONDITIONS

1. Due to an under-collection in the balancing account, a surcharge of \$0.0266 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from September 28, 2004, the effective date of Advice Letter No. 1638.
2. Due to an over-collection in the balancing account, a surcredit of \$0.0170 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from the effective date of Advice Letter No. 1716.
3. Due to an under-collection in the General Office Synergies memorandum account, a surcharge of \$0.20 per month is to be added to all bills for 36 months from the effective date of the Decision in A.04-09-028
4. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

California Water Service Company
Chico District

Schedule No. CH-2R

Chico-Hamilton City Tariff Area

Residential Flat Rate Service

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Chico and Vicinity, Butte County and Hamilton City and vicinity, Glenn County

RATES

	<u>Per Service Connection per Month</u>	
For a single-family residential unit, including premises having the following areas:		
6,000 sq. ft., or less	\$26.54	(1)
6,001 to 10,000 sq. ft.	\$32.04	|
10,001 to 16,000 sq. ft.	\$39.54	|
16,001 to 25,000 sq. ft.	\$50.22	|
For each additional single-family residential unit on the same premises and served from the same service connection	\$18.72	(1)

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. CH-1, General Metered Service.
4. This Schedule is closed to all new connections as of Jan 20, 1992, the effective date of Advice Letter No. 1232.

5. Due to an under-collection in the balancing account, the following surcharges are to be applied to each bill for 24 months from September 28, 2004, the effective date of Advice Letter No. 1638-A.

	<u>Surcharge per Service Connection per Month</u>
For a single-family residential unit, including premises having the following areas:	
6,000 sq. ft., or less	\$0.65
6,001 to 10,000 sq. ft.	\$0.78
10,001 to 16,000 sq. ft.	\$0.96
16,001 to 25,000 sq. ft.	\$1.22
For each additional single-family residential unit on the same premises and served from the same service connection	\$0.46

6. Due to an over-collection in the balancing account, the following surcredits are to be applied to each bill for 12 months from the effective date of Advice Letter No. 1716

	<u>Surcredit per Service Connection per Month</u>
For a single-family residential unit, including premises having the following areas:	
6,000 sq. ft., or less	\$0.41
6,001 to 10,000 sq. ft.	\$0.50
10,001 to 16,000 sq. ft.	\$0.61
16,001 to 25,000 sq. ft.	\$0.78
For each additional single-family residential unit on the same premises and served from the same service connection	\$0.29

7. Due to an under-collection in the General Office Synergies memorandum account, a surcharge of \$0.20 per month is to be added to all bills for 36 months from the effective date of the Decision in A.04-09-028

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

California Water Service Company
Chico District

Schedule No. CH-4

Chico-Hamilton City Tariff Area

Private Fire Protection Service

APPLICABILITY

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

TERRITORY

Chico and Vicinity, Butte County and Hamilton City and vicinity, Glenn County

RATES

Per Month

For	1-1/2-inch service	9.75	(1)
For	2-inch service	13.00	|
For	3-inch service	19.50	|
For	4-inch service	26.00	|
For	6-inch service	39.00	|
For	8-inch service	52.00	|
For	10-inch service	65.00	|
For	12-inch service	78.00	|
For	14-inch service	91.00	(1)

SPECIAL CONDITIONS

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

California Water Service Company
East Los Angeles District

Schedule No. EL-1

East Los Angeles Tariff Area

General Metered Service

APPLICABILITY

Applicable to all metered water service

TERRITORY

East Los Angeles, Commerce and vicinity, Los Angeles County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$1.5610	(I)
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Service Charge

For	5/8 x 3/4-inch meter	\$11.75	(I)
For	3/4-inch meter	17.63	
For	1-inch meter	23.81	
For	1-1/2-inch meter	45.02	|
For	2-inch meter	59.97	|
For	3-inch meter	113.79	|
For	4-inch meter	165.39	|
For	6-inch meter	274.17	|
For	8-inch meter	414.10	|
For	10-inch meter	918.72	|
For	12-inch meter	1,938.75	|
For	14-inch meter	2,643.75	(I)

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

SPECIAL CONDITIONS

- | | |
|--|-----|
| | (D) |
| | (D) |
| 1. Due to an under-collection in the General Office Synergies memorandum account, a surcharge of \$0.23 per month is to be added to all bills for 36 months from the effective date of the Decision in A.04-09-028 | |
| 2. All bills are subject to the reimbursement fee set forth on Schedule No. UF. | |

California Water Service Company
East Los Angeles District

Schedule No. EL-4

East Los Angeles Tariff Area

Private Fire Protection Service

APPLICABILITY

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

TERRITORY

East Los Angeles, Commerce and vicinity, Los Angeles County.

RATES

Per Month

For	1-1/2-inch service	9.75	(I)
For	2-inch service	13.00	|
For	3-inch service	19.50	|
For	4-inch service	26.00	|
For	6-inch service	39.00	|
For	8-inch service	52.00	|
For	10-inch service	65.00	|
For	12-inch service	78.00	|
For	14-inch service	91.00	(I)

SPECIAL CONDITIONS

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

Tariff Schedules
California Water Service Company
Livermore District

Schedule No. LV-1

Livermore Tariff Area

General Metered Service

APPLICABILITY

Applicable to all metered water service

TERRITORY

Livermore and vicinity, Alameda County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$1.7257	(R)
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Service Charge

For 5/8 x 3/4-inch meter	\$8.18	(R)
For 3/4-inch meter	12.52	
For 1-inch meter	20.87	(R)
For 1-1/2-inch meter	38.00	
For 2-inch meter	52.50	
For 3-inch meter	97.00	
For 4-inch meter	160.00	
For 6-inch meter	265.00	
For 8-inch meter	667.75	(R)
For 10-inch meter	959.88	|
For 12-inch meter	1,377.22	|
For 14-inch meter	1,878.03	(R)

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

SPECIAL CONDITIONS

1. Any service to a residential customer not exceeding two units on a lot size of 10,000 square feet or less who requires a 1-inch meter only because of fire flow requirements to a fire sprinkler system will be billed at the above 5/8 x 3/4-inch meter service charge plus a 25% surcharge, which equals \$ 2.13 per month. (D)
2. Due to an under-collection in the balancing account, a surcharge of \$0.0602 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from September 28, 2004, the effective date of Advice Letter No. 1619-B (D)
3. Due to an under-collection in the General Office Synergies memorandum account, a surcharge of \$0.20 per month is to be added to all bills for 36 months from the effective date of the Decision in A.04-09-028 (N)
|
(N)
4. All bills are subject to the reimbursement fees set forth on Schedule No. UF (T)

Tariff Schedules
California Water Service Company
Los Altos-Suburban District

Schedule No. LS-1

Los Altos-Suburban Tariff Area

General Metered Service

APPLICABILITY

Applicable to all metered water service

TERRITORY

Los Altos and vicinity, Santa Clara County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$1.9636	(I)
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Service Charge

For 5/8 x 3/4-inch meter	\$10.25	(I)
For 3/4-inch meter	15.38	
For 1-inch meter	21.60	
For 1-1/2-inch meter	34.55	|
For 2-inch meter	53.99	|
For 3-inch meter	93.94	|
For 4-inch meter	129.58	|
For 6-inch meter	210.56	|
For 8-inch meter	336.90	|
For 10-inch meter	431.93	|
For 12-inch meter	619.71	|
For 14-inch meter	845.39	(I)

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

SPECIAL CONDITIONS

1. Customers who receive water deliveries for agricultural purposes under this schedule, and who present evidence to the utility that such deliveries qualify for the lower pump tax rates levied by Santa Clara Valley Water District for agricultural water, shall receive a credit of 50.1 cents per 100 cu. ft. on each water bill for the quantities of water used during the period covered by that bill. (D)
2. Due to an under-collection in the balancing account, a surcharge of \$0.0426 per 100 cu. ft. of water used is to be applied to the quantity rates for 36 months from the effective date of Advice Letter No. 1640-A. (D)
3. Due to an under-collection in the balancing account, a surcharge of \$0.0301 per 100 cu. ft. of water used is to be applied to the quantity rates for 36 months from the effective date of Advice Letter No. 1641-A.
4. Due to an under-collection in the General Office Synergies memorandum account, a surcharge of \$0.25 per month is to be added to all bills for 36 months from the effective date of the Decision in A.04-09-028 (N)
|
(N)
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

California Water Service Company
Los Altos-Suburban District

Schedule No. LS-4

Los Altos-Suburban Tariff Area

Private Fire Protection Service

APPLICABILITY

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

TERRITORY

Los Altos and vicinity, Santa Clara County.

RATES

Per Month

For	1-1/2-inch service	9.75	(1)
For	2-inch service	13.00	|
For	3-inch service	19.50	|
For	4-inch service	26.00	|
For	6-inch service	39.00	|
For	8-inch service	52.00	|
For	10-inch service	65.00	|
For	12-inch service	78.00	|
For	14-inch service	91.00	(1)

SPECIAL CONDITIONS

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

California Water Service Company
Mid-Peninsula District

Schedule No. MP-1

Mid-Peninsula Tariff Area

General Metered Service

APPLICABILITY

Applicable to all metered water service

TERRITORY

San Mateo, San Carlos and vicinity, San Mateo County

RATES

Quantity Rates:

Per 100 cu. ft.	\$2.1643	(R)
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Service Charge

For	5/8 x 3/4-inch meter	\$7.30
For	3/4-inch meter	10.95
For	1-inch meter	12.80
For	1-1/2-inch meter	.....	20.50
For	2-inch meter	.....	42.00
For	3-inch meter	.....	84.00
For	4-inch meter	.....	121.00
For	6-inch meter	.....	185.00
For	8-inch meter	.....	285.00
For	10-inch meter	.....	380.00
For	12-inch meter	.....	546.50
For	14-inch meter	.....	745.25

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

SPECIAL CONDITIONS

1. Due to an under-collection in the balancing account, a surcharge of \$0.0749 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from September 28, 2004, the effective date of Advice Letter No. 1629.
2. Due to an under-collection in the General Office Synergies memorandum account, a surcharge of \$0.19 per month is to be added to all bills for 36 months from the effective date of the Decision in A.04-09-028
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

California Water Service Company
Salinas District

Schedule No. SL-1

Salinas Tariff Area

General Metered Service

APPLICABILITY

Applicable to all metered water service

TERRITORY

Salinas and vicinity, Monterey County

RATES

Quantity Rates:

Per 100 cu. ft.	\$1.0911	(I)
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Service Charge

For	5/8 x 3/4-inch meter	\$10.30	
For	3/4-inch meter	15.45	
For	1-inch meter	25.75	(I)
For	1-1/2-inch meter	.....	48.24	|
For	2-inch meter	.....	74.29	|
For	3-inch meter	.....	142.81	|
For	4-inch meter	.....	257.50	|
For	6-inch meter	.....	515.00	|
For	8-inch meter	.....	704.93	|
For	10-inch meter	.....	1,184.50	(I)
For	12-inch meter	.....	1,699.50	(N)
For	14-inch meter	.....	2,317.50	(N)

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

SPECIAL CONDITIONS

1. Due to an under-collection in the balancing account, a surcharge of \$0.0361 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from April 27, 2004, the effective date of Advice Letter No. 1532-A.
2. Due to an under-collection in the balancing account, a surcharge of \$0.0505 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from September 28, 2004, the effective date of Advice Letter No. 1622.
3. Due to an under-collection in the balancing account, a surcharge of \$0.0397 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from September 28, 2004, the effective date of Advice Letter No. 1650.
4. Residential customers with 2-inch meters for fire sprinkler service only shall be charged the equivalent of a 5/8 x 3/4 -inch meter charge plus a 50% service charge surcharge of \$5.15. Determination of eligibility for this tariff condition will be determined by the utility at the customer's request.
5. Due to an under-collection in the General Office Synergies memorandum account, a surcharge of \$0.20 per month is to be added to all bills for 36 months from the effective date of the Decision in A.04-09-028
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

California Water Service Company
Stockton District

Schedule No. ST-1

Stockton Tariff Area

General Metered Service

APPLICABILITY

Applicable to all metered water service

TERRITORY

Stockton and vicinity, San Joaquin County

RATES

Quantity Rates:

For the first 30,000 cu. ft., per 100 cu. ft.	\$1.1645	(I)
For all over 30,000 cu. ft., per 100 cu. ft.	\$0.9868	(I)

Service Charge

For	5/8 x 3/4-inch meter	\$9.80	(I)
For	3/4-inch meter	14.70	|
For	1-inch meter	24.50	|
For	1-1/2-inch meter	49.00	|
For	2-inch meter	78.40	|
For	3-inch meter	147.00	|
For	4-inch meter	245.00	|
For	6-inch meter	473.02	|
For	8-inch meter	680.86	|
For	10-inch meter	1,127.00	|
For	12-inch meter	1,617.00	|
For	14-inch meter	2,205.00	(I)

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

SPECIAL CONDITIONS

1. Due to an under-collection in the balancing account, a surcharge of \$0.01585 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from November 22, 2004, the effective date of Advice Letter No. 1642-A.
2. Due to an under-collection in the balancing account, a surcharge of \$0.0295 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from November 22, 2004, the effective date of Advice Letter No. 1649-A.
3. Due to an under-collection in the balancing account, a surcharge of \$0.0325 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from the effective date of Advice Letter No. 1710.
4. Due to an under-collection in the General Office Synergies memorandum account, a surcharge of \$0.20 per month is to be added to all bills for 36 months from the effective date of the Decision in A.04-09-028
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

California Water Service Company
Stockton District

Schedule No. ST-4

Stockton Tariff Area

Private Fire Protection Service

APPLICABILITY

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

TERRITORY

Stockton and Vicinity, Butte County and Hamilton City and vicinity, Glenn County

RATES

Per Month

For	1-1/2-inch service	9.75	(1)
For	2-inch service	13.00	|
For	3-inch service	19.50	|
For	4-inch service	26.00	|
For	6-inch service	39.00	|
For	8-inch service	52.00	|
For	10-inch service	65.00	|
For	12-inch service	78.00	|
For	14-inch service	91.00	(1)

SPECIAL CONDITIONS

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

Tariff Schedules
California Water Service Company
Visalia District

Schedule No. VS-1

Visalia Tariff Area

General Metered Service

APPLICABILITY

Applicable to all metered water service

TERRITORY

Visalia and Vicinity, Tulare County

RATES

Quantity Rates:

Per 100 cu. ft. \$0.5102

Service Charge

For	5/8 x 3/4-inch meter	\$5.91	(R)
For	3/4-inch meter	8.86	(R)
For	1-inch meter	12.85	
For	1-1/2-inch meter	29.50	
For	2-inch meter	38.25	
For	3-inch meter	70.10	
For	4-inch meter	100.00	
For	6-inch meter	164.00	
For	8-inch meter	250.00	
For	10-inch meter	679.08	(R)
For	12-inch meter	974.33	|
For	14-inch meter	1,328.63	(R)

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

SPECIAL CONDITIONS

1. Due to an under-collection in the balancing account, a surcharge of \$0.0255 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from September 28, 2004, the effective date of Advice Letter No. 1637-A.
2. Due to an over-collection in the balancing account, a surcredit of \$0.0228 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from the effective date of Advice Letter No. 1711.
3. Due to an under-collection in the General Office Synergies memorandum account, a surcharge of \$0.16 per month is to be added to all bills for 36 months from the effective date of the Decision in A.04-09-028
4. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Tariff Schedules
California Water Service Company
Visalia District

Schedule No. VS-TL-1

Visalia Tariff Area
(Tulco Service Area)
General Metered Service

APPLICABILITY

Applicable to all metered water service

TERRITORY

Allen Acres, Tract No. 132 and vicinity, located 3 miles east of Tulare, Tulare County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$0.2967	(I)
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Service Charge

For	5/8 x 3/4-inch meter	\$7.80	(R)
For	3/4-inch meter	11.80	
For	1-inch meter	18.08	
For	1-1/2-inch meter	27.09	|
For	2-inch meter	34.31	(R)

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

SPECIAL CONDITIONS

1. Due to an under-collection in the balancing account, a surcharge of \$0.0255 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from September 28, 2004, the effective date of Advice Letter No. 1637-A.
2. Due to an over-collection in the balancing account, a surcredit of \$0.0228 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from the effective date of Advice Letter No. 1711.
3. Due to an under-collection in the General Office Synergies memorandum account, a surcharge of \$0.16 per month is to be added to all bills for 36 months from the effective date of the Decision in A.04-09-028
4. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Tariff Schedules
California Water Service Company
Visalia District

Schedule No. VS-EP-1

Visalia Tariff Area
(Eptco Service Area)
General Metered Service

APPLICABILITY

Applicable to all metered water service

TERRITORY

Tract No. 179 and vicinity, approximately 1 mile west of the city of Visalia, Tulare County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$0.2821	(I)
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Service Charge

For	5/8 x 3/4-inch meter	\$9.18	(R)
For	3/4-inch meter	13.77	
For	1-inch meter	22.32	
For	1-1/2-inch meter	45.91	|
For	2-inch meter	70.46	(R)

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

SPECIAL CONDITIONS

1. Due to an under-collection in the balancing account, a surcharge of \$0.0255 per 100 cu. ft. of water used is to be applied to the quantity rates for 24 months from September 28, 2004, the effective date of Advice Letter No. 1637-A.
2. Due to an over-collection in the balancing account, a surcredit of \$0.0228 per 100 cu. ft. of water used is to be applied to the quantity rates for 12 months from the effective date of Advice Letter No. 1711.
3. Due to an under-collection in the General Office Synergies memorandum account, a surcharge of \$0.16 per month is to be added to all bills for 36 months from the effective date of the Decision in A.04-09-028
4. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Tariff Schedules
California Water Service Company
Visalia District

Schedule No. VS-2R

Visalia Tariff Area

Residential Flat Rate Service

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Visalia and Vicinity, Tulare County

RATES

	<u>Per Service Connection per Month</u>	
For a single-family residential unit, including premises having the following areas:		
6,000 sq. ft., or less	\$15.51	(R)
6,001 to 10,000 sq. ft.	\$21.18	|
10,001 to 16,000 sq. ft.	\$26.90	|
16,001 to 25,000 sq. ft.	\$33.56	|
For each additional single-family residential unit on the same premises and served from the same service connection	\$12.93	(R)

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. VS-1, General Metered Service.
4. This Schedule is closed to all new connections as of Jan 20, 1992, the effective date of tariff sheet 4220-W.

5. Due to an under-collection in the balancing account, the following surcharges are to be applied to each bill for 24 months from September 28, 2004, the effective date of Advice Letter No. 1637-A.

	<u>Surcharge per Service Connection per Month</u>
For a single-family residential unit, including premises having the following areas:	
6,000 sq. ft., or less	\$0.43
6,001 to 10,000 sq. ft.	\$0.59
10,001 to 16,000 sq. ft.	\$0.75
16,001 to 25,000 sq. ft.	\$0.93
For each additional unit served from the same connection	\$0.36

6. Due to an over-collection in the balancing account, the following surcredits are to be applied to each bill for 12 months from the effective date of Advice Letter No. 1711

	<u>Surcredit per Service Connection per Month</u>
For a single-family residential unit, including premises having the following areas:	
6,000 sq. ft., or less	\$0.39
6,001 to 10,000 sq. ft.	\$0.53
10,001 to 16,000 sq. ft.	\$0.67
16,001 to 25,000 sq. ft.	\$0.83
For each additional unit served from the same connection	\$0.32

7. Due to an under-collection in the General Office Synergies memorandum account, a surcharge of \$0.16 per month is to be added to all bills for 36 months from the effective date of the Decision in A.04-09-028
8. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Tariff Schedules
California Water Service Company
Visalia District

Schedule No. VS-EP-2R

Visalia Tariff Area
(EPTCO Service Area)
Residential Flat Rate Service

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Tract No. 179 and vicinity, approximately 1 mile west of the city of Visalia, Tulare County.

