

APPENDIX A

In the Matter of the Application of California-American Water Company (U 210 W) for an order authorizing it to increase its rates for water service in its Coronado District to increase revenues by \$359,200 or 2.86% in the year 2005, to decrease revenues by (\$43,100) or (.34%) in the year 2006, and to decrease revenues by (\$28,400) or (.22%) in the year 2007.

A.04-03-023

In the Matter of the Application of California-American Water Company (U 210 W) for an order authorizing it to change its rates for water service in its Village District to decrease revenues by (\$1,254,000) or (6.36%) in the year 2005, to decrease revenues by (\$24.9) or (.13%) in the year 2006, and to increase revenues by \$4,700 or (.03%) in 2007.

A.04-03-024

SETTLEMENT AGREEMENT BETWEEN CALIFORNIA-AMERICAN WATER COMPANY AND THE OFFICE OF RATEPAYER ADVOCATES

1. General

- 1.1 The Parties to this Settlement Agreement ("Settlement") before the California Public Utilities Commission ("Commission") are California American Water ("California American Water") and the Office of Ratepayer Advocates ("ORA") – collectively, "the Parties." The City is not part of the Coronado application or that portion of the Settlement. The Parties, desiring to avoid the expense, inconvenience, and uncertainty attendant to litigation of the matters in dispute between them have agreed on this Settlement which they now submit for approval.
- 1.2 In addition, since this Settlement represents a compromise by them, the Parties have entered into each Stipulation on the basis that its approval by the Commission not be construed as an admission or concession by any Party regarding any fact or matter of law in dispute in this proceeding. Furthermore, the Parties intend that the approval of this Settlement by the Commission not be construed as a precedent or statement of policy of any kind for or against any Party in any current or future proceeding.
- 1.3 The Parties agree that no signatory to this Settlement or any member of ORA 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 ORA, attorneys representing ORA, or the ORA itself related to this Settlement. All rights and remedies of the Parties are limited to those available before the Commission.
- 1.4 All issues between the Parties have been resolved. The Settlement Agreement between the Parties would result in an increase in rates for California American Water's Coronado District of \$132,700, or 1.07%, in 2005, an increase in rates of

\$10,600, or 0.08%, in 2006; and an increase in rates of \$10,700, or 0.09%, in 2007. The Settlement Agreement between the Parties would result in a decrease in rates for the California American Water's Village District of (\$1,892,200), or (9.6%) in 2005, an increase in rates of \$42,100, or 0.23% in 2006, and an increase in rates of \$42,000, or 0.23% in 2007.

- 1.5 The following discussion addresses the items settled by the Parties. Attached as Appendix A to this Settlement are tables which show ORA's and California American Water's stipulated estimates.
- 1.6 Differences between California American Water's and ORA's estimates are, for the most part (except as specifically noted), due to the findings in ORA's report and, in some instances, due to later data available to ORA. Some stipulated expenses are the consequence of additional discussion between The Parties, with overall results which are no greater than California American Water's estimates but greater than ORA's estimates.
- 1.7 Included in this Settlement are supporting references to the Water Branch of the Office of Ratepayer Advocates Report on the Application for a General Increase in Rates for California American Water Company ("ORA Report"), Water and Legislative Branch's Report on the Cost of Capital for California American Water Company ("ORA Cost of Capital Report"), California American Water's Application for Authority to Increase Rates for Service – Coronado District and Application for Authority to Increase Rates for Service – Village District ("Application") and California American Water's direct and rebuttal testimony.

COST OF CAPITAL

2. Cost of Capital

The Parties agree to a ratio of 55.00% debt to 45.00% equity for Test Year 2005, Test Year 2006 and Attrition Year 2007. The Parties agree to a cost of debt of 7.12% for Test Year 2005, Test Year 2006 and Attrition Year 2007. The Parties agree to a cost of equity of 10.10% resulting in a weighted cost of capital of 8.46% for Test Year 2005, Test Year 2006 and Attrition Year 2007. The original positions of The Parties are listed below.

Settlement on Capital Structure –

California American Water's Original Position	46% to 49% Debt
ORA's Original Position	57% to 58% Debt
Settlement Position	55% Debt for All Years

Settlement Position on Common Equity -

California American Water's Original Position - Return on Common Equity	10.50%
ORA Original Position - Return on Common Equity	9.34%
Settlement - Return on Common Equity	10.10%

The settlement between the parties employs separate capital structures for the historical California American Water Districts and the purchased former Citizens Districts. This was agreed to due to the impacts of employing a consolidated capital structure across all

of California American Water on the synergy calculation and allowance for the former Citizens' properties acquired by California American Water in 2002. It was determined that it is still more equitable to maintain separate capital structures between the historical California American Water Districts and the former Citizens Districts. The capital structure agreed to in this settlement is similar to those used in California American Waters GRC's for ratemaking purposes in the past several years. The cost of common equity settlement is based on the current trends in interest rates that were not available at the time of the ORA's Report as well as consideration for California American Water's lower common equity ratio. The agreed upon return on common equity percentage was the result of adding 6 basis points to the allowance agreed to in the most recent California American Water settlement with ORA in February 2004 (A.03-07-036). It should also be noted that in the February 2004 settlement with ORA as well as the Commissions D.04-05-023, consideration was given to California American Water's lower common equity ratio through a leverage adder

(ORA Cost of Capital Report, Table 1-1; Rebuttal Testimony of David P. Stephenson ("Stephenson Rebuttal"), pp. 44-48; Rebuttal Testimony of Thomas M. Zepp ("Zepp Rebuttal"), pp. 2-10.)

CORONADO DISTRICT

3. Operating Revenues

California American Water agrees with ORA that an adjustment of \$1,300 annually for Coronado should be added to present revenues for the agreed upon increase in the after-hours reconnection fee from \$15 to \$50. This increase is based on the average annual number of after-hour reconnects the California American Water experiences in each district.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
	<u>California American Water</u>	<u>ORA</u>	
2005	\$0.0	\$2.5	\$1.3
2006	\$0.0	\$1.3	\$1.3

(ORA Report, ¶3.3; Rebuttal Testimony of David P. Stephenson, pp.3-4.)

4. Operation and Maintenance

California American Water accepts ORA's estimates for Operation and Maintenance, except for items listed below. Table F-1 and Table F-2, attached, set forth the positions of The Parties.

4.1 T&D Meter Installation Expense

The Parties agree California American Water has made a change in its accounting procedures and that an item of expense that was historically charged to this

account should be moved and recognized in T&D Miscellaneous expense. (See Section 4.2, below.)

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
	<u>California American Water</u>	<u>ORA</u>	
2005	\$3.1	\$1.7	\$1.7
2006	\$3.2	\$1.9	\$1.9

(ORA Report, ¶ 4.6; Application, Exhibit B, Table 3-3; Stephenson Rebuttal, pp 6-7.)

4.2 T&D Miscellaneous

The Parties agree California American Water has made a change in its accounting procedures and that an item of expense that was historically charged to T&D Meter Installation Expense should be moved and recognized in this account. (See Section 4.1, above.)

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
	<u>California American Water</u>	<u>ORA</u>	
2005	\$42.3	\$42.3	\$43.7
2006	\$43.2	\$43.2	\$44.5

(ORA Report, ¶4.5; Application, Exhibit B, Table 3-3; Stephenson Rebuttal, pp 6-7.)

4.3 T&D of Reservoirs and Tanks

The Parties agree that ORA erroneously omitted a portion of this account in its tables and that it should be corrected.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
	<u>California American Water</u>	<u>ORA</u>	
2005	\$46.5	\$36.3	\$46.5
2006	\$5.8	\$0.2	\$5.8

(Application, Exhibit B, Table 3-3; Stephenson Rebuttal, p. 8.)

5. Administrative and General Expenses

California American Water accepts ORA's estimates for Administrative and General Expenses, except for the items listed below. Table G-1 and Table G-2, attached, set forth the positions of The Parties.

5.1 Miscellaneous General

ORA agrees to accept California American Water estimates of vehicle replacement costs based on leasing rather than purchasing.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
<u>California American Water</u>		<u>ORA</u>	
2005	\$175.7	\$150.6	\$175.7
2006	\$194.5	\$176.9	\$194.5

(ORA Report, ¶¶5.5-5.6; Application Table 3-5:Stephenson Rebuttal, p.10 -11.)

5.2 Maintenance of General Plant

ORA agrees that it erroneously omitted maintenance costs from its tables.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
<u>California American Water</u>		<u>ORA</u>	
2005	\$18.0	\$0.0	\$18.0

(ORA Report, ¶¶5.5-5.6; Application Table 3-5:Stephenson Rebuttal, p.10 -11.)

6. Balancing and Memorandum Accounts

6.1 Regional Water Supply Project Memorandum Account

ORA and California American Water agree that all charges related to this project will be accounted for as preliminary survey and investigation. These charges will not be part of ratebase at this time and will not be accounted for in rates.

(Stephenson Rebuttal Testimony, pp. 11-13; ORA Coronado Report, 6.2-6.9.)

6.2 Increased Purchased Water Expenses

ORA and California American Water agree that a 0.54% water loss factor should be used. To address California American Water's concerns regarding increased purchased water costs due to increased production readings by the City of San Diego, ORA and California American Water agree that California American Water should establish a separate memorandum account to track increased total purchased water expense related to water loss over the .54% reflected in this settlement up to a cap of an additional 1%.

(ORA Coronado Report, 6.10-6.13; Stephenson Rebuttal Testimony, pp. 13-16)

7. Plant in Service

The Parties have reached agreement on estimates of Plant in Service as described below. Table J-1 and Table J-2, attached, set forth the original and settlement positions of The Parties.

7.1 Construct Building at Third and Calle

California American Water accepts ORA's position that due to timing of receiving regulatory approvals for the project and building permits that this project could not be completed by 2007 and therefore it is beyond the scope of this application.

	<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>
	<u>California American Water</u>	<u>ORA</u>	
2005	\$150.0	\$0.0	\$0.0

(ORA Report, ¶¶7.4 and 7.5.)

7.2 Install 530' of 8-inch Main in Palm Avenue

ORA agrees that the installation of this main is reasonable based on the information provided by California American Water that water pressures in the area do at times go below PUC Standards.

	<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>
	<u>California American Water</u>	<u>ORA</u>	
2005	\$150.0	\$0.0	\$150.0

(ORA Report, ¶7.6; Rebuttal Testimony of Benjamin Lewis ("Lewis Rebuttal"), pp.3-4)

7.3 Additions to Plant in Test Year 2006

The Parties agree that for settlement purposes there should be a \$600,000 estimate for plant additions in 2006, and that it should be offset by a comparable increase in contributions. The parties also agree that this plant addition and corresponding contribution should have no material effect on rate base.

(ORA Report ¶¶7.7-7.8, Stephenson Rebuttal, pp. 18-20.)

7.4 Gain on Sale

The Parties agree that the issue of the proper allocation of the gain on sale of the sale of property in 2000 should not be decided as part of this proceeding. The Commission recently announced that it will be initiating a rulemaking proceeding to address the issue of gains on sale of utility property for telephone, energy and water utilities. The issue of the proper allocation of gain on sale pursuant to Public Utilities Code 789.1, *et seq.* should be addressed as part of that rulemaking. California American Water will agree that since there will be an ongoing proceeding in this matter it will temporarily, in this case, reduce rate base in 2005 and 2006 by \$86,600.

(ORA Coronado Report, 7.2-7.3; Stephenson Rebuttal Testimony, pp. 16-18.)

8. **Depreciation**

ORA and the California American Water agree that Depreciation should be based on stipulated plant additions for Test Years 2005 and Test Year 2006 (with no plant additions for 2006). Tables K-1 and K-2, attached, set forth the positions of The Parties.

	<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
	<u>California American Water</u>	<u>ORA</u>		
2005	\$525.3	\$524.1	\$524.1	
2006	\$529.8	\$527.5	\$527.5	

(ORA Report, ¶8.2)

9. **Ratebase**

The Parties agree that most Ratebase items for Test Years 2005 and 2006 are determined by the results of stipulated issues as described below. Table L-1 and Table L-2, attached, set forth the positions of The Parties.

9.1 **Working Cash**

California American Water accepts ORA's estimate for working cash, except for one item as explained below, based on ORA's use of the latest information and correction of California American Water incorrect formulas and estimates. ORA agrees that the deposit amount shown as part of Working Cash is not a customer deposit, but is a deposit by California American Water to a vendor, and therefore it should be a positive working cash item, not a negative as shown by ORA.

	<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
	<u>California American Water</u>	<u>ORA</u>		
2005	\$202.0	\$138.1	\$139.9	
2006	\$202.0	\$68.2	\$69.9	

(ORA Report, ¶9.2; Application, Exhibit B Table 6.8; Stephenson Rebuttal, p. 20.)

9.2 **Working Cash Lead-Lag**

California American Water agrees that the lag days as proposed by ORA should be used in the calculation of Working Cash Lead-Lag.

	<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
	<u>California American Water</u>	<u>ORA</u>		
2005	\$925.2	\$812.9	\$819.5	
2006	\$969.9	\$838.4	\$844.7	

(ORA Report, ¶¶9.3-9.9; Application, Exhibit B, Table 6-1; Stephenson Rebuttal pp. 21-22)

9.3 Interest Expense Deduction

California-American Water accepts ORA's interest expense deduction for the purposes of settlement.

(ORA Coronado Report, 9.5.)

10. Miscellaneous

10.1 MTBE Litigation

The Parties agree that any net proceeds from any settlement in litigation on MTBE contamination should be tracked in a memorandum account for the benefit of ratepayers.

(ORA Report, ¶¶10.6-10.8; Stephenson Rebuttal, p. 22.)

11. Design of Rates

11.1 Billing for Franchise Fees

ORA agrees that California American Water should be allowed to separate franchise fees from the revenue requirement, and to show the franchise fee amount on each customer's bill as a separate line item. This agreement is based on California American Water's history of this procedure being allowed elsewhere in the Company and that the Coronado District has three separate franchise areas, and only two of the areas charge franchise fees.

(ORA Report, ¶¶11.4-11.9; Stephenson Rebuttal, pp. 23-24.)

12. Rate Assistance for Low-Income Customers

California American Water agrees to accept ORA's recommendation for a low-income tariff based on allowing a 15% overall reduction to a qualifying customer's monthly bill. Qualifying customers are those whose gross income does not exceed 175% of the federal poverty level. The Parties also agree that there should be a balancing account to track California American Water's expenses related to the program not otherwise provided for in this settlement or rate case and all revenues lost due to the 15% low-income reduction. California American Water agrees to this proposal as a pilot project for this proceeding only, and the acceptance of it here does not limit California American Water's ability to request modification, alteration or elimination of this program in the future. The Parties agree that an industry-wide program is preferable and should be the subject of further discussions and investigations.

(ORA Report, ¶¶13.1-13.9 (2); Stephenson Rebuttal, pp. 24-28.)

13. **Other Items**

ORA and California American Water agree that the net-to-gross multiplier should be calculated based on current uncollectible and tax rate, but that in the calculation of the multiplier State Income Taxes should not be deducted from Federal Taxes to develop the net Federal Tax percentage.

(Stephenson Rebuttal, pp. 28-29.)

VILLAGE DISTRICT

14. **Operating Revenues**

California American Water agrees with ORA that an adjustment of \$1,200 annually for Coronado should be added to present revenues for the agreed upon increase in the after-hours reconnection fee from \$15 to \$50. This increase is based on the average annual number of after-hour reconnects the California American Water experiences in each district.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
<u>California American Water</u>		<u>ORA</u>	
2005	\$0.0	\$1.2	\$1.2
2006	\$0.0	\$1.2	\$1.2

(ORA Report, ¶3.3; Rebuttal Testimony of David P. Stephenson, p.30.)

15. **Expenses**

California American Water accepts ORA's estimates for Expenses, except for items listed below. Table F-1, Table F-2, G-1 and G-2 attached, set forth the positions of The Parties.

15.1 **Source of Supply - Miscellaneous**

ORA agrees that based on a further explanation by California American Water, items that ORA originally excluded from consideration were legitimate and should have been accounted for in the analysis.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
<u>California American Water</u>		<u>ORA</u>	
2005	\$33.6	\$11.9	\$33.6
2006	\$34.5	\$12.1	\$34.6

(ORA Report, ¶¶4.10-4.14; Application, Exhibit B, Table 3-3; Stephenson Rebuttal, pp. 32-33.)

15.2 Water Treatment

ORA agrees that based on a further explanation by California American Water, items that ORA originally excluded from consideration were legitimate and should have been accounted for in the analysis.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
<u>California American Water</u>		<u>ORA</u>	
2005	\$13.0	\$11.6	\$13.0
2006	\$13.4	11.9	\$13.4

(ORA Report, ¶¶4.5; Application, Exhibit B, Table 3-3; Stephenson Rebuttal, p. 34.)

15.3 T&D Storage

ORA agrees that based on a further explanation by California American Water, items that ORA originally excluded from consideration were legitimate and should have been accounted for in the analysis.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
<u>California American Water</u>		<u>ORA</u>	
2005	\$16.0	\$12.4	\$16.0
2006	\$16.5	\$13.6	\$16.5

(ORA Report, ¶¶4.25-4.27; Application, Exhibit B, Table 3-3; Stephenson Rebuttal, p. 34.)

15.4 Customer Accounting - Miscellaneous

ORA agrees that based on a further explanation by California American Water, items that ORA originally excluded from consideration were legitimate and should have been accounted for in the analysis.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
<u>California American Water</u>		<u>ORA</u>	
2005	\$4.7	\$1.1	\$4.7
2006	\$4.8	\$1.1	\$4.8

(ORA Report, ¶¶4.32-4.37; Application, Exhibit B, Table 3-3; Stephenson Rebuttal, p. 35.)

15.5 Source of Supply - Maintenance

ORA agrees that based on a further explanation by California American Water, items that ORA originally excluded from consideration were legitimate and should have been accounted for in the analysis.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
<u>California American Water</u>		<u>ORA</u>	
2005	\$3.2	\$0.0	\$3.2
2006	\$3.2	\$0.0	\$3.2

(ORA Report, ¶¶4.38-4.40; Application, Exhibit B, Table 3-4; Stephenson Rebuttal, pp. 35-36.)

15.6 Maintenance of General Plant

ORA agrees with the Company that it mistakenly did not include Maintenance of General Plant in its Tables.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
<u>California American Water</u>		<u>ORA</u>	
2005	\$5.5	\$0.0	\$5.5
2006	\$5.7	\$0.0	\$5.7

(ORA Report, ¶4.69; Application, Exhibit B, Table 3-5; Stephenson Rebuttal, p. 37.)

16. Plant in Service

The Parties have reached agreement on estimates of Plant in Service as described below. Table J-1 and Table J-2, attached, set forth the original and settlement positions of The Parties.

16.1 Dos Vientos Ranch Reservoir

California American Water agrees that it has received \$1,144,000 and that it will receive an additional \$150,000 in contributions. California American Water agrees with ORA that all of \$1,294,000 should be booked in the contribution account.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
<u>California American Water</u>		<u>ORA</u>	
Contribution	\$1,144.0	\$1,294.0	\$1,294.0

(ORA Report, ¶5.2.)

