

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



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Application of California-American Water Company (U210W) for Authority to Establish its Authorized Cost of Capital for the Period from January 1, 2018 through December 31, 2020.

A1704003

Application No. 17-04-
(Filed April 3, 2017)

**APPLICATION OF CALIFORNIA-AMERICAN WATER COMPANY (U210W) FOR
AUTHORITY TO ESTABLISH ITS AUTHORIZED COST OF CAPITAL FOR THE
PERIOD FROM JANUARY 1, 2018 THROUGH DECEMBER 31, 2020**

Sarah Leeper
California-American Water Company
555 Montgomery Street, Suite 816
San Francisco, CA 94111
Telephone: (415) 863-2960
Facsimile: (415) 397-1586
sarah.leeper@amwater.com

Lori Anne Dolqueist
Nossaman LLP
50 California Street, 34th Floor
San Francisco, CA 94111
Telephone: 415.398.3600
Facsimile: 415.398.2438
ldolqueist@nossaman.com

Attorneys for Applicant California-American Water Company

April 3, 2017

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OF THE STATE OF CALIFORNIA**

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Company (U210W) for Authority to Establish its
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I. INTRODUCTION

Pursuant to Articles 2 and 3 of the Rules of Practice Procedure of the California Public Utilities Commission (“Commission”) and as directed by the Commission in Decision (“D.”) 07-05-062,¹ California-American Water Company (“California American Water”) hereby submits this application for an authorized cost of capital for its utility operations for the period from January 1, 2018 to December 31, 2020.² By granting California American Water’s requests, the Commission will enable California American Water to finance its investments on reasonable terms through 2020.

II. EVALUATION CRITERIA

Water utilities have a constitutional right to the opportunity to earn a reasonable return on their investments. When ruling on the rate of return that California American Water has requested in this application, the Commission must consider the criteria the United States

¹ D.07-5-062, *Order Instituting Rulemaking to Consider Revisions to the General Rate Case Plan for Class A Water Companies*, Opinion Adopting Revised Rate Case Plan for Class A Water Utilities. California American Water reserves the right to withdraw from this proceeding depending upon the outcome of A.15-07-019 or other proceedings before the Commission, particularly if it creates doubt about the Company’s ability to operate as a going concern or compromise its finances to the extent that a new application and request is warranted.

² The initial filing deadline for this application was deferred to the current date by letter from Executive Director Timothy Sullivan on February 1, 2016.

Supreme Court set forth in the *Hope*³ and *Bluefield*⁴ cases. These cases contain the following guidelines for rate of return decisions:

- The allowed rate of return should be comparable to that generally being made on investments and other business undertakings which are attended by corresponding risks and uncertainties;
- The return should be sufficient to maintain the utility's credit status;
- The return should allow the utility to attract the capital necessary to provide proper service to customers; and
- The return should be sufficient to ensure confidence in the financial soundness of the utility.

Adhering to these principles will strike the appropriate balance between a reasonable shareholder return and the interests of customers as reflected in the price for service.

III. REQUESTED RELIEF

In the previous cost of capital proceeding, the Commission authorized California American Water a 9.99% cost of equity, a 6.63% cost of debt, and 8.41% rate of return.⁵ In this application, California American Water is a 10.80% cost of equity, a 5.63% cost of debt, and 8.49% rate of return.

	Capital Structure	Cost	Weighted Cost
Debt	44.61%	5.63%	2.51%
Preferred Stock	0.00%	0.00%	0.00%
Common Equity	55.39%	10.80%	5.98%

³ *FPC v. Hope Natural Gas Co.*, 320 U.S. 591 (1944).

⁴ *Bluefield Water Works and Improvement Co.*, 262 U.S. 679 (1923)

⁵ D.12-07-009, *Application of California Water Service Company (U60W) for Authority to Establish its Authorized Cost of Capital for the period from January 1, 2012 through December 31, 2014, and Related Matters*, Decision Approving Settlement, p. 2.

IV. RECOMMENDATIONS

A. Capital Structure

California American Water recommends the following capital structure: 44.61% debt and 55.39% equity.

B. Cost of Equity

As Dr. Bente Villadsen explains in her attached testimony, she recommends a cost of equity of 10.80% for California American Water. Dr. Villadsen based her recommendation on analyses of the return on equity that investors expect as well as on California American Water specific analyses.

C. Cost of Debt

California American Water recommends an average cost of debt of 5.63%.

D. Cost of Capital

Based on the recommended capital structure and the cost of debt, and the recommendation for a cost of equity by Dr. Bente Villadsen of 10.80%, California American Water requests an overall cost of capital for 2018 of 8.49%.

E. Water Cost of Capital Mechanism (WCCM)

California American Water recommends that the WCCM be continued.

F. Water Revenue Adjustment Mechanism (WRAM)/Modified Cost Balancing Account (MCBA)

California American Water recommends that the Commission find that the market has fully considered the WRAM/MCBA mechanism in its risk profiles for the water industry and that no further ROE adjustment is necessary nor needs adopted

V. CUSTOMER IMPACT

The requested revenue increase as result of this application is \$4,877,000 for California American Water as a whole. California American Water has included in Attachment A to this application a summary of the impact of this requested revenue increase on customers' bills. California American Water has attached as Attachment D to this application a draft customer notice. California American Water will submit this notice to the Commission's Public Advisor

for review and will comply with the notice requirements of Public Utilities Code § 454(b)-(b) and Rule 3.2(b)-(e) of the Commission's Rules of Practice and Procedure.

VI. PROCEDURAL ISSUES

A. Category

The Commission should categorize this proceeding as ratesetting.

B. Need for Hearing

Yes. Potentially, there may be factual disputes on material issues, which will necessitate hearings. California American Water intends to introduce the following evidentiary items in support of the application: (1) this application and exhibits; (2) prepared witness qualifications and direct testimony to support the reasonableness of California American Water's requests; (3) prepared and oral rebuttal testimony and related exhibits to support California American Water's specific requests.

C. Issues

The issues are whether California American Water has demonstrated the reasonableness of the proposed (1) capital structure, (2) cost of debt, (3) cost equity and (4) return on rate base.

D. Schedule

Pursuant to Rule 2.1(c) of the Commission's Rules of Practice and Procedure, California American Water has included a proposed procedural schedule with this application. The proposed schedule takes into account the Commission's recommendation in D.07-05-062 that it reach a final decision within six months.⁶

April 3, 2017	Application Filed
April 17, 2017	Prehearing Conference
June 16, 2017	Office of Ratepayer Advocates/Intervenor Testimony
July 16, 2017	Rebuttal Testimony

⁶ D.07-05-062, p. 16.

August 5, 2017	Evidentiary Hearings
September 4, 2017	Opening Briefs
September 18, 2017	Reply Briefs
October 19, 2017	Proposed Decision
November 8, 2017	Comments on Proposed Decision
November 18, 2017	Reply Comments on Proposed Decision
December 3, 2017 or December 17, 2017	Final Decision

VII. APPLICANT INFORMATION

A. Legal Name

Applicant's legal name is California-American Water Company. California American Water's corporate office and post office address is 1033 B Avenue, Suite 200, Coronado, CA 92118.

B. Corporate Status

Applicant California American Water, a California corporation, organized under the laws of the State of California on December 7, 1965, is a Class A regulated water utility organized and operating under the laws of the State of California. California American Water provides water service in various areas in the following California counties: Los Angeles, Monterey, Placer, Sacramento, Sonoma, San Diego, and Ventura.

C. Articles of Incorporation

A certified copy of California American Water's articles of incorporation was filed with the Commission on January 6, 1966 in connection with Application 48170. A certified copy of an amendment to California American Water's articles of incorporation was filed with the Commission on November 30, 1989 in connection with Application 89-11-036. A certified copy of an Amendment to California American Water's Articles of Incorporation dated October 3,

2001 and filed with the office of the California Secretary of State on October 4, 2001, was filed with the Commission on February 28, 2002, in connection with Application 02-02-030. A certified copy of the California American Water's Restated Articles of Incorporation, dated June 23, 2014 and filed with the California Secretary of State on June 25, 2014 is attached as Exhibit E to this application.

D. General Order No. 104-A

None of the persons described in Section 2 of General Order No. 104-A has a material financial interest in any transaction involving the purchase of materials or equipment or the contracting, arranging, or paying for construction, maintenance work, or service of any kind to which Applicant has been a party during the period subsequent to the filing of California American Water's last Annual Report with this Commission or to which California American Water proposed to become a party at the conclusion of the year covered by said Annual Report.

VIII. SERVICE

Pursuant to Rule 3.2 of the Commission's Rules of Practice and Procedure a copy of this application has been served upon the service list attached hereto. Unless otherwise noted on the service list, recipients will receive a copy of the application only, exclusive of the supporting exhibits and testimony due their combined size (over 50 pages), cost of reproduction, and cost to mail. Attached to the application is a Notice of Availability.

A. Support for Application

Attachments

Attachment A: Summary of Impact of Requested Revenue Increase and Tables

Attachment B: Minimum Data Requirement Information

Attachment C: Balance Sheet and Income Statement

Attachment D: Draft Customer Notice

Attachment E: Restated Articles of Incorporation

Testimony

Direct Testimony of Jeffrey T. Linam

Direct Testimony Todd Pray

Direct Testimony of Dr. Bente Villadsen

IX. CONCLUSION

As demonstrated by this application, the attached exhibits and supporting testimony, California American Water's requests in this application are reasonable and necessary. Therefore, California American Water respectfully requests that the Commission grant it the relief requested in this application.

April 3, 2017

Respectfully submitted,

By: /s/ Sarah E. Leeper
Sarah E. Leeper

Sarah Leeper
California-American Water Company
555 Montgomery Street, Suite 816
San Francisco, CA 94111
Telephone: (415) 863-2960
Facsimile: (415) 397-1586
sarah.leeper@amwater.com

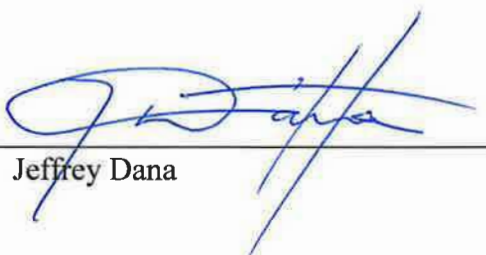
Attorney for Applicant
California-American Water Company

VERIFICATION

I am an officer of the applicant corporation herein and I am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 3, 2017 at San Diego, California.



Jeffrey Dana

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NOTICE OF AVAILABILITY

Pursuant to Rule 1.9(d) of the Rules of Practice and Procedure of the California Public Utilities Commission, California American Water provides notice of availability of the supporting documents listed below.

