

Docket: : A.11-07-017
Exhibit Number : DRA-4 REVISED
Commissioner : Catherine Sandoval
Admin. Law Judge : Richard Smith
DRA Witness : Nickolay Kotyrlo



DRA
DIVISION OF RATEPAYER ADVOCATES



DIVISION OF RATEPAYER ADVOCATES
CALIFORNIA PUBLIC UTILITIES COMMISSION

DRA TESTIMONY ON

TAXES OTHER THAN INCOME FOR
REGION I AND INCOME TAXES FOR
REGIONS I, II AND III

GOLDEN STATE WATER COMPANY
Test Year 2013 and
Escalation Years 2014 and 2015
Application 11-07-017

For authority to increase water rates located in Regions I, II and III

San Francisco, California
February 27, 2012 (REVISED)

1

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1 **CHAPTER 1: TAXES OTHER THAN INCOME FOR REGION I**

2 **A. INTRODUCTION**

3 This chapter presents DRA’s analysis and recommendation of taxes other
4 than income taxes for Golden State Water Company’s (“GSWC”) Region 1 for
5 Test Year 2013. The taxes other than income consist of ad valorem (property tax)
6 and payroll taxes, and local taxes.

7 **B. SUMMARY OF RECOMMENDATIONS**

8 DRA recommends the Commission adopt DRA’s recommendations on ad
9 valorem tax, payroll tax and local tax reflected in Tables 5-1 and 5-2.

10 **C. DISCUSSION**

11 **1. AD VALOREM TAXES**

12 GSWC estimated its ad valorem tax by determining five year average plant
13 in service for 2006 through 2010 and five year average of recorded taxes for 2006
14 through 2010 and dividing recorded taxes by plant in service. DRA does not
15 oppose GSWC’s methodology. The differences between DRA and GSWC are
16 attributable to the differences in estimated plant in service.

17 **2. PAYROLL TAXES**

18 The payroll tax estimates are derived from projected payroll expenses and
19 available information from Federal and State payroll tax publications. Payroll
20 Taxes consist of Federal Insurance Contributions Act, Federal Unemployment
21 Act, and State Unemployment Insurance. The following are components of
22 payroll taxes:

- 23 a. Social Security – 6.20% for the first \$110,100 of total wages
24 for 2011
- 25 b. Medicare – 1.45% of total wages for 2011
- 26 c. Federal Unemployment Tax Act – 0.8% for the first \$7,000 of
27 total wages for 2011

1 d. State Unemployment Insurance – 1.20% for the first \$7,000
2 of total wages for 2011

3 The composite payroll tax rate is 8.21%. The differences between DRA
4 and GSWC are attributable to the differences in payroll estimates.

5 **3. LOCAL TAXES**

6 GSWC is using a five-year average of recorded local franchise taxes
7 divided by total Gross Revenues. DRA does not oppose GSWC’s methodology.
8 The differences between DRA and GSWC are due to the differences in estimated
9 Operating Revenue.

10 **D. CONCLUSION**

11 DRA recommends the Commission adopt DRA’s estimates for Taxes Other
12 Than Income for Region I as shown in Tables 5-1 for Test Year 2013.

1 **CHAPTER 2: INCOME TAXES FOR REGIONS I, II, AND III**

2 **A. INTRODUCTION**

3 This chapter discusses DRA’s analysis of Federal and State Income Taxes
4 for GSWC. Tables 6-1 compare DRA’s and GSWC’s tax deductions and tax
5 estimates for Test Year 2013 under the present rates and Tables 6-2 under the
6 proposed rates.

7 **B. SUMMARY OF RECOMMENDATIONS**

8 The primary differences between DRA and GSWC are due to differences in
9 revenues, expenses, rate base, Domestic Production Activity Deduction
10 (“DPAD”), and state tax deduction for federal taxes. DRA points out that the
11 interest rate deduction in this proceeding should be revised to conform with the
12 weighted average cost of debt set forth in the cost of capital proceeding’s final
13 decision (see A.11-05-001 et. al.) DRA recommends the Commission adopt
14 DRA’s estimates for Income Taxes as shown in Tables 6-1 and 6-2 for GSWC.

15 **C. DISCUSSION**

16 DRA calculated tax deductions and credits in this proceeding in accordance
17 with the normalization requirements of the Economic Recovery Tax Act of 1981
18 (“ERTA”). Further, the provisions of the Tax Equity and Fiscal Responsibility
19 Act of 1982 (“TEFRA”) have been incorporated in the tax deduction estimates. In
20 addition, the provisions of the Tax Reform Act of 1986 (“TRA 86”) have been
21 estimated and included in this General Rate Case in accordance with the
22 requirements of Decision of (“D.”) 87-09-026, D.87-12-028 and D.88-01-061.
23 DRA also included the impacts of the American Jobs Creation Act, commonly
24 known as the Domestic Production Activities Deduction. Finally, DRA
25 incorporated the effect of the Tax Relief Act that provides for 100% bonus
26 depreciation on certain business property put into service after September 8, 2010
27 and before January 1, 2012. It also provides 50% bonus depreciation for property
28 placed into service on January 1, 2012 and before January 1, 2013, and for

1 property placed into service in 2013 where construction begins prior to January 1,
2 2013.

3 Some of the provisions of TRA 86 have been incorporated into California
4 Corporation Franchise Tax (“CCFT”) law in the California Bank and Corporation
5 Tax Fairness, Simplification and Conformity Act of 1987 (State Tax Act of 1987).
6 The provisions have been estimated and integrated into the CCFT calculations for
7 this general rate case.

8 CCFT and Federal Income Taxes are calculated using estimated present and
9 proposed revenues, tax-deductible expenses, interest, and tax depreciation.

10 **1. RATEMAKING INTEREST DEDUCTION**

11 To calculate the ratemaking interest, GSWC used its weighted average rate
12 base multiplied the authorized weighted cost of debt. DRA used the same method.