16.2 Main in Los Posas System

ORA agrees that the installation of this main is reasonable based on the information provided by California American Water. California American Water agrees to file advice letter on completion of the project by end of 2007 for not to exceed \$1,350,100 and include a reduction of maintenance expense by \$24,000 to offset annual maintenance of this main.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
	<u>California American Water</u>	<u>ORA</u>	
2005	\$1,350.1	\$0.0	\$0 (advice letter)

(ORA Report, ¶5.3; Lewis Rebuttal, pp.5-6)

16.3 El Dorado Turnout Pressure Regulating Valve

The Parties agree that due to the potential agreement with the City to swap service areas, this project is not necessary at this time.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
	<u>California American Water</u>	<u>ORA</u>	
2005	\$150.0	\$0.0	\$0.0

(ORA Report, ¶5.4; Lewis Rebuttal, pp.6-7)

16.4 Additions to Plant in Test Year 2006

The Parties agree that for settlement purposes there should be a \$2,567,000 estimate for plant additions in 2006, and that it should be offset by a comparable increase in contributions. The parties also agree that this plant addition and corresponding contribution should have no material effect on rate base.

(ORA Report ¶¶5.5-5.6, Stephenson Rebuttal, pp. 37-38.)

17. Depreciation

ORA and the California American Water agree that Depreciation should be based on stipulated plant additions for Test Years 2005 and 2006 with no plant additions. Tables K-1 and K-2, attached, set forth the positions of The Parties.

<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
	<u>California American Water</u>	<u>ORA</u>	
2005	\$1,295.2	\$1,282.7	\$1,293.8
2006	\$1,317.5	\$1,294.2	\$1,315.5

(ORA Report, ¶6.2)

18. Ratebase

The Parties agree that most Ratebase items for Test Years 2005 and 2006 are determined by the results of stipulated issues as described below. Table L-1 and Table L-2, attached, set forth the positions of The Parties.

18.1 Working Cash

California American Water accepts ORA's estimate for working cash, except for one item as explained below, based on ORA's use of the latest information and correction of California American Water incorrect formulas and estimates. ORA agrees that the deposit amount shown as part of Working Cash is not a customer deposit, but is a deposit by California American Water to a vendor, and therefore it should be a positive working cash item, not a negative as shown by ORA.

	<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
	<u>California American Water</u>	<u>ORA</u>		
2005	\$345.8	\$178.6		\$210.5
2006	\$228.1	\$121.3		\$152.9

(ORA Report, ¶7.2; Application, Exhibit B Table 6.8; Stephenson Rebuttal, p. 40.)

18.2 Working Cash Lead-Lag

California American Water agrees to accept that the lag days as proposed by ORA should be used in the calculation of Working Cash Lead-Lag.

	<u>Original Positions (000s)</u>		<u>Settlement (000s)</u>	
	<u>California American Water</u>	<u>ORA</u>		
2005	\$386.3	\$352.0		\$352.0
2006	\$375.4	\$359.0		\$359.0

(ORA Report, ¶¶7.3-7.8; Application, Exhibit B, Table 6-1; Stephenson Rebuttal pp. 39-40)

18.3 Interest Expense Deduction

California-American Water accepts ORA's interest expense deduction for the purposes of settlement.

(ORA Village Report, 7.4.)

19. Miscellaneous

19.1 MTBE Litigation

The Parties agree that any net proceeds from any settlement in litigation on MTBE contamination should be tracked in a memorandum account for the benefit of ratepayers.

(ORA Report, ¶¶8.6-8.8; Stephenson Rebuttal, p. 41.)

20. **Design of Rates**

20.1 **Billing for Franchise Fees**

ORA agrees that California American Water should be allowed to separate franchise fees from the revenue requirement, and to show the franchise fee amount on each customer's bill as a separate line item. This agreement is based on California American Water's history of this procedure being allowed elsewhere in the Company and that it provides the customers with greater information.

(ORA Report, ¶¶9.4-9.9; Stephenson Rebuttal, pp. 41-42.)

20.2 **Rate Assistance for Low-Income Customers**

California American Water agrees to accept ORA's recommendation for a low-income tariff based on allowing a 15% overall reduction to a qualifying customer's monthly bill. Qualifying customers whose gross income does not exceed 175% of the federal poverty level. The Parties also agree that there should be a balancing account to track California American Water's expenses related to the program not otherwise provided for in this settlement or rate case and all revenues lost due to the 15% low-income reduction. California American Water agrees to this proposal as a pilot project for this proceeding only, and the acceptance of it here does not limit California American Water's ability to request modification, alteration or elimination of this program in the future. The Parties agree that an industry-wide program is preferable and should be the subject of further discussions and investigations.

(ORA Report, ¶¶9.10-9.31; Stephenson Rebuttal, pp. 43.)

21. **Other Items**

ORA and California American Water agree that the net-to-gross multiplier should be calculated based on current uncollectible and tax rate, but that in the calculation of the multiplier State Income Taxes should not be deducted from Federal Taxes to develop the net Federal Tax percentage.

(Stephenson Rebuttal, pp. 43-44.)

**OFFICE OF RATEPAYER ADVOCATES
WATER DIVISION**

By 
Regina Birdsall
Director, Office of Ratepayer Advocates

California Public Utilities Commission
320 West 4th Street, Suite 500
Los Angeles, CA 90013
(213) 576-7045

Dated: August 16, 2004

**CALIFORNIA-AMERICAN WATER
COMPANY**

By: _____
David P. Stephenson
Assistant Treasurer for California-American
Water Company

California-American Water Company
303 H St, Suite 250
Chula Vista, CA 91910
(619) 409-7712

Dated: August 16, 2004

21. **Other Items**

ORA and California American Water agree that the net-to-gross multiplier should be calculated based on current uncollectible and tax rate, but that in the calculation of the multiplier State Income Taxes should not be deducted from Federal Taxes to develop the net Federal Tax percentage.

(Stephenson Rebuttal, pp. 43-44.)

**OFFICE OF RATEPAYER ADVOCATES
WATER DIVISION**

By _____
Regina Birdsall
Director, Office of Ratepayer Advocates

California Public Utilities Commission
320 West 4th Street, Suite 500
Los Angeles, CA 90013
(213) 576-7045

Dated: August 17, 2004

**CALIFORNIA-AMERICAN WATER
COMPANY**

By: 
David P. Stephenson
Assistant Treasurer for California-American
Water Company

California-American Water Company
303 H St, Suite 250
Chula Vista, CA 91910
(619) 409-7712

Dated: August 17, 2004

TABLE 1-1

CALIFORNIA-AMERICAN WATER COMPANY
COMPARISON OF CAL AM PROPOSED AND ORA RECOMMENDED
RATE OF RETURN
For the Years 2005 through 2007

	Cal-Am Revised			ORA RECOMMENDED			SETTLEMENT		
	Capital Structure	Cost Factor	Weighted Cost	Capital Structure	Cost Factor	Weighted Cost	Capital Structure	Cost Factor	Weighted Cost
<u>Test Year 2005</u>									
Long-Term Debt	46.13%	7.16%	3.30%	57.51%	5.83%	3.36%	55.00%	7.12%	3.92%
Common Equity	53.87%	10.50%	5.66%	42.49%	9.34%	3.97%	45.00%	10.10%	4.55%
Total	<u>100.00%</u>		<u>8.96%</u>	<u>100.00%</u>		<u>7.32%</u>	<u>100.00%</u>		<u>8.46%</u>
<u>Test Year 2006</u>									
Long-Term Debt	48.17%	7.11%	3.42%	56.57%	5.81%	3.28%	55.00%	7.12%	3.92%
Common Equity	51.83%	10.50%	5.44%	43.43%	9.34%	4.05%	45.00%	10.10%	4.55%
Total	<u>100.00%</u>		<u>8.87%</u>	<u>100.00%</u>		<u>7.34%</u>	<u>100.00%</u>		<u>8.46%</u>
<u>Attrition Year 2007</u>									
Long-Term Debt	49.47%	7.09%	3.51%	57.22%	6.25%	3.57%	55.00%	7.12%	3.92%
Common Equity	50.53%	10.50%	5.31%	42.78%	9.34%	3.99%	45.00%	10.10%	4.55%
Total	<u>100.00%</u>		<u>8.81%</u>	<u>100.00%</u>		<u>7.57%</u>	<u>100.00%</u>		<u>8.46%</u>

APPENDIX - A
APPLICATION NO. A.04-03-023

**CALIFORNIA-AMERICAN WATER COMPANY
CORONADO DISTRICT - 2004 GENERAL RATE CASE
REVENUE REQUIREMENTS (000's OF \$)**

TABLE: 2-1

Revenue requirements for the ESTIMATED YEARS 2005 and 2006 are determined below from the estimated results of operations under present rates for that year.

Based upon estimated 2005 and 2006 average depreciated rate bases, proposed rates have been designed to produce annual rates of return as set forth below.

<u>REVENUE REQUIREMENTS</u>	ORA		CAL AM	
	2005	2006	2005	2006
WEIGHTED AVERAGE RATE BASE	\$9,978.7	\$9,968.4	\$9,978.7	\$9,968.4
STIPULATED RATE OF RETURN	8.46%	8.46%	8.46%	8.46%
UTILITY OPERATING INCOME REQUIRED	\$844.3	\$843.4	\$844.3	\$843.4
AT PRESENT RATES	\$768.3	\$837.3	\$768.3	\$837.3
ADDITIONAL	\$76.0	\$6.1	\$76.0	\$6.1
NET-TO-GROSS MULTIPLIER	1.7466	1.7466	1.7466	1.7466
GROSS REVENUES				
ADDITIONAL REQUIRED AT PRESENT RATES	\$132.7 \$12,355.4	\$10.6 \$12,510.0	\$132.7 \$12,355.4	\$10.6 \$12,483.0
TOTAL	\$12,488.1	\$12,520.6	\$12,488.1	\$12,493.6
PERCENT INCREASE (ANNUALLY)	1.07%	0.08%	1.07%	0.08%
 <u>NET-TO-GROSS MULTIPLIER</u>				
The items of expense enumerated below increase in direct proportion to any increase in gross revenues. The net-to-gross multiplier applicable to the estimated years is as follows:				
		1.0		
Uncollectible Accounts	0.32%	99.68%		
State Corporate Franchise Tax	7.56%	42.42%		
Federal Income Tax	35.00%	57.26%		
NET-TO-GROSS MULTIPLIER	1.7466	1.7466		

APPENDIX - A
APPLICATION NO.A04-03-023

**CALIFORNIA-AMERICAN WATER COMPANY
CORONADO DISTRICT - 2004 GENERAL RATE CASE
ATTRITION ALLOWANCE (000's OF \$)**

Table: 2-2

	ORA		CAL AM	
	2005	2006	2005	2006
<u>ATTRITION ALLOWANCE CALCULATION</u>				
Rate of Return at 2005 Proposed Rates	8.46%	8.40%	8.46%	8.40%
Rate of Return Percent Decrease		0.06%		0.06%
	2006	2007	2006	2007
Stipulated Rate of Return	8.46%	8.46%	8.46%	8.46%
Change in Stipulated Rate of Return		0.00%		0.00%
Total Increase/(Decrease) in Rate of Return		0.06%		0.06%
Applied Against 2006 Weighted Average Rate Base		<u>\$9,968.4</u>		<u>\$9,968.4</u>
Gross Increase		\$6.1		\$6.1
Times Net-to-Gross Multiplier		<u>1.7466</u>		<u>1.7466</u>
Total Attrition Allowance - Year 2007		<u>\$10.7</u>		<u>\$10.7</u>
Percentage Increase		<u>0.09%</u>		<u>0.09%</u>

TABLE A-1
CALIFORNIA-AMERICAN WATER CO.- CORONADO
SUMMARY OF EARNINGS
YEAR 2005 ESTIMATED AT PRESENT RATES

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
OPERATING REVENUES	12,355.4	12,355.4	0.0	12,355.4	12,354.1	0.0%
DEFERRED REVENUE CIAC	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL REVENUES	12,355.4	12,355.4	0.0	12,355.4	12,354.1	0.0%
OPERATING EXPENSES						
OPERATION & MAINTENANCE	7,035.3	7,048.9	0.0	7,046.9	7,057.3	0.0%
ADMINISTRATIVE & GENERAL	3,584.6	3,627.6	0.0	3,627.6	3,633.5	0.0%
DEPRECIATION & AMORTIZATION	527.5	524.1	0.0	524.1	525.3	0.0%
TAXES OTHER THAN INCOME	173.5	173.5	0.0	173.5	173.5	0.0%
STATE CORP. FRAN. TAX	53.7	44.8	0.0	44.8	48.2	0.0%
FEDERAL INCOME TAX	211.7	170.0	0.0	170.0	196.1	0.0%
TOTAL OPERATING EXPENSES	11,586.3	11,586.9	0.0	11,586.9	11,633.9	0.0%
NET OPERATING REVENUE	769.1	768.3	0.0	768.3	720.2	0.0%
RATE BASE	9,837.5	9,978.7	0.0	9,978.7	10,234.0	0.0%
RATE OF RETURN	7.82%	7.70%		7.70%	7.04%	0.0%

TABLE A-2
CALIFORNIA-AMERICAN WATER CO.- CORONADO
SUMMARY OF EARNINGS
YEAR 2005 ESTIMATED AT PROPOSED RATES

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
OPERATING REVENUES	12,275.0	12,483.0	0.0	12,483.0	12,707.0	0.0%
DEFERRED REVENUE CIAC	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL REVENUES	12,275.0	12,483.0	0.0	12,483.0	12,707.0	0.0%
OPERATING EXPENSES						
OPERATION & MAINTENANCE	7,036.4	7,047.2	0.0	7,047.2	7,058.5	0.0%
ADMINISTRATIVE & GENERAL	3,584.6	3,627.6	0.0	3,627.6	3,633.5	0.0%
DEPRECIATION & AMORTIZATION	527.5	524.1	0.0	524.1	525.3	0.0%
TAXES OTHER THAN INCOME	173.5	173.5	0.0	173.5	173.5	0.0%
STATE CORP. FRAN. TAX	47.7	52.3	0.0	52.3	74.9	0.0%
FEDERAL INCOME TAX	183.2	214.5	0.0	214.5	319.2	0.0%
TOTAL OPERATING EXPENSES	11,552.9	11,639.3	0.0	11,639.3	11,784.9	0.0%
NET OPERATING REVENUE	722.1	843.7	0.0	843.7	922.1	0.0%
RATE BASE	9,837.5	9,978.7	0.0	9,978.7	10,234.0	0.0%
RATE OF RETURN	7.34%	8.46%		8.46%	9.01%	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

TABLE A-3
CALIFORNIA-AMERICAN WATER CO.- CORONADO
SUMMARY OF EARNINGS
YEAR 2008 ESTIMATED AT PRESENT RATES *

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
OPERATING REVENUES	12,725.3	12,497.8	0.0	12,497.8	12,723.5	0.0%
DEFERRED REVENUE CIAC	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL REVENUES	12,725.3	12,497.8	0.0	12,497.8	12,723.5	0.0%
OPERATING EXPENSES						
OPERATION & MAINTENANCE	7,013.2	7,020.1	0.0	7,020.1	7,028.1	0.0%
ADMINISTRATIVE & GENERAL	3,628.0	3,664.3	0.0	3,664.3	3,670.1	0.0%
DEPRECIATION & AMORTIZATION	529.8	529.8	0.0	529.8	530.0	0.0%
TAXES OTHER THAN INCOME	175.2	175.2	0.0	175.2	175.2	0.0%
STATE CORP. FRAN. TAX	73.0	52.2	0.0	52.2	73.1	0.0%
FEDERAL INCOME TAX	315.1	219.0	0.0	219.0	308.0	0.0%
TOTAL OPERATING EXPENSES	11,734.3	11,660.5	0.0	11,660.5	11,784.2	0.0%
NET OPERATING REVENUE	991.0	837.3	0.0	837.3	939.3	0.0%
RATE BASE	9,603.4	9,968.4	0.0	9,968.4	10,310.8	0.0%
RATE OF RETURN	10.32%	8.40%		8.40%	9.11%	0.0%

* Present Rates are those rates proposed to be in effect for Test Year 2005.

TABLE A-4
CALIFORNIA-AMERICAN WATER CO.- CORONADO
SUMMARY OF EARNINGS
YEAR 2008 ESTIMATED AT PROPOSED RATES

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
OPERATING REVENUES	12,284.0	12,510.0	0.0	12,510.0	12,680.4	0.0%
DEFERRED REVENUE CIAC	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL REVENUES	12,284.0	12,510.0	0.0	12,510.0	12,680.4	0.0
OPERATING EXPENSES						
OPERATION & MAINTENANCE	7,007.6	7,020.1	0.0	7,020.1	7,028.0	0.0%
ADMINISTRATIVE & GENERAL	3,812.5	3,665.3	0.0	3,665.3	3,670.0	0.0%
DEPRECIATION & AMORTIZATION	527.6	529.8	0.0	529.8	529.8	0.0%
TAXES OTHER THAN INCOME	175.2	175.2	0.0	175.2	175.2	0.0%
STATE CORP. FRAN. TAX	46.6	53.0	0.0	53.0	69.8	0.0%
FEDERAL INCOME TAX	184.9	223.0	0.0	223.0	292.9	0.0%
TOTAL OPERATING EXPENSES	11,554.4	11,666.3	0.0	11,666.3	11,765.6	0.0%
NET OPERATING REVENUE	729.8	843.7	0.0	843.7	914.8	0.0%
RATE BASE	9,603.4	9,968.4	0.0	9,968.4	10,310.8	0.0%
RATE OF RETURN	7.60%	8.46%		8.46%	8.87%	0.0%

TABLE B-1A
 CALIFORNIA-AMERICAN WATER CO.- CORONADO
 AVERAGE CONSUMPTION PER CUSTOMER PER YEAR
 2005

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
RESIDENTIAL	150.3	150.3	0.0	150.3	150.3	0.0%
COMMERCIAL	1,048.0	1,048.0	0.0	1,048.0	1,048.0	0.0%
PUBLIC AUTHORITY	2,833.7	2,833.7	0.0	2,833.7	2,833.7	0.0%
OTHER UTILITIES	1.0	1.0	0.0	1.0	1.0	0.0%
OTHER	1,843.5	1,843.5	0.0	1,843.5	1,843.5	0.0%

TABLE B-2A
 CALIFORNIA-AMERICAN WATER CO.- CORONADO
 AVERAGE CONSUMPTION PER CUSTOMER PER YEAR
 2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
RESIDENTIAL	150.3	150.3	0.0	150.3	150.3	0.0%
COMMERCIAL	1,048.0	1,048.0	0.0	1,048.0	1,048.0	0.0%
PUBLIC AUTHORITY	2,833.7	2,833.7	0.0	2,833.7	2,833.7	0.0%
OTHER UTILITIES	1.0	1.0	0.0	1.0	1.0	0.0%
OTHER	1,843.5	1,843.5	0.0	1,843.5	1,843.5	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

TABLE C-1
CALIFORNIA-AMERICAN WATER CO.- CORONADO
AVERAGE NUMBER OF CUSTOMERS
2005

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
RESIDENTIAL	17,986	17,986	0	17,986	17,986	0.0%
COMMERCIAL	1,945	1,945	0	1,945	1,945	0.0%
PUBLIC AUTHORITY	319	319	0	319	319	0.0%
GOLF COURSES	0	0	0	0	0	0.0%
INDUSTRIAL	0	0	0	0	0	0.0%
OTHER UTILITIES	0	0	0	0	0	0.0%
OTHER	14	14	0	14	14	0.0%
PRIVATE FIRE SERVICES	300	300	0	300	300	0.0%
PUBLIC FIRE HYDRANT	0	0	0	0	0	0.0%
	<u>20,564</u>	<u>20,564</u>	<u>0</u>	<u>20,564</u>	<u>20,564</u>	<u>0.0%</u>
<u>TOTAL ACTIVE CONNECTIONS</u>						
INCL. FIRE PROTECTION	20,564	20,564	0	20,564	20,564	0.0%
EXCL. FIRE PROTECTION	20,264	20,264	0	20,264	20,264	0.0%

