



## **DRA**

*Division of Ratepayer Advocates  
California Public Utilities Commission*

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**Dana Appling, Director**

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May 2, 2006

Dear ALJ McVicar,

Enclosed is the Joint Proposal of Cal Water Service Company (CWS) and the Division of Ratepayer Advocates (DRA) for Increasing Quantity Block Water Rates. This proposal is being submitted in accordance with the Joint Settlement of Cal Water Service and DRA provided on March 9, 2006 and only addresses the proposed criteria for residential-single family rate design. Unfortunately, due the complexities involved in transitioning from single block to multiple increasing block quantity rates the rate design criteria for the remaining customer classes will not be provided until July 31, 2006. Because of the additional time necessary to develop the rate design criteria Cal Water and DRA will be filing a joint motion shortly with a recommended procedure for filing rates that implement the proposed rate design criteria. Please contact me if you have any questions.

Sincerely yours,



Danilo E. Sanchez, Manager  
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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

**Joint Proposal of  
Cal Water Service Company  
and the Division of Ratepayer Advocates**

**for**

**Increasing Quantity Tiered Water Rates**

**May 2, 2006**

**Application 05-08-006 through 05-08-013**

## TABLE OF CONTENTS

<b>I.</b>	<b>Introduction.....</b>	<b>1</b>
<b>II.</b>	<b>Criteria for Increasing Quantity Tiered Rates .....</b>	<b>2</b>
<b>III.</b>	<b>Method for Structuring Increasing Quantity Tiered Rates.....</b>	<b>3</b>
	Criteria for Determining the Width of Each Rate Tier .....	4
	Method for Determining the Steps Between the Rate Tiers .....	4
	Method for Setting the Rate Tiers with Respect to the Conventional Single Rate.....	5
<b>IV.</b>	<b>Preliminary Rate Design Results for Residential Customers.....</b>	<b>8</b>
<b>V.</b>	<b>Proposed Process for Implementing Increasing Quantity Rates ...</b>	<b>10</b>
	<b>Appendix - Example Residential Rates with Increasing Tier Structure</b>	

## *Increasing Quantity Tiered Rate Design Proposal*

### **Joint Proposal of Cal Water Service Company and the Division of Ratepayer Advocates**

May 1, 2006

#### **I. Introduction**

This filing is to partially fulfill commitments made by Cal Water and DRA (the Parties) in their Revenue Adjustment Mechanism Agreement.<sup>1</sup> The agreement includes a commitment by the parties to file an application for increasing tier rates. This filing includes only single metered residential customers. Cal Water and DRA will subsequently file an agreement for tiered rates for the remaining customer classes, to take effect with a water revenue adjustment mechanism (WRAM).

This filing includes a discussion of the rationale for increasing quantity tiered rates, along with the objectives, rate design criteria and methodology, and the results for single metered residential customers. The Parties intend for the Commission to use this information in deciding the ratemaking issues and establishing a new, increasing quantity rate design in this proceeding. The Commission should adopt criteria for increasing quantity tiered rates and direct Cal Water, to file rates that comport with the adopted design with the Water Division within 60 days after the Commission adopts the rate design methodology.

Increasing quantity tiered rates should be implemented by the Commission because:

1. Increasing quantity rates are more consistent than current single quantity rates with long run marginal cost pricing.
2. Increasing quantity rates provide a financial incentive for customers to conserve water.
3. Increasing quantity rates have been advocated by the Commission in its recent Water Action Plan.<sup>2</sup>

The key objectives of this proposal for increasing quantity tiered rates include the following:

1. "Provide a financial incentive for customers to reduce water consumption."<sup>3</sup>
2. "Consider the impact on low income customers..."<sup>4</sup> Cal Water and DRA are proposing that the first rate tier be set at a level to include basic water needs.

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<sup>1</sup> Applications 05-08-006 to 013 see joint filing of Cal Water and DRA dated March 9, 2006.

<sup>2</sup> CPUC, *Water Action Plan*, December 15, 2005.

<sup>3</sup> CPUC, *Water Action Plan*, December 15, 2005, page 8.

<sup>4</sup> CPUC, *Water Action Plan*, December 15, 2005, page 9.

Thus, customers with minimal water usage will have a reduced bill over the current flat rate. In addition, Cal Water has an application before the Commission proposing a low income rate assistance program.<sup>5</sup>

3. Introduce customers to the concept of tiered rates.
4. Collect measurable data on demand response that will assist Cal Water, DRA and the CPUC in resetting rate tiers rates in the next rate case to achieve conservation goals.
5. Provide an allowance for indoor usage based on winter consumption that will assist low-consuming customers and customers with fixed incomes.
6. Provide financial incentives for customers to reduce consumption during the summer peak season. Customers with average summer usage levels should see a bill increase.
7. Move toward sending rate signals based on long-run marginal cost, and that reflect the usage of higher cost sources of water such as purchased water.
8. Use recognized statistical values such as seasonal and annual average and median consumption.
9. Design a rate structure that will produce revenue close to the adopted revenue requirement as discussed below, without any estimation of demand response.

## **II. Criteria for Increasing Quantity Tiered Rates**

1. Customer classes to consider for increasing tier rates include: residential single meter, residential multi-family, commercial, industrial, irrigation, and public authorities.
2. This, the initial tiered rates filing of Cal Water and DRA, will include single metered, residential customers only.
3. The initial filing of increasing tier rates will not include the following districts: Kern River Valley, Redwood Valley, and the Fremont Valley sub-district in Antelope Valley. If a Rate Support fund is adopted for Kern River, Redwood Valley, and Fremont Valley, Cal Water will provide an advice letter request for increased tier rates for these districts by December 31, 2007, based on agreement reached with DRA on how to structure the rate tiers. Rates for the following classes will not change: Other Sales and Services, other utilities for resale, and reclaimed/recycled.
4. Cal Water's and DRA's proposal is designed to be based on the conventional single quantity rate. The Commission should adopt its conventional single quantity rate in this GRC. The proposed rate tier criteria will then be applied to that rate. Other changes in rates such as supply offsets will continue to be calculated on a \$/ccf basis and then added to each respective rate tier. Cal Water and DRA will examine in the next rate case for these districts the impact of adding offsets on the steps between rate tiers.
5. In the initial implementation of increasing tier rates, service charges will not be changed, so the balance between recoveries of fixed costs in service charges and in usage charges will not change. This simplifies implementation of tiered rates

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<sup>5</sup> Cal Water Application A0510035.