Attachment A: Summary and Tables	Direct Testimony of Jeffrey T. Linam
Attachment B: Minimum Data Requirement Information	Direct Testimony Todd Pray
Attachment C: Balance Sheet and Income Statement	Direct Testimony of Dr. Bente Villadsen
Attachment D: Draft Customer Notice	
Attachment E: Restated Articles of Incorporation	

Parties that wish to obtain these documents should contact:

Cynthia Jawad Russell
California-American Water Company
555 Montgomery Street, Suite 816
San Francisco, CA 94111
(415) 293-3022
Cynthia.Jawad@amwater.com

ATTACHMENT A

[illegible]

ATTACHMENT A
CHAPTER 1 - TABLE 1 B (TIER 1)

CALIFORNIA AMERICAN WATER

REVENUE IMPACTS OF PROPOSED CAPITAL COST INCREASES

2017 COST OF CAPITAL APPLICATION
(\$1,000)

ESTIMATED REVENUE REQUIREMENT IMPACT

	Debt		Equity		
Difference between actual and separate capital costs of California American Water based on the most recent capital cost determination made by the Commission (basis points)	8.41% Current Total	3.12%	5.29%		
	8.49% Prpsd Total	2.51%	5.98%		
	<u>0.08%</u>	<u>-0.61%</u>	<u>0.69%</u>		
	Sacramento Division	Larkfield District	Monterey Division Water	Monterey District Wastewater	Southern Division Corporate TOTAL
Rate Base (Proposed 2018)	\$164,103	\$7,572	\$215,387	\$2,189	\$167,401 \$20,737 \$577,389
Increase in capital costs	0.08%	0.08%	0.08%	0.08%	0.08%
Increase In Operating Income	\$135	\$6	\$178	\$2	\$138 \$17 \$477
Increased Revenue Requirement Debt (40% Tax Rate)	-\$600	-\$28	-\$787	-\$8	-\$612 -\$76 -\$2,111
Increased Revenue Requirement Equity(1.75% Gross Up)	\$1,986	\$92	\$2,607	\$26	\$2,026 \$251 \$6,988
Total Increased Revenue Requirement	\$1,386	\$64	\$1,820	\$18	\$1,414 \$175 \$4,877

ATTACHMENT A
CHAPTER 1 - TABLE 2A (BOOK)
CALIFORNIA AMERICAN WATER

PROPOSED BILL IMPACT ATTACHMENT FOR CUSTOMER NOTICE
2017 COST OF CAPITAL APPLICATION
(\$1,000)

POTENTIAL BILL IMPACTS FOR AVERAGE RESIDENTIAL CUSTOMERS - APPLICATION 17-04-000 **

2018

	Sacramento Division	Larkfield District	Monterey Division Main	Monterey Division Subs	Monterey Wastewater Active	Monterey Wastewater Passive	Los Angeles District	San Diego District	Ventura District	Corporate	TOTAL
Meter Size: 5/8"x3/4"	10.83	8.42	5.60	15.23	0.00	0.00	18.67	9.57	18.09		
Average Monthly Usage: in ccfs											
Proposed Bill	\$52.35	\$80.72	\$59.38	\$98.54	\$132.28	\$59.56	\$72.60	\$55.90	\$109.74		
Current Bill Per Application	\$51.37	\$79.43	\$58.07	\$89.53	\$131.69	\$59.14	\$71.24	\$55.51	\$108.92		
Proposed Increase in Monthly Bill	\$0.98	\$1.29	\$1.31	\$9.01	\$0.59	\$0.42	\$1.36	\$0.39	\$0.82		
Proposed Percent of Increase	1.90%	1.62%	2.25%	10.06%	0.45%	0.70%	1.90%	0.69%	0.76%		
PROPOSED 2018 Rate Base	164,104	7,572	150,009	1,755	1,642	547	92,186	25,622	49,594	493,031	
Allocation Percentage	34.98%	1.36%	22.47%	0.26%	1.20%	0.24%	15.69%	11.93%	11.87%	-100.00%	100.00%
Corporate Spread	50	2	32	0	2	0	22	17	17	(142)	-
Current Revenue Per Application	61,951	3,319	66,402	169	3,036	617	34,462	30,949	44,455	-	245,360
Total Increased Revenue Requirement	1,178	54	1,496	17	14	4	656	215	336	-	3,970
Increased percentage	1.90%	1.62%	2.25%	10.06%	0.45%	0.70%	1.90%	0.69%	0.76%		1.62%

** Not including applicable surcharges, fees and taxes

ATTACHMENT A
CHAPTER 1 - TABLE 2B (TIER 1)
CALIFORNIA AMERICAN WATER
PROPOSED BILL IMPACT ATTACHMENT FOR CUSTOMER NOTICE
2017 COST OF CAPITAL APPLICATION
(\$1,000)

POTENTIAL BILL IMPACTS FOR AVERAGE RESIDENTIAL CUSTOMERS - APPLICATION 17-04-000 **

2018

	Sacramento Division	Larkfield District	Monterey Division Main	Monterey Division Subs	Monterey Wastewater Active	Monterey Wastewater Passive	Los Angeles District	San Diego District	Ventura District	Corporate	TOTAL
Meter Size: 5/8"x3/4"	10.83	8.42	5.60	15.23	0.00	0.00	18.67	9.57	18.09		
Average Monthly Usage: in ccfs											
Proposed Bill	\$52.57	\$81.02	\$59.68	\$101.18	\$132.30	\$59.56	\$72.91	\$55.94	\$111.08		
Current Bill Per Application	\$51.37	\$79.43	\$58.07	\$89.53	\$131.69	\$59.14	\$71.24	\$55.51	\$108.92		
Proposed Increase in Monthly Bill	\$1.20	\$1.59	\$1.61	\$11.65	\$0.61	\$0.42	\$1.67	\$0.43	\$2.16		
Proposed Percent of Increase	2.34%	2.00%	2.77%	13.02%	0.46%	0.72%	2.34%	0.77%	1.99%		
PROPOSED 2018 Rate Base	\$ 164,104	\$ 7,572	\$ 150,009	\$ 1,755	\$ 1,642	\$ 547	\$ 92,186	\$ 25,622	\$ 49,594	\$ -	\$ 493,031
Allocation Percentage	34.98%	1.36%	22.47%	0.26%	1.20%	0.24%	15.69%	11.93%	11.87%	-100.00%	100.00%
Corporate Spread	61	2	39	0	2	0	27	21	21	(175)	-
Current Authorized Rev	61,951	3,319	66,402	169	3,036	617	34,462	30,949	44,455	-	245,360
Total Increased Revenue Requirement	1,447	66	1,838	22	14	4	806	237	440	-	4,875
Increased percentage	2.34%	2.00%	2.77%	13.02%	0.46%	0.72%	2.34%	0.77%	0.99%		1.99%

** Not including applicable surcharges, fees and taxes

ATTACHMENT A
CHAPTER 2 - TABLE 1

CALIFORNIA AMERICAN WATER
AUTHORIZED AND RECORDED EQUITY RETURNS

2017 COST OF CAPITAL APPLICATION
(\$1,000)

AUTHORIZED

Most Recent Authorized Return on Equity

9.99%

Decision: D. 12-07-009

RECORDED

	2012	2013	2014	2015	2016
Beginning Common Stock	\$92,478	\$92,478	\$92,478	\$92,478	\$92,478
Adjustments					
Ending Common Stock	\$92,478	\$92,478	\$92,478	\$92,478	\$92,478
Beginning Paid-In Capital	\$150,531	\$150,750	\$160,988	\$167,548	\$172,709
Adjustments	\$ 219	\$ 10,238	\$ 6,560	\$ 5,161	\$ 11,722
Ending Paid-In Capital	\$150,750	\$160,988	\$167,548	\$172,709	\$184,431
Beginning Retained Earnings	\$33,687	\$40,877	\$47,382	\$56,969	\$63,955
Net Income Available for Common	\$ 25,282	\$ 26,702	\$ 27,988	\$ 29,863	\$ 31,974
Dividends	\$ (18,092)	\$ (20,197)	\$ (18,401)	\$ (22,877)	\$ (23,348)
Adjustments					
Ending Retained Earnings	\$40,877	\$47,382	\$56,969	\$63,955	\$72,581
Total Year-End Common Equity	\$284,105	\$300,848	\$316,995	\$329,142	\$349,490
Total Average Common Equity	280401	\$292,477	\$308,922	\$323,069	\$339,316
Net Income Available for Common	\$25,282	\$26,702	\$27,988	\$29,863	\$31,974
Return on Year-End Common Equity	8.90%	8.88%	8.83%	9.07%	9.15%
Return on Average Common Equity	9.02%	9.13%	9.06%	9.24%	9.42%

ATTACHMENT A
CHAPTER 2 - TABLE 2
CALIFORNIA AMERICAN WATER
RECORDED REGULATORY RETURNS ON RATE BASE
2017 COST OF CAPITAL APPLICATION

AUTHORIZED
Most Recent Authorized Return on Rate Base

8.41%

Decision Number

D.12-07-009

Date of Decision

7/18/2012

RECORDED		Monterey					Sacramento	
		Southern Division	Larkfield District	Division Water	District Wastewater	Division	Total	
2016								
Operating Income	(Estimated - GRC)	\$11,031	\$415	\$13,052	\$104	\$8,114	\$32,716	
Rate Base	(Estimated - GRC)	\$138,953	\$7,143	\$145,989	\$2,226	\$153,229	\$447,540	
Return on Rate Base		7.94%	5.81%	8.94%	4.67%	5.30%	7.31%	
2015								
Recorded Operating Income		\$12,710	\$648	\$11,082	\$299	\$14,739	\$39,478	
Rate Base		\$113,901	\$7,102	\$135,085	\$2,013	\$145,410	\$403,511	
Return on Rate Base		11.16%	9.12%	8.20%	14.85%	10.14%	9.78%	
2014								
Recorded Operating Income		\$11,351	\$624	\$12,694	\$142	\$12,928	\$37,739	
Rate Base		\$114,729	\$7,251	\$128,057	\$1,859	\$141,464	\$393,360	
Return on Rate Base		9.89%	8.61%	9.91%	7.64%	9.14%	9.59%	
2013								
Recorded Operating Income		\$10,342	\$729	\$10,719	\$44	\$15,025	\$36,859	
Rate Base		\$104,897	\$7,329	\$122,071	\$1,845	\$139,428	\$375,570	
Return on Rate Base		9.86%	9.95%	8.78%	2.38%	10.78%	9.81%	
2012								
Recorded Operating Income		\$7,182	\$610	\$10,553	\$256	\$11,541	\$30,142	
Rate Base		\$104,358	\$7,315	\$124,357	\$1,672	\$133,579	\$371,281	
Return on Rate Base		6.88%	8.34%	8.49%	15.31%	8.64%	8.12%	

ATTACHMENT A
CHAPTER 2 - TABLE 3A
CALIFORNIA AMERICAN WATER

RECORDED EMBEDDED COST OF LONG-TERM DEBT AS OF YEAR END
2017 COST OF CAPITAL APPLICATION

2012

Debt Issue	Issued	Due	Principal Amount	Issuance Costs	Net Proceeds	Annualized Interest	Debt Expense	Sinking Funds	Debt Retirements	Total	Effective Cost of Debt
9.71%	6/1/1990	6/1/2020	6,000,000	176,300	\$5,823,700	\$582,600	\$5,877			\$588,477	10.10%
9.22%	6/1/1991	6/1/2021	10,000,000	168,300	9,831,700	922,000	5,610			927,610	9.43%
7.33%	5/1/1996	5/1/2026	10,000,000	70,000	9,930,000	733,000	2,333			735,333	7.41%
6.76%	12/1/1993	12/1/2023	10,000,000	70,000	9,930,000	676,000	2,333			678,333	6.83%
6.76%	12/1/1993	12/1/2033	10,000,000	70,000	9,930,000	676,000	1,750			677,750	6.83%
5.77%	12/21/2006	12/21/2021	75,700,000	249,449	75,450,551	4,367,890	16,630			4,384,520	5.81%
5.62%	12/21/2006	12/21/2018	52,300,000	172,341	52,127,659	2,939,260	14,362			2,953,622	5.67%
5.52%	12/21/2006	12/21/2016	10,000,000	32,952	9,967,048	552,000	3,295			555,295	5.57%
5.39%	12/21/2006	12/21/2013	24,000,000	79,086	23,920,914	1,293,600	11,298			1,304,898	5.46%
10.00%	11/23/2008	12/1/2038	35,000,000	1,415,996	33,584,004	3,500,000	47,200			3,547,200	10.56%
5.25%	8/18/2010	8/1/2040	35,000,000	756,808	34,243,192	1,837,500	25,227			1,862,727	5.44%
Total			\$278,000,000	\$3,261,232	\$274,738,768	\$18,079,850	\$135,915	\$0		\$18,215,765	6.63%