TABLE C-2
 CALIFORNIA-AMERICAN WATER CO.- CORONADO
 AVERAGE NUMBER OF CUSTOMERS
 2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
RESIDENTIAL	17,996	17,996	0	17,996	17,996	0.0%
COMMERCIAL	1,950	1,950	0	1,950	1,950	0.0%
PUBLIC AUTHORITY	319	319	0	319	319	0.0%
GOLF COURSES	0	0	0	0	0	0.0%
INDUSTRIAL	0	0	0	0	0	0.0%
OTHER UTILITIES	0	0	0	0	0	0.0%
OTHER	14	14	0	14	14	0.0%
PRIVATE FIRE SERVICES	300	300	0	300	300	0.0%
	20,579	20,579	0	20,579	20,579	0.0%
<u>TOTAL ACTIVE CONNECTIONS</u>						
INCL. FIRE PROTECTION	20,579	20,579	0	20,579	20,579	0.0%
EXCL. FIRE PROTECTION	20,279	20,279	0	20,279	20,279	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

TABLE D-1
CALIFORNIA-AMERICAN WATER CO.- CORONADO
TOTAL SALES AND SUPPLY
2005

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
<u>METERED SALES (KCCF)</u>						
RESIDENTIAL	2,704.0	2,704.0	0.0	2,704.0	2,704.0	0.0%
COMMERCIAL	2,034.5	2,034.5	0.0	2,034.5	2,034.5	0.0%
PUBLIC AUTHORITY	904.0	904.0	0.0	904.0	904.0	0.0%
GOLF COURSES	0.0	0.0	0.0	0.0	0.0	0.0%
INDUSTRIAL	0.0	0.0	0.0	0.0	0.0	0.0%
OTHER	26.1	26.1	0.0	26.1	26.1	0.0%
TOTAL METERED SALES	5,668.6	5,668.6	0.0	5,668.6	5,668.6	0.0%
OTHER OR FLAT RATE						
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL ANNUAL CONSUMPTION	5,668.6	5,668.6	0.0	5,668.6	5,668.6	0.0%
UNACCOUNTED FOR WATER 0.54%	30.8	30.8	0.0	30.8	30.8	0.0%
TOTAL PRODUCTION	5,699.4	5,699.4	0.0	5,699.4	5,699.4	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

TABLE D-2
CALIFORNIA-AMERICAN WATER CO.- CORONADO
TOTAL SALES AND SUPPLY
2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
<u>METERED SALES (KCCF)</u>						
RESIDENTIAL	2,705.5	2,705.5	0.0	2,705.5	2,705.5	0.0%
COMMERCIAL	2,039.7	2,039.7	0.0	2,039.7	2,039.7	0.0%
PUBLIC AUTHORITY	904.0	904.0	0.0	904.0	904.0	0.0%
GOLF COURSES	0.0	0.0	0.0	0.0	0.0	0.0%
INDUSTRIAL	0.0	0.0	0.0	0.0	0.0	0.0%
IRRIGATION	26.1	26.1	0.0	26.1	26.1	0.0%
TOTAL METERED SALES	5,675.3	5,675.3	0.0	5,675.3	5,675.3	0.0%
OTHER OR FLAT RATE OTHER	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL ANNUAL CONSUMPTION	5,675.3	5,675.3	0.0	5,675.3	5,675.3	0.0%
UNACCOUNTED FOR WATER 0.54%	30.8	30.8	0.0	30.8	30.8	0.0%
TOTAL PRODUCTION	5,706.1	5,706.1	0.0	5,706.1	5,706.1	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

**TABLE E-1
CALIFORNIA-AMERICAN WATER CO.- CORONADO
OPERATING REVENUES
2005 ESTIMATED AT PRESENT RATES**

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
<u>METERED REVENUES</u>						
Residential	6,330.8	6,330.8	0.0	6,330.8	6,330.8	0.0%
Commercial	4,119.4	4,119.4	0.0	4,119.4	4,119.4	0.0%
Public Authority	1,755.8	1,755.8	0.0	1,755.8	1,755.8	0.0%
Golf Courses	0.0	0.0	0.0	0.0	0.0	0.0%
Industrial	0.0	0.0	0.0	0.0	0.0	0.0%
Irrigation						
Gravity	0.0	0.0	0.0	0.0	0.0	0.0%
Pressure	0.0	0.0	0.0	0.0	0.0	0.0%
Other	57.0	57.0	0.0	57.0	57.0	0.0%
TOTAL METERED	12,263.0	12,263.0	0.0	12,263.0	12,263.0	0.0%
<u>FLAT RATE REVENUES</u>						
Fire Hydrant	0.0	0.0	0.0	0.0	0.0	0.0%
Private Fire Protection	71.4	71.4	0.0	71.4	71.4	0.0%
TOTAL FLAT RATE	71.4	71.4	0.0	71.4	71.4	0.0%
<u>MISCELLANEOUS</u>						
Misc. Service	21.0	21.0	0.0	21.0	19.8	0.0%
Rev. from Contrib.	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL MISC.	21.0	21.0	0.0	21.0	19.8	0.0%
TOTAL REVENUES	12,355.4	12,355.4	0.0	12,355.4	12,354.2	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

**TABLE E-2
CALIFORNIA-AMERICAN WATER CO.- CORONADO
OPERATING REVENUES
2005 ESTIMATED AT 2005 PROPOSED RATES**

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
<u>METERED REVENUES</u>						
Residential	6,351.8	6,459.6	0.0	6,459.6	6,578.4	0.0%
Commercial	4,055.7	4,124.5	0.0	4,124.5	4,200.4	0.0%
Public Authority	1,718.7	1,747.9	0.0	1,747.9	1,780.0	0.0%
Golf Courses	0.0	0.0	0.0	0.0	0.0	0.0%
Industrial	0.0	0.0	0.0	0.0	0.0	0.0%
Irrigation		0.0			0.0	
Gravity	0.0	0.0	0.0	0.0	0.0	0.0%
Pressure	0.0	0.0	0.0	0.0	0.0	0.0%
Other	56.8	57.8	0.0	57.8	58.9	0.0%
TOTAL METERED	12,183.1	12,389.8	0.0	12,389.8	12,617.7	0.0%
<u>FLAT RATE REVENUES</u>						
Fire Hydrant	0.0	0.0	0.0	0.0	0.0	0.0%
Private Fire Protection	71.0	72.2	0.0	72.2	73.5	0.0%
TOTAL FLAT RATE	71.0	72.2	0.0	72.2	73.5	0.0%
<u>MISCELLANEOUS</u>						
Misc. Service	21.0	21.0	0.0	21.0	19.8	0.0%
Rev. from Contrib.	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL MISC.	21.0	21.0	0.0	21.0	19.8	0.0%
TOTAL REVENUES	12,275.0	12,483.0	0.0	12,483.0	12,711.0	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

**TABLE E-3
CALIFORNIA-AMERICAN WATER CO.- CORONADO
OPERATING REVENUES
2006 ESTIMATED AT 2005 PROPOSED RATES**

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
<u>METERED REVENUES</u>						
Residential	6,581.9	6,464.3	0.0	6,464.3	6,581.9	0.0%
Commercial	4,210.0	4,134.8	0.0	4,134.8	4,210.0	0.0%
Public Authority	1,780.0	1,748.2	0.0	1,748.2	1,780.0	0.0%
Golf Courses	0.0	0.0	0.0	0.0	0.0	0.0%
Industrial	0.0	0.0	0.0	0.0	0.0	0.0%
Irrigation		0.0				
Gravity	0.0	0.0	0.0	0.0	0.0	0.0%
Pressure	0.0	0.0	0.0	0.0	0.0	0.0%
Other	58.9	57.8	0.0	57.8	58.9	0.0%
TOTAL METERED	12,630.8	12,405.1	0.0	12,405.1	12,630.8	0.0%
<u>FLAT RATE REVENUES</u>						
Fire Hydrant	0.0	0.0	0.0	0.0	0.0	0.0%
Private Fire Protection	73.5	71.6	0.0	71.6	72.9	0.0%
TOTAL FLAT RATE	73.5	71.6	0.0	71.6	72.9	0.0%
<u>MISCELLANEOUS</u>						
Misc. Service	21.0	21.0	0.0	21.0	19.8	0.0%
Rev. from Contrib.		0.0	0.0	0.0	0.0	0.0%
TOTAL MISC.	21.0	21.0	0.0	21.0	19.8	0.0%
TOTAL REVENUES	12,725.3	12,497.8	0.0	12,497.8	12,723.5	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

**TABLE E-4
CALIFORNIA-AMERICAN WATER CO.- CORONADO
OPERATING REVENUES
2006 ESTIMATED AT 2006 PROPOSED RATES**

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
<u>METERED REVENUES</u>						
Residential	6,349.6	6,466.6	0.0	6,466.6	6,556.2	0.0%
Commercial	4,067.2	4,142.2	0.0	4,142.2	4,199.6	0.0%
Public Authority	1,720.4	1,752.1	0.0	1,752.1	1,776.4	0.0%
Golf Courses	0.0	0.0	0.0	0.0	0.0	0.0%
Industrial	0.0	0.0	0.0	0.0	0.0	0.0%
Irrigation		0.0				
Gravity	0.0	0.0	0.0	0.0	0.0	0.0%
Pressure	0.0	0.0	0.0	0.0	0.0	0.0%
Other	56.8	57.9	0.0	57.9	58.7	0.0%
TOTAL METERED	12,194.0	12,418.8	0.0	12,418.8	12,590.8	0.0%
<u>FLAT RATE REVENUES</u>						
Fire Hydrant	0.0	0.0	0.0	0.0	0.0	0.0%
Private Fire Protection	69.0	70.2	0.0	70.2	71.2	0.0%
TOTAL FLAT RATE	69.0	70.2	0.0	70.2	71.2	0.0%
<u>MISCELLANEOUS</u>						
Misc. Service	21.0	21.0	0.0	21.0	19.8	0.0%
Rev. from Contrib.		0.0	0.0	0.0		0.0%
TOTAL MISC.	21.0	21.0	0.0	21.0	19.8	0.0%
TOTAL REVENUES	12,284.0	12,510.0	0.0	12,510.0	12,681.8	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

TABLE F-1
CALIFORNIA-AMERICAN WATER CO.- CORONADO
OPERATION & MAINTENANCE EXPENSES
2005

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
AT PRESENT RATES						
Operating Revenues	12,355.4	12,355.4	0.0	12,355.4	12,354.1	0.0%
Uncollectible Rate	0.3218%	0.3218%	0.0	0.3218%	0.3353%	
Uncollectibles	39.8	39.8	0.0	39.8	42.5	0.0%
Operation Expense						
Source of Supply Expense	0.1	0.1	0.0	0.1	0.1	0.0%
Purchased Water	6,839.1	6,839.1	0.0	6,839.1	6,839.1	0.0%
Pumping Expense - Electric	0.0	0.0	0.0	0.0	0.0	0.0%
Purchased Power	0.0	0.0	0.0	0.0	0.0	0.0%
General Water Treatment	11.8	11.8	0.0	11.8	11.8	0.0%
Water Treatment - Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0%
Chemicals	0.0	0.0	0.0	0.0	0.0	0.0%
Storage Facilities Expense	8.9	8.9	0.0	8.9	9.3	0.0%
Trans. & Dist. - Lines	0.2	0.2	0.0	0.2	1.5	0.0%
Trans. & Dist. - Meters	0.5	0.5	0.0	0.5	1.1	0.0%
Trans. & Dist. - Customer Installation	1.7	1.7	0.0	1.7	3.1	0.0%
Trans. & Dist. - Misc.	42.3	43.7	0.0	43.7	42.3	0.0%
Customer Accts. - Meter Reading	1.3	1.3	0.0	1.3	1.3	0.0%
Customer Accounting - Contracts & Orders	4.0	4.0	0.0	4.0	4.0	0.0%
Customer Accounting - Collections	5.9	5.9	0.0	5.9	5.9	0.0%
Customer Accounting - Customer Svc. Info	0.0	0.0	0.0	0.0	0.0	0.0%
Customer Accts. - Uncollectibles	39.8	39.8	0.0	39.8	42.5	0.0%
Total Operation Expenses	6,955.2	6,958.8	0.0	6,958.8	6,981.8	0.0%
Maintenance Expenses						
Source of Supply - Collection	0.0	0.0	0.0	0.0	0.0	0.0%
Maint of Infiltration Galleries & Tun	0.0	0.0	0.0	0.0	0.0	0.0%
Source of Supply - Wells	0.0	0.0	0.0	0.0	0.0	0.0%
Pumping - Structures	0.0	0.0	0.0	0.0	0.0	0.0%
Pumping - Minc Power Prod Equip	0.0	0.0	0.0	0.0	0.0	0.0%
Pumping - Pumping Equipment	2.4	2.4	0.0	2.4	2.4	0.0%
Pumping - Pumping Eqpt Mat Other	0.0	0.0	0.0	0.0	0.0	0.0%
Water Treatment - Structures	0.0	0.0	0.0	0.0	0.0	0.0%
Water Treatment - Other	0.0	0.0	0.0	0.0	0.0	0.0%
Maintenance Error	-10.2	0.0	0.0	0.0	0.0	0.0%
T & D Reservoirs & Tanks	48.5	48.5	0.0	48.5	48.5	0.0%
T & D Mains	18.8	18.8	0.0	18.8	23.2	0.0%
T & D Services	14.5	14.5	0.0	14.5	14.5	0.0%
T & D Meters	6.8	6.8	0.0	6.8	6.8	0.0%
T & D Hydrants	1.2	1.2	0.0	1.2	2.1	0.0%
Total Maintenance Expense	80.1	90.3	0.0	90.3	95.8	0.0%
Total O & M Expenses (incl. uncollectibles)	7,035.3	7,048.9	0.0	7,048.9	7,057.3	0.0%
AT 2005 PROPOSED RATES						
Operating Revenues	12,711.0	12,483.0	0.0	12,483.0	12,707.0	0.0%
Uncollectible Rate	0.3218%	0.3218%	0.0	0.3218%	0.3353%	
Uncollectibles	40.9	40.2	0.0	40.2	43.7	0.0%
TOTAL O & M EXPENSES	7,036.4	7,047.2	0.0	7,047.2	7,058.5	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

TABLE F-2
CALIFORNIA-AMERICAN WATER CO.- CORONADO
OPERATION & MAINTENANCE EXPENSES
2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
AT 2005 PROPOSED RATES						
Operating Revenues	12,725.3	12,497.8	0.0	12,497.8	12,723.5	0.0%
Uncollectible Rate	0.3218%	0.3218%	0.0000%	0.3218%	0.3353%	0.0%
Uncollectibles	41.0	40.2	0.0	40.2	43.9	0.0%
Operation Expense						
Source of Supply Expense	0.1	0.1	0.0	0.1	0.1	0.0%
Purchased Water	6,847.3	6,847.3	0.0	6,847.3	6,847.3	0.0%
Pumping Expense - Electric	0.0	0.0	0.0	0.0	0.0	0.0%
Purchased Power	0.0	0.0	0.0	0.0	0.0	0.0%
General Water Treatment	11.9	11.9	0.0	11.9	11.9	0.0%
Water Treatment - Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0%
Chemicals	0.0	0.0	0.0	0.0	0.0	0.0%
Storage Facilities Expense	9.6	9.6	0.0	9.6	9.6	0.0%
Trans. & Dist. - Lines	0.2	0.2	0.0	0.2	1.5	0.0%
Trans. & Dist. - Meters	0.5	0.5	0.0	0.5	1.1	0.0%
Trans. & Dist. - Customer Installation	1.9	1.9	0.0	1.9	3.2	0.0%
Trans. & Dist. - Misc.	43.2	44.5	0.0	44.5	43.2	0.0%
Customer Accts. - Meter Reading	1.3	1.3	0.0	1.3	1.3	0.0%
Customer Accounting - Contracts & Orders	4.1	4.1	0.0	4.1	4.1	0.0%
Customer Accounting - Collections	6.0	6.0	0.0	6.0	6.0	0.0%
Customer Accounting - Customer Svc. Info	0.0	0.0	0.0	0.0	0.0	0.0%
Customer Accts. - Uncollectibles	41.0	41.0	0.0	41.0	43.9	0.0%
Total Operation Expenses	6,967.1	6,968.4	0.0	6,968.4	6,973.2	0.0%
Maintenance Expenses						
Source of Supply - Collection	0.0	0.0	0.0	0.0	0.0	0.0%
Maint of Infiltration Galleries & Tun	0.0	0.0	0.0	0.0	0.0	0.0%
Source of Supply - Wells	0.0	0.0	0.0	0.0	0.0	0.0%
Pumping - Structures	0.0	0.0	0.0	0.0	0.0	0.0%
Pumping - Minc Power Prod Equip	0.0	0.0	0.0	0.0	0.0	0.0%
Pumping - Pumping Equipment	2.5	2.5	0.0	2.5	2.5	0.0%
Pumping - Pumping Eqpt Mat Other	0.0	0.0	0.0	0.0	0.0	0.0%
Water Treatment - Structures	0.0	0.0	0.0	0.0	0.0	0.0%
Water Treatment - Other	0.0	0.0	0.0	0.0	0.0	0.0%
Error in ORA Report	-5.8	0.0	0.0	0.0	0.0	0.0%
T & D Reservoirs & Tanks	5.8	5.8	0.0	5.8	5.8	0.0%
T & D Mains	20.2	20.2	0.0	20.2	23.7	0.0%
T & D Services	14.9	14.9	0.0	14.9	14.9	0.0%
T & D Meters	7.0	7.0	0.0	7.0	7.0	0.0%
T & D Hydrants	1.3	1.3	0.0	1.3	2.2	0.0%
Total Maintenance Expense	48.2	51.7	0.0	51.7	58.2	0.0%
Total O & M Expenses (incl. uncollectibles)	7,013.2	7,020.1	0.0	7,020.1	7,029.4	0.0%
AT 2006 PROPOSED RATES						
Operating Revenues	12,284.0	12,510.0	0.0	12,510.0	12,680.4	0.0%
Uncollectible Rate	0.3218%	0.3218%	0.0	0.3218%	0.3353%	0.0%
Uncollectibles	39.5	40.3	0.0	40.3	42.5	0.0%
TOTAL O & M EXPENSES	7,011.7	7,020.1	0.0	7,020.1	7,028.0	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