RATES

	Per Service Connection per Month
For a single-family residential unit, including premises having the following areas:	
10,000 sq. ft., or less	\$18.23 (I)
For each additional 100 sq. ft. of premises in excess of 10,000 sq. ft.	\$0.102
For each additional single-family residential unit on the same premises and served from the same service connection	9.58 (I)
	(D)
	(D)
	(D)

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. Due to an under-collection in the balancing account, a surcharge of \$0.69 per service connection is to be applied to each bill for 24 months from September 28, 2004, the effective date of Advice Letter No. 1637-A.
4. Due to an over-collection in the balancing account, the following surcredits are to be applied to each bill for 12 months from the effective date of Advice Letter No. 1711
For a single-family residential unit, including premises
having the following areas:

6,000 sq. ft., or less	\$0.39
6,001 to 10,000 sq. ft.	\$0.53
10,001 to 16,000 sq. ft.	\$0.67
16,001 to 25,000 sq. ft.	\$0.83
For each additional unit served from the same connection	\$0.32
5. Due to an under-collection in the General Office Synergies memorandum account, a surcharge of \$0.16 per month is to be added to all bills for 36 months from the effective date of the Decision in A.04-09-028
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

Tariff Schedules
California Water Service Company
Visalia District

Schedule No. VS-TL-2R

Visalia Tariff Area
(TULCO Service Area)
Residential Flat Rate Service

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Tract No. 179 and vicinity, approximately 1 mile west of the city of Visalia, Tulare County.

RATES

For a single-family residential unit, including premises
having the following areas:

Per Service Connection
per Month

10,000 sq. ft., or less	\$23.85 (R)
For each additional 100 sq. ft. of premises in excess of 10,000 sq. ft.	\$0.173

SPECIAL CONDITIONS

- The above flat rates apply to service connections not larger than one inch in diameter.
- A meter shall be installed at the option of the utility, in which event service thereafter will be furnished only on the basis of Schedule No. VS-TL-1, General Metered Service.
- Due to an under-collection in the balancing account, a surcharge of \$0.69 per service connection is to be applied to each bill for 24 months from September 28, 2004, the effective date of Advice Letter No. 1637-A.
- Due to an over-collection in the balancing account, the following surcredits are to be applied to each bill for 12 months from the effective date of Advice Letter No. 1711
For a single-family residential unit, including premises
having the following areas:

6,000 sq. ft., or less	\$0.39
6,001 to 10,000 sq. ft.	\$0.53
10,001 to 16,000 sq. ft.	\$0.67
16,001 to 25,000 sq. ft.	\$0.83
For each additional unit served from the same connection	\$0.32
- Due to an under-collection in the General Office Synergies memorandum account, a surcharge of \$0.16 per month is to be added to all bills for 36 months from the effective date of the Decision in A.04-09-028
- All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(END OF APPENDIX B)

Chico District Bill Comparison *

2005-2006 Rates

Usage Ccf		Present Rates	Adopted Rates	Increase Amount	Percent Increase
0		\$ 8.00	\$ 8.34	\$ 0.34	4.25%
10		\$ 13.33	\$ 13.89	\$ 0.56	4.20%
20		\$ 18.66	\$ 19.45	\$ 0.79	4.23%
24	Avg	\$ 20.79	\$ 21.67	\$ 0.88	4.23%
30		\$ 23.99	\$ 25.00	\$ 1.01	4.21%
50		\$ 34.65	\$ 36.11	\$ 1.46	4.21%
Flat Rates					
6,000 sq. ft. or less		\$ 24.60	\$ 26.54	\$ 1.94	7.89%

* Metered comparison based on 5/8 x 3/4 inch service

Note: Rates do not include CPUC fees or other surcharges that may appear on customers bills.

East Los Angeles District Bill Comparison *

2005-2006 Rates

Usage Ccf		Present Rates	Adopted Rates	Increase Amount	Percent Increase
0		\$ 11.50	\$ 11.75	\$ 0.25	2.17%
10		\$ 27.03	\$ 27.36	\$ 0.33	1.22%
16.8	Avg	\$ 37.59	\$ 37.97	\$ 0.38	1.01%
20		\$ 42.56	\$ 42.97	\$ 0.41	0.96%
30		\$ 58.09	\$ 58.58	\$ 0.49	0.84%
50		\$ 89.16	\$ 89.80	\$ 0.64	0.72%

* Metered comparison based on 5/8 x 3/4 inch service

Note: Rates do not include CPUC fees or other surcharges that may appear on customers bills.

Livermore District Bill Comparison *

2005-2006 Rates

Usage Ccf		Present Rates	Adopted Rates	Increase Amount	Percent Increase
0		\$ 8.50	\$ 8.18	\$ -0.32	-3.76%
10		\$ 25.76	\$ 25.44	\$ -0.32	-1.24%
20		\$ 43.02	\$ 42.69	\$ -0.33	-0.77%
18.975	Avg	\$ 41.25	\$ 40.92	\$ -0.33	-0.80%
30		\$ 60.27	\$ 59.95	\$ -0.32	-0.53%
50		\$ 94.79	\$ 94.46	\$ -0.33	-0.35%

* Metered comparison based on 5/8 x 3/4 inch service

Note: Rates do not include CPUC fees or other surcharges that may appear on customers bills.

Los Altos-Suburban District Bill Comparison *

2005-2006 Rates

Usage Ccf		Present Rates	Adopted Rates	Increase Amount	Percent Increase
0		\$ 10.00	\$ 10.25	\$ 0.25	2.50%
10		\$ 29.24	\$ 29.89	\$ 0.65	2.22%
20		\$ 48.48	\$ 49.52	\$ 1.04	2.15%
24.3	Avg	\$ 56.77	\$ 57.98	\$ 1.21	2.13%
30		\$ 67.72	\$ 69.16	\$ 1.44	2.13%
50		\$ 106.20	\$ 108.43	\$ 2.23	2.10%

* Metered comparison based on 5/8 x 3/4 inch service

Note: Rates do not include CPUC fees or other surcharges that may appear on customers bills.

Mid-Peninsula District Bill Comparison *

2005-2006 Rates					
Usage Ccf		Present Rates	Adopted Rates	Increase Amount	Percent Increase
0		\$ 7.30	\$ 7.30	\$ -	0.00%
10		\$ 29.04	\$ 28.94	\$ -0.10	-0.34%
13.1	Avg	\$ 35.77	\$ 35.63	\$ -0.14	-0.39%
20		\$ 50.79	\$ 50.59	\$ -0.20	-0.39%
30		\$ 72.53	\$ 72.23	\$ -0.30	-0.41%
50		\$ 116.02	\$ 115.52	\$ -0.50	-0.43%

* Metered comparison based on 5/8 x 3/4 inch service

Note: Rates do not include CPUC fees or other surcharges that may appear on customers bills.

Salinas District Bill Comparison *

2005-2006 Rates					
Usage Ccf		Present Rates	Adopted Rates	Increase Amount	Percent Increase
0		\$ 10.30	\$ 10.30	\$ -	0.00%
10		\$ 18.84	\$ 21.21	\$ 2.37	12.58%
14.25	Avg	\$ 22.46	\$ 25.85	\$ 3.39	15.09%
20		\$ 27.37	\$ 32.12	\$ 4.75	17.35%
30		\$ 35.91	\$ 43.03	\$ 7.12	19.83%
50		\$ 52.98	\$ 64.85	\$ 11.87	22.40%

* Metered comparison based on 5/8 x 3/4 inch service

Note: Rates do not include CPUC fees or other surcharges that may appear on customers bills.

Stockton District Bill Comparison *

2005-2006 Rates					
Usage Ccf		Present Rates	Adopted Rates	Increase Amount	Percent Increase
0		\$ 8.90	\$ 9.80	\$ 0.90	10.11%
10		\$ 18.93	\$ 21.45	\$ 2.52	13.31%
16.9	Avg	\$ 25.80	\$ 29.43	\$ 3.63	14.07%
20		\$ 28.95	\$ 33.09	\$ 4.14	14.30%
30		\$ 38.98	\$ 44.74	\$ 5.76	14.78%
50		\$ 59.03	\$ 68.03	\$ 9.00	15.25%

* Metered comparison based on 5/8 x 3/4 inch service

Note: Rates do not include CPUC fees or other surcharges that may appear on customers bills.

Visalia District Bill Comparison *

2005-2006 Rates					
Usage Ccf		Present Rates	Adopted Rates	Increase Amount	Percent Increase
0		\$ 6.70	\$ 5.91	\$ -0.80	-11.87%
10		\$ 11.80	\$ 11.01	\$ -0.79	-6.69%
20		\$ 16.90	\$ 16.11	\$ -0.79	-4.67%
24.5	Avg	\$ 19.18	\$ 18.38	\$ -0.80	-4.17%
30		\$ 22.01	\$ 21.21	\$ -0.80	-3.63%
50		\$ 32.21	\$ 31.41	\$ -0.80	-2.48%
Flat Rates					
6,000 sq. ft. or less		\$ 15.60	\$ 15.51	\$ -0.09	-0.58%

* Metered comparison based on 5/8 x 3/4 inch service

Note: Rates do not include CPUC fees or other surcharges that may appear on customers bills.

(END OF APPENDIX C)

Appendix D
Adopted Quantities
Chico District
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Adopted Quantities

Number of Services by meter size:	2005-2006
5/8 x 3/4	11,000
3/4	-
1	2,558
1 1/2	309
2	973
3	101
4	37
6	6
8	-
10	-
TOTAL	14,984

Metered Sales, KCcf	
Potable	7,613.9

Number of Services and Use:

	<u>Avg Services</u>	<u>Use, KCcf</u>	<u>Avg Use, Ccf/Sv/Mo</u>
	2005-2006	2005-2006	2005-2006
Residential	10,907	3,141.2	24.0
Business	3,223	2,594.8	67.1
Multi-family	426	1,157.1	226.3
Industrial	36	178.1	412.3
Public Authority	344	523.5	126.8
Other	48	19.2	33.3
Sub-Total	<u>14,984</u>	<u>7,613.9</u>	
Residential Flat	11,184	4,743.8	
Private Fire Prot.	308		
Public Fire Prot.	31		
TOTAL	<u>26,507</u>	<u>12,357.7</u>	
Losses, 8.00%		1,074.6	
Total Production		<u>13,432.3</u>	

Appendix D
Adopted Quantities
Chico District
Page 2 of 7

ADOPTED RATE BASE
(DOLLARS IN THOUSANDS)

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	\$79,427.9	\$84,550.4	\$89,672.9
MATERIALS AND SUPPLIES	138.8	138.8	\$138.8
WORKING CASH - LEAD - LAG	56.5	58.6	\$60.7
WORKING CASH - W / H EMPLOYEES	(3.7)	(3.7)	(\$3.7)
WTD. AVG. DEPRECIATION RESERVE	(19,620.0)	(21,445.0)	(\$23,270.0)
ADVANCES FOR CONSTRUCTION	(23,940.6)	(25,468.2)	(\$26,995.8)
CONTRIBUTIONS	(6,819.0)	(6,918.6)	(\$7,018.2)
AMORTIZATION OF INTANG.	(26.6)	(29.0)	(\$31.4)
DEFERRED TAXES	(7,390.7)	(7,664.7)	(\$7,938.7)
UNAMORT. I.T.C.	(141.5)	(136.4)	(\$131.3)
PRORATED G.O. RATE BASE	1,264.9	1,312.5	\$1,360.1
TAXES ON ADVANCES	1,176.1	1,184.3	\$1,192.5
TAXES ON C.I.A.C.	528.4	507.0	\$485.6
WTG. AVG. RATE BASE	\$24,650.5	\$26,086.0	\$27,521.5

Appendix D
Adopted Quantities
Chico District
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INCOME TAX CALCULATION
(DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PRESENT RATES)	11,141.8
EXPENSES	
PURCHASED WATER	0.0
PURCHASED POWER	1,741.7
PUMP TAXES	0.0
CHEMICALS	92.6
PAYROLL	1,826.7
OTHER O & M	813.9
OTHER A & G	(18.8)
G.O. PRORATIONS	2,459.0
PAYROLL TAXES	139.1
AD VALOREM TAXES	266.8
UNCOLLECTIBLES	17.9
FRANCHISE TAX & BUS LIC. FEES	28.3
TRANSPORTATION DEPRECIATION ADJUSTMENT	(72.2)
INTEREST EXPENSE	745.0
TOTAL DEDUCTIONS	8,040.0
STATE INCOME TAX	
STATE TAX DEPRECIATION	2,788.5
NET STATE TAXIBLE INCOME	313.3
STATE CORP. FRANCHISE TAX @ 8.84%	27.7
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	1,822.1
STATE INCOME TAX	27.7
LESS PREFERRED STOCK DIVIDEND	3.4
NET FEDERAL TAXIBLE INCOME	1,248.6
FEDERAL INCOME TAX @ 35.00%	437.0
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	437.0
TOTAL INCOME TAXES	464.7

Appendix D
Adopted Quantities
Chico District
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INCOME TAX CALCULATION
(DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PROPOSED RATES)	12,021.4
EXPENSES	
PURCHASED WATER	0.0
PURCHASED POWER	1,741.7
PUMP TAXES	0.0
CHEMICALS	92.6
PAYROLL	1,826.7
OTHER O & M	813.9
OTHER A & G	(18.8)
G.O. PRORATIONS	2,459.0
PAYROLL TAXES	139.1
AD VALOREM TAXES	266.8
UNCOLLECTIBLES	19.3
FRANCHISE TAX & BUS LIC. FEES	28.3
TRANSPORTATION DEPRECIATION ADJUSTMENT	(72.2)
INTEREST EXPENSE	745.0
TOTAL DEDUCTIONS	8,041.4
STATE INCOME TAX	
STATE TAX DEPRECIATION	2,788.5
NET STATE TAXIBLE INCOME	1,191.5
STATE CORP. FRANCHISE TAX @ 8.84%	105.3
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	1,822.1
STATE INCOME TAX	27.7
LESS PREFERRED STOCK DIVIDEND	3.4
NET FEDERAL TAXIBLE INCOME	2,126.8
FEDERAL INCOME TAX @ 35.00%	744.4
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	744.4
TOTAL INCOME TAXES	849.7

Appendix D
Adopted Quantities
Chico District
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ADOPTED QUANTITIES

2005-2006
(DOLLARS IN THOUSANDS)

PURCHASED POWER

See Detailed Adopted quantities for Power

Net-to-Gross Multiplier

UNCOLLECTABLES RATE	0.16078%
FRANCHISE TAX RATE	0.00000%
BUSINESS LICENSE FEE RATE	0.00000%
FEDERAL TAX RATE	35.00%
STATE CORP. FRANCHISE TAX	8.84%
NET TO GROSS MULTIPLIER	1.78349

**Appendix D
Adopted Quantities
Chico District
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DETAIL POWER COSTS

Total Adopted Kilowatt-Hours		13,233,294
Total Adopted Cost		\$ 1,741,700
Total Adopted cost per kWh		\$ 0.1316

Estimated A-1

Total Stations	12	
Service Charge	10.8221625	per meter per month
Total Service Charge		\$ 1,558.39

Total Kilowatt-hours	404,729				
		% of use	kWh		Cost
Summer Rate	0.1805	0.6884	278,617	\$	50,288
Winter Rate	0.1187	0.3116	126,112	\$	14,968
 Total Cost, A-1 Service				 \$	 66,814

Estimated A-6

Total Stations	21	
Service charge	16.92	per meter per month
Total Service Charge		\$ 4,263.84

Total Kilowatt-Hours	3,408,758				
		% of use	kWh		Cost
sum pk	0.2762	0.1308	445,855	\$	123,155
sum ppk	0.1283	0.1446	492,787	\$	63,235
sum op	0.0806	0.4130	1,407,963	\$	113,541
win ppk	0.1398	0.1246	424,861	\$	59,390
win op	0.0946	0.1870	637,292	\$	60,288
 Total Cost, A-6 Service				 \$	 423,874

Appendix E
Adopted Quantities
East Los Angeles District
Page 1 of 5

Adopted Quantities

Number of Services by meter size:	2005-2006	
	5/8 x 3/4	22,026
	3/4	-
	1	2,813
	1 1/2	328
	2	609
	3	122
	4	46
	6	26
	8	2
	10	-
	TOTAL	25,971

Metered Sales, KCcf	
Potable	8,532.2

Number of Services and Use:

	Avg Services 2005-2006	Use, KCcf 2005-2006	Avg Use, Ccf/Sv/Mo 2005-2006
Residential	20,393	4,111.2	16.8
Business	4,983	2,629.3	44.0
Multi-family	136	191.4	117.3
Industrial	125	880.7	587.1
Public Authority	321	712.8	185.1
Other	15	6.7	37.4
Sub-Total	25,973	8,532.2	
Private Fire Prot.	575		
Public Fire Prot.	41		
TOTAL	26,589	8,532.2	
Losses, 5.69%		515.2	
Total Production		9,047.4	

Appendix E
Adopted Quantities
East Los Angeles District
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ADOPTED RATE BASE
(DOLLARS IN THOUSANDS)

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	\$52,642.8	\$55,510.3	\$58,377.8
MATERIALS AND SUPPLIES	164.9	164.9	\$164.9
WORKING CASH - LEAD - LAG	84.9	104.7	\$124.5
WORKING CASH - W / H EMPLOYEES	(4.2)	(4.2)	(\$4.2)
WTD. AVG. DEPRECIATION RESERVE	(21,461.8)	(22,773.9)	(\$24,086.0)
ADVANCES FOR CONSTRUCTION	(167.0)	(159.4)	(\$151.8)
CONTRIBUTIONS	(3,584.0)	(3,516.8)	(\$3,449.6)
AMORTIZATION OF INTANG.	(107.2)	(117.4)	(\$127.6)
DEFERRED TAXES	(3,763.4)	(3,854.8)	(\$3,946.2)
UNAMORT. I.T.C.	(140.5)	(134.7)	(\$128.9)
PRORATED G.O. RATE BASE	1,414.0	1,467.0	\$1,520.0
TAXES ON ADVANCES	0.0	0.0	\$0.0
TAXES ON C.I.A.C.	263.6	250.8	\$238.0
WTG. AVG. RATE BASE	\$25,342.1	\$26,936.5	\$28,530.9

Appendix E
Adopted Quantities
East Los Angeles District
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INCOME TAX CALCULATION
(DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PRESENT RATES)	18,403.8
EXPENSES	
PURCHASED WATER	5,693.3
PURCHASED POWER	549.7
PUMP TAXES	991.0
CHEMICALS	69.3
PAYROLL	2,127.3
OTHER O & M	1,157.9
OTHER A & G	84.4
G.O. PRORATIONS	2,748.4
PAYROLL TAXES	159.2
AD VALOREM TAXES	274.8
UNCOLLECTIBLES	37.1
FRANCHISE TAX & BUS LIC. FEES	295.4
TRANSPORTATION DEPRECIATION ADJUSTMENT	(81.2)
INTEREST EXPENSE	763.0
TOTAL DEDUCTIONS	14,869.5
STATE INCOME TAX	
STATE TAX DEPRECIATION	1,507.5
NET STATE TAXIBLE INCOME	2,026.7
STATE CORP. FRANCHISE TAX @ 8.84%	179.2
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	1,148.4
STATE INCOME TAX	179.2
LESS PREFERRED STOCK DIVIDEND	3.4
NET FEDERAL TAXIBLE INCOME	2,203.2
FEDERAL INCOME TAX @ 35.00%	771.1
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	771.1
TOTAL INCOME TAXES	950.3

Appendix E
Adopted Quantities
East Los Angeles District
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INCOME TAX CALCULATION
(DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PROPOSED RATES)	18,627.9
EXPENSES	
PURCHASED WATER	5,693.3
PURCHASED POWER	549.7
PUMP TAXES	991.0
CHEMICALS	69.3
PAYROLL	2,127.3
OTHER O & M	1,157.9
OTHER A & G	84.4
G.O. PRORATIONS	2,748.4
PAYROLL TAXES	159.2
AD VALOREM TAXES	274.8
UNCOLLECTIBLES	37.5
FRANCHISE TAX & BUS LIC. FEES	299.0
TRANSPORTATION DEPRECIATION ADJUSTMENT	(81.2)
INTEREST EXPENSE	763.0
TOTAL DEDUCTIONS	14,873.5
STATE INCOME TAX	
STATE TAX DEPRECIATION	1,507.5
NET STATE TAXIBLE INCOME	2,246.9
STATE CORP. FRANCHISE TAX @ 8.84%	198.6
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	1,148.4
STATE INCOME TAX	179.2
LESS PREFERRED STOCK DIVIDEND	3.4
NET FEDERAL TAXIBLE INCOME	2,423.4
FEDERAL INCOME TAX @ 35.00%	848.2
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	848.2
TOTAL INCOME TAXES	1,046.8

