

ATTACHMENT A

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the Matter of the Application of Park Water)
Company (U314W) for Authority to Increase Rates)
Charged for Water Service by)
\$1,680,500 or 8.21% in 2007, \$571,181 or 2.57%)
in 2008, and \$658,677 or 2.88% in 2009.)
_____)

APPLICATION NO. 06-01-004
(Filed January 5, 2006)

Article I. SETTLEMENT

1.00 Introduction

1.01 The Parties to this Settlement are the Division of Ratepayer Advocates (“DRA”) and Park Water Company (“PWC”) -- collectively, the “Parties”.

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

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

1.04 The Parties’ negotiations have resulted in the settlement of all of the issues raised in DRA’s report on the Results of Operations of Park Water Company Central Basin Division dated April 17, 2006, and DRA’s Report On the Cost of Capital For Park Water Company dated April 17, 2006.

1.05 A Comparison Exhibit containing the Parties’ respective ratemaking analyses, differences and the settlement amounts has been filed concurrent to this Settlement. Additional detail and support for the settlement of individual issues, including cross references to the record of this proceeding, is contained in the Comparison Exhibit.

1.06 This Settlement provides for a rate increase for PWC for 2007 in the amount of \$1,322,850 or a 6.46% increase over current rates. Attached to this Settlement are the following appendices showing the calculations, quantities, and rates that have been agreed to by the Parties:

Appendix A: Summary of Earnings

Appendix B: Schedules of Rates

Appendix C: Comparison of Rates

Appendix D: Adopted Quantities, Ratebase, and
Calculation of Income Tax

2.00 Customers, Sales and Revenues

2.01 There were no issues concerning Customers, Sales and revenues. Therefore, the Parties agree to the number of customers, customer unit consumption, operating revenue and unaccounted-for-water as proposed in PWC's application.

3.00 Operation and Maintenance Expenses

3.01 Escalation Factors: The Parties agree to use the escalation factors recommended by the DRA in its memos of February 28, 2006. The Parties further agree that a 60/40 weighting of the Non-Labor Index and the Compensation Per Hour Index should be used for all non-labor expenses subject to escalation.

3.02 O&M Payroll Expense: The Parties agree to use DRA's 2007 labor inflation factor of 2.5% to calculate the payroll expense.

After discussions, the Parties agree that there are no payroll savings associated with the Automated Meter Reading ("AMR") capital project that will be realized by Test Year 2007. The Parties agree that PWC will eliminate one position in the Meter Reading department in its next GRC provided that its method of billing remains bimonthly.

3.03 Chemicals Expense: The Parties agree to use a five-year average of recorded expenses (2001 – 2005) to calculate the chemical expense. The Parties agree to use the stipulated escalation factors (Item 3.01) in the calculation.

3.04 Operations-Other: The Parties agree to use a five-year average of recorded expenses (2001 – 2005) and specific forecasted estimates to calculate the operations other expense. In addition, the Parties agree to an adjustment of \$15,000 in savings related to the GIS capital project (Item 8.01) and an expense credit of \$4,755 to reflect the increase in bad check charges (Item 12.01). The Parties agree to use the stipulated escalation factors (Item 3.01) in the calculation.

4.00 Administrative and General Expenses

- 4.01 A&G Payroll Expense: The Parties agree to use DRA's 2007 labor inflation factor of 2.5% to calculate the payroll expense.
- 4.02 Insurance: The Parties agree to a 10.0% decrease in the workers compensation base rate for the 2006-2007 policy year as proposed in PWC's application.
- 4.03 Outside Services: The Parties agree to use a five-year average of recorded expenses (2001-2005) and specific forecasted estimates to calculate the outside services expenses. The Parties agree to include \$14,000 of consulting fees for the Public Health Goal report, \$15,000 for participation in the California Climate Registry and \$10,000 for participation in the California Urban Water Conservation Council. The Parties agree to use the stipulated escalation factors (Item 3.01) in the calculation.
- 4.04 Office Supplies: The Parties agree to use a five-year average of recorded expenses (2001-2005) and specific forecasted estimates to calculate the office supplies expense. The Parties agree to an adjustment of \$22,571 in savings related to the SCADA capital project as proposed by DRA. The Parties agree to use the stipulated escalation factors (Item 3.01) in the calculation.
- 4.05 Miscellaneous Expense: The Parties agree to use a five-year average of recorded expenses (2001-2005) and specific forecasted estimates to calculate the miscellaneous expense. The Parties agree to use the stipulated escalation factors (Item 3.01) in the calculation.
- 4.06 General Office: The Parties agree to use the 2006 General Office expense adopted by D.05-12-020 adjusted to Test Year 2007 by application of the stipulated escalation factors (Item 3.01) for 2007.