2013

Debt Issue	Issued	Due	Principal Amount	Issuance Costs	Net Proceeds	Annualized Interest	Debt Expense	Sinking Funds	Debt Retirements	Total	Effective Cost of Debt
9.71%	6/1/1990	6/1/2020	6,000,000	176,300	\$5,823,700	\$582,600	\$5,877			\$588,477	10.10%
9.22%	6/1/1991	6/1/2021	10,000,000	168,300	9,831,700	922,000	5,610			927,610	9.43%
7.33%	5/1/1996	5/1/2026	10,000,000	70,000	9,930,000	733,000	2,333			735,333	7.41%
6.76%	12/1/1993	12/1/2023	10,000,000	70,000	9,930,000	676,000	2,333			678,333	6.83%
6.76%	12/1/1993	12/1/2033	10,000,000	70,000	9,930,000	676,000	1,750			677,750	6.83%
5.77%	12/21/2006	12/21/2021	75,700,000	249,449	75,450,551	4,367,890	16,630			4,384,520	5.81%
5.62%	12/21/2006	12/21/2018	52,300,000	172,341	52,127,659	2,939,260	14,362			2,953,622	5.67%
5.52%	12/21/2006	12/21/2016	10,000,000	32,952	9,967,048	552,000	3,295			555,295	5.57%
	12/1/2013	12/1/2038		1,179,875	-1,179,875	0	47,195			47,195	-4.00%
5.25%	8/18/2010	8/1/2040	35,000,000	756,808	34,243,192	1,837,500	25,227			1,862,727	5.44%
3.85%	11/20/2013	3/1/2024	25,000,000	210,000	24,790,000	962,500	21,000			983,500	3.97%
2.50%	4/1/2013	3/1/2033	101,650		101,650	2,541	0			2,541	2.50%
Total			\$244,101,650	\$3,156,026	\$240,945,624	\$14,251,291	\$145,612			\$14,396,903	5.98%

ATTACHMENT A
CHAPTER 2 - TABLE 3A
CALIFORNIA AMERICAN WATER

RECORDED EMBEDDED COST OF LONG-TERM DEBT AS OF YEAR END
2017 COST OF CAPITAL APPLICATION

2014

Debt Issue	Issued	Due	Principal Amount	Issuance Costs	Net Proceeds	Annualized Interest	Debt Expense	Sinking Funds	Debt Retirements	Total	Effective Cost of Debt
9.71%	6/1/1990	6/1/2020	6,000,000	176,300	\$5,823,700	\$582,600	\$5,877			\$588,477	10.10%
9.22%	6/1/1991	6/1/2021	10,000,000	168,300	9,831,700	922,000	5,610			927,610	9.43%
7.33%	5/1/1996	5/1/2026	10,000,000	70,000	9,930,000	733,000	2,333			735,333	7.41%
6.76%	12/1/1993	12/1/2023	10,000,000	70,000	9,930,000	676,000	2,333			678,333	6.83%
6.76%	12/1/1993	12/1/2033	10,000,000	70,000	9,930,000	676,000	1,750			677,750	6.83%
5.77%	12/21/2006	12/21/2021	75,700,000	249,449	75,450,551	4,367,890	16,630			4,384,520	5.81%
5.62%	12/21/2006	12/21/2018	52,300,000	172,341	52,127,659	2,939,260	14,362			2,953,622	5.67%
5.52%	12/21/2006	12/21/2016	10,000,000	32,952	9,967,048	552,000	3,295			555,295	5.57%
0.00%	12/1/2013	12/1/2038	0	1,179,875	-1,179,875	0	47,195			47,195	-4.00%
5.25%	8/18/2010	8/1/2040	35,000,000	756,808	34,243,192	1,837,500	25,227			1,862,727	5.44%
3.85%	11/20/2013	3/1/2024	25,000,000	210,000	24,790,000	962,500	21,000			983,500	3.97%
2.50%	4/1/2013	3/1/2033	101,650	0	101,650	2,541	0			2,541	2.50%
1.60%	6/27/2014	10/15/2017	25,000,000	21,070	24,978,930	400,000	7,023			407,023	1.63%
Total			\$269,101,650	\$3,177,096	\$265,924,554	\$14,651,291	\$152,636	\$0		\$14,803,927	5.57%

2015

Debt Issue	Issued	Due	Principal Amount	Issuance Costs	Net Proceeds	Annualized Interest	Debt Expense	Sinking Funds	Debt Retirements	Total	Effective Cost of Debt
9.71%	6/1/1990	6/1/2020	\$6,000,000	\$176,300	\$5,823,700 #	\$582,600	\$5,877			\$588,477	10.10%
9.22%	6/1/1991	6/1/2021	\$10,000,000	\$168,300	9,831,700	922,000	5,610			927,610	9.43%
7.33%	5/1/1996	5/1/2026	\$10,000,000	\$70,000	9,930,000	733,000	2,333			735,333	7.41%
6.76%	12/1/1993	12/1/2023	\$10,000,000	\$70,000	9,930,000	676,000	2,333			678,333	6.83%
6.76%	12/1/1993	12/1/2033	\$10,000,000	\$70,000	9,930,000	676,000	1,750			677,750	6.83%
5.77%	12/21/2006	12/21/2021	\$75,700,000	\$249,449	75,450,551	4,367,890	16,630			4,384,520	5.81%
5.62%	12/21/2006	12/21/2018	\$52,300,000	\$172,341	52,127,659	2,939,260	14,362			2,953,622	5.67%
5.52%	12/21/2006	12/21/2016	\$10,000,000	\$32,952	9,967,048	552,000	3,295			555,295	5.57%
0.00%	12/1/2013	12/1/2038	\$0	\$1,179,875	-1,179,875	0	47,195			47,195	-4.00%
5.25%	8/18/2010	8/1/2040	\$35,000,000	\$756,808	34,243,192	1,837,500	25,227			1,862,727	5.44%
3.85%	11/20/2013	3/1/2024	\$25,000,000	\$210,000	24,790,000	962,500	21,000			983,500	3.97%
2.50%	4/1/2013	3/1/2033	\$101,650	\$0	101,650	2,541	0			2,541	2.50%
1.60%	6/27/2014	10/15/2017	\$25,000,000	\$21,070	24,978,930	400,000	7,023			407,023	1.63%
4.30%	8/13/2015	9/1/2045	30,000,000	314,674	29,685,326	1,290,000	10,489			1,300,489	4.38%
Total			\$299,101,650	\$3,491,770	\$295,609,880	\$15,941,291	\$163,125	\$0	\$0	\$16,104,416	5.45%
Remove Debt Specific											
2.50%	4/1/2013	3/1/2033	\$101,650	\$0	101,650	2,541	0	0	0	2,541	2.50%
1.60%	6/27/2014	10/15/2017	25,000,000	21,070	24,978,930	400,000	7,023	0	0	407,023	4.38%
Total Net of Specific											
			\$ 274,000,000	\$ 3,470,700	\$ 270,529,300	\$ 15,538,750	\$ 156,101	\$ -	\$ -	\$ 15,694,851	5.80%

ATTACHMENT A
CHAPTER 2 - TABLE 3A
CALIFORNIA AMERICAN WATER

RECORDED EMBEDDED COST OF LONG-TERM DEBT AS OF YEAR END
2017 COST OF CAPITAL APPLICATION

2016

Debt Issue	Issued	Due	Principal Amount	Issuance Costs	Net Proceeds	Annualized Interest	Debt Expense	Sinking Funds	Debt Retirements	Total	Effective Cost of Debt
9.71%	6/1/1990	6/1/2020	\$6,000,000	\$176,300	\$5,823,700	582,600	\$5,877			\$588,477	10.10%
9.22%	6/1/1991	6/1/2021	\$10,000,000	\$168,300	\$9,831,700	922,000	\$5,610			927,610	9.43%
7.33%	5/1/1996	5/1/2026	\$10,000,000	\$70,000	\$9,930,000	733,000	\$2,333			735,333	7.41%
6.76%	12/1/1993	12/1/2023	\$10,000,000	\$70,000	\$9,930,000	676,000	\$2,333			678,333	6.83%
6.76%	12/1/1993	12/1/2033	\$10,000,000	\$70,000	\$9,930,000	676,000	\$1,750			677,750	6.83%
5.77%	12/21/2006	12/21/2021	\$75,700,000	\$249,449	\$75,450,551	4,367,890	\$16,630			4,384,520	5.81%
5.62%	12/21/2006	12/21/2018	\$52,300,000	\$172,341	\$52,127,659	2,939,260	\$14,362			2,953,622	5.67%
0.00%	12/1/2013	12/1/2038	\$0	\$1,179,875	-\$1,179,875	0	\$47,195			47,195	-4.00%
5.25%	8/18/2010	8/1/2040	\$35,000,000	\$756,808	\$34,243,192	1,837,500	\$25,227			1,862,727	5.44%
3.85%	11/20/2013	3/1/2024	\$25,000,000	\$210,000	\$24,790,000	962,500	\$21,000			983,500	3.97%
2.50%	4/1/2013	3/1/2033	\$101,650	\$0	\$101,650	2,541	\$0			2,541	2.50%
1.60%	6/27/2014	10/15/2017	\$25,000,000	\$21,070	\$24,978,930	400,000	\$7,023			407,023	1.63%
4.30%	8/13/2015	9/1/2045	\$30,000,000	\$314,674	\$29,685,326	1,290,000	\$10,489			1,300,489	4.38%
2.29%	12/7/2016	12/21/2021	31,500,000	\$0	31,500,000	721,350	0			721,350	2.29%
Total			\$320,601,650	\$3,458,817	\$317,142,832	\$16,110,641	\$159,829	\$0		\$16,270,471	5.13%
Remove Debt Specific											
2.50%	4/1/2013	3/1/2033	101,650	\$0	101,650	2,541	0	0	0	2,541	2.50%
1.60%	6/27/2014	10/15/2017	\$25,000,000	\$21,070	24,978,930	400,000	7,023	0	0	407,023	1.63%
2.29%	12/7/2016	12/21/2021	31,500,000	0	31,500,000	721,350	0	0	0	721,350	2.29%
Total Net of Specific			\$ 264,000,000	\$ 3,437,747	\$ 260,562,253	\$ 14,986,750	\$ 152,806	\$ -	\$ -	\$ 15,139,556	5.81%