13 Differences between DRA’s and GSWC’s estimates are attributable to the
14 differences in Weighted Average Rate Base estimates.

15 In addition, DRA recommends the Commission updates the Authorized
16 Weighted Cost of Debt based on a final decision in the Cost of Capital proceeding
17 A.11-05-001 et al.

18 **2. STATE CORPORATE FRANCHISE TAXES**

19 State Tax Depreciation is calculated using a flow through method and
20 adjusted based on the differences between requested plant additions and DRA’s
21 recommended plant additions. In addition, DRA adjusted GSWC’s ratio used to
22 calculate State Tax Depreciation. GSWC uses 1.0141, which is calculated as
23 follows: 2010 Tax Depreciation divided by 2010 Book Depreciation. DRA used a
24 ratio of 1.03, which is a five year average of ratios from 2006-2010 provided by
25 GSWC in data response “NVK-01 Response 12 5.pdf.”

26 GSWC used a State Corporation Franchise Tax rate of 8.84%. DRA
27 verified this rate with Franchise Tax Board’s booklet on California Corporations

1 Taxes/Frequently Asked Questions, which states that 8.84% applies to C
2 Corporations, other than banks and financial corporations.

3 **3. FEDERAL INCOME TAXES**

4

5 **a. FEDERAL TAX DEPRECIATION**

6 Federal Tax Depreciation is calculated on a normalized basis. DRA
7 calculated Federal income taxes by using book depreciation and deferred taxes
8 based upon the tax difference between book and tax depreciation. The differences
9 between DRA and GSWC are due to adjustments made by DRA to GSWC's
10 requested plant additions. In addition, DRA considered the impact of GSWC's
11 bonus depreciation as a deferred tax deduction from the recommended rate base.

12 **b. STATE CORPORATE FRANCHISE FEE DEDUCTION**

13 DRA disagrees with the methodology used by GSWC to estimate
14 California Corporate Franchise Taxes ("CCFT") used as a deduction for Federal
15 Income Tax Return calculations for the test year 2013. D.89-11-058 authorized
16 utilities to take prior year CCFT on their current year Federal Tax Return.¹ GSWC
17 used this methodology for attrition years 2014 and 2015.² However, for the test
18 year 2013 GSWC uses estimated CCFT at present rates for the test year 2013 as a
19 deduction for Federal Income Tax purposes.³ This approach is not consistent with
20 D.89-11-058 and results in lower CCFT deduction.

21 DRA recommends the Commission use the CCFT numbers from 2012
22 escalation data that GSWC intended to file with the Commission and provided in
23 Data Response "NVK-01 Response," Question 3 to DRA's data request "DRA-
24 A.1107017, NVK-001." The CCFT estimates provided in the above mentioned

¹ See D.89-11-058, Conclusions of Law 1 and Ordering Paragraph 2.

² See Spreadsheet SOE, Table 4K, Computation of Taxes on Income at Present and Proposed rates.

³ See Spreadsheet SOE, Table 4K, Computation of Taxes on Income at Present and Proposed rates.

1 data response presents a more accurate estimate of the CCFT and comply with the
2 Commission's D.89-11-058.

3 However, Clearlake and Simi Valley CSAs did not qualify for 2012
4 escalation filing. For these CSAs GSWC did not submit advice letters. Therefore,
5 DRA used CCFT estimates from D.10-12-059, which were developed in the prior
6 General Rate Case.⁴

7 **c. DOMESTIC PRODUCTION ACTIVITIES DEDUCTION**

8 On June 1, 2006, the Internal Revenue Service published the final
9 regulations under Section 199, which specifies the details of the Domestic
10 Production Activities Deduction ("DPAD"). Effective with the taxable year 2010,
11 Section 199 allows a deduction equal to 9% of the lesser of (a) the qualified
12 production activities income of the taxpayer for the taxable year; or (b) taxable
13 income (determined without regard to Section 199) for the taxable year.

14 GSWC did not include DPAD calculations in its application. DRA
15 calculated GSWC's DPAD by determining the ratio of qualified production and
16 multiplying that ratio by taxable income for Federal Income Tax and multiplying
17 that amount by 9% DPAD deduction. The qualified production ratio was derived
18 by adding total amount of well and surface water produced and dividing by total
19 production.

⁴ See D.10-12-059, CCFT for Clearlake on p.17 and Simi Valley p.21.

1 **d. FEDERAL INCOME TAXES**

2 DRA and GSWC used a composite tax rate of 35% to calculate the Federal
3 Income Taxes.

4 The differences in estimates for Federal Income Taxes between DRA and
5 GSWC are due to differences in estimates for revenues, expenses, rate base, and
6 DPAD for Federal Income Tax purposes.

7 **D. CONCLUSION**

8 DRA recommends the Commission adopt DRA's estimates for Income
9 Taxes as shown in Tables 6-1 and 6-2 for GSWC.

**REGION I
ARDEN CORDOVA CSA
TABLES 5-1, 6-1 AND 6-2**

(REVISED)

TABLE 5-1 REVISED

GOLDEN STATE WATER COMPANY
ARDEN CORDOVA

TAX DEDUCTIONS AND CREDITS

TEST YEAR 2013

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Ad Valorem Taxes	457.8	463.7	5.9	1.3%
Payroll Taxes	71.2	74.9	3.7	5.2%
<u>Local Franchise Taxes</u>				
<u>At present rates</u>				
Operating Revenue Less Uncollectable	9,921.7	10,336.3	414.7	4.2%
Local Franchise Rate	0.6340%	0.6340%	0.0	0.0
Franchise Tax	62.9	65.7	2.8	4.5%
<u>At proposed rates</u>				
Operating Revenue Less Uncollectable	11,201.7	12,843.8	1,642.1	14.7%
Local Franchise Rate	0.6340%	0.6340%	0.0	0.0%
Franchise Tax	71.0	81.7	10.7	15.1%
Taxes other than income (present rates)	591.9	604.3	12.4	2.1%
Taxes other than income (proposed rates)	600.0	620.3	20.3	3.4%

