

ATTACHMENT 1

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the Matter of Application of California
Water Service Company (U 60 W), a
corporation, for an order authorizing it to
increase rates charged for water service in the
Bakersfield District.

Application 06-07-017

And Related Matters.

Application 06-07-018
Application 06-07-019
Application 06-07-020
Application 06-07-021
Application 06-07-022
Application 06-07-023
Application 06-07-024

(Filed July 26, 2005)

**JOINT MOTION OF CALIFORNIA WATER SERVICE COMPANY
(U-60-W) AND THE DIVISION OF RATEPAYER
ADVOCATES TO APPROVE SETTLEMENT AGREEMENT**

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Dated: February 26, 2007

Attorneys for California Water Service Company

Pursuant to Rules 12.1 *et seq.* of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), applicant California Water Service Company (U 60 W) (“Cal Water”) and the Division of Ratepayer Advocates (“DRA”) hereby move that the attached settlement agreement between Cal Water and DRA (“Settlement”) be adopted by the Commission. The final Settlement is attached to this motion as Attachment A. The Settlement fulfills the criteria that the Commission requires for approval of such settlements. As explained below, the Settlement is reasonable in light of the whole record, consistent with the law, and in the public interest. For these reasons, the Commission should grant this motion and adopt the Settlement in its decision in this matter.

I. INTRODUCTION AND SUMMARY OF ARGUMENT

Cal Water has worked closely with DRA to attempt to reach mutually agreeable positions on the numerous issues in dispute in this matter. Settlement negotiations commenced in December 2006 and have continued since that time. Exhibit A to this Motion is the result of the parties’ efforts.

A. Background

Pursuant to the Commission’s new Rate Case Plan for Class A water companies, Cal Water submitted eight proposed rate applications to the Commission on July 26, 2006. Those applications were for the Bakersfield (06-07-017), Dixon (06-07-018), King City (06-07-019), Oroville (06-07-020), Selma (06-07-021), South San Francisco (06-07-022), Westlake (06-07-023), and Willows (06-07-024) districts.

DRA protested the applications on August 28, 2006. At the prehearing conference on September 11, 2006, Administrative Law Judge (“ALJ”) Christine Walwyn consolidated the eight applications.

On September 27, 2006, ALJ Walwyn requested Cal Water provide information with respect to Cal Water’s compliance with the Commission’s Water Action Plan. Cal Water submitted this information on October 4, 2006.

Public participation hearings were held in Oroville on November 13, Willows on November 14, Dixon on November 15, King City on November 16, 2006, Westlake on November 27, Bakersfield on November 28, Selma on November 29, and South San Francisco on November 30, 2006.

On November 22, 2006, ALJ Walwyn issued the Scoping Memo and Ruling of Assigned Commissioner (“Scoping Memo”), setting dates for intervenor testimony and rebuttal testimony, as well as dates for evidentiary hearings and Commission consideration of a proposed decision.

Following public participation hearings and some minor schedule changes, DRA served its testimony concerning the consolidated applications on December 1, and December 8, 2006, and Cal Water served its rebuttal testimony on December 29, 2006. Evidentiary hearings were scheduled to begin at the Commission on January 16, 2007.

Cal Water and DRA engaged in extensive settlement discussions beginning in December 2006. These settlement negotiations were properly noticed as provided in the Commission’s Rules.

At the first day of hearings on January 16, 2007, Cal Water and DRA and their counsel reported the status of their settlement negotiations. The parties explained that they had reached compromises on the large majority of the issues in dispute. However, they also explained that several issues were outstanding and might be resolved with additional time for discussion. The parties therefore requested that the evidentiary hearings be continued to February 7-9, 2007, with the parties submitting the full settlement on January 30, 2007.

At the January 16 hearing, ALJ Walwyn also requested supplemental testimony by Cal Water concerning CWS Utility Service’s Extended Service Plan (“ESP”) program. Subsequently, DRA requested additional information from Cal Water on the ESP program, to which Cal Water responded. Cal Water also consented to DRA filing responsive testimony on the ESP program. On January 26, 2007, Cal Water requested it be permitted to serve the

supplemental testimony on February 2, 2007, and DRA requested that it be permitted to serve rebuttal testimony on February 13, 2007. The parties also jointly requested that the evidentiary hearings be continued to February 20-22, 2007, in order to accommodate the parties' continuing efforts to finalize the Settlement. On January 30, 2007, Judge Walwyn granted the parties' request to continue the hearings to February 20-22, 2007.¹

On February 2, 2007, Cal Water served the supplemental ESP testimony. In response, on February 6, 2007, ALJ Walwyn requested additional information on CWSUS's ESP program.

On February 9, 2007, ALJ Walwyn granted the parties' request to continue the evidentiary hearing to March 12-14, with the Settlement and Comparison Exhibits due February 26, 2007.

On February 16, 2007, Cal Water served additional information concerning CWSUS's ESP program. DRA is to file any rebuttal testimony, if any, on February 27, 2007.

Concurrent with this motion, Cal Water is serving the Settlement and Comparison Exhibits.

B. Intervenor

On September 12, 2006, the San Francisco Public Utilities Commission moved to intervene. On October 2, 2006, North Ranch Country Club also moved to intervene. On October 2, 2006, ALJ Walwyn granted North Ranch and the SFPUC's requests. North Ranch subsequently propounded two rounds of discovery upon Cal Water, to which Cal Water responded. North Ranch also served testimony on December 5, 2006, to which Cal Water served

¹ On January 30, 2007, Cal Water moved to file portions of the supplemental ESP testimony under seal. On January 31, 2007, ALJ Walwyn denied Cal Water's motion without prejudice, and provided guidance for filing any further motions to protect the confidentiality of Cal Water's ESP testimony and supporting documents. As directed by ALJ Walwyn, Cal Water will be filing a Motion to Limit Access to Prepared Testimony and Conditional Motion for Leave to File Testimony and Supporting Documents Under Seal.

rebuttal testimony on December 29, 2006. The issues North Ranch has raised are not resolved in the Settlement and will be the subject of testimony at the evidentiary hearings, and further briefing as requested by the Commission. Moreover, those issues are narrowly focused on rate design and do not directly relate to the other issues resolved in the Settlement. DRA and Cal Water have made no settlement of these issues that would be impacted by a Commission determination of the rate design issues raised by North Ranch.

II. DISCUSSION

A. The Settlement Meets the Criteria under Rule 12.1(d)

Rule 12.1(d) requires that a settlement be “reasonable in light of the whole record, consistent with law, and in the public interest.” Further, because the Settlement is sponsored by the active parties with an interest in the settled issues,² the standard articulated in *Re San Diego Gas & Elec.*, D. 92-12-019, 46 CPUC 2d 538, 552-553 (1992), applies as well. Under that standard, the Commission will approve settlements where (1) they are sponsored by all active parties, (2) those parties are fairly representative of the affected interests, (3) the settlement does not contravene the law, and (4) the settlement documents provide the Commission with the information needed to discharge its regulatory obligations. *Id.* The Settlement here satisfies the criteria in both Rule 12.1(d) and D. 92-12-019. The Commission should approve this motion and adopt the all party settlement.

First, the reasonableness of the Settlement is adequately supported by DRA’s reports and testimony, and by the testimony, reports and rebuttal testimony of Cal Water. After considering the disclosures required by the New Rate Case plan and engaging in discovery, the parties fully considered the facts and the law. Following extensive settlement negotiations, both

² As noted, North Ranch’s interest relates to the narrow issue of rate design for the Westlake District, the dispute over which does not impact the overall Settlement reached between DRA and Cal Water.

parties reached a reasonable compromise on the vast majority of issues which were in contention. The settlement negotiations were accomplished at arm's length over the course of several weeks and there was no collusion.

Secondly, the parties are aware of no statutory provision or prior Commission decision that would be contravened or compromised by the Settlement. The issues resolved in the Settlement are within the scope of the proceeding. The Settlement, accompanied by a Commission determination of the open issues, will produce just and reasonable rates.

Finally, 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 interests" 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, both active parties with an interest in the settled issues, DRA and Cal Water, have agreed on all but three of the issues after extensive negotiations.³ Together the parties fairly represent the affected interests: Cal Water provides water service to the customers in the relevant districts and DRA is statutorily mandated with representing ratepayers in California. The principal public interest affected by this proceeding is delivery of safe, reliable water service at reasonable rates. The Settlement advances this interest because it fairly balances Cal Water's opportunity to earn a reasonable rate of return against the needs of consumers for reasonable rates and safe, reliable water service. In addition, Commission approval of the Settlement will provide speedy resolution of contested issues, will save unnecessary litigation expense, and will conserve Commission resources. The Commission has acknowledged that "[t]here is a strong public policy favoring the settlement of disputes to avoid costly and protracted litigation." *Re PG&E*, D. 88-12-083, 30 CPUC 2d 189, 221.

³ Three issues are contained in the notice of open issues: Working capital, conservation expenses, and vehicle replacement policy.

At the hearings scheduled for March 12-14, DRA and Cal Water will offer testimony and exhibits in support of the Settlement showing that the Settlement is consistent with the Rule 12.1(d) criteria. Witnesses will also be made available to the ALJ and the parties for further questions regarding the Settlement. To the extent the Commission has any concerns or questions about the Settlement, Cal Water and DRA will attempt to address them at the hearing. In addition, the parties believe that the Settlement and the related documentation convey sufficient information for the Commission to discharge its future regulatory obligations. Thus, taken as a whole, the Settlement satisfies the Commission's standards for approving settlements presented to it.

B. Further Considerations

Cal Water and DRA have entered into this Settlement on the basis that it shall not be construed as an admission or a concession by either party regarding any fact or matter of law in dispute in this proceeding. Furthermore, as contemplated by Rule 12.5, Cal Water and DRA do not intend that the Commission's adoption of this Settlement be construed as any statement of precedent or policy of any kind for or against either of them, in the current or in any future proceedings. In addition, the Settlement being submitted with this Motion details the revenue requirements and supporting documentation for the eight districts addressed in this proceeding. And as discussed above, Cal Water and DRA will provide testimony and supporting exhibits at the hearings on March 12-14.

III. CONCLUSION

For the reasons stated above, the Commission should grant Cal Water and DRA's joint motion and adopt the Settlement attached hereto.

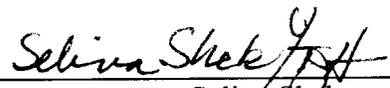
DATED: February 26, 2007

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OFFICE OF RATEPAYER ADVOCATES

By: 

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PROOF OF SERVICE

I am over 18 years of age, not a party to this action and employed in San Francisco, California at Three Embarcadero Center, San Francisco, California 94111-4067. I am readily familiar with the practice of this office for collection and processing of correspondence for mailing with the United States Postal Service and electronic mail delivery, and correspondence is deposited same day in the ordinary course of business.

Today I served the attached:

**JOINT MOTION OF CALIFORNIA WATER SERVICE
COMPANY (U-60-W) AND THE DIVISION OF
RATEPAYER ADVOCATES TO APPROVE SETTLEMENT
AGREEMENT**

by causing a true and correct copy of the above to be placed in the United States Mail at San Francisco, California in sealed envelope(s) with postage prepaid, addressed as follows:

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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on February 26, 2007.

Thomas F. Smegal

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF
CALIFORNIA

In the Matter of Application of California Water Service Company (U 60 W), a corporation, for an order authorizing it to increase rates charged for water service in the Bakersfield District by \$11,220,000 or 22.81% in fiscal year 2007-2008, by \$1,979,900 or 3.30% in fiscal year 2008-2009, and by \$1,979,900 or 3.17% in fiscal year 2009-2010.

Application 06-07-017

And Related Matters

Application 06-07-018
Application 06-07-019
Application 06-07-020
Application 06-07-021
Application 06-07-022
Application 06-07-023
Application 06-07-024

(Filed July 26, 2006)

**SETTLEMENT OF CALIFORNIA WATER SERVICE COMPANY (U-60—
W) AND THE DIVISION OF RATEPAYER ADVOCATES AND NOTICE
OF OPEN ISSUES**

1.0 GENERAL

1.01 The Parties to this Settlement before the California Public Utilities Commission (“Commission”) are California Water Service Company (“Cal Water”) and the Division of Ratepayer Advocates (“DRA”) -- collectively, “the Parties.” In seven of the districts at issue in this proceeding, these are the only interested Parties. However, in the Westlake District, North Ranch Country Club (NRCC), an intervenor, has not explicitly joined in this Settlement. The Parties, desiring to avoid the expense and inconvenience attendant

to the litigation before the Commission have agreed to this Settlement, which they now submit for adoption.

1.02 Because this Settlement represents a compromise by them, the Parties have entered into the Settlement on the basis that its approval by the Commission not be construed as an admission or concession by any Party regarding any fact or matter or law in dispute in this proceeding. Furthermore, the Parties intend that the approval of this Settlement by the Commission not be construed as a precedent or statement of policy of any kind except as it relates to the current and future proceedings addressed in the Settlement.

1.1 Open Issues

1.11 Vehicle Replacement Policy

The Parties do not agree on a vehicle replacement policy. References to the proposed vehicle replacement policies are in the exhibits of the parties. This difference in policies leads to the following differences in plant:

Bakersfield District

Project 11184	\$25,100	Cal Water 2006 project, DRA recommends 2007
Project 13431	\$25,900	Cal Water 2007 project, DRA recommends 2008
Project 13433	\$25,900	Cal Water 2007 project, DRA recommends 2008
Project 13439	\$25,900	Cal Water 2007 project, DRA recommends 2008
Project 13441	\$31,200	Cal Water 2007 project, DRA recommends 2008

South San Francisco

Project 11145	\$29,300	Cal Water 2006 project, DRA recommends 2007
Project 15275	\$64,900	Cal Water 2008 project, DRA recommends next GRC

Westlake

Project 13433	\$26,800	Cal Water 2007 project, DRA recommends 2008
Project 13444	\$31,200	Cal Water 2007 project, DRA recommends 2008

1.12 Conservation Expenses

The parties do not agree on the budget for conservation expenses. References to the Parties positions on this issue are in the exhibits of the parties. Differences in conservation expense are as follows:

	Cal Water	DRA
Bakersfield	\$714,100	\$31,100
Dixon	\$18,400	\$6,400
King City	\$17,700	\$2,000
Selma	\$37,900	\$6,800
South San Francisco	\$145,500	\$54,000
Westlake	\$98,000	\$14,800
Willows	\$23,700	\$2,600

1.13 Lead Lag Days for Working Cash

The parties do not agree on the lead-lag days for working cash for ad valorem taxes, federal income taxes, and state corporate franchise tax. Differences in these positions are as follows:

	Cal Water	DRA
Ad Valorem	41	70.5
State Corp Franchise	37	93
Federal Income	40.9	93

1.14 Reclaimed Rate Design in Westlake District

The parties have not settled this issue, which was raised by North Ranch.

2.0 SETTLEMENT TERMS

2.1 Sales and Services

2.11 Cal Water and DRA's direct testimony showed differences in customers in King City and Selma, differences in sales per customer for some classes of customers, and

different unaccounted-for water in King City and Dixon districts. Parties have reviewed the testimony and reports of Cal Water and DRA and have agreed to accept the recommendations of DRA, which correct for a calculation error and reflect more recent information.

2.2 Expenses

2.21 Purchased Water

Parties agree to Cal Water's methodology for calculating purchased water cost in all districts. In some districts, due to changes in sales or production based on DRA's estimates as discussed above, the purchased water expense has been recalculated. Additionally, Parties agree, as discussed below, to reflect Cal Water's proposed production mix for the escalation years in Bakersfield. The Parties have agreed to significant customer growth in Bakersfield in the rate case cycle, and the new customers will impact water supply mix (pumped versus purchased water). Accordingly, the Parties agree that the water supply mix should be adjusted for customer growth in the escalation years to accurately reflect water production costs.

2.22 Pump taxes/Groundwater recharge fees

Parties agree to Cal Water's methodology for calculating groundwater charges in all districts. In some districts, due to changes in the sales or production estimates discussed above, the groundwater charges have been recalculated.

2.23 Purchased Power

Parties agree to Cal Water's methodology for calculating purchased power cost in all districts. In some districts, due to changes in the sales or production estimates discussed above, the purchased power charges have been recalculated.

2.24 Payroll

Parties reviewed the direct testimony of DRA and Cal Water and Cal Water's rebuttal testimony. After settlement discussions Parties agree to use Cal Water's base year method for calculating payroll expenses. In addition, the Parties reviewed Cal Water's

requests for incremental positions in the districts and based on their testimony agreed on the following:

- Bakersfield - Parties agreed that Cal Water's requested three water treatment plant operator positions and one electrical-mechanical technician position are needed to operate the new Northwest Water Treatment Plant. In addition, due to the growth in services, the Parties agreed that three new positions are needed in 2007 (meter reader, inspector, and customer service supervisor) and two new positions are needed in 2008 (meter reader and meter-repairperson). Furthermore, Cal Water agreed with DRA's recommendation not to include three new positions (customer service manager, service-person, fourth treatment plant operator, and a 2006 meter reader).
- King City - Parties agreed that one utility-worker/relief pump operator position is needed in 2007. Cal Water agreed with DRA's recommendation not to include a utility-worker/relief pump operator position in 2006.
- Oroville - Parties agreed that the replacement customer service representative position is needed.
- Selma - Parties agreed that an additional meter-reader position is needed due to customer growth.

2.25 Chemicals

Parties agreed that Cal Water's method of calculating chemical expenses in Bakersfield provides a reasonable estimate for the test year. Based on Cal Water's recorded chemical costs in Oroville, Selma, and Willows the Parties determined that \$60,800 in Oroville, \$16,700 in Selma, and \$6,500 in Willows are reasonable test year chemical costs. These amounts fall between the proposed amounts in Cal Water and DRA's direct testimony.

2.26 Postage

Parties agreed that Cal Water's method of calculating postage costs, which incorporates test year customers as an input factor, provides a reasonable estimate of postage expenses. Accordingly, the settled postage costs in King City and Selma reflect DRA's estimated number of customers.

2.27 Transportation

Parties agreed that Cal Water's method of estimating transportation expense provides a reasonable test year estimate. Cal Water's estimating method reflects additional vehicles due to complement increases. Therefore, the settled transportation expense in King City and Bakersfield reflects the settled complement.

2.28 Uncollectibles

While Parties have differences in uncollectible expense due to differences in overall revenue, the Parties agreed that Cal Water's proposed uncollectible factors should be used.

2.29 Pumping

In its Bakersfield report DRA disagreed with Cal Water's estimated pumping expenses. However, after considering Cal Water's recorded charges and credits for pumping expenses the Parties settled to a test year estimate of \$258,000. This amount is between the original estimates of Cal Water and DRA.

2.30 Water Treatment

DRA in its reports disagreed with Cal Water's estimate of water treatment expense in Bakersfield, King City, Oroville, Selma, and South San Francisco. After reviewing Cal Water's recorded water treatment expenses the Parties agreed that Cal Water's original estimate in Bakersfield, King City, and Selma provides a reasonable test year estimate. In Oroville and South San Francisco the Parties settled to \$42,100 and \$32,500, respectively. The Parties agreed that based on recorded data these estimates, which lie between the original estimates of Cal Water and DRA, provide a reasonable test year estimate of water treatment expenses.

2.31 Transmission and Distribution

In its reports DRA disagreed with Cal Water's estimate of transmission and distribution expense in Bakersfield and King City. After considering Cal Water's recorded

transmission and distribution expenses the Parties agreed that test year estimates of \$419,200 in Bakersfield and \$8,600 in King City, which are between the original estimates of Cal Water and DRA, are reasonable.

2.32 Customer Accounting

In its Bakersfield report DRA disagreed with Cal Water's customer accounting expense. Upon reviewing Cal Water's recorded charges and credits for customer accounting the Parties settled to a test year credit of (\$50,000). This credit lies between the original estimates of Cal Water and DRA.

2.33 Stores

In its reports DRA disagreed with Cal Water's estimate of maintenance stores expense in Oroville and Willows. After considering Cal Water's recorded stores expense the Parties agreed that test year estimates of \$4,900 in Oroville and \$4,300 in Willows, which are between the original estimates of Cal Water and DRA, are reasonable.

2.34 Contracted Maintenance

In its Bakersfield report DRA disagreed with Cal Water's contracted maintenance expense. Upon reviewing Cal Water's recorded contracted maintenance expense the Parties settled to a test year estimate \$1,363,350. This estimate is between the original estimates of Cal Water and DRA.

3.0 Rate Base

3.1 Plant

The agreements detailed below are based on the Parties review of Cal Water's direct testimony, data request responses, and rebuttal testimony, as well as DRA's testimony. In addition, during settlement discussions Cal Water clarified the status and timing of certain projects.

3.11 Bakersfield Plant

While the Parties originally disagreed on the recommendations for 27 plant items or programs, they have settled to all of the disputed projects except for vehicle replacements.

- Cal Water budgeted \$787,100 for project 9391, a new well. DRA recommended that Cal Water file an advice letter due to uncertainty over the costs incurred. Cal Water presented documentation in its rebuttal that the well was completed and in service for slightly more than the budgeted amount. Accordingly, DRA agreed to include the well in plant at the amount of Cal Water's original budget.
- Cal Water budgeted \$13,242,500 for a new surface water treatment plant serving the northwest area of Bakersfield. Cal Water and the City of Bakersfield (City) have a contract, which obligates the City to pay for 50% of the facility in exchange for 50% of the water produced. The City of Bakersfield also funded the raw water line, which was initially budgeted in the project for \$240,000. In accordance with the terms of this contract, Cal Water's proposed rates only recover 50% of the costs for the treatment plant. DRA's report recommends that Cal Water file an advice letter to recover its share of costs due to uncertainty over project contingencies and other aspects of the project cost. Based on Cal Water's data responses and its rebuttal testimony the Parties are in agreement that the plant is substantially completed and will be placed into service during the Spring of 2007. However, due to uncertainty over the final project cost, the Parties agreed to include the amount spent on the project through January 26, 2007 in rates in the test year. The parties agree that this amount is \$5,732,700 for Cal Water's portion of the project. Furthermore, the parties agree that Cal Water should be allowed to file an advice letter capped at \$767,300 for the remaining cost of Cal Water's portion of the facility. The advice letter may be filed any time prior to the effective date of rates in the Bakersfield district's next general rate case¹.
- Cal Water budgeted \$217,700 for project 13858, backup generation at the customer and operations center. DRA recommended a lower amount based on

¹ Advice Letter #1, see list

certain Cal Water documents it received during discovery. However, after reviewing Cal Water's rebuttal testimony, which clarified the data that was provided DRA during discovery, the bid documents, and cost estimates DRA agreed that the original budget was reasonable. Therefore, the Parties agreed to include this project in the settled plant in the amount of Cal Water's original budget.