- and minimizes impacts on customers. For example, the Bear Gulch district has eight different service sizes and service charges in the residential class, and seven different service sizes and service charges in the commercial class. Inclusion of service charges would require a unique rate calculation for each service level.
6. Example rates will be based on data for 2005. Consumption data will be adjusted to normal weather conditions if possible.
  7. Cal Water's proposed Low Income Assistance Program: In application A0510035- Cal Water requested approval of a low income assistance program, providing qualifying low income customers with a \$5/mo. reduction in their monthly service charges. Cal Water and DRA have negotiated an agreement to provide qualifying low income customers with a 50% reduction in their monthly service charge with a \$10 cap. Once implemented, the low-income program will provide data that correlates customers in the program with their consumption patterns. Since Cal Water's Low Income Program will be reviewed at the same time as the GRC for General Office Expenses, the future rate design is independent of any low income rate assistance programs.
  8. The Commission has not investigated the long-run marginal cost of water. Thus, information about long-run marginal costs is not readily available. Cal Water and DRA will investigate methodologies and data on long-run marginal costs of water with the goal of including such information in subsequent rate design filings.
  9. Cal Water and DRA recognize that it may take several rate proceedings to fully transition from the current single quantity rates to increasing quantity tier rates that provide customers with the appropriate price signals. Moreover, the parties are aware that the data needed to develop billing determinants by customer class may not be complete and have agreed to apply their best judgment where data is unavailable or incomplete. For future rate proceedings, Cal Water has agreed to modify its billing data records to include data that the parties identify as necessary for developing billing determinants, e.g. correlation of low income and consumption patterns, and the number of dwelling units per multi-family customer. For these reasons and to maintain revenue neutrality within customer classes, the parties have agreed to moderate the differential between rate tiers in the rate design criteria.

### **III. Method for Structuring Increasing Quantity Tiered Rates**

This Method was developed by Cal Water and DRA using 2005 residential consumption data for each the Cal Water districts and sub-districts covered by this agreement for this GRC. Although it is likely that this Method will apply well in Cal Water's other districts, it is possible that unique consumption patterns may require minor modification. However, Cal Water and DRA believe that this Method should serve as a general guideline for the first application of an increasing quantity rate structure for Cal Water's residential metered customers.

## Criteria for Determining the Width of Each Rate Tier

The rate structure has three tiers.

1. The first tier extends from zero consumption to the midpoint between the median winter consumption and average winter consumption. This value provides a proxy for minimal, indoor usage for low and average levels of consumption.
2. The second-tier extends from that point to the midpoint between the weather adjusted average monthly annual consumption and the weather adjusted average monthly summer consumption. If weather adjusted data are not available, unadjusted data may be used.
3. The third tier begins where the second-tier ends, and extends from there.

About 40% to 60% of the total consumption is by customers whose average monthly consumption would put them in the third tier. Most high consuming customers will see an increase in their total annual bills, including an increase in their summer bills.

## Method for Determining the Steps Between the Rate Tiers

With a balanced structure of tiered rates, large usage consumers should see a larger price signal to conserve than small usage consumers, and customers consuming in the middle of the rate structure on average should see no change in annual water expense. This would be accomplished by setting the "customer breakeven consumption point"<sup>6</sup> in the middle of the second-tier. However, for the Cal Water districts covered, more customers consume small amounts of water annually than consume large amounts, and a small number of large usage consumers consume a great deal. This means that the average consumption is considerably higher than the mode and median consumption. The distribution of customers has a "hump" on the low-end and "long tail" on the high-end. For this reason, it was not possible to set the customer breakeven consumption point in the middle of the tiered rate structure. Instead, Cal Water and DRA used the method below to set the break-even point near the top end of the middle tier in order to at least avoid providing an annual discount to those whose average monthly consumption would lie in the third tier. In order to strive for revenue neutrality, however, Cal Water and DRA used criteria that depart somewhat from setting the customer breakeven consumption point precisely at the top end of the middle tier. In some cases, the breakeven point was set slightly in the third tier.

Each rate tier step is 15%. The third tier rate is 15% higher than the second, which is 15% higher than the first. To put it another way, the first tier rate is approximately 87% of the second, and the second tier rate is approximately 87% of the third. For example, relative to the second tier rate, the tiers 1 and 3 have a rate of .87 and 1.15, respectively,

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<sup>6</sup> The "customer breakeven consumption point" is the level of consumption at which a customer would see no change in the total annual bill due to switching from a single rate to tiered rates, given the same revenue requirement.

compared to the second tier's rate. Once the second tier rate is set, the first and third tiers follow automatically by these proportions.

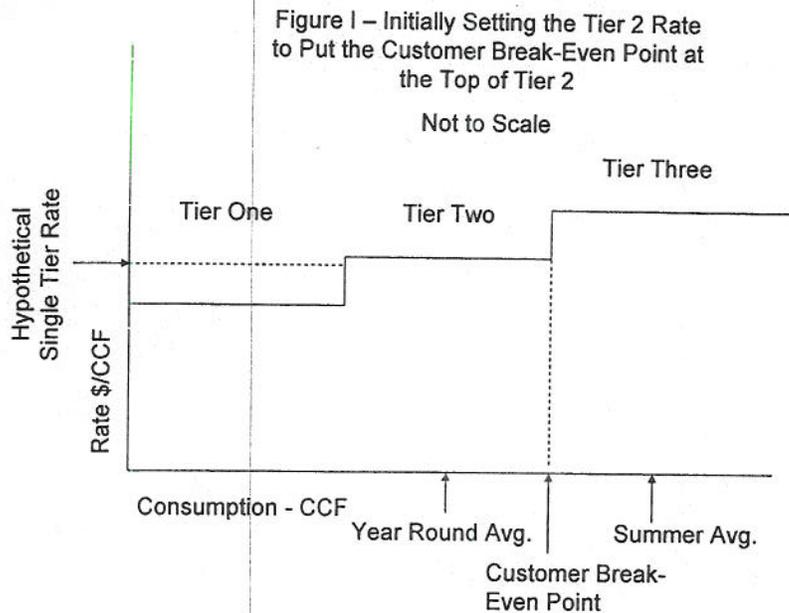
#### Method for Setting the Rate Tiers with Respect to the Conventional Single Rate

The objective in setting the rate tiers is to meet two criteria: revenue neutrality and minimization of any discount for a customer whose annual consumption per month is at the top end of the second tier. The purpose of targeting revenue recovery is to minimize the chance of starting the WRAM with an under or over collection which would necessitate moving the rate tiers. The purpose of minimizing any rate discount to a customer with consumption at the end of the second tier is to send more customers a price signal to conserve during the summer months.

