Attachment 1

Attachment 1

CALIFORNIA AMERICAN WATER COMPANY
LOS ANGELES DISTRICT - 2008 GENERAL RATE CASE
SUMMARY OF CAPITAL PROJECTS INCLUDED IN BASE RATES IF ISRS IS NOT ADOPTED

blue numbers = hard coded input

use this sheet to implement any changes to capex. This page will flow through to the avg UPIS, Depreciation & Def Tax tabs in this file. From there, the numbers carry forward to decision tables

ISRS or Non-ISRS	RP or IP	Project No.	District	Description	Addition 2007	Addition 2008	Retirement 2007	Retirement 2008	Salvage & Removal 2007	Salvage & Removal 2008	Net Negative Salvage 2007	Net Negative Salvage 2008	Reference and Reconciliation to Settlement Word Document
ISRS	IP	05500151	All Three	Small Main Replacement	110,800	110,800	2,105	1,911	(1,263)	(1,070)	742	742	Section 4.8 (d)
ISRS	IP	05500152	All Three	Pump Equipment Improvements	146,800	146,800	107,873	107,873	-	-	-	-	Section 4.8 (e)
ISRS	IP	05500511	San Marino	1,600' of 8" Main in Circle Drive	251,958	-	2,526	-	(1,244)	-	1,887	-	Line 2 of table in Section 4.8 (f)
ISRS	IP	05500513	Baldwin Hills	1,950' of 12" & 2,200' of 8" Main in Garth Reserv Zone[1]	-	596,072	-	9,026	-	(4,855)	-	3,990	Line 3 of table in Section 4.8 (f). See footnote (1) at bottom of this sheet.
ISRS	IP	05500514	San Marino	10,100' of 8" Main in Danford Reservoir Gradient[2]	-	-	-	16,963	-	(9,583)	-	-	Section 4.8 (g). See footnote (2) below.
ISRS	IP	05500516	Baldwin Hills	2,100' of 8" Main in Shenandoah from 55th to Bedford	308,205	-	9,336	-	(5,272)	-	2,063	-	Line 4 of table in Section 4.8 (g).
ISRS	IP	05500521	Duarte	4,800' of 8" Main in Lemon Reservoir Gradient	518,649	-	13,813	-	(13,860)	-	3,472	-	Line 6 of table in Section 4.8 (g).
ISRS	IP	05500522	San Marino	850' of 16" Main to reinforce Baldwin Avenue RRXC[4]	162,686	-	7,759	-	(4,720)	-	1,109	-	Line 7 of table in Section 4.8 (g). See footnote (3) below.
ISRS	IP	05500529	Duarte	Santa Fe Well Improvements	-	150,000	-	-	-	-	-	1,068	
				ISRS IP TOTAL	**1,499,098**	1,003,672	**143,412**	135,773	**(26,379)**	(15,508)	**9,072**	5,820	
ISRS	RP	05500081	All Three	Network - Replacement Renewal	345,000	345,000	-	-					
ISRS	RP	05500083	All Three	Hydrants - Replacement	24,000	24,000	-	-					
ISRS	RP	05500085	All Three	Services - Replacement	390,000	390,000	-	-					
ISRS	RP	05500087	All Three	Meters - Replacement	150,000	150,000	-	-					
ISRS	RP	05500093	All Three	Process Plant - Additions	80,000	80,000	-	-					
				ISRS RP TOTAL	**989,000**	989,000	-	-	-	-	-	-	
				ISRS GRAND TOTAL	**2,488,098**	1,992,672	**143,412**	135,773	**(26,379)**	(15,508)	**9,072**	5,820	

ISRS or Non-ISRS	RP or IP	Project No.	District	Description	Addition 2007	Addition 2008	Retirement 2007	Retirement 2008	Salvage & Removal 2007	Salvage & Removal 2008	Net Negative Salvage 2007	Net Negative Salvage 2008	
Non-ISRS	IP	05500506	Baldwin Hills	Fire Flow Improvement Program	373,373	340,203	4,910	55,257	(2,811)	(36,395)	2,499	2,277	Ln 1 of table in Sec 4.8 (f). $713.6 in word doc is 2007 & 2008 combined.
Non-ISRS	IP	05509853	San Marino	Pump-to-Waste Facilities at Wells-Install	160,938	53,646	-	-	-	-	-	-	
Non-ISRS	IP	05500503	San Marino	Patton Well & Oak Knoll Circle Treatment[4]	-	-		80,213		-			Sec 4.8 (h). See footnote (4) below.
				NON-ISRS IP TOTAL	**534,311**	393,849	**4,910**	135,470	**(2,811)**	(36,395)	**2,499**	2,277	
Non-ISRS	RP	05500094	All Three	Process Plant - Additions	80,000	80,000							
Non-ISRS	RP	05500092	All Three	Tools & Equipment	45,000	45,000							
Non-ISRS	RP	05500090	All Three	Offices & Operations Center	10,000	10,000							
Non-ISRS	RP	05500089	All Three	ITS Equipment & Systems	10,000	10,000							
Non-ISRS	RP	05500088	All Three	Meters - New	4,000	4,000							
Non-ISRS	RP	05500086	All Three	Services - New	12,000	12,000							
Non-ISRS	RP	05500084	All Three	Hydrants - New	4,000	4,000							
Non-ISRS	RP	05500082	All Three	Network - Extensions	40,000	40,000							
Non-ISRS	RP	05500080	All Three	Mains, Hydrants, Valves, Meters - Deposit/Contribution	120,000	120,000							
Non-ISRS	RP	05500097	All Three	Comprehensive Planning Studies	-	150,000							
				NON-ISRS RP TOTAL	**325,000**	475,000	-	-	-	-	-	-	
				NON-ISRS GRAND TOTAL	**859,311**	868,849	**4,910**	135,470	**(2,811)**	(36,395)	**2,499**	2,277	

				GRAND TOTAL ALL PROJECTS	3,347,409	2,861,521	148,322	271,243	(29,190)	(51,903)	11,571	8,097
				check	3,347,409	2,861,521						
				Total IP Projects (ISRS & Non-ISRS)	2,033,409	1,397,521						
				Total RP Projects (ISRS & Non-ISRS)	1,314,000	1,464,000						

ADVICE LETTER PROJECTS											
Non-ISRS	IP	05500503	San Marino	Patton Well & Oak Knoll Circle Treatment[4]	2,135,000	-	80,213	-	-		Sec 4.8 (h). See footnote (4) below.
ISRS	IP	05500514	San Marino	10,100' of 8" Main in Danford Reservoir Gradient[2]	1,027,600		16,963		(9,583)		Section 4.8 (g). See footnote (2) below.

(1) The amount agreed to in the settlement word document was $648,000. However, only $596,072 was included in the comparison tables.
(2) The settled project amount of $1,027,600 was excluded from rates since this project received AL treatment. However, the associated retirement and salvage costs were not adjusted out. As a result, the retirement & salvage costs were inadvertently included in the settlement comparison tables.
(3) Settled amount in word document is $163,200. However, only $162,686 was included in the comparison tables. Minor discrepancy probably the result of rounding error.
(4) The settled project amount of $2,135,000 was excluded from rates since this project received AL treatment. However, the associated retirement and salvage costs were not adjusted out. As a result, the retirement & salvage costs were inadvertently included in the settlement comparison tables.

(End of Attachment 1)

Attachment 2

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

In the Matter of the Application of California-American Water Company (U 210 W) for an order authorizing it to increase its rates for water service in its Los Angeles District to increase revenues by $2,020,466 or 10.88% in the year 2007; $634,659 or 3.08% in the year 2008; and $666,422 or 3.14% in the year 2009	A.06-01-005

SETTLEMENT AGREEMENT AS TO CERTAIN ISSUES BETWEEN THE DIVISION OF RATEPAYER ADVOCATES AND CALIFORNIA AMERICAN WATER COMPANY ON THE REVENUE REQUIREMENTS

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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

In the Matter of the Application of California-American Water Company (U 210 W) for an order authorizing it to increase its rates for water service in its Los Angeles District to increase revenues by $2,020,466 or 10.88% in the year 2007; $634,659 or 3.08% in the year 2008; and $666,422 or 3.14% in the year 2009	A.06-01-005

SETTLEMENT AGREEMENT AS TO CERTAIN ISSUES BETWEEN THE DIVISION OF RATEPAYER ADVOCATES AND CALIFORNIA AMERICAN WATER COMPANY ON THE REVENUE REQUIREMENTS

1.0 GENERAL

1.1 The Parties to this Settlement Agreement before the California Public Utilities Commission ("Commission") are California-American Water Company ("California American Water" or "CAW") and the Commission's Division of Ratepayer Advocates ("DRA") – collectively, "the Parties" on the revenue requirement portion of the rate case. The Parties, desiring to avoid the expense, inconvenience and the uncertainty attendant to litigation of the matters in dispute between them have agreed on this Settlement Agreement which they now submit for approval.

1.2 Since this Settlement Agreement represents a compromise by them, the Parties have entered into each Stipulation contained in the Settlement Agreement on the basis that its approval by the Commission not be construed as an admission or concession by any Party regarding any fact or matter of law in dispute in this proceeding. Furthermore, the Parties intend that the approval of this Settlement Agreement by the Commission not be construed as a precedent or statement of policy of any kind for or against any Party in any current or future proceeding. (Rule 51.8, Commission's Rules on Practice and Procedure.)

1.3 The Parties agree that no signatory to the Settlement Agreement assumes any personal liability as a result of their agreement. All rights and remedies of the Parties are limited to those available before the Commission.

1.4 The Parties agree that this Settlement Agreement is an integrated agreement, so that if the Commission rejects any portion of this Settlement Agreement, each Party has the right to withdraw.

1.5 This Settlement Agreement may be executed in counterparts, each of which shall be deemed an original, and the counterparts together shall constitute one and the same instrument.