Appendix E
Adopted Quantities
East Los Angeles District
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2005-2006
(DOLLARS IN THOUSANDS)

PURCHASED POWER	
SUPPLIER - SCE - Rates Effective 2/1/2004	
Total Production (kccf)	9,047.4
Kwh / ccf	655.0
Total calculated KWH	5,926,840
Unit Cost	\$0.0928
Power Cost	\$549,734
TOTAL PURCHASED POWER	\$549.7
PURCHASED WATER (CENTRAL & WEST BASIN W.D.)	
PURCHASED WATER PRODUCTION - KCCF	5,780.4
PURCHASED WATER PRODUCTION - ACRE FEET	13,270.1
TIER 1 - ACRE FEET	13,270.1
TIER 1 - RATE \$ per ACRE FOOT	\$488.00
TIER 1 - QUANTITY CHARGES	\$6,475,809
METER CHARGES CHR.G. @ 1500 MONTH	\$18,000
CAPACITY RESERVATION CHARGES @ \$11,400 /Mo	\$161,120
TOTAL CHARGES	\$6,654,929
UNPUMPED WATER RIGHTS LEASED - ACRE FEET	4,274.0
ESTIMATE PER ACRE FEET FOR LEASING	\$225
CREDIT TO PURCHASED WATER FROM LEASING UNUSED WATER RIGHTS	(\$961,650)
TOTAL PURCHASED WATER COST	\$5,693.3
PUMP TAXES (WATER REPLENISHMENT DISTRICT)	
WELL WATER PRODUCTION - ACRE FEET	7,500.0
UNIT COST - ACRE FEET	\$128.25
TOTAL GROUNDWATER CHARGES	\$961,875
ANNUAL WATERMASTER SERVICE	\$29,080
TOTAL PUMP TAX EXPENSE	\$991.0
UNCOLLECTABLES RATE	0.20145%
FRANCHISE TAX RATE	1.59220%
BUSINESS LICENSE FEE RATE	0.00000%
FEDERAL TAX RATE	35.00%
STATE CORP. FRANCHISE TAX	8.84%
NET TO GROSS MULTIPLIER	1.81309

(END OF APPENDIX E)

**Appendix F
Adopted Quantities
Livermore District
Page 1 of 6**

Adopted Quantities

Number of Services by meter size:	2005-2006	
	5/8 x 3/4	13,002
	3/4	12
	1	4,294
	1 1/2	174
	2	217
	3	41
	4	14
	6	4
	8	-
	10	-
	TOTAL	17,757

Metered Sales, KCcf	
Potable	5,034.5

Number of Services and Use:	<u>Avg Services</u>	<u>Use, KCcf</u>	<u>Avg Use, Ccf/Sv/Mo</u>
	2005-2006	2005-2006	2005-2006
Residential	16,547	3,767.8	19.0
Business	910	559.0	51.2
Multi-family	75	261.4	290.4
Industrial	1	0.1	23.3
Public Authority	177	418.7	197.1
Other	47	27.5	48.8
Sub-Total	<u>17,757</u>	<u>5,034.5</u>	
Private Fire Prot.	297		
Public Fire Prot.	40		
TOTAL	<u>18,094</u>	<u>5,034.5</u>	
Losses, 4.20%		220.8	
Total Production		<u>5,255.3</u>	

Appendix F
Adopted Quantities
Livermore District
Page 2 of 6

ADOPTED RATE BASE
(DOLLARS IN THOUSANDS)

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	\$40,476.8	\$43,117.0	\$45,757.2
MATERIALS AND SUPPLIES	59.6	59.6	\$59.6
WORKING CASH - LEAD - LAG	(142.6)	(138.0)	(\$133.4)
WORKING CASH - W / H EMPLOYEES	(2.6)	(2.6)	(\$2.6)
WTD. AVG. DEPRECIATION RESERVE	(11,781.1)	(12,647.3)	(\$13,513.5)
ADVANCES FOR CONSTRUCTION	(9,778.6)	(10,050.5)	(\$10,322.4)
CONTRIBUTIONS	(2,107.1)	(2,028.5)	(\$1,949.9)
AMORTIZATION OF INTANG.	(21.4)	(23.6)	(\$25.8)
DEFERRED TAXES	(3,351.1)	(3,519.3)	(\$3,687.5)
UNAMORT. I.T.C.	(105.3)	(101.1)	(\$96.9)
PRORATED G.O. RATE BASE	866.2	898.7	\$931.2
TAXES ON ADVANCES	806.2	804.1	\$802.0
TAXES ON C.I.A.C.	186.4	180.2	\$174.0
WTG. AVG. RATE BASE	\$15,105.4	\$16,548.7	\$17,992.0

Appendix F
Adopted Quantities
Livermore District
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INCOME TAX CALCULATION
(DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PRESENT RATES)	11,612.5
EXPENSES	
PURCHASED WATER	4,801.4
PURCHASED POWER	596.8
PUMP TAXES	0.0
CHEMICALS	14.8
PAYROLL	987.6
OTHER O & M	639.4
OTHER A & G	(3.3)
G.O. PRORATIONS	1,683.9
PAYROLL TAXES	83.3
AD VALOREM TAXES	153.6
UNCOLLECTIBLES	11.1
FRANCHISE TAX & BUS LIC. FEES	115.3
TRANSPORTATION DEPRECIATION ADJUSTMENT	(35.9)
INTEREST EXPENSE	454.0
TOTAL DEDUCTIONS	9,501.9
STATE INCOME TAX	
STATE TAX DEPRECIATION	1,460.2
NET STATE TAXIBLE INCOME	650.4
STATE CORP. FRANCHISE TAX @ 8.84%	57.5
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	899.1
STATE INCOME TAX	57.5
LESS PREFERRED STOCK DIVIDEND	1.8
NET FEDERAL TAXIBLE INCOME	1,152.2
FEDERAL INCOME TAX @ 35.00%	403.3
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	403.3
TOTAL INCOME TAXES	460.8

Appendix F
Adopted Quantities
Livermore District
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INCOME TAX CALCULATION
(DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PROPOSED RATES)	11,544.5
EXPENSES	
PURCHASED WATER	4,801.4
PURCHASED POWER	596.8
PUMP TAXES	0.0
CHEMICALS	14.8
PAYROLL	987.6
OTHER O & M	639.4
OTHER A & G	(3.3)
G.O. PRORATIONS	1,683.9
PAYROLL TAXES	83.3
AD VALOREM TAXES	153.6
UNCOLLECTIBLES	11.0
FRANCHISE TAX & BUS LIC. FEES	115.6
TRANSPORTATION DEPRECIATION ADJUSTMENT	(35.9)
INTEREST EXPENSE	454.0
TOTAL DEDUCTIONS	9,502.1
STATE INCOME TAX	
STATE TAX DEPRECIATION	1,460.2
NET STATE TAXIBLE INCOME	582.2
STATE CORP. FRANCHISE TAX @ 8.84%	51.5
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	899.1
STATE INCOME TAX	57.5
LESS PREFERRED STOCK DIVIDEND	1.8
NET FEDERAL TAXIBLE INCOME	1,084.0
FEDERAL INCOME TAX @ 35.00%	379.4
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	379.4
TOTAL INCOME TAXES	430.9

Appendix F
Adopted Quantities
Livermore District
Page 5 of 6

2005-2006
(DOLLARS IN THOUSANDS)

PURCHASED POWER

See attached detailed spreadsheet

PURCHASED WATER (Alameda County Water District Zone 7)

QUANTITIES BY RATE BLOCKS - CCF

IST 33 CCF x 12 months	396
NEXT 300 CCF x 12 months	3,600
NEXT 3000 CCF x 12 months	36,000
EXCESS OVER 3333 CCF annually	3,652,004
TOTAL QUANTITIES PURCHASED FROM ALAMEDA	3,692,000

QUANTITY CHARGES FROM ALAMEDA ZONE 7

IST 33 CCF @ \$ 2.210	912
NEXT 300 CCF @ \$ 1.769	6,642
NEXT 3000 CCF @ \$ 1.411	52,956
EXCESS over 3333 CCF @ \$ 1.237	4,711,085
TOTAL QUANTITY CHARGES - \$ IN THOUS	\$4,771.6
SERVICE CHARGES - 7 CONNECTIONS @ \$110 per MONTH	\$11.2

MINGOIA LEASED WELL

MINIMUM ANNUAL CHARGE \$6500.00

PRODUCTION -- KCCF	143
--------------------	-----

PURCHASED WATER @ 13cents /CCF --\$ THOUS	\$18.6
---	---------------

TOTAL PURCHASED WATER	\$4,801.4
-----------------------	------------------

NET-TO-GROSS

UNCOLLECTABLES RATE	0.09560%
FRANCHISE TAX RATE	0.00000%
BUSINESS LICENSE FEE RATE	0.99300%
FEDERAL TAX RATE	35.00%
STATE CORP. FRANCHISE TAX	8.84%
NET TO GROSS MULTIPLIER	1.80021

Appendix F
Adopted Quantities
Livermore District
Page 6 of 6

PURCHASED POWER DETAIL

Total Adopted Kilowatt-Hours	4,108,182
Total Adopted Cost	\$ 596,750
Total Adopted Cost per kWh	\$ 0.1453

Estimated A-1

Total Stations	17
Service Charge	10.8221625 per meter per month
Total Service Charge	\$ 2,207.72

Total Kilowatt-hours	1,387,367			
		% of use	kWh	Cost
Summer Rate	0.1805	64.8%	899,182	\$ 162,293.30
Winter Rate	0.1187	35.2%	488,185	\$ 57,941.21
Total Cost, A-1 Service				\$ 222,442.23

Estimated A-10

Total Stations	9
Service charge	75.154135
Total Service Charge	\$ 8,116.65

Demand Charges

		Estimated kW	Cost
Summer Demand Charge	6.7	4064.36	\$ 27,231.21
Winter Demand Charge	1.65	1912.64	\$ 3,155.86

Total Kilowatt-Hours	2,720,816			
Summer Rate	0.1419	64.8%	1,763,418	\$ 250,193.78
Winter Rate	0.1032	35.2%	957,398	\$ 98,822.57
Total Cost, A-10 Service				\$ 387,520.07

Total Detailed Power Costs	\$ 609,962
Total Correction Factor for Power Breakdown	(13,212)
Total Power Costs	\$ 596,750

**Appendix G
Adopted Quantities
Los Altos District
Page 1 of 7**

Adopted Quantities

Number of Services by meter size:	2005-2006	
	5/8 x 3/4	13,871
	3/4	14
	1	3,251
	1 1/2	372
	2	508
	3	108
	4	26
	6	6
	8	-
	10	1
	TOTAL	18,157

Metered Sales, KCcf	
Potable	6,591.9

Number of Services and Use:

	<u>Avg Services</u>	<u>Use, KCcf</u>	<u>Avg Use, Ccf/Sv/Mo</u>
	2005-2006	2005-2006	2005-2006
Residential	16,699	4,871.1	24.3
Business	1,093	1,095.7	83.5
Multi-family	119	313.8	219.8
Industrial	7	16.7	198.3
Public Authority	216	287.9	111.1
Other	24	6.7	23.3
Sub-Total	<u>18,158</u>	<u>6,591.9</u>	
Private Fire Prot.	352		
Public Fire Prot.	5		
TOTAL	<u>18,515</u>	<u>6,591.9</u>	
Losses, 4.52%		312.1	
Total Production		<u>6,904.0</u>	

Appendix G
Adopted Quantities
Los Altos District
Page 2 of 7

ADOPTED RATE BASE
(DOLLARS IN THOUSANDS)

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	\$41,540.3	\$43,718.9	\$45,897.5
MATERIALS AND SUPPLIES	130.9	130.9	\$130.9
WORKING CASH - LEAD - LAG	151.5	170.1	\$188.7
WORKING CASH - W / H EMPLOYEES	(3.2)	(3.2)	(\$3.2)
WTD. AVG. DEPRECIATION RESERVE	(14,587.3)	(15,380.9)	(\$16,174.5)
ADVANCES FOR CONSTRUCTION	(2,159.8)	(2,120.9)	(\$2,082.0)
CONTRIBUTIONS	(3,837.9)	(3,907.5)	(\$3,977.1)
AMORTIZATION OF INTANG.	(22.4)	(30.1)	(\$37.8)
DEFERRED TAXES	(3,120.8)	(3,230.3)	(\$3,339.8)
UNAMORT. I.T.C.	(123.5)	(118.5)	(\$113.5)
PRORATED G.O. RATE BASE	1,074.9	1,115.1	\$1,155.3
TAXES ON ADVANCES	143.2	141.2	\$139.2
TAXES ON C.I.A.C.	208.3	203.9	\$199.5
WTG. AVG. RATE BASE	\$19,394.2	\$20,688.7	\$21,983.2

Appendix G
Adopted Quantities
Los Altos District
Page 3 of 7

CALIFORNIA WATER SERVICE CO.
 LOS ALTOS DISTRICT

INCOME TAX CALCULATION
 (DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PRESENT RATES)	15,913.9
EXPENSES	
PURCHASED WATER	4,970.6
PURCHASED POWER	783.8
PUMP TAXES	2,282.8
CHEMICALS	46.5
PAYROLL	1,506.0
OTHER O & M	816.7
OTHER A & G	30.7
G.O. PRORATIONS	2,089.2
PAYROLL TAXES	112.7
AD VALOREM TAXES	240.3
UNCOLLECTIBLES	5.2
FRANCHISE TAX & BUS LIC. FEES	211.5
TRANSPORTATION DEPRECIATION ADJUSTMENT	(57.6)
INTEREST EXPENSE	580.7
TOTAL DEDUCTIONS	13,619.1
STATE INCOME TAX	
STATE TAX DEPRECIATION	1,215.2
NET STATE TAXIBLE INCOME	1,079.6
STATE CORP. FRANCHISE TAX @ 8.84%	95.4
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	830.6
STATE INCOME TAX	95.4
LESS PREFERRED STOCK DIVIDEND	2.5
NET FEDERAL TAXIBLE INCOME	1,366.3
FEDERAL INCOME TAX @ 35.00%	478.2
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	478.2
 TOTAL INCOME TAXES	 573.6

Appendix G
Adopted Quantities
Los Altos District
Page 4 of 7

CALIFORNIA WATER SERVICE CO.
 L O S A L T O S D I S T R I C T

INCOME TAX CALCULATION
 (DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PROPOSED RATES)	16,338.2
EXPENSES	
PURCHASED WATER	4,970.6
PURCHASED POWER	783.8
PUMP TAXES	2,282.8
CHEMICALS	46.5
PAYROLL	1,506.0
OTHER O & M	816.7
OTHER A & G	30.7
G.O. PRORATIONS	2,089.2
PAYROLL TAXES	112.7
AD VALOREM TAXES	240.3
UNCOLLECTIBLES	5.4
FRANCHISE TAX & BUS LIC. FEES	217.1
TRANSPORTATION DEPRECIATION ADJUSTMENT	(57.6)
INTEREST EXPENSE	580.7
TOTAL DEDUCTIONS	13,624.9
STATE INCOME TAX	
STATE TAX DEPRECIATION	1,215.2
NET STATE TAXIBLE INCOME	1,498.1
STATE CORP. FRANCHISE TAX @ 8.84%	132.4
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	830.6
STATE INCOME TAX	95.4
LESS PREFERRED STOCK DIVIDEND	2.5
NET FEDERAL TAXIBLE INCOME	1,784.8
FEDERAL INCOME TAX @ 35.00%	624.7
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	624.7
 TOTAL INCOME TAXES	 757.1

Appendix G
Adopted Quantities
Los Altos District
Page 5 of 7

CALIFORNIA WATER SERVICE COMPANY
 LOS ALTOS DISTRICT

ADOPTED QUANTITIES

2005
 (DOLLARS IN THOUSANDS)

PURCHASED POWER
 SUPPLIER - PG&E

See Detailed Quantities

PURCHASED WATER

QUANTITIES

S.C.V.W.D. CONTRACT WATER - ACRE FEET	7,340.0
S.C.V.W.D. NON-CONTRACT WATER - ACRE FEET	2,820.0
SAN JOSE WATER - KCCF	23.0

RATES

S.C.V.W.D. CONTRACT WATER - RATE per ACRE FEET	\$495.00
S.C.V.W.D. NON-CONTRACT WATER - RATE per ACRE FEET	\$455.00
SAN JOSE WATER - RATE per KCCF	\$1.9900

COSTS

S.C.V.W.D. CONTRACT WATER	\$3,633.3
S.C.V.W.D. NON-CONTRACT WATER	\$1,283.1
SAN JOSE WATER - SERVICE CHARGES	\$8.4
SAN JOSE WATER - QUANTITY CHARGES	\$45.8

TOTAL PURCHASED WATER COST	\$4,970.6
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PUMP TAXES (WATER REPLENTISHMENT DISTRICT)

WELL WATER PRODUCTION - ACRE FEET	5,636.7
UNIT COST - ACRE FEET	\$405.00
TOTAL GROUNDWATER CHARGES	\$2,282,864

TOTAL PUMP TAX EXPENSE	\$2,282.9
------------------------	------------------

UNCOLLECTABLES RATE	0.03280%
FRANCHISE TAX RATE	1.32800%
BUSINESS LICENSE FEE RATE	0.000000
FEDERAL TAX RATE	35.00%
STATE CORP. FRANCHISE TAX	8.84%
NET TO GROSS MULTIPLIER	1.80518

**Appendix G
Adopted Quantities
Los Altos District
Page 6 of 7**

DETAIL POWER CALCULATIONS

Total Adopted Kilowatt-Hours	4,751,387
Total Adopted Cost	\$ 783,800
Total Adopted cost per Kilowatt-Hour	\$ 0.1650

Estimated A-1

Total Stations	41
Service Charge	10.8221625 per meter per month
Total Service Charge	\$ 5,324.50

Total Kilowatt-hours	4,028,478			
		% of use	kWh	Cost
Summer Rate	0.18049	0.719391205	2,898,051	\$ 523,069.30
Winter Rate	0.118687	0.280608795	1,130,426	\$ 134,166.90
Total Cost, A-1 Service				\$ 662,560.70

Estimated A-6

Total Stations	1
Service charge	16.92 per meter per month
Total Service Charge	\$ 203.04

Total Kilowatt-Hours	42,771			
		% of use	kWh	Cost
sum pk	0.276222	0.136684329	5,846	\$ 1,614.84
sum ppk	0.128322	0.151072153	6,462	\$ 829.16
sum op	0.080642	0.431634723	18,462	\$ 1,488.78
win ppk	0.139788	0.112243518	4,801	\$ 671.09
win op	0.094601	0.168365277	7,201	\$ 681.24
Total Cost, A-6 Service				\$ 5,488.15

Appendix H
Adopted Quantities
Mid-Peninsula District
Page 1 of 6

California Water Service Company
 Mid-Peninsula District

Adopted Quantities

Number of Services by meter size:	2005-2006
5/8 x 3/4	27,214
3/4	45
1	6,695
1 1/2	525
2	834
3	133
4	56
6	19
8	3
10	2
TOTAL	35,526

Metered Sales, KCcf	
Potable	7,899.6

Number of Services and Use:

