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# APPENDIX 7

## **Carmel River Reroute and San Clemente Dam Removal Project Summary of Ratemaking Requests**

1. The project will be a stand-alone ratemaking item until the first General Rate Case after the final review of all project costs.
2. California American Water will cease to track costs in the memorandum account on January 1, 2012
3. All authorized and estimated costs will move to a regulatory asset account on January 1, 2012.
4. California American Water will recover the regulatory asset over a twenty-year period starting on January 1, 2012. The book amortization will be based on a straight line basis of the total costs over the remaining life.
5. A revenue requirement for the regulatory asset will be determined based on the reviewed approved memorandum account costs through October 31, 2010 and estimates of all costs after October 31, 2010 and will include the AFUDC for all amounts tracked in the memorandum account.
6. Estimates of annual project costs will be included in the regulatory asset on an annual basis. These estimates will include permitting, compliance review and preliminary engineering costs, construction costs, interim dam end environmental safety measures, and post construction mitigation measures.
7. The revenue requirement will include applicable costs for uncollectible amounts, franchise fees, ad valorem taxes and income taxes.
8. The revenue requirement will be collected through a surcharge authorized in this proceeding based on the projected average balance of the regulatory asset determined in this proceeding.
9. The average balance of the regulatory asset will be authorized to earn a return based on the current authorized Cost of Capital.

10. For tax purposes the cost of the project will be deducted as authorized by the Internal Revenue Service.
11. The tax-effected difference between book amortization and the ability to take the tax deduction for the costs of the project will be included in rate base as deferred tax.
12. Tax depreciation already taken through December 31, 2009 will remain a reduction to rate base of the Monterey District.
13. A balancing account will track the difference between the surcharge collections from customers and the actual revenue requirement of the regulatory asset based on the actual Commission-approved final costs.
14. Any additional carry costs related to interim financing will be tracked in the balancing account.
15. The balancing account will draw interest at the authorized cost of capital.
16. The balancing account will be closed at the time the recovery of and on the regulatory asset moves into base rates.
17. Post construction mitigation costs will be included in the regulatory asset surcharge until the revenue requirement on the regulatory asset is included in base rates, at which time the post construction mitigation costs will also be estimated in base rates.
18. The revenue requirement on the regulatory asset will move into base rates at the time of the first General Rate Case after the final review of all project costs.
19. The tax benefits derived from the transfer of the land will serve to reduce the regulatory asset.

# APPENDIX 8

# Bureau of Reclamation's Project DEC Review Process

The DEC acronym stands for:

**D**esign, **C**ost **E**stimating, **C**onstruction

1. The purpose of a DEC review is:

- To provide an independent oversight process that ensures that major elements of proposed development and construction projects (i.e. design, cost estimating, and construction) are technically sound and provide a credible basis for decision making by Bureau of Reclamation and other project sponsors and partners, along with leadership members and other decision makers.

2. The purpose of DEC is

- This includes an emphasis to ensure cost estimates for a project are appropriate for their intended purpose, identify potential fatal flaws in the designs or estimates and all risk and uncertainties have been fully addressed in the estimates.
- These reviews are to be conducted with a broad corporate perspective in mind to identify policy, legal, partner/stakeholder, and/or public issues, impacts, and/or ramifications of a corporate nature.

3. The purpose of DEC is NOT:

- Not intended as a substitute for normal quality reviews and plan checking, peer review, VE, constructability or other required reviews
- Not intended to review planning decisions, economic justification or environmental studies (except to ensure identified mitigation costs are adequate and will accomplish the required mitigations)

4. Selection of the DEC Team

- There is no set composition of the Team
- The number and composition of the Team is directly correlated to the complexity and specific attributes of the project being reviewed.
- The average DEC Team usually consists of:
  - Team Leader
  - Construction Team Member
  - Cost Estimator Team Member
  - Technical Team Member
  - Technical support members
  - Team members are senior engineers and senior scientists in their fields

- Team members have "been there - done that"
- Have the technical experience and practical working knowledge of the subject