1.6 **Issues Not Settled – Cost of Capital**. DRA and California American Water have not resolved the following issues for the Cost of Capital:

(a) **The return on equity, without a leverage adjustment.**

(b) **Whether or not a leverage adjustment should be used in the determination of the authorized return on equity.**

(Exh. 4 (Application of California-American Water Company to Increase Rates for Water Service in Its Los Angeles District ("Application"), Exh. B, Detailed Financial Information Supporting Cost of Capital" ("Detailed Financial Information Supporting Cost of Capital")); Exh. 7 (Direct Testimony of Joel M. Reiker ("Reiker Direct")), pp. 11-13; Exh. 12 (Rebuttal Testimony of Joel M. Reiker ("Reiker Rebuttal")); Exh. 37 (Division of Ratepayer Advocates Report on the Cost of Capital ("DRA Report on Cost of Capital")).)

1.7 **Issues Not Settled – Los Angeles District – Revenue Requirements**

DRA and California American Water have not resolved the following issue for the Los Angeles District in regards to the revenue requirement:

(a) **Special Request Number 1 – Infrastructure System Replacement Surcharge ("ISRS")**

(Exh. 3 (Application, Exh. A (Historical Information and Revenue Requirement Calculations)), Chap. 13, Sec. 1, p. 1; Exh. 7 (Direct Testimony of Fred Feizollahi, P.E. ("Feizollahi Direct")), pp. 72-73; Exh. 7 (Direct Testimony of James E. Harrison ("Harrison Direct")); Exh. 7 (Direct Testimony of David P. Stephenson ("Stephenson Direct")), pp. 24-31; Exh. 7 (Direct Testimony of Gary Valladao ("Valladao Direct")), pp. 13-14; Exh. 9 (Rebuttal Testimony of Fred Feizollahi, P.E. ("Feizollahi Rebuttal")), pp. 12-13; Exh. 10 (Rebuttal Testimony of James Harrison ("Harrison Rebuttal")); Exh. 13 (Rebuttal Testimony of David P. Stephenson ("Stephenson Rebuttal")), pp. 20-27, Exh. 11; Exh. 14 (Rebuttal Testimony of Gary Valladao ("Valladao Rebuttal")), pp. 4-5; Exh. 36 (Division of Ratepayer Advocates Report on the Results of Operations ("DRA Report")), pp. 12-1 to 12-10.)

1.8 Resolution of a number of the differences between California American Water's and DRA's original estimates resulted in either DRA or California American Water moving from its original position to concur in whole or in part with the other's position. Many stipulated items are the consequence of additional discussions between the Parties leading to a compromise of positions, the overall results of which led to agreements in amounts between California American Water's original estimates and DRA's original estimates. Other changes resulted from the correction of errors once those were recognized.

2.0 SUMMARY OF SETTLEMENT

2.1 Cost of Capital California American Water accepted the use of the 2007 projected capital structure. The Parties compromised on cost of debt.

2.2 Los Angeles District Revenue Requirement

(a) Items as to which California American Water Modified its Original Position and Agreed With the DRA Position:

(i) Purchased Chemicals
(ii) Removal of the Patton Well Project from beginning Plant in Service for 2007
(iii) Calculation for Working Cash
(iv) Special Request #4

(b) Items as to Which DRA Modified its Original Position and Agreed With the California American Water Position:

(i) Payroll
(ii) Pensions
(iii) Maintenance of General Plant
(iv) Lamanda Park Gradient Main Project
(v) Vehicle Depreciation
(vi) Franchise Taxes
(vii) Step Increase Language

(c) Compromise Positions:

(i) Inflation Rates
(ii) Customer Accounting
(iii) Rents
(iv) Regulatory Commission Expense
(v) Payroll Taxes
(vi) Small Main Replacements
(vii) Pump Equipment Improvements
(viii) Baldwin Hills Fire Flow Improvements
(ix) Circle Drive Main
(x) Garth Reservoir
(xi) Danford Reservoir
(xii) Shenandoah Main
(xiii) Lamanda Park Main
(xiv) Lemon Reservoir
(xv) Baldwin Avenue Main

3.0 COST OF CAPITAL

3.1 Supporting Documentation – **Attachment A**; (Exh. 4 (Application, Exh. B (Detailed Financial Information Supporting Cost of Capital); Exh. 7 (Reiker Direct); Exh. 12 (Reiker Rebuttal); Exh. 37 (DRA Report on Cost of Capital).

3.2 Summary

The Parties agree to use the projected capital structure for 2007 in the test year and both escalation years. The Parties agree to a ratio of 58.97% debt to 41.03% equity for Test Year 2007 and Escalation Years 2008 and 2009. The Parties agree to a cost of debt of 6.89% for all three years.

3.3 Capital Structure

The original and settlement positions of the Parties are listed below:

Settlement on Capital Structure –

CAW's Original Position	58.97% Debt for 2007
CAW's Original Position	58.39% Debt for 2008
CAW's Original Position	57.21% Debt for 2009
DRA's Original Position	58.97% Debt for 2007
DRA's Original Position	58.97% Debt for 2008
DRA's Original Position	58.97% Debt for 2009
Settlement Position	58.97% Debt for All Years

3.4 Cost of Debt

The original and settlement positions of the Parties for the Cost of Debt are listed below:

Settlement on Cost of Debt –

CAW's Original Position	6.90% Cost of Debt for 2007
CAW's Original Position	6.91% Cost of Debt for 2008
CAW's Original Position	6.94% Cost of Debt for 2009
DRA's Original Position	6.41% Cost of Debt for 2007
DRA's Original Position	6.41% Cost of Debt for 2008
DRA's Original Position	6.41% Cost of Debt for 2009
Settlement Position	6.89% Cost of Debt for All Years

3.5 Rationale For Settlement on Capital Structure and Cost of Debt

The Parties agreed that the use of a single capital structure for all three years is normal practice in the determination of a revenue requirement. The Parties also agree that since the projected capital structures of California American Water are basically equivalent in all three years, that the use of the projected capital structure in 2007 is representative for all three years.

The Parties agree that the cost of debt for all three years should be based on the projected cost of debt in the test year 2007. The Parties also agree that the cost of debt should be based on the current embedded cost of debt and the cost projected for new and replacement issuances. The Parties agree that the cost of new and replacement issuances should be based on the latest DRI forecast for the period in which the issuances will be made. Based on the current projected timing of the new issuances for 2006 and 2007, which will be in very late 2006 and 2007, it was agreed that the cost of new issuance should be 6.42% for 2006 and 6.26% for 2007. The increase in the projected cost of debt employed by DRA for 2006 is due to the Federal Reserve raising interest rates 60 basis points since March. This compromise results in the projected cost of debt in 2007 to be 6.89%.

4.0 LOS ANGELES DISTRICT

4.1 Summary

Under the various scenarios set forth below, the Parties demonstrate the percentage increase in rates over current rates based on settled amounts. Calculations supporting the percentage increases under the various scenarios are found at **Attachments D-Q**. As explained above, the parties have agreed to all of the component of the revenue requirement except for the cost of capital and whether or not rates should be based on the inclusion of replacement plant additions under ISRS.

SCENARIO	2007 INCREASE
2005 Present Rates, January 2006 Purchased Water Costs	
DRA increase at 2005 present rates, January 2006 purchased water costs, an 8.04% rate of return and no ISRS	6.92%
California American Water increase at 2005 present rates, January 2006 purchased water costs, an 8.82% rate of return, and no ISRS	9.76%
California American Water increase at 2005 present rates, January 2006 purchased water costs, an 8.82% rate of return, and with ISRS	9.09%
2006 Present Rates, January 2006 Purchased Water Costs	
DRA increase at 2006 present rates, January 2006 purchased water costs, an 8.04% rate of return, and no ISRS	3.77%
California American Water increase at 2006 present rates, January 2006 purchased water costs, an 8.82% rate of return, and no ISRS	6.53%
California American Water increase at 2006 present rates, January 2006 purchased water costs, an 8.82% rate of return, and with ISRS	5.88%
2006 Present Rates, July 2006 Purchased Water Costs	
DRA increase at 2006 present rates, July 2006 purchased water costs, an 8.04% rate of return, and no ISRS	-2.14%
California American Water increase at 2006 present rates, July 2006 purchased water costs, an 8.82% rate of return, and no ISRS	0.63%
California American Water increase at 2006 present rates, July 2006 purchased water costs, an 8.82% rate of return, and with ISRS	-0.02%

(Continued)

SCENARIO	2008 INCREASE
DRA Proposed January 2008 increase from plant additions recovered under advice letters. (Percentage increase is related to the rates that would be in effect with the July 2006 purchased water costs and no ISRS)	2.15%
California American Water Proposed January 2008 increase from plant additions recovered under advice letters. (Percentage increase is related to the rates that would be in effect with the July 2006 purchased water costs and no ISRS)	2.29%

The revenue requirement for 2008 and 2009 will be escalated according to the standards set forth in the Commission's Rate Case Plan with the additional revenues shown above related to the advice letter projects.

