

ALJ/JPO/avs

Decision 01-08-039 August 23, 2001

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

In the Matter of the Application of California Water Service Company (U 60 W), a Corporation, for an Order Authorizing It to Increase Rates Charged for Water Service in the Palos Verdes District and Establishing "Base Year 2000" Revenue Requirements.

Application 00-09-009  
(Filed September 11, 2000)

In the Matter of the Application of California Water Service Company (U 60 W), a Corporation, for an Order Authorizing It to Increase Rates Charged for Water Service in the Bakersfield District.

Application 00-09-010  
(Filed September 11, 2000;  
Amended January 5, 2001)

In the Matter of the Application of California Water Service Company (U 60 W), a Corporation, for an Order Establishing "Base Year 2000" Revenue Requirements for Water Service in the Hermosa-Redondo District and General Office Operations.

Application 00-09-011  
(Filed September 11, 2000)

In the Matter of the Application of California Water Service Company (U 60 W), a Corporation, for an Order Authorizing It to Increase Rates Charged for Water Service in the South San Francisco District.

Application 00-09-012  
(Filed September 11, 2000)

**INTERIM OPINION**

## **APPEARANCES**

Gregory Bowling, Attorney at Law, and Francis S. Ferraro  
for California Water Service Company, applicant.  
Peter Fairchild, Attorney at Law, for Water Branch of  
the Commission's Office of Ratepayer Advocates.  
Mark Fogleman, Attorney at Law, and John Cicerone  
for Califarming, Inc.  
Brian J. Todd for Building Industry Association  
of Kern County.

### **I. Summary**

By this interim decision the Commission approves a stipulation between the Water Branch of the Commission's Office of Ratepayer Advocates (ORA) and California Water Service Company (Applicant) covering issues in Applicant's general rate increase applications for its Bakersfield and South San Francisco Districts, "Base Year 2000" revenue requirements for water service in the Palos Verdes and Hermosa-Redondo Districts, and the revenue requirement for General Office. We do not authorize rate increases for the Palos Verdes District. Applications (A.) 00-09-009, A.00-09-011, and A.00-09-012 are closed.

Application 00-09-010 remains open to consider the issue of the Special Facilities Fee for the Bakersfield District, and will be addressed in a separate decision.

### **II. Background**

On September 11, 2000, Applicant filed applications for general rate increases for water service in its Palos Verdes, Bakersfield, and South San Francisco Districts, revenue requirements for its General Office, and "Base Year 2000" Revenue Requirements for Water Service in its Palos Verdes and Hermosa-Redondo Districts.

On January 5, 2001, Applicant filed an amendment to A. 00-09-010. In the amendment, Applicant requests a deviation in its Rule 15 per lot Special Facilities Fee for the Bakersfield district. Specifically, Applicant seeks authority to allow Califarming, Inc. a \$300 per lot credit in consideration for lower purchased water costs.

### **III. Procedural History**

By Resolution ALJ 176-3047, dated September 21, 2000, the Commission preliminarily determined these to be ratesetting proceedings expected to go to hearing. A prehearing conference was held on January 5, 2001 at which only Applicant and ORA appeared. Assigned Commissioner Henry M. Duque's January 11, 2001, scoping ruling confirmed the category and need for hearing, defined the issues, established a schedule, designated Administrative Law Judge (ALJ) Jeffrey P. O'Donnell as the principal hearing officer, and consolidated these proceedings.

Commissioner Duque and the ALJ conducted a public participation hearing on January 25, 2001, in Bakersfield.

On February 5, 2001, Applicant and ORA filed briefs addressing whether Applicant's request for rate increases for its Palos Verdes District were precluded by Decision (D.) 00-05-047.

Evidentiary hearings here held on February 5 and 9, 2001.

At the first evidentiary hearing on February 5, 2001, counsel for Applicant and ORA announced that they were in the process of drafting a stipulation. By agreement of the parties, the application and ORA's prepared direct testimony were admitted into evidence. On March 7, 2001, the Applicant and ORA filed a motion for approval of a stipulation. Additional evidentiary hearings on the stipulation were held on March 5 and 29, 2001. The stipulation is unopposed.

The Special Facilities Fee for the Bakersfield District is not addressed in the stipulation, and will be addressed in a subsequent opinion.<sup>1</sup>

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<sup>1</sup> The Building Industry Association of Kern County (BIAK) is a party to A.00-09-010 with its participation limited to the Special Facilities Fee for the Bakersfield District.

#### IV. The Stipulation

The stipulation is included as Attachment A to this decision.

The stipulation includes a comparison of Applicant and ORA's initial and stipulated positions on revenue requirement increases for test years 2001 and 2002 and attrition years 2003 and 2004. The proposed revenue requirement increases, except for the Palos Verdes District, are as follows:

##### **Bakersfield District Revenue Requirement Increases**

	Applicant		ORA		Stipulation	
	\$	%	\$	%	\$	%
2001	2,523,900	9.8	1,070,800	4.1	2,153,500	8.3
2002	3,905,300	13.8	772,100	3.0	1,405,600	5.0
2003	3,566,000	11.0	912,000	2.8	1,408,500	4.8
2004	3,551,500	9.9	871,000	2.4	1,430,500	4.6

##### **South San Francisco District Revenue Requirement Increases**

	Applicant		ORA		Stipulation	
	\$	%	\$	%	\$	%
2001	938,200	11.3	523,900	6.2	740,600	8.7
2002	278,200	3.0	49,600	0.5	320,000	3.5
2003	196,200	2.1	83,000	0.9	287,500	3.0
2004	193,200	2.0	71,000	0.7	293,400	3.0

The stipulation also includes a comparison of Applicant and ORA's initial and stipulated positions on "Base Year 2000" revenue requirements. The proposed "Base Year 2000" revenue requirements are as follows:

**"Base Year 2000" Revenue Requirements (At Present Rates)  
Palo Verdes District**

	Applicant	ORA	Stipulation
Operating Revenues	\$22,002,300	\$22,130,400	\$22,067,000
Operating Expenses	20,038,400	20,084,900	20,133,900
Net Revenues	1,963,900	2,045,500	1,933,200
Rate Base	24,142,200	24,072,800	24,130,000
Return on Rate Base	8.13%	8.50%	8.01%

**Hermosa-Redondo District**

	Applicant	ORA	Stipulation
Operating Revenues	\$14,661,400	\$14,661,400	\$14,661,400
Operating Expenses	13,100,700	12,985,100	13,027,000
Net Revenues	1,560,700	1,676,300	1,634,400
Rate Base	24,982,900	24,902,300	24,931,300
Return on Rate Base	6.25%	6.73%	6.56%

In addition, the stipulation includes a comparison of Applicant and ORA's initial and stipulated positions on General Office expenses and rate base. The proposed General Office expenses and rate base are as follows:

## 2000

	Applicant	ORA	Stipulation
Expenses	\$26,675,300	\$26,591,300	\$26,657,600
Rate Base	15,993,000	15,223,300	15,421,500

## 2001

	Applicant	ORA	Stipulation
Expenses	\$27,992,400	\$27,822,400	\$27,885,100
Rate Base	17,426,500	15,774,800	16,835,300

## 2002

	Applicant	ORA	Stipulation
Expenses	\$29,237,700	\$28,958,500	\$29,185,700
Rate Base	18,732,500	16,356,100	18,292,800

The stipulation indicates the major differences between Applicant and ORA's initial positions and summarizes how those differences were resolved. The stipulation yields costs of capital of 9.02% for 2001, 8.99% for 2002 and 8.97% for 2003 and 2004.

## **V. Proponents' Explanation of Why the Stipulation is in the Public Interest**

Applicant and ORA represent that they, as proponents of the stipulation, fairly represent all of the affected interests. They say the stipulation fairly balances Applicant's ability to earn a fair return with the ratepayers' need for reasonable rates. For example, the stipulation allows Applicant to construct a water treatment plant in Bakersfield to improve water quality and meet future needs while limiting the costs of the plant that Applicant can recover in rates. In addition, the stipulation provides for a cost of capital based on returns authorized for comparable water companies.

## **VI. Proponents' Explanation of Why the Elements of the Stipulation are Reasonable**

To illustrate the reasonableness of the stipulation, Applicant and ORA offered the following explanations of how the most notable elements of the stipulation, in terms of the impact on the "bottom line", were reached.

### **A. Cost of Capital**

Applicant requested a return on common equity of 10.75%, while ORA recommended 9.39%. After discussions concerning returns authorized for various water companies, they agreed to a return on common equity of 9.80%. Applicant and ORA also agreed to ORA's weighted cost of debt reflecting updated financial data.

### **B. Customers, Sales, and Revenues**

Applicant accepted ORA's estimated customers, sales, and revenues, except for industrial sales and revenue in the Bakersfield District, and other sales and revenue in the Palos Verdes and South San Francisco Districts. ORA accepted Applicant's estimates for industrial sales and revenue for the



Bakersfield District. For the Palos Verdes and South San Francisco Districts, they adopted an average of their two estimates of other sales and revenues because recent data indicated a decline in other sales and revenues.

### **C. Water Treatment Plant in the Bakersfield District**

Applicant proposes to build a water treatment plant in the Bakersfield District capable of treating 20 million gallons of surface water per day. The plant will be built to accommodate future growth and to respond to new standards of the United States Environmental Protection Agency (EPA).

Applicant and ORA agree that the plant will benefit customers in several ways. Applicant's customers will receive water that meets the EPA standards, less water will be pumped from wells, and overdrafts of ground water will be reduced.

Due to uncertainties in the ultimate cost of the plant, Applicant and ORA agreed that Applicant will be allowed to file advice letters in 2002, 2003, and when the plant goes into service. The advice letter filings will reflect the revenue requirements associated with the costs actually incurred; however, they are limited to total capital costs of \$31 million, not including interest during construction.

## **VII. Partial Approval of the Stipulation**

Rule 51.1(e) of the Commission's Rules of Practice and Procedure says that the Commission will not approve settlements or stipulations, whether contested or uncontested, unless they are reasonable in light of the whole record, consistent with law, and in the public interest.

Applicant and ORA jointly sponsor the stipulation. While not determinative of the stipulation's reasonableness, we note that the stipulation is

unopposed. Califarming, Inc. does not oppose it. BIAK's participation in these proceedings does not extend to the issues addressed in this opinion.

ORA's charge in water matters is to represent water utility ratepayers, and it has done so here. Applicant represents its interests and those of its stockholders. Therefore, the parties sponsoring the stipulation are fairly reflective of the affected interests. This factor also tends to support an inference that the stipulation is reasonable.

Finally, the record contains the testimony and reports prepared by Applicant and ORA. These reports address Applicant's results of operations, attrition, rate design, tariff revisions, and cost of capital. The stipulation is the result of subsequent negotiations between Applicant and ORA, and represents their final recommendation to the Commission. It indicates the negotiated result for each significant contested item. The stipulation provides for an outcome that is less than what Applicant initially requested in its application and more than what ORA initially recommended in its reports. The compromises made appear reasonable considering the initial positions and the reasons given for adopting one position or another, or an intermediate position. Considering these factors, together with the lack of opposition to the stipulation and the fact that all the necessary interests were at the bargaining table, we find that the stipulation is reasonable in light of the whole record.

Regarding the lawfulness of the stipulation, Applicant and ORA represent that no term of the stipulation contravenes any statutory provision or any Commission decision. We concur except as regards the proposed rate increases for the Palos Verdes District; we will discuss those increases later.

The record contains a full explanation of the parties' initial positions. In addition, the stipulation includes Applicant and ORA's proposed summary of

earnings for test years 2001 and 2002, the derivation of the attrition allowance for 2003 and 2004, rates for each year, tariff sheets to be put into effect if the stipulation is approved, the underlying adopted quantities, and an explanation of how the 2002, 2003 and 2004 rate increases will be implemented. The record is sufficient for the Commission to determine what the issues are, and how the stipulation resolves them. The stipulation also contains sufficient information to permit the Commission to discharge its future regulatory obligations with respect to the parties and their interests. Therefore, the stipulation recommended by Applicant and ORA is in the public interest except for the proposed rate increases for the Palos Verdes District.

The stipulation, when reviewed as a total product, is reasonable in light of the whole record, consistent with law and in the public interest except for the proposed rate increases for the Palos Verdes District. It will be approved except as discussed below.

#### **VIII. Rejection of Stipulation on Palos Verdes District Rate Increases**

Applicant requests approval of rate increases for its Palos Verdes District for 2001 through 2004. Applicant and ORA have reached a stipulation as shown below.

##### **Palos Verdes District Revenue Requirement Increases**

	Applicant		ORA		Stipulation	
	\$	%	\$	%	\$	%
2001	464,900	2.1	250,100	1.1	351,100	1.6
2002	386,500	1.7	40,100	0.2	258,900	1.2
2003	612,600	2.7	184,000	0.8	255,600	1.1
2004	607,900	2.6	167,000	0.7	264,600	1.1

In D.00-05-047 (the merger decision), we approved a merger of Applicant with Dominguez Water Company, Kern River Valley Water Company, and Antelope Valley Water Company. Ordering Paragraph 2 provides in relevant part as follows.

“In accordance with the enhanced guarantee, upon merger  
CWS:

...

- “c. Is authorized to combine the South Bay, Hermosa-Redondo and Palos Verdes districts into a single district for operational and administrative purposes but shall not consolidate their rate schedules. CWS shall design rates separately for each of the three former districts based on their historic costs of service which shall reflect differences, among other things, in the source and cost of water supplies.

...

- “e. Shall file an application in 2000 to determine “Base Year 2000” revenue requirements for the Palos Verdes and Hermosa-Redondo districts and for CWS’ general office. These base case revenue requirements will provide the benchmark for assessing merger-related synergies in the first combined-district GRC filed in mid-year 2001 (with rates effective in 2002) and the second combined-district GRC filed in 2004 (with rates effective in 2005). If necessary to ensure rate neutrality, reductions in the 2002 and 2005 GRC revenue requirements will be imputed. If an imputation is required in the 2005 GRC, CWS’ operating expenses will be adjusted permanently to reflect the reduced revenue requirement.”

Under the rate case plan specified above, Applicant was required to file a base year 2000 revenue requirement for its Palos Verdes and Hermosa-Redondo Districts in 2000. The base year 2000 revenue requirement is to be used in assessing merger-related synergies for the combined district following approval of the merger. A general rate case application for the

combined district was deferred until 2001, for rates effective 2002. In this way, the synergies resulting from the combination will be assessed and reflected in the revenue requirement. Though the rates for the former districts would be set individually to reflect certain different historical costs, all three of the former districts will benefit from merger-related synergies.

Applicant did not follow these instructions. Instead, Applicant filed in this consolidated proceeding for rates effective on a stand-alone basis in 2001, 2002, 2003 and 2004. Applicant states that the merger decision does not preclude the filing, and that it is consistent with the Commission's rate case plan for water companies.

ORA states only that Applicant's filing for rates for 2001 is not precluded by the merger decision. ORA does not address whether Applicant's filing for 2002, 2003 and 2004 is precluded.

The merger decision does not have language specifically forbidding Applicant from filing, in 2000, for a Palos Verdes rate increase effective in 2001. However, Applicant and ORA are incorrect in stating that such filing is not precluded by the merger decision. The merger decision sets up a new regulatory framework, post merger, for the combined district. Under that framework, general rate cases for the combined district are to be filed in 2001 and 2004 for rates effective 2002 and 2005, respectively. Applicant did not request authority in the merger application to file a stand-alone general rate increase for its former Palos Verdes District in 2000 for rates effective 2001. Therefore, there was no reason for the merger decision to specifically address such a filing.

Like the request for 2001, Applicant's request for 2002, 2003, and 2004 as a separate district ignores the merger itself. The latter request is also to be made by an application for the combined district as opposed to a separate filing

for the former Palos Verdes District. The combined district application would allow for the assessment of merger-related synergies. The instant application does not allow for such an assessment because the other two former districts are not included.

For the above reasons, we will not approve rate increases at this time for the Palos Verdes District.

The motion requesting adoption of the stipulation states that in the event the stipulation is modified for the Palos Verdes District, the stipulation should be adopted without modification for the other districts. Therefore, we need not and do not reject the stipulation in its entirety merely because of our denial of rate increases for the Palos Verdes District.

#### **IX. Comments on Proposed Decision**

On July 18, 2001, the principal hearing officer's proposed decision was filed with the Commission and served on the parties in accordance with Section 311(d) of the Public Utilities Code and Rule 77.1 of the Commission's Rules of Practice and Procedure. Comments were filed by Applicant and ORA. For the most part, the comments repeated previous arguments that have already been considered, and need not be further addressed.

Applicant says that D.00-10-027 authorized a rate increase for the South Bay Division of the Dominguez Water Company, which was merged into the combined district in the merger decision, after the merger decision was issued. Therefore, Applicant says the Commission has "previously interpreted the merger decision as allowing rate applications for Palos Verdes and Dominguez South Bay if such applications are appropriate under the Commission's Rate Case Processing Plan." Applicant says that the proposed decision's denial of the rate increase for the Palos Verdes District is inconsistent

with D.00-10-027, and that the proposed rate increase for the Palos Verdes District should be approved. Applicant is incorrect. The application that led to D.00-10-027 was not precluded by the merger decision because it was filed approximately a year before the merger decision was issued. However, A.00-09-009 for the Palos Verdes District was filed after the merger decision, and is, therefore, precluded as discussed previously.

ORA and Applicant ask that the decision be revised to provide that the authorized increases for 2002, 2003, and 2004 go into effect subject to the pro forma test referred to, but not specified, in the stipulation. The request is unopposed. Accordingly, we have revised the ordering paragraph to specify the pro forma test.

### **Findings of Fact**

1. Applicant has entered into a stipulation with ORA that resolves every issue between Applicant and ORA in this proceeding except the Special Facilities Fee for the Bakersfield District.
2. The stipulation is unopposed.
3. The parties are fairly reflective of the affected interests in this proceeding.
4. The stipulation provides for an outcome that is less than Applicant's request and greater than ORA's recommendation.
5. No term of the stipulation contravenes statutory provisions or prior Commission decisions except the rate increase requests for the Palos Verdes District.
6. The stipulation conveys sufficient information to permit the Commission to discharge its future regulatory obligations with respect to the parties and their interests.

7. D.00-05-047 (the merger decision) authorized the combination of the former South Bay, Hermosa-Redondo and Palos Verdes Districts into a single combined district.

8. The merger decision created a new regulatory framework for the combined district.

9. The merger decision allowed the filing of general rate cases for the combined district in 2001 and 2004 for rates effective beginning in 2002 and 2005, respectively.

10. The merger decision provided for the assessment of the synergies resulting from the combination of the former South Bay, Hermosa-Redondo and Palos Verdes Districts in the combined general rate increase applications to be filed in 2001 and 2004.

11. The merger decision did not authorize the filing in 2000 of a separate general rate increase application for the former Palos Verdes District for 2001, 2002, 2003 or 2004.

12. Applicant's general rate increase application for the former Palos Verdes District for 2001, 2002, 2003 or 2004 does not address the merger synergies resulting from the combination of the former South Bay, Hermosa-Redondo and Palos Verdes Districts.

13. The motion by Applicant and ORA requesting adoption of the stipulation states that in the event the stipulation is modified for the former Palos Verdes District, the stipulation should be adopted without modification for the other districts.

## **Conclusions of Law**

1. The stipulation is an uncontested stipulation as defined in Rule 51(f).



2. The stipulation is reasonable in light of the whole record, consistent with law, and in the public interest except for the rate increase for the former Palos Verdes District.

3. The stipulation should be adopted except as regards the rate increase for the former Palos Verdes District.

4. Applicant's general rate increase application for the former Palos Verdes District for 2001, 2002, 2003 or 2004 is precluded by the merger decision, and should be denied.

5. This decision should be made effective immediately to enable Applicant to implement the stipulation without delay.

### **INTERIM ORDER**

#### **IT IS ORDERED** that:

1. The joint motion for adoption of the stipulation (stipulation) between California Water Service Company (Applicant) and the Water Branch of the Commission's Office of Ratepayer Advocates is granted with the following exception. The stipulation is included with this decision as Attachment A.

2. Applicant's request for rate increases, and all matters related to the rate increases, for the Palos Verdes District is denied.

3. Except as specifically provided for in the stipulation and described herein, the applications are denied.

4. Applicant is authorized to file in accordance with General Order 96-A, and to make effective on not less than five days' notice, tariffs containing the test year 2001 increases for its Bakersfield and South San Francisco Districts as provided in the stipulation. The revised rates shall apply to service rendered on and after the tariffs' effective date.

5. Advice letters for authorized rate increases for 2002, 2003, and 2004 may be filed in accordance with General Order 96-A no earlier than November 1st of the preceding year. The filing shall include appropriate work papers. The increase shall be the amount authorized herein, or a proportionate lesser increase if Applicant's rate of return on rate base, adjusted to reflect rates then in effect, normal ratemaking adjustments, and the adopted change to this pro forma test, for the 12 months ending September 30<sup>th</sup> of the preceding year, exceeds the lower of (a) the rate of return on rate base found reasonable by the Commission for Applicant for the preceding year in the then most recent rate decision, or (b) the return on ratebase authorized herein for the preceding year. The advice letters shall be reviewed by the Commission's Water Division (WD) for conformity with this decision, and shall go into effect upon WD's determination of compliance, not earlier than January 1<sup>st</sup> of the year for which the increase is authorized, or 30 days after filing, whichever is later. The tariffs shall be applicable to service rendered on or after the effective date. WD shall inform the Commission if it finds the proposed increase does not comply with this decision or other Commission requirements.

6. Applicant is authorized to file advice letters seeking to recover in rates the reasonable costs of the capital additions specified in the stipulation for the Bakersfield and South San Francisco Districts.

7. Applications (A.) 00-09-009, A.00-09-011 and A.00-09-012 are closed.

8. A.00-09-010 remains open to consider the Special Facilities Fee and the amendment filed on January 5, 2001.

9. This order is effective today.

This order is effective today.

Dated August 23, 2001, at San Francisco, California.

LORETTA M. LYNCH

President

HENRY M. DUQUE

RICHARD A. BILAS

CARL W. WOOD

GEOFFREY F. BROWN

Commissioners

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

In the Matter of the Application of  
California Water Service Company  
(U 60 W), a Corporation, for an  
Order Authorizing it to Increase  
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the Palos Verdes District and  
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Revenue Requirements.

Application 00-09-009

And Related Matters.

Application 00-09-010

Application 00-09-011

Application 00-09-012

**STIPULATION**

**1.00 GENERAL**

1.01 The parties to this Stipulation before the California Public Utilities Commission (“Commission”) are California Water Service Company (“CWS”) and the Water Branch of the Office of Ratepayer Advocates (“ORA”) -- 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 Stipulation which they now submit for approval.

1.02 In addition, since this Stipulation 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 or law in dispute in this proceeding. Furthermore, the Parties intend that the approval of this Stipulation by the Commission not be construed as a precedent or statement of policy of any kind except as it relates to the current and future proceedings addressed in the Stipulation.

1.03 The Parties agree that no signatory to this Stipulation nor 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 Stipulation. All rights and remedies of the Parties are limited to those available before the Commission.

1.04 No Party to this Stipulation will provide, either privately or publicly, before this Commission any rationale or strategy for support of any compromise reached herein beyond that stated herein unless otherwise agreed to by the Parties.

1.05 All issues between the Parties have been resolved. The Stipulation between the Parties would result in an increase in gross revenues for the Bakersfield District of \$2,153,500, or 8.3%, in 2001; \$1,405,600, or 5.0%, in 2002; \$1,408,500, or 4.8%, in 2003, and \$1,430,500, or 4.6%, in 2004; for the Palos Verdes District of \$351,100, or 1.6%, in 2001; \$258,900, or 1.2%, in 2002; \$255,600, or 1.1%, in 2003, and \$264,600, or 1.1%, in 2004; for the South San Francisco District of \$736,900, or 8.7 %, in 2001; \$320,000, or 3.5%, in 2002; \$287,500, or 3.0%, in 2003, and \$293,400, or 3.0%, in 2004. As a result,

- The average bill for a metered residential customer in the Bakersfield District using 27 Ccf per month would increase from \$25.87 to \$28.18, or 8.9% and for a flat rate customer from \$26.49 to \$28.65, or 8.2% in 2001;
- The average bill for a residential customer in the Palos Verdes District using 26 Ccf per month would increase from \$64.62 to \$65.49, or 0.9% in 2001; and
- The average bill for a residential customer in the South San Francisco District using 9 Ccf per month would increase from \$21.95 to \$24.41, or 11.2% in 2001.

1.06 On January 9, 2001, ORA issued reports on the Results of Operations for CWS's Bakersfield, Hermosa-Redondo, Palos Verdes, and South San Francisco Districts. Also, on that date, ORA issued reports on CWS's general office, cost of capital, and proposed treatment plant in Bakersfield. These reports contain substantive recommendations with respect to CWS's request for a general increase in rates for the Bakersfield, Palos Verdes, and South San Francisco Districts and "Base Cases" for CWS's general office and the Palos Verdes and Hermosa-Redondo Districts. In accordance with Decision (D.) 00-05-047, CWS filed Base Cases to establish benchmarks for measuring synergies resulting from its merger with Dominguez Water Company.

1.07 The Parties convened at the Commission's offices in San Francisco on January 16 and 17, 2001, to discuss Stipulation. Representatives of ORA and CWS, the only parties of record at the time, met and discussed the merits of their respective positions. While general agreement was reached on most issues at these meetings, numerous discussions concerning disputed matters, final agreements, tables, and tariff schedules necessitated six additional weeks to complete. As in the case of any large company, the operating complexities and extensive financial data involved in negotiations often require additional data and clarification. Accordingly, in discussing ORA's reports and recommendations, the Parties exchanged updated and additional information during and after January 16 and 17.

1.08 Agreement was reached on all disputed matters, including the following principal items:

- Postal rates;
- Updated inflation factors provided by ORA's Monopoly Regulation Branch;
- Overheads;
- Invoices and bids for budgetary items;
- Recently recorded sales and expenditures;
- Descriptions for new and existing positions;
- Corrections to ORA's and CWS's calculations; and
- The timing and cost for the Bakersfield District's treatment plant, treatment at wells in the Bakersfield District, and reliability and operational improvements in the Palos Verdes District.

1.09 Since these items have a significant impact on ORA's and CWS's original estimates, the Parties agree a Stipulation reflecting these facts would avoid the time, expense, inconvenience, and uncertainty attendant to litigation. Accordingly, the Parties fashioned a Stipulation that they believe produces an overall result that is fair and reasonable in light of the entire record.

1.10 Below is an explanation of each element of the Stipulation. Attached are tariffs reflecting the Stipulation and tables that show the original position of the Parties and the stipulated position.

## **2.00 COST OF CAPITAL**

In its Application, CWS requested a return on common equity (ROE) of 10.75%, while ORA in its Report on Cost of Capital recommends 9.39%. After discussion

concerning comparable returns authorized for various water companies (including CWS) and current interest rates, the Parties agreed to a ROE of 9.8%. Additionally, CWS agrees to ORA's weighted cost of debt that reflects updated financial data. Attached as Appendix I is a table that shows the stipulated capital structure and overall returns for Test Years 2001 and 2002 and Attrition Years 2003 and 2004.

### **3.00 CUSTOMERS, SALES, AND REVENUE**

3.01 CWS accepts the adjustments to its customers, sales, and revenue as shown in ORA's reports, except for Industrial Sales and Revenue in the Bakersfield District and Other Sales and Revenue in the Palos Verdes and South San Francisco Districts. CWS estimated Other Sales using an average of 1997-1999, while ORA's estimates were developed using an average of 1998 and 1999. As a result of recent data, which shows a decline, the Parties agree that an average of their respective estimates for 2001 and 2002 should be used for Other Sales and that CWS's estimate should be used for Industrial Sales and Revenue in the Bakersfield District.

3.02 The Parties also agree that ORA's Operating Revenue in the Hermosa-Redondo District should be corrected to include \$103,500 of revenue from the sale of recycled water. In addition to providing potable water service in the Hermosa-Redondo District, CWS serves 21 customers recycled water purchased from the West Basin Municipal Water District. The revenues from this source were inadvertently excluded from ORA's original estimate.

### **4.00 EXPENSES FOR THE DISTRICTS**

4.01 Except for the items listed below, CWS agrees with the expenses for the Base Cases and the Test Years as shown in ORA's Reports on the Results of Operations for each district.

4.02 The Parties agree to use the factors for inflation provided by ORA's Monopoly Regulation Branch. ORA's memorandum containing these factors is attached.

4.03 Consistent with the treatment afforded in D.99-05-018, the Parties agree that 60% of the expenditures for painting tanks should be capitalized and 40% expensed.

4.04 Recently, the Commission authorized CWS's providers of electric service a temporary surcharge of 1 cent per kilowatt-hour. Since it would be effective for only 90 days and additional increases are anticipated, the Parties have not reflected

this surcharge in the expenses shown in the attached tables. The Parties agree that any increase due to purchased power should be filed in these districts, if appropriate, after greater certainty is achieved with respect to future electric rates.

4.05 The Parties agree that CWS's postage expenses should be revised to reflect the increase recently implemented by the United States Postal Service.

4.06 The Parties agree that ORA's estimated costs of producing water should be adjusted to reflect stipulated sales discussed in Section 3.01. Additionally, ORA agrees that these expenses should be revised to reflect CWS's operations in the Bakersfield and South San Francisco Districts. In the Bakersfield District, the Kern County Water Agency treats surplus water as pumped water and, in the South San Francisco District, surplus purchased water is the incremental source of supply.

4.07 ORA based its recommendation on the invoices for purchased chemicals, but now agrees that its estimates of purchased chemicals for the Bakersfield District should be revised to include consideration of CWS's Olcese Treatment Plant.

4.08 ORA's estimate of rent for the Hermosa-Redondo District was developed using an average of recorded expenses. Recorded expenses do not, however, fully reflect CWS's current rental agreement for the Customer Service Center. After reviewing the agreement, ORA agrees that CWS's estimate of rent should be used to reflect the amounts shown in that agreement.

4.09 ORA's estimate of rent in the South San Francisco District was developed using an average of recorded expenses. The recorded amounts are based on a percentage of revenues generated from a water main in the City of Colma. Since revenues have increased recently, CWS's rent has increased. ORA therefore agrees that CWS's estimates more closely approximate recent increases and should be used for setting rates.

4.10 As a result of specific information concerning growth in customers and the Bakersfield District's proposed water treatment plant, ORA agrees that its estimates of payroll should reflect the following additional employees:

Bakersfield District  
Test Year 2001  
    2 utility workers  
    2 customer service representatives  
    1 meter reader/service worker  
    1 operation and maintenance worker  
Test Year 2002



1 lead treatment plant operator  
1 treatment plant foreman

South San Francisco District  
Test Year 2001  
1 utility worker

4.11 ORA agrees that its estimates of payroll in the Hermosa-Redondo District should be increased by \$11,500 to reflect the annualized amount for personnel added in 1999.

## **5.00 ADDITIONS TO PLANT FOR THE DISTRICTS**

5.01 Except for the items listed below, CWS agrees with the additions for the Base Cases and the Test Years as shown in ORA's Reports on the Results of Operations.

5.02 The Bakersfield District's additions associated with the proposed water treatment plant and wellhead treatment are addressed below in Sections 7.00 and 9.00.

5.03 As discussed in Section 4.03 above, ORA and CWS agree that capitalized expenditures for painting tanks should be reduced by the following amounts:

<u>District</u>	<u>Year</u>	<u>Amount</u>
Bakersfield		
	2000	\$ 36,500
	2001	\$ 73,000
	2002	\$135,000
Hermosa-Redondo		
	2002	\$ 16,900
Palos Verdes		
	2000	\$ 32,600
	2001	\$ 46,600
	2002	\$ 9,600

South San Francisco

2000	\$ 34,900
2001	\$ 22,500
2002	\$ 35,600

5.04 After comparing recorded with forecasted expenditures, the Parties agree that ORA's estimates for office and field equipment should be increased by the following amounts: Bakersfield District - \$3,000 in 2001 and \$29,000 in 2002; Hermosa-Redondo District - \$4,200 in 2002; Palos Verdes District - \$12,900 in 2002; and South San Francisco District - \$4,000 in 2002.