5.00 Taxes Other Than Income Tax

- 5.01 Ad Valorem Taxes: There are no methodological differences between DRA's and PWC's estimates of ad valorem taxes. The original differences between DRA's and PWC's estimates resulted entirely from the different estimates of utility plant. The Parties agree that the ad valorem taxes should be calculated using the stipulated utility plant in service.
- 5.02 Payroll Taxes: There are no methodological differences between DRA's and PWC's estimates of payroll taxes. The original differences between DRA's and PWC's estimates resulted entirely from the different estimates of payroll. The Parties agree that the payroll taxes should be calculated using the stipulated payroll.

6.00 Income Taxes

6.01 Having no methodological difference, the Parties agree that stipulated Income Taxes should be calculated consistent with all other aspects of the Settlement.

7.00 Conservation

7.01 The Parties agree that PWC will become a signatory to the MOU required for membership in the California Urban Water Conservation Council (CUWCC) upon the issuance of the scoping memo regarding PWC's new application for a WRAM confirming a proposed schedule for the proceeding that will ensure issuance of the Commission's decision by no later than December 31, 2007. PWC will provide a copy of the signed MOU to DRA no later than 5 business days after the issuance of the scoping memo in Park's WRAM application. Parties agree that PWC will include the reporting requirements of the CUWCC in its next GRC.

8.00 Utility Plant in Service

8.01 The Parties agree to incorporate the recorded utility plant in service for recorded year 2005. After further discussion, the Parties agree to include the GIS capital project in utility plant in service and to include \$15,000 in related expense savings in Test Year 2007 (adjusted in operations other expense, Item 3.04).

9.00 Depreciation Expense and Reserve

9.01 There are no methodological differences between DRA and PWC. The Parties agree that depreciation and accumulated depreciation reserve should be calculated using the stipulated balances of plant in service incorporating stipulated adjustments, additions and retirements.

10.00 Ratebase

10.01 Working Cash: There are no methodological differences between DRA and PWC. The parties agree that working cash should be calculated using the stipulated expenses and utility plant in service consistent with the Commission's Standard Practice U-16.

10.01 Deferred Taxes: There are no methodological differences between DRA and PWC. The parties agree that deferred taxes should be calculated using the stipulated utility plant in service.

11.00 Net-To-Gross Multiplier

11.01 Net-To-Gross Multiplier: The Parties agree with the net-to-gross multiplier calculated by PWC.

12.00 Rate Design

12.01 Bad check charge: The Parties agree that the fee charged to the customer for a bad check should be increased from \$5 to \$10.50 to reflect PWC's actual fees. The Parties agree to reflect the increased fees in PWC's revenue requirement (adjusted in operations other expense, Item 3.04).

12.02 Meter Test Charge: The Parties agree that the meter test fees should reflect PWC's actual meter test costs. The fees will be increased from \$5 for a one inch or smaller meter size and \$10 for a larger than one inch meter size to \$50 for a one inch or smaller meter size and \$100 for a larger than one inch meter size.

13.00 Step Rate Increases

The parties agree that PWC should be authorized to file advice letters for escalation year rate adjustments for escalation years 2008 and 2009. The parties agree that the advice letters will be filed in accordance with Section III.B.4, Escalation of Labor and Non Labor Expenses, Rate Base Additions, of the Interim Order Adopting Rate Case, D.04-06-018.

14.00 Water Revenue Adjustment Mechanism (WRAM)

The Parties agree that PWC will withdraw its request for a WRAM in this proceeding and file a separate application for a WRAM. In consideration of this agreement by PWC, DRA agrees that it will use its best efforts to process PWC's new application for a WRAM on a schedule that will ensure that, absent extraordinary circumstances, the Commission decision on the WRAM application will issue prior to December 31, 2007. This schedule contemplates that PWC will file its application for the WRAM prior to January 1, 2007.