4.2 Supporting Documentation –

Attachment B:

(a) Page 1 – Summary of Earnings 2006 @ Present Rates, July 2006 purchased water rates and no ISRS

(b) Page 2 – Summary of Earnings 2006 @ Proposed Rates, July 2006 purchased water rates and no ISRS

(c) Page 3 – Average Consumption per Customer

(d) Page 4 – Average Number of Customers

(e) Page 5 – Total Sales and Water Supply

(f) Page 6 – Operating Revenues @ 2006 Present Rates

(g) Page 7 – Operating Revenues @Proposed Rates, no ISRS

(h) Page 8 – O&M Expenses, no ISRS

(i) Page 9 – A&G Expenses, no ISRS

(j) Page 10 – Taxes Other Than Income, no ISRS

(k) Page 11 – Income Taxes @ 2006 Present Rates, no ISRS

(l) Page 12 – Income Taxes @Proposed Rates, no ISRS

(m) Page 13 – 2007 Plant in Service, no ISRS

(n) Page 14 – 2008 Plant in Service, no ISRS

(o) Page 15 – 2007 Depreciation Reserve, no ISRS

(p) Page 16 – 2008 Depreciation Reserve, no ISRS

(q) Page 17 – 2007 Rate Base, no ISRS

(r) Page 18 – 2008 Rate Base, no ISRS

Attachment C:

(a) Page 1 – 2008 Summary of Earnings 2006 @ Present Rates, July 2006 purchased water rates and no ISRS

(b) Page 2 – 2008 Summary of Earnings 2006 @ Proposed Rates, July 2006 purchased water rates and no ISRS

(c) Page 3 – 2009 Summary of Earnings 2006 @ Present Rates, July 2006 purchased water rates and no ISRS

(d) Page 4 – 2009 Summary of Earnings 2006 @ Proposed Rates, July 2006 purchased water rates and no ISRS

(e) Page 5 – 2008 Income Taxes @ Present Rates

(f) Page 6 – 2008 Income Taxes @ Proposed Rates

(g) Page 7 – 2009 Income Taxes @ Present Rates

(h) Page 8 – 2009 Income Taxes @ Proposed Rates

(i) Page 9 – 2008 Plant in Service, no ISRS

(j) Page 10 – 2008 Depreciation, no ISRS

(k) Page 11 - 2008 Rate Base, no ISRS

(l) Page 12 – 2009 Rate Base, no ISRS

Attachments D – Q: **Comparison Exhibits**

4.3 Customer Sales and Revenues

(a) **Customers** – There was no difference in the customer counts between CAW and DRA. (Exh. 3 (Application, Exh. A), Chap. 5, Sec. 1; Exh. 7 (Direct Testimony of Stacey A. Fulter ("Fulter Direct")), pp. 3-4; Exh. 36 (DRA Report), pp. 2-1, 2-4 to 2-9.)

(b) **Average Water Use Per Customer** – There was no difference in the average water use per customer (except for rounding) between CAW and DRA. (Exh. 3 (Application, Exh. A), Chap. 5, Sec. 2; Exh. 7 (Fulter Direct), pp. 2-3; Exh. 36 (DRA Report), pp. 2-1, 2-6 to 2-7.)

(c) **Unaccounted for Water Percentages** – There was no difference in projected unaccounted for water per service area between CAW and DRA. (Exh. 3 (Application, Exh. A), Chap. 5, Sec. 2; Exh. 7 (Fulter Direct), p. 4; Exh. 36 (DRA Report), pp. 2-2. 2-6 to 2-7.)

4.4 Operations and Maintenance Expenses

(a) **Composite Inflation Rates** - The Parties agreed that expenses will not be adjusted to the latest inflation rates for purposes of settlement and that the rates used by CAW in its presentation will be used for purposes of developing the 2007 test year estimates. (Exh. 7 (Direct Testimony of Patrick Pilz ("Pilz Direct")), p. 3; Exh. 11 (Rebuttal Testimony of Patrick Pilz ("Pilz Rebuttal")), pp. 2-3; Exh. 36 (DRA Report), p. 3-2 to 3-4.)

(b) **Purchased Water** – The parties agree that purchased water costs should be based on the latest rates from the suppliers and the agreed upon production in this case.

Item	Original Positions (000s)		Settlement (000s)
	CAW	DRA	
Purchased Water			
Baldwin Hills	1,230.2	1,230.2	1,300.7
Duarte	654.9	654.9	335.2
San Marino	1,731.0	1,731.0	904.9
TOTAL	3,616.1	3,616.1	2,540.8

(Exh. 3 (Application, Exh. A), Chap. 6, Introduction, p. 2 and Chap. 6, Sec. 1, p. 1; Exh. 7 (Pilz Direct), p. 5; Exh. 36 (DRA Report), p. 3-4.)

(c) **Purchased Chemicals** – CAW agrees that the purchased chemical cost should be based on the latest usage and costs for the chemicals being used.

Item	Original Positions (000s)		Settlement (000s)
	CAW	DRA	
Chemicals	23.3	17.2	17.2

(Exh. 3 (Application, Exh. A), Chap. 6, Introduction, p. 2 and Chap. 6, Sec. 1, p. 1; Exh. 7 (Pilz Direct), p. 5; Exh. 36 (DRA Report), p. 3-5.)

(d) **Customer Accounting** – The Parties agree that customer accounting should reflect the settlement in the General Office in case A.05-02-012, and that cost for postage and bill forms should be reflected at the district level and not in the general office costs:

Item	Original Positions (000s)		Settlement (000s)
	CAW	DRA	
Source of Supply	23.1	23.1	107.2

(Exh. 5 (Application, Exh. C (California American Water – General Office Costs), p. 1.); Exh. 7 (Stephenson Direct), p. 10 and Exhs. 2 and 3; Exh. 11 (Pilz Rebuttal), p. 3 and Exh. 1, p. 3; Exh. 13 (Stephenson Rebuttal), pp. 10-11; Exh. 36 (DRA Report), pp. 3-8, 3-9.)

4.5 Administrative and General Expenses

(a) **Payroll Expense** – There was a fairly large percentage differential in the recommended payroll expense estimates between CAW and DRA. Most of the difference was the result of differing methodologies to develop the estimates. Based on clarification and explanation of the evidence that CAW had provided to support its estimate, DRA agreed that the estimates provided by CAW in its application are based on the current information, and that an error was present in the CAW presentation for 2003 and 2004 in that capitalized labor was removed twice from O&M expense. Once corrected, as was detailed in a data request response, the DRA trend analysis produces results close to the CAW original request. The results of the agreements noted above are as follows:

Item	Original Positions (000s)		Settlement (000s)
	CAW	DRA	
2007 Payroll	1,655.9	1,383.2	1,655.9

(Exh. 3 (Application, Exh. A), Chap 6, Introduction, p. 1 and Chap. 6, Sec. 1, p. 1; Exh. 7 (Pilz Direct), pp. 3-4; Exh. 11 (Pilz Rebuttal), pp. 4-6; Exh. 36 (DRA Report), pp. 4-1 to 4-3.)

(b) Rents – The parties' differences in this area were due to differences in estimates for rents for CAW's San Marino office. DRA argued that the San Marino office space was underutilized. CAW responded that they extra space was being used for training and meetings. CAW and DRA agree to split the difference in the projections of future rent expense for purpose of settlement.

Item	Original Positions (000s)		
	CAW	DRA	Settlement
Rent	197.5	100.7	149.1

(Exh. 7 (Pilz Direct), p. 6; Exh. 14 (Valladao Rebuttal), pp. 2-3; Exh. 36 (DRA Report), p. 4-4.)

(c) **Employee Pension & Benefits** - DRA and CAW agreed that pension cost must be based on ERISA minimum funding requirements (D.88-03-072) and agreed that CAW's funding requirement has increased significantly since its pension fund is no longer in an over funded position as it had been for a number of years.

Item	Original Positions (000s)		Settlement (000s)
	CAW	DRA	
Empl. Bene.	1,027.7	848.8	1,027.7

(Exh. 3 (Application, Exh. A), Chap 6, Introduction, p. 2 and Sec. 1, p. 1; Exh. 7 (Pilz Direct), p. 7; Exh. 11 (Pilz Rebuttal), pp. 3-4, Exh. 2; Exh. 13 (Stephenson Rebuttal), pp. 5-10, Exh. 4-8; Exh. 36 (DRA Report), p. 4-5.)

(d) **Maintenance of General Plant** – The parties agree that maintenance of general plant should include the net negative salvage portion of depreciation expense in accordance with Financial Accounting Standard 143, which both parties showed as a reduction in depreciation expense. DRA did not account for the reduction in depreciation expense it projected in depreciation expense in its presentation of Maintenance of General Plant. Both parties agree that the result of the separation of net negative salvage does not change the revenue requirement –it only changes where the net negative salvage is recorded.

Item	Original Positions (000s)		Settlement (000s)
	CAW	DRA	
General Plant	352.6	1.7	352.6

(Exh. 3 (Application, Exh. A), Chap. 6, Sec. 1, p. 1 and Chap. 10, Sec. 1, p. 1; Exh. 7 (Direct Testimony of James G. Bozman ("Bozman Direct")), pp. 6-7; Exh. 13 (Stephenson Rebuttal), pp. 3-5, Exhs. 1-4; Exh. 36 (DRA Report), p. 4-5.)

(e) **Regulatory Commission Expense** – The parties agree to split the difference in projected estimates based on a presentation by CAW that it had already spent in excess of $400,000 as of April 2006, and based on the presentation by CAW that charging rate department personnel to rate case expense, rather than general expenses was more equitable for ratepayers in that they would then be paying for actual services received.

Item	Original Positions (000s)		Settlement (000s)
	CAW	DRA	
Regulatory Exp	203.1	80.6	141.8

(Exh. 3 (Application, Exh. A), Introduction, p. 3 and Chap. 1, Sec. 1; Exh. 7 (Direct Testimony of Sherrene P. Chew ("Chew Direct"), pp. 1-8; Exh. 7 (Stephenson Direct), pp. 5-6; Exh. 8 (Rebuttal Testimony of Sherrene P. Chew ("Chew Rebuttal"); Exh. 15 (Breakdown of Rate Case Expense as of April 30, 2006); Exh. 36 (DRA Report), pp. 4-5 to 4-6.)

4.6 Taxes Other than Income – All differences in Taxes Other than Income were the result of differences in projected payroll expense and capital investment, and a formula error in the presentation of State Unemployment and Federal Unemployment Taxes. Based on the Parties' settlements on various issues, the following provides the current positions of the parties without the separation of ISRS plant additions from normal plant additions:

Item	Original Positions (000s)		Settlement (000s)
	CAW	DRA	
Ad Valorem Tax.	519.2	446.2	482.6
Payroll Taxes	118.5	106.4	130.3

(Exh. 3 (Application, Exh. A), Chap. 7, Sec. 1; Exh. 7 (Bozman Direct), p. 3; Exh. 7 (Stephenson Direct), p. 7; Exh. 13 (Stephenson Rebuttal), pp. 11-13, Exh. 9; Exh. 36 (DRA Report), Chap. 5.)