##### *Minimize Any Discount at the Break between the Second and Third Tiers*

First, minimize any discount to a customer whose annual consumption per month is at the break between the second and third tiers. To do this, calculate the hypothetical conventional single rate in the usual way by dividing the adopted revenue requirement by the adopted sales for the customer class. Second, taking the hypothetical single rate to be the second tier rate, calculate the tier one and tier three rates per the 15% proportions noted above. Third, find the level of consumption at which a customer would see no change in the annual bill. This level of consumption is called the "customer break even consumption point" or "break even point" for short. If that level of consumption is at the top end of second tier or lower, go on to the next step. If not, adjust the second-tier rate, while simultaneously adjusting the rates of tiers one and three to maintain the proportion steps between tiers described above, until the customer break-even point is at the top end of the second tier. For example, if the second tier is set at a ratio of 1.05 relative to the conventional single rate, the rates in tier 1 would be .913 and the rates for tier 3 would be 1.2075 relative to the conventional single rate.

Figure 1 shows the Tier 2 rate set to place the customer break-even point at the top end of the second tier.



#### *Target Revenue Recovery:*

First, compare projected revenue recovery from the tiered rates to projected revenue under the hypothetical single rate, given the adopted revenue requirement. Second, adjust the second tier rate minimally until any under-collection is essentially eliminated,<sup>7</sup> and any over-collection is no more than 2.5 percent over the projected revenue under a single rate. Maintain the 15% steps between the tiers, respectively, while doing so. For example, if the rate multiplier of 1.06 for the second tier noted above needs to be changed to 1.07 to provide adequate revenue recovery, the first tier would be .9304 of the single rate and the third tier rate would be 1.2305 relative to the single rate. Do not exceed a rate for the second tier of 1.09 times the hypothetical single rate.<sup>8</sup>

#### *Balance Minimization of Rate Increases with Minimization of Discounts to High Consuming Customers*

Place an even emphasis on minimizing upward adjustments in the rate structure and keeping the break even consumption point near the top end of the second tier. Strive to keep the 2nd tier rate < 5% higher than the hypothetical single rate while moving the break even consumption point to the top of the 2nd tier. If the break-even point cannot be moved to the top of the 2nd tier without the tier 2nd rate multiplier exceeding 1.05, move the break-even point close enough to the top end of the second tier so that the absolute value of the annual discount at that rate is comparable to, and preferably no

<sup>7</sup> For example, a half-percent under collection would be acceptable.

<sup>8</sup> A third tier rate over 1.25 is considered a constraint for this first phase of tiered rates. A second tier rate multiplier of 1.09 results in a third tier rate multiplier of 1.25. Therefore, 1.09 is as high as the second tier rate multiplier can go.

greater than, the percent bill increase at the summer average. This would put the customer break-even point in between the top end of the 2<sup>nd</sup> tier and the summer average. Strive to keep the annual discount at the top end of the second tier to less than two percent, and less than the annual increase to the average summer consumer. A customer whose annual monthly consumption is the summer average will not see a reduction in annual payments. Again, do not exceed a rate for the second tier of 1.09 times the single rate.

Figure 2 shows the Tier 2 rate reset to place the customer break even consumption point slightly above the top end of the second tier.

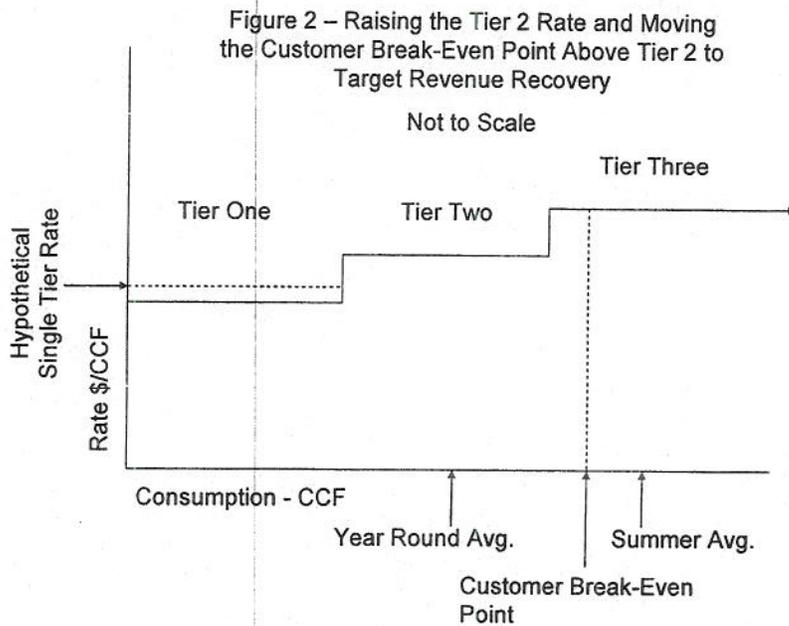


Table 1 provides a summary of key rate design indicators for each of the districts. Additional statistics are included in the follow section and appendix.