5.05 The Parties agree that ORA's estimate for remodeling the field office in the Bakersfield District for additional storage should be increased by \$39,000 in 2001 to reflect the bid CWS has received. The Parties also agree that the vehicle for the Bakersfield District Manager does meet the criteria (6 years and 100,000 miles or 8 years or 125,000 miles) adopted in CWS's prior cases and should be included in ORA's estimate of the Bakersfield District's additions for 2001.

5.06 Based on a review of recorded data for 2000, the Parties agree that CWS's estimate of nonspecific expenditures for the Base Case in the Hermosa-Redondo District is reasonable and that ORA's estimate should be increased by \$50,000.

5.07 As a result of additional information that more clearly identifies the number and locations, the Parties agree that CWS's estimate for the installation of remote control systems for the South San Francisco District in 2001 is reasonable. Accordingly, ORA's estimate should be increased by \$20,000.

## **6.00 GENERAL OFFICE**

6.01 Except for the items listed below, CWS agrees with ORA's estimates of expenses and capital additions shown in its Report on the General Office.

6.02 The Parties agree to use the factors for inflation provided by ORA's Monopoly Regulation Branch. ORA's memorandum containing these factors is attached.

6.03 CWS is currently moving some customer-service functions from a mainframe computer to client-based servers. All functions are scheduled for conversion by the fourth quarter of 2002. Accordingly, the Parties agree to include \$150,000 (annual expenses equal \$200,000) in maintenance for the mainframe computer in 2002. CWS agrees to exclude these expenses starting in 2003.

6.04 ORA's report contains numerous adjustments to additions based on bids that CWS has received from vendors. The Parties agree that the bids should be used and that CWS's overhead (8%) should be added. Overheads are an allocation of the general office's expenses attributable to capital projects, including purchases. These changes increase ORA's estimate of additions by \$108,600 in 2000 and \$118,000 in 2001.

6.05 ORA's report contains various adjustments to the cost of passenger vehicles. After discussing the use, type, and actual cost, as well as the applicability of overheads to ORA's estimates, the Parties agree that a total cost of \$26,000 for 2000 and for 2001 should be used for each passenger vehicle. Furthermore, the Parties agree to reinstate the vehicle for the Purchasing Department Manager in ORA's estimate of additions for 2001 based on additional information concerning her responsibilities.

6.06 After discussing specifications and applications, ORA and CWS agree that \$2,100 should be used as the cost for each desktop computer, including software. This increases ORA's estimated additions by \$6,500 in 2000 and \$31,100 in 2001.

6.07 On January 18, 2001, CWS issued a request for proposal to install a Laboratory Information Management System for maintaining its data on water quality and submitting reports to the Department of Health Services. After reviewing the bid received from LabVantage of \$751,000, excluding overheads, the Parties agree that CWS's estimate of \$648,000 should be added to ORA's estimate of plant for 2001.

6.08 ORA reviewed additional information provided by CWS for the following items: tools, office furniture, SCADA alarms, SCADA testing, laser printers, security equipment, radios, portable flow meters, leak detectors, and heating and air conditioning. Based on this information, the Parties agree that ORA's estimates of plant should be increased by \$25,700 in 2000 and \$28,600 in 2001.

6.09 CWS's estimated additions for 2002 were primarily based on historical expenditures by category rather than a detailed description of specific items. After discussing their estimating methodologies, the Parties agree that CWS's historical expenditures should be included in the estimate for 2002. Therefore, the Parties agree that additions for 2002 should be \$2.8 million, which is lower than historical expenditures, \$428,000 lower than CWS's estimate, and \$1,684,000 lower than the stipulated estimate for 2001.

6.10 After discovering an error in its adjustment for vehicles, CWS reduced stipulated plant by \$44,700 in 2000, 2001 and 2002 and stipulated expenses by

\$3,900 in 2000, \$4,400 in 2001, and \$4,500 in 2002. ORA agrees with CWS's correction.

6.11 ORA and CWS agree that the stipulated rate base and expenses of the General Office should be used for the Palos Verdes and Hermosa-Redondo Base Cases. Additionally, the Parties agree that the revenue requirement for Test Years 2001 and 2002 in the Bakersfield, Palos Verdes, and South San Francisco Districts should be based on the rate base and expenses of the General Office adopted in D.99-05-018.

## **7.00 TREATMENT PLANT IN BAKERSFIELD**

7.01 As discussed in Application 00-09-010 and ORA's Report on Proposed Surface Water Treatment Plant at NE Bakersfield, CWS proposes to construct a plant capable of treating 20 million gallons per day of surface water. This plant would be built in response to new standards issued by the United States Environmental Protection Agency ("EPA") which affect CWS's groundwater. Additionally, the plant is designed to accommodate forecasted growth in the Bakersfield District and to replace groundwater rendered unreliable by the high cost of treating radon and other contaminants.

7.02 Currently, 99% of the Bakersfield District's customers receive water through an interconnected system, which has 135 wells that supply 92% of the total supply. The Parties agree that the new plant will benefit customers in several ways. Some customers will be delivered water directly from the plant, while others will receive water from existing supplies that meet EPA's new standards. Below are listed additional factors that, although not readily quantifiable, support the need for the plant:

- EPA's proposed rule for radon and the new Groundwater Treatment Rule may also impact wells that exceed the new Maximum Contaminant Level for arsenic.
- Some well sites cannot accommodate treatment plants or facilities for holding brine or sludge.
- Additional pumping could decrease the capacity of some wells due to the overdraft in the groundwater basin.
- Surface water should improve the recharge and reliability of groundwater.
- Expanding the plant will provide the most economical supply to meet future demand and replace contaminated groundwater.

- Restrictions on surface water supplied by the Kern County Water Agency prevent its use throughout CWS's Bakersfield District.
- CWS's plant that serves the Olcese Area must be replaced and groundwater is not a viable option there.

7.03 In its report ORA recommends that CWS amend its agreement dated, March 31, 1999, with the City of Bakersfield (City) for supplying water from the Kern River to the proposed plant. With respect to that agreement ORA expressed two concerns: 1) that the supply be compatible with the life of the plant and 2) that all customers be treated equally during times of shortage. CWS and the City staff have agreed on an amended contract that addresses ORA's concerns. ORA has no objection to the amended contract and CWS agrees that future contracts with the City will not restrict CWS's ability to provide all customers equal access to its supply.

7.04 Due to uncertainties concerning the total costs and timing for the treatment plant, ORA recommends that rates not be increased until after expenditures are incurred. Accordingly, ORA recommended in its report that CWS be allowed to file an advice letter in 2001, 2002, and 2003 to recover the incremental cost of the proposed treatment plant.

7.05 On February 6, 2001, Black & Veatch provided CWS with an estimate of \$33.7 million for the cost of the treatment plant. This estimate provides greater detail and more certainty with respect to costs and falls within the range of \$30.1 million to \$33.9 million of the preliminary estimate, as shown in ORA's report. Based on this information, the Parties agree that CWS should be authorized to file three advice letters for the revenue requirement associated with the incremental cost of the treatment plant, including labor, operating expenses, and interest during construction (IDC). Furthermore, the Parties agree that one advice letter may be filed in 2002, a second in 2003, and the third after the treatment plant is in service. Moreover, for the advice letters only, the capital costs should be limited to \$31.0 million, not including IDC. Additionally, the Parties agree that the limit should be increased by the accrued IDC and that IDC should continue to accrue until rates for the third advice letter become effective. The Parties agree that this procedure would ensure that rates only recover actual costs including depreciation specific to the treatment plant.

7.06 Additionally, the Parties agree that the cost of \$3.0 million for a main transporting raw water to the plant and an accompanying main carrying away finished water should be included in the adopted additions for 2001. Installation of these facilities will be in a right of way that will also serve as a municipal path

for bicycles. Accordingly, the Parties agree that the mains should be installed at the same time the path is constructed.

7.07 Finally, the Parties agree that advice letters for the mains transporting finished water from the treatment plant (excluding the main in Section 7.06 above) and the pumping facilities delivering raw water to the plant would also provide greater assurance that only actual costs and related expenses will be included in rates. Accordingly, the Parties agree that, after construction is completed, CWS should be authorized to file separate advice letters for these facilities. These advice letters should reflect the revenue requirement associated with the facilities, including IDC, which should accrue until the respective advice letter becomes effective.

## **8.00 [ Intentionally left blank]**

## **9.00 OTHER ADDITIONS BY ADVICE LETTER**

9.01 ORA's report for the Palos Verdes District expresses concern over the timing and cost of certain projects. After discussing these concerns, CWS agrees with ORA's recommended treatment for two specific projects. Accordingly, the Parties agree that CWS should be authorized to file an advice letter for costs associated with the Water Service Reliability Project (Phase 2) and improvements at the Operations Center. For purposes only of these advice letters, the Parties agree to limit the capital costs to \$750,000 for Phase 2 and \$235,000 for the Operations Center. Furthermore, the Parties agree that the advice letters should be filed only after the capital costs have been incurred.

9.02 In its report, ORA identifies several factors that contribute to the uncertainty of CWS's proposed treatment of arsenic at its wells in the Bakersfield District. In addition to the method of treatment and final costs, ORA cites uncertainty surrounding EPA's reduction in the standard for arsenic. On January 16, 2001, shortly after ORA's report was mailed, EPA promulgated a standard for arsenic of 10 parts per billion, down from 50 parts per billion. The Parties recognize that, even with EPA's new standard, the method of treatment and final costs are not certain. Accordingly, the Parties agree that CWS should be authorized to file advice letters for treatment on wells in the Bakersfield District and that each advice letter should cover a minimum of \$500,000 in capital expenditures, may include expenses for operation and maintenance, and must contain the following items:

- 1) Justification for the treatment chosen, including a comparison to other options and benefits;

- 2) Detailed data, including design, material, labor, overhead, and contingencies; and
- 3) Justification for expenses, including disposal of hazardous waste.

#### **10.00 DESIGN OF RATES**

The Parties agree that, consistent with the requirements of D.96-05-064, rates for general metered service should recover 50% of CWS's fixed costs through service charges and that a single commodity rate should recover the remaining fixed costs and all variable costs. Additionally, the Parties agree that the transition to the ratios (shown in Exhibits CWS-2, CWS-4, and CWS-8, page 12-1) established in 1991 should continue, but that a limit of no more than twice the average increase should apply. Finally, the Parties agree that to promote equity, the Bakersfield District's flat rates should be increased by the system average increase. The rates attached to this Stipulation meet these criteria.

#### **11.00 EFFECTIVE DATE FOR NEW RATES**

Consistent with D.90-08-045, which adopted a Revised Rate Case Plan for water utilities, the Parties agree that rates for Test Year 2001 should become effective five days after the effective date of the decision adopting this Stipulation. The language on page 12 of D.90-08-045 supports this position.

#### **12.00 INCREASE IN RATES FOR THE PALOS VERDES DISTRICT**

In D.00-05-047, the Commission adopted a procedure for CWS's first combined filing for its Palos Verdes and Hermosa-Redondo Districts and Dominguez's South Bay District. As required by the adopted procedure, CWS is scheduled to file a combined case in 2001, with rates effective in 2002. In response to the Assigned Commissioner's Ruling and Scoping Memo, dated January 11, 2001, in A.00-09-009 et al., the Parties have submitted briefs that show that CWS's request to increase rates for the Palos Verdes District is consistent with the procedure and requirements adopted in D.00-05-047. In the event it is modified for the Palos Verdes District, however, the parties agree that the Stipulation should be adopted without modification for all other districts, including the general office.

#### **13.00 PUBLIC MEETINGS**

A Public Meeting was held on March 12, 2001, in the Palos Verdes District and March 13, 2001, in the South San Francisco District. On March 16, 2001 ORA provided the Administrative Law Judge a summary of the issues raised by

customers at these meetings. The Parties agree that these issues do not warrant a change to the Stipulation.

#### **14.00 PROFORMA TEST**

Each water utility is required to demonstrate that it qualifies for any previously authorized Step and Attrition Increase by passing a proforma test. In the proforma test, recorded depreciation is used in determining whether the utility's earnings are expected to exceed the Commission's latest adopted return. To the extent that earnings exceed the adopted return, the increase is reduced or eliminated. Additionally, proforma revenues used in the test are based on the latest rates approved by the Commission. Since the rates in this Stipulation reflect a change in depreciation based on updated service lives, the use of recorded depreciation and the latest adopted revenues creates an inconsistency in the proforma test. The mismatch between revenues and expenses occurs because the adopted revenues are developed using a full year of the new rates, while recorded depreciation only reflects the new rates going forward from the date of the decision. To ensure that the proforma tests for the Bakersfield, Palos Verdes, and South San Francisco Districts properly align expenses and revenues, therefore, the Parties agree that CWS should be allowed to use the latest adopted depreciation and revenues.

#### **15.00 VERIFICATION**

The signatories to this Stipulation personally and independently verify that all elements of it, including the tables and tariffs, are correct, complete, and internally consistent.

WATER BRANCH OF THE CALIFORNIA WATER SERVICE OFFICE OF  
RATEPAYER ADVOCATES COMPANY

By: \s\ Donald McCrea  
Donald McCrea  
Project Manager

By: \s\ Francis S. Ferraro  
Francis S. Ferraro  
Vice President

California Public Utilities Commission California Water Service Company  
505 Van Ness Avenue 1720 N. First Street  
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(415) 703-3087 (408) 367-8225

Dated: March 27, 2001

Dated: March 27, 2001



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Appendix A	Summary of Earnings by District
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# APPENDIX A

## TABLE 1

### BAKERSFIELD DISTRICT SUMMARY OF EARNINGS

#### SUMMARY OF EARNINGS AND RATES OF RETURN

YEARS 2001 THROUGH 2002  
(DOLLARS IN THOUSANDS)

	PRESENT RATES		PROPOSED RATES	
	2001	2002	2001	2002
OPERATING REVENUES	\$ 25,904.8	\$ 26,115.5	\$ 28,058.7	\$ 29,464.3
OPERATIONS EXPENSES				
PURCHASED WATER	\$ 1,750.8	\$ 1,911.8	\$ 1,750.8	\$ 1,911.8
GROUNDWATER EXTRACTION CHARGE	\$ 1,787.1	\$ 1,812.4	\$ 1,787.1	\$ 1,812.4
PURCHASED POWER	\$ 3,754.6	\$ 3,792.5	\$ 3,754.6	\$ 3,792.5
PURCHASED CHEMICALS	\$ 158.8	\$ 162.4	\$ 158.8	\$ 162.4
PAYROLL - DISTRICT	\$ 3,726.3	\$ 3,941.1	\$ 3,726.3	\$ 3,941.1
OTHER OPERATION & MAINTENANCE	\$ 2,215.4	\$ 2,315.7	\$ 2,232.2	\$ 2,341.8
OTHER ADMIN & GENERAL EXP	\$ 227.1	\$ 232.2	\$ 227.1	\$ 232.2
TOTAL O&M, A&G, AND MISC EXP	\$ 13,620.1	\$ 14,168.1	\$ 13,636.9	\$ 14,194.2
TAXES OTHER THAN INCOME				
AD VALOREM TAXES	\$ 691.0	\$ 741.3	\$ 691.0	\$ 741.3
LOCAL FRANCHISE TAXES & BUS LIC	\$ 352.6	\$ 355.4	\$ 381.9	\$ 401.0
PAYROLL TAXES	\$ 363.6	\$ 384.5	\$ 363.6	\$ 384.5
TOTAL GENERAL TAXES	\$ 1,407.2	\$ 1,481.2	\$ 1,436.5	\$ 1,526.8
DEPRECIATION	\$ 2,450.4	\$ 2,658.6	\$ 2,450.4	\$ 2,658.6
G.O. PRORATED EXPENSES				
PAYROLL AND BENEFITS	\$ 2,061.3	\$ 2,139.7	\$ 2,061.3	\$ 2,139.7
AD VALOREM TAXES	\$ 22.9	\$ 25.0	\$ 22.9	\$ 25.0
PAYROLL TAXES	\$ 77.9	\$ 80.8	\$ 77.9	\$ 80.8
OTHER PRORATED EXPENSES	\$ 1,019.8	\$ 1,056.9	\$ 1,019.8	\$ 1,056.9
TOTAL G.O. PRORATED EXPENSES	\$ 3,181.9	\$ 3,302.4	\$ 3,181.9	\$ 3,302.4
SUB-TOTAL OPERATING EXPENSES	\$ 20,659.6	\$ 21,610.3	\$ 20,705.7	\$ 21,682.0
TOTAL INCOME TAXES	\$ 1,377.1	\$ 955.7	\$ 2,301.0	\$ 2,327.1
TOTAL OPERATING EXPENSES	\$ 22,036.7	\$ 22,566.0	\$ 23,006.7	\$ 24,009.1
NET OPERATING REVENUE	\$ 3,868.1	\$ 3,549.5	\$ 5,052.0	\$ 5,455.2
DEPRECIATED RATE BASE	\$ 55,984.2	\$ 60,653.8	\$ 55,984.2	\$ 60,653.8
RATE OF RETURN				
YEAR	6.91%	5.85%	9.02%	8.99%
CHANGE FROM PRIOR YEAR		-1.06%		-0.03%

**APPENDIX A**

**TABLE 2**

HERMOSA-REDONDO DISTRICT  
SUMMARY OF EARNINGS

SUMMARY OF EARNINGS AND RATES OF RETURN

BASE YEAR 2000  
(DOLLARS IN THOUSANDS)

	PRESENT RATES
	2000
OPERATING REVENUES	\$ 14,661.4
OPERATIONS EXPENSES	
PURCHASED WATER	\$ 6,422.5
GROUNDWATER EXTRACTION CHARGE	\$ 376.1
PURCHASED POWER	\$ 239.8
PURCHASED CHEMICALS	\$ 33.8
PAYROLL - DISTRICT	\$ 1,457.3
OTHER OPERATION & MAINTENANCE	\$ 661.2
OTHER ADMIN & GENERAL EXP	\$ 120.8
TOTAL O&M, A&G, AND MISC EXP	\$ 9,311.5
TAXES OTHER THAN INCOME	
AD VALOREM TAXES	\$ 258.7
LOCAL FRANCHISE TAXES & BUS LIC	\$ 24.5
PAYROLL TAXES	\$ 133.8
TOTAL GENERAL TAXES	\$ 417.0
DEPRECIATION	\$ 1,056.4
G.O. PRORATED EXPENSES	
PAYROLL AND BENEFITS	\$ 1,153.7
AD VALOREM TAXES	\$ 10.1
PAYROLL TAXES	\$ 47.5
OTHER PRORATED EXPENSES	\$ 654.8
TOTAL G.O. PRORATED EXPENSES	\$ 1,866.1
SUB-TOTAL OPERATING EXPENSES	\$ 12,651.0
TOTAL INCOME TAXES	\$ 375.9
TOTAL OPERATING EXPENSES	\$ 13,026.9
NET OPERATING REVENUE	\$ 1,634.4
DEPRECIATED RATE BASE	\$ 24,931.3
RATE OF RETURN	
YEAR	6.56%

# APPENDIX A

## TABLE 3

### PALOS VERDES DISTRICT SUMMARY OF EARNINGS

#### SUMMARY OF EARNINGS AND RATES OF RETURN

YEARS 2001 THROUGH 2002  
(DOLLARS IN THOUSANDS)

	BASECASE		PRESENT RATES		PROPOSED RATES	
	2000		2001	2002	2001	2002
OPERATING REVENUES	\$ 22,067.0	\$	22,233.7	\$ 22,401.0	\$ 22,584.8	\$ 22,843.7
OPERATIONS EXPENSES						
PURCHASED WATER	\$ 11,385.8	\$	11,482.0	\$ 11,578.4	\$ 11,482.0	\$ 11,578.4
GROUNDWATER EXTRACTION CHARGE	\$ -	\$	-	\$ -	\$ -	\$ -
PURCHASED POWER	\$ 1,774.0	\$	1,789.1	\$ 1,804.3	\$ 1,789.1	\$ 1,804.3
PURCHASED CHEMICALS	\$ -	\$	-	\$ -	\$ -	\$ -
PAYROLL - DISTRICT	\$ 1,420.3	\$	1,462.9	\$ 1,506.8	\$ 1,462.9	\$ 1,506.8
OTHER OPERATION & MAINTENANCE	\$ 732.7	\$	760.5	\$ 735.4	\$ 760.7	\$ 735.6
OTHER ADMIN & GENERAL EXP	\$ 111.4	\$	114.2	\$ 116.7	\$ 114.2	\$ 116.7
TOTAL O&M, A&G, AND MISC EXP	\$ 15,424.2	\$	15,608.7	\$ 15,741.6	\$ 15,608.9	\$ 15,741.8
TAXES OTHER THAN INCOME						
AD VALOREM TAXES	\$ 301.9	\$	329.0	\$ 334.6	\$ 329.0	\$ 334.6
LOCAL FRANCHISE TAXES & BUS LIC	\$ 225.9	\$	227.6	\$ 229.3	\$ 231.2	\$ 233.8
PAYROLL TAXES	\$ 112.3	\$	115.6	\$ 119.1	\$ 115.6	\$ 119.1
TOTAL GENERAL TAXES	\$ 640.1	\$	672.2	\$ 683.0	\$ 675.8	\$ 687.5
DEPRECIATION	\$ 1,022.6	\$	1,055.9	\$ 1,088.4	\$ 1,055.9	\$ 1,088.4
G.O. PRORATED EXPENSES						
PAYROLL AND BENEFITS	\$ 1,420.6	\$	1,293.2	\$ 1,342.3	\$ 1,293.2	\$ 1,342.3
AD VALOREM TAXES	\$ 12.5	\$	14.4	\$ 15.7	\$ 14.4	\$ 15.7
PAYROLL TAXES	\$ 58.5	\$	48.8	\$ 50.7	\$ 48.8	\$ 50.7
OTHER PRORATED EXPENSES	\$ 806.2	\$	639.8	\$ 663.0	\$ 639.8	\$ 663.0
TOTAL G.O. PRORATED EXPENSES	\$ 2,297.8	\$	1,996.2	\$ 2,071.7	\$ 1,996.2	\$ 2,071.7
SUB-TOTAL OPERATING EXPENSES	\$ 19,384.7	\$	19,333.0	\$ 19,584.7	\$ 19,336.8	\$ 19,589.4
TOTAL INCOME TAXES	\$ 749.2	\$	862.7	\$ 821.6	\$ 1,015.0	\$ 1,002.9
TOTAL OPERATING EXPENSES	\$ 20,133.9	\$	20,195.7	\$ 20,406.3	\$ 20,351.8	\$ 20,592.3
NET OPERATING REVENUE	\$ 1,933.2	\$	2,038.0	\$ 1,994.7	\$ 2,233.0	\$ 2,251.4
DEPRECIATED RATE BASE	\$ 24,130.0	\$	24,745.6	\$ 25,033.7	\$ 24,745.6	\$ 25,033.7
RATE OF RETURN						
YEAR	8.01%		8.24%	7.97%	9.02%	8.99%
CHANGE FROM PRIOR YEAR				-0.27%		-0.03%

**APPENDIX A**

**TABLE 4**

**SOUTH SAN FRANCISCO DISTRICT  
SUMMARY OF EARNINGS**

**SUMMARY OF EARNINGS AND RATES OF RETURN**

YEARS 2001 THROUGH 2002  
(DOLLARS IN THOUSANDS)

	<u>PRESENT RATES</u>		<u>PROPOSED RATES</u>	
	2001	2002	2001	2002
OPERATING REVENUES	\$ 8,477.1	\$ 8,598.0	\$ 9,214.0	\$ 9,534.0
OPERATIONS EXPENSES				
PURCHASED WATER	\$ 3,689.6	\$ 3,738.9	\$ 3,689.6	\$ 3,738.9
GROUNDWATER EXTRACTION CHARGE	\$ -	\$ -	\$ -	\$ -
PURCHASED POWER	\$ 166.6	\$ 168.9	\$ 166.6	\$ 168.9
PURCHASED CHEMICALS	\$ 14.4	\$ 14.7	\$ 14.4	\$ 14.7
PAYROLL - DISTRICT	\$ 881.2	\$ 907.6	\$ 881.2	\$ 907.6
OTHER OPERATION & MAINTENANCE	\$ 452.5	\$ 473.6	\$ 453.2	\$ 474.5
OTHER ADMIN & GENERAL EXP	\$ 91.8	\$ 93.8	\$ 91.8	\$ 93.8
TOTAL O&M, A&G, AND MISC EXP	\$ 5,296.1	\$ 5,397.5	\$ 5,296.8	\$ 5,398.4
TAXES OTHER THAN INCOME				
AD VALOREM TAXES	\$ 171.2	\$ 179.3	\$ 171.2	\$ 179.3
LOCAL FRANCHISE TAXES & BUS LIC	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.1
PAYROLL TAXES	\$ 71.9	\$ 74.1	\$ 71.9	\$ 74.1
TOTAL GENERAL TAXES	\$ 245.2	\$ 255.5	\$ 245.2	\$ 255.5
DEPRECIATION	\$ 724.5	\$ 782.0	\$ 724.5	\$ 782.0
G.O. PRORATED EXPENSES				
PAYROLL AND BENEFITS	\$ 604.6	\$ 627.5	\$ 604.6	\$ 627.5
AD VALOREM TAXES	\$ 6.7	\$ 7.3	\$ 6.7	\$ 7.3
PAYROLL TAXES	\$ 22.8	\$ 23.7	\$ 22.8	\$ 23.7
OTHER PRORATED EXPENSES	\$ 299.1	\$ 310.0	\$ 299.1	\$ 310.0
TOTAL G.O. PRORATED EXPENSES	\$ 933.2	\$ 968.5	\$ 933.2	\$ 968.5
SUB-TOTAL OPERATING EXPENSES	\$ 7,199.0	\$ 7,403.5	\$ 7,199.7	\$ 7,404.4
TOTAL INCOME TAXES	\$ 270.3	\$ 243.4	\$ 594.6	\$ 632.1
TOTAL OPERATING EXPENSES	<u>\$ 7,469.3</u>	<u>\$ 7,646.9</u>	<u>\$ 7,794.3</u>	<u>\$ 8,036.5</u>
NET OPERATING REVENUE	\$ 1,007.8	\$ 951.1	\$ 1,419.7	\$ 1,497.5
DEPRECIATED RATE BASE	\$ 15,734.1	\$ 16,650.0	\$ 15,734.1	\$ 16,650.0
RATE OF RETURN				
YEAR	6.41%	5.71%	9.02%	8.99%
CHANGE FROM PRIOR YEAR		-0.69%		-0.03%

## **Appendix B**

# Appendix B

## Page 1

TABLE A-1

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### SUMMARY OF EARNINGS (PRESENT & PROPOSED RATES)

TEST YEAR 2001  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION
<u>At Present Rates</u>			
OPERATING REVENUES	25,874.8	25,907.6	25,904.8
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	12,554.6	12,412.2	12,706.9
ADMINISTRATIVE & GENERAL	932.3	881.6	913.2
G.O. PRORATED EXPENSE	3,181.9	3,168.4	3,181.9
DEPRECIATION & AMORTIZATION	2,451.3	2,453.1	2,450.4
TAXES OTHER THAN INCOME	1,401.5	1,351.7	1,407.1
STATE CORP. FRANCHISE TAX	187.7	233.3	198.6
FEDERAL INCOME TAX	875.0	1,106.9	1,178.5
TOTAL OPERATING EXPENSES	21,584.3	21,607.2	22,036.6
NET OPERATING REVENUE	4,290.5	4,300.4	3,868.2
RATE BASE	59,801.7	54,489.4	55,984.2
RETURN ON RATE BASE	7.17%	7.89%	6.91%
<u>At Proposed Rates</u>			
OPERATING REVENUES (1)	28,400.8	28,428.1	28,058.7
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	12,574.3	12,431.9	12,723.7
ADMINISTRATIVE & GENERAL	932.3	881.6	913.2
G.O. PRORATED EXPENSE	3,181.9	3,168.4	3,181.9
DEPRECIATION & AMORTIZATION	2,451.3	2,453.1	2,450.4
TAXES OTHER THAN INCOME	1,435.8	1,383.0	1,436.4
STATE CORP. FRANCHISE TAX	406.3	451.6	384.9
FEDERAL INCOME TAX	1,740.2	1,971.3	1,916.1
TOTAL OPERATING EXPENSES	22,722.1	22,740.9	23,006.6
NET OPERATING REVENUE	5,678.7	5,687.2	5,052.1
RATE BASE	59,801.7	54,489.4	55,984.2
RETURN ON RATE BASE	9.50%	10.44%	9.02%

(1) CWS & ORA revenues at CWS originally proposed rates.