4.7 Income Taxes – There was no difference in the parties' original positions as to the calculation of income taxes. All differences were the result of estimated rate base and the projected return on equity. The remaining difference is due to the unsettled difference in the projected return on equity:

Item	Original Positions (000s)		Current Positions (000s)	
	CAW	DRA	CAW	DRA
SIT.	240.3	172.1	227.1	187.3
FIT	1,050.2	641.2	961.4	777.2

(Exh. 3 (Application, Exh. A), Chap. 8, Sec. 1; Exh. 7 (Stephenson Direct), pp. 7-8; Exh. 36 (DRA Report), Chap. 6.)

4.8 Utility Plant in Service

Following extensive exchanges of information and negotiations on the rationale for each requested plant item, CAW and DRA have reached an agreement on each item, as set forth below. The original and revised positions of the Parties and the explanations for the settlement positions on each plant item are set out in Sections (a) to (h), below.

(a) **Lamanda Park Gradient Main -** Based on a showing of actual invoices by CAW that the projections used to estimate the completion of this 2005 project, it is agreed by DRA that the estimate of $1,200,000 as made by CAW is accurate and should be used as the final cost of the project:

Item	Original Positions (000s)		Settlement (000s)
2005	CAW	DRA	
Lamanda Park	$1,200.0	$871.5	$1,200.0

(Exh. 3 (Application, Exh. A), Chap. 9, Sec. 1; Exh. 7 (Feizollahi Direct), pp. 1-4, 15-16, 37-39, Exh. 6; Exh. 9 (Feizollahi Rebuttal), pp. 4-5, Exh. A; Exh. 36 (DRA Report), p. 7-7.)

(b) **Beginning Plant Balance for 2007 – DRA Original Position** – Based on review of the DRA and CAW workpapers, it was determined that various adjustments made by DRA and the representation of beginning of the year CWIP in 2005 were erroneously deducted twice in the calculations and that these amounts needed to be reinstated to provided that actual correct beginning of the year balance for 2007 based on DRA's original position.

Item	Original Positions (000s)	DRA Corrected(000s)
2007	DRA	
BOY Balance	$69,431.5	$72,317.3

(Exh. 13 (Stephenson Rebuttal), pp. 18-20; Exh. 36 (DRA Report), pp. 7-1 to 7-2, 7-17.)

(c) **Beginning Plant Balance for 2007 – Settlement Position** – CAW and DRA agree to certain adjustments for plant in service and CWIP for 2006. These adjustments are explained further below:

Item	Original Positions (000s)		Settlement (000s)
2007	CAW	DRA (Corrected)	
BOY 2007	$72,573.3	$72,317.3	$72,689.8

(Exh. 3 (Application, Exh. A), Chap. 9, Sec. 1; Exh. 7 (Bozman Direct), pp. 3-5.)

(d) **Small Main Replacement Program** – CAW and DRA agree to split the difference in this category based on a presentation by CAW that the projects proposed will exceed the average of the past few years considered by DRA:

Item	Original Positions (000s)		Settlement (000s)
2006-2008	CAW	DRA	
Main Replacement	$149.0	$72.7	$110.8

(Exh. 3 (Application, Exh. A), Chap. 9, Sec. 1; Exh. 7 (Feizollahi Direct), pp. 1-4, 15-16, 44-45, Exh. 11; Exh. 9 (Feizollahi Rebuttal), pp. 5-6, Exh. B; Exh. 36 (DRA Report), p. 7-8.)

(e) **Pump Replacement Program** – CAW and DRA agree to split the difference in this category based on a presentation by CAW that the projects proposed will exceed the average of the past few years considered by DRA:

Item	Original Positions (000s)		Settlement (000s)
2006-2008	CAW	DRA	
Pump Replacements	$155.0	$138.6	$146.8

(Exh. 3 (Application, Exh. A), Chap. 9, Sec. 1; Exh. 7 (Feizollahi Direct), pp. 1-4, 15-16, 46-47, Exh. 12; Exh. 9 (Feizollahi Rebuttal), pp. 6-8, Exh. C; Exh. 36 (DRA Report), p. 7-11.)

(f) **30% additional Facilities Charge** – Based on a presentation by CAW that the additional facilities charge includes actual costs (such as labor costs for facilities installation, hydrants and other appurtenances, traffic control costs, paving costs, and mobilization and demobilization costs) that are not included in other portions of the estimates, and that CAW will provide data support for such costs in future GRCs, the parties agree that a 5% additional facilities charge is warranted:

Item	Original Positions (000s)		Settlement (000s)
	CAW	DRA	
BH Fire Flow Imp.	$839.0	$688.5	$713.6
Circle Drive Main	$292.0	$244.0	$252.0
Garth Reservoir	$763.0	$596.7	$648.9
Shenandoah Main	$360.0	$297.8	$308.2
Lamanda Park Main	$431.0	$390.2	$397.0
Lemon Reservoir	$604.0	$501.6	$518.7
Baldwin Ave. Main	$179.0	$160.0	$163.2
Danford Res. Main	$1,220.0	$993.1	$1,027.6

(Exh. 3 (Application, Exh. A), Chap. 9, Sec. 1; Exh. 7 (Feizollahi Direct); Exh. 9 (Feizollahi

Rebuttal), pp. 10-12, Exh. D; Exh. 36 (DRA Report), pp. 7-9 to 7-11.)

(g) **Danford Reservoir Main Project** – CAW and DRA agree that this project should be filed as an advice letter no earlier than 2008 with an advice letter cap of $1,027,600. CAW also agrees that the construction expenditures in 2007 should not be included in CWIP at the end of 2007 for purposes of settlement in this case.

Item	Original Positions (000s)		Settlement (000s)
	CAW	DRA	
2007 CWIP	$100.0	$0.0	$0.0
2008 Plant in Service	$1,220.0	$496.6	$0.0
2009 Plant in Service	$0.0	$496.5	$0.0
2008 Advice Letter	$0.0	$0.0	$1,027.6

(Exh. 3 (Application, Exh. A), Chap. 9, Sec. 1; Exh. 7 (Feizollahi Direct), pp. 1-4, 15-16, 51-52, Exh. 16; Exh. 9 (Feizollahi Rebuttal), pp. 8-9; Exh. 36 (DRA Report), pp. 7-12 to 7-13.)

(h) **Patton Well and Treatment Project – Including Distribution and Booster** – DRA and CAW agree to split this project into two components: one component will be a new main and booster, and the second component will be the well and treatment facilities. DRA agrees with CAW that the main and booster provide immediate benefits to current customers with or without the well and treatment facilities and therefore should be allowed in rate base when complete by an advice letter filing. CAW agrees with DRA that the expenditures related to the project spent prior to allowance in rates by advice letter or approval of the memorandum account will not be allowed in rate base as part of CWIP. The new main will have an advice letter cap of $2,135,000, which includes approximately $50,000 for the booster pump and $341,000 of pre-2007 expenses allocated to this portion of the project related to engineering and design. Once the advice letter is filed, CAW will file to reduce revenue requirement by approximately $69,784 to reflect purchased water savings.

CAW will track the costs of the well and treatment facilities portion of the project in a memorandum account earning interest at 4% and will present these costs for review in the next GRC proceeding. Any funds received as a result of Proposition 50 funding will offset the cost of the project.

Finally, CAW agrees with DRA on the creation of a memorandum account to track costs and recoveries from litigation related to the contamination of the Raymond Basin.

Item	Original Positions (000s)		Settlement (000s)
	CAW	DRA	
CWIP BOY 2007	$597.0	$0.0	$0.0
CWIP EOY 2007	$3,097.0	$0.0	$0.0
Plant Adds in 2008	$4,124.0	$0.0	$0.0
Memo Accounts	$0.0	$4,124.0	$1,989.0
2008 Advice Letter	$0.0	$0.0	$2,135.0

(Exh. 3 (Application, Exh. A), Chap. 9, Sec. 1; Exh. 7 (Feizollahi Direct), pp. 1-4, 15-16, 20-21, 58-72, Exh. 22; Exh. 7 (Valladao Direct), pp. 5-7; Exh. 9 (Feizollahi Rebuttal), pp. 3; Exh. 13 (Stephenson Rebuttal), pp. 13-18, Exh. 10; Exh. 36 (DRA Report), pp. 7-14 to 7-16.)

4.9 Depreciation Expense and Reserves

(a) **Beginning of 2007 Depreciation Reserve – DRA Position Related to Plant Additions** – DRA agrees with CAW that the depreciation reserve balance and expense calculation should include the 2005 adjustment made by CAW to eliminate over depreciation of vehicles and that calculations in all years beyond 2005 should exclude the fully depreciated vehicles. The estimates below are based on the proposed plant additions of DRA

Item	Original Positions (000s)		Settlement (000s)
2007	CAW	DRA	
BOY Balance	$27,656.8	$27,948.2	$27,656.8

(Exh. 13 (Stephenson Rebuttal), pp. 18-30, Exh. 3; Exh. 36 (DRA Report), Chap. 8.)

(b) **Beginning of the Year Depreciation Reserve Based on Settlement** – Both parties agree that the beginning of the year depreciation reserve balance should be based on the settlement of plant additions and the corrections noted in (a) above:

Item	Original Positions (000s)		Settlement (000s)
2007	CAW	DRA	
BOY Balance	$26,807.9	$27,948.2	$27,681.2

(Exh. 3 (Application, Exh. A), Chap. 10, Sec. 1; Exh. 7 (Bozman Direct), pp. 5-6.)

(c) **Depreciation Expense** – The parties agree that depreciation expense should be based on the authorized level of plant in service.

Item	Original Positions (000s)		Settlement (000s)
	CAW	DRA	
2007	2,051.5	2,046.9	2,150.1
2008	2,205.8	2,123.2	2,211.1

(Exh. 3 (Application, Exh. A), Chap. 10; Exh. 7 (Bozman Direct), pp. 5-6; Exh. 13 (Stephenson Rebuttal), pp. 3-4; Exh. 36 (DRA Report), Chap. 8.)