Table 1

Summary Statistics - Rate Tiers and Bill Impacts Using the Method for Structuring Tiered Rates

	Tier 1 Top CCF/mo.	Tier 2 Top CCF/mo.	Break-Even Pt. Avg. CCF/mo.	Summer Avg. CCF/mo.	Tier 1 Rate Multiplier	Tier 2 Rate Multiplier	Tier 3 Rate Multiplier	Discount at Tier 2 Top	Increase at Summer Avg.	Revenue Over-Recovery
Bear Gulch	10	35	38	46	0.887	1.02	1.173	1.80%	2.70%	1.69%
Dominguez	11	17	18	20	0.9391	1.08	1.242	1.10%	2.20%	0.61%
Hermosa	10	15	16	17	0.9391	1.08	1.242	1.40%	1.10%	1.19%
Palos Verdes	15	35	37	41	0.9043	1.04	1.196	1.80%	1.10%	0.31%
Marysville	9	21	23	27	0.9043	1.04	1.196	1.80%	3.19%	1.00%
Lake Hughes	11	24	27	28	0.9043	1.04	1.196	2.20%	1.20%	2.27%
Lancaster	14	56	57	72	0.8957	1.03	1.1845	0.40%	7.30%	0.79%
Leona	11	46	50	60	0.887	1.02	1.173	1.10%	6.40%	0.67%

In the districts covered in this filing, the Cal Water and DRA rate design proposal causes customers whose annual consumption is average, to see a decrease in their annual bills. This is because reductions in their winter water bills will exceed increases in their summer bills. However, such customers will still get a price signal to conserve in the summer months since they will have summer consumption in the third tier.

IV. Preliminary Rate Design Results for Residential Customers

DRA and Cal Water have provided sample rate tiers, typical bills and projected revenue recovery examples based on the above, proposed rate design criteria, for each the districts: Antelope Valley – Lancaster, Antelope Valley – Leona Valley, Antelope Valley – Lake Hughes, Bear Gulch, Dominguez, Hermosa Redondo, Marysville, and Palos Verdes. The details for each district are included in the Appendix. Listed below is a brief summary of the results for one of the larger districts.

*Bear Gulch Residential*

The Table below provides a statistical summary of the 2005 monthly bills for 16,035 single metered customers in the Bear Gulch District. The weather adjusted average level of consumption was 25.13 ccf/month. The winter average level of consumption was 13.33 ccf/month. The summer average consumption was 45.64 ccf/month.

*Bear Gulch Data Base Summary Results of Residential Monthly consumption 2005 ccf/mo.*

	Total	Monthly	Winter	Summer	Weather *	Weather Adjusted Basis	
					Adj't Fctr.	Annual	summer
Total	4,711,803	392,650	NA	NA	1.0298	4,852,215	
Average	296.69	24.40	12.94	44.32		25.13	45.64
Mode	124	10	5	10.33			10.64
Median	181	15	7.33	22			22.66
Stan Dev.	390.53	32.45					

\* Weather adjustment based on Cal Water filings for 12 mos ending Sept. 2005.

Other values:

mid point wnt'r average and median 10.1  
 mid point averg annual and summer average 35.4

The table below illustrates the skewed consumption patterns. That is, a large portion of customers account for a smaller portion of overall consumption, and a small portion of consumers account for a large portion of consumption. This skewed pattern is prevalent in all of the districts included in this proposal. The data indicates that 45.12 % of the residential customers have annual average consumption less than 13 ccf a month. However those customers represent only 13.45 % of total consumption. Bear Gulch customers with consumption levels between 14 and 25 ccf/month represents 27.53 % of total customers and 20.80 % of consumption. Annual consumption of 35 ccf/mo and below represents 81.69 % of residential customers and 43.35% of total consumption.

### Residential Customer Consumption Tiers

Customer and Consumption Blocks				Cumulative Data For Consumption Groups					
ccf/mo.	# cust	% cust	cons ccf	% consum.	Cust #	Cust %	consump	consumpt %	Rationale
0 to 5	2,434	15.13%	82,558	1.75%	2,434	15.13%	82,558	1.75%	winter mode
6 to 10	3,018	18.77%	291,553	6.19%	5,452	33.90%	374,111	7.94%	wintr median & avg mid point
11 to 13	1,805	11.22%	259,692	5.51%	7,257	45.12%	633,803	13.45%	tot wintr avg.
14 to 25	4,428	27.53%	980,006	20.80%	11,685	72.65%	1,613,809	34.25%	to weather adjusted avg.
26 to 35	1,454	9.04%	522,960	11.10%	13,139	81.69%	2,136,769	45.35%	annl avg & smr avg mid point
36 to 50	1,074	6.68%	542,630	11.52%	14,213	88.37%	2,679,399	56.67%	to smmr avg, 1 SD + avg.
51 to 84	1,147	7.13%	894,434	18.98%	15,360	95.50%	3,573,833	75.85%	two SD above average
85 and over	723	4.50%	1,137,970	24.15%	16,083	100.00%	4,711,803	100.00%	over 2 SD.
total	16,083		4,711,803	100.00%					

The table below provides information on current rates and the proposed rates for the three increasing tier rates. The current quantity rate is \$2.40/ccf. The proposed change is a reduction for tier one yielding a rate of \$2.13/ccf. The second tier is 2% above the current rate at \$2.45/ccf. The tier three rate is 17.3% above the tier two rate to \$2.82/ccf. Note that there is a 15% increase from tier 1 to tier 2 and a 15% increase from the tier 2 rate to the tier 3 rate. This is consistent with the rate tier criteria discussed above.

15% - good  
✓ checks

Bear Gulch Residential consumption 2005 Key rate input assumptions					
Current rates	(per Dec 05 Billing Register)	rate design	ccf/mo.	portion of current rate	new rate by block
Consumption	281,160	block 1	0 to 10	0.8870	\$ 2.13
Service Chg	\$ 288,217	block 2	11 to 35	1.0200	\$ 2.45
water reve.	\$ 675,517	block 3	36 +	1.1730	\$ 2.82
qnty rate	\$ 2.40				
cust.	16,083 (per detailed residential data)				
Target rev.	\$ 11,320,611 (Billing register rate times data base avg consmpt)				

Tier 1 includes consumption levels between 0 and 10 ccf/mo. and provides a proxy for indoor water needs. This tier includes 33.90 % of residential customers and represents 7.94% of residential consumption. The second tier includes monthly consumption levels between 11 and 35 ccf/mo. This tier includes annual average consumption. However, customers with average levels of consumption will have some of their summer consumptions in the third tier. Note that while average annual consumption is 24.40 ccf/mo, the summer average annual consumption is 45.64 ccf/mo. Thus, average level consumption customers will see a portion of their consumption in the third tier, thus providing a conservation incentive during Cal Water's peak consumption season. The

third tier includes consumption of 36 ccf/month or more. This consumption level represents about 12% of residential customers and about 43% of residential consumption.