	<u>Avg Services</u>	<u>Use, KCcf</u>	<u>Avg Use, Ccf/Sv/Mo</u>
	2005-2006	2005-2006	2005-2006
Residential	31,194	4,900.6	13.1
Business	3,362	1,484.7	36.8
Multi-family	584	1,027.4	146.7
Industrial	99	58.8	49.5
Public Authority	261	342.2	109.5
Other	23	86.0	311.7
Sub-Total	<u>35,522</u>	<u>7,899.6</u>	
Residential Flat			
Private Fire Prot.	649		
Public Fire Prot.	19		
TOTAL	<u>36,190</u>	<u>7,899.6</u>	
Losses, 6.61%		559.1	
Total Production		<u>8,458.7</u>	

Appendix H
Adopted Quantities
Mid-Peninsula District
Page 2 of 6

CALIFORNIA WATER SERVICE CO.
MID-PEN

ADOPTED RATE BASE
(DOLLARS IN THOUSANDS)

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	\$66,948.1	\$69,578.1	\$72,208.1
MATERIALS AND SUPPLIES	197.9	197.9	\$197.9
WORKING CASH - LEAD - LAG	696.3	717.7	\$739.1
WORKING CASH - W / H EMPLOYEES	(4.8)	(4.8)	(\$4.8)
WTD. AVG. DEPRECIATION RESERVE	(23,591.2)	(25,064.6)	(\$26,538.0)
ADVANCES FOR CONSTRUCTION	(1,357.3)	(1,281.4)	(\$1,205.5)
CONTRIBUTIONS	(5,425.5)	(5,613.8)	(\$5,802.1)
AMORTIZATION OF INTANG.	(3.5)	(4.9)	(\$6.3)
DEFERRED TAXES	(5,931.9)	(6,097.0)	(\$6,262.1)
UNAMORT. I.T.C.	(248.3)	(238.2)	(\$228.1)
PRORATED G.O. RATE BASE	1,610.9	1,671.5	\$1,732.1
TAXES ON ADVANCES	27.8	27.4	\$27.0
TAXES ON C.I.A.C.	410.6	403.7	\$396.8
WTG. AVG. RATE BASE	\$33,329.1	\$34,291.6	\$35,254.1

Appendix H
Adopted Quantities
Mid-Peninsula District
Page 3 of 6

CALIFORNIA WATER SERVICE CO.
MID-PEN

INCOME TAX CALCULATION
(DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PRESENT RATES)	21,716.6
EXPENSES	
PURCHASED WATER	9,023.2
PURCHASED POWER	503.5
PUMP TAXES	0.0
CHEMICALS	13.3
PAYROLL	1,701.0
OTHER O & M	1,302.9
OTHER A & G	55.1
G.O. PRORATIONS	3,073.7
PAYROLL TAXES	129.8
AD VALOREM TAXES	309.7
UNCOLLECTIBLES	24.6
FRANCHISE TAX & BUS LIC. FEES	0.0
TRANSPORTATION DEPRECIATION ADJUSTMENT	(71.9)
INTEREST EXPENSE	1,016.5
TOTAL DEDUCTIONS	17,081.1
STATE INCOME TAX	
STATE TAX DEPRECIATION	1,843.1
NET STATE TAXIBLE INCOME	2,792.4
STATE CORP. FRANCHISE TAX @ 8.84%	246.8
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	1,354.3
STATE INCOME TAX	246.8
LESS PREFERRED STOCK DIVIDEND	4.5
NET FEDERAL TAXIBLE INCOME	3,029.9
FEDERAL INCOME TAX @ 35.00%	1,060.5
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	1,060.5
TOTAL INCOME TAXES	1,307.3

Appendix H
Adopted Quantities
Mid-Peninsula District
Page 4 of 6

CALIFORNIA WATER SERVICE CO.
MID-PEN

INCOME TAX CALCULATION
(DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PROPOSED RATES)	21,637.5
EXPENSES	
PURCHASED WATER	9,023.2
PURCHASED POWER	503.5
PUMP TAXES	0.0
CHEMICALS	13.3
PAYROLL	1,701.0
OTHER O & M	1,302.9
OTHER A & G	55.1
G.O. PRORATIONS	3,073.7
PAYROLL TAXES	129.8
AD VALOREM TAXES	309.7
UNCOLLECTIBLES	24.5
FRANCHISE TAX & BUS LIC. FEES	0.0
TRANSPORTATION DEPRECIATION ADJUSTMENT	(71.9)
INTEREST EXPENSE	1,016.5
TOTAL DEDUCTIONS	17,081.0
STATE INCOME TAX	
STATE TAX DEPRECIATION	1,843.1
NET STATE TAXIBLE INCOME	2,713.4
STATE CORP. FRANCHISE TAX @ 8.84%	239.9
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	1,354.3
STATE INCOME TAX	246.8
LESS PREFERRED STOCK DIVIDEND	4.5
NET FEDERAL TAXIBLE INCOME	2,950.9
FEDERAL INCOME TAX @ 35.00%	1,032.8
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	1,032.8
TOTAL INCOME TAXES	1,272.7

Appendix H
Adopted Quantities
Mid-Peninsula District
Page 5 of 6

CALIFORNIA WATER SERVICE COMPANY
MID-PEN

ADOPTED QUANTITIES

2005-2006
(DOLLARS IN THOUSANDS)

PURCHASED POWER

See Detailed Sheet

PURCHASED WATER

SUPPLIER - SAN FRANCISCO WATER DEPT.	
PURCHASED WATER PRODUCTION - KCCF	8485.95
UNIT COST OF S.F.W.D. RATES - CCF	\$1.02
S.F.W.D. FIXED ANNUAL SERVICE CHARGES	367.5
QUANTITY CHARGES	\$8,655.7

TOTAL PURCHASED WATER

\$9,023.1

UNCOLLECTABLES RATE	0.11312%
FRANCHISE TAX RATE	0.00000%
BUSINESS LICENSE FEE RATE	0.00000%
FEDERAL TAX RATE	35.00%
STATE CORP. FRANCHISE TAX	8.84%
NET TO GROSS MULTIPLIER	1.78264

**Appendix H
Adopted Quantities
Mid-Peninsula District
Page 6 of 6**

DETAILED POWER CALCULATIONS

Total Adopted Kilowatt-Hours	3,400,904
Total Adopted Cost	\$ 503,500
Total Adopted cost per kWh	\$ 0.1480

Estimated A-1

Total Stations	20
Service Charge	10.8221625 per meter per month
Total Service Charge	\$ 2,597.32

Total Kilowatt-hours	710,099			
		% of use	kWh	Cost
Summer Rate	0.18049	0.629857714	447,261	\$ 80,726.18
Winter Rate	0.118687	0.370142286	262,838	\$ 31,195.41
Total Cost, A-1 Service				\$ 114,518.91

Estimated A-10

Total Stations	7
Service charge	75.154135
Total Service Charge	\$ 6,312.95

Demand Charges

		Estimated kW	Cost
Summer Demand Charge	6.7	5098.833333	\$ 34,162.18
Winter Demand Charge	1.65	5098.833333	\$ 8,413.08

Total Kilowatt-Hours	2,690,806			
Summer Rate	0.14188	0.629857714	1,694,825	\$ 240,461.73
Winter Rate	0.10322	0.370142286	995,981	\$ 102,805.15
Total Cost, A-10 Service				\$ 392,155.09

Total Detail Power Costs	\$ 506,674.00
Total Correction Factor for Power Breakdown	(3,174.00)
Total Power Costs	\$ 503,500.00

(END OF APPENDIX H)

Appendix I
Adopted Quantities
Salinas District
Page 1 of 7

California Water Service Company
 Salinas District

Adopted Quantities

Number of Services by meter size:	2005-2006
5/8 x 3/4	16,770
3/4	281
1	9,325
1 1/2	558
2	869
3	122
4	54
6	20
8	1
10	-
TOTAL	27,998

Metered Sales, KCcf	
Potable	8,366.8

Number of Services and Use:

	<u>Avg Services</u>	<u>Use, KCcf</u>	<u>Avg Use, Ccf/Sv/Mo</u>
	2005-2006	2005-2006	2005-2006
Residential	24,651	4,215.3	14.3
Business	2,764	2,472.8	74.6
Multi-family	324	731.1	188.0
Industrial	32	530.1	1,402.4
Public Authority	198	382.8	161.1
Other	32	34.7	90.5
Sub-Total	<u>28,000</u>	<u>8,366.8</u>	
Private Fire Prot.	600		
Public Fire Prot.	23		
TOTAL	<u>28,623</u>	<u>8,366.8</u>	
Losses, 8.00%		727.5	
Total Production		<u>9,094.4</u>	

Appendix I
Adopted Quantities
Salinas District
Page 2 of 7

CALIFORNIA WATER SERVICE CO.
 S A L I N A S D I S T R I C T

ADOPTED RATE BASE
 (DOLLARS IN THOUSANDS)

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	\$82,423.9	\$89,125.8	\$95,827.7
MATERIALS AND SUPPLIES	220.7	220.7	\$220.7
WORKING CASH - LEAD - LAG	870.8	909.1	\$947.4
WORKING CASH - W / H EMPLOYEES	(4.0)	(4.0)	(\$4.0)
WTD. AVG. DEPRECIATION RESERVE	(21,293.0)	(23,335.1)	(\$25,377.2)
ADVANCES FOR CONSTRUCTION	(17,957.2)	(18,827.0)	(\$19,696.8)
CONTRIBUTIONS	(5,941.8)	(5,962.5)	(\$5,983.2)
AMORTIZATION OF INTANG.	(167.1)	(192.3)	(\$217.5)
DEFERRED TAXES	(6,339.3)	(6,590.3)	(\$6,841.3)
UNAMORT. I.T.C.	(167.0)	(160.7)	(\$154.4)
PRORATED G.O. RATE BASE	1,361.2	1,412.4	\$1,463.6
TAXES ON ADVANCES	1,450.0	1,446.5	\$1,443.0
TAXES ON C.I.A.C.	410.1	391.1	\$372.1
WTG. AVG. RATE BASE	\$34,867.3	\$38,433.7	\$42,000.1

Appendix I
Adopted Quantities
Salinas District
Page 3 of 7

CALIFORNIA WATER SERVICE CO.
S A L I N A S D I S T R I C T

INCOME TAX CALCULATION
(DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PRESENT RATES)	12,811.1
EXPENSES	
PURCHASED WATER	852.6
PURCHASED POWER	1,534.7
PUMP TAXES	40.5
CHEMICALS	152.2
PAYROLL	2,112.4
OTHER O & M	1,502.8
OTHER A & G	40.6
G.O. PRORATIONS	2,646.1
PAYROLL TAXES	157.7
AD VALOREM TAXES	364.1
UNCOLLECTIBLES	20.0
FRANCHISE TAX & BUS LIC. FEES	306.7
TRANSPORTATION DEPRECIATION ADJUSTMENT	(99.3)
INTEREST EXPENSE	993.2
TOTAL DEDUCTIONS	10,624.2
STATE INCOME TAX	
STATE TAX DEPRECIATION	2,892.5
NET STATE TAXIBLE INCOME	(705.7)
STATE CORP. FRANCHISE TAX @ 8.84%	(62.4)
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	2,038.8
STATE INCOME TAX	(62.4)
LESS PREFERRED STOCK DIVIDEND	4.1
NET FEDERAL TAXIBLE INCOME	206.3
FEDERAL INCOME TAX @ 35.00%	72.2
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	72.2
TOTAL INCOME TAXES	9.8

Appendix I
Adopted Quantities
Salinas District
Page 4 of 7

CALIFORNIA WATER SERVICE CO.
S A L I N A S D I S T R I C T

INCOME TAX CALCULATION
(DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PROPOSED RATES)	16,116.6
EXPENSES	
PURCHASED WATER	852.6
PURCHASED POWER	1,534.7
PUMP TAXES	40.5
CHEMICALS	152.2
PAYROLL	2,112.4
OTHER O & M	1,502.8
OTHER A & G	40.6
G.O. PRORATIONS	2,646.1
PAYROLL TAXES	157.7
AD VALOREM TAXES	364.1
UNCOLLECTIBLES	25.2
FRANCHISE TAX & BUS LIC. FEES	384.4
TRANSPORTATION DEPRECIATION ADJUSTMENT	(99.3)
INTEREST EXPENSE	993.2
TOTAL DEDUCTIONS	10,707.1
STATE INCOME TAX	
STATE TAX DEPRECIATION	2,892.5
NET STATE TAXIBLE INCOME	2,517.0
STATE CORP. FRANCHISE TAX @ 8.84%	222.5
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	2,038.8
STATE INCOME TAX	(62.4)
LESS PREFERRED STOCK DIVIDEND	4.1
NET FEDERAL TAXIBLE INCOME	3,429.0
FEDERAL INCOME TAX @ 35.00%	1,200.2
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	1,200.2
TOTAL INCOME TAXES	1,422.7

Appendix I
Adopted Quantities
Salinas District
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CALIFORNIA WATER SERVICE COMPANY
S A L I N A S D I S T R I C T

ADOPTED QUANTITIES

2005-2006
(DOLLARS IN THOUSANDS)

PURCHASED POWER
SUPPLIER - PG&E

See Detailed Sheet

NET-TO-GROSS

UNCOLLECTABLES RATE	0.15618%
FRANCHISE TAX RATE	0.00304
BUSINESS LICENSE FEE RATE	0.02090
FEDERAL TAX RATE	35.00%
STATE CORP. FRANCHISE TAX	8.84%
NET TO GROSS MULTIPLIER	1.82715

**Appendix I
Adopted Quantities
Salinas District
Page 6 of 7**

DETAIL POWER COSTS

Total Adopted Kilowatt-Hours	10,993,787
Total Adopted Cost	\$ 1,534,700
Total cost per kWh	\$ 0.1396

Estimated A-1

Total Stations	33			
Service charge	10.8221625	per meter per month		
Total Service charge	\$ 4,285.58			
Total Kilowatt-hours	3,467,112			
		% of use	kWh	Cost
Summer Rate	0.1805	0.6180	2,142,783	\$ 386,750.86
Winter Rate	0.1187	0.3820	1,324,329	\$ 157,180.65
Total Cost, A-1 Service				\$ 548,217.09

Estimated A-6

Total Stations	4			
Service charge	16.92	per meter per month		
Total Service charge	\$ 812.16			
Total Kilowatt-Hours	698,113			
		% of use	kWh	Cost
sum pk	0.2762	0.1174	81,977	\$ 22,643.74
sum ppk	0.1283	0.1298	90,606	\$ 11,626.71
sum op	0.0806	0.3708	258,873	\$ 20,876.08
win ppk	0.1398	0.1528	106,663	\$ 14,910.22
win op	0.0946	0.2292	159,995	\$ 15,135.65
Total Cost, A-6 Service				\$ 86,004.55

**Appendix I
Adopted Quantities
Salinas District
Page 7 of 7**

DETAIL POWER COSTS

Estimated A-10

Total Stations	15
Service charge	75.154135
Total Service charge	\$ 13,527.74

Demand charges

		Estimated kW	Cost
Summer Demand charge	6.7	5419.83	\$ 36,312.88
Winter Demand charge	1.65	5419.83	\$ 8,942.73

Total Kilowatt-Hours 3,123,136

Summer Rate	0.1419	0.6180	1,930,195	\$ 273,856.06
Winter Rate	0.1032	0.3820	1,192,941	\$ 123,135.37

Total Cost, A-10 Service **\$ 455,774.78**

Estimated E-19

Total Stations	9
Service charge	81
Total Service charge	\$ 8,748.00

Demand charges

		Estimated kW	Cost
Summer	19.6	3237.5	\$ 63,455.00
Winter	6.2	3237.5	\$ 20,072.50

Total Kilowatt-Hours 3,705,425

		% of use	kWh	Cost
sum pk	0.1594	0.1174	435,113	\$ 69,343.94
sum ppk	0.0962	0.1298	480,914	\$ 46,249.52
sum op	0.0819	0.3708	1,374,041	\$ 112,492.71
win ppk	0.1020	0.1528	566,143	\$ 57,740.92
win op	0.0817	0.2292	849,214	\$ 69,346.85

Total Cost, E-19 Service **\$ 447,449.45**

Total Detail Power Costs	1,537,446
Total Correction Factor for Power Breakdown	(2,746)
Total Power Costs	1,534,700

**Appendix J
Adopted Quantities
Stockton District
Page 1 of 5**

California Water Service Company
Stockton District

Adopted Quantities

Number of Services by meter size:	2005-2006	
	5/8 x 3/4	36,097
	3/4	455
	1	3,484
	1 1/2	527
	2	831
	3	155
	4	70
	6	37
	8	4
	10	-
	TOTAL	41,659

Metered Sales, KCcf	
Potable	14,076.5

Number of Services and Use:

	<u>Avg Services</u>	<u>Use, KCcf</u>	<u>Avg Use, Ccf/Sv/Mo</u>
	2005-2006	2005-2006	2005-2006
Residential	36,828	6,795.2	15.4
Business	4,060	2,525.7	51.8
Multi-family	324	950.4	244.4
Industrial	92	127.6	115.6
Public Authority	315	390.0	103.2
Other	38	27.7	60.7
Sub-Total	<u>41,657</u>	<u>10,816.6</u>	
Private Fire Prot.	633		
Public Fire Prot.	48		
TOTAL	<u>42,338</u>	<u>10,816.6</u>	
Losses, 4.31%		634.3	
Total Production		<u>11,450.9</u>	

Appendix J
Adopted Quantities
Stockton District
Page 2 of 5

CALIFORNIA WATER SERVICE CO.
 STOCKTON DISTRICT

ADOPTED RATE BASE
 (DOLLARS IN THOUSANDS)

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	\$78,204.1	\$86,060.7	\$93,917.3
MATERIALS AND SUPPLIES	194.1	194.1	\$194.1
WORKING CASH - LEAD - LAG	850.6	909.9	\$969.2
WORKING CASH - W / H EMPLOYEES	(5.8)	(5.8)	(\$5.8)
WTD. AVG. DEPRECIATION RESERVE	(28,310.0)	(30,103.8)	(\$31,897.6)
ADVANCES FOR CONSTRUCTION	(5,512.2)	(5,399.8)	(\$5,287.4)
CONTRIBUTIONS	(3,731.7)	(3,694.9)	(\$3,658.1)
AMORTIZATION OF INTANG.	(69.0)	(83.1)	(\$97.2)
DEFERRED TAXES	(5,413.6)	(5,636.8)	(\$5,860.0)
UNAMORT. I.T.C.	(164.7)	(158.0)	(\$151.3)
PRORATED G.O. RATE BASE	1,959.4	2,032.9	\$2,106.4
TAXES ON ADVANCES	291.7	287.7	\$283.7
TAXES ON C.I.A.C.	314.7	298.0	\$281.3
WTG. AVG. RATE BASE	\$38,607.6	\$44,701.1	\$50,794.6

Appendix J
Adopted Quantities
Stockton District
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CALIFORNIA WATER SERVICE CO.
 S T O C K T O N D I S T R I C T

INCOME TAX CALCULATION
 (DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PRESENT RATES)	20,459.2
EXPENSES	
PURCHASED WATER	4,515.5
PURCHASED POWER	1,018.2
PUMP TAXES	1,586.3
CHEMICALS	90.3
PAYROLL	3,265.2
OTHER O & M	1,411.8
OTHER A & G	203.3
G.O. PRORATIONS	3,808.9
PAYROLL TAXES	246.8
AD VALOREM TAXES	335.6
UNCOLLECTIBLES	73.8
FRANCHISE TAX & BUS LIC. FEES	99.9
TRANSPORTATION DEPRECIATION ADJUSTMENT	(112.1)
INTEREST EXPENSE	955.1
TOTAL DEDUCTIONS	17,498.5
STATE INCOME TAX	
STATE TAX DEPRECIATION	2,728.8
NET STATE TAXIBLE INCOME	231.9
STATE CORP. FRANCHISE TAX @ 8.84%	20.5
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	1,446.6
STATE INCOME TAX	20.5
LESS PREFERRED STOCK DIVIDEND	4.3
NET FEDERAL TAXIBLE INCOME	1,489.3
FEDERAL INCOME TAX @ 35.00%	521.3
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	521.3
TOTAL INCOME TAXES	541.8

Appendix J
Adopted Quantities
Stockton District
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CALIFORNIA WATER SERVICE CO.
 STOCKTON DISTRICT