# Appendix B

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TABLE A-2

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### SUMMARY OF EARNINGS (PRESENT & PROPOSED RATES)

TEST YEAR 2002  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION
<u>At Present Rates</u>			
OPERATING REVENUES	26,085.3	26,118.1	26,115.5
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	13,198.9	12,855.8	13,210.3
ADMINISTRATIVE & GENERAL	1,022.7	901.0	957.8
G.O. PRORATED EXPENSE	3,302.4	3,261.6	3,302.4
DEPRECIATION & AMORTIZATION	2,879.0	2,586.0	2,658.6
TAXES OTHER THAN INCOME	1,536.4	1,352.4	1,481.2
STATE CORP. FRANCHISE TAX	(41.8)	198.0	109.6
FEDERAL INCOME TAX	51.1	923.4	846.1
TOTAL OPERATING EXPENSES	21,948.7	22,078.2	22,566.0
NET OPERATING REVENUE	4,136.6	4,039.9	3,549.5
RATE BASE	80,458.1	57,538.0	60,653.8
RETURN ON RATE BASE	5.14%	7.02%	5.85%
<u>At Proposed Rates</u>			
OPERATING REVENUES	32,306.1	32,338.4	29,464.3
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	13,247.5	12,904.4	13,236.4
ADMINISTRATIVE & GENERAL	1,022.7	901.0	957.8
G.O. PRORATED EXPENSE	3,302.4	3,261.6	3,302.4
DEPRECIATION & AMORTIZATION	2,879.0	2,586.0	2,658.6
TAXES OTHER THAN INCOME	1,621.1	1,433.6	1,526.8
STATE CORP. FRANCHISE TAX	496.3	736.4	399.3
FEDERAL INCOME TAX	2,105.4	2,978.6	1,927.8
TOTAL OPERATING EXPENSES	24,674.4	24,801.6	24,009.1
NET OPERATING REVENUE	7,631.7	7,536.8	5,455.2
RATE BASE	80,458.1	57,538.0	60,653.8
RETURN ON RATE BASE	9.49%	13.10%	8.99%



## Appendix B

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TABLE B-1

CALIFORNIA WATER SERVICE COMPANY  
BAKERSFIELD DISTRICT

WATER SALES PER AVERAGE CUSTOMER

TEST YEAR 2001

ITEM	CWS	ORA	STIPULATION
Metered Connections	( Ccf / Conn. / Year )		
RESIDENTIAL	329.1	329.1	329.1

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TABLE B-2

CALIFORNIA WATER SERVICE COMPANY  
BAKERSFIELD DISTRICT

WATER SALES PER AVERAGE CUSTOMER

TEST YEAR 2002

ITEM	CWS	ORA	STIPULATION
Metered Connections	( Ccf / Conn. / Year )		
RESIDENTIAL	332.1	332.1	332.1

# Appendix B

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TABLE C-1

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### AVERAGE NUMBER OF CUSTOMERS

TEST YEAR 2001

ITEM	CWS	ORA	STIPULATION
Metered Services			
RESIDENTIAL	13,862	13,862	13,862
BUSINESS	6,362	6,362	6,362
MULTI-FAMILY	448	448	448
INDUSTRIAL	41	41	41
PUBLIC AUTHORITY	353	353	353
OTHER	71	71	71
IRRIGATION	-	-	-
RECLAIMED	-	-	-
TOTAL	21,137	21,137	21,137
Flat Rate Services			
RESIDENTIAL FLAT	35,629	35,629	35,629
PRIVATE FIRE PROTECTION	684	684	684
PUBLIC FIRE PROTECTION	21	21	21
TOTAL	36,334	36,334	36,334
TOTAL SERVICES			
INCL. FIRE PROTECTION	57,471	57,471	57,471
EXCL. FIRE PROTECTION	56,766	56,766	56,766

# Appendix B

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TABLE C-2

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### AVERAGE NUMBER OF CUSTOMERS

TEST YEAR 2002

ITEM	CWS	ORA	STIPULATION
Metered Services			
RESIDENTIAL	14,673	14,673	14,673
BUSINESS	6,362	6,362	6,362
MULTI-FAMILY	448	448	448
INDUSTRIAL	41	41	41
PUBLIC AUTHORITY	354	354	354
OTHER	77	77	77
IRRIGATION	-	-	-
RECLAIMED	-	-	-
TOTAL	21,955	21,955	21,955
Flat Rate Services			
RESIDENTIAL FLAT	35,277	35,277	35,277
PRIVATE FIRE PROTECTION	704	704	704
PUBLIC FIRE PROTECTION	21	21	21
TOTAL	36,002	36,002	36,002
TOTAL SERVICES			
INCL. FIRE PROTECTION	57,957	57,957	57,957
EXCL. FIRE PROTECTION	57,232	57,232	57,232

# Appendix B

## Page 6

TABLE D-1

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### TOTAL SALES AND SUPPLY

TEST YEAR 2001

ITEM	CWS	ORA	STIPULATION
Metered Sales (KCcf)			
RESIDENTIAL	4,562.2	4,562.2	4,562.2
BUSINESS	5,258.1	5,279.0	5,279.0
MULTI-FAMILY	1,410.8	1,410.8	1,410.8
INDUSTRIAL	78.7	82.1	78.7
PUBLIC AUTHORITY	1,496.5	1,519.1	1,519.1
OTHER	51.0	51.0	51.0
IRRIGATION	-	-	-
RECLAIMED	-	-	-
	<hr/>		
TOTAL	12,857.3	12,904.2	12,900.8
RESIDENTIAL FLAT	16,205.7	16,205.7	16,205.7
UNACCOUNTED FOR WATER	2,527.2	2,531.3	2,531.0
	<hr/>		
TOTAL WATER SUPPLY	31,590.2	31,641.2	31,637.5
COMPANY WELLS	25,850.2	25,901.2	25,897.5
LEASED WELLS	51.2	51.2	51.2
PURCHASES - KCWA	5,688.8	5,688.8	5,688.8

# Appendix B

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TABLE D-2

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### TOTAL SALES AND SUPPLY

TEST YEAR 2002

ITEM	CWS	ORA	STIPULATION
Metered Sales (KCcf)			
RESIDENTIAL	4,873.4	4,873.4	4,873.4
BUSINESS	5,258.1	5,279.0	5,279.0
MULTI-FAMILY	1,437.3	1,437.3	1,437.3
INDUSTRIAL	78.7	82.1	78.7
PUBLIC AUTHORITY	1,496.5	1,519.1	1,519.1
OTHER	51.0	51.0	51.0
IRRIGATION	-	-	-
RECLAIMED	-	-	-
	<hr/>		
TOTAL	13,195.0	13,241.9	13,238.5
RESIDENTIAL FLAT	16,205.7	16,205.7	16,205.7
UNACCOUNTED FOR WATER	2,556.6	2,560.7	2,560.4
	<hr/>		
TOTAL WATER SUPPLY	31,957.3	32,008.3	32,004.6
COMPANY WELLS	26,217.3	26,268.3	26,264.6
LEASED WELLS	51.2	51.2	51.2
PURCHASES - KCWA	5,688.8	5,688.8	5,688.8

# Appendix B

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TABLE E-1

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### OPERATING REVENUES

TEST YEAR 2001  
(DOLLARS IN THOUSANDS)

	CWS	ORA	STIPULATION
<b>PRESENT RATES</b>			
<u>Metered Revenues</u>			
RESIDENTIAL	4,588.4	4,588.4	4,588.0
BUSINESS	4,760.3	4,774.9	4,774.9
MULTI-FAMILY	1,182.7	1,182.7	1,182.7
INDUSTRIAL	70.1	72.5	70.1
PUBLIC AUTHORITY	1,220.3	1,236.2	1,236.2
OTHER	62.2	62.2	62.2
IRRIGATION	-	-	-
RECLAIMED	-	-	-
TOTAL	11,884.0	11,916.9	11,914.1
<u>Flat Rate Revenues</u>			
RESIDENTIAL FLAT	13,557.6	13,557.6	13,557.6
PRIVATE FIRE	292.0	292.0	292.0
PUBLIC FIRE	8.9	8.9	8.9
OTHER	40.5	40.5	40.5
TOTAL	13,899.0	13,899.0	13,899.0
DEFERRED REVENUES	91.9	91.9	91.9
TOTAL OPERATING REVENUES	25,874.9	25,907.8	25,905.0
<b>PROPOSED RATES</b>			
<u>Metered Revenues</u>			
RESIDENTIAL	5,110.9	5,110.9	5,041.0
BUSINESS	5,224.4	5,234.3	5,168.9
MULTI-FAMILY	1,282.1	1,282.1	1,264.8
INDUSTRIAL	76.8	79.2	75.7
PUBLIC AUTHORITY	1,316.9	1,331.9	1,315.2
OTHER	71.0	71.0	70.0
IRRIGATION	-	-	-
RECLAIMED	-	-	-
TOTAL	13,082.1	13,109.4	12,935.6
<u>Flat Rate Revenues</u>			
RESIDENTIAL FLAT	14,884.3	14,884.3	14,688.1
PRIVATE FIRE	292.0	292.0	292.0
PUBLIC FIRE	8.9	8.9	8.9
OTHER	41.7	41.7	42.2
TOTAL	15,226.9	15,226.9	15,031.2
DEFERRED REVENUES	91.9	91.9	91.9
TOTAL OPERATING REVENUES	28,400.9	28,428.2	28,058.7

# Appendix B

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TABLE E-2

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### OPERATING REVENUES

TEST YEAR 2002  
(DOLLARS IN THOUSANDS)

	CWS	ORA	STIPULATION
<b>PRESENT RATES</b>			
Metered Revenues			
RESIDENTIAL	4,888.2	4,888.2	4,888.0
BUSINESS	4,760.3	4,774.9	4,774.9
MULTI-FAMILY	1,201.2	1,201.2	1,201.2
INDUSTRIAL	70.1	72.5	70.1
PUBLIC AUTHORITY	1,220.3	1,236.2	1,236.2
OTHER	64.4	64.4	64.4
IRRIGATION	-	-	-
RECLAIMED	-	-	-
TOTAL	12,204.5	12,237.4	12,234.8
Flat Rate Revenues			
RESIDENTIAL FLAT	13,445.5	13,445.5	13,445.5
PRIVATE FIRE	300.5	300.5	300.5
PUBLIC FIRE	8.9	8.9	8.9
OTHER	40.5	40.5	40.5
TOTAL	13,795.4	13,795.4	13,795.4
DEFERRED REVENUES	85.4	85.4	85.4
TOTAL OPERATING REVENUES	26,085.3	26,118.2	26,115.6
<b>PROPOSED RATES</b>			
Metered Revenues			
RESIDENTIAL	6,042.8	6,042.8	5,554.8
BUSINESS	5,896.3	5,908.2	5,341.8
MULTI-FAMILY	1,476.3	1,476.3	1,325.4
INDUSTRIAL	86.9	89.6	78.3
PUBLIC AUTHORITY	1,493.4	1,510.6	1,356.8
OTHER	83.8	83.8	75.6
IRRIGATION	-	-	-
RECLAIMED	-	-	-
TOTAL	15,079.5	15,111.3	13,732.7
Flat Rate Revenues			
RESIDENTIAL FLAT	16,790.1	16,790.1	15,294.5
PRIVATE FIRE	300.5	300.5	300.5
PUBLIC FIRE	8.9	8.9	8.9
OTHER	42.2	42.2	42.3
TOTAL	17,141.7	17,141.7	15,646.2
DEFERRED REVENUES	85.4	85.4	85.4
TOTAL OPERATING REVENUES	32,306.6	32,338.4	29,464.3

# Appendix B

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TABLE F-1

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### OPERATION & MAINTENANCE EXPENSES

TEST YEAR 2001  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
OPERATING REVENUES	25,874.8	25,907.6	25,904.8
Uncollectible rate	0.78104%	0.78104%	0.78104%
Uncollectibles	202.1	202.3	202.3
OPERATIONS EXPENSES			
PURCHASED WATER	1,750.8	1,745.9	1,750.8
GROUNDWATER EXTRACTION	1,783.9	1,783.9	1,787.1
PURCHASED POWER	3,749.2	3,749.2	3,754.6
PURCHASED CHEMICALS	156.8	128.3	158.8
PAYROLL	2,328.6	2,254.6	2,363.5
POSTAGE	182.8	177.8	184.7
TRANSPORTATION	182.6	180.6	184.7
PURCHASED SERVICES			
SOURCE OF SUPPLY	0.1	0.1	0.1
PUMPING	209.9	209.9	212.8
WATER TREATMENT	73.0	72.7	73.8
TRANS. & DISTRIBUTION	285.9	285.9	289.8
CUSTOMER ACCOUNTING	(41.2)	(41.2)	(41.9)
CONSERVATION EXPENSES	6.1	6.1	6.1
TOTAL OPERATIONS EXPENSES	10,870.6	10,756.1	10,927.2
MAINTENANCE EXPENSES			
PAYROLL	666.7	645.5	676.7
TRANSPORTATION	42.9	42.9	43.4
STORES	107.9	101.2	109.2
CONTRACTED MAINTENANCE	866.5	866.5	950.4
TOTAL MAINTENANCE EXPENSES	1,684.0	1,656.1	1,779.7
TOTAL O & M EXPENSES (incl. uncollectibles)	12,554.6	12,412.2	12,706.9
<u>At CWS Proposed Rates</u>			
OPERATING REVENUES	28,400.8	28,428.1	28,058.7
Uncollectible Rate	0.78104%	0.78104%	0.78104%
Uncollectibles	221.8	222.0	219.1
Total O&M Expenses (incl. uncollectibles)	12,574.3	12,431.9	12,723.7

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.



# Appendix B

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TABLE F-2

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### OPERATION & MAINTENANCE EXPENSES

TEST YEAR 2002  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
OPERATING REVENUES	26,085.3	26,118.1	26,115.5
Uncollectible rate	0.78104%	0.78104%	0.78104%
Uncollectibles	203.7	204.0	204.0
OPERATIONS EXPENSES			
PURCHASED WATER	1,911.8	2,018.4	1,911.8
GROUNDWATER EXTRACTION	1,809.1	1,809.1	1,812.4
PURCHASED POWER	3,787.1	3,787.1	3,792.5
PURCHASED CHEMICALS	160.4	131.2	162.4
PAYROLL	2,619.7	2,303.7	2,499.8
POSTAGE	185.8	179.3	186.2
TRANSPORTATION	185.0	184.6	185.5
PURCHASED SERVICES			
SOURCE OF SUPPLY	0.1	0.1	0.1
PUMPING	214.7	214.7	217.6
WATER TREATMENT	74.7	74.3	75.5
TRANS. & DISTRIBUTION	292.5	292.5	296.3
CUSTOMER ACCOUNTING	(42.1)	(42.1)	(42.8)
CONSERVATION EXPENSES	6.1	6.1	6.1
TOTAL OPERATIONS EXPENSES	11,408.6	11,163.0	11,307.4
MAINTENANCE EXPENSES			
PAYROLL	750.1	659.6	715.7
TRANSPORTATION	43.4	43.4	43.5
STORES	110.4	103.4	111.6
CONTRACTED MAINTENANCE	886.4	886.4	1,032.1
TOTAL MAINTENANCE EXPENSES	1,790.3	1,692.8	1,902.9
TOTAL O & M EXPENSES (incl. uncollectibles)	13,198.9	12,855.8	13,210.3
<u>At CWS Proposed Rates</u>			
OPERATING REVENUES	32,306.6	32,085.8	29,464.3
Uncollectible Rate	0.78104%	0.78104%	0.78104%
Uncollectibles	252.3	250.6	230.1
Total O&M Expenses (incl. uncollectibles)	13,247.5	12,902.4	13,236.4

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.

# Appendix B

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### TABLE G-1

#### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### ADMINISTRATIVE & GENERAL EXPENSES

TEST YEAR 2001  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
Operating Revenue	25,874.8	25,907.6	25,904.8
Effective Local Franchise Tax Rate	1.36100%	1.36100%	1.36100%
LOCAL FRANCHISE TAX	352.2	352.6	352.6
BUSINESS LICENSE	0.0	0.0	0.0
PAYROLL	675.9	654.5	686.1
TRANSPORTATION EXPENSES	0.3	0.3	0.3
PURCHASED SERVICES			
RENTS	23.0	6.1	6.1
ADMIN CHARGES TRF	0.0	0.0	0.0
NONSPECIFICS	234.0	221.6	221.6
MISCELLANEOUS EXPENSES			
AMORT. OF LIMITED TERM INV.	3.1	3.1	3.1
RATE MAKING ADJUSTMENTS			
DUES & DONATIONS	(4.0)	(4.0)	(4.0)
TOTAL A & G EXPENSES	932.3	881.6	913.2
(Incl. local franch. tax & bus. lic.)	1,284.5	1,234.2	1,265.8
<u>At Proposed Rates</u>			
Operating Revenue	28,400.8	28,428.1	28,058.7
Effective Local Franchise Tax Rate	1.36100%	1.36100%	1.36100%
LOCAL FRANCHISE TAX	386.5	386.9	381.9
BUSINESS LICENCE	0.0	0.0	0.0
TOTAL A & G EXPENSES	932.3	881.6	913.2
(Incl. local franch. tax & bus. lic.)	1,318.8	1,268.5	1,295.1

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.

# Appendix B

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### TABLE G-2

#### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### ADMINISTRATIVE & GENERAL EXPENSES

TEST YEAR 2002  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
Operating Revenue	26,085.3	26,118.1	26,115.5
Effective Local Franchise Tax Rate	1.36100%	1.36100%	1.36100%
LOCAL FRANCHISE TAX	355.0	355.5	355.4
BUSINESS LICENSE	0.0	0.0	0.0
PAYROLL	760.4	668.8	725.6
TRANSPORTATION EXPENSES	0.3	0.3	0.3
PURCHASED SERVICES			
RENTS	23.5	6.2	6.2
ADMIN CHARGES TRF	0.0	0.0	0.0
NONSPECIFICS	239.4	226.6	226.6
MISCELLANEOUS EXPENSES			
AMORT. OF LIMITED TERM INV.	3.1	3.1	3.1
RATE MAKING ADJUSTMENTS			
DUES & DONATIONS	(4.0)	(4.0)	(4.0)
TOTAL A & G EXPENSES	1,022.7	901.0	957.8
(Incl. local franch. tax & bus. lic.)	1,377.7	1,256.5	1,313.2
<u>At Proposed Rates</u>			
Operating Revenue	32,306.6	32,085.8	29,464.3
Effective Local Franchise Tax Rate	1.36100%	1.36100%	1.36100%
LOCAL FRANCHISE TAX	439.7	436.7	401.0
BUSINESS LICENCE	0.0	0.0	0.0
TOTAL A & G EXPENSES	1,022.7	901.0	957.8
(Incl. local franch. tax & bus. lic.)	1,462.4	1,337.7	1,358.8

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.

# Appendix B

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TABLE H-1

CALIFORNIA WATER SERVICE COMPANY  
BAKERSFIELD DISTRICT

TAXES OTHER THAN INCOME TAXES

TEST YEAR 2001  
(DOLLARS IN THOUSANDS)

ITEM	(DOLLARS IN THOUSANDS)		
Metered Connections	CWS	ORA	STIPULATION
AD VALOREM TAXES	691.1	649.0	691.0
BUSINESS LICENSE FEES-PRESENT RATES	-	-	-
BUSINESS LICENSE FEES-PROPOSED RATES	-	-	-
LOCAL FRANCHISE TAXES- PRESENT RATES	352.2	352.6	352.6
LOCAL FRANCHISE TAXES- PROPOSED RATES	386.5	383.9	381.9
PAYROLL TAXES	358.2	350.1	363.6
Taxes other than income (present rates)	1,401.5	1,351.7	1,407.1
Taxes other than income (proposed rates)	1,435.8	1,383.0	1,436.4

TABLE H-2

CALIFORNIA WATER SERVICE COMPANY  
BAKERSFIELD DISTRICT

TAXES OTHER THAN INCOME TAXES

TEST YEAR 2002  
(DOLLARS IN THOUSANDS)

ITEM	(DOLLARS IN THOUSANDS)		
Metered Connections	CWS	ORA	STIPULATION
AD VALOREM TAXES	778.5	610.9	741.3
BUSINESS LICENSE FEES-PRESENT RATES	-	-	-
BUSINESS LICENSE FEES-PROPOSED RATES	-	-	-
LOCAL FRANCHISE TAXES- PRESENT RATES	355.0	355.5	355.4
LOCAL FRANCHISE TAXES- PROPOSED RATES	439.7	436.7	401.0
PAYROLL TAXES	403.0	386.0	384.5
Taxes other than income (present rates)	1,536.5	1,352.4	1,481.2
Taxes other than income (proposed rates)	1,621.2	1,433.6	1,526.8

# Appendix B

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TABLE I-1

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### TAXES BASED ON INCOME

TEST YEAR 2001  
(Present Rates)

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
OPERATING REVENUES	25,874.9	25,907.6	25,904.8
DEDUCTIONS			
O & M EXPENSES	12,554.6	12,412.2	12,706.9
A & G EXPENSES	932.3	881.6	913.2
G.O. PRORATED	3,181.9	3,168.4	3,181.9
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	1,401.5	1,351.7	1,407.1
INTEREST	2,159.2	1,932.6	2,100.8
TOTAL	20,229.5	19,746.5	20,309.9
INCOME BEFORE TAXES	5,645.4	6,161.1	5,594.9
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation & Trans Deprec Adjust	(3,521.5)	(3,522.4)	(3,349.1)
Taxable income for CCFT	2,123.9	2,638.7	2,245.8
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	187.7	233.3	198.5
<u>Federal Income Tax (FIT)</u>			
Federal Tax Deductions	2,948.3	2,755.8	2,019.8
State Income Tax Deduction	187.7	233.3	198.5
Preferred Stock Dividend Credit	9.3	9.3	9.3
Taxable Income for FIT	2,500.1	3,162.7	3,367.3
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	875.0	1,107.0	1,178.5
TOTAL FIT & CCFT	1,062.7	1,340.2	1,377.0

# Appendix B

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TABLE I-2

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### TAXES BASED ON INCOME

TEST YEAR 2001  
(Proposed Rates)

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
OPERATING REVENUES	28,400.8	28,428.1	28,058.7
DEDUCTIONS			
O & M EXPENSES	12,574.3	12,431.9	12,723.7
A & G EXPENSES	932.3	881.6	913.2
G.O. PRORATED	3,181.9	3,168.4	3,181.9
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	1,435.8	1,383.0	1,436.4
INTEREST	2,159.2	1,932.6	2,100.8
TOTAL	20,283.5	19,797.5	20,356.0
INCOME BEFORE TAXES	8,117.2	8,630.6	7,702.7
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation & Trans Deprec Adjust	(3,521.5)	(3,522.4)	(3,349.1)
Taxable income for CCFT	4,595.7	5,108.2	4,353.6
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	406.3	451.6	384.9
<u>Federal Income Tax (FIT)</u>			
Federal Tax Deductions	2,729.7	2,537.5	2,078.4
State Income Tax Deduction	406.3	451.6	140.5
Preferred Stock Dividend Credit	9.3	9.3	9.3
Taxable Income for FIT	4,971.9	5,632.2	5,474.5
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	1,740.2	1,971.3	1,916.1
TOTAL FIT & CCFT	2,146.4	2,422.8	2,301.0

# Appendix B

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TABLE I-3

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### TAXES BASED ON INCOME

TEST YEAR 2002  
(Present Rates)

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
OPERATING REVENUES	26,085.3	26,118.2	26,115.5
DEDUCTIONS			
O & M EXPENSES	13,198.9	12,855.8	13,210.3
A & G EXPENSES	1,022.7	901.0	957.8
G.O. PRORATED	3,302.4	3,261.6	3,302.4
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	1,536.4	1,352.4	1,481.2
INTEREST	2,824.5	1,893.9	2,302.1
TOTAL	21,884.9	20,264.7	21,253.8
INCOME BEFORE TAXES	4,200.3	5,853.4	4,861.7
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation & Trans Deprec Adjust	(4,673.6)	(3,613.3)	(3,622.2)
Taxable income for CCFT	(473.3)	2,240.1	1,239.5
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	(41.8)	198.0	109.6
<u>Federal Income Tax (FIT)</u>			
Federal Tax Depreciation	4,086.8	3,008.0	2,236.6
State Income Tax Deduction	(41.8)	198.0	198.5
Preferred Stock Dividend Credit	9.3	9.3	9.3
Taxable Income for FIT	146.0	2,638.2	2,417.3
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	51.1	923.4	846.1
TOTAL FIT & CCFT	9.3	1,121.4	955.7

# Appendix B

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TABLE I-4

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### TAXES BASED ON INCOME

TEST YEAR 2002  
(Proposed Rates)

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
OPERATING REVENUES	32,306.6	32,338.4	29,464.3
DEDUCTIONS			
O & M EXPENSES	13,247.5	12,904.4	13,236.4
A & G EXPENSES	1,022.7	901.0	957.8
G.O. PRORATED	3,302.4	3,261.6	3,302.4
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	1,621.1	1,433.6	1,526.8
INTEREST	2,824.5	1,893.9	2,302.1
TOTAL	22,018.2	20,394.5	21,325.5
INCOME BEFORE TAXES	10,288.4	11,943.9	8,138.8
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation & Trans Deprec Adjust	(4,673.6)	(3,613.3)	(3,622.2)
Taxable income for CCFT	5,614.8	8,330.6	4,516.6
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	496.3	736.4	399.3
<u>Federal Income Tax (FIT)</u>			
Federal Tax Depreciation	3,767.2	2,687.9	2,232.0
State Income Tax Deduction	496.3	736.4	389.6
Preferred Stock Dividend Credit	9.3	9.3	9.3
Taxable Income for FIT	6,015.6	8,510.4	5,507.9
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	2,105.5	2,978.6	1,927.8
TOTAL FIT & CCFT	2,601.8	3,715.1	2,327.1



# Appendix B

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TABLE J-1

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### PLANT IN SERVICE

TEST YEAR 2001

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Plant in Service - BOY	109,800.9	109,806.8	109,772.2
Beginning Balance - CWIP	-	-	-
Total BOY	109,800.9	109,806.8	109,772.2
Additions			
Utility Funded	16,622.1	5,764.3	8,579.3
Advances	806.3	806.3	806.3
Contributions	192.5	192.5	192.5
Gross Additions	17,620.9	6,763.1	9,578.1
Retirements	(385.6)	(385.6)	(385.6)
Change in CWIP Balance	-	-	-
Plant in Service - EOY	127,036.2	116,184.3	118,964.7
Weighting Factor	47.2%	47.2%	47.2%
Weighted Average Plant in Service	117,936.0	112,817.0	114,111.1

# Appendix B

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TABLE J-2

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### PLANT IN SERVICE

TEST YEAR 2002

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Plant in Service - BOY	127,036.3	116,184.3	118,964.8
Beginning Balance - CWIP	-	-	-
Total BOY	127,036.3	116,184.3	118,964.8
Additions			
Utility Funded	31,085.9	5,790.2	5,707.3
Advances	806.3	806.3	806.3
Contributions	(67.0)	(67.0)	(67.0)
Gross Additions	31,825.2	6,529.5	6,446.6
Retirements	(428.3)	(428.3)	(428.3)
Change in CWIP Balance	-	-	-
Plant in Service - EOY	158,433.2	122,285.5	124,983.1
Weighting Factor	47.2%	47.2%	47.2%
Weighted Average Plant in Service	141,855.6	119,064.1	121,805.4

# Appendix B

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### TABLE K-1

#### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### DEPRECIATION RESERVE & EXPENSE

TEST YEAR 2001

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Depreciation Reserve - BOY	32,628.3	32,628.3	32,628.3
ACCRUALS			
TRANSPORTATION EQUIPMENT	190.0	190.0	190.0
OTHER PLANT IN SERVICE	2,451.3	2,453.1	2,450.4
CONTRIBUTED PLANT	226.1	226.1	226.1
TOTAL ACCRUALS	2,867.4	2,869.2	2,866.5
RETIREMENTS	(300.8)	(300.8)	(300.8)
NET ADDITIONS	2,566.6	2,568.4	2,565.7
DEPRECIATION ADJUSTMENT	-	-	-
DEPRECIATION RESERVE - EOY	35,194.9	35,196.7	35,194.0
Weighting Factor	47.20%	47.20%	47.20%
Weighted Average Depr. Reserve	33,839.7	33,840.6	33,839.3

# Appendix B

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TABLE K-2

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### DEPRECIATION RESERVE & EXPENSE

TEST YEAR 2002

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Depreciation Reserve - BOY	35,194.8	35,196.7	35,194.0
ACCRUALS			
TRANSPORTATION EQUIPMENT	225.4	225.4	225.4
OTHER PLANT IN SERVICE	2,879.0	2,586.0	2,658.5
CONTRIBUTED PLANT	231.9	231.9	231.9
TOTAL ACCRUALS	3,336.3	3,043.3	3,115.8
RETIREMENTS	(334.6)	(334.6)	(334.6)
NET ADDITIONS	3,001.7	2,708.7	2,781.2
DEPRECIATION ADJUSTMENT	-	-	-
DEPRECIATION RESERVE - EOY	38,196.5	37,905.4	37,975.2
Weighting Factor	47.20%	47.20%	47.20%
Weighted Average Depr. Reserve	36,611.6	36,475.2	36,506.7

# Appendix B

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TABLE L-1

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### WEIGHTED AVERAGE DEPRECIATED RATE BASE

TEST YEAR 2001

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
WEIGHTED AVERAGE PLANT	117,936.0	112,817.0	114,111.1
Materials & Supplies	290.2	290.2	290.2
Working Cash - Gross	0.0	0.0	0.0
Working Cash - Lead/Lag	(663.0)	(663.0)	(684.5)
Working Cash - W/H Empl.	(5.5)	(5.5)	(5.5)
Total Working Cash	(668.5)	(668.5)	(690.0)
WTD AVERAGE DEPR. RESERVE	33,839.7	33,840.6	33,839.3
SUBTOTAL	83,718.0	78,598.1	79,872.0
DEDUCTION FROM RATE BASE			
Advances	14,273.1	14,273.1	14,273.1
Contributions	6,513.4	6,513.4	6,513.4
Reserve Amortization of Intangibles	19.5	19.5	19.5
Accumulated Deferred FIT	6,579.5	6,579.5	6,551.0
Accumulated Unamortized ITC	416.2	416.2	416.2
TOTAL DEDUCTIONS	27,801.7	27,801.7	27,773.2
ADDITIONS TO RATE BASE			
Accumulated Deferred Taxes - CIAC	616.9	616.9	616.9
Accumulated Deferred Taxes - Advances	1,144.6	1,144.6	1,144.6
TOTAL ADDITIONS	1,761.5	1,761.5	1,761.5
DISTRICT RATE BASE	57,677.8	52,557.9	53,860.3
PRORATED G.O. RATE BASE	2,123.9	1,931.5	2,123.9
AVERAGE RATE BASE	59,801.7	54,489.4	55,984.2

# Appendix B

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TABLE L-2

### CALIFORNIA WATER SERVICE COMPANY BAKERSFIELD DISTRICT

#### WEIGHTED AVERAGE DEPRECIATED RATE BASE

TEST YEAR 2002

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
WEIGHTED AVERAGE PLANT	141,855.6	119,064.1	121,805.4
Materials & Supplies	290.2	290.2	290.2
Working Cash - Gross	0.0	0.0	0.0
Working Cash - Lead/Lag	(644.5)	(644.5)	(669.9)
Working Cash - W/H Empl.	(5.5)	(5.5)	(5.5)
Total Working Cash	(650.0)	(650.0)	(675.4)
WTD AVERAGE DEPR. RESERVE	36,611.6	36,475.2	36,506.7
SUBTOTAL	104,884.2	82,229.1	84,913.5
DEDUCTION FROM RATE BASE			
Advances	14,386.4	14,386.4	14,386.4
Contributions	6,512.2	6,512.2	6,512.2
Reserve Amortization of Intangibles	22.6	22.6	22.6
Accumulated Deferred FIT	7,110.8	7,110.8	6,944.5
Accumulated Unamortized ITC	402.0	402.0	402.0
TOTAL DEDUCTIONS	28,434.0	28,434.0	28,267.7
ADDITIONS TO RATE BASE			
Accumulated Deferred Taxes - CIAC	585.0	585.0	585.0
Accumulated Deferred Taxes - Advances	1,102.7	1,102.7	1,102.7
TOTAL ADDITIONS	1,687.7	1,687.7	1,687.7
DISTRICT RATE BASE	78,137.9	55,482.8	58,333.5
PRORATED G.O. RATE BASE	2,320.3	2,055.2	2,320.3
AVERAGE RATE BASE	80,458.2	57,538.0	60,653.8

# Appendix B

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TABLE M

CALIFORNIA WATER SERVICE COMPANY  
BAKERSFIELD DISTRICT

NET-TO-GROSS MULTIPLIER

TEST YEARS 2001 & 2002

ITEM	CWS	ORA	STIPULATION
1) Uncollectibles (%)	0.78104%	0.78104%	0.78104%
2) 1- Uncoll (100% - Line 1)	99.21896%	99.21896%	99.21896%
3) Franchise Tax Rate	1.36100%	1.36100%	1.36100%
4) Local Franchise (Line 3 * Line 2)	1.35037%	1.35037%	1.35037%
5) Business License Rate	0.00000%	0.00000%	0.00000%
6) Business License (Line 5 * Line 2)	0.00000%	0.00000%	0.00000%
7) Subtotal (Line 1 + Line 2)	2.13141%	2.13141%	2.13141%
8) 1 - Subtotal (100% - Line 3)	97.86859%	97.86859%	97.86859%
9) CCFT (Line 8 * 8.84%)	8.65158%	8.65158%	8.65158%
10) FIT (Line 8 * 35%)	34.25401%	34.25401%	34.25401%
11) Total Taxes Paid (Line 7 + Line 9 + Line 10)	45.03700%	45.03700%	45.03700%
12) Net after taxes (1 - Line 11)	54.96300%	54.96300%	54.96300%
Net-to-Gross Multiplier (1 / Line 12)	1.81941	1.81941	1.81941

## **Appendix C**



# Appendix C

## Page 1

TABLE A-1

### CALIFORNIA WATER SERVICE COMPANY HERMOSA-REDONDO DISTRICT

#### SUMMARY OF EARNINGS (PRESENT RATES)

BASE YEAR 2000  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION
<u>At Present Rates</u>			
OPERATING REVENUES	14,661.4	14,661.4	14,661.4
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	9,111.3	8,914.9	8,942.3
ADMINISTRATIVE & GENERAL	362.6	344.7	369.3
G.O. PRORATED EXPENSE	1,856.7	1,850.7	1,866.1
DEPRECIATION & AMORTIZATION	1,056.4	1,056.4	1,056.4
TAXES OTHER THAN INCOME	417.0	417.0	417.0
STATE CORP. FRANCHISE TAX	42.2	61.7	68.9
FEDERAL INCOME TAX	254.5	339.7	307.0
TOTAL OPERATING EXPENSES	13,100.7	12,985.1	13,027.0
NET OPERATING REVENUE	1,560.7	1,676.3	1,634.4
RATE BASE	24,982.9	24,902.3	24,931.3
RETURN ON RATE BASE	6.25%	6.73%	6.56%

# Appendix C

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TABLE B-1

CALIFORNIA WATER SERVICE COMPANY  
HERMOSA-REDONDO DISTRICT

WATER SALES PER AVERAGE CUSTOMER

BASE YEAR 2000

ITEM	CWS	ORA	STIPULATION
Metered Connections	( Ccf / Conn. / Year )		
RESIDENTIAL	151.8	151.8	151.8

# Appendix C

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TABLE C-1

### CALIFORNIA WATER SERVICE COMPANY HERMOSA-REDONDO DISTRICT

#### AVERAGE NUMBER OF CUSTOMERS

BASE YEAR 2000

ITEM	CWS	ORA	STIPULATION
Metered Services			
RESIDENTIAL	21,181	21,181	21,181
BUSINESS	2,182	2,182	2,182
MULTI-FAMILY	1,456	1,456	1,456
INDUSTRIAL	34	34	34
PUBLIC AUTHORITY	320	320	320
OTHER	20	20	20
IRRIGATION	-	-	-
RECLAIMED	21	21	21
TOTAL	25,214	25,214	25,214
Flat Rate Services			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE PROTECTION	237	237	237
PUBLIC FIRE PROTECTION	16	16	16
TOTAL	253	253	253
TOTAL SERVICES			
INCL. FIRE PROTECTION	25,467	25,467	25,467
EXCL. FIRE PROTECTION	25,214	25,214	25,214

# Appendix C

## Page 4

TABLE D-1

### CALIFORNIA WATER SERVICE COMPANY HERMOSA-REDONDO DISTRICT

#### TOTAL SALES AND SUPPLY

BASE YEAR 2000

ITEM	CWS	ORA	STIPULATION
Metered Sales (KCcf)			
RESIDENTIAL	3,214.7	3,214.7	3,214.7
BUSINESS	922.3	922.3	922.3
MULTI-FAMILY	1,194.4	1,194.4	1,194.4
INDUSTRIAL	244.1	244.1	244.1
PUBLIC AUTHORITY	297.7	297.7	297.7
OTHER	5.0	5.0	5.0
IRRIGATION	-	-	-
RECLAIMED	48.4	48.4	48.4
TOTAL	5,926.6	5,926.6	5,926.6
RESIDENTIAL FLAT	-	-	-
UNACCOUNTED FOR WATER	507.5	507.5	507.5
TOTAL WATER SUPPLY	6,434.1	6,434.1	6,434.1
COMPANY WELLS	219.1	219.1	219.1
PURCHASES - WEST BASIN	6,165.9	6,165.9	6,165.9
PURCHASES - RECLAIMED	49.1	49.1	49.1

# Appendix C

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TABLE E-1

### CALIFORNIA WATER SERVICE COMPANY HERMOSA-REDONDO DISTRICT

#### OPERATING REVENUES

BASE YEAR 2000  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION
<b>PRESENT RATES</b>			
Metered Revenues			
RESIDENTIAL	8,363.0	8,363.0	8,363.0
BUSINESS	2,105.5	2,105.5	2,105.5
MULTI-FAMILY	2,802.3	2,802.3	2,802.3
INDUSTRIAL	473.9	473.9	473.9
PUBLIC AUTHORITY	667.2	667.2	667.2
OTHER	18.3	18.3	18.3
IRRIGATION	-	-	-
RECLAIMED *	103.5	103.5	103.5
TOTAL	14,533.7	14,533.7	14,533.7
Flat Rate Revenues			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE	85.9	85.9	85.9
PUBLIC FIRE	6.5	6.5	6.5
OTHER	11.7	11.7	11.7
TOTAL	104.1	104.1	104.1
DEFFERRED REVENUES	23.6	23.6	23.6
TOTAL OPERATING REVENUES	14,661.4	14,661.4	14,661.4

\* NOTE: Reclaimed revenue corrected from ORA staff report.