ATTACHMENT A
CHAPTER 2 - TABLE 3B

CALIFORNIA AMERICAN WATER

RECORDED AVERAGE ANNUAL EFFECTIVE INTEREST RATE ON DEBT

2017 COST OF CAPITAL APPLICATION
(\$1,000)

Year	Principal At 12/31	Average Annual	Net Proceeds		Annual Charges		Average Effective Rate
			At 12/31	Average Annual	At 12/31	Annual Average	
2012	\$ 278,000	\$ 278,000	\$ 274,739	\$ 274,739	\$ 18,216	\$ 18,216	6.63%
2013	\$ 244,102	\$ 261,051	\$ 240,946	\$ 257,842	\$ 14,397	\$ 16,306	6.32%
2014	\$ 269,102	\$ 256,602	\$ 265,925	\$ 253,435	\$ 14,804	\$ 14,600	5.76%
2015	\$ 274,000	\$ 271,551	\$ 270,529	\$ 268,227	\$ 15,695	\$ 15,249	5.69%
2016	\$ 264,000	\$ 269,000	\$ 260,562	\$ 265,546	\$ 15,140	\$ 15,417	5.81%

ATTACHMENT A
CHAPTER 2 - TABLE 4

CALIFORNIA AMERICAN WATER

WEIGHTED AVERAGE RETURN ON CAPITAL

2017 COST OF CAPITAL APPLICATION

(\$1,000)

2012

Capital Source	Amount	Ratio	Cost of Capital	Weighted Average Return
Debt	\$274,739	49.49%	6.63%	3.28%
Equity	280,401	50.51%	9.02%	4.56%
	<u>\$555,140</u>	<u>100.00%</u>		<u>7.84%</u>

2013

Capital Source	Amount	Ratio	Cost of Capital	Weighted Average Return
Debt	\$257,842	46.85%	6.32%	2.96%
Equity	292,477	53.15%	9.13%	4.85%
	<u>\$550,319</u>	<u>100.00%</u>		<u>7.82%</u>

2014

Capital Source	Amount	Ratio	Cost of Capital	Weighted Average Return
Debt	\$253,435	45.07%	5.76%	2.60%
Equity	308,922	54.93%	9.06%	4.98%
	<u>\$562,357</u>	<u>100.00%</u>		<u>7.57%</u>

2015

Capital Source	Amount	Ratio	Cost of Capital	Weighted Average Return
Debt	\$268,227	45.36%	5.69%	2.58%
Equity	323,069	54.64%	9.06%	4.95%
	<u>\$591,295</u>	<u>100.00%</u>		<u>7.53%</u>

2016

Capital Source	Amount	Ratio	Cost of Capital	Weighted Average Return
Debt	\$265,546	43.90%	5.81%	2.55%
Equity	339,316	56.10%	9.24%	5.19%
	<u>\$604,862</u>	<u>100.00%</u>		<u>7.73%</u>

ATTACHMENT A
CHAPTER 3 - TABLE 1

CALIFORNIA AMERICAN WATER

PROPOSED CAPITAL STRUCTURE AND RATE OF RETURN (BOOK)

2017 COST OF CAPITAL APPLICATION
(\$1,000)

	2017	Capital Component	Capital Structure	Cost	Weighted Cost
Debt		\$329,403	48.23%	5.24%	2.53%
Common Equity		353,563	51.77%	10.80%	5.59%
Total		\$682,966	100.00%		8.12%
	2018	Capital Component	Capital Structure	Cost	Weighted Cost
Debt		\$340,470	47.51%	5.32%	2.53%
Common Equity		376,170	52.49%	10.80%	5.67%
Total		\$716,639	100.00%		8.20%

CALIFORNIA AMERICAN WATER

2017 COST OF CAPITAL APPLICATION

2017	Capital Component	Capital Structure	Cost	Weighted Cost
Debt	\$265,162	44.23%	5.73%	2.53%
Common Equity	334,282	55.77%	10.80%	6.02%
Total	\$599,445	100.00%		8.56%

2018	Capital Component	Capital Structure	Cost	Weighted Cost
Debt	\$288,939	44.61%	5.63%	2.51%
Common Equity	358,694	55.39%	10.80%	5.98%
Total	\$647,634	100.00%		8.49%

ATTACHMENT A
CHAPTER 3 - TABLE 2
CALIFORNIA AMERICAN WATER
PROPOSED EMBEDDED COST OF LONG-TERM DEBT AS OF YEAR END
2017 COST OF CAPITAL APPLICATION

2017										
Debt Issue	Issued	Due	Principal Amount	Issuance Costs	Net Proceeds	Annualized Interest	Debt Expense	Total	Preliminary Cost of Debt	
9.71%	6/1/1990	6/1/2020	6,000,000	176,300	5,823,700	582,600	5,877	588,477	10.10%	
9.22%	6/1/1991	6/1/2021	10,000,000	168,300	9,831,700	922,000	5,610	927,610	9.43%	
7.33%	5/1/1996	5/1/2026	10,000,000	70,000	9,930,000	733,000	2,333	735,333	7.41%	
6.76%	12/1/1993	12/1/2023	10,000,000	70,000	9,930,000	676,000	2,333	678,333	6.83%	
6.76%	12/1/1993	12/1/2033	10,000,000	70,000	9,930,000	676,000	1,750	677,750	6.83%	
5.77%	12/21/2006	12/21/2021	75,700,000	249,449	75,450,551	4,367,890	16,630	4,384,520	5.81%	
5.62%	12/21/2006	12/21/2018	52,300,000	172,341	52,127,659	2,939,260	14,362	2,953,622	5.67%	
0.00%	12/1/2013	12/1/2038	0	1,179,875	-1,179,875	0	47,195	47,195	-4.00%	
5.25%	8/18/2010	8/1/2040	35,000,000	756,808	34,243,192	1,837,500	25,227	1,862,727	5.44%	
3.85%	11/20/2013	3/1/2024	25,000,000	210,000	24,790,000	962,500	21,000	983,500	3.97%	
2.50%	4/1/2013	3/1/2033	101,650	0	101,650	2,541	0	2,541	2.50%	
4.30%	8/13/2015	9/1/2045	30,000,000	314,674	29,685,326	1,290,000	10,489	1,300,489	4.38%	
2.29%	12/7/2016	12/21/2021	31,500,000	0	31,500,000	721,350	0	721,350	2.29%	
4.75%	10/14/2017	10/14/2047	50,000,000	500,000	49,500,000	2,375,000	16,667	2,391,667	4.83%	
			\$345,601,650	\$3,937,747	\$341,663,902	\$18,085,641	\$169,473	\$18,255,114	5.34%	
Remove Debt Specific										
2.50%	4/1/2013	3/1/2033	101,650	0	101,650	2,541	0	2,541	2.50%	
2.29%	12/7/2016	12/21/2021	31,500,000	0	31,500,000	721,350	0	721,350	2.29%	
Total Net of Specific			\$ 314,000,000	\$ 3,937,747	\$ 310,062,253	\$ 17,361,750	\$169,473	\$17,531,223	5.65%	
2017 and 2018 Debt Issue Information										
									2017	2018
							Bloomberg - A/A3 30 Yr Utility		4.35%	4.35%
							Liquidity Premium		0.40%	0.40%
							Estimated Cost of New Debt		4.75%	4.75%

ATTACHMENT A
CHAPTER 3 - TABLE 2
CALIFORNIA AMERICAN WATER
PROPOSED EMBEDDED COST OF LONG-TERM DEBT AS OF YEAR END
2017 COST OF CAPITAL APPLICATION

2018

Debt Issue	Issued	Due	Principal Amount	Issuance Costs	Net Proceeds	Interest	Debt Expense	Total	Effective Cost of Debt
9.71%	6/1/1990	6/1/2020	6,000,000	176,300	5,823,700	582,600	5,877	588,477	10.10%
9.22%	6/1/1991	6/1/2021	10,000,000	168,300	9,831,700	922,000	5,610	927,610	9.43%
7.33%	5/1/1996	5/1/2026	10,000,000	70,000	9,930,000	733,000	2,333	735,333	7.41%
6.76%	12/1/1993	12/1/2023	10,000,000	70,000	9,930,000	676,000	2,333	678,333	6.83%
6.76%	12/1/1993	12/1/2033	10,000,000	70,000	9,930,000	676,000	1,750	677,750	6.83%
5.77%	12/21/2006	12/21/2021	75,700,000	249,449	75,450,551	4,367,890	16,630	4,384,520	5.81%
0.00%	1/1/2018	12/31/2020	-	940,096	(940,096)	-	313,365	313,365	-33.33%
5.25%	8/18/2010	8/1/2040	35,000,000	756,808	34,243,192	1,837,500	25,227	1,862,727	5.44%
3.85%	11/20/2013	3/1/2024	25,000,000	210,000	24,790,000	962,500	21,000	983,500	3.97%
2.50%	4/1/2013	3/1/2033	101,650	-	101,650	2,541	-	2,541	2.50%
4.30%	8/13/2015	9/1/2045	30,000,000	314,674	29,685,326	1,290,000	10,489	1,300,489	4.38%
2.29%	12/7/2016	12/21/2021	31,500,000	-	31,500,000	721,350	-	721,350	2.29%
4.75%	10/14/2017	10/14/2047	50,000,000	500,000	49,500,000	2,375,000	16,667	2,391,667	4.83%
4.75%	12/21/2018	12/21/2048	50,000,000	500,000	49,500,000	2,375,000	16,667	2,391,667	4.83%
			<u>\$343,301,650</u>	<u>\$4,025,628</u>	<u>\$339,276,022</u>	<u>\$17,521,381</u>	<u>\$437,948</u>	<u>\$17,959,329</u>	<u>5.29%</u>
Remove Debt Specific									
2.50%	4/1/2013	3/1/2033	101,650	0	101,650	2,541	0	2,541	2.50%
2.29%	12/7/2016	12/21/2021	31,500,000	0	31,500,000	721,350	0	721,350	2.29%
Total Net of Specific			<u>\$ 311,700,000</u>	<u>\$ 4,025,628</u>	<u>\$ 307,674,372</u>	<u>\$ 16,797,490</u>	<u>\$ 437,948</u>	<u>\$ 17,235,438</u>	<u>5.60%</u>

ATTACHMENT A
CHAPTER 3 - TABLE 3

CALIFORNIA AMERICAN WATER

RECORDED AVERAGE ANNUAL EFFECTIVE INTEREST RATE ON DEBT

2017 COST OF CAPITAL APPLICATION
(\$1,000)

BOOK		Principal		Average Annual		Net Proceeds		Annual Charges		Average Effective Rate
Year	At 12/31	At 12/31	At 12/31	Annual	At 12/31	At 12/31	Annual	At 12/31	Annual	
2016	\$ 320,602	\$ 320,602	\$ 309,852	\$ 306,376	\$ 317,143	\$ 16,270	\$ 16,187	\$ 16,270	\$ 16,187	5.28%
2017	\$ 345,602	\$ 345,602	\$ 333,102	\$ 329,403	\$ 341,664	\$ 18,255	\$ 17,263	\$ 18,255	\$ 17,263	5.24%
2018	\$ 343,302	\$ 343,302	\$ 344,452	\$ 340,470	\$ 339,276	\$ 17,959	\$ 18,107	\$ 17,959	\$ 18,107	5.32%