The table listed below illustrates the effect of the proposed rates on low to the highest levels of consumption. For example, a residential customer consuming 10 ccf/mo will see an 11.3 % bill reduction to \$21, per month. However, the customer with the highest level of consumption will experience an increase of 16.78% to \$3,639/mo. Customers whose average monthly usage is the system summer average will see a 2.77% increase in their bills.

**Summary table of typical customer bills\***

usage	consumption		new bill	percent change
Low	10	\$	21	-11.30%
Average winter	13	\$	29	-8.23%
Annual average	25	\$	58	-3.32%
Average summer	46	\$	114	2.77%
High	100	\$	266	10.61%
Highest	1,297	\$	3,639	16.78%

\* Does not include Service Charge.

The “skewed” consumption patterns present a challenge in designing rates. In order to charge a higher rate (e.g. tier 3) for higher levels of consumption, a discount must be given to many customers who have low levels of consumption. This is necessary to assure that new rates collect the same level of revenues as the existing flat rates. Thus, customers with consumption at the top of the second tier, 35ccf, will have 1.80% decrease in their monthly bills. Customers with average monthly consumption of 38ccf/mo. or less will receive a discount. This level of consumption is in the third tier, so some customers whose average monthly consumption would be in the third tier will get a discount. However, these customers will still see an increase in the summer months and hence a rate signal to conserve. Customers consuming up to 38 ccf/mo. represent about 83% of residential, single metered customers.

## V. Proposed Process for Implementing Increasing Quantity Rates

### Implementation:

1. It is important that customers understand that rates are changing, how they are changing and why. Typically, customers only focus on their bills. Customers are usually not aware of their consumption levels or rate tiers. Cal Water will provide bill inserts to inform customers that the PUC has ordered the implementation of increasing tier rates to provide rates that more accurately include Cal Water’s costs for providing water and also to provide financial incentives to conserve water. The bill insert will include sample bills for low, medium and high residential users. It will be submitted to the CPUC Public Advisor, with a courtesy copy to DRA, for approval prior to mailing.
2. Cal Water and DRA are providing the Commission criteria, data, and suggested quantity rate information for residential customers in each of the rate case districts, except for the three districts (Redwood Valley, Antelope Valley – Fremont and Kern River Valley) which are covered by Rate Support Funds. The

Commission may use this information as the basis for a rate design decision which will adopt criteria and order Cal Water to file increasing quantity rates based on the criteria adopted by the Commission using the GRC adopted, revenue requirement.

## Appendix Cal Water Example Residential Rates with Increasing Tier Structure

### Dominguez District

#### Dominguez Data Base Summary Results of Residential Monthly consumption 2005 ccf/mo.

	Total	Monthly	Winter	Summer	Weather *		Weather Adjusted Basis	
					Adj Fctr.	Annual	summer	
Total	4,964,740	0.0	NA	NA	1.0691	5,307,804	NA	
Average	162.55	13.5	12.5	18.3	1.0691	14.5	19.6	
Mode		11.4	8.0	14.0	1.0691	12.2	15.0	
Median		12.4	10.0	15.7	1.0691	13.3	16.7	
Stan Dev.		9.7	NA	NA	NA	NA	NA	

\* Weather adjustment based on Cal Water filings for 12 mos ending Sept. 2005.

mid point between avg winter an median 11.24

mid point between avg smr & annual average 17.02

#### Customer and Consumption Blocks

ccf/mo.	# cust	% cust	cons ccf	% consum.	Cumulative Data For Consumption Groups				Rationale
					Cust #	Cust %	consump consump	consump %	
0 to 8	8,113	26.57%	484,989	9.77%	8,113	26.57%	484,989	9.77%	winter mode.
9 to 11	5,392	17.66%	647,431	13.04%	13,505	44.23%	1,132,420	22.81%	mid point avg wntr wntr med.
12 to 15	6,861	22.47%	1,101,975	22.20%	20,366	66.70%	2,234,395	45.01%	to weather adjusted avg.
16 to 17	2,625	8.60%	517,719	10.43%	22,991	75.29%	2,752,114	55.43%	to mid point avg & smr avg
18 to 20	2,839	9.30%	642,907	12.95%	25,830	84.59%	3,395,021	57.95%	to smmr wthr adjs avg.
21 to 82	4,691	15.36%	1,534,468	30.91%	30,521	99.95%	4,929,489	88.86%	two SD above average
83 and over	15	0.05%	35,251	0.71%	30,536	100.00%	4,964,740	89.57%	over 2 SD.
total	30,536		4,964,740	100.00%					

#### Current Rates

#### Dominguez Residential consumption 2005 Key rate input assumptions

Current rates	(per Dec 05 Billing Register)	rate design	ccf/mo	portion of current rate	new rate by block
Consumption	1,445,649	block 1	0 to 11	0.9391	\$ 1.39
Service Chg	\$ 480,822	block 2	12 to 17	1.08	\$ 1.60
water reve.	\$ 2,141,643	block 3	18 +	1.242	\$ 1.84
qnty rate	\$ 1.48				
cust.	30,536	(per detailed residential data)			
Target rev.	\$ 7,354,967	(Billing register rate times data base avg consmpt)			

#### Dominguez Summary table of typical customer bills\*

usage	consumption	new bill	percent change
Low	11	\$ 15.30	-6.09%
Average winter	13	\$ 18.50	-3.92%
Annual average	15	\$ 21.70	-2.33%
Average summer	20	\$ 30.42	2.68%
High	46	\$ 78.26	14.84%
Highest	748	\$ 3,359	23.62%

\* Does not include service charge.