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TABLE 6-1 REVISED

GOLDEN STATE WATER COMPANY
ARDEN CORDOVA

TAXES BASED ON INCOME

TEST YEAR 2013

(AT PRESENT RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating Revenues	9,935.9	10,371.3	435.4	4.4%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	2,180.9	2,436.6	255.7	11.7%
Uncollectibles	14.2	35.0	20.7	146.0%
A & G expenses	751.5	787.5	36.0	4.8%
G. O. Prorated expenses	2,897.5	3,412.7	515.2	17.8%
Payroll	867.5	910.0	42.5	4.9%
Taxes not on Income	591.9	604.3	12.4	2.1%
Interest	540.3	667.6	127.3	23.6%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	2,036.5	2,044.0	7.5	0.4%
Book Depreciation - GO	(254.1)	(1,270.6)	(1,016.5)	400.0%
Other Schedule M Items - State	(112.7)	(112.7)	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Dep'n Flow Through	(107.6)	(107.6)	0.0	0.0%
Book Depreciation - District - Federal	1,977.2	2,015.6	38.4	1.9%
Other Schedule M Items - Federal	(138.1)	(138.1)	0.0	0.0%
Defer Rev Amort - Contrib.	(5.3)	(5.3)	0.0	0.0%
Domestic Production Activity Deduct	17.8	0.0	(17.8)	-100.0%
Previous Year CCFT	150.2	75.7	(74.5)	-49.6%
Total Deductions - State	9,513.5	9,514.4	0.9	0.0%
Total Deductions - Federal	9,738.0	10,694.0	956.0	9.8%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	422.4	856.6	434.2	102.8%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	37.3	75.7	38.4	102.8%
<u>Federal Income Tax</u>				
Taxable income for FIT	197.9	(322.9)	(520.8)	-263.2%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	69.3	(113.0)	(182.3)	-263.2%
Total FIT & CCFT	106.6	(37.3)	(143.9)	-135.0%

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TABLE 6-2 REVISED

GOLDEN STATE WATER COMPANY
ARDEN CORDOVA

TAXES BASED ON INCOME

TEST YEAR 2013

(PROPOSED RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating revenues	11,217.7	12,887.3	1,669.6	14.9%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	2,180.9	2,436.6	255.7	11.7%
Uncollectibles	16.0	43.5	27.5	171.4%
A & G expenses	751.5	787.5	36.0	4.8%
G. O. Prorated expenses	2,897.5	3,412.7	515.2	17.8%
Payroll	867.5	910.0	42.5	4.9%
Taxes not on Income	600.0	620.3	20.3	3.4%
Interest	540.3	667.6	127.3	23.6%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	2,036.5	2,044.0	7.5	0.4%
Book Depreciation - GO	(254.1)	(1,270.6)	(1,016.5)	400.0%
Other Schedule M Items - State	(112.7)	(112.7)	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	(107.6)	(107.6)	0.0	0.0%
Book Depreciation - District - Federal	1,977.2	2,015.6	38.4	1.9%
Other Schedule M Items - Federal	(138.1)	(138.1)	0.0	0.0%
Defer Rev Amort - Contrib.	(5.3)	(5.3)	0.0	0.0%
Domestic Production Activity Deduct	122.8	0.0	(122.8)	-100.0%
Previous Year CCFT	150.2	75.7	(74.5)	-49.6%
Total Deductions - State	9,523.4	9,539.0	15.6	0.2%
Total Deductions - Federal	9,852.9	10,718.6	865.6	8.8%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	1,694.3	3,348.2	1,653.9	97.6%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	149.8	296.0	146.2	97.6%
<u>Federal Income Tax</u>				
Taxable income for FIT	1,364.8	2,168.6	803.9	58.9%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	477.7	759.0	281.3	58.9%
Total FIT & CCFT	627.4	1,055.0	427.6	68.1%

REVISED 2/27/2012

**REGION I
BAY POINT CSA
TABLES 5-1, 6-1 AND 6-2
(REVISED)**

TABLE 5-1 REVISED

GOLDEN STATE WATER COMPANY
BAY POINT

TAX DEDUCTIONS AND CREDITS

TEST YEAR 2013

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Ad Valorem Taxes	109.7	122.5	12.8	11.7%
Payroll Taxes	28.2	28.3	0.1	0.4%
<u>Local Franchise Taxes</u>				
<u>At present rates</u>				
Operating Revenue Less Uncollectable	5,824.4	5,819.0	(5.4)	-0.1%
Local Franchise Rate	1.2430%	1.2430%	0.0	0.0
Franchise Tax	72.4	72.7	0.3	0.5%
<u>At proposed rates</u>				
Operating Revenue Less Uncollectable	5,377.8	6,614.1	1,236.3	23.0%
Local Franchise Rate	1.2430%	1.2430%	0.0	0.0%
Franchise Tax	66.8	82.6	15.8	23.6%
Taxes other than income (present rates)	210.3	223.5	13.2	6.3%
Taxes other than income (proposed rates)	204.7	233.4	28.7	14.0%