BOOK NET OF SPECIFIC		Principal		Average Annual		Net Proceeds		Annual Charges		Average Effective Rate
Year	At 12/31	At 12/31	At 12/31	Annual	At 12/31	At 12/31	Annual	At 12/31	Annual	
2016	\$ 264,000	\$ 264,000	\$ 269,000	\$ 265,546	\$ 260,562	\$ 15,140	\$ 15,417	\$ 15,140	\$ 15,417	5.81%
2017	\$ 314,000	\$ 314,000	\$ 289,000	\$ 285,312	\$ 310,062	\$ 17,531	\$ 16,335	\$ 17,531	\$ 16,335	5.73%
2018	\$ 311,700	\$ 311,700	\$ 312,850	\$ 308,868	\$ 307,674	\$ 17,235	\$ 17,383	\$ 17,235	\$ 17,383	5.63%

ATTACHMENT A
CHAPTER 3 - TABLE 4

CALIFORNIA AMERICAN WATER
AUTHORIZED AND RECORDED EQUITY RETURNS

2017 COST OF CAPITAL APPLICATION
(\$1,000)

AUTHORIZED

Most Recent Authorized Return on Equity

Decision: D. 09-05-019

	Recorded	Forecast	Forecast
	2016	2017	2018
Beginning Common Stock	\$92,478	\$92,478	\$92,478
Adjustments	\$0		
Ending Common Stock	\$92,478	\$92,478	\$92,478
Beginning Paid-In Capital	\$172,709	\$184,431	\$184,431
Adjustments	\$11,722	\$0	\$30,000
Ending Paid-In Capital	\$184,431	\$184,431	\$214,431
Beginning Retained Earnings	\$63,955	\$73,096	\$80,211
Net Income Available for Common	\$32,488	\$30,759	\$32,154
Dividends	-\$23,347	-\$23,644	-\$24,055
Adjustments	\$0		
Ending Retained Earnings	\$73,096	\$80,211	\$88,310
Total Year-End Common Equity	\$350,005	\$357,120	\$395,219
Total Average Common Equity	\$339,316	\$353,563	\$376,170
Net Income Available for Common	\$32,488	\$30,759	\$32,154
Return on Year-End Common Equity	9.28%	8.61%	8.14%
Return on Average Common Equity	9.42%	8.70%	8.55%

EXHIBIT A
CHAPTER 3 - TABLE 5 A (2016)
CALIFORNIA AMERICAN WATER
BOOK TO RATEMAKING CAPITAL STRUCTURE ADJUSTMENTS

2017 COST OF CAPITAL APPLICATION

(\$1,000)

Tier 1 Adjustments Average 2016	Recorded Less Specific	CITIZENS ACQUISITION ADJUSTMENTS		Debt/Equity Ratio
		Premium	Adv/Cont Adjusted	
LT Debt	\$ 265,546	\$20,865	\$0	43.49%
ST Debt	\$ 82,045			
Equity	\$ 339,316	\$11,235	\$10,116	56.51%
TOTAL	\$ 686,907	\$ 32,100	\$10,116	100.00%

EXHIBIT A
CHAPTER 3 - TABLE 5 B (2017)
CALIFORNIA AMERICAN WATER
BOOK TO RATEMAKING CAPITAL STRUCTURE ADJUSTMENTS

2017 COST OF CAPITAL APPLICATION						
		CITIZENS ACQUISITION ADJUSTMENTS			Debt/Equity	
Tier 1 Adjustments	Average 2017	Estimated Less Specific	Premium	Adv/Cont	Adjusted	Ratio
LT Debt		\$ 285,312	\$20,150	\$0	\$265,162.25	44.23%
ST Debt		<div>\$ 47,502</div>				
Equity		\$ 353,563	\$10,850	\$8,430	\$334,282.40	55.77%
TOTAL		\$ 686,377	\$ 31,000	\$8,430	\$599,445	100.00%

ATTACHMENT A
 CHAPTER 3 - TABLE 5 C (2018)
 CALIFORNIA AMERICAN WATER
 BOOK TO RATEMAKING CAPITAL STRUCTURE ADJUSTMENTS

Tier 1 Adjustments		2017 COST OF CAPITAL APPLICATION			
Average 2018		CITIZENS ACQUISITION ADJUSTMENTS			Debt/Equity Ratio
		Estimated Less Specific	Premium	Adv/Cont	Adjusted
LT Debt		\$ 308,868	\$19,929	\$0	\$288,939
ST Debt		\$ 45,231			
Equity		\$ 376,170	\$10,731	\$6,744	0
TOTAL		\$ 730,269	\$ 30,660	\$6,744	\$ 647,634
					100.00%

ATTACHMENT A
CHAPTER 4 - TABLE 1

CALIFORNIA AMERICAN WATER
AUTHORIZED RATE BASE INFORMATION - BY DISTRICT (000's OMMITTED)

2017 COST OF CAPITAL APPLICATION

MOST RECENT AUTHORIZED RATE BASE

Latest Test Period Authorized From	2016 Step	2016 Step	2016 Step	2016 Step	2016 Step	2016 Step	2015 Decision	TOTAL:	
	Southern Division	Larkfield District	Monterey District Water	Monterey District Waste	Sacramento District	General Office			
Utility Plant In Service	290,217	\$18,398	\$289,631	\$16,385	\$326,562	\$23,014		\$964,207	
Materials and Supplies	315	11	283	\$45	247	\$0		\$901	
Working Cash - Operational	3,581	367	4,983	\$0	1,707.00	\$1,432		\$12,070	
Working Cash - Lead Lag	2,887	178	2,842	\$2	2811	\$0		\$8,720	
SUBTOTAL	\$297,000	\$18,954	\$297,739	\$16,432	\$331,327	\$24,446		\$985,898	
LESS DEDUCTIONS FROM RATE BASE									
Depreciation Reserve	102,227	7,656	111,623	8,355	118,839	5,068		\$353,768	
Advances for Construction	6,501	430	1,681	-	9,210	-		\$17,822	
UNAMORTIZED ADVANCES-20YR	-	796			6,141			\$6,937	
Contributions in Aid of Construction	15,804	702	16,773	6,049	17,639	-		\$56,967	
UNAMORTIZED CONTRIB- 20 YR	-	84			2,252			\$2,336	
Accumulated Deferred Federal Income Taxes	9,480	1,915	13,049	370	14,017	2,229		\$41,060	
Accumulated Deferred State Income Taxes	2,254	341	3,070	112	3,516	528		\$9,821	
SUBTOTAL DEDUCTIONS	\$136,266	\$11,924	\$146,196	\$14,886	\$171,614	\$7,825		\$488,711	
Allocation of General Office Rate Base	-								
Rate Base	\$160,734	\$7,030	\$151,543	\$1,546	\$163,128	\$16,621		\$500,603	

ATTACHMENT A
CHAPTER 4 - TABLE 2

CALIFORNIA AMERICAN WATER
PROJECTED AVERAGE RATE BASE INFORMATION - BY DISTRICT (000's OMITTED)

2017 COST OF CAPITAL APPLICATION

PROJECTED RATE BASE FROM 2016 GRC

	2018	2018	2018	2018	2018	2018
	Corporate	Southern Division	Larkfield District	Monterey District Water	Monterey District Waste	Sacramento Division
						TOTAL:
Utility Plant In Service	\$ 32,520	\$316,540	\$19,123	\$358,370	\$17,760	\$334,903
Materials and Supplies	\$ -	\$293	\$9	\$279	\$45	\$261
Working Cash - Operational	\$ 1,314	\$2,415	\$278	\$3,240		\$2,178
Working Cash - Lead Lag		\$2,651	\$106	\$3,781	\$312	\$2,863
SUBTOTAL	\$33,834	\$321,899	\$19,516	\$365,670	\$18,117	\$340,205
LESS DEDUCTIONS FROM RATE BASE						
Depreciation Reserve	\$8,469	\$98,970	\$7,911	\$105,834	\$9,310	\$121,994
Advances for Construction		\$6,531	\$1,140	\$1,005		\$12,563
Contributions in Aid of Construction		\$23,605	\$892	\$18,821	\$5,944	\$16,061
Accumulated Deferred Federal Income Taxes	\$3,593	\$20,032	\$1,586	\$19,019	\$532	\$19,936
Accumulated Deferred State Income Taxes	\$1,035	\$5,360	\$415	\$5,604	\$142	\$5,548
SUBTOTAL DEDUCTIONS	\$13,097	\$154,498	\$11,944	\$150,283	\$15,928	\$176,102
Allocation of General Office Rate Base						\$521,852
Rate Base	\$20,737	\$167,401	\$7,572	\$215,387	\$2,189	\$164,103
						\$577,389

ATTACHMENT B

California American Water
2017 Cost of Capital Application

Minimum Data Requirements for Utility
Cost of Capital Application and Testimony

Testimony served concurrently with the cost of capital application must include data responsive to the specific topics and questions listed below, among other information necessary to support the request. The application and testimony need not respond to the Minimum Data Requirements in the order presented below, but must include a cross reference that identifies where each topic and question is addressed in the testimony. Provide responses both on a company aggregate and individual district basis as appropriate.

Description of Requirement	Reference
A. List most recent authorized return on equity and rate of return on rate base, with reference to decision number.	Attachment A Chapter 2 Table 2
B. Report actual return on equity and rate of return on rate base annually for the past five years.	Attachment A Chapter 2 Tables 1 and 2
C. Describe the proposed capital structure and rate of return.	Testimony of Todd Pray - Section IV
Identify and explain all significant changes from last adopted capital structure and cost of capital.	Application Section IV and V
Report cost of capital information in summary table as set out below:	Attachment A Chapter 3 Table 1
D. Regarding long-term debt:	All in Attachment A
1. List the sinking fund amounts for each issue, by issue, by year.	Chapter 2 Table 3A
2. List the retirements by issue, for the current year.	Chapter 2 Table 3A
3. List the interest rates for each issue, by issue.	Chapter 2 Table 3A
4. List the terms of each issue, by issue, with issue date and date due.	Chapter 2 Table 3A
5. List the cost of issuance for each issue, by issue.	Chapter 2 Table 3A
6. List name of lender for each issue, by issue.	Chapter 2 Table 3A
7. Provide the formula used to determine the cost of new issues of long- term debt (Example: 30-year Treasury Bond + 100 basis points), as well as the reason for using the particular rate and basis point premium.	Testimony of Todd Pray Section V
8. If company or affiliate is rated by S&P, provide rating. If not rated, what would be rating based on forecast cost of new debt?	California American Water is not rated. American Water is rated A
E. Are company stocks, bonds, or company as a whole rated or commented on by any organization or agency?	California American Water is not rated.
a) If so, provide name(s) and phone number(s) of rating/commenting organization(s) and the ratings/comments received in the past 12 months.	N/A
b) Provide this information on an ongoing basis.	N/A
F. List actual rate base for the past five years, by year, by district.	Chapter 2 Table 2
G. Workpapers are served but not part of the application and should include:	
1. Copies of all publications, articles, book references, regulations, and decisions, referenced in testimony.	
2. Supporting documentation for all models used to determine return on equity.	