15.00 Water Quality Memorandum Account

The Parties agree that PWC should be authorized to transfer the balance in its water quality memorandum account to its production cost balancing account. The Parties agree that this account shall not be closed. The Parties agree that PWC will notify the Commission in the same manner as required for notification under the Catastrophic Event Memorandum Account if PWC has a need to book amounts into the Water Quality Memorandum Account.

16.00 Cost of Capital

DRA did not take issue with the capital structure, long-term debt of 46.25% and common equity of 53.75%, or the cost of long-term debt, 7.87%, proposed in PWC's application. The settlement incorporates PWC's proposed capital structure and cost of debt. The Settlement incorporates an ROE of 10.2%.

17.0 Settlement

Rule 51.1(e) requires that a Settlement be "reasonable in light of the whole record, consistent with the law, and in the public interest." The Settlement here satisfies the criteria in Rule 51.1 (e). The Commission should approve this motion, and adopt the Settlement which is supported by DRA and PWC.

17.01 Settlement is Reasonable

The Settlement taken as a whole provides a reasonable resolution of the issues in this proceeding. The reasonableness of the Settlement is supported by DRA's reports and testimony, and by the testimony, reports and rebuttal testimony of PWC. In addition, the parties considered the affordability of the rates in the districts, letters to the Commission, the financial health of PWC and the Commission's Water Action Plan. The parties fully considered the facts and the law. Following extensive settlement negotiations, the parties reached a reasonable compromise on the various issues which were in contention. The settlement negotiations were accomplished at arm's length over the course of numerous days.

17.02 The Settlement is Lawful

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

17.03 The Settlement Serves the Public Interest

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

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

17.04 The Settlement Conveys Sufficient Information

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

18.0 Summary of Earnings

The Parties agree that the Summary of Earnings attached to this Settlement as Appendix A reflects all the items, conditions, and adjustments to which the Parties have agreed and that this schedule should be included in the Commission's decision in this proceeding.

DIVISION OF RATEPAYER ADVOCATES

PARK WATER COMPANY

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Dated: June 2, 2006

Dated: June 2, 2006

APPENDIX A
Page 1 of 2
PARK WATER COMPANY
SUMMARY OF EARNINGS
TEST YEAR 2007 AT 2006 PRESENT RATES
(Dollars in Thousands)

	PWC	DRA	SETTLEMENT
OPERATING REVENUES	20,297.0	20,297.0	20,297.0
DEFERRED REVENUES	(1.0)	(1.0)	(1.0)
MISC. REV.	(169.4)	(169.4)	(169.4)
TOTAL REVENUES	20,467.4	20,467.4	20,467.4
OPERATIONS & MAINTENANCE			
PAYROLL-OPERATIONS	716.6	716.6	716.6
OPERATIONS-OTHER	167.5	167.5	152.5
PURCHASED WATER	6,579.9	6,579.9	6,579.9
PURCHASED POWER	179.7	179.7	179.7
LEASED WATER RIGHTS	270.0	270.0	270.0
REPLENISHMENT CHARGES	202.0	202.0	202.0
CHEMICALS	8.4	8.4	8.4
PAYROLL-CUSTOMER	705.8	660.8	705.8
CUSTOMERS-OTHER	181.4	181.4	181.4
UNCOLLECTIBLES .41%	83.9	83.9	83.9
PAYROLL-MAINTENANCE	470.2	470.2	470.2
MAINTENANCE-OTHER	528.1	528.1	528.1
PAYROLL-CLEARINGS	125.9	125.9	125.9
CLEARINGS-OTHER	307.5	307.5	307.5
SUBTOTAL O & M	10,526.8	10,481.8	10,511.8
ADMINISTRATIVE & GENERAL			
PAYROLL	1,447.1	1,447.1	1,447.1
PAYROLL-BENEFITS	1,195.9	1,186.6	1,195.9
INSURANCE	881.0	854.0	881.0
UNINSURED PROP. DAMAGE	0	0	0
REG. COMM. EXPENSE	56.4	56.4	56.4
FRANCHISE REQUIREMENTS .40%	81.9	81.9	81.9
OUTSIDE SERVICES	150.4	150.4	150.4
OFFICE SUPPLIES	352.4	352.4	352.4
A & G TRANSFERRED	(149.9)	(140.6)	(149.9)
MISCELLANEOUS	91.1	91.1	91.1
RENTS	0	0	0
MAIN OFFICE ALLOCATION (1)			
A & G EXPENSES	1,898.0	1,898.0	1,898.0
SUBTOTAL A & G	6,004.2	5,977.3	6,004.2
AD VALOREM TAXES (1)	280.6	278.1	280.6
PAYROLL TAXES (1)	313.0	309.3	313.0
RECOVER UNDERCOLLECTION			
DEPRECIATION (1)	1,381.9	1,361.4	1,381.9
CA INCOME TAX	83.4	94.7	84.7
FEDERAL INCOME TAXES	388.6	421.3	393.2
TOTAL EXPENSE	18,978.5	18,923.9	18,969.3
NET REVENUES	1,489.0	1,543.5	1,498.1
RATE BASE	24,643.1	24,392.6	24,650.3
RATE OF RETURN	6.04%	6.33%	6.08%