INCOME TAX CALCULATION
 (DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PROPOSED RATES)	23,409.4
EXPENSES	
PURCHASED WATER	4,515.5
PURCHASED POWER	1,018.2
PUMP TAXES	1,586.3
CHEMICALS	90.3
PAYROLL	3,265.2
OTHER O & M	1,411.8
OTHER A & G	203.3
G.O. PRORATIONS	3,808.9
PAYROLL TAXES	246.8
AD VALOREM TAXES	335.6
UNCOLLECTIBLES	84.4
FRANCHISE TAX & BUS LIC. FEES	113.4
TRANSPORTATION DEPRECIATION ADJUSTMENT	(112.1)
INTEREST EXPENSE	955.1
TOTAL DEDUCTIONS	17,522.6
STATE INCOME TAX	
STATE TAX DEPRECIATION	2,728.8
NET STATE TAXIBLE INCOME	3,158.0
STATE CORP. FRANCHISE TAX @ 8.84%	279.2
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	1,446.6
STATE INCOME TAX	20.5
LESS PREFERRED STOCK DIVIDEND	4.3
NET FEDERAL TAXIBLE INCOME	4,415.4
FEDERAL INCOME TAX @ 35.00%	1,545.4
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	1,545.4
TOTAL INCOME TAXES	1,824.6

Appendix J
Adopted Quantities
Stockton District
Page 5 of 5

CALIFORNIA WATER SERVICE COMPANY
 STOCKTON DISTRICT

ADOPTED QUANTITIES

	<u>2005-2006</u> (DOLLARS IN THOUSANDS)
PURCHASED POWER	
SUPPLIER - PG&E	
Total Production (kccf)	14,710.8
Kwh / ccf	448.8
Total calculated KWH	6,602,670
Unit Cost	\$0.1542
Power Cost	\$1,018,229
TOTAL PURCHASED POWER	\$1,018.2
 TOTAL PURCHASED WATER - STOCKTON EAST WATER DISTRICT	
MONTHLY FIXED RATE FROM STOCKTON EAST - DOLLARS	\$376,292.31
ANNUAL FIXED CHARGES FROM STOCKTON EAST - \$ THOUS.	\$4,515.5
TOTAL PURCHASED WATER COST	\$4,515.5
 PUMP TAXES (STOCKTON EAST WATER DISTRICT)	
WELL WATER PRODUCTION - ACRE FEET	13,632.6
UNIT COST - ACRE FEET	\$116.36
TOTAL GROUNDWATER CHARGES	\$1,586,289
TOTAL PUMP TAX EXPENSE	\$1,586.3
 NET-TO-GROSS	
UNCOLLECTABLES RATE	0.36058%
FRANCHISE TAX RATE	0.47070%
BUSINESS LICENSE FEE RATE	0.000000
FEDERAL TAX RATE	35.00%
STATE CORP. FRANCHISE TAX	8.84%
NET TO GROSS MULTIPLIER	1.79584

(END OF APPENDIX J)

**Appendix K
Adopted Quantities
Visalia District
Page 1 of 5**

California Water Service Company
Visalia District

Adopted Quantities

Number of Services by meter size:	2005-2006
5/8 x 3/4	11,373
3/4	-
1	3,916
1 1/2	381
2	937
3	106
4	35
6	20
8	1
10	-
TOTAL	16,766

Metered Sales, KCcf	
Potable	7,880.6

Number of Services and Use:

	<u>Avg Services</u>	<u>Use, KCcf</u>	<u>Avg Use, Ccf/Sv/Mo</u>
	2005-2006	2005-2006	2005-2006
Residential	12,599	3,697.7	24.5
Business	3,248	2,688.3	69.0
Multi-family	200	427.3	178.0
Industrial	64	138.2	181.4
Public Authority	599	833.9	116.1
Other	59	95.3	134.6
Sub-Total	<u>16,767</u>	<u>7,880.6</u>	
Residential Flat	-	5,328.6	
Private Fire Prot.	435		
Public Fire Prot.	58		
TOTAL	<u>17,260</u>	<u>13,209.2</u>	
Losses, 8.00%		1,148.6	
Total Production		<u>14,357.9</u>	

Appendix K
Adopted Quantities
Visalia District
Page 2 of 5

CALIFORNIA WATER SERVICE CO.
 V I S A L I A D I S T R I C T

ADOPTED RATE BASE
 (DOLLARS IN THOUSANDS)

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	\$69,553.8	\$74,648.7	\$79,743.6
MATERIALS AND SUPPLIES	125.8	125.8	\$125.8
WORKING CASH - LEAD - LAG	(218.5)	(231.0)	(\$243.5)
WORKING CASH - W / H EMPLOYEES	(3.8)	(3.8)	(\$3.8)
WTD. AVG. DEPRECIATION RESERVE	(19,796.1)	(21,475.5)	(\$23,154.9)
ADVANCES FOR CONSTRUCTION	(21,351.7)	(22,489.3)	(\$23,626.9)
CONTRIBUTIONS	(5,203.4)	(5,143.5)	(\$5,083.6)
AMORTIZATION OF INTANG.	(25.6)	(32.6)	(\$39.6)
DEFERRED TAXES	(5,753.7)	(6,015.6)	(\$6,277.5)
UNAMORT. I.T.C.	(120.3)	(115.8)	(\$111.3)
PRORATED G.O. RATE BASE	1,303.9	1,353.0	\$1,402.1
TAXES ON ADVANCES	1,521.8	1,532.8	\$1,543.8
TAXES ON C.I.A.C.	353.4	342.0	\$330.6
WTG. AVG. RATE BASE	\$20,385.6	\$22,495.2	\$24,604.8

Appendix K
Adopted Quantities
Visalia District
Page 3 of 5

CALIFORNIA WATER SERVICE CO.
 VISALIA DISTRICT

INCOME TAX CALCULATION
 (DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PRESENT RATES)	11,119.2
EXPENSES	
PURCHASED WATER	0.0
PURCHASED POWER	1,202.5
PUMP TAXES	0.0
CHEMICALS	73.9
PAYROLL	1,974.8
OTHER O & M	950.0
OTHER A & G	(89.3)
G.O. PRORATIONS	2,534.8
PAYROLL TAXES	159.7
AD VALOREM TAXES	207.0
UNCOLLECTIBLES	21.2
FRANCHISE TAX & BUS LIC. FEES	0.8
TRANSPORTATION DEPRECIATION ADJUSTMENT	(83.8)
INTEREST EXPENSE	591.3
TOTAL DEDUCTIONS	7,542.8
STATE INCOME TAX	
STATE TAX DEPRECIATION	2,598.6
NET STATE TAXIBLE INCOME	977.8
STATE CORP. FRANCHISE TAX @ 8.84%	86.4
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	1,567.0
STATE INCOME TAX	86.4
LESS PREFERRED STOCK DIVIDEND	2.5
NET FEDERAL TAXIBLE INCOME	1,920.5
FEDERAL INCOME TAX @ 35.00%	672.2
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	672.2
TOTAL INCOME TAXES	758.6

Appendix K
Adopted Quantities
Visalia District
Page 4 of 5

CALIFORNIA WATER SERVICE CO.
V I S A L I A D I S T R I C T

INCOME TAX CALCULATION
(DOLLARS IN THOUSANDS)

2005-2006

OPERATING REVENUE (PROPOSED RATES)	11,056.8
EXPENSES	
PURCHASED WATER	0.0
PURCHASED POWER	1,202.5
PUMP TAXES	0.0
CHEMICALS	73.9
PAYROLL	1,974.8
OTHER O & M	950.0
OTHER A & G	(89.3)
G.O. PRORATIONS	2,534.8
PAYROLL TAXES	159.7
AD VALOREM TAXES	207.0
UNCOLLECTIBLES	21.0
FRANCHISE TAX & BUS LIC. FEES	0.8
TRANSPORTATION DEPRECIATION ADJUSTMENT	(83.8)
INTEREST EXPENSE	591.3
TOTAL DEDUCTIONS	7,542.6
STATE INCOME TAX	
STATE TAX DEPRECIATION	2,598.6
NET STATE TAXIBLE INCOME	915.6
STATE CORP. FRANCHISE TAX @ 8.84%	80.9
FEDERAL INCOME TAX	
FEDERAL TAX DEPRECIATION	1,567.0
STATE INCOME TAX	86.4
LESS PREFERRED STOCK DIVIDEND	2.5
NET FEDERAL TAXIBLE INCOME	1,858.3
FEDERAL INCOME TAX @ 35.00%	650.4
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	650.4
TOTAL INCOME TAXES	731.3

Appendix K
Adopted Quantities
Visalia District
Page 5 of 5

CALIFORNIA WATER SERVICE COMPANY
V I S A L I A D I S T R I C T

ADOPTED QUANTITIES

2005-2006
(DOLLARS IN THOUSANDS)

PURCHASED POWER

SUPPLIER - SOUTHERN CALIFORNIA EDISON

Total Production (kccf)	14,357.9
Kwh / ccf	968.7
Total calculated KWH	13,908,845
Unit Cost	\$0.08645
Power Cost	\$1,202,464

TOTAL PURCHASED POWER

\$1,202.5

NET-TO-GROSS

UNCOLLECTABLES RATE	0.19029%
FRANCHISE TAX RATE	0.00000%
BUSINESS LICENSE FEE RATE	0.00000%
FEDERAL TAX RATE	35.00%
STATE CORP. FRANCHISE TAX	8.84%
NET TO GROSS MULTIPLIER	1.78402

(END OF APPENDIX K)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of California Water Service Company (U 60 W), a corporation, for an order authorizing it to increase rates charged for water service in the Chico District by \$2,614,975 or 24.20% in fiscal 2005-2006, by \$603,000 or 4.46% in fiscal 2006-2007, and by \$603,000 or 4.27% in fiscal 2007-2008.

A.04-09-028

And Related Matters.

A.04-09-029

A.04-09-030

A.04-09-031

A.04-09-032

A.04-09-033

A.04-09-034

A.04-09-035

SETTLEMENT**1.0 GENERAL**

1.01 The Parties to this Settlement before the California Public Utilities Commission (“Commission”) are California Water Service Company (“Cal Water”) and the Office of Ratepayer Advocates (“ORA”) -- collectively, “the Parties.” The Parties, desiring to avoid the expense and inconvenience attendant to the litigation before the Commission have agreed on this Settlement which they now submit for adoption.

1.02 Because 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 any Party regarding any fact or matter or law

in dispute in this proceeding. Furthermore, the Parties intend that the approval of this Settlement by the Commission not be construed as a precedent or statement of policy of any kind except as it relates to the current and future proceedings addressed in the Settlement.

2.0 SETTLEMENT TERMS

2.1 Rate Base

2.1.1 Calculation of Rate Base

The Parties generally calculated rate base in the same manner. However, this was the first Cal Water proceeding in which a non-calendar test year was used. Cal Water had used a simplified approach to determine weighted average plant additions for the test year. The Parties jointly developed the approach that was used in ORA's reports. Therefore, Cal Water accepted ORA's approach. In addition, the Parties agree to update the deferred income tax component of rate base to reflect changes in tax depreciation due to the Tax Relief Act of 2003. At the time of their reports, neither party had reflected this change in rate base.

2.1.2 Allocation of Rate Base to non-tariffed and out-of-state activities

The Parties agree that some assets in general office rate base are used for both ratepayer and non-tariffed services. Based on discussions of the magnitude of the unregulated activities in comparison to regulated California activities, the Parties agree to allocate 8.5% of general office rate base to the Cal Water shareholders in relation to the non-

tariffed (4.5%) and out-of state activities (4.0%). This is a preliminary allocation based primarily on past allocations made in other rate case settlements. The Parties agree that based on the audit outlined below, Cal Water will prepare a more detailed study of the impact of non-tariffed and out-of-state activities on costs in the general office rate case filing in July 2007.

The Parties also agreed that some rate base in the Chico, Stockton, Visalia, Livermore, East Los Angeles, and Salinas Districts should be allocated to shareholders to account for joint non-tariffed use of those assets. The adjustments have been incorporated with expense adjustments for these districts which are described separately below.

2.1.3 Plant additions

In the majority of cases, Cal Water has agreed with ORA's recommended plant additions for the districts and general office. The settlements noted here are exceptions to the recommendations contained in ORA's reports.

2.1.3.1 Plant additions in the Chico District

For the Chico District, Cal Water had proposed plant additions of \$2,365,700 in 2004, \$3,274,200 in 2005, and \$2,720,300 in 2006. ORA had reviewed Cal Water's proposal and estimated plant additions of \$2,035,100 in 2004, \$2,969,910 in 2005, and \$2,507,860 in 2006. Parties made settlements of seven components of the capital budget as enumerated below:

- Cal Water's project 9811 to create three offices in the customer center should be allowed for \$34,400. ORA had originally proposed allowing \$21,400 based on cost documents provided by Cal Water in discovery. However, the cost documents excluded carpet, cabinets, permits, and engineering costs as explained in Cal Water's rebuttal testimony [p. 40 of Mr. Smegal's testimony].
- Cal Water's projects 9809 and 5238 for SCADA implementation should be allowed for \$227,300. A work progress report relied upon by ORA did not include one of the projects, and therefore ORA had included only a part of the cost or \$97,800.
- Cal Water's project 10902 for a new well should be allowed for \$720,000. ORA's analysis had only included the cost of contractor work and overhead on this project. It had not included other Cal Water costs for design, inspection, construction and contract management, and permits [see Mr. Smegal's rebuttal testimony p. 40-41].
- Cal Water's project 11286 should be allowed for \$24,400 for an additional truck. ORA's report had allowed an additional field employee in rates.
- Cal Water's project 10906 for a new well should be allowed for \$740,000. ORA's analysis had only included the cost of contractor work and overhead on this project. It had not included other Cal Water costs for design, inspection, construction and contract management, and permits.
- Project 10842 should be allowed in 2006. ORA had deferred this project to 2007 but in settlement discussions they accepted Cal Water's projection that the district could accomplish this main replacement in 2006.

- For each district and General Office plant additions, the Parties have agreed to use a ten-year inflation adjusted average of non-specifics or Cal Water's requested non-specifics, whichever is lower.

As a result of these provisions, the Parties agree on capital additions of \$2,177,600 in 2004, \$3,163,350 in 2005, and \$2,857,400 in 2006.

2.1.3.2 Plant additions in the East Los Angeles District

For the East Los Angeles District, Cal Water had proposed plant additions of \$2,686,300 in 2004, \$3,898,200 in 2005, and \$2,405,000 in 2006. ORA had reviewed Cal Water's proposal and estimated plant additions of \$1,614,600 in 2004, \$3,436,600 in 2005, and \$2,363,100 in 2006. Parties made settlements of two components of the capital budget as enumerated below:

- Three field tools should be allowed for \$4,733. The Parties agree that these items have been purchased for that amount in 2004.
- For each district and General Office plant additions, the Parties have agreed to use a ten-year inflation adjusted average of non-specifics or Cal Water's requested non-specifics, whichever is lower.

As a result of these provisions, the Parties agree on capital additions of \$1,670,933 in 2004, \$3,545,700 in 2005, and \$2,503,200 in 2006.

Advice Letter project in East Los Angeles

ORA proposed and Cal Water agrees on recovery of the costs associated with project 11432 for wellhead treatment at station 53-01 through an advice letter after the

improvement is in service. ORA proposed an advice letter because of the size of the project and uncertainty whether Cal Water can complete the project as scheduled. The advice letter should only be applicable until the start of the test year in the 2007 GRC and should ask to recover no more than the budgeted amount of \$972,000.

2.1.3.3 Plant additions in the Livermore District

For the Livermore District, Cal Water had proposed plant additions of \$2,464,400 in 2004, \$2,640,800 in 2005, and \$2,454,407 in 2006. ORA had reviewed Cal Water's proposal and estimated plant additions of \$1,581,400 in 2004, \$2,409,900 in 2005, and \$1,564,000 in 2006. The Parties made settlements of five components of the capital budget as enumerated below:

- Project 9972 for a main replacement on Railroad Avenue should be allowed in the 2005 budget. Cal Water is coordinating this project with City of Livermore street reconstruction which will be completed in 2005.
- Project 11038 for a main replacement on First Street should be allowed in the 2005 budget. Cal water is coordinating this project with the City of Livermore street reconstruction which will be completed in 2005.
- Project 11285 for a vehicle for a new operations employee should be allowed because the settlement allows for the new employee.
- Projects 11037 and 11059, which ORA had initially not included in recommended plant additions, should be recovered through an advice letter (see below).

- For each district and General Office plant additions, the Parties have agreed to use a ten-year inflation adjusted average of non-specifics or Cal Water's requested non-specifics, whichever is lower.

As a result of these provisions, the Parties agree on capital additions of \$1,641,881 in 2004, \$2,788,138 in 2005, and \$1,374,258 in 2006.

Advice Letter project in Livermore

The Parties now agree on recovery of the costs associated with project 11037 (design) and 11059 (construction) for a 1.5 million gallon reservoir. Cal Water provided clarifying information in its rebuttal testimony that shows the need for the reservoir to improve fire-flows and operational storage. Nevertheless, the Parties agree on advice letter processing because of the size of the project and uncertainty whether Cal Water can complete the project as scheduled. The advice letter should only be applicable until the start of the test year in the 2007 GRC and should ask to recover no more than \$1,000,000 for both projects.

2.1.3.4 Plant additions in the Los Altos District

For the Los Altos District, Cal Water had proposed plant additions of \$2,715,000 in 2004, \$2,610,600 in 2005, and \$3,538,235 in 2006. ORA had reviewed Cal Water's proposal and estimated plant additions of \$1,303,300 in 2004, \$2,553,800 in 2005, and \$2,392,109 in 2006. The Parties made settlements of three components of the capital budget as enumerated below:

- Projects 9849, 10390, and 10416 for supervisory control hardware (SCADA) should be allowed for \$220,000 total based on a cost to install each remote terminal unit (RTU) of \$22,000. Cal Water presented rebuttal testimony to explain that costs for electrical work are higher in Los Altos than in Stockton where ORA compared project costs.
- Project 5190 for a main replacement in O'Keefe road should be recovered through an advice letter with a cap of \$1.35 million as described below. Cal Water had estimated the cost of this main replacement at \$368 per foot of main (including associated facilities). ORA reviewed comparable projects from other districts and estimated a cost of \$160 per foot of main. Cal Water's rebuttal testimony [p. 47-48 of Mr. Smegal's testimony] provided justification for the higher cost. Because of price uncertainty, the Parties have agreed to use advice letter processing with a cap of \$1.35 million.
- For each district and General Office plant additions, the Parties have agreed to use a ten-year inflation adjusted average of non-specifics or Cal Water's requested non-specifics, whichever is lower.

As a result of these provisions, the Parties agree on capital additions of \$1,341,089 in 2004, \$2,624,570 in 2005, and \$1,682,564 in 2006.

Advice Letter projects in Los Altos

1. ORA proposed and Cal Water agrees on recovery of the costs associated with project 7514 for a new well and treatment plant at station 24. ORA proposed advice letter processing because of uncertainty whether Cal Water can complete this project as

scheduled. The advice letter should only be applicable until the start of the test year in the 2007 GRC and should ask to recover no more than \$1,004,900, the original budget for the project.

2. The Parties now agree on recovery of the costs associated with project 5190 for a 4,900 foot main replacement on O'Keefe road. Cal Water provided clarifying information in its rebuttal testimony that shows the cost of this project will be more than ORA had estimated. The Parties have agreed to advice letter processing because of the cost uncertainty as a means of protecting ratepayers from possible over-budgeting. The advice letter should only be applicable until the start of the test year in the 2007 GRC and should be capped at \$1,350,000.