## Hermosa Redondo District

### Hermosa Redondo Data Base Summary Results of Residential Monthly consumption 2005 ccf/mo.

	Total	Monthly	Weather *			Weather Adjusted Basis	
			Winter	Summer	Adj Fctr.	Annual	summer
Total	3,466,345	316,444	NA	NA	1.04997	3,639,558	
Average	142.77	13.03	11.3	15.9	1.04997	13.7	16.7
Mode	88	8	6.3	8.7	1.04997		9.1
Median	121	11	8.3	12.3	1.04997		12.9
Stan Dev.	113.06	9.88	NA	NA			NA

\* Weather adjustment based on Cal Water filings for 12 mos ending Sept. 2005.

mid point between avg winter an median 9.83  
mid point between avg smr & annual average 15.18

#### Customer and Consumption Blocks

ccf/mo.	# cust	% cust	cons ccf	% consum.	Cumulative Data For Consumption Groups				Rationale
					Cust #	Cust %	consump consump	consumpt %	
0 to 6	5,274	21.73%	230,039	6.64%	5,274	21.73%	230,039	6.64%	winter mode
7 to 8	3,096	12.76%	250,592	7.23%	8,370	34.48%	480,631	13.87%	to winter median
9 to 10	3,065	12.63%	319,805	9.23%	11,435	47.11%	800,436	23.09%	to mid pt wnter avg & median
11 to 14	4,941	20.36%	677,565	19.55%	16,376	54.84%	1,478,001	42.64%	to weather adjusted avg.
15	891	3.67%	149,720	4.32%	17,267	71.14%	1,627,721	42.64%	to mid pt annl avg & summer avg.
16 to 27	5,503	22.67%	1,222,049	35.25%	22,770	93.81%	2,849,770	82.21%	to 1 SD above average
28 to 32	638	2.63%	209,252	6.04%	23,408	96.44%	3,059,022	88.25%	to 1.5 SD above average
33 and over	864	3.56%	407,323	11.75%	24,272	100.00%	3,466,345	100.00%	over 1.5 SD.
total	24,272		3,466,345	100.00%					

### Hermosa Redondo Residential consumption 2005 Key rate input assumptions

Current rates	(per Dec 05 Billing Register)	rate design	ccf/mo.	portion of current rate	new rate by block
Consumption	461,674	block 1	0 to 10	0.93913	\$ 1.97
Service Chg	\$ 372,612	block 2	11 to 15	1.08	\$ 2.27
water reve.	\$ 970,849	block 3	16 +	1.24200	\$ 2.61
qnty rate	\$ 2.10				
cust.	24,272	(per detailed residential data)			
Target rev.	\$ 7,289,337	(Billing register rate times data base avg consmpt)			

### Summary table of typical customer bills\*

usage	consumption	new bill	percent change
Low	5	\$ 10	-6.09%
Average winter	11	\$ 22	-4.81%
Annual average	14	\$ 29	-2.06%
Average summer	17	\$ 36	1.62%
High	50	\$ 123	16.52%
Highest	258	\$ 666	22.71%

\* Does not include Service Charge.

## Marysville District

### Marysville Data Base Summary Results of Residential Monthly consumption 2005 ccf/mo.

	Total	Monthly	Winter	Summer	Weather *	Weather Adjusted Basis	
					Adj Fctr.	Annual	summer
Total	88,969	0.0	NA	NA	1.0349	92,074	NA
Average	162.06	13.5	11.0	26.5	1.0349	14.0	27.4
Mode		3.0	5.7	11.3	1.0349	NA	11.7
Median		9.8	6.7	17.2	1.0349	NA	17.8
Stan Dev.		15.8	NA	NA	NA	NA	NA

\* Weather adjustment based on Cal Water filings for 12 mos ending Sept. 2005.

mid point between avg winter an median 8.85

mid point between avg smr & annual average 20.70

#### Customer and Consumption Blocks

ccf/mo.	# cust	% cust	cons ccf	% consum.	Cumulative Data For Consumption Groups				Rationale
					Cust #	Cust %	consump consump	consump %	
0 to 6	193	35.67%	6,394	7.19%	193	35.67%	6,394	7.19%	winter mode,
7 to 9	98	18.11%	10,106	11.36%	291	53.79%	16,500	18.55%	to mid pt wntn avg & wntn median
10 to 11	23	4.25%	3,105	3.49%	314	58.04%	19,605	22.04%	to wntn avg.
12 to 14	55	10.17%	8,680	9.76%	369	68.21%	28,285	31.79%	to weather adjusted avg.
15 to 21	79	14.60%	16,534	18.58%	448	82.81%	44,819	50.38%	to mid pt annl avg & smr avg.
22 to 27	56	10.35%	18,303	20.57%	504	93.16%	63,122	70.95%	to smmr wthr adjs avg.
28 to 46	18	3.33%	8,713	9.79%	522	96.49%	71,835	80.74%	two SD above average
47 and over	19	3.51%	17,134	19.26%	541	100.00%	88,969	100.00%	over 2 SD.
total	541		88,969	100.00%					

### Marysville Residential consumption 2005

#### Current Rates

#### Key rate input assumptions

Current rates	(per Dec 05 Billing Rec	rate design	ccf/mo.	portion of current rate	new rate by block	
Consumption	41,909	block 1	0 to 9	0.9043	\$	0.65
Service Chg	\$116,892	block 2	10 to 21	1.04	\$	0.75
water reve.	\$ 30,237	block 3	22 +	1.1960	\$	0.86
qnty rate	\$ 0.72					
cust.	541	(per detailed residential data)				
Target rev.	\$ 64,190	(Billing register rate times data base avg consmpt)				

### Marysville Summary table of typical customer bills\*

usage	consumption	new bill	percent change
Low	8	\$ 5	-9.57%
Average winter	11	\$ 7	-7.10%
Annual average	14	\$ 10	-4.72%
Average summer	27	\$ 20	3.52%
High	50	\$ 40	10.61%
Highest	158	\$ 133	16.75%

\* Does not include service charge.