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

APPENDIX A
Page 2 of 2
PARK WATER COMPANY
SUMMARY OF EARNINGS
TEST YEAR 2007 AT 2007 PROPOSED RATES
(Dollars in Thousands)

	PWC	DRA	SETTLEMENT
OPERATING REVENUES	21,939.0	21,485.4	21,619.8
DEFERRED REVENUES	(1.0)	(1.0)	(1.0)
MISC. REV.	(169.4)	(169.4)	(169.4)
TOTAL REVENUES	22,109.5	21,655.8	21,790.3
OPERATIONS & MAINTENANCE			
PAYROLL-OPERATIONS	716.6	716.6	716.6
OPERATIONS-OTHER	167.5	167.5	152.5
PURCHASED WATER	6,579.9	6,579.9	6,579.9
PURCHASED POWER	179.7	179.7	179.7
LEASED WATER RIGHTS	270.0	270.0	270.0
REPLENISHMENT CHARGES	202.0	202.0	202.0
CHEMICALS	8.4	8.4	8.4
PAYROLL-CUSTOMER	705.8	660.8	705.8
CUSTOMERS-OTHER	181.4	181.4	181.4
UNCOLLECTIBLES .41%	90.6	88.8	89.3
PAYROLL-MAINTENANCE	470.2	470.2	470.2
MAINTENANCE-OTHER	528.1	528.1	528.1
PAYROLL-CLEARINGS	125.9	125.9	125.9
CLEARINGS-OTHER	307.5	307.5	307.5
SUBTOTAL O & M	10,533.6	10,486.7	10,517.3
ADMINISTRATIVE & GENERAL			
PAYROLL	1,447.1	1,447.1	1,447.1
PAYROLL-BENEFITS	1,195.9	1,186.6	1,195.9
INSURANCE	881.0	854.0	881.0
UNINSURED PROP. DAMAGE	0	0	0
REG. COMM. EXPENSE	56.4	56.4	56.4
FRANCHISE REQUIREMENTS .40%	88.4	86.6	87.2
OUTSIDE SERVICES	150.4	150.4	150.4
OFFICE SUPPLIES	352.4	352.4	352.4
A & G TRANSFERRED	(149.9)	(140.6)	(149.9)
MISCELLANEOUS	91.1	91.1	91.1
RENTS	0	0	0
MAIN OFFICE ALLOCATION (1)			
A & G EXPENSES	1,898.0	1,898.0	1,898.0
SUBTOTAL A & G	6,010.8	5,982.1	6,009.5
AD VALOREM TAXES (1)	280.6	278.1	280.6
PAYROLL TAXES (1)	313.0	309.3	313.0
RECOVER UNDERCOLLECTION			
DEPRECIATION (1)	1,381.9	1,361.4	1,381.9
CA INCOME TAX	227.4	198.9	200.7
FEDERAL INCOME TAXES	942.4	822.1	839.3
TOTAL EXPENSE	19,689.5	19,438.6	19,542.2
NET REVENUES	2,419.9	2,217.3	2,248.1
RATE BASE	24,643.1	24,392.6	24,650.3
RATE OF RETURN	9.82%	9.09%	9.12%