4.10 Rate Base

(a) **Working Cash** – CAW agrees to accept DRA's calculation of cash working capital and operational working cash based on the latest information on lead/lag days

Item	Original Positions (000s)		Settlement (000s)
	CAW	DRA	
Operational 2007	$174.0	$158.6	$166.3
Operational 2008	$174.0	$158.6	$166.3

Lead/Lag 2007	$460.3	$773.4	$843.0
Lead/Lag 2008	$470.3	$798.4	$869.0

(Exh. 3 (Application, Exh. A), Chap. 11; Exh. 7 (Bozman Direct), pp. 7-8; Exh. 13 (Stephenson Rebuttal), p. 18; Exh. 36 (DRA Report), pp. 9-1 to 9-2.)

4.11 Customer Service and Conservation - No issues

(Exh. 3 (Application, Exh. A), Chap. 12, Secs. 1 and 2; Exh. 6 (Application, Exh. D ("Urban Water Management Plan"); Exh. 7 (Direct Testimony of Keith R. Larson); Exh. 36 (DRA Report), Chap. 10.)

4.12 Rate Design – This portion of the proceeding has been bifurcated into a second phase.

4.13 Special Requests

(a) **Special Request #1 – ISRS** – No Settlement

(Exh. 3 (Application, Exh. A), Chap. 13, Sec. 1, p. 1; Exh. 7 (Feizollahi Direct), pp. 72-73; Exh. 7 (Harrison Direct); Exh. 7 (Stephenson Direct), pp. 24-31; Exh. 7 (Valladao Direct), pp. 13-14; Exh. 9 (Feizollahi Rebuttal), pp. 12-13; Exh. 10 (Harrison Rebuttal); Exh. 13 (Stephenson Rebuttal), pp. 20-27, Exh. 11; Exh. 14 (Valladao Rebuttal), pp. 4-5; Exh. 36 (DRA Report), pp. 12-1 to 12-10.)

(b) **Special Requests #2 and #3** – Removed from this portion of the proceeding and deferred.

(c) **Special Request #4 – Low Income Tariff** – CAW agrees with DRA to implement the low income proposal as proposed without it being a temporary tariff.

(Exh. 3 (Application, Exh. A), Chap. 13, Sec. 1, p. 3; Exh. 7 (Stephenson Direct), pp. 21-22, 34, 42, Exh. 5; Exh. 36 (DRA Report), pp. 12-10 to 12-13.)

(d) **Special Request #5 & #6** – Removed from this portion of the proceeding and deferred.

(e) **Special Request #7 – American Jobs Creation Act** – No Issue

(Exh. 3 (Application, Exh. A), Chap. 13, Sec. 1, p. 5; Exh. 7 (Stephenson Direct), pp. 8, 23-24; Exh. 36 (DRA Report), pp. 12-13 to 12-14.)

4.14 Step Rate Increases – The Parties agree that the language previously adopted for historical CAW properties including the Los Angeles District and the language adopted for the former Citizens properties should be used in this decision to distinguish the differences in capital structures applicable to these different properties.

(Exh. 13 (Stephenson Rebuttal), p. 27; Exh. 36 (DRA Report), Chap. 13.)

Dated: June 23, 2006

By: _____
Danilo Sanchez – Program Manager, Water

DIVISION OF RATEPAYER ADVOCATES
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dated: June 23, 2006

By: _____
David P. Stephenson – Assistant Treasurer

CALIFORNIA-AMERICAN WATER COMPANY
4701 Beloit Drive
Sacramento, CA 95838

Attachment 3

ATTACHMENT 3
Appendix Table 1-1

California American Water
COMPARISON OF REVISED AND ORA RECOMMENDED
RATE OF RETURN
SETTLEMENT
LOS ANGELES

			Cal-Am Revised			ORA Recommended			**ADOPTED**		
			Capital Structure	Cost Factor	Weighted Cost	Capital Structure	Cost Factor	Weighted Cost	**Capital Structure**	**Cost Factor**	**Weighted Cost**
Test Year	2007										
		Long-Term Debt	58.97%	6.36%	3.75%	58.97%	6.36%	3.75%	58.97%	6.36%	3.75%
		Common Equity	41.03%	11.60%	4.76%	41.03%	9.69%	3.98%	41.03%	10.00%	4.10%
		Total	100.00%		8.51%	100.00%		7.73%	100.00%		7.85%
Escalation Year	2008										
		Long-Term Debt	58.97%	6.36%	3.75%	58.97%	6.36%	3.75%	58.97%	6.36%	3.75%
		Common Equity	41.03%	11.60%	4.76%	41.03%	9.69%	3.98%	41.03%	10.00%	4.10%
		Total	100.00%		8.51%	100.00%		7.73%	100.00%		7.85%
Attrition Year	2009										
		Long-Term Debt	58.97%	6.36%	3.75%	58.97%	6.36%	3.75%	58.97%	6.36%	3.75%
		Common Equity	41.03%	11.60%	4.76%	41.03%	9.69%	3.98%	41.03%	10.00%	4.10%
		Total	100.00%		8.51%	100.00%		7.73%	100.00%		7.85%

California American Water
Los Angeles

SUMMARY OF EARNINGS

TEST YEAR 2007

(AT 2006 PRESENT RATES)

ITEM	STAFF ORIGINAL	STAFF REVISED	UTILITY REVISED	UTILITY ORIGINAL	ADOPTED
	(Thousands of $)		(Thousands of $)		
OPERATING REVENUES	18,563.8	19,102.9	19,102.9	18,563.8	**19,102.9**
ADD REVENUE FROM CONTRIBUTION	0.0	0.0	0.0	0.0	-
OPERATING EXPENSES					
OPERATION & MAINTENANCE	6,402.3	5,936.9	5,936.9	6,408.4	**5,936.9**
Acquisition Premium & RWE	499.5	499.5	499.5	499.5	**499.5**
ADMINISTRATIVE & GENERAL	1,833.7	2,415.1	2,415.1	2,583.6	**2,415.1**
PAYROLL	1,383.2	1,655.9	1,655.9	1,655.9	**1,655.9**
G. O. PRORATED EXP.	1,886.7	1,886.7	1,886.7	1,886.7	**1,886.7**
DEPRECIATION & AMORTIZATION	2,046.9	2,150.1	2,063.3	2,051.5	**2,063.3**
TAXES OTHER THAN INCOME	552.6	612.9	585.5	637.7	**585.5**
STATE CORP. FRANCHISE TAX	196.9	186.4	197.9	88.6	**197.9**
FEDERAL INCOME TAX	849.4	739.4	788.7	347.8	**788.7**
TOTAL OPERATING EXPENSES	15,651.2	16,082.9	16,029.5	16,159.7	**16,029.5**
NET OPERATING REVENUE	2,912.6	3,020.0	3,073.4	2,404.1	**3,073.4**
RATE BASE	35,094.7	38,728.6	37,710.1	40,335.0	**37,710.1**
RATE OF RETURN	8.30%	7.80%	8.15%	5.96%	**8.15%**

ATTACHMENT 3
APPENDIX A

California American Water
Los Angeles

SUMMARY OF EARNINGS

2007

ITEM	STAFF ORIGINAL	STAFF REVISED	UTILITY REVISED	UTILITY ORIGINAL	ADOPTED
	(Thousands of $)		(Thousands of $)		
OPERATING REVENUES	18,234.2	19,057.2	19,340.6	20,576.6	**18,908.4**
ADD REVENUE FROM CONTRIBUTION	0.0	0.0	0.0	0.0	**-**
OPERATING EXPENSES					
OPERATION & MAINTENANCE	6,401.3	5,936.8	5,937.6	6,414.6	**5,936.3**
Acquisition Premium & RWE	499.5	499.5	499.5	499.5	**499.5**
ADMINISTRATIVE & GENERAL	1,833.7	2,415.1	2,415.1	2,583.6	**2,415.1**
PAYROLL	1,383.2	1,655.9	1,655.9	1,655.9	**1,655.9**
G.O. PRORATED EXP.	1,886.7	1,886.7	1,886.7	1,886.7	**1,886.7**
DEPRECIATION & AMORTIZATION	2,046.9	2,150.1	2,063.3	2,051.5	**2,063.3**
TAXES OTHER THAN INCOME	552.6	612.9	585.5	637.7	**585.5**
STATE CORP. FRAN. TAX	172.1	182.9	215.8	240.3	**183.2**
FEDERAL INCOME TAX	734.4	723.4	871.6	1,050.2	**720.8**
TOTAL OPERATING EXPENSES	15,510.4	16,063.2	16,131.0	17,020.0	**15,946.3**
NET OPERATING REVENUE	2,723.8	2,994.0	3,209.6	3,556.6	**2,962.1**
RATE BASE	35,094.7	38,728.6	37,710.1	40,335.0	**37,710.1**
RATE OF RETURN	7.76%	7.73%	8.51%	8.82%	**7.85%**
PERCENTAGE INCREASE		-0.24%	1.88%		**-0.46%**

ATTACHMENT 3
APPENDIX B

Los Angeles
AVERAGE CONSUMPTION (CCF) PER CUSTOMER PER YEAR
2007

ITEM	STAFF		UTILITY		ADOPTED
	ORIGINAL	REVISED	REVISED	ORIGINAL	
Residential	272.0	272.0	272.0	272.0	**272**
Commercial	872.8	872.8	872.8	872.8	**873**
Industrial	3,042.8	3,042.8	3,042.8	3,042.8	**3,043**
Public Authority	1,619.4	1,619.4	1,619.4	1,619.4	**1,619**
Irrigation	3,035.0	3,035.0	3,035.0	3,035.0	**3,035**
Other	322.4	322.4	322.4	322.4	**322**

ATTACHMENT 3
APPENDIX B

California American Water
Los Angeles
AVERAGE CONSUMPTION (CCF) PER CUSTOMER PER YEAR
2008

ITEM	STAFF		UTILITY		ADOPTED
	ORIGINAL	REVISED	REVISED	ORIGINAL	
Residential	272.0	272.0	272.0	272.0	**272**
Commercial	873.4	873.4	873.4	873.4	**873**
Industrial	3,042.8	3,042.8	3,042.8	3,042.8	**3,043**
Public Authority	1,619.4	1,619.4	1,619.4	1,619.4	**1,619**
Irrigation	3,035.0	3,035.0	3,035.0	3,035.0	**3,035**
Other	322.4	322.4	322.4	322.4	**322**