2.1.3.5 Plant additions in the Mid-Peninsula District

For the Mid-Peninsula District, Cal Water had proposed plant additions of \$2,593,500 in 2004, \$5,099,700 in 2005, and \$2,986,100 in 2006. ORA had reviewed Cal Water's proposal and estimated plant additions of \$1,972,418 in 2004, \$2,905,850 in 2005, and \$2,059,150 in 2006. Parties made settlements of five components of the capital budget as enumerated below:

- Project 8638 should be allowed for \$90,000 for a replacement tank. The cost estimate ORA evaluated did not include earthwork necessary to construct a berm around the tank site.
- Project 7574 should be allowed for \$129,000 for tank circulation equipment to improve water quality. Cal Water provided rebuttal testimony [Mr. Smegal's testimony, p. 48] and information showing the \$129,000 had been spent in 2004.

- Project 9670 for a new well should be priced at \$720,000. Based on a review of all project costs, including contractor payments, other Cal Water costs for design, inspection, construction and contract management, and permits, Cal Water and ORA have agreed that \$720,000 is a reasonable estimate of a complete well in 2005.
- Projects 11519 and 11521 for a new customer center should be recovered through a combined advice letter filing when the project is completed and in service. Combining the advice letters will reduce the administrative burden on the Water Division.
- For each district and General Office plant additions, the Parties have agreed to use a ten-year inflation adjusted average of non-specifics or Cal Water's requested non-specifics, whichever is lower.

As a result of these provisions, the Parties agree on capital additions of \$2,066,018 in 2004, \$2,912,400 in 2005, and \$1,916,900 in 2006.

2.1.3.6 Plant additions in the Salinas District

For the Salinas District, Cal Water had proposed plant additions of \$5,670,200 in 2004, \$6,901,900 in 2005, and \$7,640,700 in 2006. ORA had reviewed Cal Water's proposal and estimated plant additions of \$2,715,900 in 2004, \$6,272,800 in 2005, and \$4,735,100 in 2006. The Parties made settlements of 17 components of the capital budget as enumerated below:

- Project 12548 for land for a reservoir site should be allowed for \$300,000. Cal Water presented information in Rebuttal [testimony of Mr. Smegal p. 49] that due

to increases in real estate values and the size of lot necessary for central Salinas storage, the property will cost Cal Water approximately \$800,000 to acquire. However, because the property is larger than needed for the current project, Cal Water and ORA agree to include only \$300,000 of it in rates at this time. The remaining property will be used for expansion of storage in the near future.

- Project 4173 should be allowed in 2004 for \$500,000 and in 2005 for the remaining \$326,000. Based on a review of all project costs, including contractor payments, other Cal Water costs for design, inspection, construction and contract management, a test well, sound curtains, and permits, Cal Water and ORA have agreed that \$826,000 is a reasonable estimate of a complete well in 2005. Cal Water has spent \$500,000 on the project in progress in 2004, so only the remainder should be allowed in 2005.
- Project 7641 should be allowed for a sedan for the general superintendent position. The Parties now agree that there is no pool for vehicles that the superintendent may use and that therefore a vehicle is necessary for this position.
- Project 5433 should be allowed for \$811,000. Based on a review of all project costs, including contractor payments, other Cal Water costs for design, inspection, construction and contract management, a test well, sound curtains, and permits, Cal Water and ORA have agreed that \$811,000 is a reasonable estimate of this complete well in 2005.
- Project 5695 should be allowed for \$811,000. Based on a review of all project costs, including contractor payments, other Cal Water costs for design, inspection, construction and contract management, a test well, sound curtains, and permits,

Cal Water and ORA have agreed that \$811,000 is a reasonable estimate of this complete well in 2005.

- Project 9110 for a backup generator should not be deferred. Cal Water and ORA agree that the Salinas district has serious water supply reliability problems. In particular, Salinas had a loss of system pressure on December 26, 2004 due to an electrical outage and the failure of existing backup generators.
- Project 11475 for replacing the front door should be allowed. The Parties agree the door is broken [ORA Salinas Report paragraph 8.22]. Cal Water has tried unsuccessfully to repair the door.
- Project 9130 for facilities related to installing a leased water treatment plant should not be deferred. Cal Water and ORA agree that the Salinas district has serious water supply reliability problems.
- The Parties agree that \$110,000 should be allowed in the 2005 capital budget for ½ of Project 11254 for SCADA installation. SCADA implementation for 2006 should be allowed for \$225,000. Cal Water explained in rebuttal [Mr. Smegal's testimony p. 51] that the SCADA implementation for wellhead water treatment plants is necessary in 2005 and that the remainder of the district SCADA installation can be done in 2006 and 2007.
- Project 11447 for a new well should be allowed for \$830,000. Based on a review of all project costs, including contractor payments, other Cal Water costs for design, inspection, construction and contract management, a test well, sound curtains, and permits, Cal Water and ORA have agreed that \$830,000 is a reasonable estimate of this complete well in 2006.

- Project 11449 for a new well should be allowed for \$830,000. Based on a review of all project costs, including contractor payments, other Cal Water costs for design, inspection, construction and contract management, a test well, sound curtains, and permits, Cal Water and ORA have agreed that \$830,000 is a reasonable estimate of this complete well in 2006.
- Project 9113 for a backup generator should not be deferred. Cal Water and ORA agree that the Salinas district has serious water supply reliability problems. In particular, Salinas had a loss of system pressure on December 26, 2004 due to an electrical outage and the failure of existing backup generators.
- Project 8400 for the Portola Drive main replacement should not be deferred. Cal Water explained in its Rebuttal testimony [Mr. Smegal's rebuttal p. 52] that this main replacement will allow this section of the system to be served by a source of supply that complies with the federal arsenic MCL effective in January 2006.
- Project 11320 for a main replacement in Bernal Drive should be deferred to 2007. The Parties agree that this main replacement is not critically needed and can be deferred to allow the more important Portola Drive main replacement to go forward.
- Advice Letters for projects 12565 and 11451 should be allowed until the end of the rate case cycle. Cal Water may construct the tanks in a different sequence and needs flexibility.
- Advice Letters for projects 12572 and 12573 should be combined to reduce Commission workload to process these associated projects.

- For each district and General Office plant additions, the Parties have agreed to use a ten-year inflation adjusted average of non-specifics or Cal Water's requested non-specifics, whichever is lower.

As a result of these provisions, the Parties agree on capital additions of \$3,240,400 in 2004, \$6,643,700 in 2005, and \$5,200,500 in 2006.

Advice Letter projects in Salinas

1. ORA proposed and Cal Water agrees on recovery of the costs associated with project 12565 for a million-gallon reservoir in central Salinas by an advice letter process. ORA proposed advice letter processing because of uncertainty whether Cal Water can complete this project as scheduled. The advice letter should only be applicable until the start of the test year in the 2007 GRC and should ask to recover no more than \$1,050,000, the original budget for the project.

2. ORA proposed and Cal Water agrees on recovery of the costs associated with project 11451 for a million-gallon reservoir in northern Salinas by an advice letter process. ORA proposed advice letter processing because of uncertainty whether Cal Water can complete this project as scheduled. The advice letter should only be applicable until the start of the test year in the 2007 GRC and should ask to recover no more than \$1,050,000, the original budget for the project.

3. ORA proposed and Cal Water agrees on advice letter processing for projects 12572 for environmental feasibility and 12573 for design of the Salinas long-term alternative water supply project. ORA recommended separate advice letters, but the Parties have agreed to combine the advice letters to minimize the administrative burden on the Water Division. The combined advice letter should only be applicable until the start of the test year in the

2007 GRC and should ask to recover no more than \$500,000, the original combined budget for the projects.

2.1.3.7 Plant additions in the Stockton District

For the Stockton District, Cal Water had proposed plant additions of \$8,881,300 in 2004, \$10,497,500 in 2005, and \$7,622,100 in 2006. ORA had reviewed Cal Water's proposal and estimated plant additions of \$1,618,500 in 2004, \$13,156,550 in 2005, and \$1,915,150 in 2006. Parties made settlements of 4 components of the capital budget as enumerated below:

- Project 9518 for a main replacement in Stanislaus Street should be allowed in the 2004 capital budget. The project has been completed for \$160,000.
- Projects 9603 through 9606 for arsenic mitigation should be allowed in the 2005 capital budget for \$9,211,229. ORA had recommended allowing \$7,248,000 on these projects in 2005. However, The Parties now agree that the budget should be increased to account for valves, meters, mixers, electrical work, permits, land, engineering design, environmental compliance, inspections, and a necessary contingency on this size project. Cal Water's engineers had proposed a 15% contingency for this project. The settled project budget includes a 7.5% contingency, which the Parties have agreed is reasonable for this project at this stage of design.
- Project 11472 for a new well and supply main should be allowed in the 2005 capital budget for \$1,787,000. ORA originally estimated the cost of the well at \$607,000 based on an average of five recent well-drilling projects in Cal Water

districts. However, this analysis only included contractor payments. In addition, as described in Cal Water's prepared testimony [Stockton District testimony, p. I-20], this well is being designed for 2,000 gallons per minute, twice the normal capacity. Based on a review of all project costs, including contractor payments, other Cal Water costs for design, inspection, construction and contract management, a test well, sound curtains, and permits, Cal Water and ORA now agree that the well should be included in the budget for \$861,000. In addition, for the supply main portion of the project, The Parties now agree that the budget should include costs for engineering design, inspections, permits, and environmental compliance. Based on these costs, Cal Water and ORA now agree that the supply main should be included in the budget for \$926,000.

- For each district and General Office plant additions, the Parties have agreed to use a ten-year inflation adjusted average of non-specifics or Cal Water's requested non-specifics, whichever is lower.

As a result of these provisions, the Parties agree on capital additions of \$1,778,500 in 2004, \$15,538,229 in 2005, and \$1,899,100 in 2006.

2.1.3.8 Plant additions in the Visalia District

For the Visalia District, Cal Water had proposed plant additions of \$4,069,500 in 2004, \$5,872,800 in 2005, and \$2,721,300 in 2006. ORA had reviewed Cal Water's proposal and estimated plant additions of \$3,034,100 in 2004, \$4,566,400 in 2005, and \$2,345,300 in 2006. Parties made settlements of four components of the capital budget as enumerated below:

- Parties agree that the cost of well drilling (a component of well construction) should be included in the budget for \$361,000 each for projects 9337, 9342, 9355, and 11219. ORA had estimated the cost of these activities as \$343,000 using an average of recent well-drilling projects. However, in settlement discussions, Cal Water had pointed out that the capitalized interest component was not being considered in the lower amount.
- The Parties now agree on advice letter processing for project 9330 for a one-million gallon storage reservoir in the Goshen area. ORA had originally objected to this project because of a question of its need and concerns over timing. Cal Water reiterated in its rebuttal testimony [Mr. Smegal p. 56] that this storage is necessary for a proposed meat-packing plant and other proposed industrial development. As a condition for allowing this project to be recovered through an advice letter capped at \$1,066,800, this project must be started before the end of 2005.
- Cal Water and ORA now agree to allow project 9336 for a transmission main to tie in the Fairway subsystem to Visalia. ORA originally did not recommend this project in the budget because it was not clear to them that the Department of Health Services had requested the tie-in and because other options had not been explored. Cal Water reiterated in Rebuttal that it had considered other options and chosen the tie-in for a variety of reasons [see Mr. Guzzetta's direct testimony for Visalia, p. I-12]. Furthermore, Cal Water provided a copy of correspondence from DHS [Attachment D-7 to Mr. Smegal's rebuttal] encouraging Cal Water to provide a second source of supply.

- For each district and General Office plant additions, the Parties have agreed to use a ten-year inflation adjusted average of non-specifics or Cal Water's requested non-specifics, whichever is lower.

As a result of these provisions, the Parties agree on capital additions of \$3,130,347 in 2004, \$5,143,775 in 2005, and \$2,458,497 in 2006.

Advice Letter Project in Visalia

1. The Parties now agree on recovery of the costs associated with project 9330 for a million-gallon reservoir in the Goshen area through an advice letter process. The Parties have agreed to advice letter processing because of ORA's concerns whether Cal Water can complete the project on schedule. Furthermore, the advice letter filing should demonstrate that the project was begun in 2005. The advice letter should only be applicable until the start of the test year in the 2007 GRC and should ask to recover no more than \$1,066,800.

2.1.3.9 Plant additions in the General Office

For the General Office, Cal Water had proposed plant additions of \$5,729,900 in 2004, \$9,004,500 in 2005, and \$7,030,000 in 2006. ORA had reviewed Cal Water's proposal and estimated plant additions of \$3,780,300 in 2004, \$4,747,600 in 2005, and \$2,135,200 in 2006. Parties made settlements of thirteen components of the capital budget as enumerated below:

- Project 5625 for roof replacement should be allowed in the 2004 budget for \$284,468. This is the actual amount spent by Cal Water in 2004 on the project.

- Project 10001 for a file storage system should be allowed in the 2005 capital budget for \$193,000. ORA originally recommended allowing \$144,000 for this project in 2004. However, Cal Water explained in rebuttal that the project was delayed because of unexpected foundation repairs to support the system. These repairs added \$48,000 to Cal Water's contractor estimates for the project.
- Project 9561 for a version upgrade to the customer information system should be allowed in the 2004 capital budget for \$400,000 and in the 2005 capital budget for \$100,000. ORA had recommended allowing \$400,000 in the 2004 budget based on Cal Water's budget progress report. However, Cal Water explained on rebuttal that the budget report only reflected the part of the project planned for 2004. Additional work is needed to complete the project in 2005. Cal Water had initially budgeted \$535,000 for this project.
- Project 9569 for billing system hardware upgrades should be allowed for \$39,000. This is the amount Cal Water actually spent on the project in 2004.
- The cost limit on the project 10867 for a general office building expansion project should be increased to \$887,000. During ORA's field inspection, Cal Water indicated the scope of the project had been reduced to only include one building. At that time, Cal Water was working on design with an architect and provided a rough verbal bid of \$500,000. ORA recommended this amount. In rebuttal testimony, Cal Water provided a contractor bid for \$761,375. In addition, Cal Water estimated that carpeting, cubicles, and other furniture would be needed. The space is designed to accommodate approximately 33 additional staff. Many

Cal Water General Office employees are working in converted conference rooms and hallways, or sharing cubicle space.

- Project 11652 for upgrades to laboratory software should be included in the 2005 budget for \$11,300. Cal Water provided a corrected quote in its rebuttal testimony.
- Project 4989 for a backup tape library should be included in the budget for \$30,000. Cal Water clarified in its rebuttal testimony that the price quote given for the project included three units.
- Project 9588 for internet billing should be allowed in the budget for 2006. Cal Water initially proposed the project for 2005. ORA recommended this project not be allowed until after 2006. Cal Water's rebuttal testimony explained that ORA's concerns about the performance of the CIS system had been addressed and the system had been running well for a year. Therefore, the Parties agreed that the project should be done in 2006.
- Projects 9593 and 11233 for routine computer, printer, and monitor replacements should be allowed for \$300,000 per year. ORA originally recommended \$225,000 per year based on expenditures in 2004. Cal Water explained in rebuttal that many computers had been replaced in 2003, so the recorded numbers for 2004 were less than the amount needed to replace this equipment on a 4-year schedule. After reviewing expenses for 2003 and 2004, the Parties agree to a budget of \$300,000 per year.
- Projects 9617 and 11237 for PC and server software upgrades should be allowed for \$340,000 each in 2005 and 2006. Cal Water clarified there are two

components to these projects as provided in the original justification. ORA had only considered one component in its estimate.

- Based on additional personnel included in the settlement below, The Parties now agree on including two trucks, one sedan, and six PCs for new employees in 2004.
- Based on additional personnel included in the settlement below, The Parties now agree on including one sedan and three PCs in 2005.
- For each district and General Office plant additions, the Parties have agreed to use a ten-year inflation adjusted average of non-specifics or Cal Water's requested non-specifics, whichever is lower.

As a result of these provisions, the Parties agree on capital additions of \$3,868,675 in 2004, \$5,357,543 in 2005, and \$2,785,195 in 2006.

Advice Letter project in the General Office

1. ORA proposed and Cal Water agrees on recovery of the costs associated with project 10867 for expansion of the available office space at the general office through an advice letter process. As noted above, Cal Water and ORA now agree that the advice letter should only be applicable until the start of the test year in the 2007 GRC and should ask to recover no more than \$887,000. Furthermore, Cal Water may elect to rent nearby office space in lieu of constructing an expansion. In that case, Cal Water should be limited to requesting expense recovery equivalent to the revenue requirement of \$887,000 in capital additions at the adopted rate of return.

2.2 Water Sales

The Parties had used either an e-views model or a recent average of water sales to make the estimates in their direct testimony. Settlement discussions in the area of water sales were held to compare these estimates with recent data and to review why differences between the Parties may have occurred. In addition to water sales per customer, the Parties examined recent trends in customer growth and total sales by class. In summary, and in each instance, water sales settlements reflect what the Parties believe to be reasonable estimates of water sales for the test year. These estimates will allow the utility a reasonable opportunity to earn its rate of return under normal weather conditions.

2.21 Water Sales in Chico District

Parties agreed on ORA's customer counts with the exception of Public Authority. In this category, the Parties observed that the number of recorded customers was not growing according to the simple five-year average growth called for in the RCP. Parties settled on 344 customers for this class.

Parties agreed on water sales for the residential class that take into account the EViews model along with recent recorded history to arrive at a settlement of 288 ccf/customer. ORA's report had 293.7 ccf/customer and Cal Water's report had 283.5 ccf/customer.

Parties agreed on water sales for business equal to the last recorded five-year average water sales per customer of 805.1 ccf. ORA's report had 813.2 ccf/customer and Cal Water's report had 797.9 ccf/customer.

Parties agreed on ORA's sales per customer for industrial, public authority, and multi-residential. Parties agreed to use the last recorded year of 2004 for Other sales of 399.4

ccf/customer. ORA's report had 668.8 ccf/customer and Cal Water's report had 324.5 ccf/customer.

2.22 Water Sales in East Los Angeles District

Parties had the same position on customers.

Parties had both used EViews models for residential water sales. ORA's report contained an estimate of 217.0 ccf/customer, but Parties later agreed that the correct model showed 198.2 as proposed by Cal Water. Nevertheless, Parties agreed to use 201.6 ccf/customer, the recorded 2004 water sales, as a settlement estimate.

ORA's report had accepted Cal Water's Other, Multi-residential, and Business sales per customer. Parties had used different methods to forecast industrial sales per customer. However, in light of recorded industrial sales in 2003 and 2004, the Parties agreed to use 2004 recorded data. Cal Water agreed to ORA's Public Authority sales per customer.

2.23 Water Sales in Livermore

Parties had agreed on customers. However, in discussing business and public authority customers, it became apparent that recorded customers were not matching the simple five-year average growth projection in the rate case. Therefore, the Parties agreed to 910 customers for business and 177 customers for public authority.

Cal Water had agreed on rebuttal with ORA's residential sales per customer. The Parties agreed to use 2004 recorded business sales per customer of 614.3 ccf. ORA's report

recommended 611 ccf/customer, while Cal Water's report recommended 585.5 ccf/customer.

Parties agreed to Cal Water's Other sales per customer of 587.2 ccf. ORA had recommended 817.0 ccf. 2004 recorded sales were 320.4 ccf/customer. Cal Water agreed to ORA's estimate of 2365.6 ccf/customer for public authority.

Parties agreed to use 2004 recorded multi-residential sales per customer of 3485 ccf. ORA had recommended 3489.3 while Cal Water had recommended 3446.7

2.23 Water Sales in Los Altos

Parties had agreed on customers. Cal Water had agreed on rebuttal with ORA's residential sales per customer and Other sales per customer.

Parties agreed there was equal merit in both positions in business sales, so they took the average of the two positions of 1002.5 ccf/customer. In light of comparisons to 2004 recorded sales, the Parties adopted Cal Water's public authority sales per customer and ORA's multi-residential sales per customer.

2.23 Water Sales in Mid-Peninsula

Parties had agreed on customers. On rebuttal, Cal Water had agreed on ORA's report figure for Residential, Business, and Multi-family. ORA's report agreed with Cal Water's Other sales per customer. For industrial and public authority customers, the

Parties reviewed recorded 2004 information and determined there was equal merit in both Parties' positions. Therefore, the Parties agreed to use the average of the two positions.