**5. Before the DEC Review:**

- Logistics are worked out with the Project Manager
  - Design Team briefing
  - Site visit
  - Where DEC Team will work
  - DEC draft results briefing presentation (when, audience, etc.)
- Background information is collected from the Project Manager and Design Team
  - At least three weeks prior to site visit
- Copies are made and information is distributed to DEC Team members by the DEC Office

**6. Before the Site visit:**

- DEC Team reviews background information
  - Week before the site visit
  - List of questions to ask Design Team
  - List of potential findings
  - Usually travels on Sunday

**7. Design Team Briefing**

- What the DEC Team is looking for:
  - What are the Design Team's assumptions
  - Basis for these assumptions
  - Comprehensive review of all project components; NEPA (cost impacts only), row, design, cost est. construction considerations, etc.
  - Verify all major risk have been identified and addressed
  - Verify that products are in compliance with BOR policy and procedures.
  - Verify required reviews have been performed.
  - Normal peer review, checking, value engineering, constructability or other required reviews.

**8. Site Visit**

- Examples of what the DEC Team is looking for:
  - Construction considerations not identified
  - Contractor use areas
  - Borrow/waste
  - ROW issues and problems
  - Access roads
  - Design issues
  - What's on paper match what's in field
  - Fatal flaws
  - Constructability

- foundation
- Dewatering/unwatering
- Hidden or other costs not identified
- Space... will it fit?

#### 9. DEC Team Findings

- The Team Lists all their findings
- Research (some findings drop out)
  - Does not have an impact at this time
  - Could be handled later in design process
  - Acceptable risk at this time
- Significant findings
  - Has significant impact on cost or decision making
  - Project has very risky elements or is overall too risky
- Essential
  - Fatal flaw analysis (is the project design significantly flawed, etc?)

#### 10. Recommendations

- Perform additional studies/design to resolve issue
- Should be identified and include in cost estimate at this time
- Other.....

#### 11. Draft Report

- Draft DEC Report includes:
  - Cover Page
  - Signature Page
  - Acknowledgments
  - Introduction
  - Project Background
  - Findings and Observations
    - Design
    - Cost Estimating
    - Construction
  - Conclusions and Recommendations
  - References
  - Appendix

#### 12. DEC Briefing

- Purpose/scope of review
  - Appropriate for intended use
  - Process followed
  - No fatal flaws

- Also definitive confirmation of cost?
- **Conclusions and Recommendation**
- **Review Report**
  - Draft provided to Regional Office and/or Area Office for review
  - Documents, Team Findings, and Recommendations
  - Has the DEC Team misquoted something
  - Final transmitted to Regional Director

**13. What is the advantage of a DEC Review?**

- **The DEC looks at a project as a comprehensive development/construction Team**
  - Designer
  - Construction
  - Cost estimator
  - Project management
  - Looks at the whole picture (cooperate level)
  - Contract and non-contract issues and cost
- **Judgment from experience**
  - Senior level Reclamation experience
  - Many years of cumulative experience
  - Experienced in all project types, some that have gone well and others not-so-well

**14. What is the advantage of a DEC Review?**

- **Cost Estimates**
  - Based upon the proposed design and constructability, is the cost estimate appropriate for the level of study?
  - Do the unit costs make sense?
  - We say it as it is.....
- **Provides unbiased suggestions and recommendations on construction type and methodology proposed**

**15. The average DEC Team usually consists of:**

- **Team Leader**
  - Provides guidance on DEC guidelines and purpose
  - Coordinates:
    - ✓ DEC Review logistics with Project Manager
    - ✓ Travel arrangements with DEC Team members
    - ✓ Site visit with Project Manager
  - Facilitates the DEC Review
  - Puts together the DEC Review document
  - Presents the results of the DEC Review
  - Usually has a working knowledge leading/managing a Design Team of similar projects

- **Construction Engineer**
  - Provides technical review of the project constructability
  - Reviews items and quantities listed in the cost estimate for accuracy and completeness
- **Construction Team Member**
  - Reviews the constructability of the project.
  - Are the items and quantities listed in the cost estimate appropriate for the level of study? Are they inclusive?
  - Are the assumptions made to produce the cost estimate and the construction schedule appropriate for the proposed design?
  - Reviews the non-contract costs.
- **Cost Estimator**
  - Provides technical review of the cost estimates provided.
  - Provides guidance to the Team as to Reclamation Cost Estimating Guidelines