- Cal Water budgeted \$248,400 for project 11418, a tank replacement. DRA recommended a lower amount based on its recommended contingency percentage. For several capital projects in its reports DRA recommended lower contingency percentages. The Parties have settled to the following contingency percentages, which they consider reasonable for this proceeding: 12.5% for 2007 projects, 17.5% for 2008 projects, and 22.5% for 2008 projects. Cal Water has agreed to use a clear, consistent method in future GRCs of separately identifying contingencies and cost escalators. Using these percentages, the Parties agreed that this project should be included in the settled plant for \$237,000. Furthermore, since this project was not completed in 2006, the Parties agreed to defer this project to 2007.
- Cal Water budgeted \$312,000 for project 14025, a tank retrofit. DRA recommended a lower amount based on its recommended contingencies. As discussed in Cal Water's rebuttal testimony, this project is complete and in service. Therefore, DRA agreed that this project should be included in the settled plant at Cal Water's budgeted amount of \$312,000.
- Cal Water budgeted \$337,200 for project 13791, a main replacement. DRA recommended a lower amount based on its recommended contingency percentage. As discussed in Cal Water's rebuttal testimony, this project is complete and in service. Therefore, DRA agreed that this project should be included in the settled plant at Cal Water's budgeted amount of \$337,200.
- Cal Water budgeted \$3,592,500 for project 13462, a main replacement. DRA recommended an advice letter due to uncertainty about the project cost. As discussed in Cal Water's rebuttal testimony, this project was completed at a cost

of \$2,836,600 and placed into service. Therefore, DRA agreed that this project should be included in the settled plant at the recorded cost.

- Cal Water budgeted \$415,200 to update the hydraulic model and master plan. DRA recommended that the project be disallowed due to concerns about the benefits and the time since the last master-plan was completed. As discussed in Cal Water's rebuttal testimony due to changes in the Bakersfield system the previous master plan should be revised for water resource planning. After considering each Party's arguments the Parties agreed to include the project in plant in the amount of \$207,000, which reflects some value for prior plan.
- Cal Water budgeted \$97,600 for additional vehicles associated with new employees in 2006. DRA reduced this amount due to its disallowance of several Cal Water positions that were requested. Based on the Parties agreement concerning additional positions, DRA and Cal Water agree on an associated amount of \$69,600 for additional vehicles.
- Cal Water budgeted \$400,000 for reconstruction of the parking area at its customer and operations center. DRA agreed that the project is needed, but had concerns about the cost. DRA recommended that Cal Water should be authorized to file an advice letter to include the project in rates after it is completed. Additionally, DRA recommended a \$400,000 cap on the cost of the project for the advice letter filing. The Parties agree with DRA's recommended advice letter filing, including the \$400,000 cap, and recommend that Cal Water be authorized to file the advice letter any time prior to the effective date of rates in the Bakersfield district's next general rate case².
- Cal Water budgeted \$361,800 for an additional pump at its Northeast Bakersfield Treatment Plant. DRA agreed that the project is needed, but was concerned about the cost and recommended that Cal Water include it in rates through an advice letter filing capped at \$335,000 for the project. After reviewing vendor quotes for the project DRA agreed that the project should be included in the test year plant at Cal Water's budgeted amount.

² Advice Letter #2, see list

- Cal Water budgeted \$864,000 for a backup generator at its Northeast Bakersfield Treatment Plant. DRA recommended Cal Water include this project in rates after it is completed by an advice letter filing capped at \$864,000. The Parties agree with DRA's recommended advice letter filing, including the \$864,000 cap, and recommend that Cal Water be authorized to file the advice letter any time prior to the effective date of rates in the Bakersfield district's next general rate case³.
- Cal Water budgeted \$648,000 for a 2 million-gallon-per-day expansion of the Northeast Bakersfield Treatment Plant. DRA agreed that the project is necessary, but was concerned about the cost. Furthermore, DRA recommended that Cal Water include this project in rates after an advice letter filing capped at \$648,000. The Parties agreed with DRA's recommended advice letter filing, including the \$648,000 cap, and recommend that Cal Water be authorized to file the advice letter any time prior to the effective date of rates in the Bakersfield district's next general rate case⁴.
- Cal Water budgeted \$1,111,500 for project 14877, which would replace approximately one mile of main. DRA recommended a lower amount based on its lower contingency percentage. As noted above, the Parties agreed on a contingency percentage of 17.5% for 2007 projects. Therefore, the Parties agreed that \$1,028,340 should be included in plant for 2007 based on a 17.5% contingency percentage.
- Cal Water budgeted \$1,080,000 in 2007 and \$2,160,000 in 2008 for a supply project in southwest Bakersfield. In addition, Cal Water budgeted \$948,400 to design the expansion of the Northeast Bakersfield Treatment Plant in 2007. DRA recommended that these projects be disallowed because customer growth had slowed and justification for the two southwest water supply projects was inadequate. As addressed in Cal Water's rebuttal, water supply planning is required to meet current growth needs. DRA reviewed Cal Water's draft southwest water supply study, including its recommendation that expanded treatment plant facilities are needed to meet the district's growing demand, and

³ Advice Letter #3, see list

⁴ Advice Letter #4, see list

- the City of Bakersfield's expressed interest in a joint-venture project to meet its growing needs. Based on Cal Water's and the City's increasing demand for water DRA agreed that Cal Water a treatment plant expansion design is appropriate. Accordingly, DRA agreed that Cal Water should be authorized to file an advice letter requesting that the cost, not to exceed \$948,400, to design either an expansion of the northeast plant or a new southwest surface water treatment plant be included in rates. Additionally, the Parties request that Cal Water be authorized to file the advice letter any time prior to the effective date of rates in the Bakersfield district's next general rate case⁵.
- Cal Water proposed a meter conversion program budgeted at \$2,730,400 for 2007 and \$2,839,600 for 2008. This program is the beginning of a 15-year program to meter 32,000 unmetered service connections in compliance with state law. AB2858 requires that all flat rate customers be metered by the year 2025. Because this is a new program with uncertain costs, DRA recommended Cal Water file advice letters in 2007 and 2008 to recover costs incurred with implementing the program. Furthermore, DRA recommended that the advice letter filings be limited to Cal Water's budgeted amounts. In its rebuttal testimony, Cal Water pointed out that the advice letter filings for 2007 and 2008 do not provide an attrition budget for 2009 in rates. Since there are considerable start-up and mobilization costs (including hiring staff), Cal Water considers it unreasonable to curtail this program in 2009 after starting it in 2007. After reviewing Cal Water's rebuttal testimony, DRA agreed that Cal Water should be authorized to file three advice letter filings one each in 2008, 2009, and 2010 to recover costs of the prior year's metering program. Furthermore, the Parties request that the Commission allow Cal Water to file these advice letters to include actual costs in rates up to \$2,625,000 in 2007, \$2,730,000 in 2008, and \$2,835,000 in 2009. Also, the Parties further request that Cal Water be allowed to file the advice letter for each calendar year project before June 30 of the following year. The Parties agree that Cal Water should be allowed to file the advice letter

⁵ Advice Letter #5, see list

for 2009 calendar year metering only if it has timely filed the 2007 and 2008 advice letters⁶.

- Cal Water originally budgeted \$156,300 for vehicles needed by additional employees proposed in 2007. Cal Water budgeted \$158,300 for additional vehicles associated with new employees in 2007. DRA reduced this amount due to its disallowance of several Cal Water positions that were requested. Based on the Parties' agreement concerning additional positions, the Parties' agreed to include \$78,600 in the 2007 capital budget.
- Cal Water budgeted \$346,100 for project 15518, a granular activated carbon wellhead treatment plant. DRA had recommended a lesser amount due to lower recommended contingencies. Using the settled contingency factor discussed above, the Parties agreed to include this project in the settled plant in the amount of \$332,100.
- Cal Water originally budgeted \$94,200 for vehicles needed by additional employees proposed in 2008. DRA recommended a lower amount due to its adjustment of payroll. After reviewing the Settlement on payroll and additional employees, Cal Water and DRA agree to include \$72,200 in the 2008 capital budget.
- Cal Water and DRA disagreed about nonspecifics in the test years. In Cal Water's rebuttal testimony, it suggested a compromise position using a ten-year inflation-adjusted average of recorded nonspecifics. The Parties have reviewed the nonspecifics data and agreed to use the inflation-adjusted ten year average or Cal Water's original proposed budget, whichever is less. In the Bakersfield district, the Parties agreed to use the ten-year inflation adjusted average.

3.12 Dixon Plant

The Parties originally differed on recommendations for five plant items or programs. Parties have settled on all of these projects.

- Cal Water originally proposed \$75,600 for a panelboard replacement at Station 1. DRA recommended a lower amount due to its comparison to another Cal Water

⁶ Advice Letter #6, 7, and 8, see list

panelboard project. In its rebuttal, Cal Water identified a more appropriate panelboard project for comparison to the current project. As a result, DRA agreed to include \$75,600 in plant in 2007.

- Cal Water proposed \$1,070,492 for a new well in 2008. DRA reviewed the proposal and recommended a lower amount due to reduced permitting and contingencies. Based on the Parties agreement on 22.5% for 2008 project contingencies and Cal Water's rebuttal testimony on permitting issues, the Parties agreed to include this project in the 2008 capital budget for \$1,043,730.
- Cal Water proposed \$225,000 for a water supply and facilities master plan and hydraulic model in 2008. DRA had recommended that this project be disallowed. The Parties agreed that Cal Water should defer this project to the next GRC.
- DRA recommended reductions in Cal Water's nonspecifics for the test years. In Cal Water's rebuttal testimony, it responded that a ten-year inflation-adjusted average of recorded nonspecifics would be acceptable. The Parties reviewed the nonspecifics data and agreed to use the inflation-adjusted ten year average or Cal Water's original proposed budget, whichever is less. In the Dixon district, the Parties agreed to use Cal Water's original budget for 2006 and 2007 and the ten-year inflation adjusted average for 2008.

3.13 King City Plant

The Parties originally differed on recommendations for six plant items or programs. Parties have settled on all of these projects.

- Cal Water originally proposed \$591,000 for project 2850, a booster station. DRA reviewed this project and another booster project proposed in this district in this district and recommended a lower amount. As discussed in Cal Water's rebuttal the scope of the two projects is different and the project was completed. Therefore, the Parties agreed to include \$591,000 in the 2006 capital budget for this project.
- Cal Water originally proposed \$594,000 for a 500,000-gallon storage reservoir. In its report DRA recommended that this project be excluded because it questioned the need for the project and whether it would be completed. After Cal

Water's testimony was clarified DRA agreed that the project is needed. To address DRA's concern about the timing of the project, DRA and Cal Water agreed that Cal Water should be authorized to file an advice letter requesting the cost, not to exceed \$594,000, be included in rates. Additionally, the Parties request that Cal Water be authorized to file the advice letter any time prior to the effective date of rates in the district's next general rate case⁷.

- Cal Water originally requested additional vehicles in 2006 and 2007 associated with its requested increase in complement. DRA recommended that the vehicles be excluded consistent with its recommendation regarding a complement increase. As described above, the Parties have agreed to include an additional utility worker/relief pump operator in 2007. Therefore, the Parties agreed that \$31,900 for project 15003, a new truck, be included in the 2007 capital budget.
- Cal Water originally requested \$225,000 for a water supply and facilities master plan and hydraulic model. DRA recommended that this cost be disallowed. After reevaluating the need for water supply planning for this district DRA agreed that \$225,000 should be included for this project in the 2008 capital budget.
- DRA reduced Cal Water's proposed amount for nonspecifics in the test years. In Cal Water's rebuttal testimony, it responded that a ten-year inflation-adjusted average of recorded nonspecifics would be acceptable. The Parties reviewed the nonspecifics data and agreed to use the inflation-adjusted ten year average or Cal Water's original proposed budget, whichever is less. In the King City district, the Parties agreed to use the ten-year inflation adjusted average for 2006-2008.

3.14 Oroville Plant

The Parties originally differed on recommendations for five plant items or programs. Parties have settled on all of these projects.

- The Parties initially disagreed on the proposed ultraviolet light disinfection unit at the Oroville treatment plant, reconstruction of flume F of the Powers Canal, and improvements to Cal Water's station 14, a raw water pumping station from the Thermalito Canal. After reviewing all the available information in each party's

⁷ Advice Letter #9, see list

testimony and in data request responses, the Parties agree on the following framework for supplying water to the Oroville treatment plant

1. Cal Water will expand the capacity of Station 14 to enable reliable pumping of raw water to meet system needs from that source. The Parties agree Cal Water should be authorized to file an advice letter requesting the cost of projects 14276 and 16518, not to exceed \$458,200, be included in rates. Additionally, the Parties request that Cal Water be authorized to file the advice letter any time prior to the effective date of rates in the district's next general rate case⁸.
 2. Upon completion of this project, Cal Water will have a raw water source with improved quality that will lessen the risk of a cryptosporidium outbreak.
 3. In a subsequent GRC, Cal Water will report to the Commission on its progress in modifying the PG&E contract for delivery at station 14 and the options available for serving raw water irrigation customers along the Powers Canal.
- Cal Water proposed \$300,000 for a water supply and facilities master plan and hydraulic model in 2008. DRA recommended that this cost be disallowed. The Parties agreed that Cal Water should defer this cost to the next GRC.
 - DRA recommended reductions in Cal Water's nonspecifics for the test years. In Cal Water's rebuttal testimony, it responded that a ten-year inflation-adjusted average of recorded nonspecifics would be acceptable. The Parties reviewed the nonspecifics data and agreed to use the inflation-adjusted ten year average or Cal Water's original proposed budget, whichever is less. In the Oroville district, the Parties agreed to use Cal Water's original budget for 2006 through 2008.

3.15 Selma Plant

The Parties originally differed on recommendations for five plant items or programs. Parties have settled on all of these projects.

⁸ Advice Letter #10, see list

- Cal Water proposed \$789,500 for project 7086, a new well in 2006. DRA recommended this be included in rates with reduced contingencies after an advice letter filing. Cal Water and DRA now agree on 12.5% contingencies for 2006 projects as described above. DRA and Cal Water now stipulate to allow an advice letter filing to include this project in rates. The Parties request the Commission allow Cal Water to file an advice letter to include actual costs up to \$768,750 for this project in rates. The Parties further request that Cal Water be allowed to file the advice letter at any time until the effective date of rates in the next general rate case application for this district⁹.
- Cal Water proposed \$704,600 for project 14672, a main replacement. DRA recommended this project be included in rates after an advice letter filing. After reviewing Cal Water's rebuttal testimony, which addresses the project costs the Parties agreed that this project should be included in the 2007 capital budget for \$650,000.
- Cal Water requested \$300,000 for a water supply and facilities master plan and hydraulic model. DRA recommended the project be excluded. After evaluating the need for water supply planning in this district the Parties agreed that \$300,000 for this project should be included in the 2006 capital budget.
- Cal Water proposed acquiring five wellsite properties in 2006-2008. DRA recommended the Commission not allow four of the properties due to a slower estimated growth in the test year. After reviewing Cal Water's rebuttal testimony, evaluating the availability of property, and the need to acquire property prior to developing future water supplies DRA agreed that the four properties Cal Water proposed to purchase in 2007 and 2008 should be allowed in rates after advice letter filings. The Parties request the Commission allow Cal Water to file up to four advice letters to include actual costs up to \$135,000 for each project in rates once they are purchased. The projects would be accounted for in plant held for future use with a definite future use within five years. Plant of this character has historically been considered part of rate base by the Commission. The Parties further request that Cal Water be allowed to file these advice letters at any time

⁹ Advice Letter #11, see list

until the effective date of rates in the next general rate case application for this district¹⁰.

- Cal Water proposed \$894,500 for project 14673, a new well in 2007. DRA recommended this be included in rates with reduced contingencies after an advice letter filing. Cal Water and DRA now agree on 17.5% contingencies for 2007 projects as described above. DRA and Cal Water now stipulate to allow an advice letter filing to include this project in rates. The Parties request the Commission allow Cal Water to file an advice letter to include actual costs up to \$871,250 for this project in rates. The Parties further request that Cal Water be allowed to file the advice letter at any time until the effective date of rates in the next general rate case application for this district¹¹.
- Cal Water proposed \$1,360,800 for project 13828, a new pumped storage facility in 2007. DRA recommended this be included in rates with reduced contingencies after an advice letter filing. Cal Water and DRA now agree on 17.5% contingencies for 2007 projects as described above. DRA and Cal Water now stipulate to allow an advice letter filing to include this project in rates. The Parties request the Commission allow Cal Water to file an advice letter to include actual costs up to \$1,255,625 for this project in rates. The Parties further request that Cal Water be allowed to file the advice letter at any time until the effective date of rates in the next general rate case application for this district¹².
- Cal Water requested a new vehicle in 2007 due to requested increased complement. After reviewing Cal Water's rebuttal DRA realized that it excluded these vehicles in error. As described above, the Parties have agreed to include an additional meter reader in 2007. Therefore, the Parties have settled to allow \$25,900 for project 14992, a new truck in the 2007 capital budget.
- DRA recommended reductions in Cal Water's nonspecifics for the test years. In Cal Water's rebuttal testimony, it responded that a ten-year inflation-adjusted average of recorded nonspecifics would be acceptable. The Parties reviewed the nonspecifics data and agreed to use the inflation-adjusted ten year average or Cal

¹⁰ Advice Letters #12-15, see list

¹¹ Advice Letter #16, see list

¹² Advice Letter #17, see list

Water's original proposed budget, whichever is less. In the Selma district, the Parties agreed to use the ten-year inflation adjusted average for 2006-2008.

3.16 South San Francisco Plant

The Parties originally differed on recommendations for five plant items or programs. Parties have settled on all of these projects except vehicle replacements noted above.

- Cal Water requested \$730,900 for a new well near the Station 1 treatment plant in 2006. DRA reviewed Cal Water's progress and believed there was uncertainty over project timing and cost. Cal Water's rebuttal testimony requested an advice letter filing for the recorded cost of the project. The Parties agreed to limit the advice letter recovery to Cal Water's original budget. The Parties request the Commission allow Cal Water to file an advice letter to include actual costs up to \$730,900 for this project in rates. The Parties further request that Cal Water be allowed to file the advice letter at any time until the effective date of rates in the next general rate case application for this district¹³.
- Cal Water requested \$343,500 for a granular activated carbon filtration unit at the Station 1 treatment plant in 2006. DRA reviewed Cal Water's correspondence with the Department of Health Services (DHS) and believed there was uncertainty over project timing and cost. DRA also qualified its recommendation to allow this improvement only if DHS required it in order to operate the company wells. Cal Water's rebuttal testimony clarified that DHS may allow limited production from the wells without this improvement. Therefore, Cal Water requested the qualification be changed. Cal Water requested an advice letter filing for the recorded cost of the project if DHS requires it to fully operate the wellfield. The Parties agreed to limit the advice letter recovery to Cal Water's original budget but allow the advice letter if DHS requires it for full operations. The Parties request the Commission allow Cal Water to file an advice letter to include actual costs up to \$343,500 for this project in rates. The Parties further request that Cal

¹³ Advice Letter #18, see list

Water be allowed to file the advice letter at any time until the effective date of rates in the next general rate case application for this district¹⁴.

- Cal Water requested \$138,700 for project 9454, a main replacement in 2006. DRA recommended a lower amount based on comparing costs per foot for other proposed projects in the district. As discussed in Cal Water's rebuttal testimony this project is in service. In addition, Cal Water discussed several factors leading to higher costs per foot for mains. The Parties agreed that this project should be allowed in the 2006 capital budget for \$138,700.
- Cal Water proposed acquiring four wellsite properties in 2007-2008. DRA recommended the Commission allow only two of the properties as future advice letter filings due to the current equivalence of cost between purchased water and pumped water. DRA further recommended the projects be included in plant after they are in service. Cal Water pointed out in rebuttal that property acquisition is extremely difficult and should be prioritized to develop future water supplies quickly as the San Francisco Public Utilities Commission (SFPUC) raises wholesale water rates. Due to its regional capital improvement program, SFPUC has proposed tripling its wholesale rate by 2016. As purchased water rates increase, local groundwater supplies become more cost-effective in comparison. Cal Water further argued that this property should be included in rates as held for future use when it is purchased. DRA and Cal Water agreed that the four properties Cal Water had proposed to purchase in 2007 and 2008 should be allowed in rates after advice letter filings. The Parties request the Commission allow Cal Water to file up to four advice letters to include actual costs up to \$350,000 for each project in rates once they are purchased. The projects would be accounted for in plant held for future use with a definite future use within five years. Plant of this character has historically been considered part of rate base by the Commission. The Parties further request that Cal Water be allowed to file these advice letters at any time until the effective date of rates in the next general rate case application for this district¹⁵.

¹⁴ Advice Letter #19, see list

¹⁵ Advice Letters #20-23, see list

- Cal Water requested \$983,300 for a new customer service and operations center in 2006. This center would serve the South San Francisco and Mid-Peninsula districts. DRA recommended this be included in rates after an advice letter review. Cal Water agreed to this recommendation in its rebuttal testimony. The Parties request the Commission allow Cal Water to file an advice letter to include actual costs up to \$983,300 for this project in rates. The Parties further request that Cal Water be allowed to file the advice letter at any time until the effective date of rates in the next general rate case application for this district¹⁶.
- Cal Water requested \$750,000 for a new well near the Station 1 treatment plant in 2007. DRA reviewed Cal Water's progress and believed there was uncertainty over project timing and cost. Cal Water's rebuttal testimony requested an advice letter filing for the recorded cost of the project. The Parties agreed to limit the advice letter recovery to Cal Water's original budget. The Parties request the Commission allow Cal Water to file an advice letter to include actual costs up to \$750,000 for this project in rates. The Parties further request that Cal Water be allowed to file the advice letter at any time until the effective date of rates in the next general rate case application for this district¹⁷.
- Cal Water requested \$224,300 for project 15101, a main replacement in 2007. DRA recommended a lower amount based on comparing costs per foot for other proposed projects in the district and the cost per foot used in the water supply and facilities master plan. As discussed in Cal Water's rebuttal testimony the costs per foot can vary significantly based on the location of the main and identified a project that is a better comparison than DRA used. In addition, Cal Water discussed several factors leading to higher costs per foot for mains. Based on the above discussion the Parties agreed that this project should be allowed in the 2007 capital budget for \$168,000.
- Cal Water requested \$193,600 for project 15126, a main replacement in 2007. DRA recommended a lower amount based on comparing costs per foot for other proposed projects in the district and the cost per foot used in the water supply and

¹⁶ Advice Letter #24, see list

¹⁷ Advice Letter #25, see list

facilities master plan. As discussed in Cal Water's rebuttal testimony the costs per foot can vary significantly based on the location of the main and identified a project that is a better comparison than DRA used. In addition, Cal Water discussed several factors leading to higher costs per foot for mains. Based on the above discussion the Parties agreed that this project should be allowed in the 2007 capital budget for \$177,800.