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

APPENDIX B

Page 1 of 12

PARK WATER COMPANY

Schedule No. PR-1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

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

RATES

Quantity Rate:	Per Meter
	<u>Per Month</u>
	<u>2007</u>
Per 100 cu. ft.	\$ 2.424
Service Charge:	
For 5/8 x 3/4-inch meter	\$ 16.17
For 3/4-inch meter	24.30
For 1-inch meter	40.40
For 1 1/2-inch meter	80.90
For 2-inch meter	129.40
For 3-inch meter	242.60
For 4-inch meter	404.30
For 6-inch meter	808.50
For 8-inch meter	1,293.60
For 10-inch meter	1,859.60
For 12-inch meter	2,668.10

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

SPECIAL CONDITIONS

1. All charges under this schedule to customers in the City of Norwalk subject to surcharge of 2.04 percent.
2. A late charge will be imposed per Schedule LC.
3. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the Company, service to the subsequent tenants in that unit will, at the Company's option be furnished on the account of the landlord or property owner.
4. All bills subject to the reimbursement fee set forth on Schedule #UF.

APPENDIX B

Page 2 of 12

PARK WATER COMPANY

Schedule No. PR-4F

NON-METERED FIRE SPRINKLER SERVICE

APPLICABILITY

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

TERRITORY

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

RATES

<u>Size of Service</u>	<u>Per Service Per Month</u>
	<u>2007</u>
2-inch	\$ 14.10
3-inch	18.60
4-inch	27.70
6-inch	40.80
8-inch	60.50
10-inch	88.90
12-inch	128.60

SPECIAL CONDITIONS

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

(Continued)

APPENDIX B

Page 3 of 12

PARK WATER COMPANY

Schedule No. PR-4F

NON-METERED FIRE SERVICE

(Continued)

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

APPENDIX B

Page 4 of 12

PARK WATER COMPANY

Schedule No. PR-6

RECLAIMED WATER SERVICE

APPLICABILITY

Applicable to metered reclaimed water service.

TERRITORY

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

RATES

Quantity Rate:

Per Meter
Per Month

2007

Per 100 cu. ft.\$ 1.968

Service Charge:

For 5/8 x 3/4-inch meter	\$ 12.90
For 3/4-inch meter.....	19.40
For 1-inch meter.....	32.30
For 1 1/2-inch meter.....	64.70
For 2-inch meter.....	103.50
For 3-inch meter.....	194.10
For 4-inch meter.....	323.40
For 6-inch meter.....	646.80
For 8-inch meter.....	1,034.90
For 10-inch meter.....	1,487.70
For 12-inch meter.....	2,134.50

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

(Continued)

APPENDIX B

Page 5 of 12

PARK WATER COMPANY

Schedule No. PR-6

RECLAIMED WATER SERVICE

(Continued)

SPECIAL CONDITIONS

1. The user (customer) is responsible for on-site compliance with local, state, or federal regulations that may apply to the use of an approved reclaimed water source.
2. All charges under this schedule to customers in the City of Norwalk are subject to a surcharge of 2.04 percent.
3. A late charge will be imposed per Schedule No. LC.
4. All bills are subject to the reimbursement fee set forth on Schedule #UF.

APPENDIX B

Page 6 of 12

PARK WATER COMPANY

Schedule No. PR-9CM

CONSTRUCTION AND OTHER TEMPORARY METERED SERVICE

APPLICABILITY

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

TERRITORY

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

RATES

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

SPECIAL CONDITIONS

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

(Continued)

APPENDIX B

Page 7 of 12

PARK WATER COMPANY

Schedule No. PR-9CM

CONSTRUCTION AND OTHER TEMPORARY METERED SERVICE

(Continued)

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

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

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

APPENDIX B

Page 8 of 12

PARK WATER COMPANY

Schedule No. LC

LATE PAYMENT CHARGE

APPLICABILITY

Applicable to all service.