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# APPENDIX 9

Present Rates	2012				2013			2014		
	Proposed With SCD (\$1,000)	Increase (\$1,000)	Percent	Proposed With SCD (\$1,000)	Increase (\$1,000)	Percent	Proposed With SCD (\$1,000)	Increase (\$1,000)	Percent	
Single Family Residential	\$23,938	\$26,434	\$2,496	10.43%	\$26,670	\$2,732	11.41%	\$27,403	\$3,465	14.47%
Low Income Residential	\$181	\$190	\$9	4.96%	\$191	\$10	5.67%	\$195	\$14	7.88%
Multi-Family Residential	\$3,404	\$3,705	\$301	8.83%	\$3,737	\$332	9.77%	\$3,835	\$431	12.66%
Commercial	\$9,110	\$10,481	\$1,371	15.05%	\$10,708	\$1,598	17.54%	\$11,410	\$2,300	25.25%
Industrial	\$240	\$278	\$38	15.84%	\$283	\$44	18.19%	\$301	\$61	25.50%
Other Public Authority	\$3,323	\$3,797	\$474	14.27%	\$3,868	\$545	16.40%	\$4,087	\$764	22.98%
Golf Courses	\$672	\$778	\$105	15.68%	\$793	\$121	18.01%	\$842	\$170	25.24%
Potable Ser to Non-Potables	\$48	\$57	\$8	17.55%	\$59	\$10	21.11%	\$64	\$16	32.16%
Construction	\$26	\$31	\$5	17.55%	\$32	\$6	21.11%	\$35	\$8	32.16%
Other Water Utilities	\$22	\$25	\$3	13.62%	\$26	\$3	15.65%	\$27	\$5	21.93%
Miscellaneous	\$1	\$1	\$0	16.37%	\$1	\$0	18.79%	\$1	\$0	26.32%
<b>TOTAL MAIN SYSTEM</b>	<b>\$40,966</b>	<b>\$45,777</b>	<b>\$4,811</b>	<b>11.74%</b>	<b>\$46,367</b>	<b>\$5,402</b>	<b>13.19%</b>	<b>\$48,199</b>	<b>\$7,233</b>	<b>17.66%</b>
Ambler	\$449	\$449	\$0	0.00%	\$449	\$0	0.00%	\$449	\$0	0.00%
Bishop	\$259	\$304	\$45	17.55%	\$313	\$55	21.11%	\$342	\$83	32.16%
Hidden Hills	\$820	\$820	\$0	0.00%	\$820	\$0	0.00%	\$820	\$0	0.00%
Ryan Ranch	\$191	\$223	\$31	16.30%	\$227	\$36	18.73%	\$242	\$50	26.25%
Chualar	\$88	\$88	\$0	0.00%	\$88	\$0	0.00%	\$88	\$0	0.00%
Ralph Lane	\$13	\$13	\$0	0.00%	\$13	\$0	0.00%	\$13	\$0	0.00%
<b>TOTAL SUB-SYSTEMS</b>	<b>\$1,821</b>	<b>\$1,898</b>	<b>\$77</b>	<b>4.21%</b>	<b>\$1,911</b>	<b>\$90</b>	<b>4.97%</b>	<b>\$1,954</b>	<b>\$133</b>	<b>7.33%</b>
<b>TOTAL GENERAL METERED</b>	<b>\$42,787</b>	<b>\$47,674</b>	<b>\$4,888</b>	<b>11.42%</b>	<b>\$48,279</b>	<b>\$5,492</b>	<b>12.84%</b>	<b>\$50,153</b>	<b>\$7,367</b>	<b>17.22%</b>
Fire Service	\$511	\$511	\$0	0.00%	\$511	\$0	0.00%	\$511	\$0	0.00%
Other Fees	\$49	\$49	\$0	0.00%	\$49	\$0	0.00%	\$49	\$0	0.00%
<b>TOTAL REVENUES</b>	<b>\$43,347</b>	<b>\$48,234</b>	<b>\$4,888</b>	<b>11.28%</b>	<b>\$48,839</b>	<b>\$5,492</b>	<b>12.67%</b>	<b>\$50,713</b>	<b>\$7,367</b>	<b>17.00%</b>