ATTACHMENT C

California-American Water Company

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

Financial Statements

As of and for the years ended December 31, 2016 and 2015

CALIFORNIA-AMERICAN WATER COMPANY**Balance Sheets****For Years Ended December 31, 2016 and 2015**

(Dollars in thousands)

	Assets	
	2016	2015
Property, plant and equipment		
Utility plant - at original cost, net of accumulated depreciation	\$ 724,455	\$ 677,466
Utility plant acquisition adjustments	1,675	1,781
Non-utility property, net of accumulated depreciation		
of \$70 and \$69 at December 31, 2016 and 2015, respectively	1,783	1,783
Total property, plant and equipment	<u>727,913</u>	<u>681,030</u>
Current assets		
Cash and cash equivalents	228	143
Utility customer accounts receivable	12,298	11,305
Allowance for uncollectible accounts	(1,591)	(1,245)
Unbilled utility revenues	6,680	6,786
Income tax receivable - Affiliated Company	1,991	3,710
Prepaid expenses	3,247	797
Other current assets	2,500	2,364
Total current assets	<u>25,353</u>	<u>23,860</u>
Regulatory and other long-term assets		
Regulatory assets	278,512	258,921
Goodwill	260	260
Prepaid pension expense	4,912	5,573
Other long-term assets	7,964	7,539
Total regulatory and other long-term assets	<u>291,648</u>	<u>272,293</u>
Total assets	<u>\$ 1,044,914</u>	<u>\$ 977,183</u>

The accompanying notes are an integral part of these financial statements

CALIFORNIA-AMERICAN WATER COMPANY
Balance Sheets
For Years Ended December 31, 2016 and 2015
(Dollars in thousands)

	Capitalization and Liabilities	
	2016	2015
Capitalization		
Common stockholder's equity	350,004	329,142
Long-term debt	295,154	288,633
Total capitalization	645,158	617,775
Current liabilities		
Notes payable - affiliated company	24,501	45,184
Current portion long-term debt	25,002	10,001
Accounts payable	32,051	33,806
Federal income taxes payable - affiliated company	24,359	-
Other current liabilities	21,844	22,599
Total current liabilities	127,757	111,590
Regulatory and other long-term liabilities		
Advances for construction	16,136	15,372
Deferred income taxes	140,353	115,289
Deferred investment tax credits	441	523
Regulatory liabilities	45,571	47,023
Other	2,786	2,778
Total regulatory and other long ter liabilities	205,287	180,985
Contributions in aid of construction	66,712	66,833
Commitments and contingencies (see Note 15)	-	-
Total capitalization and liabilities	\$ 1,044,914	\$ 977,183

The accompanying notes are an integral part of these financial statements

CALIFORNIA-AMERICAN WATER COMPANY
Statements of Income
For Years Ended December 31, 2016 and 2015
(Dollars in thousands)

	<u>2016</u>	<u>2015</u>
Operating revenues	\$ 212,694	\$ 197,675
Operating expenses		
Operation and maintenance	118,499	108,464
Depreciation	18,065	16,447
Amortization	338	(70)
General taxes	6,781	6,363
Gain on asset dispositions	-	(419)
Total operating expenses, net	<u>143,683</u>	<u>130,785</u>
Operating income	<u>69,011</u>	<u>66,890</u>
Other income (expenses)		
Interest on long-term debt	(15,988)	(15,151)
Interest on short-term debt - affiliated company	(465)	(182)
Allowance for other funds used during construction	3,675	454
Allowance for borrowed funds used during construction	1,267	603
Amortization of debt issuance costs	(232)	(209)
Other, net	<u>(2,421)</u>	<u>(1,492)</u>
Total other expenses	<u>(14,164)</u>	<u>(15,977)</u>
Income before income taxes	54,847	50,913
Provision for income taxes	22,360	21,050
Net income	<u>\$ 32,487</u>	<u>\$ 29,863</u>

The accompanying notes are an integral part of these financial statements

CALIFORNIA-AMERICAN WATER COMPANY
Statements of Cash Flows
For Years Ended December 31, 2016 and 2015
(Dollars in thousands)

	2016	2015
Cash flows from operating activities		
Net income	\$ 32,487	\$ 29,863
Adjustments to reconcile net cash flows provided by operating activities		
Depreciation and amortization	18,403	16,377
Amortization of debt issuance costs	232	209
Provision for deferred income taxes	26,540	27,989
Amortization of deferred investment tax credits	(82)	(82)
Provision for losses on accounts receivable	993	679
Allowance for other funds used during construction	(3,675)	(1,057)
Gain on asset dispositions and acquisitions	-	(419)
Pension and non-pension postretirement benefits	2,854	3,001
Regulatory assets - WRAM/MCBA unrecovered balance	(25,224)	(23,310)
Regulatory assets - San Clemente Dam balancing account	7,569	(19,026)
Other, net	(6,271)	8,545
Changes in assets and liabilities		
Accounts receivable and unbilled revenues	(242)	1,575
Other current assets	(1,428)	520
Pension and non-pension postretirement benefit contributions	(2,229)	(2,266)
Accounts payable	7,120	2,403
Accounts payable - affiliated company	4,654	(51)
Income taxes - affiliated company	26,059	(10,689)
Other current liabilities	(713)	(3,385)
Net cash provided by operating activities	<u>87,047</u>	<u>30,876</u>
Cash flows from investing activities		
Capital expenditures	(60,405)	(64,224)
Acquisitions	(2,400)	(2,000)
Removal costs from property, plant and equipment retirements, net of salvage	(4,020)	(2,953)
Proceeds from the disposition of property, plant and equipment	-	426
Net cash used in investing activities	<u>(66,825)</u>	<u>(68,751)</u>
Cash flows from financing activities		
Repayment of long-term debt	(10,001)	-
Proceeds from issuance of long-term debt - affiliated company	31,500	30,000
Debt issuance costs	-	(314)
Net (repayments) borrowings of notes payables - affiliated company	(20,683)	13,676
Advances and contributions for construction, net of refunds of \$2 and \$1,018 in 2016 and 2015, respectively	2,046	2,816
Capital contributions	10,000	4,882
Dividends paid	(32,999)	(13,225)
Net cash (used in) provided by financing activities	<u>(20,137)</u>	<u>37,835</u>
Net increase in cash and cash equivalents	<u>85</u>	<u>(40)</u>
Cash and cash equivalents at beginning of year	<u>143</u>	<u>183</u>
Cash and cash equivalents at end of year	<u>\$ 228</u>	<u>\$ 143</u>
Cash paid (received) during the year for:		
Interest, net of capitalized amount	\$ 16,034	\$ 14,651
Income taxes	\$ (35,068)	\$ 2,556
Non-cash investing activity		
Capital expenditures acquired on account but unpaid as of year end	\$ 8,867	\$ 10,840
Non-cash financing activity		
Dividends accrued	\$ -	\$ 9,652
Capital contribution (see Note 11)	\$ 306	\$ 279
Investment from Parent	\$ 1,415	\$ -

The accompanying notes are an integral part of these financial statements

CALIFORNIA-AMERICAN WATER COMPANY
Statements of Changes in Commons Stockholder's Equity
For Years Ended December 31, 2016 and 2015
(Dollars in thousands)

	Common Stock		Paid-in	Retained	
	Shares	Par Value	Capital	Earnings	Total
Balance at December 31, 2014	619,136	\$ 92,478	\$ 167,548	\$ 56,969	\$ 316,995
Net income	-	-	-	29,863	29,863
Capital contributions	-	-	5,161	-	5,161
Common stock dividends	-	-	-	(22,877)	(22,877)
Balance at December 31, 2015	619,136	\$ 92,478	\$ 172,709	\$ 63,955	\$ 329,142
Net income	-	-	-	32,487	32,487
Capital contributions	-	-	11,722	-	11,722
Common stock dividends	-	-	-	(23,347)	(23,347)
Balance at December 31, 2016	<u>619,136</u>	<u>\$ 92,478</u>	<u>\$ 184,431</u>	<u>\$ 73,095</u>	<u>\$ 350,004</u>

The accompanying notes are an integral part of these financial statements

ATTACHMENT D

**IMPORTANT: INFORMATION REGARDING
REQUESTING RATE INCREASE**

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**NOTICE OF APPLICATION FILING BY CALIFORNIA-AMERICAN WATER
COMPANY FOR AN AUTHORIZED COST OF CAPITAL FOR UTILITY OPERATIONS
FOR 2018-2020**

RATE INCREASE REQUEST LARKFIELD DISTRICT

Application No. XX-XX-XXX

The California Public Utilities Commission (CPUC) is seeking public comment on Application XX-XX-XXX (A.XX-XX-XX.), which California American Water filed on MONTH, DAY, 2017. California American Water is requesting that the CPUC authorize an increase to its cost of capital for 2018-2020 for all districts.

The CPUC sets the schedule for cost of capital applications and requires California American Water to file a cost of capital application every three years. Water utilities such as California American Water have a constitutional right to the opportunity to earn a return on their utility capital investments. While the CPUC must set rates that allow water utilities this opportunity, these rates do not guarantee that the utility will earn this return. The CPUC bases the rate of return on the cost of the capital needed to fund the investments. The CPUC proceeding will analyze California American Water's cost of capital and set the proper rate of return.

If the CPUC grants California American Water's special requests, California American Water requests that the CPUC find reasonable and authorize:

- a capital structure of 44.61% debt and 55.39% equity
- a cost of debt of 4.75%
- a return on common equity of 8.55%
- a weighted average return on rate base of 8.49%

Summary

The first table below shows the current and proposed rate impacts on the average Larkfield District residential customer with a standard (5/8 inch x 3/4 inch) meter. The second table shows the proposed increase in revenues per customer classification. The figures in the tables exclude applicable taxes and surcharges. The figures in the tables assume the CPUC approves the cost of capital proposed by California American Water. The final CPUC decision may differ from California American Water's request.

Average Residential Monthly Bill					
District	Average Usage (ccf)	Current Bill	Proposed Bill	Increase (\$)	Increase (%)
Larkfield District	8.42	79.43	81.02	1.59	2.00%

Revenue Increase (Thousands of Dollars)					
District	Customer Class	Current Revenue	Proposed Revenue	Increase (\$)	Increase (%)
Larkfield District	Residential	\$1,879,624	\$1,917,216.48	\$37,592.48	2.00%
	Commercial	1,154,190	\$1,177,273.80	\$23,083.80	2.00%
	Public Authority	26,628	\$27,160.56	\$532.56	2.00%
	Fire Service	31,237	\$31,861.74	\$624.74	2.00%
	Total	\$3,091,679	\$3,153,513	\$61,834	

Obtaining a Copy of the Application

The Application and related exhibits may be inspected at your local California American Water office located at 640 Larkfield Center, Santa Rosa, CA 95403. It may also be inspected at the CPUC's Central Files Office in San Francisco at 505 Van Ness Avenue, San Francisco, CA 94102 between the hours of 8:00 a.m. and noon daily. If you need additional information, you may call California American Water at (888) 237-1333.

Evidentiary Hearings

The CPUC may schedule formal Evidentiary Hearings (EHs) whereby formal parties of record provide testimony and are subject to cross examination before the CPUC's Administrative Law Judge (ALJ). These hearings are open to the public to listen, but only those who are formal parties of record are allowed to participate. The CPUC has their own court reporters who will take the comment of those formal parties of record participating in the EH's. California American Water will provide testimony at the hearings. The Division of Ratepayer Advocates (ORA) consists of engineers, accountants, economists and attorneys who independently evaluate the proposals of utilities for and present their analyses and recommendations for the CPUC at EH's. Once hearings are completed, the ALJ will consider all of the evidence presented and release the proposed draft decision. When the CPUC issues a final decision, it may adopt, amend, or modify all or part of the ALJ's draft decision. The final decision may differ from the requests in the application filed by California American Water.