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TABLE 6-1 REVISED
GOLDEN STATE WATER COMPANY
BAY POINT

TAXES BASED ON INCOME

TEST YEAR 2013

(AT PRESENT RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating Revenues	5,851.7	5,851.6	(0.1)	0.0%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	2,356.6	2,386.2	29.6	1.3%
Uncollectibles	27.3	32.6	5.3	19.4%
A & G expenses	313.0	320.3	7.3	2.3%
G. O. Prorated expenses	632.3	744.7	112.4	17.8%
Payroll	334.0	343.3	9.3	2.8%
Taxes not on Income	210.3	223.5	13.2	6.3%
Interest	328.9	523.0	194.1	59.0%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	645.1	715.9	70.8	11.0%
Book Depreciation - GO	(55.4)	(276.8)	(221.4)	399.6%
Other Schedule M Items - State	(24.6)	(24.6)	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Dep'n Flow Through	(35.2)	(35.2)	0.0	0.0%
Book Depreciation - District - Federal	626.3	705.9	79.6	12.7%
Other Schedule M Items - Federal	(30.1)	(30.1)	0.0	0.0%
Defer Rev Amort - Contrib.	(15.1)	(15.1)	0.0	0.0%
Domestic Production Activity Deduct	9.4	0.0	(9.4)	-100.0%
Previous Year CCFT	86.3	76.3	(10.0)	-11.6%
Total Deductions - State	4,767.5	4,988.1	220.5	4.6%
Total Deductions - Federal	4,844.1	5,275.4	431.3	8.9%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	1,084.2	863.5	(220.6)	-20.3%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	95.8	76.3	(19.5)	-20.3%
<u>Federal Income Tax</u>				
Taxable income for FIT	1,007.6	576.3	(431.3)	-42.8%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	352.7	201.7	(151.0)	-42.8%
Total FIT & CCFT	448.5	278.0	(170.5)	-38.0%

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TABLE 6-2 REVISED

GOLDEN STATE WATER COMPANY
BAY POINT

TAXES BASED ON INCOME

TEST YEAR 2013

(PROPOSED RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating revenues	5,403.0	6,651.2	1,248.3	23.1%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	2,356.6	2,386.0	29.4	1.2%
Uncollectibles	25.2	37.1	11.9	47.4%
A & G expenses	313.0	320.3	7.3	2.3%
G. O. Prorated expenses	632.3	744.7	112.4	17.8%
Payroll	334.0	343.3	9.3	2.8%
Taxes not on Income	204.7	233.4	28.7	14.0%
Interest	328.9	523.0	194.1	59.0%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	645.1	715.9	70.8	11.0%
Book Depreciation - GO	(55.4)	(276.8)	(221.4)	399.6%
Other Schedule M Items - State	(24.6)	(24.6)	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	(35.2)	(35.2)	0.0	0.0%
Book Depreciation - District - Federal	626.3	705.9	79.6	12.7%
Other Schedule M Items - Federal	(30.1)	(30.1)	0.0	0.0%
Defer Rev Amort - Contrib.	(15.1)	(15.1)	0.0	0.0%
Domestic Production Activity Deduct	5.3	0.0	(5.3)	-100.0%
Previous Year CCFT	86.3	76.3	(10.0)	-11.5%
Total Deductions - State	4,759.9	5,002.3	242.4	5.1%
Total Deductions - Federal	4,832.3	5,289.7	457.3	9.5%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	643.1	1,648.8	1,005.7	156.4%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	56.8	145.8	88.9	0.0%
<u>Federal Income Tax</u>				
Taxable income for FIT	570.6	1,361.4	790.8	138.6%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	199.7	476.5	276.8	138.6%
Total FIT & CCFT	256.6	622.3	365.7	142.5%

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**REGION I
CLEARLAKE CSA
TABLES 5-1, 6-1 AND 6-2
(REVISED)**

TABLE 5-1 REVISED

GOLDEN STATE WATER COMPANY
CLEARLAKE

TAX DEDUCTIONS AND CREDITS

TEST YEAR 2013

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Ad Valorem Taxes	39.2	39.4	0.2	0.5%
Payroll Taxes	31.1	31.2	0.1	0.3%
<u>Local Franchise Taxes</u>				
<u>At present rates</u>				
Operating Revenue Less Uncollectable	2,045.9	2,046.0	0.1	0.0%
Local Franchise Rate	0.0050%	0.0050%	0.0	0.0
Franchise Tax	0.1	0.1	0.0	0.0%
<u>At proposed rates</u>				
Operating Revenue Less Uncollectable	2,061.0	2,202.1	141.2	6.8%
Local Franchise Rate	0.0050%	0.0050%	0.0	0.0%
Franchise Tax	0.1	0.1	0.0	6.8%
Taxes other than income (present rates)	70.4	70.7	0.3	0.4%
Taxes other than income (proposed rates)	70.4	70.7	0.3	0.4%

REVISED 2/27/2012

TABLE 6-1 REVISED

GOLDEN STATE WATER COMPANY
CLEARLAKE

TAXES BASED ON INCOME

TEST YEAR 2013

(AT PRESENT RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating Revenues	2,058.9	2,059.0	0.1	0.0%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	290.6	329.8	39.1	13.5%
Uncollectibles	13.0	13.0	0.0	0.0%
A & G expenses	234.3	237.6	3.3	1.4%
G. O. Prorated expenses	212.6	249.9	37.3	17.5%
Payroll	358.8	379.2	20.4	5.7%
Taxes not on Income	70.4	70.7	0.3	0.4%
Interest	186.9	192.8	5.9	3.2%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	245.3	242.6	(2.8)	-1.1%
Book Depreciation - GO	(18.6)	(92.9)	(74.3)	399.5%
Other Schedule M Items - State	(8.2)	(8.2)	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	(28.0)	(28.0)	0.0	0.0%
Book Depreciation - District - Federal	238.2	239.2	1.0	0.4%
Other Schedule M Items - Federal	(10.1)	(10.1)	0.0	0.0%
Defer Rev Amort - Contrib.	(9.1)	(9.1)	0.0	0.0%
Domestic Production Activity Deduct	10.0	0.0	(10.0)	-100.0%
Previous Year CCFT	39.4	39.3	(0.1)	-0.3%
Total Deductions - State	1,585.1	1,614.4	29.3	1.8%
Total Deductions - Federal	1,607.0	1,704.3	97.2	6.1%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	473.8	444.6	(29.2)	-6.2%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	41.9	39.3	(2.6)	-6.2%
<u>Federal Income Tax</u>				
Taxable income for FIT	451.9	354.7	(97.1)	-21.5%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	158.2	124.2	(34.0)	-21.5%
Total FIT & CCFT	200.0	163.5	(36.6)	-18.3%