## Palos Verdes District

### Palos Verdes Data Base Summary Results of Residential Monthly consumption 2005 ccf/mo.

	Total	Monthly	Winter	Summer	Weather * Adj Fctr.	Weather Adjusted Basis Annual	summer
Total	7,466,118	663,007	NA	NA	1.10271	8,232,963	
Average	306.29	27.20	17.2	36.8	1.10271	30.0	40.6
Mode	162	10	8.3	21.3	1.10271		23.5
Median	230	20	12.3	26.3	1.10271		29.0
Stan Dev.	355.78	30.98	NA	NA			NA

\* Weather adjustment based on Cal Water filings for 12 mos ending Sept. 2005.

mid point between avg winter an median 14.79  
mid point between avg smr & annual average 35.31

#### Customer and Consumption Blocks

ccf/mo.	Customer and Consumption Blocks				Cumaltive Data For Consumption Groups				Rationale
	# cust	% cust	cons ccf	% consum.	Cust #	Cust %	consump consump	%	
0 to 8	3,216	13.2%	182,687	2.4%	3,216	13.2%	182,687	2.4%	winter mode
9 to 15	5,276	21.7%	720,604	9.7%	8,492	34.8%	903,291	12.1%	mid point wntr avg & wntr median
16 to 17	1,542	6.3%	290,014	3.9%	10,034	41.2%	1,193,305	16.0%	to winter average
18 to 30	7,596	31.2%	2,007,882	26.9%	17,630	72.3%	3,201,187	42.9%	to weather adjusted avg.
31 to 35	1,566	6.4%	587,369	7.9%	19,196	78.8%	3,788,556	50.7%	to mid pt annl avg & smr avg.
36 to 41	1,326	5.4%	571,570	7.7%	20,522	84.2%	4,360,126	58.4%	to average summer
42 to 62	2,251	9.2%	1,273,343	17.1%	22,773	93.5%	5,633,469	75.5%	to 1 SD above average
63 and over	1,595	6.5%	1,832,649	24.5%	24,368	100%	7,466,118	100.0%	over 1 SD
total	24,368		7,466,118	100.0%					

### Palos Verdes Residential consumption 2005 Key rate input assumptions

Current rates	(per Dec 05 Billing Register)	rate design	ccf/mo	portion of current rate	new rates by block
Consumption	680,244	block 1	0 to 15	0.9043	\$ 2.10
Service Chg	\$ 350,594	block 2	16 to 35	1.04	\$ 2.41
water reve.	\$ 1,577,639	block 3	36 +	1.19600	\$ 2.77
qnty rate	\$ 2.32				
cust.	24,368	(per detailed residential data)			
Target rev.	\$ 17,315,609	(Billing register rate times data base avg consmpt)			

## Palos Verdes

### Summary table of typical customer bills\*

usage	consumption	current bill	new bill	percent change
Low	13	\$ 30	\$ 27	-9.57%
Average winter	17	\$ 39	\$ 36	-7.97%
Annual average	30	\$ 70	\$ 68	-2.78%
Average summer	41	\$ 95	\$ 96	1.32%
High	100	\$ 232	\$ 260	12.11%
Highest	1,658	\$ 3,845	\$ 4,582	19.15%

\* Does not include Service Charge.

## Antelope Valley – Lake Hughes

### Lake Hughes Data Base Summary Results of Residential Monthly consumption 2005 ccf/mo.

	Total	Monthly	Weather * Weather Adjusted Basis			
			Winter	Summer	Adj Fctr.	Annual summer
Total	21,574	3,833	NA	NA	0.0	-
Average	105.24	18.70	13.5	28.4	0.0	0.0
Mode	1	5	0.0	0.5	0.0	0.0
Median	75	13	9.0	18.0	0.0	0.0
Stan Dev.	109.06	20.12	NA	NA		NA

\* Cal Water does not have weather adjustment data for this district.

mid point between avg winter an median 11.23

mid point between avg smr & annual average 23.52

#### Customer and Consumption Blocks

ccf/mo.	Customer		Consumption		Cumulative Data For Consumption Groups				Rationale
	# cust	% cust	cons ccf	% consum.	Cust #	Cust %	consump consump	consumpt %	
0 to 9	77	38.9%	1,690	7.83%	77	38.9%	1,690	7.83%	winter median
10 to 11	15	7.6%	884	4.10%	92	46.5%	2,574	11.93%	midpoint wntr avg & wntr median
12 to 14	13	6.6%	1,045	4.84%	105	53.0%	3,619	16.77%	to winter average
15 to 19	27	13.6%	2,646	12.26%	132	66.7%	6,265	29.04%	avg.
20 to 24	16	8.1%	2,185	10.13%	148	74.7%	8,450	39.17%	midpoint anni avg & smr avg
25 to 28	5	2.5%	955	4.43%	153	77.3%	9,405	43.59%	to average summer
29 to 49	30	15.2%	6,358	29.47%	183	92.4%	15,763	73.06%	to 1 SD above average
50 and over	15	7.6%	5,811	26.94%	198	100.0%	21,574	100.00%	over 1 SD
total	198		21,574	100.00%					

#### Current Rates

#### Lake Hughes Residential consumption 2005 Key rate input assumptions

Current rates	(per Dec 05 Billing Register)	rate design	ccf/bi mo	portion of current rate	new rate by block
Consumption	9,570	block 1	0 to 11	0.9043	\$ 1.58
Service Chg	\$ 9,373	block 2	12 to 24	1.04	\$ 1.81
water reve.	\$ 16,676	block 3	25 +	1.196	\$ 2.08
qnty rate	\$ 1.74				
cust.	198	(per detailed residential data, includes other Antelope districts too)			
Target rev.	\$ 37,593	(Billing register rate times data base avg consmpt)			

#### Summary table of typical customer bills\*

usage	consumption	new bill	percent change
Low	5	\$ 8	-9.57%
Average winter	14	\$ 23	-6.66%
Annual average	19	\$ 32	-3.85%
Average summer	28	\$ 49	0.90%
High	100	\$ 199	14.36%
Highest	155	\$ 314	16.22%