Public Comments

If you wish to comment on this proposed application filing or informally protest this filing as a customer of California American Water, you may do so by contacting the CPUC's

Public Advisor's Office (PAO). Written public comment by California American Water customers is very much desired by the CPUC and may be sent to the Public Advisor's Office at 505 Van Ness Avenue, San Francisco, CA 94102, or via e-mail to public.advisor@cpuc.ca.gov. Please state that you are writing about California American Water's Application 11-05-XXX when sending your written correspondence or e-mail. All public comments become part of the formal public comment file. These public comments will be circulated to the assigned Administrative Law Judge (ALJ), the assigned Commissioner and appropriate line Division CPUC staff for review.

Public Advisor's Phone number: 415-703-2074

**IMPORTANT: INFORMATION REGARDING
REQUESTING RATE INCREASE**

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**NOTICE OF APPLICATION FILING BY CALIFORNIA-AMERICAN WATER
COMPANY FOR AN AUTHORIZED COST OF CAPITAL FOR UTILITY OPERATIONS
FOR 2018-2020**

RATE INCREASE REQUEST LOS ANGELES COUNTY DISTRICT

Application No. XX-XX-XXX

The California Public Utilities Commission (CPUC) is seeking public comment on Application XX-XX-XXX (A.XX-XX-XX.), which California American Water filed on MONTH, DAY, 2017. California American Water is requesting that the CPUC authorize an increase to its cost of capital for 2018-2020 for all districts.

The CPUC sets the schedule for cost of capital applications and requires California American Water to file a cost of capital application every three years. Water utilities such as California American Water have a constitutional right to the opportunity to earn a return on their utility capital investments. While the CPUC must set rates that allow water utilities this opportunity, these rates do not guarantee that the utility will earn this return. The CPUC bases the rate of return on the cost of the capital needed to fund the investments. The CPUC proceeding will analyze California American Water's cost of capital and set the proper rate of return.

If the CPUC grants California American Water's special requests, California American Water requests that the CPUC find reasonable and authorize:

- a capital structure of 44.61% debt and 55.39% equity
- a cost of debt of 4.75%
- a return on common equity of 8.55%
- a weighted average return on rate base of 8.49%

Summary

The first table below shows the current and proposed rate impacts on the average Los Angeles County District residential customer with a standard (5/8 inch x 3/4 inch) meter. The second table shows the proposed increase in revenues per customer classification. The figures in the tables exclude applicable taxes and surcharges. The figures in the tables assume the CPUC approves the cost of capital proposed by California American Water. The final CPUC decision may differ from California American Water's request.

Average Residential Monthly Bill					
District	Average Usage (ccf)	Current Bill	Proposed Bill	Increase (\$)	Increase (%)
Los Angeles County District - Baldwin Hills	14.74	56.31	\$57.08	\$0.77	1.37%

Revenue Increase (Thousands of Dollars)					
District	Customer Class	Current Revenue	Proposed Revenue	Increase (\$)	Increase (%)
Los Angeles County District - Baldwin Hills	Residential	\$4,492,716	\$4,554,118.97	\$61,402.97	1.37%
	Commercial	797,916	\$808,821.30	\$10,905.30	1.37%
	Industrial	279,413	\$283,231.80	\$3,818.80	1.37%
	Public Authority	276,848	\$280,631.74	\$3,783.74	1.37%
	Fire Service	27,683	\$28,061.35	\$378.35	1.37%
	Total	\$5,874,576	\$5,954,865	\$80,289	

Average Residential Monthly Bill					
District	Average Usage (ccf)	Current Bill	Proposed Bill	Increase (\$)	Increase (%)
Los Angeles County District - San Marino	17.38	66.32	\$67.23	\$0.91	1.37%

Revenue Increase (Thousands of Dollars)					
District	Customer Class	Current Revenue	Proposed Revenue	Increase (\$)	Increase (%)
Los Angeles County District - San Marino	Residential	\$5,851,129	\$5,931,097.71	\$79,968.71	1.37%
	Commercial	2,611,175	\$2,646,862.52	\$35,687.52	1.37%
	Industrial	59,907	\$60,725.76	\$818.76	1.37%
	Public Authority	673,913	\$683,123.52	\$9,210.52	1.37%
	Irrigation Gravity	8,583	\$8,700.31	\$117.31	1.37%

	Irrigation Pressure	195,908	\$198,585.52	\$2,677.52	1.37%
	Fire Service	97,493	\$98,825.46	\$1,332.46	1.37%
	Total	\$9,498,108	\$9,627,921	\$129,813	

Average Residential Monthly Bill					
District	Average Usage (ccf)	Current Bill	Proposed Bill	Increase (\$)	Increase (%)
Los Angeles County District - Duarte	21.10	80.46	\$81.56	\$1.10	1.37%

Revenue Increase (Thousands of Dollars)					
District	Customer Class	Current Revenue	Proposed Revenue	Increase (\$)	Increase (%)
Los Angeles County District - Duarte	Residential	\$14,093,418	\$14,286,035.95	\$192,617.95	1.37%
	Commercial	3,785,894	\$3,837,636.68	\$51,742.68	1.37%
	Industrial	214,912	\$217,849.25	\$2,937.25	1.37%
	Public Authority	701,327	\$710,912.20	\$9,585.20	1.37%
	Other	25,258	\$25,603.21	\$345.21	1.37%
	Sales for resale	6,132	\$6,215.81	\$83.81	1.37%
	Fire Service	142,450	\$144,396.90	\$1,946.90	1.37%
	Total	\$18,969,391	\$19,228,650	\$259,259	

Obtaining a Copy of the Application

The Application and related exhibits may be inspected at your local California American Water office located at 8657 Grand Avenue, Rosemead, CA 91770. It may also be inspected at the CPUC's Central Files Office in San Francisco at 505 Van Ness Avenue, San Francisco, CA 94102 between the hours of 8:00 a.m. and noon daily. If you need additional information, you may call California American Water at (888) 237-1333.

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only those who are formal parties of record are allowed to participate. The CPUC has their own court reporters who will take the comment of those formal parties of record participating in the EH's. California American Water will provide testimony at the hearings. The Division of Ratepayer Advocates (ORA) consists of engineers, accountants, economists and attorneys who independently evaluate the proposals of utilities for and present their analyses and recommendations for the CPUC at EH's. Once hearings are completed, the ALJ will consider all of the evidence presented and release the proposed draft decision. When the CPUC issues a final decision, it may adopt, amend, or modify all or part of the ALJ's draft decision. The final decision may differ from the requests in the application filed by California American Water.

Public Comments

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Public Advisor's Phone number: 415-703-2074

**IMPORTANT: INFORMATION REGARDING
REQUESTING RATE INCREASE**

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**NOTICE OF APPLICATION FILING BY CALIFORNIA-AMERICAN WATER
COMPANY FOR AN AUTHORIZED COST OF CAPITAL FOR UTILITY OPERATIONS
FOR 2018-2020**

RATE INCREASE REQUEST MONTEREY COUNTY DISTRICT

Application No. XX-XX-XXX

The California Public Utilities Commission (CPUC) is seeking public comment on Application XX-XX-XXX (A.XX-XX-XX.), which California American Water filed on MONTH, DAY, 2017. California American Water is requesting that the CPUC authorize an increase to its cost of capital for 2018-2020 for all districts.

The CPUC sets the schedule for cost of capital applications and requires California American Water to file a cost of capital application every three years. Water utilities such as California American Water have a constitutional right to the opportunity to earn a return on their utility capital investments. While the CPUC must set rates that allow water utilities this opportunity, these rates do not guarantee that the utility will earn this return. The CPUC bases the rate of return on the cost of the capital needed to fund the investments. The CPUC proceeding will analyze California American Water's cost of capital and set the proper rate of return.

If the CPUC grants California American Water's special requests, California American Water requests that the CPUC find reasonable and authorize:

- a capital structure of 44.61% debt and 55.39% equity
- a cost of debt of 4.75%
- a return on common equity of 8.55%
- a weighted average return on rate base of 8.49%

Summary

The first table below shows the current and proposed rate impacts on the average Monterey County District residential customer with a standard (5/8 inch x 3/4 inch) meter. The second table shows the proposed increase in revenues per customer classification. The figures in the tables exclude applicable taxes and surcharges. The figures in the tables assume the CPUC approves the cost of capital proposed by California American Water. The final CPUC decision may differ from California American Water's request.

Average Residential Monthly Bill					
District	Average Usage (ccf)	Current Bill	Proposed Bill	Increase (\$)	Increase (%)
Monterey County District	5.6	58.07	59.68	1.61	2.77%

Revenue Increase (Thousands of Dollars)					
District	Customer Class	Current Revenue	Proposed Revenue	Increase (\$)	Increase (%)
Monterey County District	Residential	\$46,004,878	\$47,278,287.92	\$1,273,409.92	2.77%
	Commercial	14,688,910	\$15,095,497.40	\$406,587.40	2.77%
	Industrial	149,629	\$153,770.71	\$4,141.71	2.77%
	Public Authority	3,422,366	\$3,517,096.71	\$94,730.71	2.77%
	Sales for resale	36,780	\$37,798.07	\$1,018.07	2.77%
	Construction	156,041	\$160,360.20	\$4,319.20	2.77%
	Golf Courses	312,227	\$320,869.41	\$8,642.41	2.77%
	Fire Service	659,716	\$677,976.87	\$18,260.87	2.77%
	Total	\$65,430,547	\$67,241,657	\$1,811,110	

Obtaining a Copy of the Application

The Application and related exhibits may be inspected at your local California American Water office located at 511 Forest Lodge Road, Suite 100, Pacific Grove, CA 93950. It may also be inspected at the CPUC's Central Files Office in San Francisco at 505 Van Ness Avenue, San Francisco, CA 94102 between the hours of 8:00 a.m. and noon daily. If you need additional information, you may call California American Water at (888) 237-1333.

Evidentiary Hearings

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Public Advisor's Phone number: 415-703-2074

**IMPORTANT: INFORMATION REGARDING
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**NOTICE OF APPLICATION FILING BY CALIFORNIA-AMERICAN WATER
COMPANY FOR AN AUTHORIZED COST OF CAPITAL FOR UTILITY OPERATIONS
FOR 2018-2020**

RATE INCREASE REQUEST MONTEREY WASTEWATER DISTRICT

Application No. XX-XX-XXX

The California Public Utilities Commission (CPUC) is seeking public comment on Application XX-XX-XXX (A.XX-XX-XX.), which California American Water filed on MONTH, DAY, 2017. California American Water is requesting that the CPUC authorize an increase to its cost of capital for 2018-2020 for all districts.

The CPUC sets the schedule for cost of capital applications and requires California American Water to file a cost of capital application every three years. Water utilities such as California American Water have a constitutional right to the opportunity to earn a return on their utility capital investments. While the CPUC must set rates that allow water utilities this opportunity, these rates do not guarantee that the utility will earn this return. The CPUC bases the rate of return on the cost of the capital needed to fund the investments. The CPUC proceeding will analyze California American Water's cost of capital and set the proper rate of return.