Present Rates	2015				2016			2017		
	Proposed With SCD (\$1,000)	Increase (\$1,000)	Percent	Proposed With SCD (\$1,000)	Increase (\$1,000)	Percent	Proposed With SCD (\$1,000)	Increase (\$1,000)	Percent	
Single Family Residential	\$23,938	\$28,468	\$4,529	18.92%	\$28,767	\$4,829	20.17%	\$28,474	\$4,536	18.95%
Low Income Residential	\$181	\$201	\$20	11.08%	\$202	\$22	11.99%	\$201	\$20	11.10%
Multi-Family Residential	\$3,404	\$3,979	\$574	16.87%	\$4,019	\$615	18.05%	\$3,979	\$575	16.89%
Commercial	\$9,110	\$12,431	\$3,321	36.45%	\$12,718	\$3,608	39.61%	\$12,437	\$3,327	0.00%
Industrial	\$240	\$326	\$87	36.11%	\$333	\$94	39.10%	\$326	\$87	36.17%
Other Public Authority	\$3,323	\$4,405	\$1,082	32.55%	\$4,494	\$1,171	35.24%	\$4,407	\$1,083	0.00%
Golf Courses	\$672	\$912	\$240	35.75%	\$932	\$260	38.71%	\$913	\$241	35.81%
Potable Ser to Non-Potables	\$48	\$72	\$23	48.21%	\$74	\$26	52.73%	\$72	\$23	48.30%
Construction	\$26	\$39	\$13	48.21%	\$40	\$14	52.73%	\$39	\$13	48.31%
Other Water Utilities	\$22	\$29	\$7	31.06%	\$30	\$7	33.63%	\$29	\$7	31.11%
Miscellaneous	\$1	\$1	\$0	37.26%	\$1	\$0	40.34%	\$1	\$0	37.32%
<b>TOTAL MAIN SYSTEM</b>	<b>\$40,966</b>	<b>\$50,862</b>	<b>\$9,896</b>		<b>\$51,612</b>	<b>\$10,646</b>	<b>25.99%</b>	<b>\$50,877</b>	<b>\$9,912</b>	<b>24.20%</b>
Ambler	\$449	\$449	\$0	0.00%	\$449	\$0	0.00%	\$449	\$0	0.00%
Bishop	\$259	\$384	\$125	48.21%	\$395	\$136	52.73%	\$384	\$125	48.31%
Hidden Hills	\$820	\$820	\$0	0.00%	\$820	\$0	0.00%	\$820	\$0	0.00%
Ryan Ranch	\$191	\$263	\$71	37.18%	\$268	\$77	40.26%	\$263	\$71	37.25%
Chualar	\$88	\$88	\$0	0.00%	\$88	\$0	0.00%	\$88	\$0	0.00%
Ralph Lane	\$13	\$13	\$0	0.00%	\$13	\$0	0.00%	\$13	\$0	0.00%
<b>TOTAL SUB-SYSTEMS</b>	<b>\$1,821</b>	<b>\$2,017</b>	<b>\$196</b>	<b>10.76%</b>	<b>\$2,034</b>	<b>\$214</b>	<b>11.73%</b>	<b>\$2,017</b>	<b>\$196</b>	<b>10.78%</b>
<b>TOTAL GENERAL METERED</b>	<b>\$42,787</b>	<b>\$52,879</b>	<b>\$10,092</b>	<b>23.59%</b>	<b>\$53,646</b>	<b>\$10,860</b>	<b>25.38%</b>	<b>\$52,895</b>	<b>\$10,108</b>	<b>23.62%</b>
Fire Service	\$511	\$511	\$0	0.00%	\$511	\$0	0.00%	\$511	\$0	0.00%
Other Fees	\$49	\$49	\$0	0.00%	\$49	\$0	0.00%	\$49	\$0	0.00%
<b>TOTAL REVENUES</b>	<b>\$43,347</b>	<b>\$53,439</b>	<b>\$10,092</b>	<b>23.28%</b>	<b>\$54,206</b>	<b>\$10,860</b>	<b>25.05%</b>	<b>\$53,455</b>	<b>\$10,108</b>	<b>23.32%</b>