# Appendix C

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TABLE F-1

### CALIFORNIA WATER SERVICE COMPANY HERMOSA-REDONDO DISTRICT

#### OPERATION & MAINTENANCE EXPENSES

BASE YEAR 2000  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
OPERATING REVENUES	14,557.9	14,558.1	14,661.4
Uncollectible rate	0.10380%	0.10380%	0.10380%
Uncollectibles	15.1	15.1	15.2
OPERATIONS EXPENSES			
PURCHASED WATER	6,422.5	6,422.5	6,422.5
GROUNDWATER EXTRACTION	376.1	376.1	376.1
PURCHASED POWER	239.8	239.8	239.8
PURCHASED CHEMICALS	33.6	33.6	33.8
PAYROLL	994.3	978.8	994.4
POSTAGE	78.6	78.2	81.2
TRANSPORTATION	76.1	76.1	77.1
PURCHASED SERVICES			
SOURCE OF SUPPLY	8.4	8.4	8.5
PUMPING	31.7	31.7	32.0
WATER TREATMENT	40.2	40.2	40.5
TRANS. & DISTRIBUTION	127.5	127.5	128.5
CUSTOMER ACCOUNTING	20.4	20.4	20.5
CONSERVATION EXPENSES	2.3	2.3	2.3
TOTAL OPERATIONS EXPENSES	8,466.6	8,450.7	8,472.4
MAINTENANCE EXPENSES			
PAYROLL	214.3	211.0	214.4
TRANSPORTATION	27.7	27.7	28.1
STORES	30.4	30.4	30.7
CONTRACTED MAINTENANCE	372.3	195.1	196.7
TOTAL MAINTENANCE EXPENSES	644.7	464.2	469.9
TOTAL O & M EXPENSES (incl. uncollectibles)	9,111.3	8,914.9	8,942.3

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.

# Appendix C

## Page 7

TABLE G-1

### CALIFORNIA WATER SERVICE COMPANY HERMOSA-REDONDO DISTRICT

#### ADMINISTRATIVE & GENERAL EXPENSES

BASE YEAR 2000  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
Operating Revenue	14,542.8	14,543.0	14,661.4
Effective Local Franchise Tax Rate	0.03500%	0.03500%	0.03500%
LOCAL FRANCHISE TAX	5.1	5.1	5.1
BUSINESS LICENSE	0.0	0.0	0.0
PAYROLL	248.5	244.6	248.5
TRANSPORTATION EXPENSES	0.5	0.5	0.5
PURCHASED SERVICES			
RENTS	54.7	38.8	59.1
ADMIN CHARGES TRF	0.0	0.0	0.0
NONSPECIFICS	52.8	54.7	55.1
MISCELLANEOUS EXPENSES			
AMORT. OF LIMITED TERM INV.	8.1	8.1	8.1
RATE MAKING ADJUSTMENTS			
DUES & DONATIONS	(2.0)	(2.0)	(2.0)
TOTAL A & G EXPENSES	362.6	344.7	369.3
(Incl. local franch. tax & bus. lic.)	367.7	349.8	374.4

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.

# Appendix C

## Page 8

TABLE H-1

CALIFORNIA WATER SERVICE COMPANY  
HERMOSA-REDONDO DISTRICT

TAXES OTHER THAN INCOME TAXES

BASE YEAR 2000

ITEM	(DOLLARS IN THOUSANDS)		
	CWS	ORA	STIPULATION
Metered Connections			
AD VALOREM TAXES	258.7	258.7	258.7
BUSINESS LICENSE FEES-PRESENT RATES	19.4	19.4	19.4
LOCAL FRANCHISE TAXES- PRESENT RATES	5.1	5.1	5.1
PAYROLL TAXES	133.8	133.8	133.8
Taxes other than income	417.0	417.0	417.0



# Appendix C

## Page 9

TABLE I-1

### CALIFORNIA WATER SERVICE COMPANY HERMOSA-REDONDO DISTRICT

#### TAXES BASED ON INCOME

BASE YEAR 2000

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
OPERATING REVENUES (present rates)	14,557.9	14,558.1	14,661.4
DEDUCTIONS			
O & M EXPENSES	9,111.3	8,914.9	8,942.3
A & G EXPENSES	362.6	344.7	369.3
G.O. PRORATED	1,856.7	1,850.7	1,866.1
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	417.0	417.0	417.0
INTEREST	937.1	937.1	933.1
TOTAL	12,684.7	12,464.4	12,527.8
INCOME BEFORE TAXES	1,873.2	2,093.7	2,133.6
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Deduction	(1,396.1)	(1,396.1)	(1,354.7)
Taxable income for CCFT	477.1	697.6	778.9
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	42.2	61.7	68.9
<u>Federal Income Tax (FIT)</u>			
Federal Tax Deduction	1,099.2	1,056.7	1,182.7
State Income Tax Deduction	42.2	61.7	68.9
Preferred Stock Dividend Credit	4.7	4.7	4.7
Taxable Income for FIT	727.1	970.6	877.3
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	254.5	339.7	307.0
TOTAL FIT & CCFT	296.7	401.4	375.9

# Appendix C

## Page 10

TABLE J-1

### CALIFORNIA WATER SERVICE COMPANY HERMOSA-REDONDO DISTRICT

#### PLANT IN SERVICE

BASE YEAR 2000

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Plant in Service - BOY	39,055.1	39,055.1	39,054.4
Beginning Balance - CWIP	-	-	-
Total BOY	39,055.1	39,055.1	39,054.4
Additions			
Utility Funded	2,293.2	2,243.2	2,293.2
Advances	30.2	30.2	30.2
Contributions	98.0	98.0	98.0
Gross Additions	2,421.4	2,371.4	2,421.4
Retirements	(132.3)	(132.3)	(132.3)
Change in CWIP Balance	-	-	-
Plant in Service - EOY	41,344.2	41,294.2	41,343.5
Weighting Factor	47.8%	47.8%	47.8%
Weighted Average Plant in Service	40,149.3	40,125.4	40,148.6

# Appendix C

## Page 11

### TABLE K-1

#### CALIFORNIA WATER SERVICE COMPANY HERMOSA-REDONDO DISTRICT

#### DEPRECIATION RESERVE & EXPENSE

BASE YEAR 2000

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Depreciation Reserve - BOY	11,176.4	11,176.4	11,176.4
ACCRUALS			
TRANSPORTATION EQUIPMENT	30.3	30.3	30.3
OTHER PLANT IN SERVICE	1,056.4	1,056.4	1,056.4
CONTRIBUTED PLANT	92.2	92.2	92.2
TOTAL ACCRUALS	1,178.9	1,178.9	1,178.9
RETIREMENTS	(195.2)	(195.2)	(195.2)
NET ADDITIONS	983.7	983.7	983.7
DEPRECIATION ADJUSTMENT	-	-	-
DEPRECIATION RESERVE - EOY	12,160.1	12,160.1	12,160.1
Weighting Factor	47.80%	47.80%	47.80%
Weighted Average Depr. Reserve	11,646.6	11,646.6	11,646.6

# Appendix C

## Page 12

TABLE L-1

### CALIFORNIA WATER SERVICE COMPANY HERMOSA-REDONDO DISTRICT

#### WEIGHTED AVERAGE DEPRECIATED RATE BASE

BASE YEAR 2000			
ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
WEIGHTED AVERAGE PLANT	40,149.3	40,125.4	40,148.6
Materials & Supplies	134.1	134.1	134.1
Working Cash - Gross	0.0	0.0	0.0
Working Cash - Lead/Lag	139.8	139.8	129.0
Working Cash - W/H Empl.	(2.8)	(2.8)	(2.8)
Total Working Cash	137.0	137.0	126.2
WTD AVERAGE DEPR. RESERVE	11,646.6	11,646.6	11,646.6
SUBTOTAL	28,773.8	28,749.9	28,762.3
DEDUCTION FROM RATE BASE			
Advances	514.5	514.5	514.5
Contributions	2,295.2	2,295.2	2,295.2
Reserve Amortization of Intangibles	16.3	16.3	16.3
Accumulated Deferred FIT	2,140.2	2,140.2	2,140.2
Accumulated Unamortized ITC	151.6	151.6	151.6
TOTAL DEDUCTIONS	5,117.8	5,117.8	5,117.8
ADDITIONS TO RATE BASE			
Accumulated Deferred Taxes - CIAC	174.7	174.7	174.7
Accumulated Deferred Taxes - Advances	32.7	32.7	32.7
TOTAL ADDITIONS	207.4	207.4	207.4
DISTRICT RATE BASE	23,863.4	23,839.5	23,851.9
PRORATED G.O. RATE BASE	1,119.5	1,062.8	1,079.4
AVERAGE RATE BASE	24,982.9	24,902.3	24,931.3

# Appendix C

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TABLE M

CALIFORNIA WATER SERVICE COMPANY  
HERMOSA-REDONDO DISTRICT

NET-TO-GROSS MULTIPLIER

BASE YEAR 2000

ITEM	CWS	ORA	STIPULATION
1) Uncollectibles (%)	0.10380%	0.10380%	0.10380%
2) 1- Uncoll (100% - Line 1)	99.89620%	99.89620%	99.89620%
3) Franchise Tax Rate	0.03500%	0.03500%	0.03500%
4) Local Franchise (Line 3 * Line 2)	0.03496%	0.03496%	0.03496%
5) Business License Rate	0.00000%	0.00000%	0.00000%
6) Business License (Line 5 * Line 2)	0.00000%	0.00000%	0.00000%
7) Subtotal (Line 1 + Line 2)	0.13876%	0.13876%	0.13876%
8) 1 - Subtotal (100% - Line 3)	99.86124%	99.86124%	99.86124%
9) CCFT (Line 8 * 8.84%)	8.82773%	8.82773%	8.82773%
10) FIT (Line 8 * 35%)	34.95143%	34.95143%	34.95143%
11) Total Taxes Paid (Line 7 + Line 9 + Line 10)	43.91793%	43.91793%	43.91793%
12) Net after taxes (1 - Line 11)	56.08207%	56.08207%	56.08207%
Net-to-Gross Multiplier (1 / Line 12)	1.78310	1.78310	1.78310

## **Appendix D**

TABLE A-1

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

SUMMARY OF EARNINGS  
(PRESENT RATES)

BASE YEAR 2000  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION
<u>At Present Rates</u>			
OPERATING REVENUES	22,002.3	22,130.4	22,067.0
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	15,005.4	14,995.4	15,091.9
ADMINISTRATIVE & GENERAL	331.3	331.3	332.3
G.O. PRORATED EXPENSE	2,286.3	2,279.0	2,297.8
DEPRECIATION & AMORTIZATION	1,022.6	1,022.6	1,022.6
TAXES OTHER THAN INCOME	639.5	639.5	640.0
STATE CORP. FRANCHISE TAX	135.0	147.9	131.8
FEDERAL INCOME TAX	618.3	669.2	617.4
TOTAL OPERATING EXPENSES	20,038.4	20,084.9	20,133.8
NET OPERATING REVENUE	1,963.9	2,045.5	1,933.2
RATE BASE	24,142.2	24,072.8	24,130.0
RETURN ON RATE BASE	8.13%	8.50%	8.01%

TABLE A-2

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

SUMMARY OF EARNINGS  
(PRESENT & PROPOSED RATES)

TEST YEAR 2001  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION
<u>At Present Rates</u>			
OPERATING REVENUES	22,164.5	22,279.2	22,233.7
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	15,162.7	15,234.0	15,267.0
ADMINISTRATIVE & GENERAL	340.1	338.8	341.7
G.O. PRORATED EXPENSE	1,996.2	1,996.2	1,996.2
DEPRECIATION & AMORTIZATION	1,056.7	1,056.7	1,055.9
TAXES OTHER THAN INCOME	671.7	670.8	672.1
STATE CORP. FRANCHISE TAX	163.6	169.1	157.6
FEDERAL INCOME TAX	676.6	698.1	705.2
TOTAL OPERATING EXPENSES	20,067.6	20,163.7	20,195.7
NET OPERATING REVENUE	2,096.9	2,115.5	2,038.0
RATE BASE	24,807.8	24,776.0	24,745.6
RETURN ON RATE BASE	8.45%	8.54%	8.24%
<u>At Proposed Rates</u>			
OPERATING REVENUES	22,626.4	22,742.3	22,584.8
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	15,162.9	15,234.2	15,267.2
ADMINISTRATIVE & GENERAL	340.1	338.8	341.7
G.O. PRORATED EXPENSE	1,996.2	1,996.2	1,996.2
DEPRECIATION & AMORTIZATION	1,056.7	1,056.7	1,055.9
TAXES OTHER THAN INCOME	676.5	675.6	675.8
STATE CORP. FRANCHISE TAX	204.0	209.6	188.3
FEDERAL INCOME TAX	836.5	858.4	826.7
TOTAL OPERATING EXPENSES	20,272.9	20,369.5	20,351.8
NET OPERATING REVENUE	2,353.5	2,372.8	2,233.0
RATE BASE	24,807.8	24,776.0	24,745.6
RETURN ON RATE BASE	9.49%	9.58%	9.02%



TABLE A-3

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

SUMMARY OF EARNINGS  
(PRESENT RATES)

TEST YEAR 2002  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION
<u>At Present Rates</u>			
OPERATING REVENUES	22,327.2	22,446.4	22,401.0
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	15,313.3	15,385.1	15,390.6
ADMINISTRATIVE & GENERAL	347.9	346.2	351.0
G.O. PRORATED EXPENSE	2,071.7	2,071.7	2,071.7
DEPRECIATION & AMORTIZATION	1,091.1	1,090.3	1,088.4
TAXES OTHER THAN INCOME	682.2	672.2	682.9
STATE CORP. FRANCHISE TAX	151.6	163.2	150.8
FEDERAL INCOME TAX	636.9	678.4	670.8
TOTAL OPERATING EXPENSES	20,294.7	20,407.1	20,406.2
NET OPERATING REVENUE	2,032.5	2,039.3	1,994.8
RATE BASE	25,616.4	25,080.4	25,033.7
RETURN ON RATE BASE	7.93%	8.13%	7.97%
<u>At Proposed Rates</u>			
OPERATING REVENUES	22,964.7	23,086.3	22,843.7
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	15,313.5	15,385.4	15,390.8
ADMINISTRATIVE & GENERAL	347.9	346.2	351.0
G.O. PRORATED EXPENSE	2,071.7	2,071.7	2,071.7
DEPRECIATION & AMORTIZATION	1,091.1	1,090.3	1,088.4
TAXES OTHER THAN INCOME	689.2	679.2	687.4
STATE CORP. FRANCHISE TAX	207.3	219.1	189.5
FEDERAL INCOME TAX	843.4	885.6	813.4
TOTAL OPERATING EXPENSES	20,564.1	20,677.5	20,592.2
NET OPERATING REVENUE	2,400.6	2,408.8	2,251.5
RATE BASE	25,616.4	25,080.4	25,033.7
RETURN ON RATE BASE	9.37%	9.60%	8.99%

TABLE B-1

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

## WATER SALES PER AVERAGE CUSTOMER

BASE YEAR 2000

ITEM	CWS	ORA	STIPULATION
Metered Connections	( Ccf / Conn. / Year )		
RESIDENTIAL	307.2	307.2	307.2

TABLE B-2

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

## WATER SALES PER AVERAGE CUSTOMER

TEST YEAR 2001

ITEM	CWS	ORA	STIPULATION
Metered Connections	( Ccf / Conn. / Year )		
RESIDENTIAL	309.4	309.4	309.4

TABLE B-3

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

## WATER SALES PER AVERAGE CUSTOMER

TEST YEAR 2002

ITEM	CWS	ORA	STIPULATION
Metered Connections	( Ccf / Conn. / Year )		
RESIDENTIAL	311.7	311.7	311.7

TABLE C-1

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

## AVERAGE NUMBER OF CUSTOMERS

BASE YEAR 2000

ITEM	CWS	ORA	STIPULATION
Metered Services			
RESIDENTIAL	22,762	22,762	22,762
BUSINESS	486	486	486
MULTI-FAMILY	148	148	148
INDUSTRIAL	11	11	11
PUBLIC AUTHORITY	202	202	202
OTHER	30	30	30
IRRIGATION	-	-	-
RECLAIMED	-	-	-
	<hr/>		
TOTAL	23,639	23,639	23,639
Flat Rate Services			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE PROTECTION	128	128	128
PUBLIC FIRE PROTECTION	6	6	6
	<hr/>		
TOTAL	134	134	134
TOTAL SERVICES			
	<hr/>		
INCL. FIRE PROTECTION	23,773	23,773	23,773
EXCL. FIRE PROTECTION	23,639	23,639	23,639

TABLE C-2

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

## AVERAGE NUMBER OF CUSTOMERS

TEST YEAR 2001

ITEM	CWS	ORA	STIPULATION
Metered Services			
RESIDENTIAL	22,826	22,826	22,826
BUSINESS	486	486	486
MULTI-FAMILY	148	148	148
INDUSTRIAL	11	11	11
PUBLIC AUTHORITY	203	203	203
OTHER	30	30	30
IRRIGATION	-	-	-
RECLAIMED	-	-	-
	<hr/>		
TOTAL	23,704	23,704	23,704
Flat Rate Services			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE PROTECTION	129	129	129
PUBLIC FIRE PROTECTION	6	6	6
	<hr/>		
TOTAL	135	135	135
TOTAL SERVICES			
	<hr/>		
INCL. FIRE PROTECTION	23,839	23,839	23,839
EXCL. FIRE PROTECTION	23,704	23,704	23,704

TABLE C-3

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

## AVERAGE NUMBER OF CUSTOMERS

TEST YEAR 2002

ITEM	CWS	ORA	STIPULATION
Metered Services			
RESIDENTIAL	22,890	22,890	22,890
BUSINESS	486	486	486
MULTI-FAMILY	148	148	148
INDUSTRIAL	11	11	11
PUBLIC AUTHORITY	204	204	204
OTHER	30	30	30
IRRIGATION	-	-	-
RECLAIMED	-	-	-
	<hr/>		
TOTAL	23,769	23,769	23,769
Flat Rate Services			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE PROTECTION	130	130	130
PUBLIC FIRE PROTECTION	6	6	6
	<hr/>		
TOTAL	136	136	136
TOTAL SERVICES			
	<hr/>		
INCL. FIRE PROTECTION	23,905	23,905	23,905
EXCL. FIRE PROTECTION	23,769	23,769	23,769

TABLE D-1

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

## TOTAL SALES AND SUPPLY

BASE YEAR 2000

ITEM	CWS	ORA	STIPULATION
Metered Sales (KCcf)			
RESIDENTIAL	6,992.8	6,992.8	6,992.8
BUSINESS	754.5	759.5	759.5
MULTI-FAMILY	301.1	301.1	301.1
INDUSTRIAL	8.0	8.0	8.0
PUBLIC AUTHORITY	413.8	417.7	417.7
OTHER	82.3	132.6	103.3
IRRIGATION	-	-	-
RECLAIMED	-	-	-
	<hr/>		
TOTAL	8,552.5	8,611.7	8,582.4
RESIDENTIAL FLAT	-	-	-
UNACCOUNTED FOR WATER	728.6	733.6	731.1
	<hr/>		
TOTAL WATER SUPPLY	9,281.1	9,345.3	9,313.5
PURCHASES - WEST BASIN	9,281.1	9,345.3	9,313.5

TABLE D-2

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

## TOTAL SALES AND SUPPLY

TEST YEAR 2001

ITEM	CWS	ORA	STIPULATION
Metered Sales (KCcf)			
RESIDENTIAL	7,063.1	7,063.1	7,063.1
BUSINESS	754.5	759.5	759.5
MULTI-FAMILY	301.8	301.8	301.8
INDUSTRIAL	8.0	8.0	8.0
PUBLIC AUTHORITY	413.8	419.8	419.8
OTHER	82.3	124.3	103.3
IRRIGATION	-	-	-
RECLAIMED	-	-	-
	<hr/>		
TOTAL	8,623.5	8,676.5	8,655.5
RESIDENTIAL FLAT	-	-	-
UNACCOUNTED FOR WATER	734.6	739.1	737.4
	<hr/>		
TOTAL WATER SUPPLY	9,358.1	9,415.6	9,392.9
PURCHASES - WEST BASIN	9,358.1	9,415.6	9,392.9

TABLE D-3

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

TOTAL SALES AND SUPPLY

TEST YEAR 2002

ITEM	CWS	ORA	STIPULATION
Metered Sales (KCcf)			
RESIDENTIAL	7,133.7	7,133.7	7,133.7
BUSINESS	754.5	759.5	759.5
MULTI-FAMILY	302.4	302.4	302.4
INDUSTRIAL	8.0	8.0	8.0
PUBLIC AUTHORITY	413.8	421.9	421.9
OTHER	82.3	124.3	103.3
IRRIGATION	-	-	-
RECLAIMED	-	-	-
	<hr/>		
TOTAL	8,694.7	8,749.8	8,728.8
RESIDENTIAL FLAT	-	-	-
UNACCOUNTED FOR WATER	740.7	745.4	743.6
	<hr/>		
TOTAL WATER SUPPLY	9,435.4	9,495.2	9,472.4
PURCHASES - WEST BASIN	9,435.4	9,495.2	9,472.4



TABLE E-1

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

OPERATING REVENUES

BASE YEAR 2000  
(DOLLARS IN THOUSANDS)

<b>PRESENT RATES</b>	<b>CWS</b>	<b>ORA</b>	<b>STIPULATION</b>
<u>Metered Revenues</u>			
RESIDENTIAL	18,197.5	18,197.5	18,197.5
BUSINESS	1,786.3	1,797.2	1,797.1
MULTI-FAMILY	733.4	733.4	733.4
INDUSTRIAL	21.0	21.0	21.0
PUBLIC AUTHORITY	994.4	1,002.9	1,002.9
OTHER	196.5	305.2	241.9
IRRIGATION	-	-	-
RECLAIMED	-	-	-
TOTAL	21,929.1	22,057.2	21,993.8
<u>Flat Rate Revenues</u>			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE	54.2	54.2	54.2
PUBLIC FIRE	2.4	2.4	2.4
OTHER	7.6	7.6	7.6
TOTAL	64.2	64.2	64.2
DEFERRED REVENUES	9.0	9.0	9.0
TOTAL OPERATING REVENUES	22,002.3	22,130.4	22,067.0

TABLE E-2

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

OPERATING REVENUES

TEST YEAR 2001  
(DOLLARS IN THOUSANDS)

<b>PRESENT RATES</b>	CWS	ORA	STIPULATION
<b>Metered Revenues</b>			
RESIDENTIAL	18,358.1	18,358.1	18,358.1
BUSINESS	1,786.3	1,797.2	1,797.1
MULTI-FAMILY	734.9	734.9	734.9
INDUSTRIAL	21.0	21.0	21.0
PUBLIC AUTHORITY	995.0	1,008.0	1,008.0
OTHER	196.5	287.3	241.9
IRRIGATION	-	-	-
RECLAIMED	-	-	-
<b>TOTAL</b>	<b>22,091.8</b>	<b>22,206.5</b>	<b>22,161.0</b>
<b>Flat Rate Revenues</b>			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE	54.7	54.7	54.7
PUBLIC FIRE	2.4	2.4	2.4
OTHER	7.6	7.6	7.6
<b>TOTAL</b>	<b>64.7</b>	<b>64.7</b>	<b>64.7</b>
DEFERRED REVENUES	8.0	8.0	8.0
<b>TOTAL OPERATING REVENUES</b>	<b>22,164.5</b>	<b>22,279.2</b>	<b>22,233.7</b>
<b>PROPOSED RATES</b>			
<b>Metered Revenues</b>			
RESIDENTIAL	18,761.5	18,761.5	18,657.0
BUSINESS	1,813.3	1,824.3	1,820.8
MULTI-FAMILY	747.9	747.9	745.6
INDUSTRIAL	21.4	21.4	21.3
PUBLIC AUTHORITY	1,010.1	1,023.1	1,022.0
OTHER	199.6	291.2	245.0
IRRIGATION	-	-	-
RECLAIMED	-	-	-
<b>TOTAL</b>	<b>22,553.8</b>	<b>22,669.4</b>	<b>22,511.7</b>
<b>Flat Rate Revenues</b>			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE	54.7	54.7	54.7
PUBLIC FIRE	2.4	2.4	2.4
OTHER	7.9	7.9	8.0
<b>TOTAL</b>	<b>65.0</b>	<b>65.0</b>	<b>65.1</b>
DEFERRED REVENUES	8.0	8.0	8.0
<b>TOTAL OPERATING REVENUES</b>	<b>22,626.8</b>	<b>22,742.4</b>	<b>22,584.8</b>

TABLE E-3

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

OPERATING REVENUES

TEST YEAR 2002  
(DOLLARS IN THOUSANDS)

<b>PRESENT RATES</b>	CWS	ORA	STIPULATION
<b>Metered Revenues</b>			
RESIDENTIAL	18,519.5	18,519.5	18,519.5
BUSINESS	1,786.3	1,797.2	1,797.1
MULTI-FAMILY	736.2	736.2	736.2
INDUSTRIAL	21.0	21.0	21.0
PUBLIC AUTHORITY	995.6	1,013.1	1,013.2
OTHER	196.5	287.3	241.9
IRRIGATION	-	-	-
RECLAIMED	-	-	-
<b>TOTAL</b>	<b>22,255.1</b>	<b>22,374.3</b>	<b>22,328.9</b>
<b>Flat Rate Revenues</b>			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE	55.1	55.1	55.1
PUBLIC FIRE	2.4	2.4	2.4
OTHER	7.6	7.6	7.6
<b>TOTAL</b>	<b>65.1</b>	<b>65.1</b>	<b>65.1</b>
DEFERRED REVENUES	7.0	7.0	7.0
<b>TOTAL OPERATING REVENUES</b>	<b>22,327.2</b>	<b>22,446.4</b>	<b>22,401.0</b>
<b>PROPOSED RATES</b>			
<b>Metered Revenues</b>			
RESIDENTIAL	19,067.3	19,067.3	18,897.0
BUSINESS	1,828.4	1,839.4	1,827.0
MULTI-FAMILY	755.3	755.3	749.5
INDUSTRIAL	21.6	21.6	21.4
PUBLIC AUTHORITY	1,018.9	1,036.6	1,030.5
OTHER	201.3	293.6	245.8
IRRIGATION	-	-	-
RECLAIMED	-	-	-
<b>TOTAL</b>	<b>22,892.8</b>	<b>23,013.8</b>	<b>22,771.2</b>
<b>Flat Rate Revenues</b>			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE	55.1	55.1	55.1
PUBLIC FIRE	2.4	2.4	2.4
OTHER	8.0	8.0	8.0
<b>TOTAL</b>	<b>65.5</b>	<b>65.5</b>	<b>65.5</b>
DEFERRED REVENUES	7.0	7.0	7.0
<b>TOTAL OPERATING REVENUES</b>	<b>22,965.3</b>	<b>23,086.3</b>	<b>22,843.7</b>

TABLE F-1

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

OPERATION & MAINTENANCE EXPENSES

ITEM	BASE YEAR 2000 (DOLLARS IN THOUSANDS)		
	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
OPERATING REVENUES	22,002.3	22,130.4	22,067.0
Uncollectible rate	0.03968%	0.03968%	0.03968%
Uncollectibles	8.7	8.8	8.8
OPERATIONS EXPENSES			
PURCHASED WATER	11,346.5	11,346.5	11,385.8
GROUNDWATER EXTRACTION	0.0	0.0	0.0
PURCHASED POWER	1,767.8	1,767.8	1,774.0
PURCHASED CHEMICALS	0.0	0.0	0.0
PAYROLL	946.0	936.4	946.0
POSTAGE	73.1	72.7	75.6
TRANSPORTATION	102.5	102.5	103.8
PURCHASED SERVICES			
SOURCE OF SUPPLY	0.0	0.0	0.0
PUMPING	29.2	29.2	29.5
WATER TREATMENT	23.5	23.5	23.7
TRANS. & DISTRIBUTION	118.0	118.0	119.0
CUSTOMER ACCOUNTING	58.6	58.6	59.1
CONSERVATION EXPENSES	1.1	1.1	1.1
TOTAL OPERATIONS EXPENSES	14,475.0	14,465.1	14,526.4
MAINTENANCE EXPENSES			
PAYROLL	253.4	253.4	253.4
TRANSPORTATION	30.0	30.0	30.4
STORES	37.2	37.2	37.5
CONTRACTED MAINTENANCE	209.8	209.8	244.2
TOTAL MAINTENANCE EXPENSES	530.4	530.4	565.5
TOTAL O & M EXPENSES (incl. uncollectibles)	15,005.4	14,995.5	15,091.9
<u>At Proposed Rates in Application</u>			
OPERATING REVENUES	22,626.8	22,742.3	22,626.8
Uncollectible Rate	0.03968%	0.03968%	0.03968%
Uncollectibles	9.0	9.0	9.0
Total O&M Expenses (incl. uncollectibles)	15,005.7	14,995.7	15,092.1

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.