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- a capital structure of 44.61% debt and 55.39% equity
- a cost of debt of 4.75%
- a return on common equity of 8.55%
- a weighted average return on rate base of 8.49%

Summary

The tables below show the current and proposed rate impacts on Monterey Wastewater District customers in both active and passive systems and the proposed increase in revenues per customer classification. The figures in the tables exclude applicable taxes and surcharges. The figures in the tables assume the CPUC approves the cost of capital proposed by California American Water. The final CPUC decision may differ from California American Water's request.

Average Residential Monthly Bill					
District	Average Usage (ccf)	Current Bill	Proposed Bill	Increase (\$)	Increase (%)
Monterey Wastewater Active	0	131.69	132.30	0.61	0.46%

Revenue Increase (Thousands of Dollars)					
District	Customer Class	Current Revenue	Proposed Revenue	Increase (\$)	Increase (%)
Monterey Wastewater Active	Residential	\$2,756,007	\$2,768,715.86	\$12,708.86	0.46%
	Commercial	31,607	\$31,752.75	\$145.75	0.46%
	Golf Courses	6,322	\$6,351.15	\$29.15	0.46%
	Public Authority	7,902	\$7,938.44	\$36.44	0.46%
	Hotel	227,586	\$228,635.47	\$1,049.47	0.46%
	Total	\$3,029,424	\$3,043,394	\$13,970	

Average Residential Monthly Bill					
District	Average Usage (ccf)	Current Bill	Proposed Bill	Increase (\$)	Increase (%)
Monterey Wastewater Passive	0	59.14	59.56	0.42	0.72%

Revenue Increase (Thousands of Dollars)					
District	Customer Class	Current Revenue	Proposed Revenue	Increase (\$)	Increase (%)
Monterey Wastewater Passive	Residential	\$561,356	\$565,377.38	\$4,021.38	0.72%
	Commercial	42,574	\$42,878.99	\$304.99	0.72%
	Industrial	8,515	\$8,576.00	\$61.00	0.72%
	Public Authority	3,193	\$3,215.87	\$22.87	0.72%
	Total	\$615,638	\$620,048	\$4,410	

Obtaining a Copy of the Application

The Application and related exhibits may be inspected at your local California American Water office located at 511 Forest Lodge Road, Suite 100, Pacific Grove, CA 93950. It may also be inspected at the CPUC's Central Files Office in San Francisco at 505 Van Ness Avenue, San Francisco, CA 94102 between the hours of 8:00 a.m. and noon daily. If you need additional information, you may call California American Water at (888) 237-1333.

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Public Comments

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Public Advisor's Phone number: 415-703-2074

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COMPANY FOR AN AUTHORIZED COST OF CAPITAL FOR UTILITY OPERATIONS
FOR 2018-2020**

RATE INCREASE REQUEST SACRAMENTO DISTRICT

Application No. XX-XX-XXX

The California Public Utilities Commission (CPUC) is seeking public comment on Application XX-XX-XXX (A.XX-XX-XX.), which California American Water filed on MONTH, DAY, 2017. California American Water is requesting that the CPUC authorize an increase to its cost of capital for 2018-2020 for all districts.

The CPUC sets the schedule for cost of capital applications and requires California American Water to file a cost of capital application every three years. Water utilities such as California American Water have a constitutional right to the opportunity to earn a return on their utility capital investments. While the CPUC must set rates that allow water utilities this opportunity, these rates do not guarantee that the utility will earn this return. The CPUC bases the rate of return on the cost of the capital needed to fund the investments. The CPUC proceeding will analyze California American Water's cost of capital and set the proper rate of return.

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- a capital structure of 44.61% debt and 55.39% equity
- a cost of debt of 4.75%
- a return on common equity of 8.55%
- a weighted average return on rate base of 8.49%

Summary

The first table below shows the current and proposed rate impacts on the average Sacramento District residential customer with a standard (5/8 inch x 3/4 inch) meter. The second table shows the proposed increase in revenues per customer classification. The figures in the tables exclude applicable taxes and surcharges. The figures in the tables assume the CPUC approves the cost of capital proposed by California American Water. The final CPUC decision may differ from California American Water's request.

Average Residential Monthly Bill					
District	Average Usage (ccf)	Current Bill	Proposed Bill	Increase (\$)	Increase (%)
Sacramento District	10.83	51.37	52.57	1.20	2.34%

Revenue Increase (Thousands of Dollars)					
District	Customer Class	Current Revenue	Proposed Revenue	Increase (\$)	Increase (%)
Sacramento District	Residential	\$38,456,421	\$39,354,787.60	\$898,366.60	2.34%
	Commercial	17,940,214	\$18,359,308.88	\$419,094.88	2.34%
	Industrial	890,117	\$910,910.70	\$20,793.70	2.34%
	Public Authority	3,072,536	\$3,144,312.41	\$71,776.41	2.34%
	Other	148,029	\$151,487.05	\$3,458.05	2.34%
	Fire Service	1,311,902	\$1,342,548.87	\$30,646.87	2.34%
	Total	\$61,819,219	\$63,263,356	\$1,444,137	

Obtaining a Copy of the Application

The Application and related exhibits may be inspected at your local California American Water office located at 4701 Beloit Drive, Sacramento, CA 95838. It may also be inspected at the CPUC's Central Files Office in San Francisco at 505 Van Ness Avenue, San Francisco, CA 94102 between the hours of 8:00 a.m. and noon daily. If you need additional information, you may call California American Water at (888) 237-1333.

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RATE INCREASE REQUEST SAN DIEGO COUNTY DISTRICT

Application No. XX-XX-XXX

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- a capital structure of 44.61% debt and 55.39% equity
- a cost of debt of 4.75%
- a return on common equity of 8.55%
- a weighted average return on rate base of 8.49%

Summary

The first table below shows the current and proposed rate impacts on the average San Diego District residential customer with a standard (5/8 inch x 3/4 inch) meter. The second table shows the proposed increase in revenues per customer classification. The figures in the tables exclude applicable taxes and surcharges. The figures in the tables assume the CPUC approves the cost of capital proposed by California American Water. The final CPUC decision may differ from California American Water's request.

Average Residential Monthly Bill					
District	Average Usage (ccf)	Current Bill	Proposed Bill	Increase (\$)	Increase (%)
San Diego County District	9.57	55.51	56.26	0.75	1.35%

Revenue Increase (Thousands of Dollars)					
District	Customer Class	Current Revenue	Proposed Revenue	Increase (\$)	Increase (%)
San Diego County District	Residential	\$15,127,183	\$15,331,980.88	\$204,797.88	1.35%
	Commercial	11,314,367	\$11,467,545.45	\$153,178.45	1.35%
	Public Authority	4,081,648	\$4,136,906.99	\$55,258.99	1.35%
	Other	131,829	\$133,613.75	\$1,784.75	1.35%
	Fire Service	186,758	\$189,286.40	\$2,528.40	1.35%
	Total	\$30,841,785	\$31,259,333	\$417,548	

Obtaining a Copy of the Application

The Application and related exhibits may be inspected at your local California American Water office located at 655 W. Broadway, Suite 1410, San Diego, CA 92101. It may also be inspected at the CPUC's Central Files Office in San Francisco at 505 Van Ness Avenue, San Francisco, CA 94102 between the hours of 8:00 a.m. and noon daily. If you need additional information, you may call California American Water at (888) 237-1333.

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RATE INCREASE REQUEST VENTURA COUNTY DISTRICT

Application No. XX-XX-XXX

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Summary

The first table below shows the current and proposed rate impacts on the average Ventura County District residential customer with a standard (5/8 inch x 3/4 inch) meter. The second table shows the proposed increase in revenues per customer classification. The figures in the tables exclude applicable taxes and surcharges. The figures in the tables assume the CPUC approves the cost of capital proposed by California American Water. The final CPUC decision may differ from California American Water's request.

Average Residential Monthly Bill					
District	Average Usage (ccf)	Current Bill	Proposed Bill	Increase (\$)	Increase (%)
Ventura County District	18.09	108.92	110.37	1.45	1.33%

Revenue Increase (Thousands of Dollars)					
District	Customer Class	Current Revenue	Proposed Revenue	Increase (\$)	Increase (%)
Ventura County District	Residential	\$27,804,913	\$28,175,811.96	\$370,898.96	1.33%
	Commercial	8,745,189	\$8,861,843.98	\$116,654.98	1.33%
	Industrial	4,246,097	\$4,302,737.10	\$56,640.10	1.33%
	Public Authority	3,167,686	\$3,209,940.81	\$42,254.81	1.33%
	Other	12,264	\$12,427.59	\$163.59	1.33%
	Construction	36,904	\$37,396.27	\$492.27	1.33%
	Fire Service	287,596	\$291,432.34	\$3,836.34	1.33%
	Total	\$44,300,649	\$44,891,590	\$590,941	

Obtaining a Copy of the Application

The Application and related exhibits may be inspected at your local California American Water office located at 2439 W. Hillcrest Drive, Newbury Park, CA 91320. It may also be inspected at the CPUC's Central Files Office in San Francisco at 505 Van Ness Avenue, San Francisco, CA 94102 between the hours of 8:00 a.m. and noon daily. If you need additional information, you may call California American Water at (888) 237-1333.

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Public Advisor's Phone number: 415-703-2074

ATTACHMENT E

RECEIVED
JUL 09 2014

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FILED *gus*
Secretary of State
State of California

JUN 25 2014 *DN*

ICC

**CAL-AM WATER CO. Restated Articles of Incorporation of
California-American Water Company**

The undersigned certify that:

1. They are the Vice President, Legal – Operations and Assistant Secretary, respectively, of California-American Water Company, a California corporation.
2. The Articles of Incorporation of this corporation are amended and restated to read as follows:

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
CALIFORNIA-AMERICAN WATER COMPANY

Article One

The name of this corporation is California-American Water Company.

Article Two

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

Article Three

(a) This corporation is authorized to issue only one class of shares; the total number of such shares is 2,000,000, and all such shares are to be without par value.

(b) Each shareholder or subscriber to shares of this corporation shall be entitled to full preemptive or preferential rights, as such rights have been heretofore defined at common law, to purchase and/or subscribe for such shareholder or subscriber's proportionate part of any shares which may be issued at any time by this corporation.

Article Four

The business of this corporation shall be managed under the direction of a board of directors. The number of directors shall be set forth in the bylaws.

Article Five

The duration of this corporation is perpetual.

Article Six

The liability of the directors of this corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

This Corporation is authorized to provide for indemnification of agents (as defined in Section 317 of the California Corporations Code), to the fullest extent permissible under California law. Any repeal or modification of this Article Six shall not adversely affect any right or protection of an agent existing at the time of the repeal or modification.

Article Seven

This corporation elects to be governed by all of the provisions of the General Corporation Law (as added to the California Corporations Code effective January 1, 1977, and as subsequently amended) not otherwise applicable to this corporation under Chapter 23 of the General Corporation Law.

-END-

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the Board of Directors.

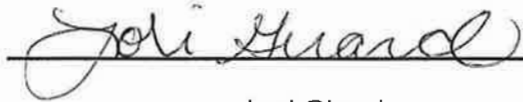
4. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902, California Corporations Code. The total number of outstanding shares of the corporation is 619,136. The number of shares voting in favor of the amendment exceeded the vote required. The percentage vote required was more than 50%.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: June 23, 2014



Anthony Cerasuolo
Vice President, Legal – Operations



Lori Girard
Assistant Secretary



I hereby certify that the foregoing transcript of 2 page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.

JUL 02 2014 

Date: _____


DEBRA BOWEN, Secretary of State