- Cal Water requested \$103,700 for project 15162, a main replacement in 2008. DRA recommended a lower amount based on comparing costs per foot for other proposed projects in the district and the cost per foot used in the water supply and facilities master plan. As discussed in Cal Water's rebuttal testimony the costs per foot can vary significantly based on the location of the main and identified a project that is a better comparison than DRA used. In addition, Cal Water discussed several factors leading to higher costs per foot for mains. Based on the above discussion the Parties agreed that this project should be allowed in the 2008 capital budget for \$103,700.
- Cal Water requested \$159,000 for project 15171, a main replacement in 2008. DRA recommended a lower amount based on comparing costs per foot for other proposed projects in the district and the cost per foot used in the water supply and facilities master plan. As discussed in Cal Water's rebuttal testimony the costs per foot can vary significantly based on the location of the main and identified a project that is a better comparison than DRA used. In addition, Cal Water discussed several factors leading to higher costs per foot for mains. Based on the above discussion the Parties now stipulate that this project should be allowed in the 2008 capital budget for \$133,200.
- Cal Water requested \$61,400 for project 15175, a main replacement in 2008. DRA recommended a lower amount based on comparing costs per foot for other proposed projects in the district and the cost per foot used in the water supply and facilities master plan. As discussed in Cal Water's rebuttal testimony the costs per foot can vary significantly based on the location of the main and identified a project that is a better comparison than DRA used. In addition, Cal Water discussed several factors leading to higher costs per foot for mains. Based on the

above discussion the Parties now stipulate that this project should be allowed in the 2008 capital budget for \$42,000.

- DRA recommended reductions in Cal Water's nonspecifics for the test years. In Cal Water's rebuttal testimony, it responded that a ten-year inflation-adjusted average of recorded nonspecifics would be acceptable. The Parties reviewed the nonspecifics data and agreed to use the inflation-adjusted ten year average or Cal Water's original proposed budget, whichever is less. In the South San Francisco district, the Parties agreed to use Cal Water's proposed nonspecifics for 2006-2008.

3.17 Westlake Plant

The Parties originally differed on recommendations for seven plant items or programs. Parties have settled on all but one of these projects.

- Cal Water proposed projects 13265 (design and construction support), 14364 (upgrade booster station 3), 14370 (upgrade booster station 5), 14380 (replace booster station 4), and 14384 (reservoir construction) to replace the Harris reservoir. The Parties agreed that this reservoir needs to be replaced. However subsequent to its rate case filing, Cal Water solicited and received contractor bids on some portions of the projects and discovered those bids far exceeded the budgets for those items. Cal Water and DRA met in October and discussed the cost of these projects. Cal Water also responded to data request PTT-2 on October 31, 2006, with results of the bids and revised project costs for projects 14364, 14370, 14380, and 14384. Cal Water also explained that it was not interested in amending the application to include additional costs and that delays in construction of projects 14364, 14370, and 14380 would mean project 14384 for the Harris reservoir reconstruction would likely be completed in 2010. DRA reviewed this information and recommended Cal Water include project costs up to \$610,000 for project 14364, \$480,000 for project 14370, and all reasonable and prudent costs of project 14380. DRA and Cal Water agree that project 14384 will not be in service until 2010. In its rebuttal, Cal Water challenged DRA's estimated project costs based on contingency factors and electrical labor. The

Parties agreed to limit the advice letter recovery to \$625,500 for project 14364 and \$492,000 for project 14370. The Parties request the Commission allow Cal Water to file three advice letters to include 1) actual costs up to \$625,500 for project 14364, 2) actual costs up to \$492,000 for project 14370, and 3) actual reasonable costs for project 14370. As there is no expected project cost for project 14370, the Parties believe it should require a Commission resolution for approval. The Parties further request that Cal Water be allowed to file these advice letters at any time until the effective date of rates in the next general rate case application for this district¹⁸.

- Cal Water requested \$300,000 for a water supply and facilities master plan (WSFMP) and hydraulic model. DRA recommended this cost be excluded. After discussion in settlement, the Parties agreed to include \$100,000 in the 2008 capital budget for a hydraulic model and to defer the WSFMP to the next GRC.
- DRA recommended reductions in Cal Water's nonspecifics for the test years. In Cal Water's rebuttal testimony, it responded that a ten-year inflation-adjusted average of recorded nonspecifics would be acceptable. The Parties reviewed the nonspecifics data and agreed to use the inflation-adjusted ten year average or Cal Water's original proposed budget, whichever is less. In the Westlake district, the Parties agreed to use Cal Water's proposed nonspecifics for 2006-2008.

3.18 Willows Plant

The Parties originally differed on recommendations for eight plant items or programs. Parties have settled on all of these projects.

- Cal Water requested \$1,471,000 for projects 15433, 15436, and 15440 to acquire land and construct a pumped storage facility in Willows to meet peak day demands. DRA agreed with the need for all three projects. However, DRA recommended a lower amount for each and recommended advice letter treatment of project 15436 for the storage tank. Cal Water's rebuttal questioned DRA's estimate for land costs. With the clarified information provided in rebuttal and settlement discussions, the Parties request the Commission allow Cal Water to file

¹⁸ Advice Letter #26-28, see list

an advice letter to include actual costs up to \$1,366,100 for these projects in rates once the pumped storage facility is in service. The Parties further request that Cal Water be allowed to file the advice letter at any time until the effective date of rates in the next general rate case application for this district¹⁹.

- Cal Water proposed \$15,000 for replacement office equipment in 2007. The Parties agree to allow this equipment in the 2007 capital improvements.
- Cal Water proposed \$165,000 for project 15064, a main replacement in 2008. DRA's rebuttal noted inconsistencies in the cost justification and lowered the amount of contingencies. In rebuttal and settlement, Cal Water clarified the cost justification. Furthermore, as stated above, the Parties agreed to consistent treatment of contingencies for calendar year 2008 projects. Based upon this information, the Parties agree to include \$149,500 in the 2008 capital budget for this project.
- Cal Water proposed \$82,000 to replace ten gate valves in 2008. DRA recommended a lower amount based on less for contingencies. The Parties have agreed on consistent treatment of contingencies for 2008 projects. Therefore, the Parties agree to include \$76,900 in the 2008 capital budget for this project.
- Cal Water had proposed \$225,000 for a water supply and facilities master plan and hydraulic model in 2008. DRA recommended against this expense. The Parties now stipulate that Cal Water will defer this project to the next general rate case.
- DRA recommended reductions in Cal Water's nonspecifics for the test years. In Cal Water's rebuttal testimony, it responded that a ten-year inflation-adjusted average of recorded nonspecifics would be acceptable. The Parties reviewed the nonspecifics data and agreed to use the inflation-adjusted ten year average or Cal Water's original proposed budget, whichever is less. In the Willows district, the Parties agreed to use the inflation-adjusted ten-year average for 2006-2008.

3.3 Special Facilities Fees

¹⁹ Advice Letter #29, see list

Cal Water had proposed increasing its Rule 15 special facilities fees for the Bakersfield, Dixon, King City, Selma, and Willows districts in its application. When authorized, these fees changed the method Cal Water collects advances on water supply facilities serving new development. For these districts the fees were adopted in D.03-09-021, D.04-04-041, and D.04-09-038. In its reports DRA recommended raising the fees more than the amount Cal Water requested. Cal Water recommended that the fees be based on the per service cost of special facilities less the district's per service rate base. DRA developed its per service special facilities fees based on the full cost of special facilities. Both approaches were based on the Commission's policy that existing customers should not pay for customer growth. After reviewing the positions of both Parties in settlement, Cal Water and DRA agreed to recommend a \$1,500 special facilities fee per equivalent 1-inch service connection for Dixon, King City, Selma, and Willows beginning July 1, 2007. In conformance to existing Rule 15, multifamily units should be treated as 50% equivalents and larger services should pay increased fees using meter ratios based on a 1-inch meter. In Bakersfield, the Parties agreed to recommend a \$2,000 special facilities fee per equivalent 1-inch service connection beginning July 1, 2007. This fee would increase to \$2,250 on July 1, 2008 and \$2,500 on July 1, 2009. Cal Water should be authorized to file these changes to Rule 15 with its escalation year increases.

4.0 Rate of Return

In its report on Cost of Capital DRA agreed with Cal Water's proposed capital structure and cost of debt. With respect to the return on equity, Cal Water originally proposed 12.37%. DRA recommended Cal Water be allowed 9.54%. In its rebuttal testimony Cal Water reviewed the DRA model and noted several inconsistencies. After correcting for these, Cal Water estimated that DRA's model would produce a 10.25% rate of return without the risk premium "adders" proposed by Cal Water. In settlement, DRA and Cal Water discussed various technical matters and evaluated their impact on DRA's model. After reviewing these results and recent authorized returns for Class A water companies, the Parties agreed upon a return on equity of 10.20%, which is within the range of DRA's model results, excluding any risk premium.

5.0 Other Items

5.1 Rate Phase-in in Selma District

Cal Water had requested a 5.9% rate increase in each of the three years in Selma in recognition of the fact its RO model suggested an increase in the test year would be followed by negative attrition due to system growth. DRA's report had not authorized a greater than 5.9% rate increase in the test year, so it rejected this approach. However, based on observation of the result of Settlements, it now appears the test year rate increase would be over 5.9% if DRA prevailed on all open issues. Therefore, the Parties agree to cap the test year rate increase at 5.9%. In the first attrition year, Cal Water should be allowed to file for the remaining increase that would allow it to earn its authorized rate of return in that year.

5.2 Attrition use of water mix in Bakersfield

The Parties agree that water mix in the escalation years should be updated to reflect Cal Water's proposed water mix. This settlement takes into account that the marginal cost of water for new developments is purchased surface water which carries a higher unit cost than the average unit cost of water production in the district.

5.3 Amortization of balancing accounts

The Parties agree as stated in DRA's report to allow Cal Water to amortize its balancing accounts as proposed in the applications. Surcharge/surcredit values and duration should be provided to Water Division in preparation of its tariffs and appendices for the Decision.

5.4 Recovery of general office synergies memorandum account

The Parties agree as stated in DRA's report to allow Cal Water to amortize its general office synergies memorandum accounts for Dixon, King City, Willows, and Westlake as proposed in the applications. Surcharge values and duration should be provided to Water Division in preparation of its tariffs and appendices for the Decision.

6.0 EXECUTION OF THE AGREEMENT

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

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

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

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

7.0 GOVERNING LAW

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

8.0 VERIFICATION

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

DIVISION OF RATEPAYER ADVOCATES

CALIFORNIA WATER SERVICE
COMPANY

By: _____

By: _____

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San Jose, CA 95112
(408) 367-8219

February 26, 2007

8.0 VERIFICATION

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

DIVISION OF RATEPAYER ADVOCATES

CALIFORNIA WATER SERVICE
COMPANY

By:  _____

By: _____

Dana Appling
Director,
Division of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
(415) 703- 2544

Thomas F. Smegal
California Water Service Company
1720 N. First Street
San Jose, CA 95112
(408) 367-8219

February 26, 2007

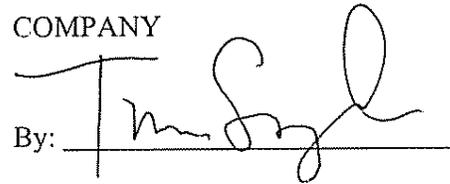
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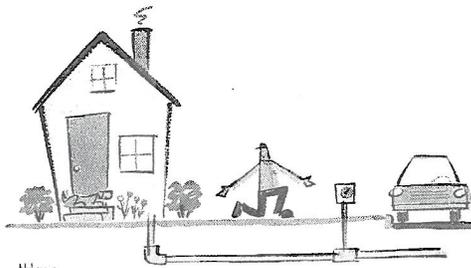
Table 1
Settlement Advice Letter Reference List

Advice Letter #	District	Project ID	Project Title	Recovery Cap	Other Provisions
1	Bakersfield	9292 and 9294	Northwest Bakersfield Treatment Plant Reconstruct and Redesign Parking Lot at Customer Center	\$767,300	Total Cap for Cal Water portion of the plant (50% of the total cost) is \$6,500,000 with \$5,732,700 spent as of 1/26/07
2	Bakersfield	15379	Customer Center	\$400,000	
3	Bakersfield	15091	Backup Generator for northeast WTP	\$864,000	
4	Bakersfield	15108	2 MGD expansion of Northeast WTP	\$648,000	
5	Bakersfield	14880	Design for Treatment Expansion	\$948,000	Applicable for either an expansion of the northeast treatment plant or new southwest treatment plant
6	Bakersfield	n/a	2007 Flat-to-meter conversion program	\$2,625,000	Must be filed before June 30, 2008
7	Bakersfield	n/a	2008 Flat-to-meter conversion program	\$2,730,000	Must be filed before June 30, 2009
8	Bakersfield	n/a	2009 Flat-to-meter conversion program	\$2,835,000	Applicable only after filing 2007, 2008 advice letters
9	King City	11019	500,000 Gallon Reservoir	\$594,000	
10	Oroville	14276 and 16518	Upgrade Intake from Thermalito Canal	\$458,200	
11	Selma	7086	New Well	\$768,750	
12	Selma	13929	Wellsite Property	\$135,000	
13	Selma	15186	Wellsite Property	\$135,000	
14	Selma	15511	Wellsite Property	\$135,000	
15	Selma	15512	Wellsite Property	\$135,000	
16	Selma	14673	New Well	\$871,250	
17	Selma	13828	Pumped Storage Facility	\$1,255,625	
18	South SF	9678	New Well	\$730,900	
19	South SF	11697	GAC Filter at Station 1	\$343,500	Applicable if DHS requires this treatment to allow full operations of the wells at Station 1
20	South SF	15976	Wellsite Property	\$350,000	
21	South SF	15977	Wellsite Property	\$350,000	
22	South SF	15978	Wellsite Property	\$350,000	
23	South SF	15979	Wellsite Property	\$350,000	
24	South SF	11522	Customer Service and Operations Center shared with the Mid-Peninsula District	\$983,300	
25	South SF	15980	New Well	\$750,000	
26	Westlake	14364	Upgrade Booster Station 3	\$625,500	
27	Westlake	14370	Upgrade Booster Station 5	\$492,000	
28	Westlake	14380	Reconstruct Booster Station 4	No Cap	Processing by Resolution
29	Willows	15433, 15436, and 15440	Pumped Storage Facility including Land	\$1,366,100	

ATTACHMENT 2

If you have Extra Sensory Perception, you might be able to predict whether your water service line will break, necessitating expensive repairs. If you don't, you could be taken by surprise if an earthquake, tree root, or cold spell causes your water service pipe to fail, and you have to pay up to \$1,000 or more to have it fixed.

On the other hand, if you have Extended Service Protection (ESP), you can rest easy about the future even if you don't have a crystal ball. That's because with ESP, it only takes one call to the water professionals you know and trust to have your water service line repaired or replaced **AT NO CHARGE**, usually within 24 hours.



Many homeowners don't realize that the water service line that extends from the water meter to the house is their property. That means if it breaks, the homeowner is responsible for repairing or replacing it, and the costs of doing so are not covered by most homeowners' insurance policies.

What would repairing or replacing the line entail? For starters, the unprotected homeowner would have to...

- 1) Call CalWater to turn off the water to the property.
- 2) Find a contractor to excavate the broken pipe.
- 3) Get a plumber to come out and fix or repair the broken pipe.
- 4) Call the contractor back to remove any debris.
- 5) Call CalWater back to turn the water on.

And the cost for all of this work could reach \$1,000 or more!

The good news is, for only \$4.95 per month, homeowners can now get ESP. With ESP, the homeowner makes just one call and pays **NOTHING**—that's zero, nada, zilch, zero—to have his or her water service line repaired or replaced. And in most cases, the work is completed within 24 hours.

So, if you don't have Extra Sensory Perception, get Extended Service Protection (ESP). For just \$4.95 per month, or 16 cents per day, you can buy a little peace of mind, even if you don't have a crystal ball.

ESP Q & A

Q. Why is the homeowner responsible for repairs to the water service line?

A. Like the home plumbing, the water service line is the property of the homeowner, and therefore, it is the homeowner's responsibility to maintain it. CalWater owns and maintains the water facilities up to and including the water meter.

Q. Where exactly does the water service line begin?

A. The water service line begins on the side of the meter closest to the residence and ends at the house.

Q. What exactly does ESP cover?

A. ESP covers the costs of materials and labor related to repair or replacement of the water service line. It also covers the costs of removing and discarding any debris.

Q. What could cause the water service line to break?

A. There are many things that could cause the water service line to break, including earthquakes, rust, corrosion, freezing conditions, and tree roots.

Q. Does ESP cover breaks caused by these things?

A. Yes, it covers repairs or replacements necessitated by earthquakes, rust, corrosion, freezing conditions, and tree roots. Please look at Terms and Conditions to see the causes not covered by ESP, which include landslides, flooding, terrorist acts, and excavating by you or third parties.

Q. How do I sign up for ESP?

A. It's simple. You can fill out the attached application and enroll online at www.calwatergroup.com/ESP.aspx, or our toll-free number at 1-800-764-2021 and speak with one of our ESP Customer Service Representatives.

Q. How do I pay the \$4.95 per month?

A. If you sign up for ESP, \$4.95 will be added to your monthly water bill from CalWater. To sign up, you must agree to a 12-month enrollment. After 12 months, you may opt out of ESP at any time.

If you have any questions, please call us at 1-800-764-

ATTACHMENT 3

APPENDIX A

Page 1 of 1

CALIFORNIA WATER SERVICE COMPANY
 BAKERSFIELD DISTRICT
 SUMMARY OF EARNINGS AND RATES OF RETURN
 (DOLLARS IN THOUSANDS)

	PRESENT RATES <u>2007-8</u>	AT AUTHORIZED RATE OF RETURN <u>2007-8</u>
OPERATING REVENUES	\$50,794.2	\$54,936.1
OPERATING EXPENSES		
PURCHASED WATER	6,074.5	6,074.5
GROUNDWATER EXTRACTION CHARGES	0.0	0.0
REPLENISHMENT ASSESSMENT	1,900.3	1,900.3
PURCHASED POWER	6,632.5	6,632.5
PURCHASED CHEMICALS	840.1	840.1
PAYROLL -- DISTRICT	5,259.3	5,259.3
UNCOLLECTIBLES	309.6	334.9
OTHER OPERATION AND MAINTENANCE	3,388.5	3,388.5
OTHER ADMIN AND GEN. EXP.	<u>251.5</u>	<u>251.5</u>
TOTAL O. & M., A. & G., & MISC. EXP.	24,656.3	24,681.6
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	1,207.1	1,207.1
LOCAL FRANCHISE TAXES	556.2	601.6
	0.0	0.0
PAYROLL TAXES	<u>557.7</u>	<u>557.7</u>
TOTAL GENERAL TAXES	2,320.9	2,366.3
DEPRECIATION	5,752.0	5,752.0
G.O. PRORATED EXPENSES:		
PAYROLL AND BENEFITS	5,017.8	5,017.8
AD VALOREM TAXES	52.6	52.6
PAYROLL TAXES	168.0	168.0
OTHER PRORATED EXPENSES	<u>1,874.5</u>	<u>1,874.5</u>
TOTAL G.O. PRORATED EXPENSES	7,112.9	7,112.9
SUB -- TOTAL -- OPERATING EXPENSES	39,842.2	39,912.9
TOTAL INCOME TAXES:	3,444.4	5,203.3
TOTAL OPERATING EXPENSES	43,286.6	45,116.2
NET OPERATING REVENUE	7,507.7	9,819.9
DEPRECIATED RATE BASE	113,394.2	113,394.2
RATE OF RETURN	6.62%	8.66%

APPENDIX B

Page 1 of 3

CALIFORNIA WATER SERVICE COMPANY

Schedule No. BK-1

Bakersfield Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Bakersfield and vicinity, Kern County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$1.2066	(I)
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Service Charge:

	Per Meter	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$11.36	(R)
For 3/4-inch meter	17.04	(R)
For 1-inch meter	28.40	(I)
For 1-1/2-inch meter	56.80	(R)
For 2-inch meter	90.88	(I)
For 3-inch meter	170.40	
For 4-inch meter	244.25	
For 6-inch meter	422.48	
For 8-inch meter	627.13	(I)
For 10-inch meter	1,306.40	(R)
For 12-inch meter	1,874.40	(R)
For 14-inch meter	2,556.00	(R)

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

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fees set forth on Schedule Nos. UF.
2. All bills are subject to any applicable surcharges on Schedules RSF and LIRA-SC.
3. Qualifying low-income individually metered and flat rate residential customers, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers are eligible for credits as shown on Schedule LIRA.

APPENDIX B

CALIFORNIA WATER SERVICE COMPANY

Schedule No. BK-2R

Bakersfield Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Bakersfield and vicinity, Kern County.

RATES

	<u>Per Service Connection</u> <u>Per Month</u>	
For a single-family residential unit, including premises having the following areas:		
6,000 sq. ft., or less	\$50.62	(I)
6,001 to 10,000 sq. ft.	58.28	
10,001 to 16,000 sq. ft.	72.68	
16,001 to 25,000 sq. ft.	92.16	
For each additional single-family residential unit on the same premises and served from the same service connection	35.63	(I)

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. BK-1, General Metered Service.
4. This Schedule is closed to all new connections as of May 8, 1991, the effective date of Tariff Sheet No. 4133-W.
5. All bills are subject to the reimbursement fees set forth on Schedule Nos. UF.
6. All bills are subject to any applicable surcharges on Schedules RSF and LIRA-SC.
7. Qualifying low-income individually metered and flat rate residential customers, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers are eligible for credits as shown on Schedule LIRA.