REVISED 2/27/2012

TABLE 6-2 REVISED

GOLDEN STATE WATER COMPANY
CLEARLAKE

TAXES BASED ON INCOME

TEST YEAR 2013

(PROPOSED RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating revenues	2,074.0	2,216.1	142.1	6.8%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	290.6	329.8	39.1	13.5%
Uncollectibles	13.1	14.0	0.9	6.8%
A & G expenses	234.3	237.6	3.3	1.4%
G. O. Prorated expenses	212.6	249.9	37.3	17.5%
Payroll	358.8	379.2	20.4	5.7%
Taxes not on Income	70.4	70.7	0.3	0.4%
Interest	186.9	192.8	5.9	3.2%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	245.3	242.6	(2.8)	-1.1%
Book Depreciation - GO	(18.6)	(92.9)	(74.3)	399.5%
Other Schedule M Items - State	(8.2)	(8.2)	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	(28.0)	(28.0)	0.0	0.0%
Book Depreciation - District - Federal	238.2	239.2	1.0	0.4%
Other Schedule M Items - Federal	(10.1)	(10.1)	0.0	0.0%
Defer Rev Amort - Contrib.	(9.1)	(9.1)	0.0	0.0%
Domestic Production Activity Deduct	10.4	0.0	(10.4)	-100.0%
Previous Year CCFT	39.4	39.3	(0.1)	-0.3%
Total Deductions - State	1,585.2	1,615.4	30.2	1.9%
Total Deductions - Federal	1,607.4	1,705.3	97.8	6.1%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	488.8	600.8	112.0	22.9%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	43.2	53.1	9.9	22.9%
<u>Federal Income Tax</u>				
Taxable income for FIT	466.6	510.9	44.4	9.5%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	163.3	178.8	15.5	9.5%
Total FIT & CCFT	206.5	231.9	25.4	12.3%

REVISED 2/27/2012

**REGION I
LOS OSOS CSA
TABLES 5-1, 6-1 AND 6-2**

(REVISED)

TABLE 5-1 REVISED

GOLDEN STATE WATER COMPANY
LOS OSOS

TAX DEDUCTIONS AND CREDITS

TEST YEAR 2013

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Ad Valorem Taxes	90.4	97.3	6.9	7.6%
Payroll Taxes	34.9	35.0	0.1	0.3%
<u>Local Franchise Taxes</u>				
<u>At present rates</u>				
Operating Revenue Less Uncollectable	3,037.1	3,037.1	0.0	0.0%
Local Franchise Rate	0.0000%	0.0000%	0.0	0.0
Franchise Tax	0.0	0.0	0.0	0.0%
<u>At proposed rates</u>				
Operating Revenue Less Uncollectable	3,752.8	4,514.2	761.4	20.3%
Local Franchise Rate	0.0000%	0.0000%	0.0	0.0%
Franchise Tax	0.0	0.0	0.0	0.0%
Taxes other than income (present rates)	125.3	132.3	7.0	5.6%
Taxes other than income (proposed rates)	125.3	132.3	7.0	5.6%

REVISED 2/27/2012

TABLE 6-1 REVISED

GOLDEN STATE WATER COMPANY
LOS OSOS

TAXES BASED ON INCOME

TEST YEAR 2013

(AT PRESENT RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating Revenues	3,040.5	3,040.5	0.0	0.0%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	1,037.5	1,048.4	10.9	1.0%
Uncollectibles	3.4	3.4	0.0	0.0%
A & G expenses	260.4	267.5	7.1	2.7%
G. O. Prorated expenses	382.4	446.0	63.6	16.6%
Payroll	360.8	424.6	63.8	17.7%
Taxes not on Income	125.3	132.3	7.0	5.6%
Interest	314.5	443.2	128.8	40.9%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	542.3	580.3	38.0	7.0%
Book Depreciation - GO	(33.5)	(167.5)	(134.0)	400.0%
Other Schedule M Items - State	(14.8)	(14.8)	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	(40.0)	(40.0)	0.0	0.0%
Book Depreciation - District - Federal	526.5	572.2	45.7	8.7%
Other Schedule M Items - Federal	(18.2)	(18.2)	0.0	0.0%
Defer Rev Amort - Contrib.	(0.7)	(0.7)	0.0	0.0%
Domestic Production Activity Deduct	1.3	0.0	(1.3)	-100.0%
Previous Year CCFT	73.4	(10.8)	(84.2)	-114.7%
Total Deductions - State	2,978.3	3,163.4	185.1	6.2%
Total Deductions - Federal	3,026.5	3,267.9	241.4	8.0%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	62.2	(122.7)	(184.9)	-297.0%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	5.5	(10.8)	(16.3)	-297.0%
<u>Federal Income Tax</u>				
Taxable income for FIT	14.0	(227.4)	(241.4)	-1726.0%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	4.9	(79.6)	(84.5)	-1726.0%
Total FIT & CCFT	10.4	(90.4)	(100.8)	-969.7%

