APPENDIX A

CASMITE WATER SYSTEM'S SUMMARY OF EARNINGS AT VARIOUS RATES OF RETURN

APPENDIX-A

CASMITE WATER SYSTEM

SUMMARY OF EARNINGS AT VARIOUS RATES OF RETURN (ROR)

DECRIPTION	PRESENT RATES (TY 2004)	ROR 0.0% 1ST YEAR (TY 2004)	ROR 3.26% 2ND YEAR (2005)	ROR 6.52% 3RD YEAR (2006)	ROR 9.7% 4TH YEAR (2007)
REVENUES					
METERED CUSTOMERS	25,082	73,788	77,878	81,180	84,400
PRIVATE FIRE PROTECTION	0	0	0	0	0
TOTAL REVENUE	25,082	73,788	77,878	81,180	84,400
OPERATING EXPENSES					
610 - PURCHASED WATER					
615 - PURCHASED POWER	28,844	28,844	28,844	28,844	28,844
618 - OTH VOLUME RELATED					
630 - EMPLOYEE LABOR					
640 - MATERIALS	7,500	7,500	7,500	7,500	7,500
650 - CONTRACT WORK	4,700	4,700	4,700	4,700	4,700
660 - TRANSPORTATION EXP					
664 - OTH PLANT MAINTENANCE	18,334	18,334	18,334	18,334	18,334
670 - OFFICE SALARIES					
671 - MANAGEMENT SALARIES					
674 - EMPLOYEE PENSION & BEN					
676 - UNCOLLECTIBLE ACCOUNTS					
678 - OFFICE SERVICE & RENTALS	6,589	6,589	6,589	6,589	6,589
681 - OFFICE SUPPLIES & EXP					
682 - PROFESSIONAL SERVICES	2,500	2,500	2,500	2,500	2,500
684 - INSURANCE					
688 - REGULATORY COMM EXP	2,500	2,500	2,500	2,500	2,500
689 - GENERAL EXPENSES					
800 - EXPENSES CAPITALIZED					
TOTAL OPERATING EXPENSE	70,967	70,967	70,967	70,967	70,967
DEPRECIATION	2,302	2,302	3,091	3,091	3,091
TAXES OTHER THAN INCOME	519	519	519	519	519
INCOME TAXES	0	0	756	1,512	2,250
TOTAL DEDUCTIONS	73,788	73,788	75,333	76,089	76,827
NET REVENUE	(48,706)	0	2,545	5,091	7,573
RATE BASE	58,116	58,116	77,980	77,980	77,980
RATE OF RETURN	**-83.81%**	**0.00%**	**3.26%**	**6.53%**	**9.71%**

(END OF APPENDIX A)

APPENDIX B

RATE DESIGN

APPENDIX-B

Rate Design

At the present time there is one schedule in effect for general metered service of the Company. The present rates for the Company have been in effect since approximately 1986.
The following calculation demonstrates the
computation of proposed rates using CPUC design criteria established by Decision 85-06-064.

(IN DOLLARS)	ROR 0% 1ST YEAR (TY 2004)	ROR 3.26% 2ND YEAR (2005)	ROR 6.52% 3RD YEAR (2006)	ROR 9.7% 4TH YEAR (2007)
GROSS REVENUES AT PROPOSED RATES	73,788	77,878	81,180	84,400
LESS:				
Purchased power - account 615	(28,844)	(28,844)	(28,844)	(28,844)
Purchased water - account 610	0	0	0	0
Other volume related - account 618	0	0	0	0
Income taxes	0	0	0	0
Uncollectibles	0	0	0	0
Private fire protection revenue	0	0	0	0
NET FIXED COSTS	44,944	49,034	52,336	55,556
% OF COSTS RECOVERED IN SERVICE CHARGE	25%	25%	25%	25%
TO BE RECOVERED THRU SERVICE CHARGE	11,236	12,259	13,084	13,889
TOTAL REVENUES TO BE RECOVERED	73,788	77,878	81,180	84,400
LESS:				
TO BE RECOVERED THRU SERVICE CHARGE	(11,236)	(12,259)	(13,084)	(13,889)
TO BE RECOVERED THRU PRIVATE FIRE CHARGE	0	0	0	0
REMAINING TO BE RECOVERED THRU COMMODITYCHARGE	62,552	65,619	68,096	70,511

	1ST YEAR (TY2004)	2ND YEAR (2005)	3RD YEAR (2006)	4TH YEAR (2007)
SERVICE CHARGE				
TO BE RECOVERED THRU SERVICE CHARGE	$11,236	$12,259	$13,084	$13,889
DIVIDED BY METER EQUIVALENTS	17	17	17	17
ANNUAL CHARGE PER 5/8" X 3/4" METER	660.94	721.12	769.65	817.00
DIVIDED BY TWELVE MONTHS	12	12	12	12
MONTHLY CHARGE PER 5/8" X 3/4" METER	$55.08	$60.09	$64.14	$68.08
COMMODITY CHARGE				
TO BE RECOVERED THRU COMMODITY CHARGE	$62,552	$65,619	$68,096	$70,511
DIVIDED BY ESTIMATED WATER SALES- (CCF'S)	16,842	16,842	16,842	16,842
CHARGE PER CCF	$3.71	$3.90	$4.04	$4.19

APPENDIX-B

The following are the proposed rates for the test year and subsequent years:

			1ST YEAR (TY2004)	2ND YEAR (2005)	3RD YEAR (2006)	4TH YEAR (2007)
METER SIZE	MONTHLY SERVICE CHARGE	METER RATIO				
5/8 X 3/4"	$55.08	1.0	$55.08	$55.08	$55.08	$55.08
3/4"		1.5	$82.62	$82.62	$82.62	$82.62
1"		2.5	$137.70	$137.70	$137.70	$137.70
1 1/2"		5.0	$275.40	$275.40	$275.40	$275.40
2"		8.0	$440.64	$440.64	$440.64	$440.64
3"		15.0	$826.20	$826.20	$826.20	$826.20
4"		25.0	$1,377.00	$1,377.00	$1,377.00	$1,377.00
COMMODITY CHARGE						
CHARGE PER CCF			$3.71	$3.90	$4.04	$4.19

(END OF APPENDIX B)