California American Water
AVERAGE NUMBER OF CUSTOMERS
Los Angeles
2007

ITEM	STAFF ORIGINAL	STAFF REVISED	UTILITY REVISED	UTILITY ORIGINAL	**ADOPTED**
Metered Connections					
Residential	24,197	24,197	24,197	24,197	**24,197**
Commercial	2,619	2,619	2,619	2,619	**2,619**
Industrial	70	70	70	70	**70**
Public Authority	290	290	290	290	**290**
Irrigation	66	66	66	66	**66**
Other	16	16	16	16	**16**
Total metered connection	27,258	27,258	27,258	27,258	**27,258**
Fire Protection Connections					
Private Fire Service	296	296	296	296	**296**
Fire Hydrants	36	36	36	36	**36**
Total flat rate connections	332	332	332	332	**332**
TOTAL ACTIVE CONNECTIONS					
Including Private Fire Protection	27,590	27,590	27,590	27,590	**27,590**
Excluding Private Fire Protection	27,258	27,258	27,258	27,258	**27,258**

California American Water
AVERAGE NUMBER OF CUSTOMERS
Los Angeles
2008

ITEM	STAFF ORIGINAL	STAFF REVISED	UTILITY REVISED	UTILITY ORIGINAL	**ADOPTED**
Metered Connections					
Residential	24,215	24,215	24,215	24,215	**24,215**
Commercial	2,617	2,617	2,617	2,617	**2,617**
Industrial	70	70	70	70	**70**
Public Authority	290	290	290	290	**290**
Irrigation	66	66	66	66	**66**
Other	16	16	16	16	**16**
Total metered connections	27,274	27,274	27,274	27,274	**27,274**
Fire Protection Connections					
Private Fire Service	296	296	296	296	**296**
Fire Hydrants	36	36	36	36	**36**
Total flat rate connections	332	332	332	332	**332**
TOTAL ACTIVE CONNECTIONS					
Including Private Fire Protection	27,606	27,606	27,606	27,606	**27,606**
Excluding Private Fire Protection	27,274	27,274	27,274	27,274	**27,274**

California American Water
Los Angeles

TOTAL SALES AND SUPPLY

2007

ITEM	STAFF ORIGINAL	STAFF REVISED	UTILITY REVISED	UTILITY ORIGINAL	**ADOPTED**
METERED SALES (KCCF)					
Residential	6,581.6	6,581.6	6,581.6	6,581.6	**6,581.6**
Commercial	2,285.9	2,285.9	2,285.9	2,285.9	**2,285.9**
Industrial	213.0	213.0	213.0	213.0	**213.0**
Public Authority	469.6	469.6	469.6	469.6	**469.6**
Irrigation	200.3	200.3	200.3	200.3	**200.3**
Other	5.2	5.2	5.2	5.2	**5.2**
TOTAL METERED SALES	9,755.6	9,755.6	9,755.6	9,755.6	**9,755.6**
WATER LOSS					
Unacc For Water Percentage	6.06%	6.06%	6.06%	6.06%	**6.06%**
Unaccounted	629.3	629.3	629.3	629.3	**629.3**
TOTAL DELIVERED	10,384.9	10,384.9	10,384.9	10,384.9	**10,384.9**
EQUIVALENT ACRE FEET (AF)	23,840.9	23,840.9	23,840.9	23,840.9	**23,840.9**
PRODUCTION (AF)					
Purchased Water West Basin	1,767.0	1,767.0	1,767.0	1,767.0	**1,767.0**
Well Production - Central Basin	2,067.0	2,067.0	2,067.0	2,067.0	**2,067.0**
Replenishment Water	2,318.0	2,318.0	2,318.0	2,318.0	**2,318.0**
Well Production - Main San Gabriel Basin	4,811.0	4,811.0	4,811.0	4,811.0	**4,811.0**
Total Main San Gabreil Basin	7,961.0	7,961.0	7,961.0	7,961.0	**7,961.0**
Raymond Basin	2,299.0	2,299.0	2,299.0	2,299.0	**2,299.0**
MWD	1,875.0	1,875.0	1,875.0	1,875.0	**1,875.0**
City of Pasadena	720.0	720.0	720.0	720.0	**720.0**
City of So. Pasadens	28.0	28.0	28.0	28.0	**28.0**
Total Production	23,846.0	23,846.0	23,846.0	23,846.0	**23,846.0**

California American Water
Los Angeles

TOTAL SALES AND SUPPLY

2008

ITEM	STAFF ORIGINAL	STAFF REVISED	UTILITY REVISED	UTILITY ORIGINAL	**ADOPTED**
METERED SALES (KCCF)					
Residential	6,586.5	6,586.5	6,586.5	6,586.5	**6,586.5**
Commercial	2,285.7	2,285.7	2,285.7	2,285.7	**2,285.7**
Industrial	213.0	213.0	213.0	213.0	**213.0**
Public Authority	469.6	469.6	469.6	469.6	**469.6**
Irrigation	200.3	200.3	200.3	200.3	**200.3**
Other	5.2	5.2	5.2	5.2	**5.2**
TOTAL METERED SALES	9,760.3	9,760.3	9,760.3	9,760.3	**9,760.3**
WATER LOSS					
Unacc For Water Percentage	6.06%	6.06%	6.06%	6.06%	**6.1%**
Unaccounted	629.6	629.6	629.6	629.6	**629.6**
TOTAL DELIVERED	10,389.9	10,389.9	10,389.9	10,389.9	**10,389.9**
EQUIVALENT ACRE FEET (AF)	23,852.4	23,852.4	23,852.4	23,852.4	**23,852.4**
PRODUCTION (AF)					
Purchased Water West Basin	1,764.0	1,764.0	1,764.0	1,764.0	**1,764.0**
Well Production - Central Basin	2,067.0	2,067.0	2,067.0	2,067.0	**2,067.0**
Replenishment Water	2,331.0	2,331.0	2,331.0	2,331.0	**2,331.0**
Well Production - Main San Gabriel Basin	4,811.0	4,811.0	4,811.0	4,811.0	**4,811.0**
Total Main San Gabreil Basin	7,961.0	7,961.0	7,961.0	7,961.0	**7,961.0**
Raymond Basin	2,299.0	2,299.0	2,299.0	2,299.0	**2,299.0**
MWD	1,875.0	1,875.0	1,875.0	1,875.0	**1,875.0**
City of Pasadena	720.0	720.0	720.0	720.0	**720.0**
City of So. Pasadens	28.0	28.0	28.0	28.0	**28.0**
Total Production	23,856.0	23,856.0	23,856.0	23,856.0	**23,856.0**

ATTACHMENT 3
APPENDIX E

California American Water
Los Angeles

OPERATING REVENUES

2007

(AT 2006 PRESENT RATES)

ITEM	STAFF ORIGINAL	STAFF REVISED	UTILITY REVISED	UTILITY ORIGINAL	**ADOPTED**
	(Thousands of $)		(Thousands of $)		
METERED REVENUES					
Residential	13,007.6	13,392.3	13,392.3	13,007.6	**13,392.3**
Commercial	3,943.0	4,054.1	4,054.1	3,943.0	**4,054.1**
Industrial	372.9	381.0	381.0	372.9	**381.0**
Public Authority	826.6	850.5	850.5	826.6	**850.5**
Irrigation	179.0	183.8	183.8	179.0	**183.8**
TOTAL METERED	18,329.1	18,861.7	18,861.7	18,329.1	**18,861.7**
OTHER REVENUES					
Private Fire Service	170.2	174.6	174.6	170.2	**174.6**
Fire Hydrants	20.3	20.8	20.8	20.3	**20.8**
Other	37.5	39.1	39.1	37.5	**39.1**
Misc. Service	6.7	6.7	6.7	6.7	**6.7**
TOTAL OTHER	234.7	241.2	241.2	234.7	**241.2**
TOTAL REVENUES	18,563.8	19,102.9	19,102.9	18,563.8	**19,102.9**

ATTACHMENT 3
APPENDIX E

California American Water
Los Angeles

OPERATING REVENUES

2007

(AT PROPOSED RATES)

ITEM	STAFF ORIGINAL	STAFF REVISED	UTILITY REVISED	UTILITY ORIGINAL	**ADOPTED**
	(Thousands of $)		(Thousands of $)		
METERED REVENUES					
Residential	12,497.3	13,360.8	13,490.5	14,364.2	**13,185.0**
Commercial	3,788.3	4,050.0	4,131.5	4,399.1	**4,038.0**
Industrial	358.3	383.1	410.2	436.8	**400.9**
Public Authority	794.2	849.1	865.5	921.6	**845.9**
Irrigation	172.0	183.9	186.4	198.5	**182.2**
TOTAL METERED	17,610.1	18,826.8	19,084.2	20,320.2	**18,652.0**
OTHER REVENUES					
Private Fire Service	167.1	167.1	188.7	188.7	**188.7**
Fire Hydrants	19.9	19.9	22.5	22.5	**22.5**
Other	36.8	36.8	38.5	38.5	**38.5**
Misc. Service	6.6	6.6	6.7	6.7	**6.7**
TOTAL OTHER	624.1	230.4	256.4	256.4	**256.4**
TOTAL REVENUES	18,234.2	19,057.2	19,340.6	20,576.6	**18,908.4**