TABLE F-2

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

OPERATION & MAINTENANCE EXPENSES

ITEM	TEST YEAR 2001 (DOLLARS IN THOUSANDS)		
	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
OPERATING REVENUES	22,164.5	22,279.2	22,233.7
Uncollectible rate	0.03968%	0.03968%	0.03968%
Uncollectibles	8.8	8.8	8.8
OPERATIONS EXPENSES			
PURCHASED WATER	11,439.9	11,509.5	11,482.0
GROUNDWATER EXTRACTION	0.0	0.0	0.0
PURCHASED POWER	1,782.5	1,793.5	1,789.1
PURCHASED CHEMICALS	0.0	0.0	0.0
PAYROLL	974.4	968.8	974.4
POSTAGE	75.0	72.9	75.8
TRANSPORTATION	103.3	103.3	104.6
PURCHASED SERVICES			
SOURCE OF SUPPLY	0.0	0.0	0.0
PUMPING	29.8	29.8	30.3
WATER TREATMENT	24.0	24.0	24.3
TRANS. & DISTRIBUTION	120.5	120.5	122.1
CUSTOMER ACCOUNTING	59.8	59.8	60.6
CONSERVATION EXPENSES	1.1	1.1	1.1
TOTAL OPERATIONS EXPENSES	14,619.1	14,692.0	14,673.1
MAINTENANCE EXPENSES			
PAYROLL	261.1	259.5	261.0
TRANSPORTATION	30.3	30.3	30.7
STORES	38.0	38.0	38.5
CONTRACTED MAINTENANCE	214.2	214.2	263.7
TOTAL MAINTENANCE EXPENSES	543.6	542.0	593.9
TOTAL O & M EXPENSES (incl. uncollectibles)	15,162.7	15,234.0	15,267.0
<u>At Proposed Rates in Application</u>			
OPERATING REVENUES	22,626.8	22,742.3	22,584.8
Uncollectible Rate	0.03968%	0.03968%	0.03968%
Uncollectibles	9.0	9.0	9.0
Total O&M Expenses (incl. uncollectibles)	15,162.9	15,234.2	15,267.2

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.

TABLE F-3

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

OPERATION & MAINTENANCE EXPENSES

ITEM	TEST YEAR 2002 (DOLLARS IN THOUSANDS)		
	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
OPERATING REVENUES	22,327.2	22,446.4	22,401.0
Uncollectible rate	0.03970%	0.03970%	0.03970%
Uncollectibles	8.9	8.9	8.9
OPERATIONS EXPENSES			
PURCHASED WATER	11,533.5	11,606.0	11,578.4
GROUNDWATER EXTRACTION	0.0	0.0	0.0
PURCHASED POWER	1,797.2	1,808.6	1,804.3
PURCHASED CHEMICALS	0.0	0.0	0.0
PAYROLL	996.8	989.5	1,003.6
POSTAGE	75.8	73.1	76.0
TRANSPORTATION	104.6	104.6	105.0
PURCHASED SERVICES			
SOURCE OF SUPPLY	0.0	0.0	0.0
PUMPING	30.5	30.5	31.0
WATER TREATMENT	24.6	24.6	24.8
TRANS. & DISTRIBUTION	123.3	123.3	124.8
CUSTOMER ACCOUNTING	61.2	61.2	62.0
CONSERVATION EXPENSES	1.1	1.1	1.1
TOTAL OPERATIONS EXPENSES	14,757.5	14,831.4	14,819.9
MAINTENANCE EXPENSES			
PAYROLL	267.1	265.0	268.9
TRANSPORTATION	30.7	30.7	30.8
STORES	38.9	38.9	39.4
CONTRACTED MAINTENANCE	219.1	219.1	231.6
TOTAL MAINTENANCE EXPENSES	555.8	553.7	570.7
TOTAL O & M EXPENSES (incl. uncollectibles)	15,313.3	15,385.1	15,390.6
<u>At Proposed Rates in Application</u>			
OPERATING REVENUES	22,965.2	23,086.3	22,843.7
Uncollectible Rate	0.03970%	0.03970%	0.03970%
Uncollectibles	9.1	9.2	9.1
Total O&M Expenses (incl. uncollectibles)	15,313.5	15,385.4	15,390.8

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.

TABLE G-1

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

ADMINISTRATIVE & GENERAL EXPENSES

ITEM	BASE YEAR 2000 (DOLLARS IN THOUSANDS)		
	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
Operating Revenue	21,993.6	22,121.6	22,067.0
Effective Local Franchise Tax Rate	0.00000%	0.00000%	0.00000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENSE	0.0	0.0	0.0
PAYROLL	220.9	220.9	220.9
TRANSPORTATION EXPENSES	4.7	4.7	4.8
PURCHASED SERVICES			
RENTS	0.0	0.0	0.0
ADMIN CHARGES TRF	0.0	0.0	0.0
NONSPECIFICS	106.3	106.3	107.2
MISCELLANEOUS EXPENSES			
AMORT. OF LIMITED TERM INV.	0.1	0.1	0.1
RATE MAKING ADJUSTMENTS			
DUES & DONATIONS	(0.7)	(0.7)	(0.7)
TOTAL A & G EXPENSES	331.3	331.3	332.3
(Incl. local franch. tax & bus. lic.)	331.3	331.3	332.3
<u>At Proposed Rates</u>			
Operating Revenue	22,617.8	22,733.3	22,626.8
Effective Local Franchise Tax Rate	0.00000%	0.00000%	0.00000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENCE	0.0	0.0	0.0
TOTAL A & G EXPENSES	331.3	331.3	332.3
(Incl. local franch. tax & bus. lic.)	331.3	331.3	332.3

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.

TABLE G-2

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

ADMINISTRATIVE & GENERAL EXPENSES

ITEM	TEST YEAR 2001 (DOLLARS IN THOUSANDS)		
	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
Operating Revenue	22,155.7	22,270.4	22,233.7
Effective Local Franchise Tax Rate	0.00000%	0.00000%	0.00000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENSE	0.0	0.0	0.0
PAYROLL	227.5	227.5	227.5
TRANSPORTATION EXPENSES	4.7	4.7	4.8
PURCHASED SERVICES			
RENTS	0.0	0.0	0.0
ADMIN CHARGES TRF	0.0	0.0	0.0
NONSPECIFICS	108.5	108.5	110.0
MISCELLANEOUS EXPENSES			
AMORT. OF LIMITED TERM INV.	0.1	0.1	0.1
RATE MAKING ADJUSTMENTS			
DUES & DONATIONS	(0.7)	(0.7)	(0.7)
TOTAL A & G EXPENSES	340.1	340.1	341.7
(Incl. local franch. tax & bus. lic.)	340.1	340.1	341.7
<u>At Proposed Rates</u>			
Operating Revenue	22,626.8	22,742.3	22,584.8
Effective Local Franchise Tax Rate	0.00000%	0.00000%	0.00000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENCE	0.0	0.0	0.0
TOTAL A & G EXPENSES	340.1	340.1	341.7
(Incl. local franch. tax & bus. lic.)	340.1	340.1	341.7

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.



TABLE G-3

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

ADMINISTRATIVE & GENERAL EXPENSES

ITEM	TEST YEAR 2002 (DOLLARS IN THOUSANDS)		
	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
Operating Revenue	22,318.3	22,437.5	22,401.0
Effective Local Franchise Tax Rate	0.00000%	0.00000%	0.00000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENSE	0.0	0.0	0.0
PAYROLL	232.7	232.7	234.3
TRANSPORTATION EXPENSES	4.8	4.8	4.8
PURCHASED SERVICES			
RENTS	0.0	0.0	0.0
ADMIN CHARGES TRF	0.0	0.0	0.0
NONSPECIFICS	111.0	111.0	112.5
MISCELLANEOUS EXPENSES			
AMORT. OF LIMITED TERM INV.	0.1	0.1	0.1
RATE MAKING ADJUSTMENTS			
DUES & DONATIONS	(0.7)	(0.7)	(0.7)
TOTAL A & G EXPENSES	347.9	347.9	351.0
(Incl. local franch. tax & bus. lic.)	347.9	347.9	351.0
<u>At Proposed Rates</u>			
Operating Revenue	22,965.2	23,086.3	22,843.7
Effective Local Franchise Tax Rate	0.00000%	0.00000%	0.00000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENCE	0.0	0.0	0.0
TOTAL A & G EXPENSES	347.9	347.9	351.0
(Incl. local franch. tax & bus. lic.)	347.9	347.9	351.0

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.

TABLE H-1

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

## TAXES OTHER THAN INCOME TAXES

BASE YEAR 2000

ITEM	(DOLLARS IN THOUSANDS)		
Metered Connections	CWS	ORA	STIPULATION
AD VALOREM TAXES	301.9	301.9	301.9
BUSINESS LICENSE FEES-PRESENT RATES	223.4	223.4	224.0
LOCAL FRANCHISE TAXES- PRESENT RATES	1.9	1.9	1.8
PAYROLL TAXES	112.3	112.3	112.3
Taxes other than income (present rates)	639.5	639.5	640.0

TABLE H-2

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

## TAXES OTHER THAN INCOME TAXES

TEST YEAR 2001

ITEM	(DOLLARS IN THOUSANDS)		
Metered Connections	CWS	ORA	STIPULATION
AD VALOREM TAXES	329.2	329.2	329.0
BUSINESS LICENSE FEES-PRESENT RATES	225.0	225.0	225.7
BUSINESS LICENSE FEES-PROPOSED RATES	229.8	229.8	229.3
LOCAL FRANCHISE TAXES- PRESENT RATES	1.9	1.9	1.8
LOCAL FRANCHISE TAXES- PROPOSED RATES	1.9	1.9	1.8
PAYROLL TAXES	115.6	115.6	115.6
Taxes other than income (present rates)	671.7	671.7	672.1
Taxes other than income (proposed rates)	676.5	676.5	675.7

TABLE H-3

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

## TAXES OTHER THAN INCOME TAXES

TEST YEAR 2002

ITEM	(DOLLARS IN THOUSANDS)		
Metered Connections	CWS	ORA	STIPULATION
AD VALOREM TAXES	335.4	335.4	334.6
BUSINESS LICENSE FEES-PRESENT RATES	226.7	226.7	227.4
BUSINESS LICENSE FEES-PROPOSED RATES	233.7	233.7	231.9
LOCAL FRANCHISE TAXES- PRESENT RATES	1.9	1.9	1.8
LOCAL FRANCHISE TAXES- PROPOSED RATES	1.9	1.9	1.8
PAYROLL TAXES	118.3	118.3	119.1
Taxes other than income (present rates)	682.3	682.3	682.9
Taxes other than income (proposed rates)	689.3	689.3	687.4

TABLE I-1

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

TAXES BASED ON INCOME

BASE YEAR 2000  
(Present Rates)

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
OPERATING REVENUES	22,002.3	22,130.4	22,067.0
DEDUCTIONS			
O & M EXPENSES	15,005.4	14,995.4	15,093.0
A & G EXPENSES	331.3	331.3	331.3
G.O. PRORATED	2,286.3	2,279.0	2,297.8
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	639.5	639.5	640.0
INTEREST	921.4	921.4	918.8
TOTAL	19,183.9	19,166.6	19,280.9
INCOME BEFORE TAXES	2,818.4	2,963.8	2,786.1
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation & Trans Deprec Adjust	(1,290.7)	(1,290.7)	(1,295.0)
Taxable income for CCFT	1,527.7	1,673.1	1,491.1
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	135.0	147.9	131.8
<u>Federal Income Tax (FIT)</u>			
Federal Tax Deduction	912.1	899.2	885.4
State Income Tax Deduction	135.0	147.9	131.8
Preferred Stock Dividend Credit	4.8	4.8	4.8
Taxable Income for FIT	1,766.5	1,911.9	1,764.1
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	618.3	669.2	617.4
TOTAL FIT & CCFT	753.3	817.1	749.2

TABLE I-2

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

TAXES BASED ON INCOME

TEST YEAR 2001  
(Present Rates)

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
OPERATING REVENUES	22,164.5	22,279.2	22,233.7
DEDUCTIONS			
O & M EXPENSES	15,162.7	15,234.0	15,267.1
A & G EXPENSES	340.1	338.8	341.7
G.O. PRORATED	1,996.2	1,996.2	1,996.2
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	671.7	670.8	672.1
INTEREST	940.3	925.3	943.5
TOTAL	19,111.0	19,165.1	19,220.6
INCOME BEFORE TAXES	3,053.5	3,114.1	3,013.1
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation & Trans Deprec Adjust	(1,202.8)	(1,202.8)	(1,230.7)
Taxable income for CCFT	1,850.7	1,911.3	1,782.4
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	163.6	169.0	157.6
<u>Federal Income Tax (FIT)</u>			
Federal Tax Deduction	952.2	945.7	836.0
State Income Tax Deduction	163.6	169.0	157.6
Preferred Stock Dividend Credit	4.8	4.8	4.8
Taxable Income for FIT	1,932.9	1,994.6	2,014.7
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	676.5	698.1	705.2
TOTAL FIT & CCFT	840.1	867.1	862.8

TABLE I-3

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

TAXES BASED ON INCOME

TEST YEAR 2001  
(Proposed Rates)

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
OPERATING REVENUES	22,164.5	22,279.2	22,584.8
DEDUCTIONS			
O & M EXPENSES	15,162.7	15,234.0	15,267.3
A & G EXPENSES	340.1	338.8	341.7
G.O. PRORATED	1,996.2	1,996.2	1,996.2
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	671.7	670.8	675.7
INTEREST	940.3	925.3	943.5
TOTAL	19,111.0	19,165.1	19,224.4
INCOME BEFORE TAXES	3,053.5	3,114.1	3,360.4
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation & Trans Deprec Adjust	(1,202.8)	(1,202.8)	(1,230.7)
Taxable income for CCFT	1,850.7	1,911.3	2,129.7
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	163.6	169.0	188.3
<u>Federal Income Tax (FIT)</u>			
Federal Tax Deduction	952.2	945.7	805.3
State Income Tax Deduction	163.6	169.0	188.3
Preferred Stock Dividend Credit	4.8	4.8	4.8
Taxable Income for FIT	1,932.9	1,994.6	2,362.0
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	676.5	698.1	826.7
TOTAL FIT & CCFT	840.1	867.1	1,015.0

TABLE I-4

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

TAXES BASED ON INCOME

TEST YEAR 2002  
(Present Rates)

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
OPERATING REVENUES	22,327.2	22,446.4	22,401.0
DEDUCTIONS			
O & M EXPENSES	15,313.3	15,385.1	15,390.6
A & G EXPENSES	347.9	346.2	351.0
G.O. PRORATED	2,071.7	2,071.7	2,071.7
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	682.2	672.2	682.9
INTEREST	968.6	931.9	955.7
TOTAL	19,383.7	19,407.1	19,451.9
INCOME BEFORE TAXES	2,943.5	3,039.3	2,949.1
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation & Trans Deprec Adjust	(1,229.1)	(1,193.3)	(1,243.7)
Taxable income for CCFT	1,714.4	1,846.0	1,705.4
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	151.6	163.2	150.8
<u>Federal Income Tax (FIT)</u>			
Federal Tax Deduction	967.6	933.1	876.9
State Income Tax Deduction	151.6	163.2	150.8
Preferred Stock Dividend Credit	4.8	4.8	4.8
Taxable Income for FIT	1,819.5	1,938.2	1,916.6
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	636.8	678.4	670.8
TOTAL FIT & CCFT	788.4	841.6	821.6

TABLE I-5

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

TAXES BASED ON INCOME

TEST YEAR 2002  
(Proposed Rates)

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
OPERATING REVENUES	22,327.2	22,446.4	22,843.7
DEDUCTIONS			
O & M EXPENSES	15,313.3	15,385.1	15,390.8
A & G EXPENSES	347.9	346.2	351.0
G.O. PRORATED	2,071.7	2,071.7	2,071.7
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	682.2	672.2	687.4
INTEREST	968.6	931.9	955.7
TOTAL	19,383.7	19,407.1	19,456.6
INCOME BEFORE TAXES	2,943.5	3,039.3	3,387.1
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation & Trans Deprec Adjust	(1,229.1)	(1,193.3)	(1,243.7)
Taxable income for CCFT	1,714.4	1,846.0	2,143.4
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	151.6	163.2	189.5
<u>Federal Income Tax (FIT)</u>			
Federal Tax Deduction	967.6	933.1	868.8
State Income Tax Deduction	151.6	163.2	189.5
Preferred Stock Dividend Credit	4.8	4.8	4.8
Taxable Income for FIT	1,819.5	1,938.2	2,324.0
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	636.8	678.4	813.4
TOTAL FIT & CCFT	788.4	841.6	1,002.9

TABLE J-1

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

PLANT IN SERVICE

BASE YEAR 2000

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Plant in Service - BOY	47,311.0	47,311.0	47,314.3
Beginning Balance - CWIP	-	-	-
Total BOY	47,311.0	47,311.0	47,314.3
Additions			
Utility Funded	1,681.2	1,681.2	1,648.6
Advances	57.2	57.2	57.2
Contributions	(0.1)	(0.1)	(0.1)
Gross Additions	1,738.3	1,738.3	1,705.7
Retirements	(101.0)	(101.0)	(101.0)
Change in CWIP Balance	-	-	-
Plant in Service - EOY	48,948.3	48,948.3	48,919.0
Weighting Factor	47.6%	47.6%	47.6%
Weighted Average Plant in Service	48,090.4	48,090.4	48,078.1



TABLE J-2

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

PLANT IN SERVICE

TEST YEAR 2001

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Plant in Service - BOY	48,948.2	48,948.2	48,918.9
Beginning Balance - CWIP	-	-	-
Total BOY	48,948.2	48,948.2	48,918.9
Additions			
Utility Funded	1,591.6	1,556.6	1,510.0
Advances	57.2	57.2	57.2
Contributions	3.9	3.9	3.9
Gross Additions	1,652.7	1,617.7	1,571.1
Retirements	(82.9)	(82.9)	(82.9)
Change in CWIP Balance	-	-	-
Plant in Service - EOY	50,518.0	50,483.0	50,407.1
Weighting Factor	47.6%	47.6%	47.6%
Weighted Average Plant in Service	49,695.4	49,678.8	49,627.3

TABLE J-3

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

PLANT IN SERVICE

TEST YEAR 2002

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Plant in Service - BOY	50,518.0	50,483.0	50,407.1
Beginning Balance - CWIP	-	-	-
Total BOY	50,518.0	50,483.0	50,407.1
Additions			
Utility Funded	2,131.8	1,122.2	1,125.5
Advances	57.2	57.2	57.2
Contributions	9.9	9.9	9.9
Gross Additions	2,198.9	1,189.3	1,192.6
Retirements	(67.1)	(67.1)	(67.1)
Change in CWIP Balance	-	-	-
Plant in Service - EOY	52,649.8	51,605.2	51,532.6
Weighting Factor	47.6%	47.6%	47.6%
Weighted Average Plant in Service	51,532.7	51,017.2	50,942.9

TABLE K-1

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

DEPRECIATION RESERVE & EXPENSE

BASE YEAR    2000

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Depreciation Reserve - BOY	18,671.8	18,671.8	18,671.8
ACCRUALS			
TRANSPORTATION EQUIPMENT	49.1	49.1	49.1
OTHER PLANT IN SERVICE	1,022.6	1,022.6	1,022.6
CONTRIBUTED PLANT	56.0	56.0	56.0
TOTAL ACCRUALS	1,127.7	1,127.7	1,127.7
RETIREMENTS	(102.2)	(102.2)	(102.2)
NET ADDITIONS	1,025.5	1,025.5	1,025.5
DEPRECIATION ADJUSTMENT	-	-	-
DEPRECIATION RESERVE - EOY	19,697.3	19,697.3	19,697.3
Weighting Factor	47.60%	47.60%	47.60%
Weighted Average Depr. Reserve	19,159.9	19,159.9	19,159.9

TABLE K-2

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

DEPRECIATION RESERVE & EXPENSE

TEST YEAR 2001

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Depreciation Reserve - BOY	19,697.3	19,697.3	19,697.2
ACCRUALS			
TRANSPORTATION EQUIPMENT	54.6	54.6	54.6
OTHER PLANT IN SERVICE	1,056.7	1,056.7	1,055.9
CONTRIBUTED PLANT	56.0	56.0	56.0
TOTAL ACCRUALS	1,167.3	1,167.3	1,166.5
RETIREMENTS	(89.3)	(89.3)	(89.3)
NET ADDITIONS	1,078.0	1,078.0	1,077.2
DEPRECIATION ADJUSTMENT	-	-	-
DEPRECIATION RESERVE - EOY	20,775.3	20,775.3	20,774.4
Weighting Factor	47.60%	47.60%	47.60%
Weighted Average Depr. Reserve	20,210.4	20,210.4	20,209.9

TABLE K-3

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

DEPRECIATION RESERVE & EXPENSE

TEST YEAR 2002

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Depreciation Reserve - BOY	20,775.3	20,775.3	20,774.4
ACCRUALS			
TRANSPORTATION EQUIPMENT	57.9	57.9	57.9
OTHER PLANT IN SERVICE	1,091.1	1,090.3	1,088.4
CONTRIBUTED PLANT	56.2	56.2	56.2
TOTAL ACCRUALS	1,205.2	1,204.4	1,202.5
RETIREMENTS	(78.0)	(78.0)	(78.0)
NET ADDITIONS	1,127.2	1,126.4	1,124.5
DEPRECIATION ADJUSTMENT	-	-	-
DEPRECIATION RESERVE - EOY	21,902.5	21,901.7	21,898.9
Weighting Factor	47.60%	47.60%	47.60%
Weighted Average Depr. Reserve	21,311.8	21,311.5	21,309.7

TABLE L-1

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

## WEIGHTED AVERAGE DEPRECIATED RATE BASE

BASE YEAR 2000

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
WEIGHTED AVERAGE PLANT	48,090.4	48,090.4	48,078.1
Materials & Supplies	206.6	206.6	206.6
Working Cash - Gross	0.0	0.0	0.0
Working Cash - Lead/Lag	(218.4)	(218.4)	(218.5)
Working Cash - W/H Empl.	(3.5)	(3.5)	(3.5)
Total Working Cash	(221.9)	(221.9)	(222.0)
WTD AVERAGE DEPR. RESERVE	19,159.9	19,159.9	19,159.9
SUBTOTAL	28,915.2	28,915.2	28,902.8
DEDUCTION FROM RATE BASE			
Advances	1,586.9	1,586.9	1,586.9
Contributions	1,408.7	1,408.7	1,408.7
Reserve Amortization of Intangibles	1.2	1.2	1.2
Accumulated Deferred FIT	2,928.2	2,928.2	2,928.1
Accumulated Unamortized ITC	264.6	264.6	264.6
TOTAL DEDUCTIONS	6,189.6	6,189.6	6,189.5
ADDITIONS TO RATE BASE			
Accumulated Deferred Taxes - CIAC	80.0	80.0	80.0
Accumulated Deferred Taxes - Advances	138.7	138.7	138.7
TOTAL ADDITIONS	218.7	218.7	218.7
DISTRICT RATE BASE	22,944.3	22,944.3	22,932.0
PRORATED G.O. RATE BASE	1,198.0	1,128.6	1,198.0
AVERAGE RATE BASE	24,142.3	24,072.9	24,130.0

TABLE L-2

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

## WEIGHTED AVERAGE DEPRECIATED RATE BASE

TEST YEAR 2001

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
WEIGHTED AVERAGE PLANT	49,695.4	49,678.8	49,627.3
Materials & Supplies	206.6	206.6	206.6
Working Cash - Gross	0.0	0.0	0.0
Working Cash - Lead/Lag	(210.9)	(226.0)	(206.2)
Working Cash - W/H Empl.	(3.5)	(3.5)	(3.5)
Total Working Cash	(214.4)	(229.5)	(209.7)
WTD AVERAGE DEPR. RESERVE	20,210.4	20,210.4	20,209.9
SUBTOTAL	29,477.2	29,445.5	29,414.3
DEDUCTION FROM RATE BASE			
Advances	1,537.0	1,537.0	1,537.0
Contributions	1,362.6	1,362.6	1,362.6
Reserve Amortization of Intangibles	1.3	1.3	1.3
Accumulated Deferred FIT	3,054.5	3,054.5	3,053.8
Accumulated Unamortized ITC	255.6	255.6	255.6
TOTAL DEDUCTIONS	6,211.0	6,211.0	6,210.3
ADDITIONS TO RATE BASE			
Accumulated Deferred Taxes - CIAC	74.4	74.4	74.4
Accumulated Deferred Taxes - Advances	134.8	134.8	134.8
TOTAL ADDITIONS	209.2	209.2	209.2
DISTRICT RATE BASE	23,475.4	23,443.7	23,413.2
PRORATED G.O. RATE BASE	1,332.4	1,332.4	1,332.4
AVERAGE RATE BASE	24,807.8	24,776.1	24,745.6

TABLE L-3

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

WEIGHTED AVERAGE DEPRECIATED RATE BASE

TEST YEAR 2002

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
WEIGHTED AVERAGE PLANT	51,532.7	51,017.2	50,942.9
Materials & Supplies	206.6	206.6	206.6
Working Cash - Gross	0.0	0.0	0.0
Working Cash - Lead/Lag	(203.0)	(223.9)	(203.1)
Working Cash - W/H Empl.	(3.5)	(3.5)	(3.5)
Total Working Cash	(206.5)	(227.4)	(206.6)
WTD AVERAGE DEPR. RESERVE	21,311.8	33,840.6	21,309.7
SUBTOTAL	30,221.0	17,155.8	29,633.2
DEDUCTION FROM RATE BASE			
Advances	1,514.4	1,514.4	1,514.4
Contributions	1,316.4	1,316.4	1,316.4
Reserve Amortization of Intangibles	1.4	1.4	1.4
Accumulated Deferred FIT	3,180.8	3,180.8	3,175.7
Accumulated Unamortized ITC	246.7	246.7	246.7
TOTAL DEDUCTIONS	6,259.7	6,259.7	6,254.6
ADDITIONS TO RATE BASE			
Accumulated Deferred Taxes - CIAC	68.3	68.3	68.3
Accumulated Deferred Taxes - Advances	131.2	131.2	131.2
TOTAL ADDITIONS	199.5	199.5	199.5
DISTRICT RATE BASE	24,160.8	11,095.6	23,578.1
PRORATED G.O. RATE BASE	1,455.6	1,455.6	1,455.6
AVERAGE RATE BASE	25,616.4	12,551.2	25,033.7



TABLE M

CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT

## NET-TO-GROSS MULTIPLIER

BASE YEAR 2000 &amp; TEST YEARS 2001, 2002

ITEM	CWS	ORA	STIPULATION
1) Uncollectibles (%)	0.03968%	0.03968%	0.03968%
2) 1- Uncoll (100% - Line 1)	99.96032%	99.96032%	99.96032%
3) Franchise Tax Rate	1.01530%	1.01530%	1.01530%
4) Local Franchise (Line 3 * Line 2)	1.01490%	1.01490%	1.01490%
5) Business License Rate (1)	0.00000%	0.00000%	0.00000%
6) Business License (Line 5 * Line 2)	0.00000%	0.00000%	0.00000%
7) Subtotal (Line 1 + Line 2)	1.05458%	1.05458%	1.05458%
8) 1 - Subtotal (100% - Line 3)	98.94542%	98.94542%	98.94542%
9) CCFT (Line 8 * 8.84%)	8.74678%	8.74678%	8.74678%
10) FIT (Line 8 * 35%)	34.63090%	34.63090%	34.63090%
11) Total Taxes Paid (Line 7 + Line 9 + Line 10)	44.43225%	44.43225%	44.43225%
12) Net after taxes (1 - Line 11)	55.56775%	55.56775%	55.56775%
Net-to-Gross Multiplier (1 / Line 12)	1.79961	1.79961	1.79961

(1) NOTE: Reflects correction in Business License Rate.