APPENDIX B

Page 3 of 3

CALIFORNIA WATER SERVICE COMPANY

Schedule No. BK-4

Bakersfield Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Bakersfield and vicinity, Kern County.

RATES

		<u>Per Month</u>	
For each	1-1/2-inch connection	\$9.75	(I)
For each	2-inch connection	13.00	
For each	3-inch connection	19.50	
For each	4-inch connection	26.00	
For each	6-inch connection	39.00	
For each	8-inch connection	52.00	
For each	10-inch connection	65.00	(I)

SPECIAL CONDITIONS

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

APPENDIX C

Page 1 of 1

California Water Service Company

Bakersfield District Bill Comparison *

System Revenue Requirement Increase 8.13%

2007-2008 Rates

Usage Ccf	Present Rates	Adopted Rates	Increase Amount	Percent Increase
0	\$ 15.59	\$ 11.36	\$ -4.23	-27.13%
10	\$ 25.83	\$ 23.43	\$ -2.40	-9.29%
20	\$ 36.07	\$ 35.49	\$ -0.58	-1.61%
27.2 Avg	\$ 43.40	\$ 44.13	\$ 0.73	1.68%
30	\$ 46.31	\$ 47.56	\$ 1.25	2.70%
50	\$ 66.79	\$ 71.69	\$ 4.90	7.34%
Flat Rates				
6,000 sq. ft. or less	\$ 47.71	\$ 50.62	\$ 2.91	6.10%
6,001-10,000 sq. ft.	\$ 54.93	\$ 58.28	\$ 3.35	6.10%

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

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

APPENDIX D

Page 1 of 7

California Water Service Company

Bakersfield District

Adopted Quantities

Number of Services by meter size:	2007-8	2008-9
5/8 x 3/4	20,289	21,515
3/4	2	2
1	10,433	10,969
1 1/2	686	695
2	1,622	1,652
3	249	251
4	122	123
6	41	41
8	3	3
10	-	-
TOTAL	33,448	35,250

Metered Sales, KCcf		
Potable	18,110.5	18,714.7

Number of Services and Use:

	Avg Services		Use, KCcf		Avg Use, Ccf/Sv/Mo	
	2007-8	2008-9	2007-8	2008-9	2007-8	2008-9
Residential	25,569	27,321	8,332.9	8,903.9	27.2	27.2
Business	6,177	6,213	5,370.3	5,401.6	72.5	72.5
Industrial	36	35	26.2	26.2	61.5	63.3
Public Authority	580	581	2,163.4	2,163.4	311.1	310.6
Other	139	152	356.5	356.5	214.5	196.1
Recycled	-	-	-	-	214.5	
Sub-Total	33,448	35,250	18,110.5	18,714.7		
Residential Flat	31,806	31,192	16,186.4	16,186.4		
Private Fire Prot.	692	700				
Public Fire Prot.	79	82				
TOTAL	66,025	67,224	34,296.9	34,901.1		
Losses, 8% (Assumed)			2,982.3	3,034.9		
Total Production			37,279.2	37,936.0		

APPENDIX D

Page 2 of 7

CALIFORNIA WATER SERVICE COMPANY

BAKERSFIELD DISTRICT

ADOPTED QUANTITIES

	<u>FISCAL YR</u> <u>2007-8</u>	<u>ESCALATION YR</u> <u>2008-9</u>
(DOLLARS IN THOUSANDS, EXCEPT UNIT COSTS)		
PURCHASED POWER		
SUPPLIER - PG&E (5/1/06 Rates)		
Total Production (kccf)	37,279.2	37,936.0
Kwh / ccf	1,400.3	1,407.9
Total calculated KWH	52,200,520.6	53,410,764.0
Unit Cost	\$0.1276	\$0.1276
Power Cost	\$6,643.1	\$6,763.9
 TOTAL PURCHASED POWER	 \$6,643.1	 \$6,763.9
 <u>Detail - Boosters</u>		
Total Production (kccf)	37,279.2	37,936.0
Kwh / ccf	230.5	230.5
Total calculated KWH	8,594,311	8,745,715
Unit Cost	\$0.1356	\$0.1358
Power Cost	\$1,165.8	\$1,187.9
 <u>Detail - Wells</u>		
Groundwater Production (kccf)	21,857.8	22,026.6
Kwh / ccf	1,323.8	1,323.8
Total calculated KWH	28,936,279	29,159,662
Unit Cost	\$0.1356	\$0.1358
Power Cost	\$3,925.1	\$3,960.8
 <u>Detail - Northeast Bakersfield Treatment Plant</u>		
Plant Production (kccf)	7,806.9	8,294.9
Kwh / ccf	1,712.0	1,712.0
Total calculated KWH	13,365,413	14,200,869
Unit Cost	\$0.1037	\$0.1020
Power Cost	\$1,385.6	\$1,448.5
 <u>Detail - Northwest Bakersfield Treatment Plant</u>		
Plant Production (kccf)	4,480.6	4,480.6
Kwh / ccf	291.2	291.2
Total calculated KWH	1,304,518	1,304,518
Unit Cost	\$0.1278	\$0.1278
Power Cost	\$166.7	\$166.7

APPENDIX D

Page 3 of 7

CALIFORNIA WATER SERVICE COMPANY

BAKERSFIELD DISTRICT

ADOPTED QUANTITIES

	<u>FISCAL YR</u> <u>2007-8</u>	<u>ESCALATION YR</u> <u>2008-9</u>
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(DOLLARS IN THOUSANDS, EXCEPT UNIT COSTS)

PURCHASED WATER

KERN COUNTY WATER AGENCY

ANNUAL ENTITLEMENT OF PURCHASED WATER	13,000.0	13,000.0
UNIT COST / A.F.	\$136.00	\$136.00
BASIC COST \$ - THOUSANDS	\$1,768.0	\$1,768.0
SURPLUS PURCHASED WATER - ACRE FEET	\$0.0	\$0.0
SURPLUS WATER UNIT COST / A. F.	\$136.0	\$136.0
SURPLUS COST \$ - THOUSANDS	\$0.0	\$0.0

IMPROVEMENT DISTRICT NO. 4OPERATING COST OF CONVEYANCE FACILITIES
LATEST QUARTERLY PAYMENTS

4 payments at \$37,125	\$163.7	\$163.7
4 payments at \$3,789		

KCWA CAPITAL FACILITIES CHARGES	\$1,951.2	\$1,951.2
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PUMPING COSTS

ANNUAL ENTITLEMENT OF PURCHASED WATER		
ACRE FEET	13,000.0	13,000.0
MIL GALS.	4,236.1	4,236.1
KWH'S per MIL GALS.	1,030.5	1,030.5

COMPUTED KWH'S	4,365,301.1	4,365,301.1
AVERAGE COST per KWH	\$0.1373	\$0.1373

PUMPING COST \$ - THOUSANDS	\$599.2	\$599.2
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CITY OF BAKERSFIELD

RIVER WATER TO SUPPLY NE TP -- ACRE FEET	17,922.3	19,042.4
RIVER WATER TO SUPPLY NW TP -- ACRE FEET	4,480.6	4,480.6
TOTAL RIVER WATER	22,402.8	23,523.0
COST PER ACRE FOOT	\$74.8	\$74.8
TOTAL PURCHASED CITY OF BAKERSFIELD	\$1,676.2	\$1,760.0

TOTAL PURCHASED WATER COSTS	\$6,158.3	\$6,242.1
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APPENDIX D

Page 4 of 7

CALIFORNIA WATER SERVICE COMPANY

BAKERSFIELD DISTRICT

ADOPTED QUANTITIES

	<u>FISCAL YR</u> <u>2007-8</u>	<u>ESCALATION YR</u> <u>2008-9</u>
(DOLLARS IN THOUSANDS, EXCEPT UNIT COSTS)		
PUMP TAXES (KERN COUNTY WATER AGENCY)		
TOT. WELL PROD.-KCCF (TBL 4D)	21,857.8	22,026.6
-A.F.	50,179.0	50,566.4
UNIT COST PER ACRE FOOT (WP5-B12a ,PG 4 of 4)	\$30.00	\$30.00
7/1/98 RATES		
KERN DELTA WATER DISTRICT	\$361.3	\$361.3
WATER RECHARGE PROGRAM FROM CANAL LOSSES		
GROUND WATER CHARGES - \$ in THOUSANDS	\$1,866.7	\$1,878.3
CHEMICALS		
Total Production (kccf)	37,279.2	37,936.0
ADOPTED CHEMICAL DOLLARS	825,664	854,463
ADOPTED \$ per KCCF	\$22.15	\$22.52
Net to Gross Multiplier		
UNCOLLECTABLES RATE		0.60960%
FRANCHISE TAX RATE		1.09500%
BUSINESS LICENSE FEE RATE		0.000000
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULTIPLIER		1.81138

APPENDIX D

Page 5 of 7

CALIFORNIA WATER SERVICE COMPANY

BAKERSFIELD DISTRICT

ADOPTED RATE BASE

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>	<u>Attrition Increment</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	228,156.2	235,011.6	6,855.4
MATERIALS AND SUPPLIES	403.5	410.7	7.2
WORKING CASH - LEAD - LAG	2,951.4	3,104.8	153.4
WORKING CASH - W / H EMPLOYEES	(12.4)	(12.4)	0.0
WTD. AVG. DEPRECIATION RESERVE	(59,957.2)	(65,739.2)	(5,782.0)
ADVANCES FOR CONSTRUCTION	(36,514.2)	(39,461.3)	(2,947.1)
CONTRIBUTIONS	(9,962.5)	(9,816.0)	146.5
AMORTIZATION OF INTANG.	(147.8)	(179.1)	(31.3)
DEFERRED TAXES	(18,866.9)	(19,369.4)	(502.5)
UNAMORT. I.T.C.	(336.4)	(321.8)	14.6
PRORATED G.O. RATE BASE	3,636.9	3,755.0	118.1
TAXES ON ADVANCES	3,260.9	3,290.9	30.0
TAXES ON C.I.A.C.	782.7	729.7	(53.0)
WTG. AVG. RATE BASE	113,394.2	111,403.5	(1,990.7)
RATE BASE ASSOCIATED ITEMS			
DEPRECIATION EXPENSE	5,752.0	6,150.8	398.8
AD VALOREM TAXES	1,207.1	1,259.1	52.1
TOTAL INCOME TAXES AT AUTHORIZED RATE OF RETURN	5,203.3	4,983.3	(220.0)
NET OPERATING REVENUE	9,819.9	9,647.5	(172.4)

APPENDIX D

Page 6 of 7

CALIFORNIA WATER SERVICE COMPANY

BAKERSFIELD DISTRICT

INCOME TAX CALCULATION

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PRESENT RATES)	50,794.2	51,443.7
EXPENSES		
PURCHASED WATER	6,074.5	6,242.1
PURCHASED POWER	6,632.5	6,753.2
PUMP TAXES	1,900.3	1,878.3
CHEMICALS	840.1	870.8
PAYROLL	5,259.3	5,451.9
OTHER O & M	3,388.5	3,512.6
OTHER A & G	251.5	260.7
G.O. PRORATIONS (WITHOUT DEPRECIATION)	6,657.3	6,910.2
PAYROLL TAXES	557.7	587.4
AD VALOREM TAXES	1,207.1	1,259.1
UNCOLLECTIBLES	309.6	313.6
FRANCHISE TAX & BUS LIC. FEES	556.2	563.3
TRANSPORTATION DEPRECIATION ADJUSTMENT	-286.5	-313.2
INTEREST EXPENSE	3,103.0	3,171.9
TOTAL DEDUCTIONS	36,451.1	37,462.0
STATE INCOME TAX		
STATE TAX DEPRECIATION	8,487.5	8,496.2
NET STATE TAXIBLE INCOME	5,855.7	5,485.5
STATE CORP. FRANCHISE TAX @ 8.84%	517.6	484.9
ADDITIONAL UNITARY TAX LIABILITY	3.5	3.3
TOTAL STATE TAX	521.1	488.2
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	5,253.0	5,650.2
STATE INCOME TAX	589.6	521.1
LESS AMERICAN JOB CREATION ACT DEDUCTION	135.4	140.4
LESS PREFERRED STOCK DIVIDEND	12.9	12.9
NET FEDERAL TAXIBLE INCOME	8,352.2	7,657.0
FEDERAL INCOME TAX @ 35.00%	2,923.3	2,680.0
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	2,923.3	2,680.0
TOTAL INCOME TAXES	3,444.4	3,168.2

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

BAKERSFIELD DISTRICT

INCOME TAX CALCULATION

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PROPOSED RATES)	54,936.1	55,950.1
EXPENSES		
PURCHASED WATER	6,074.5	6,242.1
PURCHASED POWER	6,632.5	6,753.2
PUMP TAXES	1,900.3	1,878.3
CHEMICALS	840.1	870.8
PAYROLL	5,259.3	5,451.9
OTHER O & M	3,388.5	3,512.6
OTHER A & G	251.5	260.7
G.O. PRORATIONS (WITHOUT DEPRECIATION)	6,657.3	6,910.2
PAYROLL TAXES	557.7	587.4
AD VALOREM TAXES	1,207.1	1,259.1
UNCOLLECTIBLES	334.9	341.1
FRANCHISE TAX & BUS LIC. FEES	601.6	612.7
TRANSPORTATION DEPRECIATION ADJUSTMENT	-286.5	-313.2
INTEREST EXPENSE	3,103.0	3,171.9
TOTAL DEDUCTIONS	36,521.8	37,538.9
STATE INCOME TAX		
STATE TAX DEPRECIATION	8,487.5	8,496.2
NET STATE TAXIBLE INCOME	9,926.9	9,915.0
STATE CORP. FRANCHISE TAX @ 8.84%	877.5	876.5
ADDITIONAL UNITARY TAX LIABILITY	3.5	3.3
TOTAL STATE TAX	881.0	879.8
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	5,253.0	5,650.2
STATE INCOME TAX	663.5	881.0
LESS AMERICAN JOB CREATION ACT DEDUCTION	135.4	140.4
LESS PREFERRED STOCK DIVIDEND	12.9	12.9
NET FEDERAL TAXIBLE INCOME	12,349.5	11,726.7
FEDERAL INCOME TAX @ 35.00%	4,322.3	4,104.3
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	4,322.3	4,104.3
TOTAL INCOME TAXES	5,203.3	4,984.1

APPENDIX A

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CALIFORNIA WATER SERVICE COMPANY

D I X O N D I S T R I C T

SUMMARY OF EARNINGS AND RATES OF RETURN

(DOLLARS IN THOUSANDS)

	AT PRESENT RATES <u>2007-8</u>	AT AUTHORIZED RATE OF RETURN <u>2007-8</u>
OPERATING REVENUES	\$1,258.9	\$1,591.5
OPERATING EXPENSES		
PURCHASED WATER	0.0	0.0
REPLENISHMENT ASSESSMENT	0.0	0.0
GROUNDWATER EXTRACTION CHARGE	0.0	0.0
PURCHASED POWER	127.7	127.7
PURCHASED CHEMICALS	8.6	8.6
PAYROLL -- DISTRICT	246.4	246.4
UNCOLLECTIBLES	3.3	4.2
OTHER OPERATION AND MAINTENANCE	173.8	173.8
OTHER ADMIN AND GEN. EXP.	<u>24.7</u>	<u>24.7</u>
TOTAL O. & M., A. & G., & MISC. EXP.	584.5	585.4
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	34.0	34.0
BUSINESS LICENSE FEES	0.1	0.1
LOCAL FRANCHISE TAXES	0.0	0.0
PAYROLL TAXES	<u>20.8</u>	<u>20.8</u>
TOTAL GENERAL TAXES	54.9	54.9
DEPRECIATION	151.0	151.0
G.O. PRORATED EXPENSES:		
PAYROLL AND BENEFITS	182.2	182.2
AD VALOREM TAXES	1.9	1.9
PAYROLL TAXES	6.1	6.1
OTHER PRORATED EXPENSES	<u>68.0</u>	<u>68.0</u>
TOTAL G.O. PRORATED EXPENSES	258.2	258.2
SUB -- TOTAL -- OPERATING EXPENSES	1,048.6	1,049.5
TOTAL INCOME TAXES:	35.6	178.9
TOTAL OPERATING EXPENSES	1,084.2	1,228.4
NET OPERATING REVENUE	174.7	363.1
DEPRECIATED RATE BASE	4,192.8	4,192.8
RATE OF RETURN	4.17%	8.66%

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. DX-1

Dixon Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Dixon and vicinity, Solano County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$1.2831	(I)
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Service Charge:

	<u>Per Meter</u>	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$13.05	(I)
For 3/4-inch meter	19.58	
For 1-inch meter	32.63	
For 1-1/2-inch meter	65.25	
For 2-inch meter	104.40	
For 3-inch meter	186.31	
For 4-inch meter	281.26	
For 6-inch meter	652.50	
For 8-inch meter	1,044.00	
For 10-inch meter	1,500.75	
For 12-inch meter	2,153.25	
For 14-inch meter	2,936.25	(I)

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

SPECIAL CONDITIONS

1. Any service to a residential customer not exceeding two units on a lot size of 10,000 square feet or less who requires a 1-inch meter only because of fire flow requirements to a fire sprinkler system will be billed at the above 5/8 x 3/4-inch meter service charge plus a 25% surcharge, which equals \$ 2.76 per month. (I)
2. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
3. All bills are subject to any applicable surcharges on Schedules RSF and LIRA-SC.
4. Qualifying low-income individually metered and flat rate residential customers, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers are eligible for credits as shown on Schedule LIRA.

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. DX-4

Dixon Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Dixon and vicinity, Solanto County.

RATES

		<u>Per Month</u>	
For	1-1/2-inch connection	\$9.75	(1)
For	2-inch connection	13.00	
For	3-inch connection	19.50	
For	4-inch connection	26.00	
For	6-inch connection	39.00	
For	8-inch connection	52.00	
For	10-inch connection	65.00	
For	12-inch connection	78.00	
For	14-inch connection	91.00	(1)

SPECIAL CONDITIONS

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

APPENDIX C

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California Water Service Company

Dixon District Bill Comparison *

System Revenue Requirement Increase 26.38%

2007-2008 Rates					
Usage		Present	Adopted	Increase	Percent
Ccf		Rates	Rates	Amount	Increase
0		\$ 10.75	\$ 13.05	\$ 2.30	21.40%
10		\$ 20.79	\$ 25.88	\$ 5.09	24.48%
14		\$ 24.80	\$ 31.01	\$ 6.21	25.04%
19	Avg	\$ 29.82	\$ 37.43	\$ 7.61	25.52%
24		\$ 34.84	\$ 43.84	\$ 9.00	25.83%
35		\$ 45.88	\$ 57.96	\$ 12.08	26.33%

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

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

APPENDIX D

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California Water Service Company

Dixon District

Adopted Quantities

Number of Services by meter size:	2007-8	2008-9
5/8 x 3/4	2,332	2,338
3/4	-	-
1	476	477
1 1/2	22	23
2	37	37
3	7	7
4	2	2
6	-	-
8	-	-
10	-	-
TOTAL	2,875	2,883

Metered Sales, KCcf		
Potable	730.8	732.9

Number of Services and Use:

	Avg Services		Use, KCcf		Avg Use, Ccf/Sv/Mo	
	2007-8	2008-9	2007-8	2008-9	2007-8	2008-9
Residential	2,682	2,688	600.5	601.8	18.7	18.7
Business	147	149	52.9	53.6	30.0	30.0
Multi-family	17	17	37.4	37.4	183.6	183.6
Industrial	4	4	0.2	0.2	3.5	3.5
Public Authority	25	25	36.6	36.6	122.0	122.0
Other	2	2	3.2	3.2	134.2	134.2
Sub-Total	2,877	2,885	730.8	732.9		
Residential Flat	-	-	-	-		
Private Fire Prot.	28	30				
Public Fire Prot.	4	4				
TOTAL	2,909	2,919	730.8	732.9		
Losses, 9.35%			75.4	75.6		
Total Production			806.2	808.4		

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

D I X O N D I S T R I C T

ADOPTED QUANTITIES

	<u>FISCAL YR</u> <u>2007-8</u>	<u>FISCAL YR</u> <u>2008-9</u>
(DOLLARS IN THOUSANDS, EXCEPT UNIT COSTS)		
PURCHASED POWER		
SUPPLIER - PG&E (5/1/06 Rates)		
Total Production (kccf)	806.2	808.4
Kwh / ccf	1,059.8	1,059.8
Total calculated KWH	854,443.0	856,775.0
Unit Cost (cents)	\$14.9430	\$14.9430
Power Cost	\$127.7	\$128.0
 TOTAL PURCHASED POWER	 \$127.7	 \$128.0
CHEMICALS		
Total Production (kccf)	806.2	808.4
ADOPTED CHEMICAL DOLLARS	8,600	8,600
 ADOPTED \$ per KCCF	 \$10.67	 \$10.64
Net to Gross Multiplier		
UNCOLLECTABLES RATE		0.26162%
FRANCHISE TAX RATE		0.00000%
BUSINESS LICENSE FEE RATE		0.000000
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULTIPLIER		1.69208

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

D I X O N D I S T R I C T

ADOPTED RATE BASE

(DOLLARS IN THOUSANDS)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2007-8</u>	<u>2008-9</u>	<u>Attrition Increment</u>
RATE BASE						
WTD. AVG. PLANT IN SERVICE	5,381.4	6,611.3	7,631.6	6,937.5	8,325.8	1,388.3
MATERIALS AND SUPPLIES	31.8	31.8	31.8	31.8	31.8	0.0
WORKING CASH - LEAD - LAG	67.9	69.3	69.4	69.4	69.5	0.1
WORKING CASH - W / H EMPLOYEES	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	0.0
WTD. AVG. DEPRECIATION RESERVE	(2,083.1)	(2,177.2)	(2,297.0)	(2,238.3)	(2,363.9)	(125.6)
ADVANCES FOR CONSTRUCTION	(373.2)	(359.3)	(345.4)	(352.4)	(338.5)	13.9
CONTRIBUTIONS	(172.9)	(168.7)	(164.5)	(166.6)	(162.4)	4.2
AMORTIZATION OF INTANG.	(18.8)	(19.3)	(20.3)	(19.8)	(20.9)	(1.1)
DEFERRED TAXES	(256.5)	(275.5)	(298.1)	(286.8)	(309.4)	(22.6)
UNAMORT. I.T.C.	(14.6)	(14.0)	(13.4)	(13.7)	(13.1)	0.6
PRORATED G.O. RATE BASE	127.2	126.8	132.2	132.0	136.3	4.3
TAXES ON ADVANCES	91.6	87.6	83.6	85.6	81.6	(4.0)
TAXES ON C.I.A.C.	17.2	15.6	14.0	14.8	13.2	(1.6)
WTG. AVG. RATE BASE	2,797.5	3,927.9	4,823.4	4,193.0	5,449.5	1,256.5
RATE BASE ASSOCIATED ITEMS						
DEPRECIATION EXPENSE				151.0	159.3	8.3
AD VALOREM TAXES				34.0	46.2	12.3
TOTAL INCOME TAXES AT AUTHORIZED RATE OF RETURN				178.9	213.7	34.8
NET OPERATING REVENUE				363.1	471.9	108.8