2.23 Water Sales in Salinas

Parties had agreed on customers. Cal Water, on rebuttal, had accepted ORA's Business, Multi-family, and Public authority sales per customer. ORA's report had accepted Cal Water's industrial sales per customer. In light of recorded 2004 sales and weather, as well as the small difference between them, the Parties agreed to use Cal Water's residential sales per customer of 171.0 ccf and Other sales of 1085.4 ccf. ORA had recommended 172.3 ccf/customer for residential and 1165.6 ccf/customer for Other.

2.23 Water Sales in Stockton

Parties had agreed on customers and sales.

2.23 Water Sales in Visalia

Parties had agreed on customers. However, in reviewing 2004 recorded data, the Parties observed that recorded public authority customers were not reflected in the simple five-year average growth method. Therefore, the Parties agreed to use 522 public authority customers. Cal Water's application showed 599 customers.

ORA's report had accepted Cal Water's business use per customer. Cal Water's rebuttal testimony had accepted ORA's Other sales per customer. After reviewing 2004 recorded

sales for residential customers, which was close to ORA's estimate, the Parties agreed to use ORA's proposed sales per customer.

In light of 2003 and 2004 recorded changes in industrial sales per customer, Parties agreed to use 2004 recorded industrial sales per customer of 2160.6 ccf/customer. ORA's report had recommended 2,764 ccf/customer, while Cal Water's report had recommended 2,127.2 ccf/customer. In light of 2004 recorded sales, Cal Water also accepted ORA's recommendation for public authority and multi-residential sales per customer.

2.3 Rate of Return

Parties' reports were in agreement on cost of debt and capital structure.

Parties agreed on 10.10% return on equity based on consideration of both Parties' positions (ORA 9.61% and Cal Water 12.15%) and based on a review of recent authorized returns for water utilities in California. For example, the Parties noted recent return on equity decisions issued by the Commission for San Gabriel Valley Water Company in D.04-07-034 (10.1%) and California-American Water Company in D.04-09-041 (10.04%).

2.4 District Expenses

2.41 Expenses generally

The Parties agree to reflect their agreed-upon water production in water production-related expenses. The Parties agree to use the latest purchased water, purchased power, and pump tax rates from outside vendors in the summary of earnings. Furthermore, the Parties agree that these values should be updated if they change from the time of the settlement until the time the tables are being prepared for the final decision.

2.42 Chico, Mid-Peninsula, Salinas, and Stockton

The Parties' reports agreed on district expenses in Chico, Mid-Peninsula, Salinas, and Stockton except for water production-related values, conservation expenses, and uncollectibles. In settlement discussions, Cal Water accepted ORA's uncollectibles and conservation expenses in these districts.

In the Chico District, Cal Water has two non-tariffed activities: operation of the Durham Irrigation District domestic water supply system and providing sewer billing service to Cal Water's customers for the City of Chico. Cal Water's filing showed that it was allocating a 10% share of the gross revenue from these contracts. ORA's report expressed concern that ratepayers may be subsidizing these contracts. In particular, ORA suggested that Cal Water should allocate common plant used by these activities.

In settlement, the Parties reviewed the amount of time district staff spends on these activities and the common plant that may be used in performing non-tariffed services. As an interim solution to the dispute, the Parties have used an estimated cost-based system to allocate costs to the unregulated contract. The Parties now agree that an additional

\$9,000 from Chico district expenses for the Durham Irrigation District O&M contract should be allocated from the regulated district. This expense allocation includes the revenue requirement of a vehicle used partially in the contract. In addition, Cal Water agrees to track the costs of performing under this contract. Similarly, the Parties agree to a further allocation of \$34,010 from Chico district expense for the City of Chico Sewer Billing contract, primarily to reflect customer service support. Parties also agree to an allocation of general plant in the Chico district of \$61,012 for this contract.

ORA made a similar review of Cal Water's non-tariffed offering in Stockton. Cal Water provides city services billing to its customers for the City of Stockton. Cal Water's filing and discovery responses showed that it was allocating a 10% share of the gross revenue from these contracts and substantial incremental costs to the contract. ORA was concerned that Cal Water should allocate common plant used by these activities. In settlement, Cal Water provided information that no common plant was used in the contract. Also, the Parties agreed to reduce the expenses allocated to the contract by \$28,170 to account for a correction to Cal Water's accounting for start-up costs.

In Salinas, Cal Water provides operations service to Spreckels Water Company (a CPUC-regulated utility) and Foothill Estates Mutual Water Company. These operations equate to approximately 0.6% of Salinas customers. All expenses for the contracts are properly direct-charged to the contracts as the work is performed. However, Cal Water had not previously allocated general plant as ORA had proposed in their reports. Therefore, as an

interim allocation, the Parties agree to allocate 0.6% of district general plant or \$6,300 to the contracts.

2.43 East Los Angeles

The Parties have agreed to ORA's estimates of district expenses for East Los Angeles except as outlined below. In addition, the Parties have agreed to ORA's allocation of \$145,900 in common plant to the non-tariffed activities performed in this district.

2.43.1 The Parties had different initial positions on the amount of water pumped from Cal Water's wells in the test year. The Parties had calculated different production capacities and different runtime percentages. In the settlement, the Parties reviewed more data provided in Cal Water's rebuttal and discovery responses. The Parties have concluded that a reasonable estimate of groundwater pumping would use Cal Water's estimated pumping capacity and a 90% runtime rate. These factors taken together yield a production of 7,500 acre-feet of pumping.

2.43.2 ORA accepted Cal Water's original request for this expense category. Small differences resulted from the use of different escalation factors. In settlement, the Parties agreed to modify their estimates to reflect recorded 2003 chemical expense per unit of groundwater production multiplied by adopted groundwater production.

2.43.3 The spreadsheet used by both Parties to calculate the cost of purchased water contained an error. The Parties have agreed to correct the error to show the correct purchased water costs.

2.43.4 The Parties now agree that \$252,000 of additional water treatment cost for East Los Angeles' lease of a Basin treatment plant should be included in rates subject to refund from proceeds of potential litigation. This expense and any proceeds from litigation should be tracked in a memorandum account and reported on annually. ORA's report had recommended Cal Water record these costs in a memorandum account but not recover the cost in current rates. Cal Water pointed out in rebuttal that no potentially responsible parties had been identified and any collection of damages is speculative.

2.43.5 The Parties now agree that Cal Water should be allowed to hire an additional half-time customer service representative (CSR) in the East Los Angeles customer center. Cal Water had requested an additional full-time position. ORA had initially not recommended hiring additional CSRs due to comparison with other districts' customer to CSR ratio. In rebuttal, Cal Water pointed out that East Los Angeles has more customer interaction than other districts. For instance, significantly more customer payments are taken in person in East Los Angeles than in other districts. Based on these factors, the Parties agree one-half CSR should be allowed.

2.43.6 ORA's report allowed the district to hire an additional inspector position for \$51,500. However, ORA also recommended that contracted maintenance expense be reduced by \$51,500 because of a relationship between in-house work capacity and contracted maintenance. In rebuttal, Cal Water explained that much of the contracted maintenance used by Cal Water's districts is for specialized services. After discussing the matter, the Parties agree to adjust contracted maintenance expenses by 40% of the payroll added in East Los Angeles operations or \$20,600.

2.43.7 The Parties had different methods of estimating certain O&M and A&G expenses in the East Los Angeles district. After reviewing recent data and patterns of expense, parties settled on the following:

- Transportation expenses should be based on 2003 recorded expenses plus 5% in recognition of increased fuel prices.
- Uncollectibles should be based on Cal Water's position.
- Source of Supply expenses should be based on Cal Water's position.
- Water treatment expenses should be based on a five-year average of expense plus ORA's estimate of \$9,196 for GAC annual media replacement plus the adjustment described in paragraph 2.43.4.
- Customer Accounting expenses should be based on an average of the Parties' positions.
- Stores expenses should be based on Cal Water's position.
- Non-specific administrative expenses should be based on an average of the Parties' positions.

Cal Water originally requested \$345,800 in 2004 for these expense categories. ORA recommended \$324,900. The settlement allows \$342,700.

2.44 Los Altos

The Parties have agreed to ORA's estimates of district expenses for Los Altos except as outlined below.

2.44.1 The Parties agree to use Cal Water's method for calculating purchased power cost. ORA had proposed evaluating power cost from boosters and wells separately. Cal

Water in its rebuttal testimony explained that wells in Los Altos are co-wired with boosters and that splitting the power use would not be possible.

2.44.2 ORA's report allowed the district to fill three additional positions for \$153,400. However, ORA also recommended that contracted maintenance expense be reduced by \$153,400 because of a relationship between in-house work capacity and contracted maintenance. In rebuttal, Cal Water explained that much of the contracted maintenance used by Cal Water's districts is for specialized services. After discussing the matter, the Parties agree to adjust contracted maintenance expenses by 40% of the payroll added in Los Altos operations or \$61,360.

2.44.3 The Parties had different methods of estimating certain O&M and A&G expenses in the Los Altos District. After reviewing recent data and patterns of expense, parties settled on the following:

- Transportation expenses should be based on 2003 recorded expenses plus 5% in recognition of increased fuel prices.
- Uncollectibles should be based on Cal Water's position.
- Source of Supply expenses should be based on an average of the Parties' positions.
- Pumping expenses should be based on an average of the Parties' positions.
- Water treatment expenses should be based on a five-year average of expense including 2004.
- Customer Accounting expenses should be based on Cal Water's position.
- Contracted Maintenance expenses should be based on Cal Water's position except as adjusted in paragraph 2.44.2, above.

- Non-specific administrative expenses should be based on an average of the Parties' positions.

Cal Water originally requested \$620,400 in 2004 for these expense categories. ORA recommended \$612,000. The settlement allows \$607,800.

2.45 Livermore

The Parties have agreed to ORA's estimates of district expenses for Livermore except as outlined below. In addition, the Parties have agreed to ORA's allocation of \$10,900 in common plant to the non-tariffed activities performed in this district. (adjust GAC)

2.45.1 The parties now agree to allow an additional half-time CSR in the Livermore District for \$23,109. ORA had initially recommended against Cal Water's request based on analysis of customers per CSR. However, the analysis was incorrect due to miscommunication on how many CSR's are in complement in Livermore. After confirming that Livermore employs only 2-1/2 CSRs, ORA and Cal Water agree that the analysis justifies 3 CSRs.

2.45.2 The parties now agree to allow an additional relief pump operator in Livermore for \$50,586. ORA originally recommended against this addition based on analysis of relief pump operators in other districts. In rebuttal, Cal Water suggested this analysis should include certified pump operators and relief operators. The positions have similar duties. In consideration of this measure, Livermore is justified in employing an additional relief pump operator.

2.45.3 ORA's report allowed the district to fill one additional operations position for \$49,348. However, ORA also recommended that contracted maintenance expense be

reduced by \$49,348 because of a relationship between in-house work capacity and contracted maintenance. In rebuttal, Cal Water explained that much of the contracted maintenance used by Cal Water's districts is for specialized services. After discussing the matter, the Parties agree to adjust contracted maintenance expenses by 40% of the payroll added in Livermore operations. Because the parties have agreed to add an additional relief pump operator, the adjustment to contracted maintenance is \$39,977.

2.44.3 The Parties had different methods of estimating certain O&M and A&G expenses in the Livermore District. After reviewing recent data and patterns of expense, parties settled on the following:

- Transportation expenses should be based on 2003 recorded expenses plus 5% in recognition of increased fuel prices.
- Uncollectibles should be based on a five-year average of uncollectibles.
- Source of Supply expenses should be based on ORA's position.
- Pumping expenses should be based on an average of the Parties' positions.
- Water treatment expenses should be based on an average of the Parties' positions plus ORA's estimate of \$9,196 for GAC annual media replacement..
- Customer Accounting expenses should be based on Cal Water's position.
- Stores expenses should be based on a five-year average of Stores expenses.
- Non-specific administrative expenses should be based on an average of the Parties' positions.

Cal Water originally requested \$293,100 in 2004 for these expense categories. ORA recommended \$250,200. The settlement allows \$280,200.

2.46 Visalia

The Parties have agreed to ORA's estimates of district expenses for Visalia except as outlined below.

2.46.1 In the Visalia District, Cal Water provides sewer and garbage billing service to Cal Water's customers for the City of Visalia. Cal Water's filing showed that it was allocating a 10% share of the gross revenue from these contracts. ORA's report expressed concern that ratepayers may be subsidizing these contracts. In particular, ORA suggested that Cal Water should allocate common plant and customer service resources used by these activities. In settlement, the Parties reviewed the amount of time district staff spends on these activities and the common plant that may be used in performing non-tariffed services. As an interim solution to the dispute, the Parties have used an estimated cost-based system to allocate costs to the unregulated contract. The Parties now agree that an additional \$101,933 in Visalia district expenses and return on rate base should be allocated to the City of Visalia services billing contract. This is based on a 35% allocation of customer service resources including employee time, management time, and general plant.

2.46.2 In its next GRC filing for Visalia, Cal Water will provide more detailed information in support of its allocation to this unregulated contract.

2.46.3 The Parties now agree to add a half-time New Business Manager position to the Visalia workforce. ORA initially recommended against this addition based on a review of other districts' administrative staff levels. Cal Water's rebuttal reiterated that Visalia is unusual among the districts reviewed because of the rapid growth of the system. Cal Water explained that this position is necessary to improve relations with the City and the

development community, who perceive Cal Water as providing them poor customer service.

2.46.4 ORA's report allowed the district to fill four additional operations positions for \$207,150. However, ORA also recommended that contracted maintenance expense be reduced by \$207,150 because of a relationship between in-house work capacity and contracted maintenance. In rebuttal, Cal Water explained that much of the contracted maintenance used by Cal Water's districts is for specialized services. After discussing the matter, the Parties agree to adjust contracted maintenance expenses by 40% of the payroll added in Visalia operations or \$82,860.

2.46.5 The Parties had different methods of estimating certain O&M and A&G expenses in the Visalia District. After reviewing recent data and patterns of expense, parties settled on the following:

- Transportation expenses should be based on 2003 recorded expenses plus 5% in recognition of increased fuel prices.
- Source of Supply expenses should be based on a five-year average of expenses.
- Pumping expenses should be based on a five-year average of expenses.
- Water treatment expenses should be based on an average of the Parties' positions using ORA's estimate of \$9,196 for annual GAC media replacement.
- Contracted Maintenance expenses should be based on an average of the Parties' positions except as adjusted in paragraph 2.46.4, above.
- Non-specific administrative expenses should be based on an average of the Parties' positions.

Cal Water originally requested \$607,500 in 2004 for these expense categories. ORA recommended \$606,000. The settlement allows \$617,100.

2.5 General Office Expenses

In all other respects except those outlined below, the Parties agree to ORA's report proposal.

2.51 General Office Staff

2.51.1 ORA initially recommended that all incremental positions allowed in the 2001, 2002, and 2003 rate cases should not be allowed in rates at this time. ORA recommended that these positions be allowed only after Cal Water hires the person and files an advice letter. ORA was concerned that these positions were covered in rates but had not been hired. Cal Water explained in rebuttal that the positions had not been filled due to delayed rate relief and issues related to the number of new positions allowed in those rate cases. After discussing the matter in settlement, the Parties concluded that the positions allowed in the 2002 rate case had never been in rates for these districts, so Cal Water should be allowed to include them in rates for the test year. However, the parties agreed that three positions unfilled since they were approved in the 2001 rate case should be allowed in rates only after an advice letter filing as described below.

2.51.2 ORA reviewed Cal Water's request for new additional positions and found many of them reasonable. However, ORA proposed allowing the positions in rates only after the position is filled and after Cal Water files an advice letter requesting the increase. This method is consistent with Commission Decision 04-07-034 for San Gabriel Valley

Water Company. Cal Water did not oppose this method in rebuttal, but it expressed concerns about timing of advice letter recovery and recovery of benefits costs. The Parties now agree that Cal Water should be allowed to file one advice letter filing each year, and Cal Water should also be allowed to include costs of filled positions in its step increase advice letter filings each May. Cal Water would be allowed to recover the salary of the position, plus 36.3% benefits, plus 7.19% payroll taxes. In addition, Cal Water should be allowed to recover the costs of office equipment, tools, and/or vehicles as appropriate for the position.

2.51.3 ORA recommended six positions in 2004 and six positions in 2005 be included in the advice letter process. Cal Water in rebuttal provided additional clarifying information on five positions ORA had not approved. The Parties now agree to include these positions in the advice letter process. The provisions are as follows:

- The Parties agree on the need for a single District Management Trainee. Cal Water had requested 5 trainees as a means of filling management vacancies and complying with DHS certification requirements. ORA and Cal Water agree that a single trainee position as a pilot program will help determine if this approach is beneficial. However, the parties also agree that this trainee cannot be recovered in rates until Cal Water hires an additional regulatory analyst approved in the 2001 GRC.
- The Parties agree to allow a Lead Sarbanes-Oxley auditor in addition to the staff auditor allowed by ORA. Cal Water had requested 5 auditors, and ORA had allowed only one. Cal Water explained in Rebuttal that the Internal Control

Manager was not responsible for auditing as ORA suggested. Cal Water needs at least two auditors to complete the required amount of inside auditing.

- The Parties agree to allow a ¾-time Intermediate clerk to handle the Utility Supplier Diversity Program. This program is sponsored by the Commission, and Cal Water needs to increase staff to participate.
- The parties agree to allow a Tank Maintenance Engineer. In discussion, Cal Water pointed out that this position would be largely capitalized, so there is little impact on expenses. In addition, Cal Water justified the need for an in-house engineer based on increases in workload, and having this resource in-house should reduce some capital costs for design.
- The parties agree to allow a Traveling Meter Mechanic. ORA had initially not recommended this position because Cal Water's justification had not been updated since the last GRC. In settlement, Cal Water and ORA discussed the justification and ORA found it acceptable.

As a result of these changes to payroll, the settlement reflects \$15,216,000 in expensed payroll for the test year. ORA had recommended \$13,258,900. Cal Water had requested \$17,554,100. If hired and included in rates, the advice letter positions would add \$880,255 to payroll.

2.52 Other General Office Expenses

2.52.1 Parties agree to use 2003 recorded transportation expenses plus 5% to forecast 2004 base transportation expenses. Cal Water's 2004 transportation expenses were higher than this due to increasing fuel costs.

2.52.2 Parties agree to use \$44,800 for property insurance to properly reflect Dominguez synergies.

2.52.3 Parties agree to \$2,161,000 for Injuries and Damages in 2005 and \$2,200,000 in 2006 based on Cal Water's recorded 2003 expenses. Recorded 2004 expenses were \$2,800,000.

2.52.4 Parties agreed to correct ORA's report escalation of retirement fund expense to reflect their intended proposal.

2.52.5 Parties agreed to health care expense and retiree health care expense based on 2004 recorded expenses for each category. For employee health care expense, the settled ratio is 14.323% of payroll for the test year. Cal Water's initial request was 17.722% for health care, while ORA's report recommended 13.937%. For retiree health care expenses, the settled ratio is 3.019% of payroll. Cal Water's initial request was 3.768%, while ORA's recommendation was 2.165%.

2.52.6 Parties agree to pension and benefit synergies as adopted in D. 04-04-041 of \$413,500 for 2004. This escalates to \$425,200 in 2005 and \$436,500 in 2006 due to wage growth of the synergies payroll.

2.52.7 Parties agree to ORA's proposal for outside services plus \$214,000 for continuing Sarbanes-Oxley outside auditing and \$25,000 for outside tax preparation.