TABLE G-1
CALIFORNIA-AMERICAN WATER CO.- CORONADO
ADMINISTRATIVE & GENERAL EXPENSES
2005

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
AT PRESENT RATES						
Operating Revenues less Uncoll.	12,355.4	12,355.4	0.0	12,355.4	12,354.1	0.0%
Local Franchise Tax Rate	0.0000%	0.0000%	0.0	0.0000%	0.0000%	0.0%
Local Franchise Tax	0.0	0.0	0.0	0.0	0.0	0.0%
Office Supplies & Expenses	2.2	2.2	0.0	2.2	2.2	0.0%
Labor	980.4	980.4	0.0	980.4	980.4	0.0%
Property Insurance	0.3	0.3	0.0	0.3	0.3	0.0%
Employee Memberships	0.0	0.0	0.0	0.0	0.0	0.0%
Workers' Comp.	0.0	0.0	0.0	0.0	0.0	0.0%
Injuries & Damages	-14.1	-14.1	0.0	-14.1	-14.1	0.0%
Pensions & Benefits				0.0	0.0	
Group Insurance	175.8	175.8	0.0	175.8	175.8	0.0%
OPEB Expense	93.0	93.0	0.0	93.0	93.0	0.0%
401(k) Expense	15.6	15.6	0.0	15.6	15.6	0.0%
ESOP Expense	15.3	15.3	0.0	15.3	15.3	0.0%
Employee Welfare	8.2	8.2	0.0	8.2	8.2	0.0%
Pensions	296.9	296.9	0.0	296.9	296.9	0.0%
Regulatory Expenses	64.3	64.3	0.0	64.3	70.1	0.0%
Outside Services - Legal	12.5	12.5	0.0	12.5	12.5	0.0%
Outside Services - Other	0.0	0.0	0.0	0.0	0.0	0.0%
Outside Services - Amortization	0.0	0.0	0.0	0.0	0.0	0.0%
Miscellaneous General - Institutional Goodwil	150.6	175.7	0.0	175.7	175.7	0.0%
Miscellaneous General - Community Relation	0.0	0.0	0.0	0.0	0.0	0.0%
Miscellaneous General - Other	0.0	0.0	0.0	0.0	0.0	0.0%
Miscellaneous General - Transportation	0.0	0.0	0.0	0.0	0.0	0.0%
Alloc Gen Office Expense	1,811.8	1,811.8	0.0	1,811.8	1,811.8	0.0%
Other Mtrc of Gen Plant	0.0	18.0	0.0	18.0	18.0	0.0%
Rent	15.1	15.1	0.0	15.1	15.1	0.0%
RWE Savings	-43.2	-43.2	0.0	-43.2	-43.2	0.0%
Total A & G Expenses	3,584.6	3,627.6	0.0	3,627.6	3,633.5	0.0%
(Incl. local Franchise Taxes)	3,584.6	3,627.6	0.0	3,627.6	3,633.5	0.0%
AT 2005 PROPOSED RATES						
Operating Revenues less Uncoll.	12,711.0	12,483.0	0.0	12,483.0	12,707.0	0.0%
Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0%
Local Franchise Tax	0.0	0.0	0.0	0.0	0.0	0.0%
Total A & G Expenses	3,584.6	3,627.6	0.0	3,627.6	3,633.5	0.0%
(Incl. local Franchise Taxes)	3,584.6	3,627.6	0.0	3,627.6	3,633.5	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

TABLE G-2
CALIFORNIA-AMERICAN WATER CO.- CORONADO
ADMINISTRATIVE & GENERAL EXPENSES
2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
AT 2005 PROPOSED RATES						
Operating Revenues less Uncoll.	12,725.3	12,497.8	0.0	12,497.8	12,723.5	0.0%
Local Franchise Tax Rate	0.0000%	0.0000%	0.0	0.0000%	0.0000%	
Local Franchise Tax	0.0	0.0	0.0	0.0	0.0	0.0%
Office Supplies & Expenses	2.2	2.2	0.0	2.2	2.2	0.0%
Labor	1,006.1	1,006.1	0.0	1,006.1	1,006.1	0.0%
Property Insurance	0.3	0.3	0.0	0.3	0.3	0.0%
Employee Memberships	0.0	0.0	0.0	0.0	0.0	0.0%
Workers' Comp.	-14.5	-14.5	0.0	-14.5	-14.5	0.0%
Injuries & Damages	0.0	0.0	0.0	0.0	0.0	0.0%
Pensions & Benefits		0.0		0.0	0.0	
Group Insurance	199.6	199.6	0.0	199.6	199.6	0.0%
OPEB Expense	89.0	89.0	0.0	89.0	89.0	0.0%
401(k) Expense	16.0	16.0	0.0	16.0	16.0	0.0%
ESOP Expense	15.7	15.7	0.0	15.7	15.7	0.0%
Employee Welfare	8.4	8.4	0.0	8.4	8.4	0.0%
Pensions	274.5	274.5	0.0	274.5	274.5	0.0%
Regulatory Expenses	62.9	62.9	0.0	62.9	68.7	0.0%
Outside Services - Legal	12.9	12.9	0.0	12.9	12.9	0.0%
Outside Services - Other	0.0	0.0	0.0	0.0	0.0	0.0%
Outside Services - Amortization	0.0	0.0	0.0	0.0	0.0	0.0%
Miscellaneous General - Institutional Goodwill	158.4	194.5	0.0	194.5	194.5	0.0%
Miscellaneous General - Community Relation	0.0	0.0	0.0	0.0	0.0	0.0%
Miscellaneous General - Other	0.0	0.0	0.0	0.0	0.0	0.0%
Miscellaneous General - Transportation	0.0	0.0	0.0	0.0	0.0	0.0%
Alloc Gen Office Expense	1,869.1	1,869.1	0.0	1,869.1	1,869.1	0.0%
Other Mtn of Gen Plant	18.5	18.5	0.0	18.5	18.5	0.0%
Rent	15.3	15.3	0.0	15.3	15.3	0.0%
RWE Savings	-106.4	-106.4	0.0	-106.4	-106.4	0.0%
Total A & G Expenses	3,628.0	3,664.3	0.0	3,664.3	3,670.1	0.0%
(Incl. local Franchise Taxes)	3,628.0	3,664.3	0.0	3,664.3	3,670.1	0.0%
AT 2006 PROPOSED RATES						
Operating Revenues less Uncoll.	12,284.0	12,510.0	0.0	12,510.0	12,680.4	0.0%
Local Franchise Tax Rate	0.0000%	0.0000%	0.0	0.0000%	0.0000%	
Local Franchise Tax	0.0	0.0	0.0	0.0	0.0	0.0%
Total A & G Expenses	3,628.0	3,664.3	0.0	3,664.3	3,670.1	0.0%
(Incl. local Franchise Taxes)	3,628.0	3,664.3	0.0	3,664.3	3,670.1	0.0%

**TABLE H
 CALIFORNIA-AMERICAN WATER CO.- CORONADO
 TAXES OTHER THAN INCOME
 YEAR 2005 & 2006**

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
TEST YEAR 2005						
Ad Valorem taxes	104.5	104.5	0.0	104.5	104.5	0.0%
Loc Fran Taxes (pres rates)	0.0	0.0	0.0	0.0	0.0	0.0%
Loc Fran Taxes (prop rates)	0.0	0.0	0.0	0.0	0.0	0.0%
Net Payroll taxes	69.0	69.0	0.0	69.0	69.0	0.0%
Taxes other than Income	173.5	173.5	0.0	173.5	173.5	0.0%
TEST YEAR 2006						
Ad Valorem taxes	104.5	104.5	0.0	104.5	104.5	0.0%
Loc Fran Taxes (pres rates)	0.0	0.0	0.0	0.0	0.0	0.0%
Loc Fran Taxes (prop rates)	0.0	0.0	0.0	0.0	0.0	0.0%
Net Payroll taxes	70.7	70.7	0.0	70.7	70.7	0.0%
Taxes other than Income	175.2	175.2	0.0	175.2	175.2	0.0%

TABLE I-1
CALIFORNIA-AMERICAN WATER COMPANY - CORONADO
TAXES BASED ON INCOME
2005

PRESENT RATES

	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
Operating Revenues	12,355.5	12,355.4	0.0	12,355.4	12,354.1	0.0%
Revenues from Contributions	0.0	0.0	0.0	0.0	0.0	0.0%
Total	12,355.5	12,355.4	0.0	12,355.4	12,354.1	0.0
Deductions:						
O & M expenses	7,035.3	7,048.9	0.0	7,048.9	7,057.3	0.0%
A & G Expenses	3,584.8	3,627.6	0.0	3,627.6	3,633.5	0.0%
Depreciation & Amortization	527.5	524.1	0.0	524.1	525.3	0.0%
Taxes not on Inc.	173.5	173.5	0.0	173.5	173.5	0.0%
Book Depreciation	0.0	0.0	0.0	0.0	0.0	0.0%
Interest	322.7	390.8	0.0	390.8	297.2	0.0%
Income before taxes	711.9	592.5	0.0	592.5	667.3	0.0%
California Corp. Franchise Tax						
State Tax Depreciation	2.1	0.0	0.0	0.0	0.0	0.0%
Taxable Income for CCFT	709.8	592.5	0.0	592.5	667.3	0.0%
CCFT Rate	7.56%	7.56%		7.56%	7.56%	
CCFT	53.7	44.8	0.0	44.8	50.3	0.0%
Less Deferred Taxes	0.0	2.1	0.0	2.1	2.1	0.0%
Total State Income Taxes	53.7	42.7	0.0	42.7	48.2	0.0%
Federal Income Tax						
Federal Tax Deductions	66.8	66.8	0.0	66.8	66.8	0.0%
Taxable Income for FIT	645.1	525.7	0.0	525.7	600.5	0.0%
FIT Rate	35.00%	35.00%		35.00%	35.00%	
FIT	225.8	184.0	0.0	184.0	210.1	0.0%
Less:						
ITC	5.8	5.8	0.0	5.8	5.8	0.0%
Deferred Taxes	8.2	8.2	0.0	8.2	8.2	0.0%
Reverse South Georgia	0	0	0.0	0	0.0	0.0%
Total Federal Income Tax	211.8	170	0.0	170	196.1	0.0%
Total FIT and CCFT	265.5	212.7	0.0	212.7	244.3	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

TABLE I-2
CALIFORNIA-AMERICAN WATER COMPANY - CORONADO
TAXES BASED ON INCOME
2005

PROPOSED RATES

	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
Operating Revenues	12,275.0	12,483.0	0.0	12,483.0	12,707.0	0.0%
Revenues from Contributions	0.0	0.0	0.0	0.0	0.0	0.0%
Total	12,275.0	12,483.0	0.0	12,483.0	12,707.0	0.0
Deductions:						
O & M expenses	7,036.4	7,047.2	0.0	7,047.2	7,058.5	0.0%
A & G Expenses	3,584.6	3,627.6	0.0	3,627.6	3,633.5	0.0%
Depreciation & Amortization	527.5	524.1	0.0	524.1	525.3	0.0%
Taxes not on Inc.	173.5	173.5	0.0	173.5	173.5	0.0%
Book Depreciation	0.0	0.0	0.0	0.0	0.0	0.0%
Interest	322.7	390.8	0.0	390.8	297.2	0.0%
Income before taxes	630.3	719.8	0.0	719.8	1,019.0	0.0%
California Corp. Franchise Tax						
State Tax Depreciation	0.0	0.0	0.0	0.0	0.0	0.0%
Taxable Income for CCFT	630.3	719.8	0.0	719.8	1,019.0	0.0%
CCFT Rate	7.56%	7.56%		7.56%	7.56%	
CCFT	47.7	54.4	0.0	54.4	77.0	0.0%
Less Deferred Taxes	0.0	2.1	0.0	2.1	2.1	0.0%
Total State Income Taxes	47.7	52.3	0.0	52.3	74.9	0.0%
Federal Income Tax						
Federal Tax Deductions	66.8	66.8	0.0	66.8	66.8	0.0%
Taxable income for FIT	563.5	653.0	0.0	653.0	952.2	0.0%
FIT Rate	35.00%	35.00%		35.00%	35.00%	
FIT	197.2	228.5	0.0	228.5	333.2	0.0%
Less:						
ITC	5.8	5.8	0.0	5.8	5.8	0.0%
Deferred Taxes	8.2	8.2	0.0	8.2	8.2	0.0%
Reverse South Georgia	0.0	0.0	0.0	0.0	0.0	0.0%
Total Federal Income Tax	183.2	214.5	0.0	214.5	319.2	0.0%
Total FIT and CCFT	230.9	266.8	0.0	266.8	394.1	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

TABLE I-3
CALIFORNIA-AMERICAN WATER COMPANY - CORONADO
TAXES BASED ON INCOME
2006

2005 PROPOSED RATES

	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
Operating Revenues	12,724.0	12,497.8	0.0	12,497.8	12,723.5	0.0%
Revenues from Contributions	0.0	0.0	0.0	0.0	0.0	0.0%
Total	12,724.0	12,497.8	0.0	12,497.8	12,723.5	0.0%
Deductions:						
O & M expenses	7,013.2	7,020.1	0.0	7,020.1	7,028.1	0.0%
A & G Expenses	3,628.0	3,664.3	0.0	3,664.3	3,670.1	0.0%
Depreciation & Amortization	529.8	529.8	0.0	529.8	529.8	0.0%
Taxes not on Inc.	175.2	175.2	0.0	175.2	175.2	0.0%
Book Depreciation	0.0	0.0	0.0	0.0	0.0	0.0%
Interest	342.8	390.4	0.0	390.4	325.6	0.0%
Income before taxes	1,035.1	718.1	0.0	718.1	994.8	0.0%
<u>California Corp. Franchise Tax</u>						
State Tax Depreciation		0.0	0.0	0.0	0.0	0.0%
Taxable Income for CCFT	1,035.1	718.1	0.0	718.1	994.8	0.0%
CCFT Rate	7.56%	7.56%		7.56%	7.56%	
CCFT	78.2	54.3	0.0	54.3	75.2	0.0%
Less Deferred Taxes	2.1	2.1	0.0	2.1	2.1	0.0%
Total State Income Taxes	76.1	52.2	0.0	52.2	73.1	0.0%
<u>Federal Income Tax</u>						
Federal Tax Deductions	53.7	52.3	0.0	52.3	74.9	0.0%
Taxable income for FIT	982.6	665.8	0.0	665.8	919.9	0.0%
FIT Rate	35.00%	35.00%		35.00%	35.00%	
FIT	343.9	233.0	0.0	233.0	322.0	0.0%
Less:						
ITC	8.2	8.2	0.0	8.2	8.2	0.0%
Deferred Taxes	5.8	5.8	0.0	5.8	5.8	0.0%
Reverse South Georgia	0	0	0.0	0		0.0%
Total Federal Income Tax	329.9	219.0	0.0	219.0	308.0	0.0%
Total FIT and CCFT	406.0	271.2	0.0	271.2	381.1	0.0%

TABLE I-4
CALIFORNIA-AMERICAN WATER COMPANY - CORONADO
TAXES BASED ON INCOME
2006

2006 PROPOSED RATES

	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
Operating Revenues	12,284.0	12,510.0	0.0	12,510.0	12,680.4	0.0%
Revenues from Contributions	0.0	0.0	0.0	0.0	0.0	0.0%
Total	12,284.0	12,510.0	0.0	12,510.0	12,680.4	0.0%
Deductions:						
O & M expenses	7,007.6	7,020.1	0.0	7,020.1	7,028.0	0.0%
A & G Expenses	3,612.5	3,664.3	0.0	3,664.3	3,670.0	0.0%
Depreciation & Amortization		0.0	0.0	0.0	0.0	0.0%
Taxes not on Inc.	175.2	175.2	0.0	175.2	175.2	0.0%
Book Depreciation	529.2	529.8	0.0	529.8	529.8	0.0%
Interest	342.8	390.4	0.0	390.4	325.8	0.0%
Income before taxes	616.7	729.3	0.0	729.3	951.9	0.0%
California Corp. Franchise Tax						
State Tax Depreciation	0.0	0.0	0.0	0.0	0.0	0.0%
Taxable Income for CCFT	616.7	729.3	0.0	729.3	951.9	0.0%
CCFT Rate	7.56%	7.56%		7.56%	7.56%	
CCFT	46.6	55.1	0.0	55.1	71.9	0.0%
Less Deferred Taxes	0.0	2.1	0.0	2.1	2.1	0.0%
Total State Income Taxes	46.6	53.0	0.0	53.0	69.8	0.0%
Federal Income Tax						
Federal Tax Deductions	47.7	52.3	0.0	52.3	74.9	0.0%
Taxable Income for FIT	568.4	677.0	0.0	677.0	877.0	0.0%
FIT Rate	35.00%	35.00%		35.00%	35.00%	
FIT	198.9	237.0	0.0	237.0	306.9	0.0%
Less:						
ITC	8.2	8.2	0.0	8.2	8.2	0.0%
Deferred Taxes	5.8	5.8	0.0	5.8	5.8	0.0%
Reverse South Georgia		0.0	0.0	0.0	0.0	0.0%
Total Federal Income Tax	184.9	223	0.0	223	292.9	0.0%
Total FIT and CCFT	231.5	276	0.0	276	362.7	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-023

TABLE J-1
CALIFORNIA- AMERICAN WATER COMPANY - CORONADO
PLANT IN SERVICE
TEST YEAR 2005

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
PLANT IN SERVICE B.O.Y.	20,385.4	20,385.4	0.0	20,385.4	20,385.4	0.0%
CWIP	0.0	0.0	0.0	0.0	0.0	0.0%
BEGINNING OF THE YEAR BALANCE	20,385.4	20,385.4	0.0	20,385.4	20,385.4	0.0%
ADDITIONS						
Utility Funded	458.1	607.1	0.0	607.1	610.9	0.0%
Advances	0.0	0.0	0.0	0.0	0.0	0.0%
Contributions	43.0	43.0	0.0	43.0	43.0	0.0%
Change in CWIP	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL ADDITIONS	501.1	650.1	0.0	650.1	653.9	0.0%
LESS:						
Retirements of Plant	160.2	180.9	0.0	180.9	180.9	0.0%
END OF YEAR BALANCE	20,726.3	20,854.6	0.0	20,854.6	20,854.4	0.0%
WEIGHTING FACTOR	43.83%	43.83%		43.83%	43.83%	
WTD. AVG. PLANT IN SERVICE	20,534.8	20,591.1	0.0	20,591.1	20,592.7	0.0%

TABLE J-2
CALIFORNIA- AMERICAN WATER COMPANY - CORONADO
PLANT IN SERVICE
TEST YEAR 2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
PLANT IN SERVICE B.O.Y.	20,726.3	20,854.6	0.0	20,854.6	20,854.6	0.0%
CWIP	0.0	0.0	0.0	0.0	0.0	0.0%
BEGINNING OF THE YEAR BALANCE	20,726.3	20,854.6	0.0	20,854.6	20,854.6	0.0%
ADDITIONS						
Utility Funded	0.0	0.0	0.0	0.0	0.0	0.0%
Advances	0.0	0.0	0.0	0.0	0.0	0.0%
Contributions	600.0	600.0	0.0	600.0	0.0	0.0%
Change in CWIP	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL ADDITIONS	600.0	600.0	0.0	600.0	0.0	0.0%
LESS:						
Retirements of Plant	0.0	0.0	0.0	0.0	0.0	0.0%
END OF YEAR BALANCE	21,326.3	21,454.6	0.0	21,454.6	20,854.6	0.0%
WEIGHTING FACTOR	43.83%	43.83%		43.83%	43.83%	
WTD. AVG. PLANT IN SERVICE	20,989.3	21,117.6	0.0	21,117.6	20,854.6	0.0%