Bill Impacts	10 Cf Usage	Current Bill	2012			2013			2014		
			Proposed Bill	Change	Percent Increase	Proposed Bill	Change	Percent Increase	Proposed Bill	Change	Percent Increase
<u>Customer Description</u>											
Monterey Main System Residential Customer	45	\$26.20	\$26.20	\$0.00	0.00%	\$26.20	\$0.00	0.00%	\$26.20	\$0.00	0.00%
Monterey Main System Residential Customer	70	\$34.94	\$36.56	\$1.62	4.64%	\$36.56	\$1.62	4.64%	\$37.40	\$2.46	7.04%
Monterey Main System Residential Customer	200	\$90.17	\$114.72	\$24.55	27.23%	\$117.73	\$27.56	30.56%	\$127.17	\$37.00	41.03%
Monterey Main System Residential Customer	400	\$207.48	\$323.69	\$116.21	56.01%	\$338.03	\$130.55	62.92%	\$382.63	\$175.15	84.42%
Bishop System Residential Customer	45	\$22.43	\$22.43	\$0.00	0.00%	\$22.43	\$0.00	0.00%	\$22.43	\$0.00	0.00%
Bishop System Residential Customer	70	\$30.19	\$31.42	\$1.23	4.07%	\$31.57	\$1.38	4.57%	\$32.04	\$1.85	6.13%
Bishop System Residential Customer	200	\$87.60	\$97.90	\$10.30	11.76%	\$99.18	\$11.58	13.22%	\$103.14	\$15.54	17.74%
Bishop System Residential Customer	400	\$211.71	\$241.64	\$29.93	14.14%	\$245.36	\$33.65	15.89%	\$256.84	\$45.13	21.32%

Bill Impacts	10 Cf Usage	Current Bill	2015			2016			2017		
			Proposed Bill	Change	Percent Increase	Proposed Bill	Change	Percent Increase	Proposed Bill	Change	Percent Increase
<u>Customer Description</u>											
Monterey Main System Residential Customer	45	\$26.20	\$26.20	\$0.00	0.00%	\$26.20	\$0.00	0.00%	\$26.20	\$0.00	0.00%
Monterey Main System Residential Customer	70	\$34.94	\$38.31	\$3.37	9.65%	\$38.56	\$3.62	10.36%	\$38.32	\$3.38	9.67%
Monterey Main System Residential Customer	200	\$90.17	\$140.84	\$50.67	56.19%	\$144.71	\$54.54	60.49%	\$140.95	\$50.78	56.32%
Monterey Main System Residential Customer	400	\$207.48	\$447.41	\$239.93	115.64%	\$465.66	\$258.18	124.44%	\$447.81	\$240.33	115.83%
Bishop System Residential Customer	45	\$22.43	\$22.43	\$0.00	0.00%	\$22.43	\$0.00	0.00%	\$22.43	\$0.00	0.00%
Bishop System Residential Customer	70	\$30.19	\$32.73	\$2.54	8.41%	\$32.92	\$2.73	9.04%	\$32.73	\$2.54	8.41%
Bishop System Residential Customer	200	\$87.60	\$108.88	\$21.28	24.29%	\$110.49	\$22.89	26.13%	\$108.91	\$21.31	24.33%
Bishop System Residential Customer	400	\$211.71	\$273.55	\$61.84	29.21%	\$278.23	\$66.52	31.42%	\$273.65	\$61.94	29.26%

# APPENDIX 10

CALIFORNIA-AMERICAN WATER COMPANY NOTICE OF APPLICATION FILING FOR  
AUTHORIZATION TO IMPLEMENT THE CARMEL RIVER REROUTE AND SAN  
CLEMENTE DAM REMOVAL PROJECT AND TO RECOVER THE COSTS ASSOCIATED  
WITH THE PROJECT IN RATES  
(APPLICATION NO. XX-XX-XXX)

On [Date], California America Water filed Application XX-XX-XXX with the California Public Utilities Commission (CPUC) requesting permission to remove San Clemente Dam. The application seeks authority to increase rates for its customers on the Monterey Peninsula to cover costs for the Carmel River Reroute and San Clemente Dam Removal Project.