REVISED 2/27/2012

TABLE 6-2 REVISED

GOLDEN STATE WATER COMPANY
LOS OSOS

TAXES BASED ON INCOME

TEST YEAR 2013

(PROPOSED RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating revenues	3,757.0	4,519.2	762.2	20.3%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	1,037.5	1,048.4	10.9	1.0%
Uncollectibles	4.2	5.0	0.8	20.3%
A & G expenses	260.4	267.5	7.1	2.7%
G. O. Prorated expenses	382.4	446.0	63.6	16.6%
Payroll	360.8	424.6	63.8	17.7%
Taxes not on Income	125.3	132.3	7.0	5.6%
Interest	314.5	443.2	128.8	40.9%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	542.3	580.3	38.0	7.0%
Book Depreciation - GO	(33.5)	(167.5)	(134.0)	400.0%
Other Schedule M Items - State	(14.8)	(14.8)	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	(40.0)	(40.0)	0.0	0.0%
Book Depreciation - District - Federal	526.5	572.2	45.7	8.7%
Other Schedule M Items - Federal	(18.2)	(18.2)	0.0	0.0%
Defer Rev Amort - Contrib.	(0.7)	(0.7)	0.0	0.0%
Domestic Production Activity Deduct	60.4	0.0	(60.4)	-100.0%
Previous Year CCFT	73.4	(10.8)	(84.2)	-114.8%
Total Deductions - State	2,979.0	3,165.0	185.9	6.2%
Total Deductions - Federal	3,086.4	3,269.5	183.1	5.9%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	777.9	1,354.3	576.4	74.1%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	68.8	119.7	51.0	74.1%
<u>Federal Income Tax</u>				
Taxable income for FIT	670.6	1,249.7	579.1	86.4%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	234.7	437.4	202.7	86.4%
Total FIT & CCFT	303.5	557.1	253.6	83.6%

REVISED 2/27/2012

**REGION I
OJAI CSA
TABLES 5-1, 6-1 AND 6-2
(REVISED)**

TABLE 5-1 REVISED

GOLDEN STATE WATER COMPANY
OJAI

TAX DEDUCTIONS AND CREDITS

TEST YEAR 2013

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Ad Valorem Taxes	114.4	116.2	1.8	1.6%
Payroll Taxes	41.3	41.4	0.1	0.2%
<u>Local Franchise Taxes</u>				
<u>At present rates</u>				
Operating Revenue Less Uncollectable	5,374.3	5,374.2	(0.1)	0.0%
Local Franchise Rate	1.0670%	1.0670%	0.0	0.0
Franchise Tax	57.3	57.4	0.1	0.2%
<u>At proposed rates</u>				
Operating Revenue Less Uncollectable	5,629.4	6,162.8	533.4	9.5%
Local Franchise Rate	1.0670%	1.0670%	0.0	0.0%
Franchise Tax	60.1	65.9	5.8	9.6%
Taxes other than income (present rates)	213.0	215.0	2.0	0.9%
Taxes other than income (proposed rates)	215.8	223.4	7.6	3.5%

REVISED 2/27/2012

TABLE 6-1 REVISED

GOLDEN STATE WATER COMPANY
OJAI

TAXES BASED ON INCOME

TEST YEAR 2013

(AT PRESENT RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating Revenues	5,382.3	5,382.2	(0.1)	0.0%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	1,329.4	1,359.4	30.0	2.3%
Uncollectibles	8.0	8.0	(0.0)	0.0%
A & G expenses	321.7	334.4	12.7	3.9%
G. O. Prorated expenses	481.8	561.7	79.9	16.6%
Payroll	474.3	503.3	29.0	6.1%
Taxes not on Income	213.0	215.0	2.0	0.9%
Interest	596.9	671.4	74.5	12.5%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	832.8	832.7	(0.1)	0.0%
Book Depreciation - GO	(42.2)	(211.2)	(169.0)	400.5%
Other Schedule M Items - State	(18.7)	(18.7)	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	(32.4)	(32.4)	0.0	0.0%
Book Depreciation - District - Federal	808.5	821.1	12.6	1.6%
Other Schedule M Items - Federal	(22.9)	(22.9)	0.0	0.0%
Defer Rev Amort - Contrib.	(1.3)	(1.3)	0.0	0.0%
Domestic Production Activity Deduct	71.6	0.0	(71.6)	-100.0%
Previous Year CCFT	126.3	99.5	(26.8)	-21.2%
Total Deductions - State	4,197.0	4,256.1	59.1	1.4%
Total Deductions - Federal	4,374.9	4,517.3	142.4	3.3%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	1,185.3	1,126.0	(59.3)	-5.0%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	104.8	99.5	(5.2)	-5.0%
<u>Federal Income Tax</u>				
Taxable income for FIT	1,007.4	864.7	(142.7)	-14.2%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	352.6	302.7	(49.9)	-14.2%
Total FIT & CCFT	457.4	402.2	(55.2)	-12.1%

REVISED 2/27/2012

TABLE 6-2 REVISED

GOLDEN STATE WATER COMPANY
OJAI

TAXES BASED ON INCOME

TEST YEAR 2013

(PROPOSED RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating revenues	5,637.8	6,171.9	534.2	9.5%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	1,329.4	1,359.5	30.1	2.3%
Uncollectibles	8.3	9.1	0.8	9.5%
A & G expenses	321.7	334.4	12.7	3.9%
G. O. Prorated expenses	481.8	561.7	79.9	16.6%
Payroll	474.3	503.3	29.0	6.1%
Taxes not on Income	215.8	223.4	7.6	3.5%
Interest	596.9	671.4	74.5	12.5%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	832.8	832.7	(0.1)	0.0%
Book Depreciation - GO	(42.2)	(211.2)	(169.0)	400.5%
Other Schedule M Items - State	(18.7)	(18.7)	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	(32.4)	(32.4)	0.0	0.0%
Book Depreciation - District - Federal	808.5	821.1	12.6	1.6%
Other Schedule M Items - Federal	(22.9)	(22.9)	0.0	0.0%
Defer Rev Amort - Contrib.	(1.3)	(1.3)	0.0	0.0%
Domestic Production Activity Deduct	88.3	0.0	(88.3)	-100.0%
Previous Year CCFT	126.3	99.5	(26.8)	-21.2%
Total Deductions - State	4,200.1	4,265.6	65.6	1.6%
Total Deductions - Federal	4,394.7	4,526.9	132.2	3.0%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	1,437.7	1,906.1	468.4	32.6%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	127.1	168.5	41.4	32.6%
<u>Federal Income Tax</u>				
Taxable income for FIT	1,243.0	1,644.8	401.8	32.3%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	435.1	575.7	140.6	32.3%
Total FIT & CCFT	562.1	744.2	182.0	32.4%