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

D I X O N D I S T R I C T

INCOME TAX CALCULATION

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PRESENT RATES)	1,258.9	1,264.1
EXPENSES		
PURCHASED WATER	0.0	0.0
PURCHASED POWER	127.7	128.0
PUMP TAXES	0.0	0.0
CHEMICALS	8.6	8.8
PAYROLL	246.4	252.1
OTHER O & M	173.8	177.1
OTHER A & G	24.7	25.2
G.O. PRORATIONS (WITHOUT DEPRECIATION)	241.7	251.0
PAYROLL TAXES	20.8	21.5
AD VALOREM TAXES	34.0	46.2
UNCOLLECTIBLES	3.3	3.3
FRANCHISE TAX & BUS LIC. FEES	0.1	0.1
TRANSPORTATION DEPRECIATION ADJUSTMENT	-2.2	-2.2
INTEREST EXPENSE	121.9	158.2
TOTAL DEDUCTIONS	1,000.8	1,069.3
STATE INCOME TAX		
STATE TAX DEPRECIATION	254.1	333.6
NET STATE TAXIBLE INCOME	4.0	-138.7
STATE CORP. FRANCHISE TAX @ 8.84%	0.4	-12.3
ADDITIONAL UNITARY TAX LIABILITY	0.0	-0.1
TOTAL STATE TAX	0.4	-12.4
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	147.0	158.7
STATE INCOME TAX	8.7	0.4
LESS AMERICAN JOB CREATION ACT DEDUCTION	1.6	1.6
LESS PREFERRED STOCK DIVIDEND	0.2	0.2
NET FEDERAL TAXIBLE INCOME	100.7	34.0
FEDERAL INCOME TAX @ 35.00%	35.2	11.9
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	35.2	11.9
TOTAL INCOME TAXES	35.6	-0.5

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

D I X O N D I S T R I C T

INCOME TAX CALCULATION

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PROPOSED RATES)	1,591.5	1,777.2
EXPENSES		
PURCHASED WATER	0.0	0.0
PURCHASED POWER	127.7	128.0
PUMP TAXES	0.0	0.0
CHEMICALS	8.6	8.8
PAYROLL	246.4	252.1
OTHER O & M	173.8	177.1
OTHER A & G	24.7	25.2
G.O. PRORATIONS (WITHOUT DEPRECIATION)	241.7	251.0
PAYROLL TAXES	20.8	21.5
AD VALOREM TAXES	34.0	46.2
UNCOLLECTIBLES	4.2	4.6
FRANCHISE TAX & BUS LIC. FEES	0.0	0.0
TRANSPORTATION DEPRECIATION ADJUSTMENT	-2.2	-2.2
INTEREST EXPENSE	121.9	158.2
TOTAL DEDUCTIONS	1,001.6	1,070.5
STATE INCOME TAX		
STATE TAX DEPRECIATION	254.1	333.6
NET STATE TAXIBLE INCOME	335.8	373.2
STATE CORP. FRANCHISE TAX @ 8.84%	29.7	33.0
ADDITIONAL UNITARY TAX LIABILITY	0.0	-0.1
TOTAL STATE TAX	29.7	32.9
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	147.0	158.7
STATE INCOME TAX	14.8	29.7
LESS AMERICAN JOB CREATION ACT DEDUCTION	1.6	1.6
LESS PREFERRED STOCK DIVIDEND	0.2	0.2
NET FEDERAL TAXIBLE INCOME	426.4	516.6
FEDERAL INCOME TAX @ 35.00%	149.2	180.8
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	149.2	180.8
TOTAL INCOME TAXES	178.9	213.7

APPENDIX A

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CALIFORNIA WATER SERVICE COMPANY

K I N G C I T Y D I S T R I C T

SUMMARY OF EARNINGS AND RATES OF RETURN

(DOLLARS IN THOUSANDS)

	PRESENT RATES <u>2007-8</u>	AT AUTHORIZED RATE OF RETURN <u>2007-8</u>
OPERATING REVENUES	\$1,492.7	\$2,025.6
OPERATING EXPENSES		
PURCHASED WATER	0.0	0.0
REPLENISHMENT ASSESSMENT	0.0	0.0
GROUNDWATER EXTRACTION CHARGE	0.0	0.0
PURCHASED POWER	92.1	92.1
PURCHASED CHEMICALS	28.9	28.9
PAYROLL -- DISTRICT	315.2	315.2
UNCOLLECTIBLES	4.4	6.0
OTHER OPERATION AND MAINTENANCE	187.9	187.9
OTHER ADMIN AND GEN. EXP.	<u>40.3</u>	<u>40.3</u>
TOTAL O. & M., A. & G., & MISC. EXP.	668.8	670.4
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	58.0	58.0
LOCAL FRANCHISE TAXES	17.9	23.4
BUSINESS LICENSE FEES	0.0	0.0
PAYROLL TAXES	<u>24.4</u>	<u>24.4</u>
TOTAL GENERAL TAXES	100.2	105.7
DEPRECIATION	221.2	221.2
G.O. PRORATED EXPENSES:		
PAYROLL AND BENEFITS	195.7	195.7
AD VALOREM TAXES	2.1	2.1
PAYROLL TAXES	6.6	6.6
OTHER PRORATED EXPENSES	<u>73.1</u>	<u>73.1</u>
TOTAL G.O. PRORATED EXPENSES	277.5	277.5
SUB -- TOTAL -- OPERATING EXPENSES	1,267.7	1,274.8
TOTAL INCOME TAXES:	14.7	242.4
TOTAL OPERATING EXPENSES	1,282.4	1,517.2
NET OPERATING REVENUE	210.3	508.4
DEPRECIATED RATE BASE	5,871.4	5,871.4
RATE OF RETURN	3.58%	8.66%

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. KC-1

King City Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

King City and vicinity, Monterey County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$1.4784	(I)
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Service Charge:

	<u>Per Meter</u>	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$15.61	(I)
For 3/4-inch meter	23.42	
For 1-inch meter	39.03	
For 1-1/2-inch meter	78.05	
For 2-inch meter	124.88	
For 3-inch meter	234.15	
For 4-inch meter	390.25	
For 6-inch meter	599.01	
For 8-inch meter	941.30	
For 10-inch meter	1,795.15	
For 12-inch meter	2,575.65	
For 14-inch meter	3,512.25	(I)

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

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
2. All bills are subject to any applicable surcharges shown on Schedules RSF and LIRA-SC.
3. Qualifying low-income individually metered and flat rate residential customers, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers are eligible for credits as shown on Schedule LIRA.

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. KC-4

King City Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

King City and vicinity, Monterey County.

RATES

		<u>Per Month</u>	
For	1-1/2-inch connection	\$9.75	(I)
For	2-inch connection	13.00	
For	3-inch connection	19.50	
For	4-inch connection	26.00	
For	6-inch connection	39.00	
For	8-inch connection	52.00	
For	10-inch connection	65.00	
For	12-inch connection	78.00	
For	14-inch connection	91.00	(I)

SPECIAL CONDITIONS

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

APPENDIX C

Page 1 of 1

California Water Service Company

King City District Bill Comparison *

System Revenue Requirement Increase 35.57%

2007-2008 Rates					
Usage		Present	Adopted	Increase	Percent
Ccf		Rates	Rates	Amount	Increase
0		\$ 14.50	\$ 15.61	\$ 1.11	7.66%
10		\$ 24.02	\$ 30.39	\$ 6.37	26.52%
20		\$ 33.54	\$ 45.18	\$ 11.64	34.70%
19	Avg	\$ 32.58	\$ 43.70	\$ 11.12	34.13%
30		\$ 43.05	\$ 59.96	\$ 16.91	39.28%
50		\$ 62.09	\$ 89.53	\$ 27.44	44.19%

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

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

APPENDIX D

Page 1 of 5

California Water Service Company

King City District

Adopted Quantities

Number of Services by meter size:	2007-8	2008-9
5/8 x 3/4	1,783	1,815
3/4	7	7
1	448	454
1 1/2	43	43
2	90	91
3	12	12
4	12	12
6	1	1
8	1	1
10	-	-
TOTAL	2,397	2,437
Metered Sales, KCcf		
Potable	783.3	792.2

Number of Services and Use:

	Avg Services		Use, KCcf		Avg Use, Ccf/Sv/Mo	
	2007-8	2008-9	2007-8	2008-9	2007-8	2008-9
Residential	2,010	2,050	451.6	460.6	18.7	18.7
Business	305	305	240.2	240.2	65.6	65.6
Multi-family	11	11	19.4	19.4	146.7	146.7
Industrial	18	18	24.5	24.5	113.3	113.3
Public Authority	42	41	44.5	44.5	89.3	91.5
Other	10	11	2.3	2.3	20.5	18.6
Sub-Total	2,395	2,435	782.5	791.5		
Residential Flat	-	-	-	-		
Private Fire Prot.	41	42				
Public Fire Prot.	1	1				
TOTAL	2,437	2,478	782.5	791.5		
Losses, 10.18%			88.7	89.7		
Total Production			871.3	881.2		

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

K I N G C I T Y D I S T R I C T

ADOPTED QUANTITIES

	<u>FISCAL YR</u> <u>2007-8</u>	<u>FISCAL YR</u> <u>2008-9</u>
	(DOLLARS IN THOUSANDS, EXCEPT UNIT COSTS)	
PURCHASED POWER		
SUPPLIER - PG&E (5/1/06 Rates)		
Total Production (kccf)	872.0	881.9
Kwh / ccf	713.3	713.3
Total calculated KWH	621,999.0	629,061.0
Unit Cost (cents)	\$14.8094	\$14.8094
Power Cost	\$92.1	\$93.2
 TOTAL PURCHASED POWER	 \$92.1	 \$93.2
CHEMICALS		
Total Production (kccf)	872.0	881.9
ADOPTED CHEMICAL DOLLARS	28,775	29,103
 ADOPTED \$ per KCCF	 \$33.00	 \$33.00
Net to Gross Multiplier		
UNCOLLECTABLES RATE		0.29392%
FRANCHISE TAX RATE		1.19700%
BUSINESS LICENSE FEE RATE		0.000000
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULTIPLIER		1.80751

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

K I N G C I T Y D I S T R I C T

ADOPTED RATE BASE

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>	<u>Attrition Increment</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	10,493.2	10,880.5	387.3
MATERIALS AND SUPPLIES	18.0	18.0	0.0
WORKING CASH - LEAD - LAG	58.9	59.3	0.4
WORKING CASH - W / H EMPLOYEES	(0.5)	(0.5)	0.0
WTD. AVG. DEPRECIATION RESERVE	(2,549.0)	(2,820.9)	(271.9)
ADVANCES FOR CONSTRUCTION	(1,566.1)	(1,546.7)	19.4
CONTRIBUTIONS	(464.5)	(476.3)	(11.8)
AMORTIZATION OF INTANG.	(2.6)	(3.8)	(1.2)
DEFERRED TAXES	(522.6)	(563.0)	(40.4)
UNAMORT. I.T.C.	(9.6)	(9.2)	0.4
PRORATED G.O. RATE BASE	141.9	146.5	4.6
TAXES ON ADVANCES	241.5	227.7	(13.8)
TAXES ON C.I.A.C.	32.7	28.5	(4.2)
WTG. AVG. RATE BASE	5,871.3	5,940.1	68.8
RATE BASE ASSOCIATED ITEMS			
DEPRECIATION EXPENSE	221.2	270.5	49.3
AD VALOREM TAXES	58.0	76.7	18.8
TOTAL INCOME TAXES AT AUTHORIZED RATE OF RETURN	242.4	241.5	(0.9)
NET OPERATING REVENUE	508.4	514.4	6.0

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

K I N G C I T Y D I S T R I C T

INCOME TAX CALCULATION

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PRESENT RATES)	1,492.7	1,511.2
EXPENSES		
PURCHASED WATER	0.0	0.0
PURCHASED POWER	92.1	93.2
PUMP TAXES	0.0	0.0
CHEMICALS	28.9	29.5
PAYROLL	315.2	321.3
OTHER O & M	187.9	191.5
OTHER A & G	40.3	41.0
G.O. PRORATIONS (WITHOUT DEPRECIATION)	259.7	269.6
PAYROLL TAXES	24.4	25.2
AD VALOREM TAXES	58.0	76.7
UNCOLLECTIBLES	4.4	4.4
FRANCHISE TAX & BUS LIC. FEES	17.9	18.1
TRANSPORTATION DEPRECIATION ADJUSTMENT	-10.3	-14.9
INTEREST EXPENSE	169.6	171.6
TOTAL DEDUCTIONS	1,188.1	1,227.2
STATE INCOME TAX		
STATE TAX DEPRECIATION	388.1	382.1
NET STATE TAXIBLE INCOME	-83.5	-98.1
STATE CORP. FRANCHISE TAX @ 8.84%	-7.4	-8.7
ADDITIONAL UNITARY TAX LIABILITY	-0.1	-0.1
TOTAL STATE TAX	-7.5	-8.8
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	231.9	283.2
STATE INCOME TAX	5.2	-7.5
LESS AMERICAN JOB CREATION ACT DEDUCTION	3.9	3.9
LESS PREFERRED STOCK DIVIDEND	0.3	0.3
NET FEDERAL TAXIBLE INCOME	63.4	4.1
FEDERAL INCOME TAX @ 35.00%	22.2	1.4
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	22.2	1.4
TOTAL INCOME TAXES	14.7	-7.4

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

K I N G C I T Y D I S T R I C T

INCOME TAX CALCULATION

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PROPOSED RATES)	2,025.6	2,125.4
EXPENSES		
PURCHASED WATER	0.0	0.0
PURCHASED POWER	92.1	93.2
PUMP TAXES	0.0	0.0
CHEMICALS	28.9	29.5
PAYROLL	315.2	321.3
OTHER O & M	187.9	191.5
OTHER A & G	40.3	41.0
G.O. PRORATIONS (WITHOUT DEPRECIATION)	259.7	269.6
PAYROLL TAXES	24.4	25.2
AD VALOREM TAXES	58.0	76.7
UNCOLLECTIBLES	6.0	6.2
FRANCHISE TAX & BUS LIC. FEES	23.4	25.8
TRANSPORTATION DEPRECIATION ADJUSTMENT	-10.3	-14.9
INTEREST EXPENSE	169.6	171.6
TOTAL DEDUCTIONS	1,195.2	1,236.7
STATE INCOME TAX		
STATE TAX DEPRECIATION	388.1	382.1
NET STATE TAXIBLE INCOME	442.3	506.6
STATE CORP. FRANCHISE TAX @ 8.84%	39.1	44.8
ADDITIONAL UNITARY TAX LIABILITY	-0.1	-0.1
TOTAL STATE TAX	39.0	44.7
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	231.9	283.2
STATE INCOME TAX	13.3	39.0
LESS AMERICAN JOB CREATION ACT DEDUCTION	3.9	3.9
LESS PREFERRED STOCK DIVIDEND	0.3	0.3
NET FEDERAL TAXIBLE INCOME	581.1	562.3
FEDERAL INCOME TAX @ 35.00%	203.4	196.8
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	203.4	196.8
TOTAL INCOME TAXES	242.4	241.5

APPENDIX A

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CALIFORNIA WATER SERVICE COMPANY

OROVILLE

SUMMARY OF EARNINGS AND RATES OF RETURN

(DOLLARS IN THOUSANDS)

	PRESENT RATES <u>2007-8</u>	AT AUTHORIZED RATE OF RETURN <u>2007-8</u>
OPERATING REVENUES	\$2,505.0	\$3,073.3
OPERATING EXPENSES		
PURCHASED WATER	79.3	79.3
REPLENISHMENT ASSESSMENT	0.0	0.0
GROUNDWATER EXTRACTION CHARGE	0.0	0.0
PURCHASED POWER	218.5	218.5
PURCHASED CHEMICALS	60.8	60.8
PAYROLL -- DISTRICT	572.8	572.8
UNCOLLECTIBLES	17.4	21.4
OTHER OPERATION AND MAINTENANCE	254.4	254.4
OTHER ADMIN AND GEN. EXP.	<u>63.6</u>	<u>63.6</u>
TOTAL O. & M., A. & G., & MISC. EXP.	1,266.8	1,270.8
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	60.5	60.5
LOCAL FRANCHISE TAXES 0.00000%	0.0	0.0
BUSINESS LICENSE FEES	0.1	0.1
PAYROLL TAXES	<u>45.1</u>	<u>45.1</u>
TOTAL GENERAL TAXES	105.7	105.7
DEPRECIATION	310.7	310.7
G.O. PRORATED EXPENSES:		
PAYROLL AND BENEFITS	350.9	350.9
AD VALOREM TAXES	3.7	3.7
PAYROLL TAXES	11.7	11.7
OTHER PRORATED EXPENSES	<u>131.1</u>	<u>131.1</u>
TOTAL G.O. PRORATED EXPENSES	497.4	497.4
SUB -- TOTAL -- OPERATING EXPENSES	2,180.6	2,184.6
TOTAL INCOME TAXES:	91.0	334.7
TOTAL OPERATING EXPENSES	2,271.6	2,519.3
NET OPERATING REVENUE	233.4	554.0
DEPRECIATED RATE BASE	6,398.0	6,398.0
RATE OF RETURN	3.65%	8.66%

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. OR-1

Oroville Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Oroville and vicinity, Butte County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$1.2250	(I)
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Service Charge:

	<u>Per Meter</u>	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$23.78	(I)
For 3/4-inch meter	35.67	
For 1-inch meter	43.52	
For 1-1/2-inch meter	88.24	
For 2-inch meter	112.79	
For 3-inch meter	209.41	
For 4-inch meter	288.67	
For 6-inch meter	474.31	
For 8-inch meter	706.30	
For 10-inch meter	2,734.70	
For 12-inch meter	3,923.70	
For 14-inch meter	5,350.50	(I)

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

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
2. All bills are subject any applicable surcharges shown on Schedules RSF and LIRA-SC.
3. Qualifying low-income individually metered and flat rate residential customers, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers are eligible for credits as shown on Schedule LIRA.

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. OR-2R

Oroville Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Oroville and vicinity, Butte County.

RATES

	Per Service Connection	
	<u>Per Month</u>	
For a single-family residential unit, including premises having the following areas:		
6,000 sq. ft., or less	\$52.99	(I)
6,001 to 10,000 sq. ft.	62.56	
10,001 to 16,000 sq. ft.	76.92	
16,001 to 25,000 sq. ft.	96.11	
For each additional single-family residential unit on the same premises and served from the same service connection	37.48	(I)

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. OR-1, General Metered Service.
4. This Schedule is closed to all new connections as of January 20, 1992, the effective date of Tariff Sheet 4336-W.
5. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF.
6. All bills are subject any applicable surcharges shown on Schedules RSF and LIRA-SC.
7. Qualifying low-income individually metered and flat rate residential customers, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers are eligible for credits as shown on Schedule LIRA.

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. OR-2UL

Oroville Tariff Area

LIMITED FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Oroville and vicinity, Butte County.

RATES

	<u>Per Miner's Inch Day</u>
Alex Kosloff	\$17.88 (1)

SPECIAL CONDITIONS

1. Service under this schedule is limited to the above service which was being furnished as of January 1, 1955.
2. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF.

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. OR-3M

Oroville Tariff Area

IRRIGATION SERVICE

APPLICABILITY

Applicable to service of untreated water from the Powers Canal to irrigation districts and to irrigation or mining ditches, for uses including but not limited to the irrigation of vineyards, orchards and pasture lands.

TERRITORY

Lands located along the Powers Canal, between Coal Canyon Powerhouse and Cherokee Reservoir north of the city of Oroville, Butte County.

RATES

	<u>Per Miner's Inch Day</u>
For all water delivered	\$1.6679 (I)

SPECIAL CONDITIONS

1. A miner's inch day is defined as the quantity of water equal to 1/40 of a cubic foot per second flowing continuously for a period of 24 hours.
2. As of August 20, 2004, this schedule is closed to new connections. All customers seeking irrigation service from the Powers Canal should request service under Schedule OR-3M-Interruptible.
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. OR-3M- I

Oroville Tariff Area

INTERRUPTIBLE IRRIGATION SERVICE

APPLICABILITY

Applicable to service of untreated water from the Powers Canal to irrigation districts and to irrigation or mining ditches, for uses including but not limited to the irrigation of vineyards, orchards and pasture lands.

TERRITORY

Lands located along the Powers Canal, between Coal Canyon Powerhouse and Cherokee Reservoir north of the city of Oroville, Butte County.

RATES

	<u>Per Miner's Inch Day</u>
For all water delivered	\$1.6679 (I)

SPECIAL CONDITIONS

1. A miner's inch day is defined as the quantity of water equal to 1/40 of a cubic foot per second flowing continuously for a period of 24 hours.
2. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF.
3. Service on this schedule is subject to interruption based on availability of water supplies in the Powers Canal. On Cal Water's request, the customer will curtail use of water from the canal within two hours.

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. OR-4

Oroville Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Oroville and vicinity, Butte County.