## **Appendix E**

# Appendix E

## Page 1

TABLE A-1

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### SUMMARY OF EARNINGS (PRESENT & PROPOSED RATES)

TEST YEAR 2001  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION
<u>At Present Rates</u>			
OPERATING REVENUES	8,328.7	8,484.5	8,477.1
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	4,923.4	4,882.7	5,014.2
ADMINISTRATIVE & GENERAL	280.8	275.3	281.9
G.O. PRORATED EXPENSE	933.2	929.3	933.2
DEPRECIATION & AMORTIZATION	733.6	727.7	724.5
TAXES OTHER THAN INCOME	245.9	245.0	245.2
STATE CORP. FRANCHISE TAX	32.5	49.6	36.9
FEDERAL INCOME TAX	193.4	260.7	233.4
TOTAL OPERATING EXPENSES	7,342.8	7,370.3	7,469.3
NET OPERATING REVENUE	985.9	1,114.2	1,007.9
RATE BASE	15,925.1	15,687.9	15,734.1
RETURN ON RATE BASE	6.19%	7.10%	6.41%
<u>At Proposed Rates</u>			
OPERATING REVENUES	9,267.7	9,361.9	9,214.0
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	4,924.3	4,883.5	5,015.1
ADMINISTRATIVE & GENERAL	280.8	275.3	281.9
G.O. PRORATED EXPENSE	933.2	929.3	933.2
DEPRECIATION & AMORTIZATION	733.6	727.7	724.5
TAXES OTHER THAN INCOME	245.9	245.0	245.2
STATE CORP. FRANCHISE TAX	115.5	127.1	102.3
FEDERAL INCOME TAX	521.7	567.5	492.3
TOTAL OPERATING EXPENSES	7,755.0	7,755.4	7,794.3
NET OPERATING REVENUE	1,512.7	1,606.5	1,419.7
RATE BASE	15,925.1	15,687.9	15,734.1
RETURN ON RATE BASE	9.50%	10.24%	9.02%

# Appendix E

## Page 2

TABLE A-2

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### SUMMARY OF EARNINGS (PRESENT & PROPOSED RATES)

TEST YEAR 2002  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION
<u>At Present Rates</u>			
OPERATING REVENUES	8,401.5	8,606.0	8,598.0
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	5,017.8	4,898.9	5,107.9
ADMINISTRATIVE & GENERAL	297.0	272.5	289.6
G.O. PRORATED EXPENSE	968.5	956.6	968.5
DEPRECIATION & AMORTIZATION	783.8	783.2	782.0
TAXES OTHER THAN INCOME	259.5	259.2	255.4
STATE CORP. FRANCHISE TAX	16.5	47.3	36.9
FEDERAL INCOME TAX	137.8	253.4	233.4
TOTAL OPERATING EXPENSES	7,480.9	7,471.1	7,673.7
NET OPERATING REVENUE	920.6	1,134.9	924.4
RATE BASE	16,773.7	16,586.0	16,650.0
RETURN ON RATE BASE	5.49%	6.84%	5.55%
<u>At Proposed Rates</u>			
OPERATING REVENUES	9,500.5	9,627.3	9,534.0
OPERATIONS EXPENSES			
OPERATION & MAINTENANCE	5,018.9	4,899.9	5,108.9
ADMINISTRATIVE & GENERAL	297.0	272.5	289.6
G.O. PRORATED EXPENSE	968.5	956.6	968.5
DEPRECIATION & AMORTIZATION	783.8	783.2	782.0
TAXES OTHER THAN INCOME	259.5	259.2	255.4
STATE CORP. FRANCHISE TAX	113.6	137.5	108.4
FEDERAL INCOME TAX	493.2	583.4	523.7
TOTAL OPERATING EXPENSES	7,934.5	7,892.3	8,036.5
NET OPERATING REVENUE	1,566.0	1,735.0	1,497.5
RATE BASE	16,773.7	16,586.0	16,650.0
RETURN ON RATE BASE	9.34%	10.46%	8.99%

## Appendix E

### Page 3

TABLE B-1

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

WATER SALES PER AVERAGE CUSTOMER

TEST YEAR 2001

ITEM	CWS	ORA	STIPULATION
Metered Connections	( Ccf / Conn. / Year )		
RESIDENTIAL	111.4	111.4	111.4

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TABLE B-2

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

WATER SALES PER AVERAGE CUSTOMER

TEST YEAR 2002

ITEM	CWS	ORA	STIPULATION
Metered Connections	( Ccf / Conn. / Year )		
RESIDENTIAL	111.4	111.4	111.4

# Appendix E

## Page 4

TABLE C-1

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### AVERAGE NUMBER OF CUSTOMERS

TEST YEAR 2001

ITEM	CWS	ORA	STIPULATION
Metered Services			
RESIDENTIAL	13,727	13,727	13,727
BUSINESS	1,843	1,843	1,843
MULTI-FAMILY	151	151	151
INDUSTRIAL	71	71	71
PUBLIC AUTHORITY	225	225	225
OTHER	43	75	75
IRRIGATION	-	-	-
RECLAIMED	-	-	-
	<hr/>		
TOTAL	16,060	16,092	16,092
Flat Rate Services			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE PROTECTION	493	493	493
PUBLIC FIRE PROTECTION	19	19	19
	<hr/>		
TOTAL	512	512	512
TOTAL SERVICES			
	<hr/>		
INCL. FIRE PROTECTION	16,572	16,604	16,604
EXCL. FIRE PROTECTION	16,060	16,092	16,092

# Appendix E

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TABLE C-2

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### AVERAGE NUMBER OF CUSTOMERS

TEST YEAR 2002

ITEM	CWS	ORA	STIPULATION
Metered Services			
RESIDENTIAL	13,939	13,939	13,939
BUSINESS	1,867	1,867	1,867
MULTI-FAMILY	151	151	151
INDUSTRIAL	69	69	69
PUBLIC AUTHORITY	230	230	230
OTHER	43	87	87
IRRIGATION	-	-	-
RECLAIMED	-	-	-
	<hr/>		
TOTAL	16,299	16,343	16,343
Flat Rate Services			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE PROTECTION	501	501	501
PUBLIC FIRE PROTECTION	20	20	20
	<hr/>		
TOTAL	521	521	521
TOTAL SERVICES			
	<hr/>		
INCL. FIRE PROTECTION	16,820	16,864	16,864
EXCL. FIRE PROTECTION	16,299	16,343	16,343

# Appendix E

## Page 6

TABLE D-1

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### TOTAL SALES AND SUPPLY

TEST YEAR 2001

ITEM	CWS	ORA	STIPULATION
Metered Sales (KCcf)			
RESIDENTIAL	1,529.8	1,529.8	1,529.8
BUSINESS	1,481.1	1,542.4	1,542.4
MULTI-FAMILY	202.5	202.5	202.5
INDUSTRIAL	402.0	402.0	402.0
PUBLIC AUTHORITY	201.1	215.5	215.5
OTHER	17.8	44.0	30.9
IRRIGATION	-	-	-
RECLAIMED	-	-	-
	<hr/>		
TOTAL	3,834.3	3,936.2	3,923.1
RESIDENTIAL FLAT	-	-	-
UNACCOUNTED FOR WATER	158.9	163.1	162.6
	<hr/>		
TOTAL WATER SUPPLY	3,993.2	4,099.3	4,085.7
COMPANY WELLS	476.3	476.3	476.3
PURCHASES - SFWD	3,516.9	3,623.0	3,609.4



# Appendix E

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TABLE D-2

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### TOTAL SALES AND SUPPLY

TEST YEAR 2002

ITEM	CWS	ORA	STIPULATION
Metered Sales (KCcf)			
RESIDENTIAL	1,553.4	1,553.4	1,553.4
BUSINESS	1,481.1	1,562.5	1,562.5
MULTI-FAMILY	205.6	205.6	205.6
INDUSTRIAL	402.0	402.0	402.0
PUBLIC AUTHORITY	201.1	220.2	220.2
OTHER	17.8	51.0	34.4
IRRIGATION	-	-	-
RECLAIMED	-	-	-
	<hr/>		
TOTAL	3,861.0	3,994.7	3,978.1
RESIDENTIAL FLAT	-	-	-
UNACCOUNTED FOR WATER	160.0	165.5	164.9
	<hr/>		
TOTAL WATER SUPPLY	4,021.0	4,160.2	4,143.0
COMPANY WELLS	476.3	476.3	476.3
PURCHASES - SFWD	3,544.7	3,683.9	3,666.7

# Appendix E

## Page 8

TABLE E-1

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### OPERATING REVENUES

TEST YEAR 2001  
(DOLLARS IN THOUSANDS)

<b>PRESENT RATES</b>	CWS	ORA	STIPULATION
<b>Metered Revenues</b>			
RESIDENTIAL	3,735.6	3,735.6	3,735.6
BUSINESS	2,786.9	2,880.7	2,880.6
MULTI-FAMILY	381.3	381.3	381.3
INDUSTRIAL	659.5	659.5	659.5
PUBLIC AUTHORITY	408.2	430.1	430.2
OTHER	44.4	84.5	77.2
IRRIGATION	-	-	-
RECLAIMED	-	-	-
<b>TOTAL</b>	<b>8,015.9</b>	<b>8,171.7</b>	<b>8,164.3</b>
<b>Flat Rate Revenues</b>			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE	247.7	247.7	247.7
PUBLIC FIRE	8.7	8.7	8.7
OTHER	5.9	5.9	5.9
<b>TOTAL</b>	<b>262.3</b>	<b>262.3</b>	<b>262.3</b>
<b>DEFERRED REVENUES</b>	<b>50.5</b>	<b>50.5</b>	<b>50.5</b>
<b>TOTAL OPERATING REVENUES</b>	<b>8,328.7</b>	<b>8,484.5</b>	<b>8,477.1</b>
<b>PROPOSED RATES</b>			
<b>Metered Revenues</b>			
RESIDENTIAL	4,063.2	4,063.2	4,425.5
BUSINESS	3,179.4	3,215.9	2,925.2
MULTI-FAMILY	439.0	439.0	372.4
INDUSTRIAL	745.3	745.3	709.9
PUBLIC AUTHORITY	475.3	490.3	404.5
OTHER	53.0	95.2	63.5
IRRIGATION	-	-	-
RECLAIMED	-	-	-
<b>TOTAL</b>	<b>8,955.2</b>	<b>9,048.9</b>	<b>8,901.0</b>
<b>Flat Rate Revenues</b>			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE	247.7	247.7	247.7
PUBLIC FIRE	8.7	8.7	8.7
OTHER	6.1	6.1	6.1
<b>TOTAL</b>	<b>262.5</b>	<b>262.5</b>	<b>262.5</b>
<b>DEFERRED REVENUES</b>	<b>50.5</b>	<b>50.5</b>	<b>50.5</b>
<b>TOTAL OPERATING REVENUES</b>	<b>9,268.2</b>	<b>9,361.9</b>	<b>9,214.0</b>

# Appendix E

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TABLE E-2

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### OPERATING REVENUES

TEST YEAR 2002  
(DOLLARS IN THOUSANDS)

<b>PRESENT RATES</b>	CWS	ORA	STIPULATION
<b>Metered Revenues</b>			
RESIDENTIAL	3,793.2	3,793.2	3,793.2
BUSINESS	2,794.9	2,919.4	2,919.4
MULTI-FAMILY	386.0	386.0	386.0
INDUSTRIAL	658.2	658.2	658.2
PUBLIC AUTHORITY	411.0	440.2	440.2
OTHER	44.4	95.2	87.2
IRRIGATION	-	-	-
RECLAIMED	-	-	-
<b>TOTAL</b>	<b>8,087.7</b>	<b>8,292.2</b>	<b>8,284.2</b>
<b>Flat Rate Revenues</b>			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE	251.7	251.7	251.7
PUBLIC FIRE	9.1	9.1	9.1
OTHER	5.9	5.9	5.9
<b>TOTAL</b>	<b>266.7</b>	<b>266.7</b>	<b>266.7</b>
DEFERRED REVENUES	47.1	47.1	47.1
<b>TOTAL OPERATING REVENUES</b>	<b>8,401.5</b>	<b>8,606.0</b>	<b>8,598.0</b>
<b>PROPOSED RATES</b>			
<b>Metered Revenues</b>			
RESIDENTIAL	4,186.7	4,186.7	4,601.4
BUSINESS	3,247.9	3,298.6	3,018.4
MULTI-FAMILY	452.3	452.3	384.6
INDUSTRIAL	759.5	759.5	722.0
PUBLIC AUTHORITY	486.9	507.4	420.9
OTHER	53.7	108.7	72.6
IRRIGATION	-	-	-
RECLAIMED	-	-	-
<b>TOTAL</b>	<b>9,187.0</b>	<b>9,313.2</b>	<b>9,219.9</b>
<b>Flat Rate Revenues</b>			
RESIDENTIAL FLAT	-	-	-
PRIVATE FIRE	251.7	251.7	251.7
PUBLIC FIRE	9.1	9.1	9.1
OTHER	6.2	6.2	6.2
<b>TOTAL</b>	<b>267.0</b>	<b>267.0</b>	<b>267.0</b>
DEFERRED REVENUES	47.1	47.1	47.1
<b>TOTAL OPERATING REVENUES</b>	<b>9,501.1</b>	<b>9,627.3</b>	<b>9,534.0</b>

# Appendix E

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TABLE F-1

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### OPERATION & MAINTENANCE EXPENSES

TEST YEAR 2001  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
OPERATING REVENUES	8,328.7	8,484.5	8,477.1
Uncollectible rate	0.09557%	0.09557%	0.09557%
Uncollectibles	8.0	8.1	8.1
OPERATIONS EXPENSES			
PURCHASED WATER	3,610.1	3,595.2	3,689.6
GROUNDWATER EXTRACTION	0.0	0.0	0.0
PURCHASED POWER	162.8	162.8	166.6
PURCHASED CHEMICALS	14.2	14.2	14.4
PAYROLL	573.7	570.5	573.7
POSTAGE	52.3	50.9	52.8
TRANSPORTATION	43.5	43.5	44.1
PURCHASED SERVICES			
SOURCE OF SUPPLY	0.2	0.2	0.2
PUMPING	22.5	22.5	22.8
WATER TREATMENT	9.8	9.8	9.9
TRANS. & DISTRIBUTION	47.3	47.3	48.0
CUSTOMER ACCOUNTING	48.5	48.5	49.2
CONSERVATION EXPENSES	5.4	5.4	5.4
TOTAL OPERATIONS EXPENSES	4,598.3	4,578.9	4,684.8
MAINTENANCE EXPENSES			
PAYROLL	117.4	116.7	117.4
TRANSPORTATION	12.1	12.1	12.2
STORES	29.5	29.5	29.9
CONTRACTED MAINTENANCE	166.8	145.5	169.9
TOTAL MAINTENANCE EXPENSES	325.8	303.8	329.4
TOTAL O & M EXPENSES (incl. uncollectibles)	4,924.1	4,882.7	5,014.2
<u>At Proposed Rates in Application</u>			
OPERATING REVENUES	9,268.1	9,361.9	9,424.5
Uncollectible Rate	0.09557%	0.09557%	0.09557%
Uncollectibles	8.9	8.9	9.0
Total O&M Expenses (incl. uncollectibles)	4,925.0	4,883.5	5,015.1

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.

# Appendix E

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TABLE F-2

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### OPERATION & MAINTENANCE EXPENSES

TEST YEAR 2002  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
OPERATING REVENUES	8,401.5	8,606.0	8,598.0
Uncollectible rate	0.09557%	0.09557%	0.09557%
Uncollectibles	8.0	8.2	8.2
OPERATIONS EXPENSES			
PURCHASED WATER	3,634.0	3,619.1	3,738.9
GROUNDWATER EXTRACTION	0.0	0.0	0.0
PURCHASED POWER	163.9	163.9	168.9
PURCHASED CHEMICALS	14.5	14.5	14.7
PAYROLL	616.2	556.0	590.9
POSTAGE	53.5	51.6	53.7
TRANSPORTATION	44.1	44.1	44.2
PURCHASED SERVICES			
SOURCE OF SUPPLY	0.2	0.2	0.2
PUMPING	23.0	23.0	23.3
WATER TREATMENT	10.0	10.0	10.1
TRANS. & DISTRIBUTION	48.4	48.4	49.0
CUSTOMER ACCOUNTING	49.6	49.6	50.3
CONSERVATION EXPENSES	5.4	5.4	5.4
TOTAL OPERATIONS EXPENSES	4,670.8	4,594.0	4,757.8
MAINTENANCE EXPENSES			
PAYROLL	126.1	113.8	120.9
TRANSPORTATION	12.2	12.2	12.3
STORES	30.1	30.1	30.5
CONTRACTED MAINTENANCE	179.0	148.8	186.3
TOTAL MAINTENANCE EXPENSES	347.4	304.9	350.0
TOTAL O & M EXPENSES (incl. uncollectibles)	5,018.2	4,898.9	5,107.8
<u>At Proposed Rates in Application</u>			
OPERATING REVENUES	9,501.0	9,627.3	9,750.5
Uncollectible Rate	0.09557%	0.09557%	0.09557%
Uncollectibles	9.1	9.2	9.3
Total O&M Expenses (incl. uncollectibles)	5,019.3	4,899.9	5,108.9

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.

# Appendix E

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TABLE G-1

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### ADMINISTRATIVE & GENERAL EXPENSES

TEST YEAR 2001  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
Operating Revenue	8,320.7	8,476.4	8,477.1
Effective Local Franchise Tax Rate	0.00000%	0.00000%	0.00000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENSE	0.0	0.0	0.0
PAYROLL	190.1	189.1	190.1
TRANSPORTATION EXPENSES	0.0	0.0	0.0
PURCHASED SERVICES			
RENTS	33.0	28.5	33.4
ADMIN CHARGES TRF	0.0	0.0	0.0
NONSPECIFICS	58.4	58.4	59.1
MISCELLANEOUS EXPENSES			
AMORT. OF LIMITED TERM INV.	0.0	0.0	0.0
RATE MAKING ADJUSTMENTS			
DUES & DONATIONS	(0.7)	(0.7)	(0.7)
TOTAL A & G EXPENSES	280.8	275.3	281.9
(Incl. local franch. tax & bus. lic.)	280.8	275.3	281.9
<u>At Proposed Rates</u>			
Operating Revenue (less uncoll.)	9,268.1	9,361.9	9,415.5
Effective Local Franchise Tax Rate	0.00000%	0.00000%	0.00000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENCE	0.0	0.0	0.0
TOTAL A & G EXPENSES	280.8	275.3	281.9
(Incl. local franch. tax & bus. lic.)	280.8	275.3	281.9

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.

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TABLE G-2

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### ADMINISTRATIVE & GENERAL EXPENSES

TEST YEAR 2002  
(DOLLARS IN THOUSANDS)

ITEM	CWS	ORA	STIPULATION *
<u>At Present Rates</u>			
Operating Revenue	8,393.5	8,597.8	8,598.0
Effective Local Franchise Tax Rate	0.00000%	0.00000%	0.00000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENSE	0.0	0.0	0.0
PAYROLL	204.2	184.3	195.8
TRANSPORTATION EXPENSES	0.0	0.0	0.0
PURCHASED SERVICES			
RENTS	33.8	29.2	34.1
ADMIN CHARGES TRF	0.0	0.0	0.0
NONSPECIFICS	59.7	59.7	60.4
MISCELLANEOUS EXPENSES			
AMORT. OF LIMITED TERM INV.	0.0	0.0	0.0
RATE MAKING ADJUSTMENTS			
DUES & DONATIONS	(0.7)	(0.7)	(0.7)
TOTAL A & G EXPENSES	297.0	272.5	289.6
(Incl. local franch. tax & bus. lic.)	297.0	272.5	289.6
<u>At Proposed Rates</u>			
Operating Revenue (less uncoll.)	9,501.0	9,627.3	9,741.2
Effective Local Franchise Tax Rate	0.00000%	0.00000%	0.00000%
LOCAL FRANCHISE TAX	0.0	0.0	0.0
BUSINESS LICENCE	0.0	0.0	0.0
TOTAL A & G EXPENSES	297.0	272.5	289.6
(Incl. local franch. tax & bus. lic.)	297.0	272.5	289.6

\* NOTE: Settlement figures reflect updated inflation factors published by ORA on August 31, 2000.

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TABLE H-2

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

TAXES OTHER THAN INCOME TAXES

TEST YEAR 2002

ITEM	(DOLLARS IN THOUSANDS)		
	CWS	ORA	STIPULATION
Metered Connections			
AD VALOREM TAXES	180.2	179.9	179.2
BUSINESS LICENSE FEES-PRESENT RATES	2.1	2.1	2.1
BUSINESS LICENSE FEES-PROPOSED RATES	2.1	2.1	2.1
LOCAL FRANCHISE TAXES- PRESENT RATES	-	-	-
LOCAL FRANCHISE TAXES- PROPOSED RATES	-	-	-
PAYROLL TAXES	77.2	77.2	74.1
Taxes other than income (present rates)	259.5	259.2	255.4
Taxes other than income	259.5	259.2	255.4



# Appendix E

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TABLE I-1

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### TAXES BASED ON INCOME

TEST YEAR 2001

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
OPERATING REVENUES (present rates)	8,328.7	8,484.5	8,477.1
DEDUCTIONS			
O & M EXPENSES	4,923.4	4,882.7	5,014.2
A & G EXPENSES	280.8	275.3	281.9
G.O. PRORATED	933.2	929.3	933.2
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	245.9	245.0	245.2
INTEREST	579.7	598.1	576.0
TOTAL	6,963.0	6,930.4	7,050.5
INCOME BEFORE TAXES	1,365.7	1,554.1	1,426.6
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation & Trans Deprec Adjust	(997.6)	(992.5)	(1,005.6)
Taxable income for CCFT	368.1	561.6	421.0
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	32.5	49.6	37.2
<u>Federal Income Tax (FIT)</u>			
Federal Tax Depreciation	780.8	759.7	716.5
State Income Tax Deduction	32.5	49.6	37.2
Preferred Stock Dividend Credit	0.0	0.0	2.8
Taxable Income for FIT	552.4	744.8	670.1
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	193.3	260.7	234.5
TOTAL FIT & CCFT	225.8	310.3	271.7

# Appendix E

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TABLE I-2

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### TAXES BASED ON INCOME

TEST YEAR 2001

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
OPERATING REVENUES (proposed rates)	9,267.7	9,361.9	9,214.0
DEDUCTIONS			
O & M EXPENSES	4,924.3	4,883.5	5,014.9
A & G EXPENSES	280.8	275.3	281.9
G.O. PRORATED	933.2	929.3	933.2
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	245.9	245.0	245.2
INTEREST	579.7	598.1	576.0
TOTAL	6,963.9	6,931.2	7,051.2
INCOME BEFORE TAXES	2,303.8	2,430.7	2,162.8
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation & Trans Deprec Adjust	(997.6)	(992.5)	(1,005.6)
Taxable income for CCFT	1,306.2	1,438.2	1,157.2
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	115.5	127.1	102.3
<u>Federal Income Tax (FIT)</u>			
Federal Tax Depreciation	790.3	786.3	716.8
State Income Tax Deduction	20.2	20.2	36.9
Preferred Stock Dividend Credit	2.8	2.8	2.8
Taxable Income for FIT	1,490.5	1,621.4	1,406.3
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	521.7	567.5	492.2
TOTAL FIT & CCFT	637.2	694.6	594.5

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TABLE I-3

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### TAXES BASED ON INCOME

TEST YEAR 2002

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
OPERATING REVENUES (present rates)	8,401.5	8,606.0	8,598.0
DEDUCTIONS			
O & M EXPENSES	5,017.8	4,898.9	5,107.9
A & G EXPENSES	297.0	272.5	289.6
G.O. PRORATED	968.5	956.6	968.5
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	259.5	259.2	255.4
INTEREST	613.1	626.9	611.6
TOTAL	7,155.9	7,014.1	7,233.0
INCOME BEFORE TAXES	1,245.6	1,591.9	1,365.0
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation & Trans Deprec Adjust	(1,058.5)	(1,056.8)	(1,074.2)
Taxable income for CCFT	187.1	535.1	290.8
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	16.5	47.3	25.7
<u>Federal Income Tax (FIT)</u>			
Federal Tax Depreciation	832.6	817.7	699.1
State Income Tax Deduction	16.5	47.3	36.9
Preferred Stock Dividend Credit	2.8	2.8	2.8
Taxable Income for FIT	393.7	724.1	626.2
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	137.8	253.4	219.2
TOTAL FIT & CCFT	154.3	300.7	244.9

# Appendix E

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TABLE I-4

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### TAXES BASED ON INCOME

TEST YEAR 2002

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
OPERATING REVENUES (proposed rates)	9,500.9	9,627.3	9,534.0
DEDUCTIONS			
O & M EXPENSES	5,018.9	4,899.9	5,108.8
A & G EXPENSES	297.0	272.5	289.6
G.O. PRORATED	968.5	956.6	968.5
G.O. PRORATED ADJ.	0.0	0.0	0.0
TAXES NOT ON INCOME	259.5	259.2	255.4
INTEREST	613.1	626.9	611.6
TOTAL	7,157.0	7,015.1	7,233.9
INCOME BEFORE TAXES	2,343.9	2,612.2	2,300.1
<u>California Corporate Franchise Tax (CCFT)</u>			
State Tax Depreciation & Trans Deprec Adjust	(1,058.5)	(1,056.8)	(1,074.2)
Taxable income for CCFT	1,285.4	1,555.4	1,225.9
CCFT Rate	8.84%	8.84%	8.84%
TOTAL CCFT	113.6	137.5	108.4
<u>Federal Income Tax (FIT)</u>			
Federal Tax Depreciation	828.1	838.5	698.8
State Income Tax Deduction	103.9	103.9	102.3
Preferred Stock Dividend Credit	2.8	2.8	2.8
Taxable Income for FIT	1,409.1	1,667.0	1,496.2
FIT Rate	35.00%	35.00%	35.00%
TOTAL FIT	493.2	583.5	523.7
TOTAL FIT & CCFT	606.8	720.9	632.1

# Appendix E

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TABLE J-1

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### PLANT IN SERVICE

TEST YEAR 2001

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Plant in Service - BOY	31,198.4	31,002.8	30,972.7
Beginning Balance - CWIP	-	-	-
Total BOY	31,198.4	31,002.8	30,972.7
Additions			
Utility Funded	1,461.9	1,636.9	1,634.4
Advances	378.9	378.9	378.9
Contributions	86.2	86.2	86.2
Gross Additions	1,927.0	2,102.0	2,099.5
Retirements	(125.0)	(125.0)	(103.5)
Change in CWIP Balance	-	-	-
Plant in Service - EOY	33,000.4	32,979.8	32,968.7
Weighting Factor	41.5%	41.5%	41.5%
Weighted Average Plant in Service	31,946.2	31,823.3	31,801.0

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TABLE J-2

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### PLANT IN SERVICE

TEST YEAR 2002

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Plant in Service - BOY	33,000.4	32,979.8	32,968.7
Beginning Balance - CWIP	-	-	-
Total BOY	33,000.4	32,979.8	32,968.7
Additions			
Utility Funded	1,492.2	1,434.2	1,402.6
Advances	378.9	378.9	378.9
Contributions	104.2	104.2	104.2
Gross Additions	1,975.3	1,917.3	1,885.7
Retirements	(130.8)	(130.8)	(130.8)
Change in CWIP Balance	-	-	-
Plant in Service - EOY	34,844.9	34,766.3	34,723.6
Weighting Factor	41.5%	41.5%	41.5%
Weighted Average Plant in Service	33,765.9	33,721.2	33,697.0

# Appendix E

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### TABLE K-1

#### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### DEPRECIATION RESERVE & EXPENSE

TEST YEAR 2001

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Depreciation Reserve - BOY	7,627.0	7,627.0	7,611.3
ACCRUALS			
TRANSPORTATION EQUIPMENT	20.4	20.4	21.9
OTHER PLANT IN SERVICE	733.6	727.7	724.5
CONTRIBUTED PLANT	163.5	163.5	163.5
TOTAL ACCRUALS	917.5	911.6	909.9
RETIREMENTS	(147.5)	(147.5)	(131.8)
NET ADDITIONS	770.0	764.1	778.1
DEPRECIATION ADJUSTMENT	-	-	-
DEPRECIATION RESERVE - EOY	8,397.0	8,391.1	8,389.4
Weighting Factor	41.5%	41.5%	41.5%
Weighted Average Depr. Reserve	7,946.6	7,944.1	7,934.2

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### TABLE K-2

#### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### DEPRECIATION RESERVE & EXPENSE

TEST YEAR 2002

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
Depreciation Reserve - BOY	8,397.0	8,391.1	8,389.3
ACCRUALS			
TRANSPORTATION EQUIPMENT	21.9	21.9	21.9
OTHER PLANT IN SERVICE	783.8	783.2	782.0
CONTRIBUTED PLANT	166.6	166.6	166.6
TOTAL ACCRUALS	972.3	971.7	970.5
RETIREMENTS	(151.7)	(151.7)	(151.7)
NET ADDITIONS	820.6	820.0	818.8
DEPRECIATION ADJUSTMENT	-	-	-
DEPRECIATION RESERVE - EOY	9,217.6	9,211.1	9,208.1
Weighting Factor	41.5%	41.5%	41.5%
Weighted Average Depr. Reserve	8,737.5	8,731.4	8,729.1



# Appendix E

## Page 23

TABLE L-1

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### WEIGHTED AVERAGE DEPRECIATED RATE BASE

TEST YEAR 2001

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
WEIGHTED AVERAGE PLANT	31,946.2	31,823.3	31,801.0
Materials & Supplies	156.1	156.1	156.1
Working Cash - Gross	0.0	0.0	0.0
Working Cash - Lead/Lag	351.4	291.2	294.8
Working Cash - W/H Empl.	(1.6)	(1.6)	(1.6)
Total Working Cash	349.8	289.6	293.2
WTD AVERAGE DEPR. RESERVE	7,946.5	7,944.1	7,934.2
SUBTOTAL	24,505.6	24,324.9	24,316.1
DEDUCTION FROM RATE BASE			
Advances	4,023.1	4,023.1	4,023.1
Contributions	3,867.3	3,867.3	3,867.3
Reserve Amortization of Intangibles	0.0	0.0	0.0
Accumulated Deferred FIT	1,805.7	1,805.7	1,807.2
Accumulated Unamortized ITC	85.0	85.0	85.0
TOTAL DEDUCTIONS	9,781.1	9,781.1	9,782.5
ADDITIONS TO RATE BASE			
Accumulated Deferred Taxes - CIAC	355.8	355.8	355.8
Accumulated Deferred Taxes - Advances	221.7	221.7	221.7
TOTAL ADDITIONS	577.5	577.5	577.5
DISTRICT RATE BASE	15,302.0	15,121.3	15,111.1
PRORATED G.O. RATE BASE	623.0	566.6	623.0
AVERAGE RATE BASE	15,925.0	15,687.9	15,734.1

# Appendix E

## Page 24

TABLE L-2

### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### WEIGHTED AVERAGE DEPRECIATED RATE BASE

TEST YEAR 2002

ITEM (DOLLARS IN THOUSANDS)	CWS	ORA	STIPULATION
WEIGHTED AVERAGE PLANT	33,765.9	33,721.2	33,697.0
Materials & Supplies	156.1	156.1	156.1
Working Cash - Gross	0.0	0.0	0.0
Working Cash - Lead/Lag	367.5	296.8	305.2
Working Cash - W/H Empl.	(1.6)	(2.4)	(1.6)
Total Working Cash	365.9	294.4	303.6
WTD AVERAGE DEPR. RESERVE	8,737.5	8,731.3	8,729.1
SUBTOTAL	25,550.4	25,440.4	25,427.6
DEDUCTION FROM RATE BASE			
Advances	4,247.5	4,247.5	4,247.5
Contributions	3,806.7	3,806.7	3,806.7
Reserve Amortization of Intangibles	0.0	0.0	0.0
Accumulated Deferred FIT	1,882.3	1,882.3	1,883.3
Accumulated Unamortized ITC	82.0	82.0	82.0
TOTAL DEDUCTIONS	10,018.5	10,018.5	10,019.5
ADDITIONS TO RATE BASE			
Accumulated Deferred Taxes - CIAC	334.1	334.1	334.1
Accumulated Deferred Taxes - Advances	227.2	227.2	227.2
TOTAL ADDITIONS	561.3	561.3	561.3
DISTRICT RATE BASE	16,093.2	15,983.2	15,969.4
PRORATED G.O. RATE BASE	680.6	602.8	680.6
AVERAGE RATE BASE	16,773.8	16,586.0	16,650.0

# Appendix E

## Page 25

### TABLE M

#### CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO DISTRICT

#### NET-TO-GROSS MULTIPLIER

TEST YEARS 2001 & 2002

ITEM	CWS	ORA	STIPULATION
1) Uncollectibles (%)	0.09557%	0.09557%	0.09557%
2) 1- Uncoll (100% - Line 1)	99.90443%	99.90443%	99.90443%
3) Franchise Tax Rate	0.00000%	0.00000%	0.00000%
4) Local Franchise (Line 3 * Line 2)	0.00000%	0.00000%	0.00000%
5) Business License Rate	0.00000%	0.00000%	0.00000%
6) Business License (Line 5 * Line 2)	0.00000%	0.00000%	0.00000%
7) Subtotal (Line 1 + Line 2)	0.09557%	0.09557%	0.09557%
8) 1 - Subtotal (100% - Line 3)	99.90443%	99.90443%	99.90443%
9) CCFT (Line 8 * 8.84%)	8.83155%	8.83155%	8.83155%
10) FIT (Line 8 * 35%)	34.96655%	34.96655%	34.96655%
11) Total Taxes Paid (Line 7 + Line 9 + Line 10)	43.89367%	43.89367%	43.89367%
12) Net after taxes (1 - Line 11)	56.10633%	56.10633%	56.10633%
Net-to-Gross Multiplier (1 / Line 12)	1.78233	1.78233	1.78233



## **Appendix F**

# Appendix F

## Page 1

### O&M + A&G Expenses

	recorded	1998	1999	2000	2001	2002
payroll		6,366.1	7,334.9	7,694.4	8,002.2	8,306.3
employee benefits		5,926.4	6,529.9	6,730.9	7,000.1	7,266.1
other		5,668.0	5,790.8	5,906.0	6,029.0	6,167.8
total	-	17,960.5	19,655.6	20,331.3	21,031.3	21,740.2
Ad Valorem and Bus Lic	521.5		127.9	151.0	166.6	182.1
FICA Taxes			519.3	544.8	566.6	588.1
Depreciation	1,321.9		1,141.3	1,245.2	1,392.8	1,523.7
Full total	16,946.3		21,444.1	22,272.3	23,157.3	24,034.1