TABLE K-1
CALIFORNIA-AMERICAN WATER COMPANY - CORONADO
DEPRECIATION RESERVE & EXPENSE
TEST YEAR 2005

	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
DEPRECIATION RESERVE - B.O.Y.	8,426.7	8,426.7	0.0	8,426.7	8,426.6	0.0%
ACCRUALS						
Clearing Accounts	0.0	0.0	0.0	0.0	0.0	0.0%
Contributions	35.3	35.3	0.0	35.3	35.3	0.0%
Depreciation Expense	527.5	524.1	0.0	524.1	525.3	0.0%
TOTAL ACCRUALS	562.8	559.4	0.0	559.4	560.6	0.0%
RETIREMENTS & SALVAGE	-170.1	-200.2	0.0	-200.2	-200.2	0.0%
DEPRECIATION RESERVE - E.O.Y.	8,819.4	8,785.9	0.0	8,785.9	8,787.0	0.0%
WEIGHTING FACTOR	54.02%	54.02%		54.02%	54.02%	
WTD. AVG. DEPRECIATION RESERVE	8,636.9	8,620.7	0.0	8,620.7	8,621.3	0.0%

TABLE K-2
CALIFORNIA-AMERICAN WATER COMPANY - CORONADO
DEPRECIATION RESERVE & EXPENSE
TEST YEAR 2006

	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
DEPRECIATION RESERVE - B.O.Y.	8,819.4	8,785.9	0.0	8,785.9	8,787.0	0.0%
ACCRUALS						
Clearing Accounts	0.0	0.0	0.0	0.0	0.0	0.0%
Contributions	0.0	0.0	0.0	0.0	0.0	0.0%
Depreciation Expense	0	0	0.0	0.0	0.0	0.0%
TOTAL ACCRUALS	0.0	0.0	0.0	0.0	0.0	0.0%
RETIREMENTS & SALVAGE	0.0	0.0	0.0	0.0	0.0	0.0%
DEPRECIATION RESERVE - E.O.Y.	8,819.4	8,785.9	0.0	8,785.9	8,787.0	0.0%
WEIGHTING FACTOR	54.02%	54.02%		54.02%	54.02%	
WTD. AVG. DEPRECIATION RESERVE	8,815.8	8,785.9	0.0	8,785.9	8,787.1	0.0%

TABLE L-1
CALIFORNIA-AMERICAN WATER COMPANY - CORONADO
WEIGHTED AVERAGE DEPRECIATED RATE BASE
YEAR 2005

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
WTD AVG PLANT IN SERVICE	20,534.8	20,591.1	0.0	20,591.1	20,592.7	0.0%
MATERIALS & SUPPLIES	65.4	65.4	0.0	65.4	65.4	0.0%
WORKING CASH, OPERATIONAL	138.1	139.9	0.0	139.9	202.0	0.0%
WORKING CASH, LEAD-LAG	812.9	819.5	0.0	819.5	925.2	0.0%
SUBTOTAL	21,551.2	21,615.9	0.0	21,615.9	21,785.4	0.0%
LESS DEDUCTIONS FROM RATE BASE						
WTD AVG DEPR RESERVE	-8,636.9	-8,620.7	0.0	-8,620.7	-8,621.3	0.0%
ADVANCES	-112.7	-112.7	0.0	-112.7	-112.7	0.0%
CONTRIBUTIONS	-1,630.8	-1,483.9	0.0	-1,483.9	-1,483.9	0.0%
GENERAL OFFICE ALLOC.	0.0	0.0	0.0	0.0	0.0	0.0%
ACRS & MACRS DEPRECIATION						
UNAMORTIZED ITC	0.0	0.0	0.0	0.0	0.0	0.0%
CAPITALIZED ITEMS	0.0	0.0	0.0	0.0	0.0	0.0%
OTHER	0.0	-86.6	0.0	-86.6	0.0	0.0%
DEFERRED REVENUES	0.0	0.0	0.0	0.0	0.0	0.0%
ACCUM. DEFERRED FIT	-1,154.8	-1,154.8	0.0	-1,154.8	-1,155.0	0.0%
ACCUM. DEFERRED SIT	-178.5	-178.5	0.0	-178.5	-178.6	0.0%
SUBTOTAL DEDUCTIONS	-11,713.7	-11,637.2	0.0	-11,637.2	-11,551.4	0.0%
AVERAGE RATE BASE	9,837.5	9,978.7	0.0	9,978.7	10,234.0	0.0%
INTEREST CALCULATION:						
AVG RATE BASE	9,837.5	9,978.7	0.0	9,978.7	10,234.0	0.0%
LESS WORKING CASH	0.0	0.0	0.0	0.0	1,127.2	0.0%
X LTD COST	3.36%	3.92%		3.92%	3.30%	0.0%
INTEREST	330.1	390.8	0.0	390.8	300.8	0.0%

TABLE L-1
CALIFORNIA-AMERICAN WATER COMPANY - CORONADO
WEIGHTED AVERAGE DEPRECIATED RATE BASE
YEAR 2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
WTD AVG PLANT IN SERVICE	20,989.3	21,117.6	0.0	21,117.6	20,854.6	0.0%
MATERIALS & SUPPLIES	65.4	65.4	0.0	65.4	65.4	0.0%
WORKING CASH, OPERATIONAL	68.2	69.9	0.0	69.9	202.0	0.0%
WORKING CASH, LEAD-LAG	838.4	844.7	0.0	844.7	969.9	0.0%
SUBTOTAL	21,961.3	22,097.6	0.0	22,097.8	22,092.0	0.0%
LESS DEDUCTIONS FROM RATE BASE						
WTD AVG DEPR RESERVE	-8,815.8	-8,785.9	0.0	-8,785.9	-8,787.1	0.0%
ADVANCES	-112.7	-112.7	0.0	-112.7	-112.7	0.0%
CONTRIBUTIONS	-2,038.7	-1,751.1	0.0	-1,751.1	-1,488.4	0.0%
GENERAL OFFICE ALLOC.	0.0	0.0	0.0	0.0	0.0	0.0%
ACRS & MACRS DEPRECIATION						
UNAMORTIZED ITC	0.0	0.0	0.0	0.0	0.0	0.0%
CAPITALIZED ITEMS	0.0	0.0	0.0	0.0	0.0	0.0%
OTHER	0.0	-86.6	0.0	-86.6	0.0	0.0%
DEFERRED REVENUES	0.0	0.0	0.0	0.0	0.0	0.0%
ACCUM. DEFERRED FIT	-1,202.9	-1,202.9	0.0	-1,202.9	-1,203.2	0.0%
ACCUM. DEFERRED SIT	-189.8	-189.8	0.0	-189.8	-189.9	0.0%
SUBTOTAL DEDUCTIONS	-12,357.9	-12,129.0	0.0	-12,129.0	-11,781.2	0.0%
AVERAGE RATE BASE	9,603.4	9,968.4	0.0	9,968.4	10,310.8	0.0%
INTEREST CALCULATION:						
AVG RATE BASE	9,603.4	9,968.4	0.0	9,968.4	10,310.8	0.0%
LESS WORKING CASH X LTD COST	3.28%	3.92%	3.92%	3.92%	3.42%	119.2%
INTEREST	315.4	390.4	0.0	390.4	313.0	0.0%

TABLE 1-1

CALIFORNIA-AMERICAN WATER COMPANY
COMPARISON OF CAL-AM PROPOSED AND ORA RECOMMENDED
RATE OF RETURN
For the Years 2005 through 2007

	Cal-Am Revised			ORA RECOMMENDED			SETTLEMENT		
	Capital Structure	Cost Factor	Weighted Cost	Capital Structure	Cost Factor	Weighted Cost	Capital Structure	Cost Factor	Weighted Cost
<u>Test Year 2005</u>									
Long-Term Debt	46.13%	7.16%	3.30%	57.51%	5.83%	3.36%	55.00%	7.12%	3.92%
Common Equity	53.87%	10.50%	5.66%	42.49%	9.34%	3.97%	45.00%	10.10%	4.55%
Total	<u>100.00%</u>		<u>8.96%</u>	<u>100.00%</u>		<u>7.32%</u>	<u>100.00%</u>		<u>8.46%</u>
<u>Test Year 2006</u>									
Long-Term Debt	48.17%	7.11%	3.42%	56.57%	5.81%	3.28%	55.00%	7.12%	3.92%
Common Equity	51.83%	10.50%	5.44%	43.43%	9.34%	4.05%	45.00%	10.10%	4.55%
Total	<u>100.00%</u>		<u>8.87%</u>	<u>100.00%</u>		<u>7.34%</u>	<u>100.00%</u>		<u>8.46%</u>
<u>Attrition Year 2007</u>									
Long-Term Debt	49.47%	7.09%	3.51%	57.22%	6.25%	3.57%	55.00%	7.12%	3.92%
Common Equity	50.53%	10.50%	5.31%	42.78%	9.34%	3.99%	45.00%	10.10%	4.55%
Total	<u>100.00%</u>		<u>8.81%</u>	<u>100.00%</u>		<u>7.57%</u>	<u>100.00%</u>		<u>8.46%</u>

APPENDIX A
APPLICATION NO. A.04-03-024

**CALIFORNIA-AMERICAN WATER COMPANY
VILLAGE DISTRICT - 2004 GENERAL RATE CASE
REVENUE REQUIREMENTS (000's OF \$)**

TABLE: 2-1

Revenue requirements for the ESTIMATED YEARS 2005 and 2006 are determined below from the estimated results of operations under present rates for that year.

Based upon estimated 2005 and 2006 average depreciated rate bases, proposed rates have been designed to produce annual rates of return as set forth below.

<u>REVENUE REQUIREMENTS</u>	ORA		CAL AM	
	2005	2006	2005	2006
WEIGHTED AVERAGE RATE BASE	\$18,559.3	\$18,716.8	\$18,559.3	\$18,716.8
STIPULATED RATE OF RETURN	8.46%	8.46%	8.46%	8.46%
UTILITY OPERATING INCOME REQUIRED	\$1,570.3	\$1,583.6	\$1,570.3	\$1,583.6
AT PRESENT RATES	\$2,656.3	\$1,559.5	\$2,656.3	\$1,559.5
ADDITIONAL	(\$1,086.0)	\$24.1	(\$1,086.0)	\$24.1
NET-TO-GROSS MULTIPLIER	1.7423	1.7423	1.7423	1.7423
GROSS REVENUES				
ADDITIONAL REQUIRED AT PRESENT RATES	(\$1,892.2)	\$42.1	(\$1,892.2)	\$42.1
TOTAL	\$17,826.3	\$18,003.2	\$17,826.3	\$18,003.2
PERCENT INCREASE (ANNUALLY)	-9.60%	0.23%	-9.60%	0.23%
 <u>NET-TO-GROSS MULTIPLIER</u>				
The items of expense enumerated below increase in direct proportion to any increase in gross revenues. The net-to-gross multiplier applicable to the estimated years is as follows:				
		1.0		
Uncollectible Accounts	0.08%	99.92%		
State Corporate Franchise Tax	7.56%	42.53%		
Federal Income Tax	35.00%	57.39%		
NET-TO-GROSS MULTIPLIER	1.7423	1.7423		

APPENDIX A
APPLICATION NO. A.04-03-024

**CALIFORNIA-AMERICAN WATER COMPANY
VILLAGE DISTRICT - 2004 GENERAL RATE CASE
ATTRITION ALLOWANCE (000's OF \$)**

Table: 2-2

	ORA		CAL AM	
	2005	2006	2005	2006
ATTRITION ALLOWANCE CALCULATION				
Rate of Return at 2005 Proposed Rates	8.46%	8.33%	8.46%	8.33%
Rate of Return Percent Decrease		0.13%		0.13%
	2006	2007	2006	2007
Stipulated Rate of Return	8.46%	8.46%	8.46%	8.46%
Change in Stipulated Rate of Return		0.00%		0.00%
Total Increase/(Decrease) in Rate of Return		0.13%		0.13%
Applied Against 2006 Weighted Average Rate Base		<u>\$18,716.8</u>		<u>\$18,716.8</u>
Gross Increase		\$24.1		\$24.1
Times Net-to-Gross Multiplier		<u>1.7423</u>		<u>1.7423</u>
Total Attrition Allowance - Year 2007		<u>\$42.0</u>		<u>\$42.0</u>
Percentage Increase		<u>0.23%</u>		<u>0.23%</u>

APPENDIX - A
APPLICATION NO: A.04-03-024

TABLE A-1
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
SUMMARY OF EARNINGS
YEAR 2005 ESTIMATED AT PRESENT RATES

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
OPERATING REVENUES	19,718.5	19,718.5	0.0	19,718.5	19,717.3	0.0%
DEFERRED REVENUE CIAC	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL REVENUES	19,718.5	19,718.5	0.0	19,718.5	19,717.3	0.0%
OPERATING EXPENSES						
OPERATION & MAINTENANCE	10,729.7	10,763.1	0.0	10,763.1	10,796.4	0.0%
ADMINISTRATIVE & GENERAL	3,531.0	3,536.4	0.0	3,536.4	3,525.6	0.0%
DEPRECIATION & AMORTIZATION	1,282.7	1,282.7	0.0	1,282.7	1,295.2	0.0%
TAXES OTHER THAN INCOME	245.8	245.8	0.0	245.8	245.8	0.0%
STATE CORP. FRAN. TAX	244.8	239.2	0.0	239.2	239.3	0.0%
FEDERAL INCOME TAX	1,030.6	994.8	0.0	994.8	1,005.1	0.0%
TOTAL OPERATING EXPENSES	17,064.6	17,062.0	0.0	17,062.0	17,107.4	0.0%
NET OPERATING REVENUE	2,653.9	2,656.3	0.0	2,656.3	2,609.9	0.0%
RATE BASE	20,212.1	18,559.3	0.0	18,559.3	20,995.4	0.0%
RATE OF RETURN	13.13%	14.31%		14.31%	12.43%	0.0%

TABLE A-2
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
SUMMARY OF EARNINGS
YEAR 2005 ESTIMATED AT PROPOSED RATES

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
OPERATING REVENUES	17,693.7	17,822.3	0.0	17,822.3	18,463.3	0.0%
DEFERRED REVENUE CIAC	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL REVENUES	17,693.7	17,822.3	0.0	17,822.3	18,463.3	0.0
OPERATING EXPENSES						
OPERATION & MAINTENANCE	10,724.1	10,761.8	0.0	10,761.8	10,794.3	0.0%
ADMINISTRATIVE & GENERAL	3,531.0	3,536.4	0.0	3,536.4	3,525.6	0.0%
DEPRECIATION & AMORTIZATION	1,282.7	1,282.7	0.0	1,282.7	1,295.2	0.0%
TAXES OTHER THAN INCOME	245.8	245.8	0.0	245.8	245.8	0.0%
STATE CORP. FRAN. TAX	94.3	93.8	0.0	93.8	144.7	0.0%
FEDERAL INCOME TAX	324.0	331.7	0.0	331.7	566.9	0.0%
TOTAL OPERATING EXPENSES	16,201.9	16,252.0	0.0	16,252.0	16,572.5	0.0%
NET OPERATING REVENUE	1,491.8	1,570.3	0.0	1,570.3	1,890.8	0.0%
RATE BASE	20,212.1	18,559.3	0.0	18,559.3	20,995.4	0.0%
RATE OF RETURN	7.38%	8.46%		8.46%	9.01%	0.0%

TABLE A-3
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
SUMMARY OF EARNINGS
YEAR 2006 ESTIMATED AT PRESENT RATES *

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
OPERATING REVENUES	18,601.0	17,961.1	0.0	17,961.1	18,599.8	0.0%
DEFERRED REVENUE CIAC	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL REVENUES	18,601.0	17,961.1	0.0	17,961.1	18,599.8	0.0%
OPERATING EXPENSES						
OPERATION & MAINTENANCE	10,801.9	10,812.6	0.0	10,812.6	10,886.8	0.0%
ADMINISTRATIVE & GENERAL	3,564.5	3,564.6	0.0	3,564.6	3,554.8	0.0%
DEPRECIATION & AMORTIZATION	1,294.2	1,294.2	0.0	1,294.2	530.0	0.0%
TAXES OTHER THAN INCOME	235.2	235.2	0.0	235.2	235.2	0.0%
STATE CORP. FRAN. TAX	145.8	96.2	0.0	96.2	145.3	0.0%
FEDERAL INCOME TAX	608.5	398.9	0.0	398.9	608.6	0.0%
TOTAL OPERATING EXPENSES	18,650.2	16,401.7	0.0	16,401.7	15,960.5	0.0%
NET OPERATING REVENUE	1,950.8	1,559.5	0.0	1,559.5	2,639.3	0.0%
RATE BASE	19,824.4	18,716.8	0.0	18,716.8	18,797.1	0.0%
RATE OF RETURN	9.84%	8.33%		8.33%	14.04%	0.0%

* Present Rates are those rates proposed to be in effect for Test Year 2005.