REVISED 2/27/2012

**REGION I
SANTA MARIA CSA
TABLES 5-1, 6-1 AND 6-2
(REVISED)**

TABLE 5-1 REVISED

GOLDEN STATE WATER COMPANY
SANTA MARIA

TAX DEDUCTIONS AND CREDITS

TEST YEAR 2013

Item	DRA	GSWC	GSWC exceeds DRA Amount	%
	(Thousands of \$)			
Ad Valorem Taxes	164.3	166.0	1.7	1.0%
Payroll Taxes	70.7	70.9	0.2	0.3%
<u>Local Franchise Taxes</u>				
<u>At present rates</u>				
Operating Revenue Less Uncollectable	9,496.3	9,492.6	(3.7)	0.0%
Local Franchise Rate	0.0000%	0.0000%	0.0	0.0
Franchise Tax	0.0	0.0	0.0	0.0%
<u>At proposed rates</u>				
Operating Revenue Less Uncollectable	9,813.1	10,871.3	1,058.2	10.8%
Local Franchise Rate	0.0000%	0.0000%	0.0	0.0%
Franchise Tax	0.0	0.0	0.0	0.0%
Taxes other than income (present rates)	235.0	236.9	1.9	0.8%
Taxes other than income (proposed rates)	235.0	236.9	1.9	0.8%

REVISED 2/27/2012

TABLE 6-1 REVISED

GOLDEN STATE WATER COMPANY
SANTA MARIA

TAXES BASED ON INCOME

TEST YEAR 2013

(AT PRESENT RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating Revenues	9,505.7	9,505.7	0.0	0.0%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	2,541.9	2,617.0	75.0	3.0%
Uncollectibles	9.4	13.1	3.7	39.4%
A & G expenses	611.9	625.6	13.7	2.2%
G. O. Prorated expenses	1,661.1	1,934.3	273.2	16.4%
Payroll	778.6	860.9	82.3	10.6%
Taxes not on Income	235.0	236.9	1.9	0.8%
Interest	826.5	937.0	110.5	13.4%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	1,161.4	1,158.4	(3.0)	-0.3%
Book Depreciation - GO	(145.5)	(728.1)	(582.6)	400.4%
Other Schedule M Items - State	(64.5)	(64.5)	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	(156.2)	(156.2)	0.0	0.0%
Book Depreciation - District - Federal	1,127.6	1,142.3	14.7	1.3%
Other Schedule M Items - Federal	(79.1)	(79.1)	0.0	0.0%
Defer Rev Amort - Contrib.	(14.7)	(14.7)	0.0	0.0%
Domestic Production Activity Deduct	142.8	0.0	(142.8)	-100.0%
Previous Year CCFT	187.2	169.3	(17.9)	-9.6%
Total Deductions - State	7,615.9	7,590.6	(25.4)	-0.3%
Total Deductions - Federal	7,872.1	8,286.4	414.3	5.3%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	1,889.8	1,915.1	25.4	1.3%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	167.1	169.3	2.2	1.3%
<u>Federal Income Tax</u>				
Taxable income for FIT	1,633.6	1,219.3	(414.3)	-25.4%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	571.8	426.8	(145.0)	-25.4%
Total FIT & CCFT	738.8	596.1	(142.8)	-19.3%

REVISED 2/27/2012

TABLE 6-2 REVISED

GOLDEN STATE WATER COMPANY
SANTA MARIA

TAXES BASED ON INCOME

TEST YEAR 2013

(PROPOSED RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating revenues	9,822.8	10,886.3	1,063.5	10.8%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	2,541.9	2,617.0	75.0	3.0%
Uncollectibles	9.7	15.0	5.3	54.5%
A & G expenses	611.9	625.6	13.7	2.2%
G. O. Prorated expenses	1,661.1	1,934.3	273.2	16.4%
Payroll	778.6	860.9	82.3	10.6%
Taxes not on Income	235.0	236.9	1.9	0.8%
Interest	826.5	937.0	110.5	13.4%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	1,161.4	1,158.4	(3.0)	-0.3%
Book Depreciation - GO	(145.5)	(728.1)	(582.6)	400.4%
Other Schedule M Items - State	(64.5)	(64.5)	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	(156.2)	(156.2)	0.0	0.0%
Book Depreciation - District - Federal	1,127.6	1,142.3	14.7	1.3%
Other Schedule M Items - Federal	(79.1)	(79.1)	0.0	0.0%
Defer Rev Amort - Contrib.	(14.7)	(14.7)	0.0	0.0%
Domestic Production Activity Deduct	168.2	0.0	(168.2)	-100.0%
Previous Year CCFT	187.2	169.3	(17.9)	-9.6%
Total Deductions - State	7,616.2	7,592.5	(23.8)	-0.3%
Total Deductions - Federal	7,897.9	8,288.3	390.4	4.9%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	2,206.5	3,293.8	1,087.3	49.3%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	195.1	291.2	96.1	49.3%
<u>Federal Income Tax</u>				
Taxable income for FIT	1,924.9	2,598.0	673.1	35.0%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	673.7	909.3	235.6	35.0%
Total FIT & CCFT	868.8	1,200.5	331.7	38.2%

REVISED 2/27/2012

**REGION I
SIMI VALLEY CSA
TABLES 5-1, 6-1 AND 6-2
(REVISED)**

TABLE 5-1 REVISED

GOLDEN STATE WATER COMPANY
SIMI VALLEY

TAX DEDUCTIONS AND CREDITS

TEST YEAR 2013

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Ad Valorem Taxes	124.2	126.6	2.4	1.9%
Payroll Taxes	40.1	40.2	0.1	0.2%
<u>Local Franchise Taxes</u>				
<u>At present rates</u>				
Operating Revenue Less Uncollectable	11,792.4	11,788.7	(3.7)	0.0%
Local Franchise Rate	1.3050%	1.3050%	0.0	0.0
Franchise Tax	153.9	154.3	0.5	0.3%
<u>At proposed rates</u>				
Operating Revenue Less Uncollectable	13,114.3	14,138.1	1,023.8	7.8%
Local Franchise Rate	1.3050%	1.3050%	0.0	0.0%
Franchise Tax	171.1	185.0	13.9	8.1%
Taxes other than income (present rates)	318.2	321.1	3.0	0.9%
Taxes other than income (proposed rates)	335.4	351.8	16.4	4.9%