# Appendix F

## Page 2

	2000		
General Office Expenses	CWS	ORA	STIPULATION*
Operations Payroll	2,608.3	2,608.3	2,608.3
Maintenance Payroll	248.7	248.7	248.7
Operations Transportation	72.0	72.0	73.3
Maintenance Transportation	67.9	67.9	67.9
Source of Supply	(6.8)	(6.8)	(6.9)
Pumping	(1.1)	(1.0)	(1.1)
Water Treatment	(87.8)	(88.1)	(89.0)
Transmission and Distribution	57.5	57.5	57.5
Customer Accounting	978.9	906.3	906.3
Conservation	154.2	154.2	154.2
Purchased Services	32.8	32.8	32.8
Stores	0.5	0.4	0.5
A&G Payroll	6,538.3	6,538.3	6,538.3
A&G Transportation	114.3	114.3	110.4
A&G Salaries	0.0	0.0	0.0
Office Supplies	2,084.8	2,084.8	2,124.2
Property Insurance	24.8	24.8	24.8
Injuries and Damages	1,553.3	1,553.3	1,553.3
Pensions and Benefits	7,092.9	7,085.2	7,085.2
Franchise Requirements	0.5	0.5	0.5
Regulatory Commission Expenses	55.9	55.9	55.9
Outside Services	1,163.2	1,159.8	1,159.8
Misc. General Expenses	1,542.0	1,542.0	1,572.5
Maint. Of General Plant	139.8	139.8	139.8
Rent	0.0	0.0	0.0
Administrative Charges	0.0	0.0	0.0
Amortization per D.93-01-025	38.1	38.1	38.1
Dues and Donations Adjustment	(65.2)	(65.2)	(65.2)
Ad Valorem Taxes	141.4	141.4	141.4
Payroll Taxes	679.2	679.2	679.2
Business License	3.3	3.3	3.3
Depreciation Expense	1,443.6	1,443.6	1,443.6
Total Expenses	26,675.3	26,591.3	26,657.6

\* NOTE: Settlement Figures reflect updated inflation factors published by ORA on August 31, 2000

Appendix F  
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	2001		
General Office Expenses	CWS	ORA	STIPULATION*
Operations Payroll	2,683.1	2,683.1	2,683.1
Maintenance Payroll	255.8	255.8	255.8
Operations Transportation	75.9	75.9	78.0
Maintenance Transportation	70.0	70.0	70.8
Source of Supply	(7.0)	(7.0)	(7.0)
Pumping	(1.1)	(1.1)	(1.1)
Water Treatment	(90.4)	(90.4)	(91.3)
Transmission and Distribution	59.3	59.3	59.3
Customer Accounting	1,008.3	929.8	929.8
Conservation	3.2	3.2	3.3
Purchased Services	33.8	33.8	33.8
Stores	0.5	0.5	0.5
A&G Payroll	6,725.9	6,725.9	6,725.9
A&G Transportation	117.7	117.7	113.3
A&G Salaries	0.0	-	-
Office Supplies	2,355.9	2,355.9	2,392.6
Property Insurance	25.5	25.5	25.5
Injuries and Damages	1,599.9	1,599.9	1,599.9
Pensions and Benefits	7,460.5	7,449.4	7,449.4
Franchise Requirements	0.5	0.5	0.5
Regulatory Commission Expenses	57.6	57.6	57.6
Outside Services	1,198.0	1,190.0	1,190.0
Misc. General Expenses	1,690.0	1,690.0	1,718.3
Maint. Of General Plant	144.0	144.0	144.0
Rent	-	-	-
Administrative Charges	-	-	-
Amortization per D.93-01-025	38.1	38.1	38.1
Dues and Donations Adjustment	(65.2)	(65.2)	(65.2)
Ad Valorem Taxes	156.6	156.6	156.6
Payroll Taxes	698.7	698.7	698.7
Business License	3.3	3.3	3.3
Depreciation Expense	1,694.0	1,621.6	1,621.6
Total Expenses	27,992.4	27,822.4	27,885.1

\* NOTE: Settlement Figures reflect updated inflation factors published by ORA on August 31, 2000



# Appendix F

## Page 4

	2002		
General Office Expenses	CWS	ORA	STIPULATION*
Operations Payroll	2,763.6	2,763.6	2,763.6
Maintenance Payroll	263.5	263.5	263.5
Operations Transportation	77.5	77.5	79.7
Maintenance Transportation	71.4	71.4	72.4
Source of Supply	(7.1)	(7.1)	(7.1)
Pumping	(1.1)	(1.1)	(1.1)
Water Treatment	(92.3)	(93.3)	(93.3)
Transmission and Distribution	60.5	60.5	60.5
Customer Accounting	1,029.4	750.7	900.7
Conservation	3.3	3.3	3.3
Purchased Services	34.9	34.5	34.5
Stores	0.5	0.5	0.5
A&G Payroll	6,927.6	6,927.6	6,927.6
A&G Transportation	119.3	119.3	114.8
A&G Salaries	0.0	0.0	0.0
Office Supplies	2,618.4	2,618.4	2,663.1
Property Insurance	26.0	26.0	26.0
Injuries and Damages	1,633.5	1,633.5	1,633.5
Pensions and Benefits	7,714.2	7,702.7	7,702.7
Franchise Requirements	0.5	0.5	0.5
Regulatory Commission Expenses	58.8	58.8	58.8
Outside Services	1,223.2	1,216.7	1,216.7
Misc. General Expenses	1,829.5	1,829.5	1,863.3
Maint. Of General Plant	147.0	147.0	147.0
Rent	0.0	0.0	0.0
Administrative Charges	0.0	0.0	0.0
Amortization per D.93-01-025	38.1	38.1	38.1
Dues and Donations Adjustment	(65.2)	(65.2)	(65.2)

\* NOTE: Settlement Figures reflect updated inflation factors published by ORA on August 31, 2000

# Appendix F

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2000

General Office Rate Base	<b>CWS</b>	<b>ORA</b>	<b>STIPULATION</b>
Utility Plant	27,060.4	26,255.7	26,480.8
Personal Mileage GO Vehicles	(91.3)	(91.3)	(136.0)
Total Plant	26,969.1	26,164.4	26,344.8
Depreciation Reserve	8,199.1	8,199.1	8,199.1
Net Utility Plant	18,770.0	17,965.3	18,145.7
Deductions from Rate Base			
Adjustments	0.0	0.0	0.0
Deferred Taxes	923.3	923.3	896.5
Unamortized I.T.C.	90.2	90.2	90.2
Total Deductions	1,013.5	1,013.5	986.7
Additions to Rate Base			
Working Capital	(1,036.5)	(1,036.5)	(1,036.5)
Taxes on Advances	0.0	0.0	0.0
Taxes on CIAC	0.0	0.0	0.0
Total Additions	(1,036.5)	(1,036.5)	(1,036.5)
Non Regulated Plant Adjustment	727.0	692.0	701.0
Weighted Average Rate Base	15,993.0	15,223.3	15,421.5

# Appendix F

## Page 6

	2001		
General Office Rate Base	<b>CWS</b>	<b>ORA</b>	<b>STIPULATION</b>
Utility Plant	29,900.3	28,118.4	29,215.1
Personal Mileage GO Vehicles	(91.3)	(91.3)	(136.0)
Total Plant	29,809.0	28,027.1	29,079.1
Depreciation Reserve	9,205.4	9,150.2	9,165.6
Net Utility Plant	20,603.6	18,876.9	19,913.5
Deductions from Rate Base			
Adjustments	0.0	-	-
Deferred Taxes	1,261.3	1,261.3	1,189.2
Unamortized I.T.C.	87.2	87.2	87.2
Total Deductions	1,348.5	1,348.5	1,276.4
Additions to Rate Base			
Working Capital	(1,036.5)	(1,036.5)	(1,036.5)
Taxes on Advances	0.0	-	-
Taxes on CIAC	0.0	-	-
Total Additions	(1,036.5)	(1,036.5)	(1,036.5)
Non Regulated Plant Adjustment	792.1	717.1	765.3
Weighted Average Rate Base	17,426.5	15,774.8	16,835.3

# Appendix F

## Page 7

2002

General Office Rate Base	<b>CWS</b>	<b>ORA</b>	<b>STIPULATION</b>
Utility Plant	32,874.9	30,213.0	32,272.1
Personal Mileage GO Vehicles	(91.3)	(91.3)	(136.0)
Total Plant	32,783.6	30,121.7	32,136.1
Depreciation Reserve	10,509.4	10,331.9	10,422.6
Net Utility Plant	22,274.2	19,789.8	21,713.5
Deductions from Rate Base			
Adjustments	0.0	0.0	0.0
Deferred Taxes	1,569.6	1,569.6	1,468.6
Unamortized I.T.C.	84.1	84.1	84.1
Total Deductions	1,653.7	1,653.7	1,552.7
Additions to Rate Base			
Working Capital	(1,036.5)	(1,036.5)	(1,036.5)
Taxes on Advances	0.0	0.0	0.0
Taxes on CIAC	0.0	0.0	0.0
Total Additions	(1,036.5)	(1,036.5)	(1,036.5)
Non Regulated Plant Adjustment	851.5	743.5	831.5
Weighted Average Rate Base	18,732.5	16,356.1	18,292.8

# Appendix F

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APPENDIX F  
PAGE 7  
GENERAL OFFICE BASE CASE  
ALLOCATIONS OF EXPENSES AND WEIGHTED AVERAGE RATE BASE  
YEAR 2000  
DOLLARS IN THOUSANDS

DISTRICT	HR	PV	GENERAL OPERATIONS
ALLOCATION %	7.00%	8.62%	100.00%
O & M + A & G EXPENSES , \$1,000			
PAYROLL	657.7	809.9	9,395.3
EMPLOYEE BENEFITS	496.0	610.7	7,085.2
OTHER	553.7	681.8	7,909.6
TOTAL	<u>1,707.4</u>	<u>2,102.4</u>	<u>24390.1</u>
TAXES CHARGED TO EXPENSE			
AD VAL & BUS LIC	10.1	12.5	144.7
SOCIAL SECURITY	47.5	58.5	679.2
TOTAL	<u>57.6</u>	<u>71.0</u>	<u>823.9</u>
DEPRECIATION EXPENSE	101.1	124.4	1,443.6
TOTAL EXPENSES ALLOCATED			
INCL. DEPRECIATION	1,866.1	2,297.8	26,657.6
EXCL. DEPRECIATION	1,765.0	2,173.4	25,214.0
WEIGHTED AVERAGE RATE BASE			
UTILITY PLANT	1,844.1	2,270.9	26,344.8
WORKING CAPITAL	-72.6	-89.3	(1,036.5)
DEFERRED ITEMS	69.1	85.1	986.7
DEPRECIATION RES.	573.9	706.8	8,199.1
NON REGULATED PLANT ADJ ( 4.348% )	49.1	60.4	701.0
RATE BASE	<u>1,079.4</u>	<u>1,329.3</u>	<u>15,421.5</u>

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	1999			2000			2001 #		2002
General Office Expenses	CWS	CWS/RRB	RRB	CWS	CWS/RRB	RRB	escalation factor	Total	escalation factor
Payroll	7,350.4	7,334.9	7,334.9	7,727.6	7,694.4	7,694.4	L	8,002.2	L
Transportation	289.3	271.5	271.5	307.3	276.1	276.1	C	281.8	C
Source of Supply	(5.7)	(6.1)	(6.1)	(5.8)	(6.3)	(6.3)	C	(6.4)	C
Pumping	(3.1)	(4.5)	(4.5)	(3.2)	(4.6)	(4.6)	C	(4.7)	C
Water Treatment	(70.5)	(76.5)	(76.5)	(71.4)	(78.2)	(78.2)	C	(79.8)	C
Transmission and Distribution	62.9	56.5	56.5	63.7	57.8	57.8	C	59.0	C
Customer Accounting	819.9	784.4	784.4	873.5	801.7	801.7	C	818.4	C
Conservation	2.3	2.0	2.0	2.4	2.1	2.1	C	2.1	C
Purchased Services	32.3	31.3	31.3	32.7	32.0	32.0	C	32.7	C
Stores	0.2	0.2	0.2	0.2	0.2	0.2	C	0.2	C
A&G Salaries	(117.1)	(119.6)	(119.6)	(118.6)	(122.8)	(122.8)	C	(125.4)	C
Office Supplies	1,381.7	1,340.8	1,340.8	1,453.1	1,373.0	1,373.0	C	1,401.6	C
Property Insurance	24.3	24.1	24.1	24.6	24.6	24.6	C	25.1	C
Injuries and Damages	1,631.3	1,631.3	1,631.3	1,652.5	1,652.5	1,652.5	C	1,686.9	C
Pensions and Benefits	6,608.5	6,529.9	6,429.4	6,921.8	6,730.9	6,570.8	L	7,000.1	L
Franchise Requirements	0.3	0.2	0.2	0.3	0.2	0.2	C	0.2	C
Regulatory Commission Expenses	72.7	70.3	70.3	73.7	71.8	71.8	C	73.3	C
Outside Services	459.9	399.4	399.4	465.9	409.8	409.8	C	418.3	C
Misc. General Expenses	1,328.4	1,258.1	1,258.1	1,428.1	1,285.7	1,285.7	C	1,312.4	C
Maint. Of General Plant	133.7	133.5	133.5	135.4	136.5	136.5	C	139.3	C
AMORT OF D.93-01-025	38.1	38.1	38.1	38.1	38.1	38.1		38.1	
Dues and Donations Adjustment	(42.1)	(44.2)	(44.2)	(42.1)	(44.2)	(44.2)		(44.2)	
Ad Valorem Taxes	124.9	124.9	124.9	148.0	148.0	148.0		163.6	*
Payroll Taxes	519.3	519.3	519.3	544.8	544.8	544.8	L	566.6	L
Business License	3.0	3.0	3.0	3.0	3.0	3.0		3.0	
Depreciation Expense	1,141.3	1,141.3	1,141.3	1,245.2	1,245.2	1,245.2		1,392.8	*
Total Expenses	21,786.2	21,444.1	21,343.6	22,900.9	22,272.3	22,112.2		23,157.3	
	21,786.2	21,444.1	21,343.6	22,900.9	22,272.3	22,112.2		23,157.3	

Notes: L - Uses labor rate to be determined in future GRC filings; C - Uses ORA composite rate.

\* - Increase due to stipulated plant additions

# - Inflated G.O. expenses for 2001 & 2002 to be used in computing rates for Bakersfield, Palos Verdes, & South San Francisco.

L	1.04
C	1.0208
	1.008

APPENDIX F  
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GENERAL OFFICE  
ALLOCATIONS OF EXPENSES AND WEIGHTED AVERAGE RATE BASE  
YEAR 2001  
DOLLARS IN THOUSANDS

DISTRICT	BK	PV	SSF	GENERAL OPERATIONS
ALLOCATION %	13.74%	8.62%	4.03%	100.00%
O & M + A & G EXPENSES , \$1,000				
PAYROLL	1,099.5	689.8	322.5	8,002.2
EMPLOYEE BENEFITS	961.8	603.4	282.1	7,000.1
OTHER	828.4	519.7	243.0	6,029.0
TOTAL	<u>2,889.7</u>	<u>1,812.9</u>	<u>847.6</u>	<u>21,031.3</u>
TAXES CHARGED TO EXPENSE				
AD VAL & BUS LIC	22.9	14.4	6.7	166.6
SOCIAL SECURITY	77.9	48.8	22.8	566.6
TOTAL	<u>100.8</u>	<u>63.2</u>	<u>29.5</u>	<u>733.2</u>
DEPRECIATION EXPENSE	191.4	120.1	56.1	1,392.8
TOTAL EXPENSES ALLOCATED				
INCL. DEPRECIATION	3,181.9	1,996.2	933.2	23,157.3
EXCL. DEPRECIATION	2,990.5	1,876.1	877.1	21,764.5
WEIGHTED AVERAGE RATE BASE				
UTILITY PLANT	3,681.5	2,309.6	1,079.8	26,794.0
WORKING CAPITAL	-175.3	-110.0	-51.4	(1,275.6)
DEFERRED ITEMS	209.0	131.1	61.3	1,520.8
DEPRECIATION RES.	1,076.7	675.5	315.8	7,836.2
NON REGULATED PLANT ADJ ( 4.348% )	96.6	60.6	28.3	702.7
RATE BASE	<u>2,123.9</u>	<u>1,332.4</u>	<u>623.0</u>	<u>15,458.7</u>

APPENDIX F  
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GENERAL OFFICE  
ALLOCATIONS OF EXPENSES AND WEIGHTED AVERAGE RATE BASE  
YEAR 2002  
DOLLARS IN THOUSANDS

DISTRICT	BK	PV	SSF	GENERAL OPERATIONS
ALLOCATION %	13.74%	8.62%	4.03%	100.00%
O & M + A & G EXPENSES , \$1,000				
PAYROLL	1,141.3	716.0	334.7	8,306.3
EMPLOYEE BENEFITS	998.4	626.3	292.8	7,266.1
OTHER	847.5	531.7	248.6	6,167.8
TOTAL	<u>2,987.2</u>	<u>1,874.0</u>	<u>876.1</u>	<u>21,740.2</u>
TAXES CHARGED TO EXPENSE				
AD VAL & BUS LIC	25.0	15.7	7.3	182.1
SOCIAL SECURITY	80.8	50.7	23.7	588.1
TOTAL	<u>105.8</u>	<u>66.4</u>	<u>31.0</u>	<u>770.2</u>
DEPRECIATION EXPENSE	209.4	131.3	61.4	1,523.7
TOTAL EXPENSES ALLOCATED				
INCL. DEPRECIATION	3,302.4	2,071.7	968.5	24,034.1
EXCL. DEPRECIATION	3,093.0	1,940.4	907.1	22,510.4
WEIGHTED AVERAGE RATE BASE				
UTILITY PLANT	3,999.8	2,509.3	1,173.2	29,110.7
WORKING CAPITAL	-175.3	-110.0	-51.4	(1,275.6)
DEFERRED ITEMS	208.5	130.8	61.2	1,517.7
DEPRECIATION RES.	1,190.2	746.7	349.1	8,662.4
NON REGULATED PLANT ADJ ( 4.348% )	<u>105.5</u>	<u>66.2</u>	<u>30.9</u>	<u>767.6</u>
RATE BASE	<u>2,320.3</u>	<u>1,455.6</u>	<u>680.6</u>	<u>16,887.4</u>



## **Appendix G**

## APPENDIX G

### STIPULATED RATE INCREASE BY DISTRICT

(DOLLARS IN THOUSANDS)

#### General Rate Increase

District	Present Revenues Eff. 1/1/01	Stipulated 2001 Increases Based Upon Rates Eff. 1/1/01	Total Authorized 2001 Revenues	Percentage Increases Over 2001 Present Revenues
<b>Bakersfield</b>	\$25,904.8	\$2,153.9	\$28,058.7	8.31%
<b>Palos Verdes</b>	\$22,233.7	\$351.1	\$22,584.8	1.58%
<b>South San Francisco</b>	\$8,477.1	\$736.9	\$9,214.0	8.69%

District	Authorized 2001 Revenues	Stipulated 2002 Increases	Total Authorized 2002 Revenues	Percentage Increases Over 2001 Authorized Revenues
<b>Bakersfield</b>	\$28,058.7	\$1,405.6	\$29,464.3	5.01%
<b>Palos Verdes</b>	\$22,584.8	\$258.9	\$22,843.7	1.15%
<b>South San Francisco</b>	\$9,214.0	\$320.0	\$9,534.0	3.47%

#### Attrition Calculation

District	Gross Revenue Increase			
	2003		2004	
Bakersfield	\$ 1,408.5	4.8%	\$ 1,430.5	4.6%
Palos Verdes	\$ 255.6	1.1%	\$ 264.6	1.1%
South San Francisco	\$ 287.5	3.0%	\$ 293.4	3.0%

## **Appendix H**

**APPENDIX H-1**

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CALIFORNIA WATER SERVICE COMPANY  
BAKERSFIELD DISTRICT

ADOPTED QUANTITIES

	2001	2002
	( DOLLARS IN THOUSANDS )	
PURCHASED POWER		
SUPPLIER - PG&E		
Total Production ( kccf )	31,637.50	32,004.57
Kwh / ccf	1,228.00	1,228.00
Total calculated KWH	38,850,918	39,301,675
Unit Cost	\$0.09387	\$0.09375
Power Cost	\$3,646,742	\$3,684,649
Add Olcese power estimate	\$107,900	\$107,900
TOTAL PURCHASED POWER	\$3,754.6	\$3,792.5
PURCHASED WATER		
KERN COUNTY WATER AGENCY		
1) ANNUAL ENTITLEMENT ( ACRE FEET )	11,500	11,500
ENTITLEMENT UNIT COST / ACRE FOOT	\$74.50	\$88.50
BASIC COSTS DOLLARS IN THOUS.	\$856.8	\$1,017.8
SURPLUS PURCHASED WATER ( ACRE FEET )	1,559.8	1,559.8
SURPLUS WATER UNIT COST / ACRE FOOT	\$48.00	\$48.00
SURPLUS COST DOLLARS IN THOUS.	\$74.9	\$74.9
2) IMPROVEMENT DISTRICT NO. 4		
OPERATING COSTS OF CONVEYANCE FACILITIES	\$83.0	\$83.0
3) PUMPING COSTS		
ENTITLEMENT ACRE FEET	13,060	13,060
M.G. ( A.F. x .325851 )	4,256	4,256
KWH per M.G.	1,907.9	1,907.9
COMPUTED KWH	8,119,068.5	8,119,068.5
AVG. COST per KWH	\$0.07427	\$0.07427
TOTAL PUMPING COSTS DOLLARS IN THOUS.	\$603.0	\$603.0
ADD OLCESE WATER DISTRICT ADJUSTMENT	\$133.1	\$133.1
TOTAL PURCHASED WATER COSTS ( DOLLARS IN THOUSANDS )	\$1,750.8	\$1,911.8
CHEMICALS		
Total Production ( kccf )	31,637.5	32,004.6
ADOPTED CHEMICAL DOLLARS	\$158.8	\$162.4
ADOPTED \$ per KCCF	\$0.005019	\$0.005074
PUMP TAXES ( KERN COUNTY WATER AGENCY )		
WELL WATER PRODUCTION - ACRE FEET	59,570.4	60,413.1
UNIT COST - ACRE FEET	\$30.00	\$30.00
TOTAL GROUNDWATER CHARGES	\$1,787,112	\$1,812,392
TOTAL PUMP TAX EXPENSE	\$1,787.1	\$1,812.4
UNCOLLECTABLES RATE		0.78104%
FRANCHISE TAX RATE		1.36100%
BUSINESS LICENSE FEE RATE		0.000000
FEDERAL TAX RATE		35.00%

# **APPENDIX H-1**

Page 2

## California Water Service Company BAKERSFIELD DISTRICT

### Adopted Quantities

#### 10. Number of Services by meter size:

	2001	2002
5/8 x 3/4	12,526	13,115
1	6,237	6,443
1 1/2	577	581
2	1,426	1,444
3	226	226
4	99	100
6	41	41
8	5	5
10	-	-
<b>TOTAL</b>	<b>21,137</b>	<b>21,955</b>

#### 11. Metered Sales, KCcf

All Water	12,900.8	13,238.5
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#### 12. Number of Services and Use:

	Avg Services		Use, KCcf		Avg Use, Ccf/Sv/Mo	
	2001	2002	2001	2002	2001	2002
Residential	13,862	14,673	4,562.2	4,873.4	329.1	332.1
Business	6,362	6,362	5,279.0	5,279.0		
Multi-family	448	448	1,410.8	1,437.3		
Industrial	41	41	78.7	78.7		
Public Authority	353	354	1,519.1	1,519.1		
Other	71	77	51.0	51.0		
<b>Sub-Total</b>	<b>21,137</b>	<b>21,955</b>	<b>12,900.8</b>	<b>13,238.5</b>		
Residential Flat	35,629	35,277	16,205.7	16,205.7		
Private Fire Prot.	684	704				
Public Fire Prot.	21	21				
<b>TOTAL</b>	<b>57,471</b>	<b>57,957</b>	<b>29,106.5</b>	<b>29,444.2</b>		
Losses, 8.00%			2,531.0	2,560.4		
<b>Total Production</b>			<b>31,637.5</b>	<b>32,004.6</b>		

**APPENDIX H-1**

Page 3

**CALIFORNIA WATER SERVICE COMPANY  
BAKERSFIELD DISTRICT****STIPULATED RATE BASE**

RATE BASE (DOLLARS IN THOUSANDS)	2001	2002
WEIGHTED AVERAGE PLANT	114,111.1	121,805.4
WTD AVERAGE DEPR. RESERVE	33,839.3	36,506.7
NET UTILITY PLANT	80,271.8	85,298.7
Materials & Supplies	290.2	290.2
Working Cash - Gross	0.0	0.0
Working Cash - Lead/Lag	(684.5)	(669.9)
Working Cash - W/H Empl.	(5.5)	(5.5)
Total Working Cash	(690.0)	(675.4)
SUBTOTAL	79,872.0	84,913.5
DEDUCTION FROM RATE BASE		
Advances	14,273.1	14,386.4
Contributions	6,513.4	6,512.2
Reserve Amortization of Intangibles	19.5	22.6
Accumulated Deferred FIT	6,551.0	6,944.5
Accumulated Unamortized ITC	416.2	402.0
TOTAL DEDUCTIONS	27,773.2	28,267.7
ADDITIONS TO RATE BASE		
Accumulated Deferred Taxes - CIAC	616.9	585.0
Accumulated Deferred Taxes - Advanc	1,144.6	1,102.7
TOTAL ADDITIONS	1,761.5	1,687.7
DISTRICT RATE BASE	53,860.3	58,333.5
PRORATED G.O. RATE BASE	2,123.9	2,320.3
WEIGHTED AVERAGE RATE BASE	55,984.2	60,653.8

**APPENDIX H-1**

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**CALIFORNIA WATER SERVICE COMPANY  
BAKERSFIELD DISTRICT**

**TAXES BASED ON INCOME**

ITEM (DOLLARS IN THOUSANDS)	(Present Rates)		(Proposed Rates)	
	2001	2002	2001	2002
OPERATING REVENUES (proposed rates)	25,905.0	26,115.6	28,058.7	29,464.3
EXPENSES				
PURCHASED WATER	1,750.8	1,911.8	1,750.8	1,911.8
GROUNDWATER EXTRACTION CHARGE	1,787.1	1,812.4	1,787.1	1,812.4
PURCHASED POWER	3,754.6	3,792.5	3,754.6	3,792.5
CHEMICALS	158.8	162.4	158.8	162.4
PAYROLL	2,363.5	2,499.8	2,363.5	2,499.8
OTHER O&M EXPENSES	2,689.8	2,827.4	2,689.8	2,827.4
OTHER A&G EXPENSES	913.2	957.8	913.2	957.8
G.O. PRORATIONS	3,181.9	3,302.4	3,181.9	3,302.4
PAYROLL TAXES	363.6	384.5	363.6	384.5
AD VALOREM TAXES	691.0	741.3	691.0	741.3
UNCOLLECTIBLES	202.3	204.0	219.1	230.1
FRANCHISE TAXES & BUS. LIC.	352.6	355.4	381.9	401.0
TRANSPORTATION DEPR. ADJ.	(214.7)	(252.1)	(214.7)	(252.1)
INTEREST EXPENSE	2,100.8	2,302.1	2,100.8	2,302.1
TOTAL DEDUCTIONS	20,095.3	21,001.7	20,141.4	21,073.4
STATE TAX DEPRECIATION	3,563.8	3,874.3	3,563.8	3,874.3
NET TAXIBLE INCOME	2,245.9	1,239.6	4,353.5	4,516.6
STATE CORP. FRANCH. TAX @ 8.84%	198.5	109.6	384.9	399.3
FEDERAL TAX DEPRECIATION	2,234.5	2,488.7	2,234.9	2,488.7
STATE INCOME TAX DEDUCTION	198.5	198.5	198.6	384.9
LESS PREFERRED STOCK DIVIDEND	9.3	9.3	9.3	9.3
NET TAXIBLE INCOME	3,367.4	2,417.5	5,474.5	5,508.0
FED. INCOME TAX @ 35.00%	1,178.6	846.1	1,916.1	1,927.8
INVESTMENT TAX CREDIT	0.0	0.0	0.0	0.0
TOTAL FEDERAL INCOME TAX	1,178.6	846.1	1,916.1	1,927.8
TOTAL INCOME TAXES	1,377.1	955.7	2,301.0	2,327.1

**APPENDIX H-2**

Page 1

CALIFORNIA WATER SERVICE COMPANY  
HERMOSA REDONDO BASECASE DISTRICT

## ADOPTED QUANTITIES

	<u>2000</u>
PURCHASED POWER	(DOLLARS IN THOUSANDS)
SUPPLIER - PG&E	
Total Production ( kccf )	6,434.11
Kwh / ccf	388.24
Total calculated KWH	2,497,974
Unit Cost	\$0.0960
Power Cost	\$239,786
<b>TOTAL PURCHASED POWER</b>	<b>\$239.8</b>
PURCHASED WATER ( WEST BASIN MUNICIPAL WATER DISTRICT )	
PURCHASED WATER PRODUCTION - KCCF	5,275.42
PURCHASED WATER PRODUCTION - ACRE FEET	12,110.8
NON - INTERRUPT. - ACRE FEET	12,010.8
SEASONAL STORAGE - ACRE FEET	0.0
RECLAIMED WATER - ACRE FEET	100.0
NON - INTERRUPT. - RATE \$ per ACRE FOOT	\$528.00
SEASONAL STORGAGE - RATE \$ per ACRE FOOT	\$346.00
RECLAIMED WATER RATE \$ per ACRE FOOT	\$280.00
NON - INTERRUPT. - QUANTITY CHARGES	\$6,341,700
SEASONAL STORAGE - QUANTITY CHARGES	\$0
RECLAIMED WATER QUANTITY CHARGES	\$28,000
LESS W. R. D. REBATE \$ 120 per ACRE FOOT	\$0
ADD STANDBY METER CHARGES ( 1-4" & 2-2" IN P.V.)	\$2,425
ADD WEST BASIN METER CHARGES	\$50,400
TOTAL CHARGES	\$6,422,525
<b>TOTAL PURCHASED WATER COST</b>	<b>\$6,422.5</b>
CHEMICALS	
Total Production ( kccf )	6,434.1
ADOPTED CHEMICAL DOLLARS	33.8
<b>ADOPTED \$ per KCCF</b>	<b>\$0.005253</b>
PUMP TAXES ( WATER REPLENTISHMENT DISTRICT )	
WELL WATER PRODUCTION - ACRE FEET	2,660.0
UNIT COST - ACRE FEET	\$139.00
TOTAL GROUNDWATER CHARGES	\$369,740
ANNUAL WATERMASTER SERVICE	\$6,355
<b>TOTAL PUMP TAX EXPENSE</b>	<b>\$376.1</b>
UNCOLLECTABLES RATE	0.10380%
FRANCHISE TAX RATE	0.03500%
BUSINESS LICENSE FEE RATE	0.00000%
FEDERAL TAX RATE	35.00%
STATE CORP. FRANCHISE TAX	8.84%
NET TO GROSS MULTIPLIER	1.783101



**APPENDIX H-2**

Page 2

California Water Service Company  
HERMOSA-REDONDO DISTRICT

## Adopted Quantities

10. Number of Services by meter size: 2000

5/8 x 3/4	16,570
1	6,481
1 1/2	1,111
2	908
3	91
4	39
6	10
8	4
10	-
<b>TOTAL</b>	<b>25,214</b>

11. Metered Sales, KCcf

All Water 5,926.6

12. Number of Services and Use:

	Avg Services	Use, KCcf	Avg Use, Ccf/Sv/Mo
	2000	2000	2000
Residential	21,181	3,214.7	155.7
Business	2,182	922.3	
Multi-family	1,456	1,194.4	
Industrial	34	244.1	
Public Authority	320	297.7	
Other	20	5.0	
Reclaimed	21	48.4	
Sub-Total	25,214	5,926.6	
Private Fire Prot.	237		
Public Fire Prot.	16		
<b>TOTAL</b>	<b>25,467</b>	<b>5,926.6</b>	
Losses, 7.89%		507.5	
<b>Total Production</b>		<b>6,434.1</b>	

**APPENDIX H-2**

Page 3

**CALIFORNIA WATER SERVICE COMPANY  
HERMOSA-REDONDO DISTRICT****STIPULATED RATE BASE**

<b>RATE BASE (DOLLARS IN THOUSANDS)</b>	<b>2000</b>
WEIGHTED AVERAGE PLANT	40,148.6
WTD AVERAGE DEPR. RESERVE	11,646.6
NET UTILITY PLANT	28,502.0
Materials & Supplies	134.1
Working Cash - Gross	0.0
Working Cash - Lead/Lag	129.0
Working Cash - W/H Empl.	(2.8)
Total Working Cash	126.2
SUBTOTAL	28,762.3
DEDUCTION FROM RATE BASE	
Advances	514.5
Contributions	2,295.2
Reserve Amortization of Intangibles	16.3
Accumulated Deferred FIT	2,140.2
Accumulated Unamortized ITC	151.6
TOTAL DEDUCTIONS	5,117.8
ADDITIONS TO RATE BASE	
Accumulated Deferred Taxes - CIAC	174.7
Accumulated Deferred Taxes - Advanc	32.7
TOTAL ADDITIONS	207.4
DISTRICT RATE BASE	23,851.9
PRORATED G.O. RATE BASE	1,079.4
WEIGHTED AVERAGE RATE BASE	24,931.3