**Background**

The San Clemente Dam is a 106-foot high concrete arch dam constructed in 1921 located approximately 18.5 miles from the Pacific Ocean on the Carmel River. Historically, the San Clemente Dam provided water for California American Water's Monterey County District by diverting the surface flow of the Carmel River at the dam. California American Water has reduced over time the amount of water it takes from the Carmel River and, to address concerns regarding endangered species, ceased using the dam as a point of diversion beginning in 2002.

Over the last several decades, California American Water, as directed by the California Department of Water Resources Division of Safety of Dams, has analyzed and taken steps to address the seismic stability of the San Clemente Dam. California American Water, the Department of Water Resources and Army Corps of Engineers studied many ways to ameliorate the safety issues including strengthening the dam and removing the dam.

The January 2008 Final Environmental Impact Report and Environmental Impact Statement ("EIR/EIS") regarding San Clemente Dam's stability contains analysis of the Reroute and Removal Project which would address the seismic and flood safety risks associated with continued operation of San Clemente Dam by permanently re-rerouting a portion of the Carmel River and removing the dam. Under this proposal, the Carmel River would be rerouted to bypass the 2.5 million cubic yards of silt that have accumulated behind the dam, thereby avoiding dredging, which has been deemed infeasible.

The Reroute and Removal Project improves the Carmel River environment by removing the dam, which serves as a barrier to fish passage, and satisfies government agencies' concerns that strengthening the dam could further threaten the South Central California Coast Steelhead and violate the federal Endangered Species Act. As part of this project, California will transfer 928 acres of watershed surrounding the San Clemente Dam to appropriate governmental or non profit agency, to ensure it is permanently maintained as open space. The California State Coastal Conservancy ("Coastal Conservancy") is leading a group of agencies and interested parties that is collaborating with California American Water on the removal of the San Clemente Dam and the restoration of a naturally functioning river channel. California American Water has obtained a commitment from the Coastal Conservancy to obtain public funding for \$34 million of the estimated \$83 million construction cost of the Reroute and Removal Project. California American Water is seeking to recover the remaining \$49 million from Monterey customers over a twenty-year period. California American Water estimates that it will complete the Project by 2016.

### About the Application

California American Water proposes review of the overall reasonableness of the Project, the estimated costs of the Project, California American Water's proposed ratemaking treatment, the historical San Clemente Dam costs, and the transfer of land. Within six months after the Project is completed, California American Water will file an application for review of the final Project costs. As part of this application, California American Water has proposed a schedule that would provide for a Commission decision in September 2011. Beginning January 1, 2012, California American Water seeks to begin recovering the cost of the Project over a twenty-year period.

### Rate Impact

The tables below show the impacts to the average customer (Table 1) and impacts to revenue for the company (Table 2).

Table #1 assumes summer rates, 3 people per household, an lot size of 3/8 acre, with no large animals.

Table 1 – Impact to Average Customers

Bill Impacts	10 Cf Usage	Current Bill	Proposed Bill	Change	Percent Increase
<u>Customer Description</u>					
Monterey Main System Residential Customer	45	\$26.20	\$26.20	\$0.00	0.00%
Monterey Main System Residential Customer	70	\$34.94	\$38.60	\$3.66	10.48%
Monterey Main System Residential Customer	200	\$90.17	\$145.18	\$55.01	61.01%
Monterey Main System Residential Customer	400	\$207.48	\$467.94	\$260.46	125.53%
Bishop System					
Bishop System Residential Customer	45	\$22.43	\$22.43	\$0.00	0.00%
Bishop System Residential Customer	70	\$30.19	\$32.94	\$2.75	9.11%
Bishop System Residential Customer	200	\$87.60	\$110.70	\$23.10	26.37%
Bishop System Residential Customer	400	\$211.71	\$278.83	\$67.12	31.70%