ATTACHMENT 3
APPENDIX F

California American Water
Los Angeles

OPERATION & MAINTENANCE EXPENSES

2007

ITEM	STAFF ORIGINAL	STAFF REVISED	UTILITY REVISED	UTILITY ORIGINAL	ADOPTED
	(Thousands of $)		(Thousands of $)		
AT PRESENT RATES					
Operating Revenues	18,563.8	19,102.9	19,102.9	18,563.8	**19,102.9**
Uncollectible Rate	0.3051%	0.3051%	0.3051%	0.3051%	**0.3051%**
Uncollectibles	56.6	58.3	58.3	56.6	**58.3**
Operation Expense					
Purchased Water	3,616.1	3,064.9	3,064.9	3,616.1	**3,064.9**
Source of Supply - Miscellaneous	47.4	47.4	47.4	47.4	**47.4**
Pumping Expense - Electric	93.5	93.5	93.5	93.5	**93.5**
Purchased Power	1,790.0	1,790.0	1,790.0	1,790.0	**1,790.0**
Water Treatment - Miscellaneous	81.4	81.4	81.4	81.4	**81.4**
Chemicals	17.2	17.2	17.2	23.3	**17.2**
Trans. & Dist. - Misc.	166.6	166.6	166.6	166.6	**166.6**
Merchandizing & Jobbing	-0.8	-0.8	-0.8	-0.8	**(0.8)**
Customer Accts. - Records & Collect. & Mis	23.1	107.2	107.2	23.1	**107.2**
Customer Accounts - Uncollectibles	56.6	58.3	58.3	56.6	**58.3**
Total Operation Expenses	5,891.1	5,425.7	5,425.7	5,897.2	**5,425.7**
Maintenance Expenses					
Source of Supply - Collection	12.7	12.7	12.7	12.7	**12.7**
Source of Supply - Misc	16.7	16.7	16.7	16.7	**16.7**
Pumping - Pumping Equipment	116.1	116.1	116.1	116.1	**116.1**
Water Treatment - Other	41.4	41.4	41.4	41.4	**41.4**
T & D Miscellaneous	324.3	324.3	324.3	324.3	**324.3**
Total Maintenance Expense	511.2	511.2	511.2	511.2	**511.2**
Total O & M Expenses (incl. Uncoll.)	6,402.3	5,936.9	5,936.9	6,408.4	**5,936.9**
AT PROPOSED RATES					
Operating Revenues	18,234.2	19,057.2	19,340.6	20,576.6	**18,908.4**
Uncollectible Rate	0.3051%	0.3051%	0.3051%	0.3051%	**0.3051%**
Uncollectibles	55.6	58.1	59.0	62.8	**57.7**
Total O & M Expenses (incl. Uncoll.)	6,401.3	5,936.8	5,937.6	6,414.6	**5,936.3**

ATTACHMENT 3
APPENDIX G

California American Water
Los Angeles

ADMINISTRATIVE & GENERAL EXPENSES

2007

ITEM	STAFF ORIGINAL	STAFF REVISED	UTILITY REVISED	UTILITY ORIGINAL	**ADOPTED**
	(Thousands of $)		(Thousands of $)		
AT PRESENT RATES					
Operating Revenues less Uncoll.	18,507.2	19,044.6	19,044.6	18,507.2	**19,044.6**
Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%	0.0000%	**0.0%**
Local Franchise Tax	0.0	0.0	0.0	0.0	**0.0**
Property Insurance	137.4	137.4	137.4	137.4	**137.4**
Worker's Comp., Injuries & Damages	246.1	246.1	246.1	246.1	**246.1**
Employee Pension & Benefits	848.0	1,027.7	1,027.7	1,027.7	**1,027.7**
Regulatory Expense	80.6	141.8	141.8	203.1	**141.8**
Outside Services	26.3	26.3	26.3	26.3	**26.3**
Miscellaneous General Expenses	392.9	392.9	392.9	392.9	**392.9**
Other Mtnc of General Plant	1.7	352.6	352.6	352.6	**352.6**
Rents	100.7	90.3	90.3	197.5	**90.3**
Total A & G Expenses	1,833.7	2,415.1	2,415.1	2,583.6	**2,415.1**
(Incl. local Franchise Taxes)	1,833.7	2,415.1	2,415.1	2,583.6	**2,415.1**
PAYROLL	1,383.2	1,655.9	1,655.9	1,655.9	**1,655.9**
AT PROPOSED RATES					
Operating Revenues less Uncoll.	18,178.6	18,999.1	19,281.6	20,513.8	**18,850.7**
Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%	0.0000%	**0.0%**
Local Franchise Tax	0.0	0.0	0.0	0.0	**0.0**
Pension Cost in Surcharge					
TOTAL A&G INCLUDING PENSION					

ATTACHMENT 3
APPENDIX H

California American Water
Los Angeles

TAXES OTHER THAN INCOME

2007

ITEM	STAFF		UTILITY		ADOPTED
	ORIGINAL	REVISED	REVISED	ORIGINAL	
	(Thousands of $)		(Thousands of $)		
Ad Valorem taxes	446.2	482.6	455.2	519.2	**455.2**
Net Payroll taxes	106.4	130.3	130.3	118.5	**130.3**
Taxes other than Income (present rates)	552.6	612.9	585.5	637.7	**585.5**
Taxes other than Income (proposed rates)	552.6	612.9	585.5	637.7	**585.5**

TABLE I-1

California American Water
Los Angeles

TAXES BASED ON INCOME

2007

(PRESENT RATES)

	STAFF		UTILITY		
	ORIGINAL	REVISED	REVISED	ORIGINAL	**ADOPTED**
	(Thousands of $)		(Thousands of $)		
Operating Revenues	18,563.8	19,102.9	19,102.9	18,563.8	**19,102.9**
Revenues from Contributions	0.0	0.0	0.0	0.0	
Deductions:					
O & M expenses	6,402.3	5,936.9	5,936.9	6,408.4	**5,936.9**
RWE Savings	-175.5	-175.5	-175.5	-175.5	**-175.5**
A & G Expenses	1,833.7	2,415.1	2,415.1	2,583.6	**2,415.1**
G. O. Prorated Expenses	1,886.7	1,886.7	1,886.7	1,886.7	**1,886.7**
Payroll	1,383.2	1,655.9	1,655.9	1,655.9	**1,655.9**
Taxes not on Inc.	552.6	612.9	585.5	637.7	**585.5**
Interest	1,326.6	1,452.9	1,414.7	1,641.2	**1,414.7**
Acquisition Adjustment	675.0	675.0	675.0	675.0	**675.0**
Book Depreciation	2,046.9	2,150.1	2,063.3	2,051.5	**2,063.3**
Income before taxes	2,632.3	2,492.9	2,645.3	1,199.3	**2,645.3**
California Corp. Franchise Tax					
State Tax Depreciation	0.0	0.0	0.0	0.0	**-**
Taxable Income for CCFT	2,632.3	2,492.9	2,645.3	1,199.3	**2,645.3**
CCFT Rate	7.56%	7.56%	7.56%	7.56%	**7.56%**
CCFT	199	188.5	200.0	90.7	**200.0**
Less Deferred Taxes	(2.1)	(2.1)	(2.1)	(2.1)	**(2.1)**
Total State Income Taxes	196.9	186.4	197.9	88.6	**197.9**
Federal Income Tax					
Federal Tax Deductions	(139.2)	(186.4)	(197.9)	(139.2)	**(197.9)**
Taxable income for FIT	2,493.1	2,306.5	2,447.4	1,060.1	**2,447.4**
FIT Rate	35.00%	35.00%	35.00%	35.00%	**0.4**
FIT	872.6	807.3	856.6	371.0	**856.6**
Less:					
Investment Tax Credit	0.0	(44.7)	(44.7)	0.0	**(44.7)**
Amortization of Reg. Assets	0.0	0.0	0.0	0.0	**-**
Deferred Taxes - U.P.A.A.	(23.2)	(23.2)	(23.2)	(23.2)	**(23.2)**
Amort of Excess Deferred Taxes	0.0	0.0	0.0	0.0	**-**
Total Federal Income Tax	849.4	739.4	788.7	347.8	**788.7**
Total FIT and CCFT	1,046.3	925.8	986.6	436.4	**986.6**

California American Water
Los Angeles

TAXES BASED ON INCOME

2007

(PROPOSED RATES)

	STAFF		UTILITY		
	ORIGINAL	REVISED	REVISED	ORIGINAL	**ADOPTED**
	(Thousands of $)		(Thousands of $)		
Operating Revenues	18,234.2	19,057.2	19,340.6	20,576.6	**18,908.4**
Revenues from Contributions		0.0			**-**
Deductions:					
O & M expenses	6,401.3	5,936.8	5,937.6	6,414.6	**5,936.3**
A & G Expenses	1,833.7	2,415.1	2,415.1	2,583.6	**2,415.1**
G. O. Prorated Expenses	1,886.7	1,886.7	1,886.7	1,886.7	**1,886.7**
Payroll	1,383.2	1,655.9	1,655.9	1,655.9	**1,655.9**
Taxes not on Inc.	552.6	612.9	585.5	637.7	**585.5**
Interest	1,326.6	1,452.9	1,414.7	1,641.2	**1,414.7**
Acquisition Adjustment	499.5	499.5	499.5	499.5	**499.5**
Book Depreciation	2,046.9	2,150.1	2,063.3	2,051.5	**2,063.3**
Income before taxes	2,303.7	2,447.3	2,882.3	3,205.9	**2,451.4**
California Corp. Franchise Tax					
State Tax Depreciation	0.0	0.0	0.0	0.0	**0.0**
Taxable Income for CCFT	2,303.7	2,447.3	2,882.3	3,205.9	**2,451.4**
CCFT Rate	7.56%	7.56%	7.56%	7.56%	**7.56%**
CCFT	174.2	185	217.9	242.4	**185.3**
Less Deferred Taxes	(2.1)	(2.1)	(2.1)	(2.1)	**(2.1)**
Total State Income Taxes	172.1	182.9	215.8	240.3	**183.2**
Federal Income Tax					
Federal Tax Deductions	(139.2)	(186.4)	(197.9)	(139.2)	**(197.9)**
Taxable income for FIT	2,164.5	2,260.9	2,684.4	3,066.7	**2,253.5**
FIT Rate	35.00%	35.00%	35.00%	35.00%	**35.00%**
FIT	757.6	791.3	939.5	1,073.4	**788.7**
Less:					
Investment Tax Credit	0.0	(44.7)	(44.7)	0.0	**(44.7)**
Amortization of Reg. Assets	0.0	0.0	0.0	0.0	**-**
Deferred Taxes - U.P.A.A.	(23.2)	(23.2)	(23.2)	(23.2)	**(23.2)**
Amort of Excess Deferred Taxes	0.0	0.0	0.0	0.0	**-**
Total Federal Income Tax	734.4	723.4	871.6	1,050.2	**720.8**
Total FIT and CCFT	906.5	906.3	1,087.4	1,290.5	**904.0**