TERRITORY

Within the entire service area of the Company.

RATES

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

Minimum Charge: The minimum charge is \$1.00

SPECIAL CONDITIONS

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

APPENDIX B

Page 9 of 12

PARK WATER COMPANY

Schedule No. UF

SURCHARGE TO FUND PUBLIC UTILITIES

COMMISSION REIMBURSEMENT FEE

APPLICABILITY

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

TERRITORY

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

RATES*

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

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

APPENDIX B
Page 10 of 12
PARK WATER COMPANY
RULE NO. 9
RENDERING AND PAYMENT OF BILLS

3. Proration of Bills (Continued)

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

(2) Flat Rate Service

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

(3) Average Billing Period

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

B. Payment of Bills

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

- (1) The utility may charge \$10.50 for any bad check or electronic fund transfer not honored.

APPENDIX B
Page 11 of 12
PARK WATER COMPANY
RULE NO. 18

METER TESTS AND ADJUSTMENT OF BILLS FOR METER ERROR

A. Tests on Customer Request

1. Compliance by Utility

The utility will within one week after request by a customer proceed to test the meter serving the customer's premises, except where service is rendered from open conduits such test may be deferred for a reasonable length of time when it would necessitate the interruption of service to any other customer. Such test of meters, other than displacement meters for which standards of accuracy are established in General Order No, 103, Measurements of Service, will consist of an acceptable method of verifying the accuracy of the meter.

2. Charge for Test

No charge will be made for the test of a meter made at the request of a customer, except where a customer requests a test within six months after installation of the meter or more often than once a year, in which cases the customer shall be required to deposit with the utility the following amount to cover the cost of each such test:

<u>Size of Meter</u>	<u>Amount of Deposit</u>
One inch or smaller	\$ 50.00
Larger than one inch	100.00

3. Test Procedure

Every meter tested at the request of a customer will be tested in the condition as found in the customer's service prior to any alteration or adjustment in order to determine the average meter error. This test will consist of testing at the three rates of flow as determined in General Order No, 103 under "Accuracy Requirements of Water Meters", and in addition, at twice the minimum test flow. The average meter error will be considered to be the algebraic average of the errors of the three highest test flows.

APPENDIX B
Page 12 of 12
PARK WATER COMPANY
RULE NO. 18
METER TESTS AND ADJUSTMENT OF BILLS FOR METER ERROR
(Continued)

4. Return of Deposit

Any deposit made under paragraph 2, above, will be returned to the customer if the average meter error is found to be more than 2% fast. The customer will be notified not

APPENDIX C

PARK WATER COMPANY

COMPARISON OF RATES

	2007			
	PRESENT	ADOPTED	INCREASE	PERCENT
0	15.02	16.17	1.15	7.66%
10	37.84	40.41	2.57	6.79%
13 AVG	44.69	47.68	3.00	6.70%
20	60.66	64.65	3.99	6.58%
30	83.48	88.89	5.41	6.48%
50	129.12	137.37	8.25	6.39%