Table 2 – Revenue Impact to California American Water

	Present Rates	Proposed with SCD	Dollar Increase	Percent Increase
Single Family Residential	\$23,938,229	\$28,652,882	\$4,714,652	19.70%
Low Income Residential	\$180,551	\$201,571	\$21,020	11.64%
Multi-Family Residential	\$3,404,271	\$4,003,488	\$599,217	17.60%
Commercial	\$9,109,751	\$12,608,124	\$3,498,374	38.40%
Industrial	\$239,658	\$330,631	\$90,974	37.96%
Other Public Authority	\$3,323,139	\$4,460,070	\$1,136,931	34.21%
Golf Courses	\$672,131	\$924,719	\$252,588	37.58%
Potable Service to Non-Potables	\$48,420	\$73,115	\$24,695	51.00%
Construction	\$26,429	\$39,909	\$13,480	51.01%
Other Water Utilities	\$22,225	\$29,482	\$7,256	32.65%

Miscellaneous	\$768	\$1,069	\$301	39.16%
TOTAL MAIN SYSTEM	\$40,965,571	\$51,325,060	\$10,359,489	25.29%
Ambler	\$449,339	\$449,339	\$0	0.00%
Bishop	\$258,753	\$390,729	\$131,976	51.00%
Hidden Hills	\$820,249	\$820,249	\$0	0.00%
Ryan Ranch	\$191,412	\$266,222	\$74,810	39.08%
Chualar	\$88,316	\$88,316	\$0	0.00%
Ralph Lane	\$12,860	\$12,860	\$0	0.00%
TOTAL SUB-SYSTEMS	\$1,820,930	\$2,027,716	\$206,786	11.36%
TOTAL GENERAL METERED	\$42,786,501	\$53,352,776	\$10,566,275	24.70%
Fire Service	\$511,300	\$511,300	\$0	0.00%
Other Fees	\$48,700	\$48,700	\$0	0.00%
TOTAL REVENUES	\$43,346,501	\$53,912,776	\$10,566,275	24.38%

For additional information regarding this proposed Application filing, you may contact California American Water at 831 646 3208. A copy of the application may be inspected at the business offices of California American Water at 511 Forest Lodge Road, Suite 100, Pacific Grove, CA 93950.

**The CPUC's Process:**

As part of this proceeding, the CPUC may schedule formal evidentiary hearings whereby the formal parties of record provide testimony and are subject to cross examination before the CPUC's Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are formal parties of record can participate. The CPUC has their own court reporters who will take the comment of those formal parties of record participating in the evidentiary hearings. California American Water will provide testimony at the hearings. The Division of Ratepayer Advocates (DRA) consists of engineers, accountants, economists and attorneys who independently evaluate the proposals of utilities for rate changes and present their analyses and recommendations for the CPUC at evidentiary hearings. Once hearings are completed, the ALJ will consider all of the evidence presented and release the draft decision. The CPUC may approve the proposed requests for California American Water, approve the draft decision by the ALJ, or may approve an alternate decision filed by a CPUC Commissioner. The final decision may differ from California American Water's original request.

**Public Comment:**

If Public Participation Hearings (PPHs) are scheduled, each customer will be notified of the dates, times and locations. PPHs are one opportunity to express your views regarding California American Water's application to increase its rates in order to remove San Clemente Dam. You may also write or email the Public Advisor's Office as shown below. All communications are circulated to the Commissioners, the assigned ALJ and appropriate CPUC staff. They also become part of the formal correspondence record of the proceeding.

**Protesting the Application:**

Anyone wishing to protest this application can do so by contacting the CPUC's Public Advisor's Office by telephone, writing a letter or e-mail at the address below. The Public Advisor's Office was established to help consumers participate in CPUC proceedings. For assistance in filing comments or protests with the CPUC or to participate in this proceeding, please contact:

CPUC Public Advisor's Office  
505 Van Ness Avenue, Room 2103  
San Francisco, CA 94102  
1-866-849-8390 (toll free)  
(415) 703-2074  
E-mail: [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov)

Please refer to Application Number XX-XX-XXX in any communications.