TABLE A-4
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
SUMMARY OF EARNINGS
YEAR 2006 ESTIMATED AT 2006 PROPOSED RATES

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
OPERATING REVENUES	17,883.7	18,042.3	0.0	18,042.3	18,574.5	0.0%
DEFERRED REVENUE CIAC	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL REVENUES	17,883.7	18,042.3	0.0	18,042.3	18,574.5	0.0
OPERATING EXPENSES						
OPERATION & MAINTENANCE	10,797.1	10,812.6	0.0	10,812.6	10,885.6	0.0%
ADMINISTRATIVE & GENERAL	3,549.1	3,565.8	0.0	3,565.6	3,554.7	0.0%
DEPRECIATION & AMORTIZATION	1,294.2	1,315.5	0.0	1,315.5	1,317.5	0.0%
TAXES OTHER THAN INCOME	235.2	235.2	0.0	235.2	235.2	0.0%
STATE CORP. FRAN. TAX	100.5	102.3	0.0	102.3	43.8	0.0%
FEDERAL INCOME TAX	408.8	427.0	0.0	427.0	139.0	0.0%
TOTAL OPERATING EXPENSES	16,384.9	16,458.1	0.0	16,458.1	16,175.8	0.0%
NET OPERATING REVENUE	1,498.8	1,584.2	0.0	1,584.2	2,398.7	0.0%
RATE BASE	19,824.4	18,716.8	0.0	18,716.8	18,797.1	0.0%
RATE OF RETURN	7.56%	8.46%		8.46%	12.76%	0.0%
		8.46%		8.46%		

APPENDIX - A
 APPLICATION NO: A.04-03-024

TABLE B-1A
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
AVERAGE CONSUMPTION PER CUSTOMER PER YEAR
2005

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
RESIDENTIAL	308.0	308.0	0.0	308.0	308.0	0.0%
INDUSTRIAL	4,058.5	4,058.5	0.0	4,058.5	4,058.5	0.0%
PUBLIC AUTHORITY	2,687.2	2,687.2	0.0	2,687.2	2,687.2	0.0%
OTHER UTILITIES	0.0	0.0	0.0	0.0	0.0	0.0%
OTHER	101.0	101.0	0.0	101.0	101.0	0.0%

TABLE B-2A
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
AVERAGE CONSUMPTION PER CUSTOMER PER YEAR
2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
RESIDENTIAL	307.8	307.8	0.0	307.8	307.8	0.0%
INDUSTRIAL	4,058.5	4,058.5	0.0	4,058.5	4,058.5	0.0%
PUBLIC AUTHORITY	2,687.2	2,687.2	0.0	2,687.2	2,687.2	0.0%
OTHER UTILITIES	0.0	0.0	0.0	0.0	0.0	0.0%
OTHER	101.0	101.0	0.0	101.0	101.0	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-024

TABLE C-1
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
AVERAGE NUMBER OF CUSTOMERS
2005

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
RESIDENTIAL	20,242	20,242	0	20,242	20,242	0.0%
INDUSTRIAL	176	176	0	176	176	0.0%
PUBLIC AUTHORITY	177	177	0	177	177	0.0%
GOLF COURSES	0	0	0	0	0	0.0%
INDUSTRIAL	0	0	0	0	0	0.0%
OTHER UTILITIES	0	0	0	0	0	0.0%
OTHER	19	19	0	19	19	0.0%
PRIVATE FIRE SERVICES	219	219	0	219	219	0.0%
PUBLIC FIRE HYDRANT	0	0	0	0	0	0.0%
	20,833	20,833	0	20,833	20,833	0.0%
<u>TOTAL ACTIVE CONNECTIONS</u>						
INCL. FIRE PROTECTION	20,833	20,833	0	20,833	20,833	0.0%
EXCL. FIRE PROTECTION	20,614	20,614	0	20,614	20,614	0.0%

APPENDIX - A
 APPLICATION NO: A.04-03-024

TABLE C-2
 CALIFORNIA-AMERICAN WATER CO.- VILLAGE
 AVERAGE NUMBER OF CUSTOMERS
 2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
RESIDENTIAL	20,446	20,446	0	20,446	20,446	0.0%
INDUSTRIAL	176	176	0	176	176	0.0%
PUBLIC AUTHORITY	177	177	0	177	177	0.0%
GOLF COURSES	0	0	0	0	0	0.0%
INDUSTRIAL	0	0	0	0	0	0.0%
OTHER UTILITIES	0	0	0	0	0	0.0%
OTHER	19	19	0	19	19	0.0%
PRIVATE FIRE SERVICES	219	219	0	219	219	0.0%
	<u>21,037</u>	<u>21,037</u>	<u>0</u>	<u>21,037</u>	<u>21,037</u>	<u>0.0%</u>
<u>TOTAL ACTIVE CONNECTIONS</u>						
INCL. FIRE PROTECTION	21,037	21,037	0	21,037	21,037	0.0%
EXCL. FIRE PROTECTION	20,818	20,818	0	20,818	20,818	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-024

TABLE D-1
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
TOTAL SALES AND SUPPLY
2005

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
<u>METERED SALES (KCCF)</u>						
RESIDENTIAL	6,234.5	6,234.5	0.0	6,234.5	6,234.5	0.0%
INDUSTRIAL	714.3	714.3	0.0	714.3	714.3	0.0%
PUBLIC AUTHORITY	475.6	475.6	0.0	475.6	475.6	0.0%
GOLF COURSES	0.0	0.0	0.0	0.0	0.0	0.0%
	0.0	0.0	0.0	0.0	0.0	0.0%
OTHER	1.9	1.9	0.0	1.9	1.9	0.0%
TOTAL METERED SALES	7,426.3	7,426.3	0.0	7,426.3	7,426.3	0.0%
OTHER OR FLAT RATE						
OTHER	22.9	22.9	0.0	22.9	22.9	0.0
TOTAL ANNUAL CONSUMPTION	7,449.2	7,449.2	0.0	7,449.2	7,449.2	0.0%
UNACCOUNTED FOR WATER 4.78%	373.9	373.9	0.0	373.9	373.9	0.0%
TOTAL PRODUCTION	7,823.1	7,823.1	0.0	7,823.1	7,823.1	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-024

TABLE D-2
CALIFORNIA-AMERICAN WATER CO.- VILALGE
TOTAL SALES AND SUPPLY
2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
METERED SALES (KCCF)						
RESIDENTIAL	6,292.5	6,292.5	0.0	6,292.5	6,292.5	0.0%
INDUSTRIAL	714.3	714.3	0.0	714.3	714.3	0.0%
PUBLIC AUTHORITY	475.6	475.6	0.0	475.6	475.6	0.0%
GOLF COURSES	0.0	0.0	0.0	0.0	0.0	0.0%
	0.0	0.0	0.0	0.0	0.0	0.0%
IRRIGATION	1.9	1.9	0.0	1.9	1.9	0.0%
TOTAL METERED SALES	7,484.3	7,484.3	0.0	7,484.3	7,484.3	0.0%
OTHER OR FLAT RATE						
OTHER	22.9	22.9	0.0	22.9	22.9	0.0%
TOTAL ANNUAL CONSUMPTION	7,507.2	7,507.2	0.0	7,507.2	7,507.2	0.0%
UNACCOUNTED FOR WATER	376.9	376.9	0.0	376.9	376.9	0.0%
4.78%						
TOTAL PRODUCTION	7,884.1	7,884.1	0.0	7,884.1	7,884.1	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-024

**TABLE E-1
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
OPERATING REVENUES
2005 ESTIMATED AT PRESENT RATES**

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
<u>METERED REVENUES</u>						
Residential	13,274.6	13,274.6	0.0	13,274.6	13,274.6	0.0%
Commercial	3,209.8	3,209.8	0.0	3,209.8	3,209.8	0.0%
Public Authority	1,191.0	1,191.0	0.0	1,191.0	1,191.0	0.0%
Golf Courses	0.0	0.0	0.0	0.0	0.0	0.0%
Industrial	1,704.3	1,704.3	0.0	1,704.3	1,704.3	0.0%
Irrigation		0.0		0.0	0.0	
Gravity	0.0	0.0	0.0	0.0	0.0	0.0%
Pressure	0.0	0.0	0.0	0.0	0.0	0.0%
Other	187.9	187.9	0.0	187.9	187.9	0.0%
TOTAL METERED	19,567.6	19,567.6	0.0	19,567.6	19,567.6	0.0%
<u>FLAT RATE REVENUES</u>						
Fire Hydrant	0.0	0.0	0.0	0.0	0.0	0.0%
Private Fire Protection	147.2	147.2	0.0	147.2	147.2	0.0%
TOTAL FLAT RATE	147.2	147.2	0.0	147.2	147.2	0.0%
<u>MISCELLANEOUS</u>						
Misc. Service	3.7	3.7	0.0	3.7	2.5	0.0%
Rev. from Contrib.	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL MISC.	3.7	3.7	0.0	3.7	2.5	0.0%
TOTAL REVENUES	19,718.5	19,718.5	0.0	19,718.5	19,717.3	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-024

**TABLE E-2
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
OPERATING REVENUES
2005 ESTIMATED AT 2005 PROPOSED RATES**

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
<u>METERED REVENUES</u>						
Residential	11,882.0	11,968.4	0.0	11,968.4	12,399.5	0.0%
Commercial	2,887.3	2,908.3	0.0	2,908.3	3,013.1	0.0%
Public Authority	1,078.5	1,086.4	0.0	1,086.4	1,125.5	0.0%
Golf Courses	0.0	0.0	0.0	0.0	0.0	0.0%
Industrial	1,543.6	1,554.8	0.0	1,554.8	1,610.8	0.0%
Irrigation	0.0	0.0				
Gravity	0.0	0.0	0.0	0.0	0.0	0.0%
Pressure	0.0	0.0	0.0	0.0	0.0	0.0%
Other	168.7	169.9	0.0	169.9	176.0	0.0%
TOTAL METERED	17,560.1	17,687.8	0.0	17,687.8	18,324.9	0.0%
<u>FLAT RATE REVENUES</u>						
Fire Hydrant	0.0	0.0	0.0	0.0	0.0	0.0%
Private Fire Protection	130.0	130.9	0.0	130.9	135.6	0.0%
TOTAL FLAT RATE	130.0	130.9	0.0	130.9	135.6	0.0%
<u>MISCELLANEOUS</u>						
Misc. Service	3.7	3.7	0.0	3.7	2.5	0.0%
Rev. from Contrib.	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL MISC.	3.7	3.7	0.0	3.7	2.5	0.0%
TOTAL REVENUES	17,693.7	17,822.3	0.0	17,822.3	18,463.0	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-024

**TABLE E-3
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
OPERATING REVENUES
2006 ESTIMATED AT 2005 PROPOSED RATES**

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
<u>METERED REVENUES</u>						
Residential	12,521.2	12,090.3	0.0	12,090.3	12,521.2	0.0%
Commercial	3,026.9	2,922.7	0.0	2,922.7	3,026.9	0.0%
Public Authority	1,124.5	1,085.8	0.0	1,085.8	1,124.5	0.0%
Golf Courses	0.0	0.0	0.0	0.0	0.0	0.0%
Industrial	1,610.8	1,555.4	0.0	1,555.4	1,610.8	0.0%
Irrigation	0.0	0.0				
Gravity	0.0	0.0	0.0	0.0	0.0	0.0%
Pressure	0.0	0.0	0.0	0.0	0.0	0.0%
Other	176.0	169.9	0.0	169.9	176.0	0.0%
TOTAL METERED	18,459.4	17,824.1	0.0	17,824.1	18,459.4	0.0%
<u>FLAT RATE REVENUES</u>						
Fire Hydrant	0.0	0.0	0.0	0.0	0.0	0.0%
Private Fire Protection	137.9	133.2	0.0	133.2	137.9	0.0%
TOTAL FLAT RATE	137.9	133.2	0.0	133.2	137.9	0.0%
<u>MISCELLANEOUS</u>						
Misc. Service	3.7	3.7	0.0	3.7	2.5	0.0%
Rev. from Contrib.	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL MISC.	3.7	3.7	0.0	3.7	2.5	0.0%
TOTAL REVENUES	18,601.0	17,961.1	0.0	17,961.1	18,599.8	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-024

TABLE E-4
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
OPERATING REVENUES
2006 ESTIMATED AT 2006 PROPOSED RATES

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
<u>METERED REVENUES</u>						
Residential	12,041.0	12,147.8	0.0	12,147.8	12,508.0	0.0%
Commercial	2,910.0	2,935.9	0.0	2,935.9	3,022.9	0.0%
Public Authority	1,081.2	1,090.8	0.0	1,090.8	1,123.1	0.0%
Golf Courses	0.0	0.0	0.0	0.0	0.0	0.0%
Industrial	1,548.3	1,562.0	0.0	1,562.0	1,608.3	0.0%
Irrigation	0.0	0.0				
Gravity	0.0	0.0	0.0	0.0	0.0	0.0%
Pressure	0.0	0.0	0.0	0.0	0.0	0.0%
Other	169.2	170.7	0.0	170.7	175.8	0.0%
TOTAL METERED	17,749.7	17,907.2	0.0	17,907.2	18,438.0	0.0%
<u>FLAT RATE REVENUES</u>						
Fire Hydrant	0.0	0.0	0.0	0.0	0.0	0.0%
Private Fire Protection	130.4	131.5	0.0	131.5	135.4	0.0%
TOTAL FLAT RATE	130.4	131.5	0.0	131.5	135.4	0.0%
<u>MISCELLANEOUS</u>						
Misc. Service	3.7	3.7	0.0	3.7	2.5	0.0%
Rev. from Contrib.	0.0	0.0	0.0	0.0		0.0%
TOTAL MISC.	3.7	3.7	0.0	3.7	2.5	0.0%
TOTAL REVENUES	17,883.7	18,042.3	0.0	18,042.3	18,575.9	0.0%

Total Operating Revenues			16230000
CORONADO	12725.300	1	16,230,000
Duarte	0.000	0	0
San Marino	0.000	0	0
	12725.300		16,230,000

APPENDIX - A
APPLICATION NO: A.04-03-024

TABLE F-1
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
OPERATION & MAINTENANCE EXPENSES
2005

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
<u>AT PRESENT RATES</u>						
Operating Revenues	19,718.5	19,718.5	0.0	19,718.5	19,717.3	0.0%
Uncollectible Rate	0.0795%	0.0795%	0.0	0.0795%	0.0821%	
Uncollectibles	15.7	15.7	0.0	15.7	16.2	0.0%
<u>Operation Expense</u>						
Source of Supply Expense	11.9	33.6	0.0	33.6	33.6	0.0%
Purchased Water	10,248.0	10,248.0	0.0	10,248.0	10,248.0	0.0%
Pumping Expense - Electric	0.1	0.1	0.0	0.1	0.2	0.0%
Purchased Power	235.8	235.8	0.0	235.8	235.8	0.0%
General Water Treatment	11.8	13.0	0.0	13.0	13.0	0.0%
Water Treatment - Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0%
Chemicals	0.0	0.0	0.0	0.0	0.0	0.0%
Storage Facilities Expense	0.0	0.0	0.0	0.0	0.0	0.0%
Trans. & Dist. - Lines	0.0	0.0	0.0	0.0	0.0	0.0%
Trans. & Dist. - Meters	0.0	0.0	0.0	0.0	0.0	0.0%
Trans. & Dist. - Customer Installation	0.0	0.0	0.0	0.0	0.0	0.0%
Trans. & Dist. - Misc.	44.7	48.2	0.0	48.2	51.7	0.0%
Customer Accts. - Meter Reading	5.2	8.8	0.0	8.8	8.8	0.0%
Customer Accounting - Contracts & Orders	0.0	0.0	0.0	0.0	0.0	0.0%
Customer Accounting - Collections	0.0	0.0	0.0	0.0	0.0	0.0%
Customer Accounting - Customer Svc. Info	0.0	0.0	0.0	0.0	0.0	0.0%
Customer Accts. - Uncollectibles	15.7	15.7	0.0	15.7	16.2	0.0%
Total Operation Expenses	10,571.0	10,601.2	0.0	10,601.2	10,605.3	0.0%
<u>Maintenance Expenses</u>						
Source of Supply - Collection	0.0	3.1	0.0	3.1	3.1	0.0%
Maint of Infiltration Galleries & Tun	0.0	0.0	0.0	0.0	0.0	0.0%
Source of Supply - Wells	0.0	0.0	0.0	0.0	0.0	0.0%
Pumping - Structures	0.0	0.0	0.0	0.0	0.0	0.0%
Pumping - Mtrc Power Prod Equip	0.0	0.0	0.0	0.0	0.0	0.0%
Pumping - Pumping Equipment	0.7	0.7	0.0	0.7	17.6	0.0%
Pumping - Pumping Eqpt Mat Other	0.0	0.0	0.0	0.0	0.0	0.0%
Water Treatment - Structures	0.0	0.0	0.0	0.0	0.0	0.0%
Water Treatment - Other	0.3	0.3	0.0	0.3	0.3	0.0%
Maintenance Error	0.0	0.0	0.0	0.0	0.0	0.0%
T & D Reservoirs & Tanks	157.8	157.8	0.0	157.8	169.3	0.0%
T & D Mains	0.0	0.0	0.0	0.0	0.0	0.0%
T & D Services	0.0	0.0	0.0	0.0	0.0	0.0%
T & D Meters	0.0	0.0	0.0	0.0	0.0	0.0%
T & D Hydrants	0.0	0.0	0.0	0.0	0.0	0.0%
Total Maintenance Expense	158.8	161.9	0.0	161.9	190.3	0.0%
Total O & M Expenses (incl. uncollectibles)	10,729.7	10,763.1	0.0	10,763.1	10,795.6	0.0%
<u>AT 2005 PROPOSED RATES</u>						
Operating Revenues	12,711.0	17,822.3	0.0	17,822.3	18,463.3	0.0%
Uncollectible Rate	0.0795%	0.0795%	0.0	0.0795%	0.0821%	
Uncollectibles	10.1	14.2	0.0	14.2	16.3	0.0%
TOTAL O & M EXPENSES	10,724.1	10,761.6	0.0	10,761.6	10,795.7	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-024

TABLE F-2
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
OPERATION & MAINTENANCE EXPENSES
2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
AT 2005 PROPOSED RATES						
Operating Revenues	18,601.0	17,961.1	0.0	17,961.1	18,599.8	0.0%
Uncollectible Rate	0.0795%	0.0795%	0.0000%	0.0795%	0.0821%	0.0%
Uncollectibles	14.9	14.3	0.0	14.3	15.3	0.0%
Operation Expense						
Source of Supply Expense	12.1	34.6	0.0	34.6	34.6	0.0%
Purchased Water	10,328.8	10,328.8	0.0	10,328.8	10,328.8	0.0%
Pumping Expense - Electric	0.1	0.1	0.0	0.1	0.2	0.0%
Purchased Power	237.7	237.7	0.0	237.7	237.7	0.0%
General Water Treatment	11.9	13.4	0.0	13.4	13.4	0.0%
Water Treatment - Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0%
Chemicals	0.0	0.0	0.0	0.0	0.0	0.0%
Storage Facilities Expense	45.8	49.7	0.0	49.7	53.1	0.0%
Trans. & Dist. - Lines	0.0	0.0	0.0	0.0	0.0	0.0%
Trans. & Dist. - Meters	0.0	0.0	0.0	0.0	0.0	0.0%
Trans. & Dist. - Customer Installation	0.0	0.0	0.0	0.0	0.0	0.0%
Trans. & Dist. - Misc.	0.0	0.0	0.0	0.0	0.0	0.0%
Customer Accts. - Meter Reading	5.4	9.0	0.0	9.0	9.0	0.0%
Customer Accounting - Contracts & Orders	0.0	0.0	0.0	0.0	0.0	0.0%
Customer Accounting - Collections	0.0	0.0	0.0	0.0	0.0	0.0%
Customer Accounting - Customer Svc. Info	0.0	0.0	0.0	0.0	0.0	0.0%
Customer Accts. - Uncollectibles	14.9	14.9	0.0	14.9	15.3	0.0%
Total Operation Expenses	10,654.5	10,686.0	0.0	10,686.0	10,689.9	0.0%
Maintenance Expenses						
Source of Supply - Collection	0.0	3.2	0.0	3.2	3.2	0.0%
Maint of Infiltration Galleries & Tun	0.0	0.0	0.0	0.0	0.0	0.0%
Source of Supply - Wells	0.0	0.0	0.0	0.0	0.0	0.0%
Pumping - Structures	0.0	0.0	0.0	0.0	0.0	0.0%
Pumping - Mtrc Power Prod Equip	0.0	0.0	0.0	0.0	0.0	0.0%
Pumping - Pumping Equipment	0.7	0.7	0.0	0.7	18.1	0.0%
Pumping - Pumping Eqpt Mat Other	0.0	0.0	0.0	0.0	0.0	0.0%
Water Treatment - Structures	0.0	0.0	0.0	0.0	0.0	0.0%
Water Treatment - Other	0.3	0.3	0.0	0.3	0.3	0.0%
Error in ORA Report	0.0	0.0	0.0	0.0	0.0	0.0%
T & D Reservoirs & Tanks	148.5	122.5	0.0	122.5	174.2	0.0%
T & D Mains	0.0	0.0	0.0	0.0	0.0	0.0%
T & D Services	0.0	0.0	0.0	0.0	0.0	0.0%
T & D Meters	0.0	0.0	0.0	0.0	0.0	0.0%
T & D Hydrants	0.0	0.0	0.0	0.0	0.0	0.0%
Total Maintenance Expense	147.5	128.6	0.0	128.6	195.8	0.0%
Total O & M Expenses (incl. uncollectibles)	10,801.9	10,812.6	0.0	10,812.6	10,885.7	0.0%
AT 2006 PROPOSED RATES						
Operating Revenues	17,883.7	18,042.3	0.0	18,042.3	18,574.5	0.0%
Uncollectible Rate	0.0795%	0.0795%	0.0	0.0795%	0.0821%	0.0%
Uncollectibles	14.2	14.3	0.0	14.3	15.2	0.0%
TOTAL O & M EXPENSES	10,801.2	10,812.6	0.0	10,812.6	10,885.6	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-024