California American Water
Los Angeles

PLANT IN SERVICE

2007

	STAFF		UTILITY		
	ORIGINAL	REVISED	REVISED	ORIGINAL	**ADOPTED**
ITEM	(Thousands of $)		(Thousands of $)		
Plant in Service - BOY	69,431.5	72,689.8	72,689.8	72,573.3	**72,689.8**
Additions					
Gross Additions	3,099.0	3,347.4	859.3	6,317.0	**859.3**
Retirements of Plant	(148.3)	(148.3)	(148.3)	(148.3)	**(148.3)**
Net Additions	2,950.7	3,199.1	711.0	6,168.7	**711.0**
CWIP - BOY	0.0	0.0	0.0	0.0	**-**
CWIP - EOY	0.0	0.0	0.0	0.0	**-**
Net Change - CWIP	0.0	0.0	0.0	0.0	**-**
Plant in Service - EOY	72,382.2	75,888.9	73,400.8	78,742.0	**73,400.8**
WEIGHTING FACTOR	42.69%	42.69%	42.69%	42.69%	**42.69%**
WTD. AVG. PLANT IN SERVICE	70,691.2	74,055.5	72,993.3	75,206.7	**72,993.3**

If ISRS Program is adopted

California American Water
Los Angeles

PLANT IN SERVICE

2008

	STAFF		UTILITY		
	ORIGINAL	REVISED	REVISED	ORIGINAL	**ADOPTED**
	(Thousands of $)		(Thousands of $)		
ITEM					
Plant in Service - BOY	72,382.2	75,888.9	73,400.8	78,742.0	**73,400.8**
Additions					
Gross Additions	3,299.8	2,913.9	868.8	5,263.0	**868.8**
Retirements of Plant	(271.2)	(271.2)	(271.2)	(271.2)	**(271.2)**
Net Additions	3,028.6	2,642.7	597.6	4,991.8	**597.6**
CWIP - BOY	0.0	0.0	0.0	0.0	**-**
CWIP - EOY	0.0	0.0	0.0	0.0	**-**
Net Change in CWIP	0.0	0.0	0.0	0.0	**-**
Plant in Service - EOY	75,410.8	78,531.6	73,998.4	83,733.8	**73,998.4**
WEIGHTING FACTOR	42.69%	42.69%	42.69%	42.69%	**42.69%**
WTD. AVG. PLANT IN SERVICE	73,675.1	77,017.1	73,655.9	80,873.0	**73,655.9**

If ISRS Program is adopted

ATTACHMENT 3
APPENDIX K

California American Water
Los Angeles

DEPRECIATION RESERVE & EXPENSE

2007

	STAFF		UTILITY		
	ORIGINAL	REVISED	REVISED	ORIGINAL	**ADOPTED**
	(Thousands of $)		(Thousands of $)		
DEPRECIATION RESERVE - B.O.Y.	27,948.2	27,681.2	27,681.2	26,807.9	**27,681.2**
ACCRUALS					
Salvage and Cost of Removal	(29.2)	(29.2)	(29.2)	(29.2)	**(29.2)**
Contributions	127.5	127.5	127.5	127.5	**127.5**
Adjustments	351.7	351.7	351.7	351.7	**351.7**
Depreciation Expense	2,046.9	2,150.1	2,063.3	2,051.5	**2,063.3**
TOTAL ACCRUALS	2,496.9	2,600.1	2,513.3	2,501.5	**2,513.3**
RETIREMENTS	(148.3)	(148.3)	(148.3)	(148.3)	**(148.3)**
DEPRECIATION RESERVE - E.O.Y.	30,296.8	30,133.0	30,046.2	29,161.1	**30,046.2**
WEIGHTING FACTOR	60.58%	60.58%	60.58%	60.58%	**60.58%**
WTD. AVG. DEPRECIATION RESERVE	29,371.0	29,166.5	29,113.9	28,233.5	**29,113.9**

ATTACHMENT 3
APPENDIX K

California American Water
Los Angeles

DEPRECIATION RESERVE & EXPENSE

2008

	STAFF		UTILITY		
	ORIGINAL	REVISED	REVISED	ORIGINAL	**ADOPTED**
	(Thousands of $)		(Thousands of $)		
DEPRECIATION RESERVE - B.O.Y.	30,296.8	30,133.0	30,046.2	29,161.1	**30,046.2**
ACCRUALS					
Salvage and cost of Removal	(51.9)	(51.9)	(51.9)	(51.9)	**(51.9)**
Contributions	127.5	127.5	127.5	127.5	**127.5**
Adjustments	381.1	381.1	381.1	381.1	**381.1**
Depreciation Expense	2,123.2	2,212.9	2,054.7	2,205.8	**2,054.7**
TOTAL ACCRUALS	2,579.9	2,669.6	2,511.4	2,662.5	**2,511.4**
RETIREMENTS	(271.2)	(271.2)	(271.2)	(271.2)	**(351.5)**
DEPRECIATION RESERVE - E.O.Y.	32,605.5	32,531.4	32,286.4	31,552.4	**32,206.1**
WEIGHTING FACTOR	60.58%	60.58%	60.58%	60.58%	**60.58%**
WTD. AVG. DEPRECIATION RESERVE	31,695.4	31,586.0	31,403.3	30,609.7	**31,354.7**

ATTACHMENT 3
APPENDIX L

CALIFORNIA-AMERICAN WATER
Los Angeles

WEIGHTED AVERAGE DEPRECIATED RATE BASE

2007

ITEM	STAFF ORIGINAL	STAFF REVISED	UTILITY REVISED	UTILITY ORIGINAL	**ADOPTED**
	(Thousands of $)		(Thousands of $)		
WTD AVG PLANT IN SERVICE	70,691.2	74,055.5	72,993.3	75,206.7	**72,993.3**
MATERIALS & SUPPLIES	53.9	53.9	53.9	53.9	**53.9**
WORKING CASH, OPERATIONAL	158.6	166.3	166.3	174.0	**166.3**
WORKING CASH, LEAD-LAG	773.4	843.0	843.0	460.3	**843.0**
WTD AVG DEPR RESERVE	(29,371.0)	(29,166.5)	(29,113.9)	(28,233.5)	**(29,113.9)**
ADVANCES	(272.1)	(272.1)	(272.1)	(272.1)	**(272.1)**
CONTRIBUTIONS	(3,113.3)	(3,113.3)	(3,113.3)	(3,113.3)	**(3,113.3)**
ACCUM. DEFERRED FIT	(4,167.6)	(4,177.5)	(4,184.7)	(4,260.8)	**(4,184.7)**
ACCUM. DEFERRED SIT	(457.8)	(460.2)	(461.8)	(479.6)	**(461.8)**
GENERAL OFFICE ALLOC.	799.4	799.4	799.4	799.4	**799.4**
ACRS & MACRS DEPRECIATION	0.0	0.0	0.0	0.0	**-**
UNAMORTIZED ITC	0.0	0.0	0.0	0.0	**-**
TAXES ON - ADVANCES	0.0	0.0	0.0	0.0	**-**
TAXES ON - CIAC	0.0	0.0	0.0	0.0	**-**
AVERAGE RATE BASE	35,094.7	38,728.6	37,710.1	40,335.0	**37,710.1**
INTEREST CALCULATION:					
AVG RATE BASE	35,094.7	38,728.6	37,710.1	40,335.0	**37,710.1**
LESS WORKING CASH					
X LTD COST	**3.78%**	**3.75%**	**3.75%**	**4.07%**	**3.75%**
INTEREST	1,326.6	1,452.9	1,414.7	1,641.2	**1,414.7**

ATTACHMENT 3
APPENDIX L

CALIFORNIA-AMERICAN WATER
Los Angeles

WEIGHTED AVERAGE DEPRECIATED RATE BASE

2008

ITEM	STAFF ORIGINAL	STAFF REVISED	UTILITY REVISED	UTILITY ORIGINAL	**ADOPTED**
	(Thousands of $)		(Thousands of $)		
WTD AVG PLANT IN SERVICE	73,675.1	77,017.1	73,655.9	80,873.0	**73,655.9**
MATERIALS & SUPPLIES	54.8	54.8	54.8	54.8	**54.8**
WORKING CASH, OPERATIONAL	158.6	166.3	166.3	174.0	**166.3**
WORKING CASH, LEAD-LAG	798.4	869.0	869.0	470.3	**869.0**
WTD AVG DEPR RESERVE	(31,695.4)	(31,586.0)	(31,403.3)	(30,609.7)	**(31,354.7)**
ADVANCES	(260.6)	(260.6)	(260.6)	(260.6)	**(260.6)**
CONTRIBUTIONS	(3,159.6)	(3,159.6)	(3,159.6)	(3,159.6)	**(3,159.6)**
ACCUM. DEFERRED FIT	(4,290.2)	(4,312.3)	(4,330.5)	(4,445.1)	**(4,330.5)**
ACCUM. DEFERRED SIT	(491.1)	(496.2)	(500.5)	(527.3)	**(500.5)**
GENERAL OFFICE ALLOC.	799.4	799.4	799.4	799.4	**799.4**
ACRS & MACRS DEPRECIATION	0.0	0.0	0.0	0.0	**-**
UNAMORTIZED ITC	0.0	0.0	0.0	0.0	**-**
TAXES ON - ADVANCES	0.0	0.0	0.0	0.0	**-**
TAXES ON - CIAC	0.0	0.0	0.0	0.0	**-**
AVERAGE RATE BASE	35,589.4	39,091.9	35,891.0	43,369.2	**35,939.6**
INTEREST CALCULATION:					
AVG RATE BASE	35,589.4	39,091.9	35,891.0	43,369.2	**35,939.6**
LESS WORKING CASH					
X LTD COST	**3.78%**	**3.75%**	**3.75%**	**4.03%**	**3.8%**
INTEREST	1,345.3	1,466.5	1,346.5	1,747.8	**1,348.3**