RATES

		<u>Per Month</u>	
For	1-1/2-inch connection	\$9.75	(I)
For	2-inch connection	13.00	
For	3-inch connection	19.50	
For	4-inch connection	26.00	
For	6-inch connection	39.00	
For	8-inch connection	52.00	
For	10-inch connection	65.00	
For	12-inch connection	78.00	
For	14-inch connection	91.00	(I)

SPECIAL CONDITIONS

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

APPENDIX C

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California Water Service Company

Oroville District Bill Comparison *

System Revenue Requirement Increase 22.67%

2007-2008 Rates					
Usage		Present	Adopted	Increase	Percent
Ccf		Rates	Rates	Amount	Increase
0		\$ 16.47	\$ 23.78	\$ 7.31	44.38%
10		\$ 27.52	\$ 36.03	\$ 8.51	30.92%
17	Avg	\$ 35.25	\$ 44.60	\$ 9.35	26.52%
20		\$ 38.56	\$ 48.28	\$ 9.72	25.21%
30		\$ 49.61	\$ 60.53	\$ 10.92	22.01%
50		\$ 71.71	\$ 85.03	\$ 13.32	18.57%
Flat Rates					
6,000 sq. ft. or less		\$ 43.20	\$ 52.99	\$ 9.79	22.66%
6,001-10,000 sq. ft.		\$ 51.00	\$ 62.56	\$ 11.56	22.67%

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

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

APPENDIX D

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California Water Service Company

Oroville District

Adopted Quantities

Number of Services by meter size:	2007-8	2008-9
5/8 x 3/4	2,868	2,894
3/4	1	1
1	185	186
1 1/2	39	39
2	99	100
3	18	19
4	7	7
6	4	4
8	1	1
10	-	-
TOTAL	3,221	3,251

Metered Sales, KCcf		
Potable	1,466.7	1,471.2

Number of Services and Use:

	Avg Services		Use, KCcf		Avg Use, Ccf/Sv/Mo	
	2007-8	2008-9	2007-8	2008-9	2007-8	2008-9
Residential	2,367	2,393	469.4	474.5	16.5	16.5
Business	687	686	444.2	443.6	53.9	53.9
Multi-family	14	14	61.7	61.7	367.0	367.0
Industrial	16	16	192.0	192.0	999.9	999.9
Public Authority	131	135	123.9	123.9	78.8	76.5
Irrigation	8	8	173.7	173.7	1,809.4	1,809.4
Other	8	9	1.9	1.9	21.0	18.5
Sub-Total	3,230	3,260	1,466.7	1,471.2		
Residential Flat	296	282	138.1	138.1		
Private Fire Prot.	82	84				
Public Fire Prot.	8	8				
TOTAL	3,616	3,634	1,604.9	1,609.4		
Losses, 8% (Assumed)			139.6	139.9		
Total Production			1,744.4	1,749.3		

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

OROVILLE

ADOPTED QUANTITIES

	<u>FISCAL YR</u> <u>2007-8</u>	<u>FISCAL YR</u> <u>2008-9</u>
(DOLLARS IN THOUSANDS, EXCEPT UNIT COSTS)		
PURCHASED POWER		
SUPPLIER - PG&E (5/1/06 Rates)		
a) PRODUCTION - KCCF	1,570.8	1,575.7
b) KILOWATT HOURS per KCCF	698.6	698.1
c) KILOWATT HOURS	1,097,325.8	1,099,977.6
d) COST PER KWH	\$0.1991	\$0.1990
e) PURCHASED POWER - \$THOUSANDS	218.5	218.9
Detailed Power Costs		
Well Power Requirements		
a) PRODUCTION - KCCF FROM WELLS	127.5	127.5
b) KILOWATT HOURS per KCCF	976.8	976.8
c) KILOWATT HOURS	124,546.0	124,546.0
d) COST PER KWH	\$0.2256	\$0.2256
e) PURCHASED POWER - WELLS	28.1	28.1
Booster Power Requirements		
a) PRODUCTION - KCCF TOTAL	1,570.8	1,575.7
b) KILOWATT HOURS per KCCF	347.2	347.2
c) KILOWATT HOURS	545,396.0	547,097.0
d) COST PER KWH	\$0.1581	\$0.1581
e) PURCHASED POWER - BOOSTERS	86.2	86.5
Treatment Plant Power Requirements		
a) PRODUCTION - KCCF	1,441.2	1,446.1
b) KILOWATT HOURS per KCCF	194.1	194.1
c) KILOWATT HOURS	279,709.8	280,660.6
d) COST PER KWH	\$0.1490	\$0.1490
e) PURCHASED POWER - TREATMENT PLANT	81.7	81.8
State Water Project Connection Power Requirements		
a) PRODUCTION - KCCF	276.7	276.7
b) KILOWATT HOURS per KCCF	533.8	533.8
c) KILOWATT HOURS	147,674.0	147,674.0
d) COST PER KWH	\$0.1526	\$0.1526
e) PURCHASED POWER - SWP CONNECTION	22.5	22.5
CHEMICALS		
a) PRODUCTION - KCCF	1,570.8	1,575.7
ADOPTED CHEMICAL DOLLARS	60,800	60,800
ADOPTED \$ per KCCF	\$38.71	\$38.59
Net to Gross Multiplier		
UNCOLLECTABLES RATE		0.69629%
FRANCHISE TAX RATE		0.00000%
BUSINESS LICENSE FEE RATE		0.00000%
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULTIPLIER		1.79311

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

OROVILLE

ADOPTED RATE BASE

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>	<u>Attrition Increment</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	12,342.1	12,697.9	355.8
MATERIALS AND SUPPLIES	55.0	55.0	0.0
WORKING CASH - LEAD - LAG	183.4	188.7	5.3
WORKING CASH - W / H EMPLOYEES	(0.9)	(0.9)	0.0
WTD. AVG. DEPRECIATION RESERVE	(4,935.7)	(5,238.9)	(303.2)
ADVANCES FOR CONSTRUCTION	(103.5)	(99.4)	4.1
CONTRIBUTIONS	(676.9)	(668.4)	8.5
AMORTIZATION OF INTANG.	(14.5)	(16.5)	(2.0)
DEFERRED TAXES	(762.0)	(779.9)	(17.9)
UNAMORT. I.T.C.	(30.7)	(29.2)	1.5
PRORATED G.O. RATE BASE	254.3	262.6	8.3
TAXES ON ADVANCES	9.9	9.4	(0.5)
TAXES ON C.I.A.C.	77.5	85.6	8.1
WTG. AVG. RATE BASE	6,398.0	6,466.0	68.0
RATE BASE ASSOCIATED ITEMS			
DEPRECIATION EXPENSE	310.7	327.9	17.2
AD VALOREM TAXES	60.5	63.3	2.8
TOTAL INCOME TAXES AT AUTHORIZED RATE OF RETURN	334.7	322.3	(12.4)
NET OPERATING REVENUE	554.0	559.9	5.9

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

OROVILLE

INCOME TAX CALCULATION

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PRESENT RATES)	2,505.0	2,508.7
EXPENSES		
PURCHASED WATER	79.3	79.3
PURCHASED POWER	218.5	218.9
PUMP TAXES	0.0	0.0
CHEMICALS	60.8	62.2
PAYROLL	572.8	585.8
OTHER O & M	254.4	259.2
OTHER A & G	63.6	65.1
G.O. PRORATIONS (WITHOUT DEPRECIATION)	465.5	483.2
PAYROLL TAXES	45.1	46.7
AD VALOREM TAXES	60.5	63.3
UNCOLLECTIBLES	17.4	17.5
FRANCHISE TAX & BUS LIC. FEES	0.0	0.0
TRANSPORTATION DEPRECIATION ADJUSTMENT	-27.5	-28.7
INTEREST EXPENSE	173.6	179.3
TOTAL DEDUCTIONS	1,983.9	2,031.7
STATE INCOME TAX		
STATE TAX DEPRECIATION	327.6	329.4
NET STATE TAXIBLE INCOME	193.5	147.6
STATE CORP. FRANCHISE TAX @ 8.84%	17.1	13.0
ADDITIONAL UNITARY TAX LIABILITY	0.1	0.1
TOTAL STATE TAX	17.2	13.1
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	273.4	287.5
STATE INCOME TAX	25.5	17.2
LESS AMERICAN JOB CREATION ACT DEDUCTION	10.6	10.9
LESS PREFERRED STOCK DIVIDEND	0.7	0.7
NET FEDERAL TAXIBLE INCOME	210.9	160.8
FEDERAL INCOME TAX @ 35.00%	73.8	56.3
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	73.8	56.3
TOTAL INCOME TAXES	91.0	69.4

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

OROVILLE

INCOME TAX CALCULATION

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PROPOSED RATES)	3,073.3	3,129.8
EXPENSES		
PURCHASED WATER	79.3	79.3
PURCHASED POWER	218.5	218.9
PUMP TAXES	0.0	0.0
CHEMICALS	60.8	62.2
PAYROLL	572.8	585.8
OTHER O & M	254.4	259.2
OTHER A & G	63.6	65.1
G.O. PRORATIONS (WITHOUT DEPRECIATION)	465.5	483.2
PAYROLL TAXES	45.1	46.7
AD VALOREM TAXES	60.5	63.3
UNCOLLECTIBLES	21.4	21.8
FRANCHISE TAX & BUS LIC. FEES	0.0	0.0
TRANSPORTATION DEPRECIATION ADJUSTMENT	-27.5	-28.7
INTEREST EXPENSE	173.6	179.3
TOTAL DEDUCTIONS	1,987.9	2,036.0
STATE INCOME TAX		
STATE TAX DEPRECIATION	327.6	329.4
NET STATE TAXIBLE INCOME	757.8	764.4
STATE CORP. FRANCHISE TAX @ 8.84%	67.0	67.6
ADDITIONAL UNITARY TAX LIABILITY	0.1	0.1
TOTAL STATE TAX	67.1	67.7
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	273.4	287.5
STATE INCOME TAX	36.0	67.1
LESS AMERICAN JOB CREATION ACT DEDUCTION	10.6	10.9
LESS PREFERRED STOCK DIVIDEND	0.7	0.7
NET FEDERAL TAXIBLE INCOME	764.7	727.6
FEDERAL INCOME TAX @ 35.00%	267.7	254.7
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	267.7	254.7
TOTAL INCOME TAXES	334.8	322.4

APPENDIX A

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CALIFORNIA WATER SERVICE COMPANY

SELMA

SUMMARY OF EARNINGS AND RATES OF RETURN

(DOLLARS IN THOUSANDS)

	PRESENT RATES <u>2007-8</u>	AT AUTHORIZED RATE OF RETURN <u>2007-8</u>
OPERATING REVENUES	\$2,794.0	\$3,181.6 ^{1/}
OPERATING EXPENSES		
PURCHASED WATER	0.0	0.0
REPLENISHMENT ASSESSMENT	0.0	0.0
GROUNDWATER EXTRACTION CHARGE	13.6	13.6
PURCHASED POWER	339.7	339.7
PURCHASED CHEMICALS	16.8	16.8
PAYROLL -- DISTRICT	436.5	436.5
UNCOLLECTIBLES	7.6	8.6
OTHER OPERATION AND MAINTENANCE	267.5	267.5
OTHER ADMIN AND GEN. EXP.	<u>71.3</u>	<u>71.3</u>
TOTAL O. & M., A. & G., & MISC. EXP.	1,153.1	1,154.1
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	70.9	70.9
LOCAL FRANCHISE TAXES	0.0	0.0
BUSINESS LICENSE FEES	0.7	0.7
PAYROLL TAXES	<u>29.1</u>	<u>29.1</u>
TOTAL GENERAL TAXES	100.7	100.7
DEPRECIATION	361.5	361.5
G.O. PRORATED EXPENSES:		
PAYROLL AND BENEFITS	415.1	415.1
AD VALOREM TAXES	4.4	4.4
PAYROLL TAXES	13.9	13.9
OTHER PRORATED EXPENSES	<u>155.1</u>	<u>155.1</u>
TOTAL G.O. PRORATED EXPENSES	588.5	588.5
SUB -- TOTAL -- OPERATING EXPENSES	2,203.7	2,204.7
TOTAL INCOME TAXES:	141.4	308.3
TOTAL OPERATING EXPENSES	2,345.1	2,513.0
NET OPERATING REVENUE	448.9	668.6
DEPRECIATED RATE BASE	7,720.6	7,720.6
RATE OF RETURN	5.81%	8.66%

1/ The tariff rates are designed based on 5.9% revenue increase from present rates (\$2,958,800 as opposed to \$3,181,600)

APPENDIX B

CALIFORNIA WATER SERVICE COMPANY

Schedule No. SL-1

Selma Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Selma and vicinity, Fresno County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$ 0.6634	(I)
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Service Charge:

	<u>Per Meter</u> <u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$ 12.54	(I)
For 3/4-inch meter	18.81	
For 1-inch meter	21.32	
For 1-1/2-inch meter	35.10	
For 2-inch meter	45.96	
For 3-inch meter	84.08	
For 4-inch meter	114.33	
For 6-inch meter	192.60	
For 8-inch meter	286.60	
For 10-inch meter	1,442.07	
For 12-inch meter	2,069.01	
For 14-inch meter	2,821.39	(I)

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

SPECIAL CONDITIONS

1. New service connections may be subject to a facilities fee as detailed under Rule 15.
2. Due to an under-collection in the balancing account, a surcharge of \$0.014 per 100 cu. ft. of water used is to be applied to the quantity rates for 36 months from August 1, 2005, the effective date of Advice Letter No. 1647-B.
3. Due to an under-collection in the balancing account, a surcharge of \$0.0041 per 100 cu. ft. of water used is to be applied to the quantity rates for 36 months from August 1, 2005, the effective date of Advice Letter No. 1648-B.
4. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
5. All bills are subject any applicable surcharges shown on Schedules RSF and LIRA-SC.
6. Qualifying low-income individually metered and flat rate residential customers, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers are eligible for credits as shown on Schedule LIRA.

APPENDIX B

Page 2 of 3

CALIFORNIA WATER SERVICE COMPANY

Schedule No. SL-2R

Selma Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

Selma and vicinity, Fresno County.

RATES

For a single-family residential unit, including premises having the following areas:	<u>Per Service Connection per Month</u>	
6,000 sq. ft., or less	\$ 28.69	(I)
6,001 to 10,000 sq. ft.	35.21	
10,001 to 16,000 sq. ft.	43.92	
16,001 to 25,000 sq. ft.	56.20	
For each additional single-family residential unit on the same premises and served from the same service connection	21.11	(I)

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. SL-1, General Metered Service.
4. This Schedule is closed to all new connections as of January 20, 1992, the effective date of Tariff Sheet 4338-W.
5. Due to an under-collection in the balancing account, the following surcharges are to be applied to each bill for 36 months from August 1, 2005, the effective date of Advice Letter No. 1647-B.

For a single-family residential unit, including premises having the following areas:	<u>Surcharge per Service Connection per Month</u>
6,000 sq. ft., or less	\$0.44
6,001 to 10,000 sq. ft.	\$0.53
10,001 to 16,000 sq. ft.	\$0.66
16,001 to 25,000 sq. ft.	\$0.84
For each additional unit served from the same connection	\$0.32
6. Due to an under-collection in the balancing account, the following surcharges are to be applied to each bill for 36 months from August 1, 2005, the effective date of Advice Letter No. 1648-B.

For a single-family residential unit, including premises having the following areas:	<u>Surcharge per Service Connection per Month</u>
6,000 sq. ft., or less	\$0.13
6,001 to 10,000 sq. ft.	\$0.16
10,001 to 16,000 sq. ft.	\$0.19
16,001 to 25,000 sq. ft.	\$0.25
For each additional unit served from the same connection	\$0.09
7. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
8. All bills are subject any applicable surcharges shown on Schedules RSF and LIRA-SC.
9. Qualifying low-income individually metered and flat rate residential customers, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers are eligible for credits as shown on Schedule LIRA.

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. SL-4

Selma Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Selma and vicinity, Fresno County.

RATES

		<u>Per Month</u>	
For	1-1/2-inch connection	\$ 9.75	(I)
For	2-inch connection	13.00	
For	3-inch connection	19.50	
For	4-inch connection	26.00	
For	6-inch connection	39.00	
For	8-inch connection	52.00	
For	10-inch connection	65.00	
For	12-inch connection	78.00	
For	14-inch connection	91.00	(I)

SPECIAL CONDITIONS

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

APPENDIX C

Page 1 of 1

California Water Service Company

Selma District Bill Comparison *

System Revenue Requirement Increase 5.88%

2007-2008 Rates					
Usage		Present	Adopted	Increase	Percent
Ccf		Rates	Rates	Amount	Increase
0		\$ 11.22	\$ 12.54	\$ 1.32	11.76%
10		\$ 17.69	\$ 19.17	\$ 1.48	8.37%
20		\$ 24.15	\$ 25.81	\$ 1.66	6.87%
26.0	Avg	\$ 28.00	\$ 29.76	\$ 1.76	6.29%
30		\$ 30.62	\$ 32.44	\$ 1.82	5.94%
50		\$ 43.56	\$ 45.71	\$ 2.15	4.94%
Flat Rates					
6,000 sq. ft. or less		\$ 27.10	\$ 28.69	\$ 1.59	5.87%
6,001-10,000 sq. ft.		\$ 33.25	\$ 35.21	\$ 1.96	5.89%

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

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

APPENDIX D

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California Water Service Company

Selma District

Adopted Quantities

Number of Services by meter size:	2007-8	2008-9
5/8 x 3/4	2,988	3,134
3/4	-	-
1	207	211
1 1/2	62	63
2	136	137
3	27	28
4	11	11
6	3	3
8	-	-
10	-	-
TOTAL	3,434	3,587

Metered Sales, KCcf		
Potable	1,585.1	1,631.8

Number of Services and Use:

	Avg Services		Use, KCcf		Avg Use, Ccf/Sv/Mo	
	2007-8	2008-9	2007-8	2008-9	2007-8	2008-9
Residential	2,791	2,941	869.2	915.9	26.0	26.0
Business	469	469	333.9	333.9	59.3	59.3
Multi-family	41	41	183.0	183.0	371.9	371.9
Industrial	17	17	30.5	30.5	149.4	149.4
Public Authority	103	105	128.0	128.0	103.5	101.6
Other	13	14	40.6	40.6	270.6	250.6
Sub-Total	<u>3,434</u>	<u>3,587</u>	<u>1,585.1</u>	<u>1,631.8</u>		
Residential Flat	2,760	2,756	1,354.5	1,354.5		
Private Fire Prot.	68	69				
Public Fire Prot.	8	8				
TOTAL	<u>6,270</u>	<u>6,420</u>	<u>2,939.6</u>	<u>2,986.3</u>		
Losses, 8% (Assumed)			255.6	259.7		
Total Production			<u>3,195.2</u>	<u>3,245.9</u>		

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

SELMA

ADOPTED QUANTITIES

	<u>FISCAL YR</u> 2007-8	<u>ESCALATION YR</u> 2008-9
(DOLLARS IN THOUSANDS, EXCEPT UNIT COSTS)		
PURCHASED POWER		
SUPPLIER - PG&E (5/1/06 Rates)		
Total Production (kccf)	3,195.1	3,245.9
Kwh / ccf	782.8	782.8
Total calculated KWH	2,501,021.5	2,540,755.1
Unit Cost	\$0.1358	\$0.1349
Power Cost	\$339.7	\$342.7
TOTAL PURCHASED POWER	\$339.7	\$342.7
PUMP TAXES		
FIXED ANNUAL FEE	13,607.6	13,607.6
GROUND WATER CHARGES - \$ in THOUSANDS	\$13.6	\$13.6
CHEMICALS		
Total Production (kccf)	3,195.1	3,245.9
ADOPTED CHEMICAL DOLLARS	16,753	16,913
ADOPTED \$ per KCCF	\$5.24	\$5.21
Net to Gross Multiplier		
UNCOLLECTABLES RATE		0.27101%
FRANCHISE TAX RATE		0.00000%
BUSINESS LICENSE FEE RATE		0.00000%
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULTIPLIER		1.78547

APPENDIX D

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CALIFORNIA WATER SERVICE CO.

SELMA

ADOPTED RATE BASE

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>	<u>Attrition Increment</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	17,649.8	17,945.0	295.2
MATERIALS AND SUPPLIES	33.4	33.4	0.0
WORKING CASH - LEAD - LAG	62.6	70.1	7.5
WORKING CASH - W / H EMPLOYEES	(1.0)	(1.0)	0.0
WTD. AVG. DEPRECIATION RESERVE	(4,511.8)	(4,912.9)	(401.1)
ADVANCES FOR CONSTRUCTION	(3,976.7)	(4,271.4)	(294.7)
CONTRIBUTIONS	(1,088.9)	(1,081.8)	7.1
AMORTIZATION OF INTANG.	(53.0)	(53.0)	0.0
DEFERRED TAXES	(1,270.3)	(1,345.1)	(74.8)
UNAMORT. I.T.C.	(24.8)	(23.7)	1.1
PRORATED G.O. RATE BASE	300.8	310.6	9.8
TAXES ON ADVANCES	511.6	512.5	0.9
TAXES ON C.I.A.C.	88.9	80.2	(8.7)
WTG. AVG. RATE BASE	7,720.6	7,262.9	(457.7)
RATE BASE ASSOCIATED ITEMS			
DEPRECIATION EXPENSE	361.5	370.6	9.1
AD VALOREM TAXES	70.9	76.0	5.2
TOTAL INCOME TAXES AT AUTHORIZED RATE OF RETURN	308.3	276.7	(31.6)
NET OPERATING REVENUE	668.6	628.9	(39.7)

APPENDIX D

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CALIFORNIA WATER SERVICE CO.

SELMA

INCOME TAX CALCULATION

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PRESENT RATES)	2,794.0	2,848.0
EXPENSES		
PURCHASED WATER	0.0	0.0
PURCHASED POWER	339.7	342.7
PUMP TAXES	13.6	13.6
CHEMICALS	16.8	17.6
PAYROLL	436.5	449.4
OTHER O & M	267.5	272.7
OTHER A & G	71.3	74.3
G.O. PRORATIONS (WITHOUT DEPRECIATION)	550.8	571.5
PAYROLL TAXES	29.1	30.1
AD VALOREM TAXES	70.9	76.0
UNCOLLECTIBLES	7.6	7.7
FRANCHISE TAX & BUS LIC. FEES	0.7	0.7
TRANSPORTATION DEPRECIATION ADJUSTMENT	-15.9	-18.9
INTEREST EXPENSE	217.2	208.1
TOTAL DEDUCTIONS	2,005.8	2,045.5
STATE INCOME TAX		
STATE TAX DEPRECIATION	632.8	599.0
NET STATE TAXIBLE INCOME	155.4	203.5
STATE CORP. FRANCHISE TAX @ 8.84%	13.7	18.0
ADDITIONAL UNITARY TAX LIABILITY	0.1	0.1
TOTAL STATE TAX	13.8	18.1
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	398.5	414.7
STATE INCOME TAX	17.4	13.8
LESS AMERICAN JOB CREATION ACT DEDUCTION	6.8	7.1
LESS PREFERRED STOCK DIVIDEND	0.8	0.8
NET FEDERAL TAXIBLE INCOME	364.7	366.1
FEDERAL INCOME TAX @ 35.00%	127.6	128.1
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	127.6	128.1
TOTAL INCOME TAXES	141.4	146.2

APPENDIX D

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CALIFORNIA WATER SERVICE CO.