TABLE G-1
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
ADMINISTRATIVE & GENERAL EXPENSES
2005

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
AT PRESENT RATES						
Operating Revenues less Uncoll.	19,718.5	19,718.5	0.0	19,718.5	19,717.3	0.0%
Local Franchise Tax Rate	0.0000%	0.0000%	0.0	0.0000%	0.0000%	0.0%
Local Franchise Tax	0.0	0.0	0.0	0.0	0.0	0.0%
Office Supplies & Expenses	3.8	3.8	0.0	3.8	3.8	0.0%
Labor	808.1	808.1	0.0	808.1	789.3	0.0%
Property Insurance	0.8	0.8	0.0	0.8	0.8	0.0%
Employee Memberships	0.0	0.0	0.0	0.0	0.0	0.0%
Workers' Comp.	0.0	0.0	0.0	0.0	0.0	0.0%
Injuries & Damages	-5.4	-5.4	0.0	-5.4	-5.4	0.0%
Pensions & Benefits				0.0	0.0	
Group Insurance	128.0	128.0	0.0	128.0	128.0	0.0%
OPEB Expense	67.8	67.8	0.0	67.8	67.8	0.0%
401(k) Expense	14.1	14.1	0.0	14.1	14.1	0.0%
ESOP Expense	4.0	4.0	0.0	4.0	4.0	0.0%
Employee Welfare	10.5	10.5	0.0	10.5	10.5	0.0%
Pensions	213.5	213.5	0.0	213.5	213.5	0.0%
Regulatory Expenses	64.0	64.0	0.0	64.0	69.8	0.0%
Outside Services - Legal	7.8	7.8	0.0	7.8	7.8	0.0%
Outside Services - Other	0.0	0.0	0.0	0.0	0.0	0.0%
Outside Services - Amortization	0.0	0.0	0.0	0.0	0.0	0.0%
Miscellaneous General - Institutional Goodwil	201.0	208.5	0.0	208.5	208.6	0.0%
Miscellaneous General - Community Relation	0.0	0.0	0.0	0.0	0.0	0.0%
Miscellaneous General - Other	0.0	0.0	0.0	0.0	0.0	0.0%
Miscellaneous General - Transportation	0.0	0.0	0.0	0.0	0.0	0.0%
Alloc Gen Office Expense	1,799.9	1,799.9	0.0	1,799.9	1,799.9	0.0%
Other Mtrnc of Gen Plant	0.0	0.0	0.0	0.0	0.0	0.0%
Rent	254.6	254.6	0.0	254.6	254.6	0.0%
RWE Savings	-41.5	-41.5	0.0	-41.5	-41.5	0.0%
Total A & G Expenses	3,531.0	3,536.4	0.0	3,536.4	3,525.6	0.0%
(Incl. local Franchise Taxes)	3,531.0	3,536.4	0.0	3,536.4	3,525.6	0.0%
AT 2005 PROPOSED RATES						
Operating Revenues less Uncoll.	12,711.0	17,822.3	0.0	17,822.3	18,463.3	0.0%
Local Franchise Tax Rate	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0%
Local Franchise Tax	0.0	0.0	0.0	0.0	0.0	0.0%
Total A & G Expenses	3,531.0	3,536.4	0.0	3,536.4	3,525.6	0.0%
(Incl. local Franchise Taxes)	3,531.0	3,536.4	0.0	3,536.4	3,525.6	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-024

TABLE G-2
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
ADMINISTRATIVE & GENERAL EXPENSES
2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
AT 2005 PROPOSED RATES						
Operating Revenues less Uncoll.	18,601.0	17,961.1	0.0	17,961.1	18,599.8	0.0%
Local Franchise Tax Rate	0.0000%	0.0000%	0.0	0.0000%	0.0000%	
Local Franchise Tax	0.0	0.0	0.0	0.0	0.0	0.0%
Office Supplies & Expenses	3.9	3.9	0.0	3.9	3.9	0.0%
Labor	828.7	828.7	0.0	828.7	809.0	
Property Insurance	0.8	0.8	0.0	0.8	0.8	0.0%
Employee Memberships	0.0	0.0	0.0	0.0	0.0	0.0%
Workers' Comp.	-5.6	-5.6	0.0	-5.6	-5.6	0.0%
Injuries & Damages	0.0	0.0	0.0	0.0	0.0	0.0%
Pensions & Benefits		0.0		0.0	0.0	
Group Insurance	144.9	144.9	0.0	144.9	144.9	0.0%
OPEB Expense	65.0	65.0	0.0	65.0	65.0	0.0%
401(k) Expense	14.5	14.5	0.0	14.5	14.5	0.0%
ESOP Expense	4.3	4.3	0.0	4.3	4.9	0.0%
Employee Welfare	10.8	10.8	0.0	10.8	10.8	0.0%
Pensions	197.8	197.8	0.0	197.8	197.8	0.0%
Regulatory Expenses	63.2	63.2	0.0	63.2	69.9	0.0%
Outside Services - Legal	8.0	8.0	0.0	8.0	8.0	0.0%
Outside Services - Other	0.0	0.0	0.0	0.0	0.0	0.0%
Outside Services - Amortization	0.0	0.0	0.0	0.0	0.0	0.0%
Miscellaneous General - Institutional Goodwill	212.1	212.1	0.0	212.1	214.7	0.0%
Miscellaneous General - Community Relation	0.0	0.0	0.0	0.0	0.0	0.0%
Miscellaneous General - Other	0.0	0.0	0.0	0.0	0.0	0.0%
Miscellaneous General - Transportation	0.0	0.0	0.0	0.0	0.0	0.0%
Alloc Gen Office Expense	1,856.6	1,856.6	0.0	1,856.6	1,856.6	0.0%
Other Mtn of Gen Plant	0.0	0.0	0.0	0.0	0.0	0.0%
Rent	261.9	261.9	0.0	261.9	261.9	0.0%
RWE Savings	-102.3	-102.3	0.0	-102.3	-102.3	0.0%
Total A & G Expenses	3,564.6	3,564.6	0.0	3,564.6	3,554.8	0.0%
(Incl. local Franchise Taxes)	3,564.6	3,564.6	0.0	3,564.6	3,554.8	0.0%
AT 2006 PROPOSED RATES						
Operating Revenues less Uncoll.	17,883.7	18,042.3	0.0	18,042.3	18,574.5	0.0%
Local Franchise Tax Rate	0.0000%	0.0000%	0.0	0.0000%	0.0000%	
Local Franchise Tax	0.0	0.0	0.0	0.0	0.0	0.0%
Total A & G Expenses	3,564.6	3,564.6	0.0	3,564.6	3,554.8	0.0%
(Incl. local Franchise Taxes)	3,564.6	3,564.6	0.0	3,564.6	3,554.8	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-024

TABLE H
CALIFORNIA-AMERICAN WATER CO.- VILLAGE
TAXES OTHER THAN INCOME
YEAR 2005 & 2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
TEST YEAR 2005						
Ad Valorem taxes	190.3	190.3	0.0	190.3	190.3	0.0%
Loc Fran Taxes (pres rates)	0.0	0.0	0.0	0.0	0.0	0.0%
Loc Fran Taxes (prop rates)	0.0	0.0	0.0	0.0	0.0	0.0%
Net Payroll taxes	55.5	55.5	0.0	55.5	55.5	0.0%
Taxes other than Income	245.8	245.8	0.0	245.8	245.8	0.0%
TEST YEAR 2006						
Ad Valorem taxes	178.4	178.4	0.0	178.4	178.4	0.0%
Loc Fran Taxes (pres rates)	0.0	0.0	0.0	0.0	0.0	0.0%
Loc Fran Taxes (prop rates)	0.0	0.0	0.0	0.0	0.0	0.0%
Net Payroll taxes	56.8	56.8	0.0	56.8	56.8	0.0%
Taxes other than Income	235.2	235.2	0.0	235.2	235.2	0.0%

TABLE I-1
CALIFORNIA-AMERICAN WATER COMPANY - VILLAGE
TAXES BASED ON INCOME
2005

PRESENT RATES

	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
Operating Revenues	19,718.5	19,718.5	0.0	19,718.5	19,717.3	0.0%
Revenues from Contributions	0.0	0.0	0.0	0.0	0.0	0.0%
Total	19,718.5	19,718.5	0.0	19,718.5	19,717.3	0.0
Deductions:						
O & M expenses	10,729.7	10,763.1	0.0	10,763.1	10,796.4	0.0%
A & G Expenses	3,531.0	3,536.4	0.0	3,536.4	3,525.6	0.0%
Depreciation & Amortization	1,282.7	1,282.7	0.0	1,282.7	1,295.2	0.0%
Taxes not on Inc.	245.8	245.8	0.0	245.8	245.7	0.0%
Book Depreciation	0.0	0.0	0.0	0.0	0.0	0.0%
Interest	663.0	726.8	0.0	726.8	661.3	0.0%
Income before taxes	3,266.3	3,163.7	0.0	3,163.7	3,193.1	0.0%
California Corp. Franchise Tax						
State Tax Depreciation	0.0	0.0	0.0	0.0	0.0	0.0%
Taxable Income for CCFT	3,266.3	3,163.7	0.0	3,163.7	3,193.1	0.0%
CCFT Rate	7.56%	7.56%		7.56%	7.56%	
CCFT	246.9	239.2	0.0	239.2	241.4	0.0%
Less Deferred Taxes	2.1	2.1	0.0	2.1	2.1	0.0%
Total State Income Taxes	244.8	237.1	0.0	237.1	239.3	0.0%
Federal Income Tax						
Federal Tax Deductions	254.8	254.8	0.0	254.8	254.8	0.0%
Taxable income for FIT	3,011.5	2,908.9	0.0	2,908.9	2,938.3	0.0%
FIT Rate	35.00%	35.00%		35.00%	35.00%	
FIT	1,054.0	1,018.1	0.0	1,018.1	1,028.4	0.0%
Less:						
ITC	15.5	15.5	0.0	15.5	15.5	0.0%
Deferred Taxes	7.8	7.8	0.0	7.8	7.8	0.0%
Reverse South Georgia	0	0	0.0	0	0.0	0.0%
Total Federal Income Tax	1030.7	994.8	0.0	994.8	1,005.1	0.0%
Total FIT and CCFT	1275.5	1231.9	0.0	1,231.9	1,244.4	0.0%

TABLE I-2
CALIFORNIA-AMERICAN WATER COMPANY - VILALGE
TAXES BASED ON INCOME
2005

2005 PROPOSED RATES

	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
Operating Revenues	17,693.7	17,822.3	0.0	17,822.3	18,463.3	0.0%
Revenues from Contributions	0.0	0.0	0.0	0.0	0.0	0.0%
Total	17,693.7	17,822.3	0.0	17,822.3	18,463.3	0.0
Deductions:						
O & M expenses	10,724.1	10,761.6	0.0	10,761.6	10,794.3	0.0%
A & G Expenses	3,531.0	3,536.4	0.0	3,536.4	3,525.6	0.0%
Depreciation & Amortization	1,282.7	1,282.7	0.0	1,282.7	1,295.2	0.0%
Taxes not on Inc.	245.8	245.8	0.0	245.8	245.7	0.0%
Book Depreciation	0.0	0.0	0.0	0.0	0.0	0.0%
Interest	663.0	726.8	0.0	726.8	661.3	0.0%
Income before taxes	1,247.1	1,269.0	0.0	1,269.0	1,941.2	0.0%
California Corp. Franchise Tax						
State Tax Depreciation	0.0	0.0	0.0	0.0	0.0	0.0%
Taxable Income for CCFT	1,247.1	1,269.0	0.0	1,269.0	1,941.2	0.0%
CCFT Rate	7.56%	7.56%		7.56%	7.56%	
CCFT	94.3	95.9	0.0	95.9	146.8	0.0%
Less Deferred Taxes	0.0	2.1	0.0	2.1	2.1	0.0%
Total State Income Taxes	94.3	93.8	0.0	93.8	144.7	0.0%
Federal Income Tax						
Federal Tax Deductions	254.8	254.8	0.0	254.8	254.8	0.0%
Taxable income for FIT	992.3	1,014.2	0.0	1,014.2	1,686.4	0.0%
FIT Rate	35.00%	35.00%		35.00%	35.00%	
FIT	347.3	355.0	0.0	355.0	590.2	0.0%
Less:						
ITC	15.5	15.5	0.0	15.5	15.5	0.0%
Deferred Taxes	7.8	7.8	0.0	7.8	7.8	0.0%
Reverse South Georgia	0.0	0.0	0.0	0.0	0.0	0.0%
Total Federal Income Tax	324	331.7	0.0	331.7	566.9	0.0%
Total FIT and CCFT	418.3	425.5	0.0	425.5	711.6	0.0%

TABLE I-3
 CALIFORNIA-AMERICAN WATER COMPANY - VILLAGE
 TAXES BASED ON INCOME
 2006

2005 PROPOSED RATES

	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
Operating Revenues	18,601.0	17,961.1	0.0	17,961.1	18,599.8	0.0%
Revenues from Contributions	0.0	0.0	0.0	0.0	0.0	0.0%
Total	18,601.0	17,961.1	0.0	17,961.1	18,599.8	0.0%
Deductions:						
O & M expenses	10,801.9	10,812.6	0.0	10,812.6	10,886.8	0.0%
A & G Expenses	3,564.5	3,564.6	0.0	3,564.6	3,554.8	0.0%
Depreciation & Amortization	1,294.2	1,315.5	0.0	1,315.5	1,317.5	0.0%
Taxes not on Inc.	235.2	235.2	0.0	235.2	235.2	0.0%
Book Depreciation	0.0	0.0	0.0	0.0	0.0	0.0%
Interest	707.7	732.9	0.0	732.9	655.5	0.0%
Income before taxes	1,997.4	1,300.2	0.0	1,300.2	1,950.0	0.0%
California Corp. Franchise Tax						
State Tax Depreciation		0.0	0.0	0.0	0.0	0.0%
Taxable Income for CCFT	1,997.4	1,300.2	0.0	1,300.2	1,950.0	0.0%
CCFT Rate	7.56%	7.56%		7.56%	7.56%	
CCFT	151	98.3	0.0	98.3	147.4	0.0%
Less Deferred Taxes	2.1	2.1	0.0	2.1	2.1	0.0%
Total State Income Taxes	148.9	96.2	0.0	96.2	145.3	0.0%
Federal Income Tax						
Federal Tax Deductions	151.2	93.8	0.0	93.8	144.7	0.0%
Taxable income for FIT	1,847.4	1,206.4	0.0	1,206.4	1,805.3	0.0%
FIT Rate	35.00%	35.00%		35.00%	35.00%	
FIT	646.6	422.2	0.0	422.2	631.9	0.0%
Less:						
ITC	15.5	15.5	0.0	15.5	15.5	0.0%
Deferred Taxes	7.8	7.8	0.0	7.8	7.8	0.0%
Reverse South Georgia	0	0	0.0	0	0	0.0%
Total Federal Income Tax	623.3	398.9	0.0	398.9	608.6	0.0%
Total FIT and CCFT	772.2	495.1	0.0	495.1	753.9	0.0%

TABLE I-4
CALIFORNIA-AMERICAN WATER COMPANY - VILLAGE
TAXES BASED ON INCOME
2006

2006 PROPOSED RATES

	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
Operating Revenues	17,883.7	18,042.3	0.0	18,042.3	18,574.5	0.0%
Revenues from Contributions	0.0	0.0	0.0	0.0	0.0	0.0%
Total	17,883.7	18,042.3	0.0	18,042.3	18,574.5	0.0%
Deductions:						
O & M expenses	10,797.1	10,812.6	0.0	10,812.6	10,885.6	0.0%
A & G Expenses	3,549.1	3,564.6	0.0	3,564.6	3,554.7	0.0%
Depreciation & Amortization		0.0	0.0	0.0	1,317.5	0.0%
Taxes not on Inc.	235.2	235.2	0.0	235.2	235.2	0.0%
Book Depreciation	1,294.2	1,315.5	0.0	1,315.5	1,317.5	0.0%
Interest	678.5	732.9	0.0	732.9	655.5	0.0%
Income before taxes	1,329.6	1,380.5	0.0	1,380.5	608.5	0.0%
California Corp. Franchise Tax						
State Tax Depreciation	0.0	0.0	0.0	0.0	0.0	0.0%
Taxable Income for CCFT	1,329.6	1,380.5	0.0	1,380.5	608.5	0.0%
CCFT Rate	7.56%	7.56%		7.56%	7.56%	
CCFT	100.5	104.4	0.0	104.4	45.9	0.0%
Less Deferred Taxes	0.0	2.1	0.0	2.1	2.1	0.0%
Total State Income Taxes	100.5	102.3	0.0	102.3	43.8	0.0%
Federal Income Tax						
Federal Tax Deductions	94.3	93.8	0.0	93.8	144.7	0.0%
Taxable income for FIT	1,234.7	1,286.7	0.0	1,286.7	463.8	0.0%
FIT Rate	35.00%	35.00%		35.00%	35.00%	
FIT	432.1	450.3	0.0	450.3	162.3	0.0%
Less:						
ITC	15.5	15.5	0.0	15.5	15.5	0.0%
Deferred Taxes	7.8	7.8	0.0	7.8	7.8	0.0%
Reverse South Georgia		0.0	0.0	0.0	0.0	0.0%
Total Federal Income Tax	408.8	427	0.0	427	139.0	0.0%
Total FIT and CCFT	509.3	529.3	0.0	529.3	182.8	0.0%

APPENDIX - A
 APPLICATION NO: ~~AT 01-024~~
 CALIFORNIA- AMERICAN WATER COMPANY - VILLAGE
 PLANT IN SERVICE
 TEST YEAR 2005

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
PLANT IN SERVICE B.O.Y.	57,547.3	57,596.6	0.0	57,596.6	57,596.6	0.0%
CWIP	0.0	0.0	0.0	0.0	0.0	0.0%
BEGINNING OF THE YEAR BALANCE	57,547.3	57,596.6	0.0	57,596.6	57,596.6	0.0%
ADDITIONS						
Utility Funded	665.5	668.8	0.0	668.8	2,015.5	0.0%
Advances	0.0	0.0	0.0	0.0	0.0	0.0%
Contributions	647.2	647.2	0.0	647.2	497.2	0.0%
Change in CWIP	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL ADDITIONS	1,312.7	1,316.0	0.0	1,316.0	2,512.7	0.0%
LESS:						
Retirements of Plant	95.0	93.0	0.0	93.0	110.8	0.0%
END OF YEAR BALANCE	58,765.0	58,819.6	0.0	58,819.6	59,998.5	0.0%
WEIGHTING FACTOR	32.08%	32.08%		32.08%	32.08%	
WTD. AVG. PLANT IN SERVICE	57,937.9	57,988.9	0.0	57,988.9	58,367.1	0.0%