NOTE: BASED ON MONTHLY CHARGES ACCORDING TO SCHEDULE NO. PR-1 FOR A 5/8 X 3/4 INCH METER

APPENDIX D

Page 1 of 6

PARK WATER COMPANY

ADOPTED QUANTITIES

Net-to-Gross Multiplier		1.7638
Uncollectibles Rate		0.41%
Franchise Rate		0.40%
Federal Tax Rate		34.00%
State Tax Rate		8.84%
1.	<u>WATER CONSUMPTION(KCcf)</u>	<u>2007</u>
	Domestic Water Sales	6,004.3
	Unaccounted Domestic Water (2.0%)	122.5
	Total Domestic Production	6,126.8
	Reclaimed Water Sales	204.9
	Unaccounted for Water (0.0%)	0
	Total Reclaimed Production	204.9
2.	<u>PURCHASED POWER</u>	
	<u>Usage (kWh/Therms)</u>	
	Electric	882,380
	Gas	57,782
	Total	940,162
	<u>Pumping Costs (\$)</u>	
	Electric	123,969
	Gas	55,736
	Total	179,704
	Cost per kWh-Electric	.14049
	Cost per Therm-Gas	.96459
3.	<u>PURCHASED WATER</u>	
	Central Basin MWD (A.F.)	12,565.29
	Minimum Violations (A.F.)	56.00
	Total Domestic Purch. Water (A.F.)	12,621.29
	Reclaimed (A.F.)	470.47
	Central Basin MWD (\$498/A.F.)	\$6,257,517
	Minimum Violations (\$498/A.F.)	27,888
	Service Charge	27,000
	Monthly Capacity Reservation Charge (\$10,556/Mo.)	126,672
	Total Domestic Purch. Water (\$)	6,439,077
	<u>Reclaimed</u>	
	First 25 A.F. Per Month \$308/A.F. (63.82%)	89,859
	Second 25 A.F. Per Month @\$286/A.F. (32.36%)	45,563
	Third 25 A.F. Per Month @ \$266/A.F. (3.82%)	5,379
	Total Reclaimed	140,801
4.	<u>REPLENISHMENT (1500 A.F. @ \$134.66/A.F.)</u>	201,990
5.	<u>LEASED WATER RIGHTS (1500/A.F. @ \$180/A.F.)</u>	270,000
6.	<u>WATER USE (Ccf/Cust)</u>	
	Residential	170.5
	Business	744.1
	Industrial	3,620.7
	Public Authority	1,439.5
	Temporary	767.0
	Resale-Peerless	48,342.0
	Resale-La Hacienda	25,291
	Reclaimed	7,319.2

APPENDIX D

Page 2 of 6

PARK WATER COMPANY

ADOPTED QUANTITIES

7. ADOPTED AVERAGE CUSTOMERS

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Residential	25,548	25,665	25,782
Business	1,725	1,729	1,733
Public Authority	186	187	188
Industrial	5	5	5
Private Fire Service	164	167	170
Private Fire Hydrants	11	11	11
Resale-Peerless	1	1	1
Resale-La Hacienda	2	2	2
Temporary	5	5	5
Irrigation-Reclaimed	28	28	28
Total Customers	27,675	27,800	27,925

**PARK WATER COMPANY
RATE BASE SUMMARY
TEST YEAR 2007**

AVERAGE BALANCES	PWC 2007	DRA 2007	SETTLEMENT 2007
PLANT IN SERVICE	43,586.0	43,381.4	43,586.0
WORK IN PROGRESS	517.7	451.6	517.7
MATERIALS & SUPPLIES	130.7	130.7	130.7
WORKING CASH	1,035.1	1,031.1	1,042.4
SUBTOTAL	45,269.5	44,994.8	45,276.7
LESS:			
DEPRECIATION RESERVE	14,538.7	14,526.4	14,538.7
ADVANCES	1,760.7	1,760.7	1,760.7
CONTRIBUTIONS	2,276.7	2,276.7	2,276.7
UNAMORTIZED ITC	96.2	96.2	96.2
DEFERRED INCOME TAX	3,175.1	3,163.1	3,175.1
SUBTOTAL	21,847.5	21,823.2	21,847.5
PLUS:			
METHOD 5 ADJUSTMENT	27.8	27.8	27.8
NET DISTRICT RATE BASE	23,449.9	23,199.4	23,457.1
MAIN OFFICE ALLOCATION	1,193.2	1,193.2	1,193.2
TOTAL RATE BASE	24,643.1	24,392.6	24,650.3

**PARK WATER COMPANY
RATE BASE SUMMARY
ESCALATION YEAR 2008**

AVERAGE BALANCES	PWC 2008	DRA 2008	SETTLEMENT 2008
PLANT IN SERVICE	46,626.9	46,242.7	46,626.9
WORK IN PROGRESS	406.0	406.0	406.0
MATERIALS & SUPPLIES	134.6	134.6	134.6
WORKING CASH	994.1	986.8	1,001.1
SUBTOTAL	48,161.6	47,770.1	48,168.6
LESS:			
DEPRECIATION RESERVE	15,703.1	15,661.4	15,703.1
ADVANCES	1,863.0	1,863.0	1,863.0
CONTRIBUTIONS	2,290.2	2,290.2	2,290.2
UNAMORTIZED ITC	89.2	89.2	89.2
DEFERRED INCOME TAX	3,283.7	3,248.2	3,283.7
SUBTOTAL	23,229.1	23,151.9	23,229.1
PLUS:			
METHOD 5 ADJUSTMENT	23.6	23.6	23.6
NET DISTRICT RATE BASE	24,956.1	24,641.7	24,963.0
MAIN OFFICE ALLOCATION	1,055.3	1,055.3	1,055.3
TOTAL RATE BASE	26,011.4	25,697.1	26,018.3