\* Does not include Service Charge, bi monthly bills

# Antelope Valley – Lancaster

## Lancaster Data Base Summary Results of Residential Monthly consumption 2005 ccf/mo.

	Total	Monthly	Winter	Summer	Weather * Adj't Fctr.	Weather Adjusted Basis Annual	summer
Total	314,459	28,106	NA	NA	0.0	-	
Average	447.95	40.0	16.1	72.1	0.0	0.0	0.0
Mode	241	26.0	8.0	49.0	0.0		0.0
Median	356	32.1	11.7	54.7	0.0		0.0
Stan Dev.	876.14	72.71	NA	NA			NA

\* Cal Water does not have weather adjustment data for this district.

mid point between avg winter an median 13.91

mid point between avg smr & annual average 56.09

### Customer and Consumption Blocks

ccf/mo.	Customer and Consumption Blocks				Cumulative Data For Consumption Groups				Rationale
	# cust	% cust	cons ccf	% consum.	Cust #	Cust %	consump consump	%	
0 to 12	46	6.6%	3,114	1.0%	46	6.6%	3,114	1.0%	winter median
13 to 14	9	1.3%	1,542	0.5%	55	7.9%	4,656	1.5%	mid pt wntr avg & wntr median
15 to 16	10	1.4%	1,602	0.5%	65	9.4%	6,258	2.0%	to winter average
17 to 40	430	61.9%	136,568	43.4%	495	71.2%	142,826	45.4%	avg.
41 to 56	111	16.0%	59,276	18.9%	606	87.2%	202,102	64.3%	md pt anl avg & smr avg
57 to 72	34	4.9%	24,563	7.8%	640	92.1%	226,665	72.1%	to average summer
73 to 113	40	5.8%	39,497	12.6%	680	97.8%	266,162	84.6%	to 1 SD above average
114 and over	15	2.2%	48,297	15.4%	695	100.0%	314,459	100.0%	over 1 SD
total	695		314,459	100.0%					

### Lancaster Residential consumption 2005

#### Current Rates

#### Key rate input assumptions

Current rates	(per Dec 05 Billing Register)	rate design	ccf/bi mo	portion of current rate	new rate by block
Consumption	17,963	block 1	0 to 14	0.896	\$ 0.93
Service Chg	\$ 19,688	block 2	15 to 56	1.03	\$ 1.07
water reve.	\$ 18,651	block 3	57 +	1.185	\$ 1.23
qnty rate	\$ 1.04				
cust.	695	(per detailed residential data, includes other Antelope districts too)			
Target rev.	\$ 326,503	(Billing register rate times data base avg consmpt)			

#### Summary table of typical customer bills\*

usage	consumption	new bill	percent change
Low	5	\$ 5	-10.43%
Average winter	16	\$ 15	-8.76%
Annual average	40	\$ 41	-1.70%
Average summer	72	\$ 78	3.82%
High	100	\$ 112	7.92%
Highest	1,839	\$ 2,251	17.88%

\* Does not include Service Charge.

## Antelope Valley – Leona Valley

### Leona Valley Data Base Summary Results of Residential Monthly consumption 2005 ccf/mo. Weather \* Weather Adjusted Basis

	Total	Monthly	Winter	Summer	Adj Fctr.	Annual	summer
Total	152,541	13,879	NA	NA	0.0	-	
Average	360	33	12	60	0.0	0.0	0.0
Mode	233	19	7	21	0.0		0.0
Median	268	24	9	42	0.0		0.0
Stan Dev.	378	33.02	NA	NA			NA

\* Cal Water does not have weather adjustment data for this district.

mid point between avg winter & median

11

mid point between avg smr & annual average

46

#### Customer and Consumption Blocks

ccf/mo.	# cust	% cust	cons ccf	% consum.	Cumulative Data For Consumption Groups				Rationale
					Cust #	Cust %	consump consump	consumpt %	
0 to 7	49	11.9%	1,703	1.1%	49	11.9%	1,703	1.1%	winter mode
8 to 11	49	11.9%	5,814	3.8%	98	23.8%	7,517	4.9%	to mid pt wnter avg & wnter median
12	10	2.4%	1,431	0.9%	108	26.2%	8,948	5.9%	to winter average
13 to 33	160	38.8%	40,366	26.5%	268	65.0%	49,314	32.3%	avg.
34 to 46	57	13.8%	25,918	17.0%	325	78.9%	75,232	49.3%	to mid pt avg & smr avg
47 to 60	41	10.0%	24,853	16.3%	366	88.8%	100,085	65.6%	to average summer
61 to 66	5	1.2%	4,516	3.0%	371	90.0%	104,601	68.6%	to 1 SD above average
67 and over	41	10.0%	47,940	31.4%	412	100.0%	152,541	100.0%	over 1 SD
total	412		152,541	100.0%					

### Leona Valley Residential consumption 2005 Key rate input assumptions

#### Current Rates

Current rates	(per Dec 05 Billing Regist	rate design	ccf/bi mo	portion of current rate	new rate by block
Consumption	9,570	block 1	0 to 11	0.8870	\$ 1.55
Service Chg	\$ 9,373	block 2	12 to 46	1.02	\$ 1.78
water reve.	\$ 16,676	block 3	46 +	1.1730	\$ 2.04
qnty rate	\$ 1.74				
cust.	412	(per detailed residential data, includes other Antelope districts too)			
Target rev.	\$ 265,807	(Billing register rate times data base avg consmpt)			

#### Summary table of typical customer bills\*

usage	consumption	new bill	percent change
Low	5	\$ 8	-11.30%
Average winter	12	\$ 19	-10.20%
Annual average	33	\$ 56	-2.43%
Average summer	60	\$ 108	3.13%
High	100	\$ 190	8.80%
Highest	259	\$ 515	14.02%

\* Does not include Service Charge.

\*\*\*\*\* SERVICE LIST \*\*\*\*\*

Last Update on 06-MAR-2006 by: SMJ

A0508006 LIST

A0508006/A0508007/A0508008/A0508009/A0508010/A0508011/A0508012/A0508013

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\*\*\*\*\* SERVICE LIST \*\*\*\*\*

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A0508006 LIST

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