2.52.8 Parties agree to Cal Water's dues and donations adjustment.

2.6 Allocations of General Office Expenses to Unregulated Activities

2.61 Adjustment for unregulated allocations

ORA expressed concern over Cal Water's General Office expense allocations and also the clarity of Cal Water's report in this area. After extensive discussions and review of corrected data, historical earnings and allocation information, and Cal Water's non-tariffed contract obligations, the Parties have agreed to a settlement for this rate case cycle and on a method of presentation for the 2007 general office rate case filing. As of 2003, the last recorded year in this filing, Cal Water was allocating approximately 3% of its general non-billing expenses to unregulated activities including out-of-state utilities. Cal Water and ORA have agreed on a test year allocation of 5.1% of these expenses as an interim allocation. The 5.1% represents a combination of 4.5% for non-tariffed services and 0.6% for general management support of out-of-state activities. The difference is an adjustment of \$460,700 from General Office Expenses to unregulated for the test year. Parties agreed upon this method for this rate case after considering other allocations Cal Water makes to unregulated activity. As described in paragraph 2.1.2, Cal Water and ORA had agreed to allocate 4.5% of general office rate base to non-tariffed services. The Parties adopted the same allocation factor for these expenses. In connection with A.01-09-062 and subsequent cases, Cal Water and ORA had agreed on a pool-factor methodology for estimating cost allocations to out-of-state activities. The Parties agreed to raise the allocation to 0.6% in this rate case due to increases in the size of the New Mexico Water Service Company operation.

Cal Water and ORA agree to continue Cal Water's current allocation of approximately 6.1% of billing system expenses to non-tariffed services that receive billing support from the General Office. This allocation is based on the number of customers billed.

2.62 Future Presentation of unregulated activities

As an additional settlement, Cal Water agrees to provide specific information up-front in subsequent rate case filings, identifying revenues and cost allocations for specific contracted activities. Cal Water will provide for each contract:

- A copy of the contract
- List of obligated tasks arising from the contract
- Corresponding list of Cal Water resources used in those tasks.
- Five year summary of earnings showing revenue, direct-billed expenses, and allocated expenses.
- For allocated expenses, a clear explanation of the basis of the allocation
- For each affected Cal Water resource, identify the allocation or charging method for service provided to non-tariffed services.

Antenna leases for each district may be described in aggregate.

2.63 Future presentation and organization of General Office expenses

ORA expressed concern in its report that Cal Water's expense presentation was unclear, due to a number of factors including changes in where allocations are booked, mislabeled and incorrect data, and descriptive errors. As an additional settlement, Cal Water agrees to the following changes to its General Office presentation for the 2007 General Rate Case:

- Provide operating statement back-up pages for each recorded year
- Provide data in each analyzed account showing the gross expenditures in the account and any unregulated allocations that relate to the account.
- For all accounts, explain the basis and amount of allocation to specific unregulated activities. If an account is not allocated to unregulated activities, explain the lack of allocation.
- Provide clear explanations of all proposed adjustments to the recorded data for ratemaking purposes.
- Provide clear explanations of all estimating methods.

2.64 Evaluation of Cal Water's general office allocations and methods

In connection with Cal Water's 2007 General Office GRC, ORA will complete the audit themselves or hire an outside audit firm to review the entries made in 2005 and 2006 under this settlement. Cal Water will pay the cost of the audit and will be reimbursed through rates in the 2007 rate case proceeding. The scope of the audit will be to review if allocations were made in accordance with provisions of this settlement and any written allocation policy Cal Water develops before 2007. This will allow the Commission to determine if Cal Water's allocation policy and practice is in the public interest and consistent with Commission policies.

2.7 Other matters

2.71 Step rate increases

The Parties agree, as proposed by ORA, to the modified recorded earnings test for step rate increases adopted in Cal Water's last three rate case decisions. Thus, the parties agree the Commission should authorize step and attrition increases for Cal Water's districts in this proceeding based on weather-adjusted recorded earnings for the latest 12 months ending March 30 each year. Step increase advice letters should be filed no earlier than May 1. Additionally, the recorded earnings test should be adjusted to exclude expenses subject to balancing or memorandum account recovery. Moreover, the sales and sales related expenses in the recorded earnings test should be adjusted to exclude revenues credited to balancing and memorandum accounts. The table of weather coefficients will be filed along with the other comparison tables as a late-filed exhibit. In accordance with the Commission's policy for approving step and attrition increases, should Cal Water's earnings, based on the recorded test above, exceed its authorized return, the requested step or attrition increase should be reduced to offset the earnings in excess of its authorized return in this proceeding or in any other future Cal Water proceeding, whichever is lower.

As described above, the step increase advice letters may also include general office expense adjustments for new employees.

2.72 Rate design issues

Cal Water had requested authority to consolidate rate schedules in its Salinas and Visalia Districts. These districts have rates left-over from multiple acquisitions of smaller utilities in recent years. Because there is now no distinction between the costs of service of these customers, Cal Water had proposed to establish uniform rates. ORA agreed with

Cal Water's approach in the Salinas District. Cal Water's Oak Hills, Las Lomas, and Bolsa Knolls service areas have rates that are slightly higher than the general Salinas tariff. Therefore, these customers will not be negatively impacted by rate consolidation.

In the Visalia District, Cal Water serves customers through twelve different tariffs. Based on the overall percentage increase in rates recommended by this settlement, adopting a uniform rate will impact three customers in the former TULCO system by as much as \$6 per month more than a typical Visalia customer. Therefore, the Parties now agree that the rate schedules for former Nish, Buhl, and Mullen metered and flat rate customers (Schedules VS-NS-1, VS-NS-2R, VS-BU-1, VS-BU-2R, VS-MU-1, and VS-MU-2R) should be consolidated with Schedule VS-1 and VS-2R. Rates for customers in the former EPTCO and TULCO systems will remain independent until the first attrition year starting July 1, 2007. Along with the step rate advice letter at that time, Cal Water should be allowed to cancel schedules VS-TL-1, VS-TL-2R, VS-EP-1, and VS-EP-2R and serve customers under schedules VS-1 and VS-2R. In the interim, rates for the former schedules should be raised to reduce the difference in rates by one-third of the existing difference in 2005 and again in 2006.

2.73 Water quality meets standards

Without performing its independent analysis and limited to information it typically reviewed during a general rate proceeding from sources such as the Department of Health Services and rely also upon representation of the Utility affirming its water quality meeting current health regulations of various controlling agencies, ORA concurs with Cal Water's statement that water quality meets all applicable standards and General Order

103. This is demonstrated in part by Mr. Auckly's testimony and exhibits contained in Cal Water's direct testimony. He provided consumer confidence reports, the last Department of Health Services system inspection reports, and descriptive testimony on the water quality parameters of each district. The Parties request that the Commission make a finding of fact that Cal Water meets all applicable water quality standards.

3.0 EXECUTION OF THE AGREEMENT

3.1 The Parties agree, without further consideration, to execute and/or cause to be executed, any other documents and to take any other action as may be necessary, to effectively consummate this Settlement Agreement. The Parties shall take no action in opposition to this Settlement.

3.2 The Parties agree that no signatory to this Settlement or any member of ORA assumes any personal liability as a result of their agreement. The Parties agree that no legal action may be brought by any Party in any state or federal court, or any other forum, against any individual signatory representing the interests of ORA, attorneys representing ORA, or the ORA itself related to this Settlement. All rights and remedies of the Parties are limited to those available before the Commission.

3.3 This Settlement Agreement may be executed in any number of counterparts and by different Parties in separate counterparts, with the same effect as if all the Parties had signed one and the same document. All such counterparts shall be deemed to be an original and shall together constitute one and the same Agreement.

3.4 The undersigned acknowledge that they have been duly authorized to execute this Agreement on behalf of their respective principals and that such execution is made within the course and scope of their respective agency and/or employment.

4.0 GOVERNING LAW

4.1 The Parties acknowledge that unless expressly and specifically stated otherwise herein, the California Public Utilities Code, Commission regulations, orders, rulings, and/or decisions shall govern the interpretation and enforcement of this Agreement.

5.0 VERIFICATION

5.1 The signatories to this Settlement personally and independently verify that all elements of it are true, correct, complete, and internally consistent.

OFFICE OF RATEPAYER ADVOCATES

CALIFORNIA WATER SERVICE
COMPANY

/s/ Danillo S. Sanchez
By: _____

/s/ Thomas F. Smegal
By: _____

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May 2, 2005

(END OF APPENDIX L)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of California Water Service Company (U 60 W), a corporation, for an order authorizing it to increase rates charged for water service in the Chico District by \$2,614,975 or 24.20% in fiscal 2005-2006, by \$603,000 or 4.46% in fiscal 2006-2007, and by \$603,000 or 4.27% in fiscal 2007-2008.

A.04-09-028

And Related Matters.

A.04-09-029

A.04-09-030

A.04-09-031

A.04-09-032

A.04-09-033

A.04-09-034

A.04-09-035

ADDENDUM TO THE SETTLEMENT

(Numbering has been continued from the settlement to avoid confusion)

5.0 GENERAL

After filing the settlement in A.04-09-028, and after the evidentiary hearing on May 16, 2005, the Parties discovered several areas omitted from the original settlement document. These items are areas of agreement between the parties that were not specifically identified in the original document. They are described here and are to be considered a part of the Settlement Agreement.

5.1 As described in the settlement, the Parties agree to allow Cal Water to file a single advice letter for construction of an operations/customer center in the Mid-Peninsula district. The monetary cap on this filing is \$3,223,700 of capital cost. The parties agreed

to combine the two advice letters recommended by ORA because the project is not easily divisible into two parts and for ease of analysis by Commission staff.

5.2 Project 9127 for an iron and manganese treatment plant at Station 32 and 33 in Salinas should be included as an advice letter for up to \$884,000 capital cost as recommended by ORA. As this project is intended to improve water supply reliability and water quality, the Parties further agree Cal Water may substitute another project that meets these needs. The replacement project advice letter should contain all the information in paragraph 5.3, below, and should be capped at \$884,000 capital cost or its equivalent annual revenue requirement.

5.3 With regard to the various capital improvement advice letter filings that are being proposed in the settlement, the Parties agree that each advice letter should include the following information to assist the Water Division in processing them:

- project name;
- a project description;
- the location of the project;
- the agreed-upon cost or cap and its derivation;
- project accounting, including explanations of major expense categories;
- the start date and the completion date of the project.

5.4 A table showing the first four of these items for each project included as an advice letter in the settlement is attached to this addendum.

5.5 As described in the settlement, the parties agree Cal Water should be allowed to file an advice letter once per year to recover the costs of up to fifteen specific general office personnel after each has been hired. Cal Water should also have the opportunity to add the incremental expense of these personnel to its authorized step filings each May. A list showing the positions allowed, expected salaries, and associated equipment is attached to this addendum. Each advice letter should include the following information:

- Title of position hired
- Date of hire
- Salary, benefits, and payroll taxes for the position
- Cost of equipment purchased to outfit the position.

5.6 The parties' previous request that the Commission allow a late-filed exhibit in the case power or water rates billed to Cal Water change is withdrawn. Any change in rates for purchased water and power is tracked in the water supply memorandum accounts for future recovery.

5.7 Water Management Plans

Cal Water had provided reports detailing water supply and water quality in the districts titled Urban Water Management Plans. The Parties agree that these plans meet the requirements of the Urban Water Management Planning Act and requirements of the Commission to provide a "Water Management Plan" with each rate case filing.

5.8 Conservation plans

Cal Water is obligated under the Memorandum of Understanding (MOU) on Urban Water Conservation to implement cost-effective programs which the Commission has funded. In the settlement, the Parties agreed that Cal Water should be allowed only 25% of the proposed conservation budget for each district as recommended by ORA. The Parties concluded this amount was reasonable based on Cal Water's recent record of conservation expenditures. In most cases, the settled conservation budget exceeds recent recorded expenditures. In addition, most programs can be partially implemented by limiting timeframes or reducing advertising, so a proportional cut in expense is reasonable. Under the settlement, Cal Water should be allowed full-funding of its public information and school education programs, as these are baseline activities. Cal Water should use the remaining funds on cost-effective programs, keeping in mind that cost-effectiveness measures used in the water management plan do not reflect external savings such as power and sewer charges that may be reduced with conservation. Furthermore, some programs may have joint participation from wholesalers (for instance a Mid-Peninsula High Efficiency Washing Machine Rebate in conjunction with the wholesaler) that improve the cost-effectiveness of the program from the customer's point of view. The Parties recommend Cal Water pursue these programs with the remaining money. The Parties recognize that it is Cal Water's responsibility under the MOU to annually report to the California Urban Water Conservation Council on its implementation of conservation programs.

5.9 Step Rate increases

The Parties agree to use the procedures for escalation year 1 and 2 outlined in the RCP decision, with the exception of using the modified pro-forma test adopted in the settlement and the inclusion of general office personnel from the advice letter list (if applicable). The RCP method uses the change in rate base due to projected capital budgets and the change in expenses due to growth and inflation to calculate step rate increases. The comparison exhibit shows a settled rate base for each of the escalation years. The third-year rate base is derived by adding the difference between the first and second year rate base to the second year rate base. Expenses are to be increased as described in the table on page 14 of the RCP decision and by customer growth. Customer growth, for purposes of the first escalation year, should be the percentage change in active service connections (without regard to type) between the adopted value and the recorded value for March 2006. Customer growth for the second escalation year should be the percentage change in active service connections between March 2006 and March 2007. Inflation factors should be the latest provided by ORA's ECSB as of March in the year the filing will take place. Cal Water's filing should clearly show the base expenses, inflation and growth factors used, and the resulting expenses. The escalated expenses, along with the adopted second and third year rate base figures, should be combined to calculate a summary or earnings at the adopted rate of return. Necessary derivative calculations, such as income taxes, ad valorem taxes, and uncollectibles, should be detailed by Cal Water in its advice letter filing.

5.10 Weather Coefficients

The Parties are including as an attachment to this addendum the approved weather coefficients for residential, business, and multi-family customer classes for each district. These coefficients are to be applied to recorded sales data for the classes to normalize weather for the pro-forma test.

5.11 At the Salinas Public Participation Hearing, one customer brought a rate inequity to the attention of Cal Water and the Commission. He and 38 others living in apartments were served by and paying for 2-inch domestic service connections in support of rooftop fire sprinkler systems. On April 28, 2005, Cal Water's Advice Letter 1708 became effective. This Advice Letter established new service for these customers. They now are charged under the 5/8 x 3/4 - inch service size with a 50% surcharge. The parties have agreed for purposes of this settlement to count these customers in the 3/4-inch category instead of the 2-inch category.

5.12 The parties agree that Cal Water should be allowed to recover amounts recorded in the General Office synergies memorandum account through December 31, 2004 as recommended by ORA in its testimony. Such recovery should be in a 36-month surcharge as shown in the table below.

District	Surcharge per customer per month
Chico	\$0.20
East Los Angeles	\$0.23
Livermore	\$0.20
Los Altos	\$0.25
Salinas	\$0.20

Mid-Peninsula	\$0.19
Stockton	\$0.20
Visalia	\$0.16

Cal Water should be authorized to file an advice letter to recover remaining amounts accumulated, subject to Commission review of reasonableness, up to the effective date of rates in this proceeding once those amounts have been recorded. Because the projected memorandum account entries for January 1, 2005 through July 1, 2005 would be approximately 40% of the prior balance, Cal Water should be allowed to recover the remaining amount over twelve months.

5.13 Future Presentation of unregulated activities

The parties clarify that paragraph 2.62 of the original settlement regarding how future rate cases should be presented applies to all future rate cases that Cal Water files with the Commission, and not just for the future rate cases of the districts in this proceeding.

6.0 EXECUTION OF THE AGREEMENT

6.1 The Parties agree, without further consideration, to execute and/or cause to be executed, any other documents and to take any other action as may be necessary, to effectively consummate this Addendum to the Settlement Agreement. The Parties shall take no action in opposition to this Addendum to the Settlement Agreement.

6.2 The Parties agree that no signatory to this Addendum to the Settlement Agreement or any member of ORA assumes any personal liability as a result of their agreement. The Parties agree that no legal action may be brought by any Party in any state or federal court, or any other forum, against any individual signatory representing

the interests of ORA, attorneys representing ORA, or the ORA itself related to this Addendum to the Settlement Agreement. All rights and remedies of the Parties are limited to those available before the Commission.

6.3 This Addendum to the Settlement Agreement may be executed in any number of counterparts and by different Parties in separate counterparts, with the same effect as if all the Parties had signed one and the same document. All such counterparts shall be deemed to be an original and shall together constitute one and the same agreement.

6.4 The undersigned acknowledge that they have been duly authorized to execute this Agreement on behalf of their respective principals and that such execution is made within the course and scope of their respective agency and/or employment.

7.0 GOVERNING LAW

7.1 The Parties acknowledge that unless expressly and specifically stated otherwise herein, the California Public Utilities Code, Commission regulations, orders, rulings, and/or decisions shall govern the interpretation and enforcement of this agreement.

8.0 VERIFICATION

8.1 The signatories to this Addendum to the Settlement Agreement personally and independently verify that all elements of it are true, correct, complete, and internally consistent.

OFFICE OF RATEPAYER ADVOCATES

CALIFORNIA WATER SERVICE
COMPANY

By: /s/ Danilo E. Sanchez

By: /s/ Thomas F. Smegal

Danillo E. Sanchez
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
(415) 703- 2913

Thomas F. Smegal
California Water Service Company
1720 N. First Street
San Jose, CA 95112
(408) 367-8225

June 2, 2005

(END OF APPENDIX M)

APPENDIX N

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of California Water Service Company (U 60 W), a corporation, for an order authorizing it to increase rates charged for water service in the Chico District by \$2,614,975 or 24.20% in fiscal 2005-2006, by \$603,000 or 4.46% in fiscal 2006-2007, and by \$603,000 or 4.27% in fiscal 2007-2008.

A.04-09-028

And Related Matters.

A.04-09-029

A.04-09-030

A.04-09-031

A.04-09-032

A.04-09-033

A.04-09-034

A.04-09-035

LATE-FILED EXHIBIT IN RESPONSE TO ALJ DE BERRY'S REQUEST

1.0 The Office of Ratepayer Advocates and California Water Service Company (the Parties) have reviewed ALJ McVicar's proposed decision (PD) in A.04-09-005 as well as the Federal statute known as the American Jobs Creation Act of 2004.¹ The parties agree that Cal Water may be affected by provisions of the Act, but that the extent and impact of those effects are not known. Therefore, the Parties agree that the approach taken in ALJ McVicar's PD or adopted in a final Commission decision on this issue should be used in this proceeding as well. The parties propose that the following order be included among the ordering paragraphs of a decision in this matter:

"For the districts which are the subject of this proceeding, Cal Water shall collect subject to refund the difference between the adopted revenue requirement, which does not reflect the impact of the American Jobs Creation Act of 2004 (Act),² and the revenue requirement that reflects the tax benefit, if any, applicable to Cal Water under the Act as if it were known on of the date of this decision. After the tax benefit, if any, is known Cal Water may file an advice letter setting forth its calculation of the tax benefit, including a proposed surcredit. In any event, for the districts in this proceeding, Cal Water shall report the difference between the adopted revenue requirement, excluding the

¹ Public Law 108-357 (108th Cong.), enacted October 22, 2004.

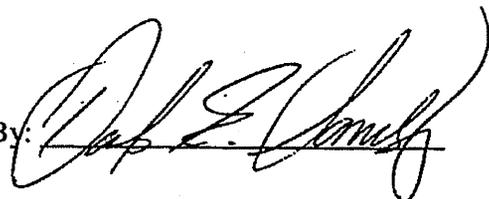
² Public Law 108-357 (108th Cong.), enacted October 22, 2004.

tax impact of the Act and the revenue requirement, including the tax impact of the Act in its next general rate case and propose a surcredit, if applicable, to refund any amounts that have not been refunded.

2.0 VERIFICATION

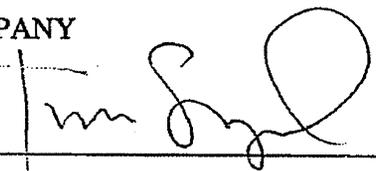
2.1 The signatories to this Late-Filed Exhibit personally and independently verify that all elements of it are true, correct, complete, and internally consistent.

OFFICE OF RATEPAYER ADVOCATES

By: 

Danilo E. Sanchez
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
(415) 703- 2913

CALIFORNIA WATER SERVICE
COMPANY

By: 

Thomas F. Smegal
California Water Service Company
1720 N. First Street
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June 27, 2005

(END OF APPENDIX N)