SELMA

INCOME TAX CALCULATION

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PROPOSED RATES)	3,181.6	3,173.8
EXPENSES		
PURCHASED WATER	0.0	0.0
PURCHASED POWER	339.7	342.7
PUMP TAXES	13.6	13.6
CHEMICALS	16.8	17.6
PAYROLL	436.5	449.4
OTHER O & M	267.5	272.7
OTHER A & G	71.3	74.3
G.O. PRORATIONS (WITHOUT DEPRECIATION)	550.8	571.5
PAYROLL TAXES	29.1	30.1
AD VALOREM TAXES	70.9	76.0
UNCOLLECTIBLES	8.6	8.6
FRANCHISE TAX & BUS LIC. FEES	0.7	0.7
TRANSPORTATION DEPRECIATION ADJUSTMENT	-15.9	-18.9
INTEREST EXPENSE	217.2	208.1
TOTAL DEDUCTIONS	2,006.8	2,046.4
STATE INCOME TAX		
STATE TAX DEPRECIATION	632.8	599.0
NET STATE TAXIBLE INCOME	542.0	528.4
STATE CORP. FRANCHISE TAX @ 8.84%	47.9	46.7
ADDITIONAL UNITARY TAX LIABILITY	0.1	0.1
TOTAL STATE TAX	48.0	46.8
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	398.5	414.7
STATE INCOME TAX	24.9	48.0
LESS AMERICAN JOB CREATION ACT DEDUCTION	6.8	7.1
LESS PREFERRED STOCK DIVIDEND	0.8	0.8
NET FEDERAL TAXIBLE INCOME	743.7	656.8
FEDERAL INCOME TAX @ 35.00%	260.3	229.9
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	260.3	229.9
TOTAL INCOME TAXES	308.3	276.7

APPENDIX A

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CALIFORNIA WATER SERVICE COMPANY

SOUTH SAN FRANCISCO

SUMMARY OF EARNINGS AND RATES OF RETURN

(DOLLARS IN THOUSANDS)

	PRESENT RATES <u>2007-8</u>	AT AUTHORIZED RATE OF RETURN <u>2007-8</u>
OPERATING REVENUES	\$10,792.3	\$12,100.4
OPERATING EXPENSES		
PURCHASED WATER	5,347.8	5,347.8
REPLENISHMENT ASSESSMENT	0.0	0.0
GROUNDWATER EXTRACTION CHARGE	0.0	0.0
PURCHASED POWER	76.5	76.5
PURCHASED CHEMICALS	0.9	0.9
PAYROLL -- DISTRICT	844.3	844.3
UNCOLLECTIBLES	13.9	15.6
OTHER OPERATION AND MAINTENANCE	721.2	721.2
OTHER ADMIN AND GEN. EXP.	<u>71.6</u>	<u>71.6</u>
TOTAL O. & M., A. & G., & MISC. EXP.	7,076.1	7,077.8
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	174.9	174.9
LOCAL FRANCHISE TAXES	0.0	0.0
BUSINESS LICENSE FEES	2.1	2.1
PAYROLL TAXES	<u>73.0</u>	<u>73.0</u>
TOTAL GENERAL TAXES	250.0	250.0
DEPRECIATION	803.0	803.0
G.O. PRORATED EXPENSES:		
PAYROLL AND BENEFITS	1,103.5	1,103.5
AD VALOREM TAXES	11.6	11.6
PAYROLL TAXES	36.9	36.9
OTHER PRORATED EXPENSES	<u>412.2</u>	<u>412.2</u>
TOTAL G.O. PRORATED EXPENSES	1,564.2	1,564.2
SUB -- TOTAL -- OPERATING EXPENSES	9,693.3	9,695.0
TOTAL INCOME TAXES:	228.5	791.4
TOTAL OPERATING EXPENSES	9,921.9	10,486.5
NET OPERATING REVENUE	870.5	1,613.9
DEPRECIATED RATE BASE	18,636.4	18,636.4
RATE OF RETURN	4.67%	8.66%

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. SS-1

South San Francisco Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

South San Francisco and vicinity, San Mateo County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$ 2.1711	(I)
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Service Charge:

	Per Meter <u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$ 9.62	(I)
For 3/4-inch meter	14.43	
For 1-inch meter	24.05	
For 1-1/2-inch meter	48.10	
For 2-inch meter	73.66	
For 3-inch meter	141.97	
For 4-inch meter	176.80	
For 6-inch meter	291.99	
For 8-inch meter	428.62	
For 10-inch meter	561.27	
For 12-inch meter	1,587.64	
For 14-inch meter	2,164.50	(I)

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

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fees set forth on Schedule No. UF.
2. All bills are subject any applicable surcharges shown on Schedules RSF and LIRA-SC.
3. Qualifying low-income individually metered and flat rate residential customers, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers are eligible for credits as shown on Schedule LIRA.

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. SS-4

South San Francisco Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

South San Francisco and vicinity, San Mateo County.

RATES

	<u>Per Month</u>	
For 1-1/2-inch connection	\$ 9.75	(I)
For 2-inch connection	13.00	
For 3-inch connection	19.50	
For 4-inch connection	26.00	
For 6-inch connection	39.00	
For 8-inch connection	52.00	
For 10-inch connection	65.00	
For 12-inch connection	78.00	
For 14-inch connection	91.00	(I)

SPECIAL CONDITIONS

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

APPENDIX C

Page 1 of 1

California Water Service Company

South San Francisco District Bill Comparison *

System Revenue Requirement Increase 12.11%

2007-2008 Rates					
Usage Ccf		Present Rates	Adopted Rates	Increase Amount	Percent Increase
0		\$ 9.20	\$ 9.62	\$ 0.42	4.57%
3		\$ 14.93	\$ 16.13	\$ 1.20	8.04%
7		\$ 22.58	\$ 24.82	\$ 2.24	9.92%
10	Avg	\$ 28.31	\$ 31.33	\$ 3.02	10.67%
15		\$ 37.86	\$ 42.19	\$ 4.33	11.44%
20		\$ 47.42	\$ 53.04	\$ 5.62	11.85%

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

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

APPENDIX D

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California Water Service Company

South San Francisco District

Adopted Quantities

Number of Services by meter size:	2007-8	2008-9
5/8 x 3/4	14,016	14,090
3/4	-	-
1	1,303	1,310
1 1/2	363	364
2	500	493
3	96	97
4	45	45
6	9	9
8	1	1
10	-	-
TOTAL	16,333	16,408
Metered Sales, KCcf		
Potable	4,005.3	4,024.2

Number of Services and Use:

	Avg Services		Use, KCcf		Avg Use, Ccf/Sv/Mo	
	2007-8	2008-9	2007-8	2008-9	2007-8	2008-9
Residential	13,978	14,051	1,597.6	1,606.0	9.5	9.5
Business	1,909	1,921	1,684.1	1,694.7	73.5	73.5
Multi-family	151	151	187.2	187.2	103.3	103.3
Industrial	68	67	316.9	316.9	391.3	397.1
Public Authority	221	221	204.9	204.9	77.3	77.3
Other	9	4	14.5	14.5	141.7	301.1
Sub-Total	16,335	16,414	4,005.3	4,024.2		
Residential Flat	-	-	-	-		
Private Fire Prot.	558	571				
Public Fire Prot.	21	22				
TOTAL	16,914	17,007	4,005.3	4,024.2		
Losses, 8% (Assumed)			124.9	125.5		
Total Production			4,130.2	4,149.7		

APPENDIX D

Page 2 of 5

CALIFORNIA WATER SERVICE COMPANY
SOUTH SAN FRANCISCOADOPTED QUANTITIES

	<u>FISCAL YR</u> <u>2007-8</u>	<u>ESCALATION YR</u> <u>2008-9</u>
(DOLLARS IN THOUSANDS, EXCEPT UNIT COSTS)		
PURCHASED POWER		
SUPPLIER - PG&E (5/1/06 Rates)		
Total Production (kccf)	4,130.1	4,149.6
Kwh / ccf	115.7	115.7
Total calculated KWH	477,718.5	479,972.8
Unit Cost	\$0.1602	\$0.1602
Power Cost	\$76.5	\$76.9
TOTAL PURCHASED POWER	\$76.5	\$76.9
<u>Detail - Boosters</u>		
Total Production (kccf)	4,130.1	4,149.6
Kwh / ccf	115.7	115.7
Total calculated KWH	477,719	479,973
Unit Cost	\$0.1602	\$0.1602
Power Cost	\$76.5	\$76.9
<u>Detail - Wells</u>		
Groundwater Production (kccf)	0.0	0.0
Kwh / ccf	1,928.7	1,928.7
Total calculated KWH	0	0
Unit Cost	\$0.1469	\$0.1469
Power Cost	\$0.0	\$0.0
PURCHASED WATER		
<u>SAN FRANCISCO PUBLIC UTILITIES COMMISSION</u>		
<u>SFWD SERVICE CHARGES</u>		
SFWD SERVICE CHARGES -MONTHLY	\$18.5	\$18.5
-ANNUAL \$-THOUS	\$222.3	\$222.3
<u>SFWD COMMODITY CHARGES</u>		
TOTAL WATER PURCHASED -KCCF	4,130	4,130
RATE FOR WATER DELIVERED - Per CCF	\$1.22	\$1.22
QUANTITY CHARGES	5,038.8	5,038.8
<u>FEES TO BAY AREA WATER USERS ASSOCIATION</u>		
	86.7	86.7
TOTAL PURCHASED WATER COSTS	\$5,347.8	\$5,347.8
CHEMICALS		
Total Production (kccf)	4,130.1	4,149.6
ADOPTED CHEMICAL DOLLARS	866	868
ADOPTED \$ per KCCF	\$0.21	\$0.21
Net to Gross Multiplier		
UNCOLLECTABLES RATE		0.12878%
FRANCHISE TAX RATE		0.00000%
BUSINESS LICENSE FEE RATE		0.000000
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULTIPLIER		1.78292

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

SOUTH SAN FRANCISCO

ADOPTED RATE BASE

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>	<u>Attrition Increment</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	43,320.3	45,209.3	1,889.0
MATERIALS AND SUPPLIES	156.7	156.7	0.0
WORKING CASH - LEAD - LAG	425.0	433.2	8.2
WORKING CASH - W / H EMPLOYEES	(2.7)	(2.7)	0.0
WTD. AVG. DEPRECIATION RESERVE	(13,636.6)	(14,534.9)	(898.3)
ADVANCES FOR CONSTRUCTION	(5,482.6)	(5,797.8)	(315.2)
CONTRIBUTIONS	(5,174.7)	(5,144.0)	30.7
AMORTIZATION OF INTANG.	(41.1)	(41.2)	(0.1)
DEFERRED TAXES	(2,642.8)	(2,769.6)	(126.8)
UNAMORT. I.T.C.	(70.6)	(67.4)	3.2
PRORATED G.O. RATE BASE	799.7	825.8	26.1
TAXES ON ADVANCES	573.0	558.2	(14.8)
TAXES ON C.I.A.C.	412.8	392.9	(19.9)
WTG. AVG. RATE BASE	18,636.4	19,218.5	582.1
RATE BASE ASSOCIATED ITEMS			
DEPRECIATION EXPENSE	803.0	843.9	40.9
AD VALOREM TAXES	174.9	184.8	9.9
TOTAL INCOME TAXES AT AUTHORIZED RATE OF RETURN	791.4	790.7	(0.7)
NET OPERATING REVENUE	1,613.9	1,664.4	50.5

APPENDIX D

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CALIFORNIA WATER SERVICE CO.
SOUTH SAN FRANCISCOINCOME TAX CALCULATION
(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PRESENT RATES)	10,792.3	10,863.1
EXPENSES		
PURCHASED WATER	5,347.8	5,371.6
PURCHASED POWER	76.5	76.9
PUMP TAXES	0.0	0.0
CHEMICALS	0.9	0.9
PAYROLL	844.3	876.4
OTHER O & M	721.2	738.4
OTHER A & G	71.6	73.1
G.O. PRORATIONS (WITHOUT DEPRECIATION)	1,464.0	1,519.5
PAYROLL TAXES	73.0	75.5
AD VALOREM TAXES	174.9	184.8
UNCOLLECTIBLES	13.9	14.0
FRANCHISE TAX & BUS LIC. FEES	2.1	2.1
TRANSPORTATION DEPRECIATION ADJUSTMENT	-42.3	-44.0
INTEREST EXPENSE	509.9	525.7
TOTAL DEDUCTIONS	9,257.7	9,414.8
STATE INCOME TAX		
STATE TAX DEPRECIATION	1,309.8	1,371.5
NET STATE TAXIBLE INCOME	224.9	76.8
STATE CORP. FRANCHISE TAX @ 8.84%	19.9	6.8
ADDITIONAL UNITARY TAX LIABILITY	0.1	0.0
TOTAL STATE TAX	20.0	6.8
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	905.9	920.3
STATE INCOME TAX	30.9	20.0
LESS AMERICAN JOB CREATION ACT DEDUCTION	0.0	0.0
LESS PREFERRED STOCK DIVIDEND	2.0	2.0
NET FEDERAL TAXIBLE INCOME	595.8	505.9
FEDERAL INCOME TAX @ 35.00%	208.5	177.1
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	208.5	177.1
TOTAL INCOME TAXES	228.5	183.9

APPENDIX D

Page 5 of 5

CALIFORNIA WATER SERVICE CO.
SOUTH SAN FRANCISCOINCOME TAX CALCULATION
(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PROPOSED RATES)	12,100.4	12,341.4
EXPENSES		
PURCHASED WATER	5,347.8	5,371.6
PURCHASED POWER	76.5	76.9
PUMP TAXES	0.0	0.0
CHEMICALS	0.9	0.9
PAYROLL	844.3	876.4
OTHER O & M	721.2	738.4
OTHER A & G	71.6	73.1
G.O. PRORATIONS (WITHOUT DEPRECIATION)	1,464.0	1,519.5
PAYROLL TAXES	73.0	75.5
AD VALOREM TAXES	174.9	184.8
UNCOLLECTIBLES	15.6	15.9
FRANCHISE TAX & BUS LIC. FEES	2.1	2.1
TRANSPORTATION DEPRECIATION ADJUSTMENT	-42.3	-44.0
INTEREST EXPENSE	509.9	525.7
TOTAL DEDUCTIONS	9,259.4	9,416.7
STATE INCOME TAX		
STATE TAX DEPRECIATION	1,309.8	1,371.5
NET STATE TAXIBLE INCOME	1,531.2	1,553.2
STATE CORP. FRANCHISE TAX @ 8.84%	135.4	137.3
ADDITIONAL UNITARY TAX LIABILITY	0.1	0.0
TOTAL STATE TAX	135.5	137.3
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	905.9	920.3
STATE INCOME TAX	59.1	135.5
LESS AMERICAN JOB CREATION ACT DEDUCTION	0.0	0.0
LESS PREFERRED STOCK DIVIDEND	2.0	2.0
NET FEDERAL TAXIBLE INCOME	1,874.0	1,866.8
FEDERAL INCOME TAX @ 35.00%	655.9	653.4
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	655.9	653.4
TOTAL INCOME TAXES	791.4	790.7

APPENDIX A

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CALIFORNIA WATER SERVICE COMPANY

WESTLAKE DISTRICT

SUMMARY OF EARNINGS AND RATES OF RETURN

(DOLLARS IN THOUSANDS)

	PRESENT RATES <u>2007-8</u>	AT AUTHORIZED RATE OF RETURN <u>2007-8</u>
OPERATING REVENUES	\$10,131.6	\$10,418.6
OPERATING EXPENSES		
PURCHASED WATER	6,551.5	6,551.5
REPLENISHMENT ASSESSMENT	0.0	0.0
GROUNDWATER EXTRACTION CHARGE	0.0	0.0
PURCHASED POWER	257.7	257.7
PURCHASED CHEMICALS	0.2	0.2
PAYROLL -- DISTRICT	609.3	609.3
UNCOLLECTIBLES	6.0	6.2
OTHER OPERATION AND MAINTENANCE	474.8	474.8
OTHER ADMIN AND GEN. EXP.	<u>98.1</u>	<u>98.1</u>
TOTAL O. & M., A. & G., & MISC. EXP.	7,997.5	7,997.7
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	38.0	38.0
FRANCHISE TAXES	104.1	107.0
BUSINESS LICENSE FEES	0.0	0.0
PAYROLL TAXES	<u>49.2</u>	<u>49.2</u>
TOTAL GENERAL TAXES	191.2	194.1
DEPRECIATION	404.7	404.7
G.O. PRORATED EXPENSES:		
PAYROLL AND BENEFITS	830.1	830.1
AD VALOREM TAXES	8.7	8.7
PAYROLL TAXES	27.8	27.8
OTHER PRORATED EXPENSES	<u>310.1</u>	<u>310.1</u>
TOTAL G.O. PRORATED EXPENSES	1,176.7	1,176.7
SUB -- TOTAL -- OPERATING EXPENSES	9,770.2	9,773.3
TOTAL INCOME TAXES:	107.3	230.5
TOTAL OPERATING EXPENSES	9,877.5	10,003.8
NET OPERATING REVENUE	254.1	414.8
DEPRECIATED RATE BASE	4,790.1	4,790.1
RATE OF RETURN	5.30%	8.66%

APPENDIX B

Page 1 of 3

CALIFORNIA WATER SERVICE COMPANY

Schedule No. WK-1

Westlake Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Westlake Village, in the southern part of Ventura County, within the City of Thousand Oaks and vicinity.

RATES

Quantity Rates:

Per 100 cu. ft.	\$ 2.1813	(I)
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Service Charge:

Per Meter Per Month

For 5/8 x 3/4-inch meter	\$ 14.28	(I)
For 3/4-inch meter	17.28	
For 1-inch meter	19.65	
For 1-1/2-inch meter	35.40	
For 2-inch meter	53.89	
For 3-inch meter	102.50	
For 4-inch meter	179.64	
For 6-inch meter	353.99	
For 8-inch meter	821.26	
For 10-inch meter	1,163.69	
For 12-inch meter	1,669.74	
For 14-inch meter	2,276.92	(I)

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

SPECIAL CONDITIONS

1. Any designated reclaimed water customer who refuses reclaimed service shall be subject to an additional charge equivalent to 50% of the current Calleguas Municipal Water District (CMWD) potable water rate. This charge was instituted by Ordinance No. 17 of the CMWD on July 15, 1994, which calculates to \$0.5406 per Ccf.
2. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
3. All bills are subject any applicable surcharges shown on Schedules RSF and LIRA-SC.
4. Qualifying low-income individually metered and flat rate residential customers, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers are eligible for credits as shown on Schedule LIRA.

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. WK-4

Westlake Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Westlake Village, in the southern part of Ventura County, within the City of Thousand Oaks and vicinity.

RATES

		<u>Per Month</u>	
For	1-1/2-inch connection	\$ 9.75	(I)
For	2-inch connection	13.00	
For	3-inch connection	19.50	
For	4-inch connection	26.00	
For	6-inch connection	39.00	
For	8-inch connection	52.00	
For	10-inch connection	65.00	
For	12-inch connection	78.00	
For	14-inch connection	91.00	(I)

SPECIAL CONDITIONS

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

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. WK-6

Westlake Tariff Area

RECLAIMED METERED SERVICE

APPLICABILITY

Applicable to all metered reclaimed water service.

TERRITORY

Westlake Village, in the southern part of Ventura County, within the City of Thousand Oaks and vicinity.

RATES

Quantity Rates:

Per 100 cu. ft.	\$ 1.7313	(1)
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Per Meter
Per Month

Service Charge:

For 5/8 x 3/4-inch meter	\$ 11.42	(1)
For 3/4-inch meter	13.95	
For 1-inch meter	16.01	
For 1-1/2-inch meter	28.74	
For 2-inch meter	44.38	
For 3-inch meter	85.38	
For 4-inch meter	149.63	
For 6-inch meter	288.27	
For 8-inch meter	669.42	
For 10-inch meter	968.04	
For 12-inch meter	1,389.03	
For 14-inch meter	1,894.08	(1)

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

SPECIAL CONDITIONS

1. Reclaimed water will be supplied only as available.
2. As a condition of service under this schedule, all customers are required to comply with the Company's Rule 16, **Section D**, Reclaimed Water Service.
3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
4. All bills are subject any applicable surcharges shown on Schedules RSF and LIRA-SC.