**APPENDIX H-2**

Page 4

CALIFORNIA WATER SERVICE COMPANY  
HERMOSA-REDONDO DISTRICT

## TAXES BASED ON INCOME

ITEM (DOLLARS IN THOUSANDS)	2000
OPERATING REVENUES (present rates)	14,661.4
EXPENSES	
PURCHASED WATER	6,422.5
GROUNDWATER EXTRACTION CHARGE	376.1
PURCHASED POWER	239.8
CHEMICALS	33.8
PAYROLL	994.4
OTHER O&M EXPENSES	860.5
OTHER A&G EXPENSES	369.3
G.O. PRORATIONS	1,866.1
PAYROLL TAXES	133.8
AD VALOREM TAXES	258.7
UNCOLLECTIBLES	15.2
FRANCHISE TAXES & BUS. LIC.	24.5
TRANSPORTATION DEPR. ADJ.	(41.3)
INTEREST EXPENSE	933.1
TOTAL DEDUCTIONS	12,486.5
STATE TAX DEPRECIATION	1,396.0
NET TAXIBLE INCOME	778.9
STATE CORP. FRANCH. TAX @ 8.84%	68.9
FEDERAL TAX DEPRECIATION	1,224.0
STATE INCOME TAX DEDUCTION	68.9
LESS PREFERRED STOCK DIVIDEND	4.7
NET TAXIBLE INCOME	877.3
FED. INCOME TAX @ 35.00%	307.0
INVESTMENT TAX CREDIT	0.0
TOTAL FEDERAL INCOME TAX	307.0
TOTAL INCOME TAXES	375.9

### APPENDIX H-3

Page 1

#### CALIFORNIA WATER SERVICE COMPANY PALOS VERDES

#### ADOPTED QUANTITIES

	<u>2001</u>	<u>2002</u>
	( DOLLARS IN THOUSANDS )	
PURCHASED POWER		
SUPPLIER - PG&E		
Total Production ( kccf )	9,392.86	9,472.40
Kwh / ccf	2,634.39	2,634.39
Total calculated KWH	24,744,452	24,954,003
Unit Cost	\$0.072304	\$0.072304
Power Cost	\$1,789,123	\$1,804,274
TOTAL PURCHASED POWER ( DOLLARS IN THOUS.)	<b>\$1,789.1</b>	<b>\$1,804.3</b>
PURCHASED WATER		
SUPPLIER - WEST BASIN MUNICIPAL WATER DISTRICT		
PURCHASED WATER PRODUCTION - KCCF	9,392.9	9,472.4
PURCHASED WATER PRODUCTION - A.F.	21,563.2	21,745.8
UNIT COST OF W.B.M.W.D. RATES - A.F.	\$ 528.00	\$ 528.00
W.B.M.W.D. FIXED ANNUAL METER CHARGES	\$96,600	\$96,600
QUANTITY CHARGES	\$11,385,370	\$11,481,782
TOTAL PURCHASED WATER ( DOLLARS IN THOUS.)	<b>\$11,482.0</b>	<b>\$11,578.4</b>
UNCOLLECTABLES RATE		0.03968%
FRANCHISE TAX RATE		1.01530%
BUSINESS LICENSE FEE RATE		0.000000
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULTIPLIER		1.79961

### APPENDIX H-3

Page 2

#### California Water Service Company PALOS VERDES DISTRICT

##### Adopted Quantities

#### 10. Number of Services by meter size:

	2001	2002
5/8 x 3/4	18,317	18,368
1	3,682	3,692
1 1/2	1,003	1,006
2	616	617
3	48	48
4	20	20
6	12	12
8	6	6
10	-	-
TOTAL	23,704	23,769

#### 11. Metered Sales, KCcf

All Water	8,655.5	8,728.8
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#### 12. Number of Services and Use:

	Avg Services		Use, KCcf		Avg Use, Ccf/Sv/Mo	
	2001	2002	2001	2002	2001	2002
Residential	22,826	22,890	7,063.1	7,133.7	309.4	311.7
Business	486	486	759.5	759.5		
Multi-family	148	148	301.8	302.4		
Industrial	11	11	8.0	8.0		
Public Authority	203	204	419.8	421.9		
Other	30	30	103.3	103.3		
Sub-Total	23,704	23,769	8,655.5	8,728.8		
Private Fire Prot.	129	130				
Public Fire Prot.	6	6				
TOTAL	23,839	23,905	8,655.5	8,728.8		
Losses, 7.85%			737.4	743.6		
Total Production			9,392.9	9,472.4		

**APPENDIX H-3**

Page 3

**CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT****STIPULATED RATE BASE**

RATE BASE (DOLLARS IN THOUSANDS)	2001	2002
WEIGHTED AVERAGE PLANT	49,627.3	50,942.9
WTD AVERAGE DEPR. RESERVE	20,209.9	21,309.7
NET UTILITY PLANT	29,417.4	29,633.2
Materials & Supplies	206.6	206.6
Working Cash - Gross	0.0	0.0
Working Cash - Lead/Lag	(206.2)	(203.1)
Working Cash - W/H Empl.	(3.5)	(3.5)
Total Working Cash	(209.7)	(206.6)
SUBTOTAL	29,414.3	29,633.2
DEDUCTION FROM RATE BASE		
Advances	1,537.0	1,514.4
Contributions	1,362.6	1,316.4
Reserve Amortization of Intangibles	1.3	1.4
Accumulated Deferred FIT	3,053.8	3,175.7
Accumulated Unamortized ITC	255.6	246.7
TOTAL DEDUCTIONS	6,210.3	6,254.6
ADDITIONS TO RATE BASE		
Accumulated Deferred Taxes - CIAC	74.4	68.3
Accumulated Deferred Taxes - Advanc	134.8	131.2
TOTAL ADDITIONS	209.2	199.5
DISTRICT RATE BASE	23,413.2	23,578.1
PRORATED G.O. RATE BASE	1,332.4	1,455.6
WEIGHTED AVERAGE RATE BASE	24,745.6	25,033.7

**APPENDIX H-3**

Page 4

**CALIFORNIA WATER SERVICE COMPANY  
PALOS VERDES DISTRICT**

**TAXES BASED ON INCOME**

ITEM (DOLLARS IN THOUSANDS)	(Present Rates)			(Proposed Rates)	
	2000	2001	2002	2001	2002
OPERATING REVENUES (proposed rates)	22,067.0	22,233.7	22,401.0	22,584.8	22,843.7
EXPENSES					
PURCHASED WATER	11,385.8	11,482.0	11,578.4	11,482.0	11,578.4
GROUNDWATER EXTRACTION CHARGE	0.0	0.0	0.0	0.0	0.0
PURCHASED POWER	1,774.0	1,789.1	1,804.3	1,789.1	1,804.3
CHEMICALS	0.0	0.0	0.0	0.0	0.0
PAYROLL	946.0	974.4	1,003.6	974.4	1,003.6
OTHER O&M EXPENSES	977.3	1,012.7	995.4	1,012.7	995.4
OTHER A&G EXPENSES	332.3	341.7	351.0	341.7	351.0
G.O. PRORATIONS	2,297.8	1,996.2	2,071.7	1,996.2	2,071.7
PAYROLL TAXES	112.3	115.6	119.1	115.6	119.1
AD VALOREM TAXES	301.9	329.0	334.6	329.0	334.6
UNCOLLECTIBLES	8.8	8.8	8.9	9.0	9.1
FRANCHISE TAXES & BUS. LIC.	225.8	227.5	229.2	231.1	233.7
TRANSPORTATION DEPR. ADJ.	(65.4)	(70.1)	(74.7)	(70.1)	(74.7)
INTEREST EXPENSE	918.8	943.5	955.7	943.5	955.7
TOTAL DEDUCTIONS	19,215.4	19,150.4	19,377.2	19,154.2	19,381.9
STATE TAX DEPRECIATION	1,360.4	1,300.8	1,318.4	1,300.8	1,318.4
NET TAXIBLE INCOME	1,491.2	1,782.5	1,705.4	2,129.8	2,143.4
STATE CORP. FRANCH. TAX @ 8.84%	131.8	157.6	150.8	188.3	189.5
FEDERAL TAX DEPRECIATION	950.8	906.1	951.6	875.4	943.5
STATE INCOME TAX DEDUCTION	131.8	157.6	150.8	188.3	189.5
LESS PREFERRED STOCK DIVIDEND	4.8	4.8	4.8	4.8	4.8
NET TAXIBLE INCOME	1,764.2	2,014.7	1,916.6	2,362.1	2,324.0
FED. INCOME TAX @ 35.00%	617.4	705.2	670.8	826.7	813.4
INVESTMENT TAX CREDIT	0.0	0.0	0.0	0.0	0.0
TOTAL FEDERAL INCOME TAX	617.4	705.2	670.8	826.7	813.4
TOTAL INCOME TAXES	749.2	862.8	821.6	1,015.0	1,002.9

# **APPENDIX H-4**

Page 1

## CALIFORNIA WATER SERVICE COMPANY SOUTH SAN FRANCISCO

### ADOPTED QUANTITIES

	<u>2001</u>	<u>2002</u>
	( DOLLARS IN THOUSANDS )	
PURCHASED POWER		
SUPPLIER - PG&E		
Total Production ( kccf )	4,085.69	4,142.97
Kwh / ccf	409.56	409.56
Total calculated KWH	1,673,329	1,696,788
Unit Cost	\$0.099541	\$0.099541
Power Cost	\$166,565	\$168,900
TOTAL PURCHASED POWER	<b>\$166.6</b>	<b>\$168.9</b>
PURCHASED WATER		
SUPPLIER - SAN FRANCISCO WATER DEPT.		
PURCHASED WATER PRODUCTION - KCCF	4085.7	4143.0
UNIT COST OF S.F.W.D. RATES - CCF	\$ 0.86	\$ 0.86
S.F.W.D. FIXED ANNUAL SERVICE CHARGES	\$175.9	\$175.9
QUANTITY CHARGES	\$3,513.7	\$3,563.0
TOTAL PURCHASED WATER	<b>\$3,689.6</b>	<b>\$3,738.9</b>
CHEMICALS		
Total Production ( kccf )	4,085.7	4,143.0
ADOPTED CHEMICAL DOLLARS	\$14.4	\$14.7
ADOPTED \$ per KCCF	<b>\$0.003524</b>	<b>\$0.003548</b>
UNCOLLECTABLES RATE		0.09557%
FRANCHISE TAX RATE		0.00000%
BUSINESS LICENSE FEE RATE		0.00000%
FEDERAL TAX RATE		35.00%
STATE CORP. FRANCHISE TAX		8.84%
NET TO GROSS MULTIPLIER		1.78233



## Page 2

### Adopted Quantities

5/8 x 3/4	14,006	14,217
1	1,105	1,126
1 1/2	355	359
2	495	508
3	79	81
4	39	39
6	10	10
8	2	2
10	1	1
TOTAL	16,092	16,343

All Water	3,923.1	3,978.1
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	Avg Services		Use, KCcf		Avg Use, Ccf/Sv/Mo	
	2001	2002	2001	2002	2001	2002
Residential	13,727	13,939	1,529.8	1,553.4	111.4	111.4
Business	1,843	1,867	1,542.4	1,562.5		
Multi-family	151	151	202.5	205.6		
Industrial	71	69	402.0	402.0		
Public Authority	225	230	215.5	220.2		
Other	75	87	30.9	34.4		
Sub-Total	16,092	16,343	3,923.1	3,978.1		
Private Fire Prot.	493	501				
Public Fire Prot.	19	20				
TOTAL	16,604	16,864	3,923.1	3,978.1		
Losses, 3.98%			162.6	164.9		
Total Production			4,085.7	4,143.0		

**APPENDIX H-4**

Page 3

**CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT****STIPULATED RATE BASE**

RATE BASE (DOLLARS IN THOUSANDS)	2001	2002
WEIGHTED AVERAGE PLANT	31,801.0	33,697.0
WTD AVERAGE DEPR. RESERVE	7,934.2	8,729.1
NET UTILITY PLANT	23,866.8	24,967.9
Materials & Supplies	156.1	156.1
Working Cash - Gross	0.0	0.0
Working Cash - Lead/Lag	294.8	305.2
Working Cash - W/H Empl.	(1.6)	(1.6)
Total Working Cash	293.2	303.6
SUBTOTAL	24,316.1	25,427.6
DEDUCTION FROM RATE BASE		
Advances	4,023.1	4,247.5
Contributions	3,867.3	3,806.7
Reserve Amortization of Intangibles	0.0	0.0
Accumulated Deferred FIT	1,807.2	1,883.3
Accumulated Unamortized ITC	85.0	82.0
TOTAL DEDUCTIONS	9,782.6	10,019.5
ADDITIONS TO RATE BASE		
Accumulated Deferred Taxes - CIAC	355.8	334.1
Accumulated Deferred Taxes - Advanc	221.7	227.2
TOTAL ADDITIONS	577.5	561.3
DISTRICT RATE BASE	15,111.0	15,969.4
PRORATED G.O. RATE BASE	623.0	680.6
WEIGHTED AVERAGE RATE BASE	15,734.0	16,650.0

**APPENDIX H-4**

Page 4

CALIFORNIA WATER SERVICE COMPANY  
SOUTH SAN FRANCISCO DISTRICT

TAXES BASED ON INCOME

ITEM (DOLLARS IN THOUSANDS)	(Present Rates)		(Proposed Rates)	
	2001	2002	2001	2002
OPERATING REVENUES (proposed rates)	8,477.1	8,598.0	9,214.0	9,534.0
EXPENSES				
PURCHASED WATER	3,689.6	3,738.9	3,689.6	3,738.9
GROUNDWATER EXTRACTION CHARGE	0.0	0.0	0.0	0.0
PURCHASED POWER	166.6	168.9	166.6	168.9
CHEMICALS	14.4	14.7	14.4	14.7
PAYROLL	573.7	590.9	573.7	590.9
OTHER O&M EXPENSES	561.8	586.2	561.8	586.2
OTHER A&G EXPENSES	281.9	289.6	281.9	289.6
G.O. PRORATIONS	933.2	968.5	933.2	968.5
PAYROLL TAXES	71.9	74.1	71.9	74.1
AD VALOREM TAXES	171.2	179.2	171.2	179.2
UNCOLLECTIBLES	8.1	8.2	9.0	9.3
FRANCHISE TAXES & BUS. LIC.	2.1	2.1	2.1	2.1
TRANSPORTATION DEPR. ADJ.	(29.1)	(29.7)	(29.1)	(29.7)
INTEREST EXPENSE	576.0	611.6	576.0	611.6
TOTAL DEDUCTIONS	7,021.4	7,203.2	7,022.3	7,204.3
STATE TAX DEPRECIATION	1,034.7	1,103.9	1,034.7	1,103.9
NET TAXIBLE INCOME	421.0	290.9	1,157.0	1,225.8
STATE CORP. FRANCH. TAX @ 8.84%	37.2	25.7	102.3	108.4
FEDERAL TAX DEPRECIATION	745.6	728.8	745.4	728.7
STATE INCOME TAX DEDUCTION	37.2	37.2	37.2	102.3
LESS PREFERRED STOCK DIVIDEND	2.8	2.8	2.8	2.8
NET TAXIBLE INCOME	670.1	626.0	1,406.3	1,495.9
FED. INCOME TAX @ 35.00%	234.6	219.1	492.2	523.6
INVESTMENT TAX CREDIT	0.0	0.0	0.0	0.0
TOTAL FEDERAL INCOME TAX	234.6	219.1	492.2	523.6
TOTAL INCOME TAXES	271.8	244.8	594.5	632.0

## **Appendix I**

# APPENDIX I

## CALIFORNIA WATER SERVICE COMPANY

### COST OF CAPITAL

FOR THE YEARS 2001 THROUGH 2004

	Cal Water Requested			RRB Recommended			Stipulation *		
	Capital Structure	Cost Factor	Weighted Cost	Capital Structure	Cost Factor	Weighted Cost	Capital Structure	Cost Factor	Weighted Cost
<b>Year 2001</b>									
Long-Term Debt	47.00%	8.20%	3.85%	47.00%	8.23%	3.87%	47.00%	8.23%	3.87%
Preferred Stock	0.90%	4.19%	0.04%	0.90%	4.19%	0.04%	0.90%	4.19%	0.04%
Common Equity	52.10%	10.75%	5.60%	52.10%	9.39%	4.89%	52.10%	9.80%	5.11%
Total	100.00%		<u>9.49%</u>	100.00%		<u>8.80%</u>	100.00%		<u>9.02%</u>
<b>Test Year 2002</b>									
Long-Term Debt	47.20%	8.18%	3.86%	47.20%	8.17%	3.86%	47.20%	8.17%	3.86%
Preferred Stock	0.80%	4.19%	0.03%	0.80%	4.19%	0.03%	0.80%	4.19%	0.03%
Common Equity	52.00%	10.75%	5.59%	52.00%	9.39%	4.88%	52.00%	9.80%	5.10%
Total	100.00%		<u>9.48%</u>	100.00%		<u>8.77%</u>	100.00%		<u>8.99%</u>
<b>Test Year 2003</b>									
Long-Term Debt	47.30%	8.18%	3.87%	47.30%	8.12%	3.84%	47.30%	8.12%	3.84%
Preferred Stock	0.70%	4.19%	0.03%	0.70%	4.19%	0.03%	0.70%	4.19%	0.03%
Common Equity	52.00%	10.75%	5.59%	52.00%	9.39%	4.88%	52.00%	9.80%	5.10%
Total	100.00%		<u>9.49%</u>	100.00%		<u>8.75%</u>	100.00%		<u>8.97%</u>
<b>Test Year 2004</b>									
Long-Term Debt	47.40%	8.17%	3.87%	47.40%	8.09%	3.84%	47.40%	8.09%	3.84%
Preferred Stock	0.60%	4.19%	0.03%	0.60%	4.19%	0.03%	0.60%	4.19%	0.03%
Common Equity	52.00%	10.75%	5.59%	52.00%	9.39%	4.88%	52.00%	9.80%	5.10%
Total	100.00%		<u>9.49%</u>	100.00%		<u>8.75%</u>	100.00%		<u>8.97%</u>

\* Returns applicable to proforma test.

## **Appendix J**

**APPENDIX J-1**

Page 1

Schedule No. BK-1

Bakersfield Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Bakersfield and vicinity, Kern County.

RATES

Quantity Rates:	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Per 100 cu. ft. ....	\$ 0.7252	0.7455	0.7821	0.8189

Service Charge:		<u>Per Meter</u> <u>Per Month</u>		
For 5/8 x 3/4-inch meter .....	\$ 8.60	9.00	9.45	9.90
For 1-inch meter .....	13.40	14.05	14.75	15.50
For 1-1/2-inch meter .....	29.40	30.90	32.45	34.10
For 2-inch meter .....	39.10	41.05	43.10	45.25
For 3-inch meter .....	72.00	75.60	79.40	83.40
For 4-inch meter .....	101.20	106.25	111.60	117.20
For 6-inch meter .....	171.80	180.40	189.45	198.95
For 8-inch meter .....	251.40	264.00	277.25	291.15
For 10-inch meter ....	989.00	1,035.00	1,086.75	1,138.50
For 12-inch meter ...	1,419.00	1,485.00	1,559.25	1,633.50
For 14-inch meter ...	1,935.00	2,025.00	2,126.25	2,227.50

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

SPECIAL CONDITIONS

( D )

( D )

( D )

1. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF and DHS-1.

## APPENDIX J-1

### Page 2

Schedule No. BK-2R

#### Bakersfield Tariff Area

#### RESIDENTIAL FLAT RATE SERVICE

##### APPLICABILITY

Applicable to all flat rate residential water service.

##### TERRITORY

Bakersfield and vicinity, Kern County.

##### RATES

For a single-family residential unit,		<u>Per Service Connection Per Month</u>			
including premises having the following	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	
areas:					
6,000 sq. ft., or less .....	\$ 28.65	30.10	31.55	33.00	
6,001 to 10,000 sq. ft. ....	33.05	34.70	36.35	38.00	
10,001 to 16,000 sq. ft. ....	41.20	43.25	45.30	47.40	
16,001 to 25,000 sq. ft. ....	52.20	54.80	57.45	60.10	
For each additional single-family residential unit on the same premises and served from the same service connection.....	\$ 20.20	21.20	22.20	23.20	

##### SPECIAL CONDITIONS

( D )  
( D )  
( D )

1. The above flat rates apply to service connections not larger than one inch in diameter.
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. BK-1, General Metered Service.
4. This Schedule is closed to all new connections as of May 8, 1991, the effective date of Tariff Sheet No. 4133-W.
5. All bills are subject to the reimbursement fee set forth on Schedule Nos. UF and DHS-1.



**APPENDIX J-2**

Page 1

Schedule No. PV-1

Palos Verdes Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Palos Verdes Estates, Rolling Hills, Rolling Hills Estates, Lomita, Rancho Palos Verdes and vicinity,  
Los Angeles County.

RATES

Quantity Rates:	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Per 100 cu. ft. ....	\$ 2.1842	2.1898	2.2144	2.2400

Service Charge:		<u>Per Meter</u> <u>Per Month</u>		
For 5/8 x 3/4-inch meter .....	\$ 8.70	8.80	8.90	9.00
For 1-inch meter .....	19.10	19.30	19.50	19.70
For 1-1/2-inch meter .....	33.20	33.60	34.00	34.40
For 2-inch meter .....	42.25	42.75	43.25	43.75
For 3-inch meter .....	79.15	80.05	81.00	81.95
For 4-inch meter .....	129.40	130.90	132.40	133.95
For 6-inch meter .....	238.65	241.40	244.20	247.00
For 8-inch meter .....	373.75	378.05	382.40	386.80
For 10-inch meter .....	1,000.50	1,012.00	1,023.50	1,035.00
For 12-inch meter ....	1,435.50	1,452.00	1,468.50	1,485.00
For 14-inch meter ... ..	1,957.50	1,980.00	2,002.50	2,025.00

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

SPECIAL CONDITIONS

- ( D )  
( D )
1. To refund an amount agreed to in Decision 95-08-058 for the injuries and damages reserve account, a surcredit of \$0.05 per service connection is to be applied to each bill for 60 months from July 15, 1997, the effective date of Advice Letter No. 1436.

( D )
  2. To recover \$99,900 or 0.5% for the General Office capital budget carryover amortization, a surcharge

of \$0.07 per service connection is to be applied to each bill for 60 months from August 16, 1999, the effective date of Advice Letter 1472-A.

( T )

3. All bills are subject to the reimbursement fees set forth on Schedule Nos. UF and DHS-1.

## APPENDIX J-2

### Page 2

Schedule No. PV-4

#### Palos Verdes Tariff Area

#### SERVICE TO PRIVATELY OWNED FIRE PROTECTION SYSTEMS

##### APPLICABILITY

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

##### TERRITORY

Palos Verdes Estates, Rolling Hills, Rolling Hills Estates, Lomita, Rancho Palos Verdes, and vicinity, Los Angeles County.

##### RATES

		<u>Per Month</u>	
For each	1-1/2-inch connection .....	\$ 9.00	( I )
For each	2-inch connection .....	12.00	
For each	3-inch connection .....	18.00	
For each	4-inch connection .....	24.00	
For each	6-inch connection .....	36.00	
For each	8-inch connection .....	48.00	
For each	10-inch connection .....	60.00	
For each	12-inch connection .....	72.00	
For each	14-inch connection .....	84.00	( I )

##### SPECIAL CONDITIONS

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

**APPENDIX J-3**

**Page 1**

Schedule No. SS-1

South San Francisco Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

South San Francisco and vicinity, San Mateo County.

RATES

Quantity Rates:	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Per 100 cu. ft. ....	\$ 1.5737	1.5968	1.6555	1.7155
Service Charge:		Per Meter <u>Per Month</u>		
For 5/8 x 3/4-inch meter .....	\$ 10.25	10.60	10.70	10.80
For 1-inch meter .....	23.30	24.10	24.95	25.80
For 1-1/2-inch meter .....	41.90	43.35	44.85	46.40
For 2-inch meter .....	54.20	56.10	58.05	60.05
For 3-inch meter .....	104.15	107.80	111.55	115.40
For 4-inch meter .....	129.50	134.00	138.65	143.45
For 6-inch meter .....	213.20	220.60	228.25	236.20
For 8-inch meter .....	312.85	323.75	335.00	346.60
For 10-inch meter .....	387.40	400.85	414.80	429.20
For 12-inch meter .....	1,691.25	1,749.00	1,765.50	1,782.00
For 14-inch meter .....	2,306.25	2,385.00	2,407.50	2,430.00

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

SPECIAL CONDITIONS

( D )

( D )

1. To recover \$46,063 or 0.7% for the General Office capital budget carryover amortization, a surcharge of \$0.05 per service connection is to be applied to each bill for 60 months from August 16, 1999, the effective date of Advice Letter 1472-A. ( T )
2. All bills are subject to the reimbursement fees set forth on Schedule Nos. UF and DHS-1.

## **Appendix K**

**MEMORANDUM**

Date : August 31, 2000

To : Office of Ratepayer Advocates and Water Division

From : M. G. Lyons, Program Supervisor ORA  
Monopoly Regulation Branch

File No.: S-2559

Subject: Office of Ratepayer Advocates: Estimates of Non-labor  
and Wage Escalation Rates for 2000 through 2002 from the  
August 2000 Standard and Poor's ORI The U.S. Economy

The purpose of the monthly Escalation Memorandum *is* to inform division management of the trends in the general price level of utility non-labor expenses and wage contracts. Data are provided for ten years, which include seven historic years, the current year, and two forecasted years.

The following table summarizes the major changes in forecasted labor and non-labor inflation for years 2000 through 2002. Data for 1999 are provided as benchmarks. The factors for July 2000 are presented for comparison. Even with economic growth having begun in late 1992, inflation is expected to be low due to structural changes in the economy such as globalization and improved operating efficiencies. Fairly stable non-labor rates in 2001 and 2002 are the result of the continued, restrained escalation in chemical and machinery and allied product prices as well as pulp and paper product prices in those years. DRJ predicts that this decline will be preceded by a rise in the product prices for these industries in year 2000. The moderate rise in labor and consumer price escalation continues to be constrained by structural labor changes in the labor market such as corporate downsizing and Fed anti-inflationary action.

## FORECASTED INFLATION

	Labor		Non-labor	
	<u>07/00</u>	<u>08/00</u>	<u>07/00</u>	<u>08/00</u>
1999	1.6%	1.6%	0.7%	0.7%
2000	2.2%	2.2%	3.9%	3.5%
2001	3.2%	3.2%	1.8%	0.7%
<b>2002</b>	<b>2.2%</b>	<b>2.0%</b>	<b>1.0%</b>	<b>0.4%</b>
Compounded	9.5%	9.3%	7.6%	5.4%

A more extensive explanation of the derivation and use of these factors and a complete presentation of the escalation factors from 1993 through 2002 are provided in the attached appendix.

#### APPENDIX: EXPLANATION OF ESCALATION FACTORS

The recommended NON-LABOR ESCALATION factors for 2000 through 2002 are presented in Table A. The values for 1993 through 1999 are provided for comparison.

TABLE A	
<u>Non-Labor</u>	
<u>Year</u>	<u>Inflation Factor"</u>
1993	1.017
1994	1.023
1995	1.047
1996	1.002
1997	1.006
1998	(0.001)
1999	1.007
2000	1.035
2001	1.007
2002	1.004

\* Revised 07/17/97 based on 1995 re-weighted purchases. [Source: BLS, Survey of Current Business, 1995, Table 12]

These escalation rates represent the calendar-year average, or alternatively stated, the 12-month-ended spot rate at mid-year. These price factors have not been adjusted for real growth of expensed materials and services. The escalation factors are generated from a composite index of 10 Wholesale Price Indexes (WPI) for materials and supplies expenses and the CPI-W weighted 5% for services and consumer-related items. These non-labor factors are not applicable to plant, contracted services, loans, insurance, rents, pensions and other utility employee benefits.

The WAGE ESCALATION factors in Table B are based on recorded utility labor settlements for 1993 through 1999 and DRI projections for U.S. All-Urban CPI (CPI-U) for 2000 through 2002.

#### TABLES

Year	Wage Increases T£ 2/
1993	4.50%/3.25%/1.80%- PG&E/SCE/SoCal
1994	3.25%/3.25%/2.50%- PG&E/SCE/SoCal
1995	2.05%/0.00%/3.00%- PG&E/SCE/SoCal
1996	3.25%/3.00%/2.70%- PG&E/SCBSOCalJ
1997	3.25%/3.00%/3.00%- PG&E/SCE/SoCal
1998	3.25%/3.00%/3.00%- PG&E/SCE/SoCal
1999	3.50%/3.00%/3.00%- PG&E/SCE/SoCal
2000	2.2% - CPI 3/
2001	3.2% - CPI 3/
2002	2.0% - CPI 3/

J/ Wage increases are not adjusted for changes in hours worked or the number of employees. The labor requirement is a separate issue related to the calculation of total payroll.

2/ If the proposed increase is reasonable, witnesses should use the particular utility's actual settlement on the date it becomes effective. The above recorded wage increases are for benchmark purposes only.

3/ CPI-U lagged one year to be consistent with union contracts.

The generally accepted method in labor contracts is to peg a wage increase to the rate of increase in the CPI-U for the previous year. Consequently, these wage escalation rates are based on the previous year's CPI escalation. If the utility is using an index other than U.S. CPI-U, please contact me for directions. The witnesses should familiarize themselves with the actual wage contracts for 1993 through 2002 to ascertain the correct wage formulas, reasonableness, and the effective date of increase for the particular proceeding. The annualized wage increase should reflect the percentage changes in wages weighted by the number of months individual wage rates were in effect.

Other non-labor and labor indices may be used if a witness has more specific knowledge of any particular account. Those individuals who plan to use their own inflation factors are expressly requested to contact me for approval and direction. These forecasts are updated monthly. Please call me if you have any questions relating to these projections.

cc: **S. CauchoiS**                      **J. Yager**                      **D. Paige**  
       M. Enderby                      F. Curry



**M E M O R A N D U M**

Date : August 31,2000

To : John Yager, Program Manager, Water Division

From : Martin Lyons, Program Supervisor ORA  
Monopoly Regulation Branch

Re No.: S-2559

Subject: ORA August 2000 Summary of Compensation Per Hour

The following data are provided to the Commission Water Division to enable staff to utilize ORA<sup>1</sup>'s composite non-labor escalation methodology. The numbers are to be used in conjunction with the Non-labor Factor provided in ORA's monthly escalation memorandum to bring historic dollars to base year dollars and to inflate recorded dollars to test year levels. More specifically, the annual change in Compensation per Hour is applicable to contracted services, while the non-tabor factor is related to material and supply purchases. Based on a 1991 agreement between the Water Division and the California Water Association (CCWA), the monthly non-labor rate is to be weighted by 60 percent and the Compensation per Hour Index weighted 40 percent. If you have any questions regarding the application of these factors, please contact me.

## COMPENSATION PER HOUR

Annual Rate of Change Non-farm  
Business Sector, Seasonally Adjusted

<u>Year</u>	<u>Annual Change</u>
1990	5.5%
1991	4.9%
1992	5.3%
1993	2.2%
1994	2.1%
1995	2.1%
1996	3.1%
1997	3.6%
1998	5.3%
1999	4.7%
2000	4.3%
2001	5.4%
2002	5.0%

Source: DRJ/McGraw-Hill August 2000 The U.S. Economy

(END OF APPENDIX K)