TABLE J-2
 CALIFORNIA- AMERICAN WATER COMPANY - VILLAGE
 PLANT IN SERVICE
 TEST YEAR 2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
PLANT IN SERVICE B.O.Y.	58,765.0	58,819.6	0.0	58,819.6	58,819.6	0.0%
CWIP	0.0	0.0	0.0	0.0	0.0	0.0%
BEGINNING OF THE YEAR BALANCE	58,765.0	58,819.6	0.0	58,819.6	58,819.6	0.0%
ADDITIONS						
Utility Funded	0.0	0.0	0.0	0.0	0.0	0.0%
Advances	0.0	0.0	0.0	0.0	0.0	0.0%
Contributions	2,567.0	2,567.0	0.0	2,567.0	0.0	0.0%
Change in CWIP	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL ADDITIONS	2,567.0	2,567.0	0.0	2,567.0	0.0	0.0%
LESS:						
Retirements of Plant	0.0	0.0	0.0	0.0	0.0	0.0%
END OF YEAR BALANCE	61,332.0	61,386.6	0.0	61,386.6	58,819.6	0.0%
WEIGHTING FACTOR	32.08%	32.08%		32.08%	32.08%	
WTD. AVG. PLANT IN SERVICE	59,588.5	59,643.1	0.0	59,643.1	58,819.6	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-024

**TABLE K-1
CALIFORNIA-AMERICAN WATER COMPANY - VILLAGE
DEPRECIATION RESERVE & EXPENSE
TEST YEAR 2005**

	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
DEPRECIATION RESERVE - B.O.Y.	18,409.2	18,409.2	0.0	18,409.2	18,406.7	0.0%
ACCRUALS						
Clearing Accounts	0.0	0.0	0.0	0.0	0.0	0.0%
Contributions	385.5	385.5	0.0	385.5	381.7	0.0%
Depreciation Expense	1282.7	1,282.7	0.0	1,282.7	1,295.2	0.0%
TOTAL ACCRUALS	1,668.2	1,668.2	0.0	1,668.2	1,676.9	0.0%
RETIREMENTS & SALVAGE	-95.6	-95.6	0.0	-95.6	-117.7	0.0%
DEPRECIATION RESERVE - E.O.Y.	19,981.8	19,981.8	0.0	19,981.8	19,965.9	0.0%
WEIGHTING FACTOR	51.66%	51.66%		51.66%	51.66%	
WTD. AVG. DEPRECIATION RESERVE	19,221.6	19,221.6	0.0	19,221.6	19,212.2	0.0%

**TABLE K-2
CALIFORNIA-AMERICAN WATER COMPANY - VILLAGE
DEPRECIATION RESERVE & EXPENSE
TEST YEAR 2006**

	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
DEPRECIATION RESERVE - B.O.Y.	19,981.8	19,981.8	0.0	19,981.8	19,965.9	0.0%
ACCRUALS						
Clearing Accounts	0.0	0.0	0.0	0.0	0.0	0.0%
Contributions	393.5	0.0	0.0	0.0	389.8	0.0%
Depreciation Expense	1294.2	0	0.0	0.0	1,317.5	0.0%
TOTAL ACCRUALS	1,687.7	0.0	0.0	0.0	1,707.3	0.0%
RETIREMENTS & SALVAGE	0.0	0.0	0.0	0.0	0.0	0.0%
DEPRECIATION RESERVE - E.O.Y.	21,669.5	19,981.8	0.0	19,981.8	21,673.2	0.0%
WEIGHTING FACTOR	51.66%	51.66%		51.66%	51.66%	
WTD. AVG. DEPRECIATION RESERVE	20,853.7	19,981.8	0.0	19,981.8	20,847.9	0.0%

APPENDIX - A
APPLICATION NO: A.04-03-024

TABLE L-1
CALIFORNIA-AMERICAN WATER COMPANY - VILLAGE
WEIGHTED AVERAGE DEPRECIATED RATE BASE
YEAR 2005

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
WTD AVG PLANT IN SERVICE	57,937.9	57,988.9	0.0	57,988.9	58,367.1	0.0%
MATERIALS & SUPPLIES	37.3	37.3	0.0	37.3	37.3	0.0%
WORKING CASH, OPERATIONAL	178.6	210.5	0.0	210.5	345.8	0.0%
WORKING CASH, LEAD-LAG	352.0	352.0	0.0	352.0	386.3	0.0%
SUBTOTAL	<u>58,505.8</u>	<u>58,588.7</u>	<u>0.0</u>	<u>58,588.7</u>	<u>59,136.5</u>	<u>0.0%</u>
LESS DEDUCTIONS FROM RATE BASE						
WTD AVG DEPR RESERVE	-19,221.6	-19,221.6	0.0	-19,221.6	-19,212.2	0.0%
ADVANCES	-1,682.1	-3,418.4	0.0	-3,418.4	-1,682.1	0.0%
CONTRIBUTIONS	-14,270.8	-14,270.8	0.0	-14,270.8	-14,126.0	0.0%
GENERAL OFFICE ALLOC.	0.0	0.0	0.0	0.0	0.0	0.0%
ACRS & MACRS DEPRECIATION						
UNAMORTIZED ITC	0.0	0.0	0.0	0.0	0.0	0.0%
CAPITALIZED ITEMS	0.0	0.0	0.0	0.0	0.0	0.0%
SILVER	0.0	0.0	0.0	0.0	0.0	0.0%
DEFERRED REVENUES	0.0	0.0	0.0	0.0	0.0	0.0%
ACCUM. DEFERRED FIT	-3,118.6	-3,118.6	0.0	-3,118.6	-3,120.8	0.0%
ACCUM. DEFERRED SIT	0.0	0.0	0.0	0.0	0.0	0.0%
SUBTOTAL DEDUCTIONS	<u>-38,293.1</u>	<u>-40,029.4</u>	<u>0.0</u>	<u>-40,029.4</u>	<u>-38,141.1</u>	<u>0.0%</u>
AVERAGE RATE BASE	20,212.1	18,559.3	0.0	18,559.3	20,995.4	0.0%
INTEREST CALCULATION:						
AVG RATE BASE	20,212.1	18,559.3	0.0	18,559.3	20,995.4	0.0%
LESS WORKING CASH	0.0	0.0	0.0	0.0	732.1	0.0%
X LTD COST	3.36%	3.92%		3.92%	3.30%	0.0%
INTEREST	<u>678.2</u>	<u>726.8</u>	<u>0.0</u>	<u>726.8</u>	<u>669.3</u>	<u>0.0%</u>

APPENDIX - A
APPLICATION NO: A.04-03-024

TABLE L-1
CALIFORNIA-AMERICAN WATER COMPANY - VILLAGE
WEIGHTED AVERAGE DEPRECIATED RATE BASE
YEAR 2006

ITEM	STAFF		UTILITY EXCEEDS BRANCH DIFFERENCE	UTILITY		UTILITY EXCEEDS BRANCH PERCENT
	ORIGINAL	REVISED		REVISED	ORIGINAL	
WTD AVG PLANT IN SERVICE	59,588.5	59,643.1	0.0	59,643.1	58,819.6	0.0%
MATERIALS & SUPPLIES	38.4	38.4	0.0	38.4	38.4	0.0%
WORKING CASH, OPERATIONAL	121.3	152.9	0.0	152.9	228.1	0.0%
WORKING CASH, LEAD-LAG	359.0	359.0	0.0	359.0	375.4	0.0%
SUBTOTAL	60,107.2	60,193.4	0.0	60,193.4	59,461.6	0.0%
LESS DEDUCTIONS FROM RATE BASE						
WTD AVG DEPR RESERVE	-20,853.7	-19,981.8	0.0	-19,981.8	-20,847.9	0.0%
ADVANCES	-1,627.6	-3,309.6	0.0	-3,309.6	-1,627.6	0.0%
CONTRIBUTIONS	-14,540.3	-14,923.6	0.0	-14,923.6	-14,923.6	0.0%
GENERAL OFFICE ALLOC.	0.0	0.0	0.0	0.0	0.0	0.0%
ACRS & MACRS DEPRECIATION						
UNAMORTIZED ITC	0.0	0.0	0.0	0.0	0.0	0.0%
CAPITALIZED ITEMS	0.0	0.0	0.0	0.0	0.0	0.0%
SILVER	0.0	0.0	0.0	0.0	0.0	0.0%
DEFERRED REVENUES	0.0	0.0	0.0	0.0	0.0	0.0%
ACCUM. DEFERRED FIT	-3,261.4	-3,261.4	0.0	-3,261.4	-3,265.5	0.0%
ACCUM. DEFERRED SIT	0.0	0.0	0.0	0.0	0.0	0.0%
SUBTOTAL DEDUCTIONS	-40,283.0	-41,476.4	0.0	-41,476.4	-40,664.5	0.0%
AVERAGE RATE BASE	19,824.4	18,716.8	0.0	18,716.8	18,797.1	0.0%
INTEREST CALCULATION:						
AVG RATE BASE	19,824.4	18,716.8	0.0	18,716.8	18,797.1	0.0%
LESS WORKING CASH			0.0	0.0	603.5	0.0%
X LTD COST	3.28%	3.92%	3.92%	3.92%	3.42%	119.2%
INTEREST	651.1	732.9	0.0	732.9	623.1	0.0%

APPENDIX B

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of California-American Water Company (U 210 W) for an order authorizing it to increase its rates for water service in its Coronado District to increase revenues by \$359,200 or 2.86% in the year 2005, to decrease revenues by (\$43,100) or (.34%) in the year 2006, and to decrease revenues by (\$28,400) or (.22%) in the year 2007.

A.04-03-023

In the Matter of the Application of California-American Water Company (U 210 W) for an order authorizing it to change its rates for water service in its Village District to decrease revenues by (\$1,254,000) or (6.36%) in the year 2005, to decrease revenues by (\$24.9) or (.13%) in the year 2006, and to increase revenues by \$4,700 or (.03%) in 2007.

A.04-03-024

SETTLEMENT AGREEMENT BETWEEN CALIFORNIA-AMERICAN WATER COMPANY AND THE CITY OF THOUSAND OAKS

1. General

- 1.1 The Parties to this Settlement Agreement before the California Public Utilities Commission ("Commission") are California-American Water Company ("California American Water") and the City of Thousand Oaks ("City") – collectively, "the Parties." The Parties, desiring to avoid the expense, inconvenience, and uncertainty attendant to litigation of the matters in dispute between them have agreed on this Settlement which they now submit for approval.
- 1.2 In addition, since this Settlement Agreement represents a compromise by them, the Parties have entered into each Stipulation on the basis that its approval by the Commission not be construed as an admission or concession by any Party regarding any fact or matter of law in dispute in this proceeding. Furthermore, the Parties intend that the approval of this Settlement Agreement by the Commission not be construed as a precedent or statement of policy of any kind for or against any Party in any current or future proceeding.
- 1.3 The Parties agree that no signatory to this Settlement Agreement assumes any personal liability as a result of their agreement. All rights and remedies of the Parties are limited to those available before the Commission.
- 1.4 The Parties agree that this Settlement Agreement is an integrated agreement, so that if the Commission rejects any portion of this Settlement Agreement, each Party has the right to withdraw.

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1.5 All issues between the Parties have been resolved.

1.6 Included in this Settlement Agreement are supporting references to California American Water's Application for Authority to Adjust Rates in its Village District ("Application"), California American Water's direct testimony, and California American Water's rebuttal testimony, and testimony provided by the City.

2. Rate Reductions

As a result of the proposed settlement with the Office of Ratepayer Advocates ("ORA"), California American Water will seek a rate decrease of 9.6% in 2005, and a rate increase of 0.23% in 2006, and a rate increase of 0.23% in 2007.

3. Conejo Oaks/Academy Exchange

California American Water will agree to exchange its Conejo Oaks service area for City's Academy service area, subject to the following conditions:

3.1 Approval by the Commission, either through this rate case or in a separate proceeding, if required.

3.2 Approval by Thousand Oaks City Council.

3.3 Exchange of service areas will be official for operational and all other purposes on the effective date of new rates for the California American Water Company - Village District in its next general rate case scheduled to be filed in November 2006, for new rates effective January 1, 2008.

3.4 City and California American Water will, within three months of the final approval of this settlement, agree to a transition plan that shall identify key dates and milestones to facilitate the service area exchange. Such milestones will include: (1) exchange of information on improvements, water sales, etc.; (2) the physical assessment and inventory of the water systems in both Conejo Oaks and Academy; (3) identification and schedule for required improvements to be constructed in the Conejo Oaks service area by City to provide water service which meets City domestic service and fire flow requirements; (4) community meetings to describe and obtain resident input on the exchange; (5) analysis of need for interim improvements to eliminate minimum flow penalties in the Conejo Oaks service area, to be implemented at California American Water's option; and (6) actions necessary to transfer all interests in Academy Mutual Water Company water system to California American Water.

3.5 City and California American Water agree to operate and maintain Conejo Oaks and Academy service areas in accordance with normal and customary practices and care prior to the effective date of exchange.

(Direct Testimony of F. Mark Schubert, P.E., Exhibit FMS-1, Exh. 3-1; Rebuttal Testimony of Benjamin F. Lewis, P.E. ("Lewis Rebuttal Testimony"), p.8; Direct Testimony of Donald H. Nelson on Behalf of the City of Thousand Oaks ("Nelson Testimony"), p. 5.)

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4. **Franchise Fee Calculation**

Effective starting January 1, 2005, all franchise fees paid to City by California American Water shall be 2% of the total water sales revenues to properties within the incorporated City limits and the Thousand Oaks franchise district.

5. **Franchise Agreement Negotiations**

California American Water shall enter into and continue good faith negotiations to finalize a franchise agreement with the City of Thousand Oaks, and said agreement shall be completed no later than 6 months after the final approval of this settlement, unless an extension of the 6 month time period is agreed to in writing and approved by representatives for both California American Water and the City of Thousand Oaks.

6. **Franchise Fee Display on Water Bills**

California American Water will request authorization from the Commission to display the franchise fee as a line item on customer bills for the Village District. ORA will be supporting California American Water's request as part of the separate settlement agreement between ORA and California American Water. The City of Thousand Oaks will not object to this request.

(California-American Water Company (U 210 W) Update to Application to Adjust Rates in its Village District, Appendix A; Rebuttal Testimony of David P. Stephenson, pp. 41-42.)

7. **Oaks Mall "Will Serve" Letter**

California American Water is currently unable to locate of a copy of its original "will serve" letter to the Oaks Mall from the 1970s. California American Water will provide an updated "will serve" letter, based on the current water system and fire flow standards, to Oaks Mall by September 30, 2004 and will provide a copy to the City.

(Lewis Rebuttal Testimony, p. 11; Nelson Testimony, p. 6.)

8. **Warwick (Oakview Estates) Condominiums**

8.1 California American Water shall take immediate action to accept ownership and control of the pump station serving the existing condominiums at 805 through 897 Warwick Avenue (Tract #3014) as a contribution from the homeowners association. California American Water's acceptance will be based on: (1) its receipt of information from the homeowners association regarding actual costs of the facilities when first installed; (2) satisfactory easement for access from the homeowners association; and (3) termination of the current apartment/condominium complex agreement with the homeowners association, which specifically requires the homeowners association to own and maintain the onsite water system and facilities (including the pump station).

8.2 Upon the transfer, California American Water will maintain the pump station. The Parties recognize that the solution to the current water pressure and fire flow issues will come from the agreements with the owners/developers of projects fronting Warwick Avenue. The Parties will negotiate with the owners/developers of projects fronting Warwick Avenue (proposed Tracts #5325 and #5458 and its associated church/office/school complex) to arrive at a permanent water system

1 that will deliver fire flow and domestic pressures meeting City requirements to the
2 above-mentioned projects, as well as to the apartment building at 951 Warwick
3 Avenue.

(Lewis Rebuttal Testimony, pp. 9-10; Nelson Testimony, p. 6.)

4 **9. Comprehensive Planning Study (CPS)/CUWMP**

5 For its Village District, California American Water expects to revise its Comprehensive
6 Planning Study ("CPS") and its Urban Water Management Plan in 2005. California
7 American Water will meet with the City in January 2005 to discuss the process and
8 timetable for these reports. The City will have the opportunity to review and comment on
9 these reports before they are finalized. The intent of the CPS update is to determine
10 system capital improvement needs and compliance with applicable local and industry
11 standards and to prioritize and schedule those improvements in order to demonstrate that
12 public health and safety interests are being addressed in a responsive and responsible
13 fashion.

(Lewis Rebuttal Testimony, p. 12; Nelson Testimony, p. 8.)

11 **10. Call Center**

12 10.1 California American Water does not have the technological capability to provide
13 specific call center data for Village District customers at this time. Currently
14 California American Water provides quarterly reports to the Commission on call
15 center performance for the Western Region (Arizona, California, Hawaii, New
16 Mexico and Texas) on the number of calls answered within 30 seconds, the
17 number of calls lost within 30 seconds, and first-call effectiveness. Currently, the
18 call center does not have the technological capability to provide reports on call
19 center performance beyond a region-wide level. However, the call center is in the
20 process of implementing software and hardware improvements that would, among
21 other service enhancements, allow for call center reporting on a state-specific
22 level. This is expected to be operational by the end of first quarter 2005.

23 10.2 California American Water proposes to add to its current quarterly filings to the
24 Commission state-specific information once it has the capacity to do so.
25 California American Water would provide these reports quarterly to the City and
26 the Commission's Water Division until the next Village District general rate case.
27 This will provide information to allow the City, the Commission, and California
28 American Water to evaluate call center performance in the next Village District
rate case and in the interim. California American Water expects that its state-
specific call center data will provide adequate information to evaluate its
performance in the Village District.

10.3 In addition, California American Water commits to develop a program to provide
information to the City on call center performance and operation, including wait
times and dropped calls. California American Water will also follow up and
resolve individual call center service complaints promptly when the individual
customers or the City brings them to its attention.

(Lewis Rebuttal Testimony, pp. 12-14; Direct Testimony of Scott Mitnick on Behalf of
the City of Thousand Oaks, p.10.)

1 **11. Medical Center**

2 California American Water is currently involved in working with the Los Robles Medical
3 Center to develop a design solution that would allow the parking structure and proposed
4 hospital expansion to meet applicable local fire flow requirements. California American
5 Water and the Medical Center have tentatively agreed upon a solution to the Medical
6 Center's fire flow problems. California American Water will continue to negotiate with
7 the Medical Center until these fire flow problems are resolved.

(Lewis Rebuttal Testimony, pp. 10-11; Nelson Testimony, p. 6.)

7 **CITY OF THOUSAND OAKS**

**CALIFORNIA-AMERICAN WATER
COMPANY**

9 By Timothy B. Sottile
10 Timothy B. Sottile, Interim City Attorney
11 City of Thousand Oaks

By: _____
David P. Stephenson, Assistant Treasurer
California-American Water Company

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13 2100 Thousand Oaks Boulevard
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16 Dated: August 17, 2004

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11. Medical Center

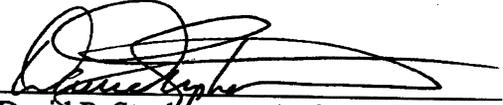
California American Water is currently involved in working with the Los Robles Medical Center to develop a design solution that would allow the parking structure and proposed hospital expansion to meet applicable local fire flow requirements. California American Water and the Medical Center have tentatively agreed upon a solution to the Medical Center's fire flow problems. California American Water will continue to negotiate with the Medical Center until these fire flow problems are resolved.

(Lewis Rebuttal Testimony, pp. 10-11; Nelson Testimony, p. 6.)

CITY OF THOUSAND OAKS

CALIFORNIA-AMERICAN WATER COMPANY

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