A copy of the proposed Application may be reviewed inspected at CPUC's formal file offices in San Francisco at 505 Van Ness Avenue, San Francisco, 94102 from 8:00 a.m. to noon Monday through Friday. An e-filed electronic version of the proposed Application may also be accessed at [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

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# APPENDIX 11

**California-American Water Company**  
**(a wholly-owned subsidiary of**  
**American Water Works Company, Inc.)**

**Financial Statements**

**June 30, 2010**

**(Unaudited)**

**CALIFORNIA-AMERICAN WATER COMPANY****Balance Sheets (Unaudited)****As of June 30, 2010**

(Dollars in thousands)

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	<b>June 30, 2010</b>
<b>Assets</b>	
<b>Property, plant and equipment</b>	
Utility plant - at original cost, net of accumulated depreciation	\$ 468,803
Utility plant acquisition adjustments, net	2,369
Non-utility property, net of accumulated depreciation	3,552
<b>Total property, plant and equipment</b>	<u>474,724</u>
<b>Current assets</b>	
Cash and cash equivalents	232
Customer accounts receivable	10,076
Allowance for uncollectible accounts	(494)
Unbilled revenues	7,467
Accounts receivable - affiliated companies	1,013
Taxes receivable	2,059
Materials and supplies	739
Prepaid other	2,871
Other	1,932
<b>Total current assets</b>	<u>25,895</u>
<b>Regulatory and other long-term assets</b>	
Regulatory assets	161,550
Preliminary survey & investigation	164
Goodwill	260
<b>Total regulatory and other long-term assets</b>	<u>161,974</u>
<b>Total Assets</b>	<u><u>\$ 662,593</u></u>

**CALIFORNIA-AMERICAN WATER COMPANY**  
**Balance Sheets (Unaudited)**  
**As of June 30, 2010**  
(Dollars in thousands)

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**Capitalization and Liabilities**

	<b>June 30, 2010</b>
<b>Capitalization</b>	
Common stockholder's equity	\$ 212,987
Long-term debt	243,000
Total capitalization	<u>455,987</u>
<b>Current liabilities</b>	
Note payable to affiliate	26,205
Accounts payable	7,203
Accounts payable - affiliated companies	504
Accrued purchased water	6,623
Accrued interest	861
Federal income tax payable due to affiliated company	3,101
Accrued taxes	678
Environmental mitigation costs	-
Advances for construction - current portion	1,021
Other	5,778
Total current liabilities	<u>51,974</u>
<b>Regulatory and other long-term liabilities</b>	
Deferred income taxes	27,313
Advances for construction	16,888
Deferred investment tax credits	973
Regulatory liabilities	33,272
Deferred revenue	3,052
Accrued pension expense	2,428
Accrued postretirement benefit expense	633
Environmental mitigation costs	6,600
Other	513
Total regulatory and other long-term liabilities	<u>91,672</u>
<b>Contributions in aid of construction</b>	<u>62,960</u>
<b>Commitments and contingencies</b>	<u>-</u>
<b>Total Capitalization and Liabilities</b>	<u>\$ 662,593</u>

**CALIFORNIA-AMERICAN WATER COMPANY**  
**Statements of Operations (Unaudited)**  
**For the Six Months Ended June 30, 2010**  
(Dollars in thousands)

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	<b>Six Months Ended</b>
	<b>June 30,</b>
	<b>2010</b>
	<b><u>          </u></b>
<b>Operating revenues</b>	<b>\$ 68,447</b>
<b>Operating expenses</b>	
Operation and maintenance	49,590
Depreciation	7,649
Amortization	215
General taxes	2,660
Gain on disposition of property	<u>(31)</u>
Total operating expenses	<u>60,083</u>
<b>Operating income</b>	<b><u>8,364</u></b>
<b>Other income (deductions)</b>	
Interest on long-term debt	(7,587)
Interest on short-term debt to affiliate	(42)
Other interest, net	131
Allowance for borrowed funds used during construction	913
Amortization of debt expense	(63)
Other income, net	<u>272</u>
Total other (deductions)	<u>(6,376)</u>
<b>Income (loss) before income taxes</b>	<b>1,988</b>
<b>Income tax benefit (provision)</b>	<b><u>787</u></b>
<b>Net income (loss)</b>	<b><u>\$ 1,201</u></b>