APPENDIX C

Page 1 of 1

California Water Service Company

Westlake District Bill Comparison *

System Revenue Requirement Increase 2.83%

2007-2008 Rates

Usage Ccf		Present Rates	Adopted Rates	Increase Amount	Percent Increase
0		\$ 10.90	\$ 14.28	\$ 3.38	31.01%
10		\$ 32.65	\$ 36.09	\$ 3.44	10.54%
20		\$ 54.40	\$ 57.91	\$ 3.51	6.45%
35	Avg	\$ 87.03	\$ 90.63	\$ 3.60	4.14%
40		\$ 97.90	\$ 101.53	\$ 3.63	3.71%
50		\$ 119.66	\$ 123.35	\$ 3.69	3.08%

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

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

APPENDIX D

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California Water Service Company

Westlake District

Adopted Quantities

Number of Services by meter size:	2007-8	2008-9
5/8 x 3/4	5,053	5,068
3/4	-	-
1	933	936
1 1/2	315	316
2	597	599
3	19	19
4	15	15
6	3	3
8	-	-
10	-	-
TOTAL	6,935	6,956

Metered Sales, KCcf		
Potable	3,993.4	4,006.2

Number of Services and Use:

	Avg Services		Use, KCcf		Avg Use, Ccf/Sv/Mo	
	2007-8	2008-9	2007-8	2008-9	2007-8	2008-9
Residential	6,186	6,204	2,606.8	2,614.4	35.1	35.1
Business	587	590	1,011.8	1,016.9	143.8	143.8
Multi-family	65	65	97.7	97.7	125.2	125.2
Industrial	15	15	26.3	26.3	146.2	146.2
Public Authority	87	87	139.9	139.9	134.0	134.0
Other	6	6	0.6	0.6	8.1	8.1
Recycled	15	15	110.3	110.3	613.0	613.0
Sub-Total	6,961	6,982	3,993.4	4,006.2		
Residential Flat	-	-	-	-		
Private Fire Prot.	129	134				
Public Fire Prot.	6	6				
TOTAL	7,096	7,122	3,993.4	4,006.2		
Losses, 2.74%			112.6	113.0		
Total Production			4,106.0	4,119.2		

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

WESTLAKE DISTRICT

ADOPTED QUANTITIES

	<u>2007-8</u>	<u>2008-9</u>
	(DOLLARS IN THOUSANDS)	
PURCHASED POWER		
SUPPLIER - SCE - RATES EFF 6/4/06		
Total Production (kccf)	4,106.0	4,119.2
Kwh / ccf	564.8	564.8
Total calculated KWH	2,319,007	2,326,417
Unit Cost	\$0.11112	\$0.11104
Power Cost	\$257,686	\$258,332
TOTAL PURCHASED POWER	\$257.7	\$258.3
PURCHASED WATER - CALLEGUAS MWD		
<u>POTABLE WATER</u>		
PURCHASES -- KCCF TABLE 4D7	3,991.6	4,004.8
PURCHASES -- ACRE FEET (KCCF * 2.2957)	9,163.6	9,193.8
PURCHASES -- TIER 1	8,533.1	8,533.1
PURCHASES -- TIER 2	630.5	660.7
UNIT COST PER ACRE FOOT (SEE WP5B10A) TIER 1	597.0	597.0
UNIT COST PER ACRE FOOT (SEE WP5B10A) TIER 2	693.0	693.0
PURCHASED WATER -- \$ IN THOUSANDS	5,531.2	5,552.1
BASE FACILITIES CHARGES	192.1	192.1
PUMPING CHARGES	288.9	288.9
READINESS TO SERVE CHARGES	393.9	393.9
TOTAL CALLEGUAS MWD POTABLE WATER CHARGES	6,406.1	6,427.0
Cost per Ccf	\$1.60	\$1.60
<u>RECLAIMED WATER</u>		
CALLEGUAS MUNICIPAL WATER DISTRICT		
PURCHASES -- KCCF TABLE 4D7	114.4	114.4
PURCHASES -- ACRE FEET (KCCF * 2.2957)	262.6	262.6
UNIT COST PER ACRE FOOT (SEE WP5B10B)	478.0	478.0
PURCHASED WATER -- \$ IN THOUSANDS	125.5	125.5
PUMPING CHARGES PER ACRE FOOT	75.5	75.5
PUMPING CHARGES	19.8	19.8
TOTAL CALLEGUAS RECLAIMED WATER CHARGES	145.3	145.3
Cost per Ccf	\$1.27	\$1.27
TOTAL WATER CHARGES	6,551.4	6,572.3
Rate Differential Between Wholesale Potable and Reclaimed	\$0.33	\$0.33
CHEMICALS		
Total Production (kccf)	4,106.0	4,119.2
ADOPTED CHEMICAL DOLLARS	0.20396	0.20384
ADOPTED \$ per KCCF	\$0.049673	\$0.049486
UNCOLLECTABLES RATE		0.05935%
FRANCHISE TAX RATE		1.02710%
BUSINESS LICENSE FEE RATE		0.000000
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULTIPLIER		1.80017

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

WESTLAKE DISTRICT

ADOPTED RATE BASE

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>	<u>Attrition Increment</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	22,066.6	22,503.6	437.0
MATERIALS AND SUPPLIES	62.8	62.8	0.0
WORKING CASH - LEAD - LAG	309.1	322.2	13.1
WORKING CASH - W / H EMPLOYEES	(2.1)	(2.1)	0.0
WTD. AVG. DEPRECIATION RESERVE	(8,823.4)	(9,359.6)	(536.2)
ADVANCES FOR CONSTRUCTION	(3,773.7)	(3,553.4)	220.3
CONTRIBUTIONS	(3,881.2)	(3,816.8)	64.4
AMORTIZATION OF INTANG.	(6.5)	(9.5)	(3.0)
DEFERRED TAXES	(2,518.2)	(2,532.0)	(13.8)
UNAMORT. I.T.C.	(41.3)	(39.3)	2.0
PRORATED G.O. RATE BASE	601.6	621.2	19.6
TAXES ON ADVANCES	697.8	662.1	(35.7)
TAXES ON C.I.A.C.	98.7	91.8	(6.9)
WTG. AVG. RATE BASE	4,790.2	4,951.0	160.8
RATE BASE ASSOCIATED ITEMS			
DEPRECIATION EXPENSE	404.7	412.4	7.6
AD VALOREM TAXES	38.0	40.1	2.1
TOTAL INCOME TAXES AT AUTHORIZED RATE OF RETURN	230.5	199.9	(30.6)
NET OPERATING REVENUE	414.8	428.7	13.9

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

WESTLAKE DISTRICT

INCOME TAX CALCULATION

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PRESENT RATES)	10,131.6	10,166.9
EXPENSES		
PURCHASED WATER	6,551.5	6,572.4
PURCHASED POWER	257.7	258.3
PUMP TAXES	0.0	0.0
CHEMICALS	0.2	0.2
PAYROLL	609.3	622.8
OTHER O & M	474.8	483.9
OTHER A & G	98.1	100.2
G.O. PRORATIONS (WITHOUT DEPRECIATION)	1,101.3	1,143.1
PAYROLL TAXES	49.2	50.8
AD VALOREM TAXES	38.0	40.1
UNCOLLECTIBLES	6.0	6.0
FRANCHISE TAX & BUS LIC. FEES	104.1	104.4
TRANSPORTATION DEPRECIATION ADJUSTMENT	-23.5	-23.8
INTEREST EXPENSE	138.4	142.7
TOTAL DEDUCTIONS	9,404.9	9,501.2
STATE INCOME TAX		
STATE TAX DEPRECIATION	518.7	518.0
NET STATE TAXIBLE INCOME	208.0	147.8
STATE CORP. FRANCHISE TAX @ 8.84%	18.4	13.1
ADDITIONAL UNITARY TAX LIABILITY	0.1	0.1
TOTAL STATE TAX	18.5	13.2
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	449.2	513.5
STATE INCOME TAX	23.2	18.5
LESS AMERICAN JOB CREATION ACT DEDUCTION	0.0	0.0
LESS PREFERRED STOCK DIVIDEND	0.6	0.6
NET FEDERAL TAXIBLE INCOME	253.7	133.2
FEDERAL INCOME TAX @ 35.00%	88.8	46.6
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	88.8	46.6
TOTAL INCOME TAXES	107.3	59.8

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

WESTLAKE DISTRICT

INCOME TAX CALCULATION

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PROPOSED RATES)	10,418.6	10,507.7
EXPENSES		
PURCHASED WATER		
PURCHASED POWER	6,551.5	6,572.4
PUMP TAXES	257.7	258.3
CHEMICALS	0.0	0.0
PAYROLL	0.2	0.2
OTHER O & M	609.3	622.8
OTHER A & G	474.8	483.9
G.O. PRORATIONS (WITHOUT DEPRECIATION)	98.1	100.2
PAYROLL TAXES	1,101.3	1,143.1
AD VALOREM TAXES	49.2	50.8
UNCOLLECTIBLES	38.0	40.1
FRANCHISE TAX & BUS LIC. FEES	6.2	6.2
TRANSPORTATION DEPRECIATION ADJUSTMENT	107.0	107.9
INTEREST EXPENSE	-23.5	-23.8
TOTAL DEDUCTIONS	138.4	142.7
	9,408.0	9,504.9
STATE INCOME TAX		
STATE TAX DEPRECIATION		
NET STATE TAXIBLE INCOME	518.7	518.0
	491.9	484.9
STATE CORP. FRANCHISE TAX @ 8.84%		
ADDITIONAL UNITARY TAX LIABILITY	43.5	42.9
TOTAL STATE TAX	0.1	0.1
	43.6	43.0
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION		
STATE INCOME TAX	449.2	513.5
LESS AMERICAN JOB CREATION ACT DEDUCTION	26.8	43.6
LESS PREFERRED STOCK DIVIDEND	0.0	0.0
NET FEDERAL TAXIBLE INCOME	0.6	0.6
	534.0	445.2
FEDERAL INCOME TAX @ 35.00%		
INVESTMENT TAX CREDIT	186.9	155.8
TOTAL FEDERAL INCOME TAX	0.0	0.0
	186.9	155.8
TOTAL INCOME TAXES	230.5	198.8

APPENDIX A

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CALIFORNIA WATER SERVICE COMPANY

W I L L O W S D I S T R I C T

SUMMARY OF EARNINGS AND RATES OF RETURN

(DOLLARS IN THOUSANDS)

	PRESENT RATES <u>2007-8</u>	AT AUTHORIZED RATE OF RETURN <u>2007-8</u>
OPERATING REVENUES	\$1,095.1	\$1,314.1
OPERATING EXPENSES		
PURCHASED WATER	0.0	0.0
GROUNDWATER EXTRACTION CHARGES	0.0	0.0
REPLENISHMENT ASSESSMENT	0.0	0.0
PURCHASED POWER	107.8	107.8
PURCHASED CHEMICALS	6.7	6.7
PAYROLL -- DISTRICT	250.6	250.6
UNCOLLECTIBLES	2.4	2.9
OTHER OPERATION AND MAINTENANCE	158.3	158.3
OTHER ADMIN AND GEN. EXP.	<u>26.3</u>	<u>26.3</u>
TOTAL O. & M., A. & G., & MISC. EXP.	551.9	552.4
TAXES OTHER THAN INCOME		
AD VALOREM TAXES	21.3	21.3
LOCAL FRANCHISE TAXES	0.0	0.0
BUSINESS LICENSE FEES	19.9	23.5
PAYROLL TAXES	<u>20.8</u>	<u>20.8</u>
TOTAL GENERAL TAXES	62.0	65.5
DEPRECIATION	124.6	124.6
G.O. PRORATED EXPENSES:		
PAYROLL AND BENEFITS	172.1	172.1
AD VALOREM TAXES	1.8	1.8
PAYROLL TAXES	5.8	5.8
OTHER PRORATED EXPENSES	<u>64.3</u>	<u>64.3</u>
TOTAL G.O. PRORATED EXPENSES	244.0	244.0
SUB -- TOTAL -- OPERATING EXPENSES	982.5	986.5
TOTAL INCOME TAXES:	24.8	117.8
TOTAL OPERATING EXPENSES	1,007.3	1,104.3
NET OPERATING REVENUE	87.8	209.8
DEPRECIATED RATE BASE	2,421.9	2,421.9
RATE OF RETURN	3.62%	8.66%

APPENDIX B

Page 1 of 3

CALIFORNIA WATER SERVICE COMPANY

Schedule No. WL-1

Willows Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The City of Willows and vicinity, Glenn County.

RATES

Quantity Rates:

Per 100 cu. ft.	\$ 0.6317	(I)
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Service Charge:

	Per Meter	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$ 24.75	(I)
For 3/4-inch meter	26.16	
For 1-inch meter	39.18	
For 1-1/2-inch meter	61.91	
For 2-inch meter	86.75	
For 3-inch meter	174.89	
For 4-inch meter	260.24	
For 6-inch meter	669.48	
For 8-inch meter	966.17	
For 10-inch meter	1,181.43	
For 12-inch meter	1,694.84	
For 14-inch meter	2,311.29	(I)

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

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
2. All bills are subject any applicable surcharges shown on Schedules RSF and LIRA-SC.
3. Qualifying low-income individually metered and flat rate residential customers, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers are eligible for credits as shown on Schedule LIRA.

APPENDIX B

Page 2 of 3

CALIFORNIA WATER SERVICE COMPANY

Schedule No. WL-2R

Willows Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate residential water service.

TERRITORY

The City of Willows and vicinity, Glenn County.

RATES

For a single-family residential unit, including premises having the following areas:	Per Service Connection per Month	
6,000 sq. ft., or less	\$ 37.07	(1)
6,001 to 10,000 sq. ft.	44.32	
10,001 to 16,000 sq. ft.	55.12	
16,001 to 25,000 sq. ft.	73.71	
For each additional single-family residential unit on the same premises and served from the same service connection	25.79	(1)

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. WL-1, General Metered Service.
4. This Schedule is closed to all new connections as of Jan. 20, 1992, the effective date of Tariff Sheet No. 4339-W.
5. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
6. All bills are subject any applicable surcharges shown on Schedules RSF and LIRA-SC.
7. Qualifying low-income individually metered and flat rate residential customers, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers are eligible for credits as shown on Schedule LIRA.

APPENDIX B

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CALIFORNIA WATER SERVICE COMPANY

Schedule No. WL-4

Willows Tariff Area

SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

APPLICABILITY

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

TERRITORY

Willows and vicinity, Glenn County.

RATES

	<u>Per Month</u>	
For 1-1/2-inch connection	\$ 9.75	(I)
For 2-inch connection	13.00	
For 3-inch connection	19.50	
For 4-inch connection	26.00	
For 6-inch connection	39.00	
For 8-inch connection	52.00	
For 10-inch connection	65.00	
For 12-inch connection	78.00	
For 14-inch connection	91.00	(I)

SPECIAL CONDITIONS

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

APPENDIX C

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California Water Service Company

Willows District Bill Comparison *

System Revenue Requirement Increase 19.96%

2007-2008 Rates				
Usage	Present	Adopted	Increase	Percent
Ccf	Rates	Rates	Amount	Increase
0	\$ 12.45	\$ 24.75	\$ 12.30	98.80%
8	\$ 19.01	\$ 29.80	\$ 10.79	56.76%
12	\$ 22.28	\$ 32.33	\$ 10.05	45.11%
18 Avg	\$ 27.20	\$ 36.12	\$ 8.92	32.79%
24	\$ 32.12	\$ 39.91	\$ 7.79	24.25%
30	\$ 37.03	\$ 43.70	\$ 6.67	18.01%
Flat Rates				
6,000 sq. ft. or less	\$ 30.90	\$ 37.07	\$ 6.17	19.97%
6,001-10,000 sq. ft.	\$ 36.95	\$ 44.32	\$ 7.37	19.95%

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

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

APPENDIX D

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California Water Service Company

Willows District

Adopted Quantities

Number of Services by meter size:	2007-8	2008-9
5/8 x 3/4	1,276	1,291
3/4	-	-
1	133	134
1 1/2	32	32
2	51	51
3	8	8
4	2	2
6	-	-
8	-	-
10	-	-
TOTAL	1,502	1,518

Metered Sales, KCcf		
Potable	485.4	489.4

Number of Services and Use:

	Avg Services		Use, KCcf		Avg Use, Ccf/Sv/Mo	
	2007-8	2008-9	2007-8	2008-9	2007-8	2008-9
Residential	1,145	1,159	252.4	255.4	18.4	18.4
Business	288	290	132.2	133.2	38.3	38.3
Multi-family	22	22	43.4	43.4	164.2	164.2
Industrial	-	-	-	-	-	-
Public Authority	47	47	56.4	56.4	99.9	99.9
Other	2	2	1.1	1.1	43.8	43.8
Sub-Total	1,504	1,520	485.4	489.4		
Residential Flat	831	826	314.2	314.2		
Private Fire Prot.	18	18				
Public Fire Prot.	11	12				
TOTAL	2,364	2,376	799.6	803.6		
Losses, 8% (Assumed)			69.5	69.9		
Total Production			869.1	873.5		

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

W I L L O W S D I S T R I C T

ADOPTED QUANTITIES

	<u>FISCAL YR</u> <u>2007-8</u>	<u>FISCAL YR</u> <u>2008-9</u>
	(DOLLARS IN THOUSANDS, EXCEPT UNIT COSTS)	
PURCHASED POWER		
SUPPLIER - PG&E (5/1/06 Rates)		
Total Production (kccf)	869.2	873.5
Kwh / ccf	823.2	823.2
Total calculated KWH	715,461.0	719,040.0
Unit Cost	\$0.1507	\$0.1507
Power Cost	\$107.8	\$108.3
TOTAL PURCHASED POWER	\$107.8	\$108.3
 CHEMICALS		
Total Production (kccf)	869.2	873.5
ADOPTED CHEMICAL DOLLARS	6.6	6.7
ADOPTED \$ per KCCF	\$7.638310	\$7.642424
 Net to Gross Multiplier		
UNCOLLECTABLES RATE		0.21839%
FRANCHISE TAX RATE		0.00000%
BUSINESS LICENSE FEE RATE		0.018200
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULTIPLIER		1.81760

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

W I L L O W S D I S T R I C T

ADOPTED RATE BASE

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>	<u>Attrition Increment</u>
RATE BASE			
WTD. AVG. PLANT IN SERVICE	5,507.3	5,953.0	445.7
MATERIALS AND SUPPLIES	15.1	15.1	0.0
WORKING CASH - LEAD - LAG	33.0	33.0	0.0
WORKING CASH - W / H EMPLOYEES	(0.4)	(0.4)	0.0
WTD. AVG. DEPRECIATION RESERVE	(2,227.2)	(2,369.2)	(142.0)
ADVANCES FOR CONSTRUCTION	(369.2)	(364.3)	4.9
CONTRIBUTIONS	(268.4)	(260.1)	8.3
AMORTIZATION OF INTANG.	0.0	0.0	0.0
DEFERRED TAXES	(399.4)	(413.8)	(14.4)
UNAMORT. I.T.C.	(11.0)	(10.5)	0.5
PRORATED G.O. RATE BASE	124.7	128.8	4.1
TAXES ON ADVANCES	(19.9)	(23.2)	(3.3)
TAXES ON C.I.A.C.	37.4	33.1	(4.3)
WTG. AVG. RATE BASE	2,422.0	2,721.5	299.5
RATE BASE ASSOCIATED ITEMS			
DEPRECIATION EXPENSE	124.6	137.6	13.0
AD VALOREM TAXES	21.3	24.3	3.0
TOTAL INCOME TAXES AT AUTHORIZED RATE OF RETURN	117.8	125.4	7.6
NET OPERATING REVENUE	209.8	235.7	25.9

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

W I L L O W S D I S T R I C T

INCOME TAX CALCULATION

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PRESENT RATES)	1,095.1	1,096.2
EXPENSES		
PURCHASED WATER	0.0	0.0
PURCHASED POWER	107.8	108.3
PUMP TAXES	0.0	0.0
CHEMICALS	6.7	6.7
PAYROLL	250.6	260.5
OTHER O & M	158.3	162.0
OTHER A & G	26.3	26.9
G.O. PRORATIONS (WITHOUT DEPRECIATION)	228.4	237.0
PAYROLL TAXES	20.8	21.5
AD VALOREM TAXES	21.3	24.3
UNCOLLECTIBLES	2.4	2.4
FRANCHISE TAX & BUS LIC. FEES	19.9	19.9
TRANSPORTATION DEPRECIATION ADJUSTMENT	-9.2	-9.2
INTEREST EXPENSE	69.9	78.6
TOTAL DEDUCTIONS	903.0	938.9
STATE INCOME TAX		
STATE TAX DEPRECIATION	174.9	190.4
NET STATE TAXIBLE INCOME	17.3	-33.1
STATE CORP. FRANCHISE TAX @ 8.84%	1.5	-2.9
ADDITIONAL UNITARY TAX LIABILITY	0.0	0.0
TOTAL STATE TAX	1.5	-2.9
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	118.0	130.4
STATE INCOME TAX	6.4	1.5
LESS AMERICAN JOB CREATION ACT DEDUCTION	1.0	1.0
LESS PREFERRED STOCK DIVIDEND	0.2	0.2
NET FEDERAL TAXIBLE INCOME	66.4	24.1
FEDERAL INCOME TAX @ 35.00%	23.3	8.4
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	23.3	8.4
TOTAL INCOME TAXES	24.8	5.5

APPENDIX D

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CALIFORNIA WATER SERVICE COMPANY

W I L L O W S D I S T R I C T

INCOME TAX CALCULATION

(DOLLARS IN THOUSANDS)

	<u>2007-8</u>	<u>2008-9</u>
OPERATING REVENUE (PROPOSED RATES)	1,314.1	1,390.3
EXPENSES		
PURCHASED WATER	0.0	0.0
PURCHASED POWER	107.8	108.3
PUMP TAXES	0.0	0.0
CHEMICALS	6.7	6.7
PAYROLL	250.6	260.5
OTHER O & M	158.3	162.0
OTHER A & G	26.3	26.9
G.O. PRORATIONS (WITHOUT DEPRECIATION)	228.4	237.0
PAYROLL TAXES	20.8	21.5
AD VALOREM TAXES	21.3	24.3
UNCOLLECTIBLES	2.9	3.0
FRANCHISE TAX & BUS LIC. FEES	23.5	24.8
TRANSPORTATION DEPRECIATION ADJUSTMENT	-9.2	-9.2
INTEREST EXPENSE	69.9	78.6
TOTAL DEDUCTIONS	907.0	944.3
STATE INCOME TAX		
STATE TAX DEPRECIATION	174.9	190.4
NET STATE TAXIBLE INCOME	232.2	255.6
STATE CORP. FRANCHISE TAX @ 8.84%	20.5	22.6
ADDITIONAL UNITARY TAX LIABILITY	0.0	0.0
TOTAL STATE TAX	20.5	22.6
FEDERAL INCOME TAX		
FEDERAL TAX DEPRECIATION	118.0	130.4
STATE INCOME TAX	9.9	20.5
LESS AMERICAN JOB CREATION ACT DEDUCTION	1.0	1.0
LESS PREFERRED STOCK DIVIDEND	0.2	0.2
NET FEDERAL TAXIBLE INCOME	277.9	293.8
FEDERAL INCOME TAX @ 35.00%	97.3	102.8
INVESTMENT TAX CREDIT	0.0	0.0
TOTAL FEDERAL INCOME TAX	97.3	102.8
TOTAL INCOME TAXES	117.8	125.4

ATTACHMENT 4

***** SERVICE LIST *****

Last Updated on 18-SEP-2007 by: MTO

A0607017 LIST

A0607018;A0607019;A0607020;A0607021;A0607022;A0607023;A0607024

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Last Updated on 18-SEP-2007 by: MTO

A0607017 LIST

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******* INFORMATION ONLY *******

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