APPENDIX D

Page 5 of 6

**PARK WATER COMPANY
INCOME TAX CALCULATIONS
TEST YEAR 2007 AT 2006 PRESENT RATES
(Dollars in Thousands)**

ITEM	PWC	DRA	SETTLEMENT
OPERATING REVENUES	20,467.4	20,467.4	20,467.4
EXPENSES			
OPERATIONS & MAINTENANCE	10,442.9	10,397.9	10,427.9
UNCOLLECTIBLES .41%	83.9	83.9	83.9
ADMINISTRATION & GENERAL	5,922.3	5,895.5	5,922.3
FRANCHISE FEES .40%	81.9	81.9	81.9
AD VALOREM TAXES	280.6	278.1	280.6
PAYROLL TAXES	313.0	309.3	313.0
MEALS ADJUSTMENT	(8.9)	(8.9)	(8.9)
SUBTOTAL	17,115.7	17,037.6	17,100.7
DEDUCTIONS			
CA TAX DEPRECIATION	1,510.9	1,470.8	1,510.9
INTEREST	897.0	887.9	897.3
CA TAXABLE INCOME	943.8	1,071.1	958.5
CCFT @ 8.84%	83.4	94.7	84.7
DEDUCTIONS			
FED. TAX DEPRECIATION	1,209.7	1,189.4	1,209.7
INTEREST	897.0	887.9	897.3
CA. TAX	83.4	94.7	84.7
FIT TAXABLE INCOME	1,161.6	1,257.8	1,175.0
FIT (BEFORE ADJUSTMENT) @ 34.00%	394.3	427.6	399.5
PRORATED ADJUSTMENT			
INVESTMENT TAX CREDIT	(6.4)	(6.4)	(6.4)
NET FEDERAL INCOME TAX	388.6	421.3	393.2

APPENDIX D

Page 6 of 6

**PARK WATER COMPANY
INCOME TAX CALCULATIONS
TEST YEAR 2007 AT 2007 PROPOSED RATES
(Dollars in Thousands)**

ITEM	PWC	DRA	SETTLEMENT
OPERATING REVENUES	22,109.5	21,655.8	21,790.3
EXPENSES			
OPERATIONS & MAINTENANCE	10,442.9	10,397.9	10,427.9
UNCOLLECTIBLES .41%	90.6	88.8	89.3
ADMINISTRATION & GENERAL	5,922.3	5,895.5	5,922.3
FRANCHISE FEES .40%	88.4	86.6	87.2
AD VALOREM TAXES	280.6	278.1	280.6
PAYROLL TAXES	313.0	309.3	313.0
MEALS ADJUSTMENT	(8.9)	(8.9)	(8.9)
SUBTOTAL	17,129.0	17,047.2	17,111.4
DEDUCTIONS			
CA TAX DEPRECIATION	1,510.9	1,470.8	1,510.9
INTEREST	897.0	887.9	897.3
CA TAXABLE INCOME	2,572.6	2,249.9	2,270.7
CCFT @ 8.84%	227.4	198.9	200.7
DEDUCTIONS			
FED. TAX DEPRECIATION	1,209.7	1,189.4	1,209.7
INTEREST	897.0	887.9	897.3
CA. TAX	83.4	94.7	84.7
FIT TAXABLE INCOME	2,790.3	2,436.6	2,487.1
FIT (BEFORE ADJUSTMENT) @ 34.00%	948.7	828.4	845.6
PRORATED ADJUSTMENT			
INVESTMENT TAX CREDIT	(6.4)	(6.4)	(6.4)
NET FEDERAL INCOME TAX	942.4	822.1	839.3

(END OF ATTACHMENT A)