REVISED 2/27/2012

TABLE 6-1 REVISED

GOLDEN STATE WATER COMPANY
SIMI VALLEY

TAXES BASED ON INCOME

TEST YEAR 2013

(AT PRESENT RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating Revenues	11,819.1	11,819.0	(0.1)	0.0%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	8,299.0	8,365.7	66.7	0.8%
Uncollectibles	26.7	30.3	3.6	13.3%
A & G expenses	342.1	358.4	16.3	4.8%
G. O. Prorated expenses	1,807.3	2,103.0	295.7	16.4%
Payroll	467.3	488.0	20.7	4.4%
Taxes not on Income	318.2	321.1	3.0	0.9%
Interest	327.8	450.3	122.5	37.4%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	633.8	636.9	3.1	0.5%
Book Depreciation - GO	(158.3)	(791.8)	(633.5)	400.2%
Other Schedule M Items - State	(70.2)	(70.2)	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	(112.1)	(112.1)	0.0	0.0%
Book Depreciation - District - Federal	615.3	628.0	12.7	2.1%
Other Schedule M Items - Federal	(86.0)	(86.0)	0.0	0.0%
Defer Rev Amort - Contrib.	(7.2)	(7.2)	0.0	0.0%
Domestic Production Activity Deduct	(2.7)	0.0	2.7	-100.0%
Previous Year CCFT	87.8	(6.4)	(94.2)	-107.3%
Total Deductions - State	11,993.7	11,891.7	(102.0)	-0.9%
Total Deductions - Federal	12,083.5	12,533.1	449.6	3.7%
<u>Calif Corp. Franchise Tax</u>				
Taxable income for CCFT	(174.6)	(72.4)	102.2	-58.6%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	(15.4)	(6.4)	9.0	-58.6%
<u>Federal Income Tax</u>				
Taxable income for FIT	(264.4)	(713.9)	(449.5)	170.0%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	(92.5)	(249.9)	(157.3)	170.0%
Total FIT & CCFT	(108.0)	(256.3)	(148.3)	137.3%

REVISED 2/27/2012

TABLE 6-2 REVISED

GOLDEN STATE WATER COMPANY
SIMI VALLEY

TAXES BASED ON INCOME

TEST YEAR 2013

(PROPOSED RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating revenues	13,144.0	14,174.5	1,030.5	7.8%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	8,299.0	8,365.6	66.6	0.8%
Uncollectibles	29.7	36.4	6.7	22.6%
A & G expenses	342.1	358.4	16.3	4.8%
G. O. Prorated expenses	1,807.3	2,103.0	295.7	16.4%
Payroll	467.3	488.0	20.7	4.4%
Taxes not on Income	335.4	351.8	16.4	4.9%
Interest	327.8	450.3	122.5	37.4%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	633.8	636.9	3.1	0.5%
Book Depreciation - GO	(158.3)	(791.8)	(633.5)	400.2%
Other Schedule M Items - State	(70.2)	(70.2)	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	(112.1)	(112.1)	0.0	0.0%
Book Depreciation - District - Federal	615.3	628.0	12.7	2.1%
Other Schedule M Items - Federal	(86.0)	(86.0)	0.0	0.0%
Defer Rev Amort - Contrib.	(7.2)	(7.2)	0.0	0.0%
Domestic Production Activity Deduct	10.6	0.0	(10.6)	-100.0%
Previous Year CCFT	87.8	(6.4)	(94.2)	-107.3%
Total Deductions - State	12,014.0	11,928.4	(85.6)	-0.7%
Total Deductions - Federal	12,117.1	12,569.8	452.7	3.7%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	1,130.0	2,246.3	1,116.3	98.8%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	99.9	198.6	98.7	98.8%
<u>Federal Income Tax</u>				
Taxable income for FIT	1,026.9	1,604.8	577.9	56.3%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	359.4	561.7	202.3	56.3%
Total FIT & CCFT	459.3	760.3	301.0	65.5%

REVISED 2/27/2012

**REGION II
TABLES 6-1 AND 6-2
(REVISED)**

TABLE 6-1 REVISED

GOLDEN STATE WATER COMPANY
Region II

TAXES BASED ON INCOME

TEST YEAR 2013

(AT PRESENT RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating Revenues	115,119.8	115,112.1	(7.7)	0.0%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	42,102.8	47,902.2	5,799.4	13.8%
Uncollectibles	364.9	387.9	23.0	6.3%
A & G expenses	3,119.7	3,370.8	251.1	8.0%
G. O. Prorated expenses	17,018.3	19,981.5	2,963.2	17.4%
Payroll	5,107.3	5,223.9	116.6	2.3%
Taxes not on Income	5,078.5	5,267.1	188.5	3.7%
Interest	10,769.8	12,067.6	1,297.9	12.1%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	13,474.2	13,827.3	353.1	2.6%
Book Depreciation - GO	(6,455.9)	(7,377.1)	(921.2)	14.3%
Other Schedule M Items - State	1,218.1	1,218.1	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	561.8	561.8	0.0	0.0%
Book Depreciation - District - Federal	13,081.7	13,827.3	745.6	5.7%
Other Schedule M Items - Federal	551.0	551.0	0.0	0.0%
Defer Rev Amort - Contrib.	0.2	0.2	0.0	0.0%
Domestic Production Activity Deduct	903.4	0.0	(903.4)	-100.0%
Previous Year CCFT	2,354.9	(1,464.3)	(3,819.2)	-162.2%
Total Deductions - State	91,797.7	101,869.3	10,071.6	11.0%
Total Deductions - Federal	101,014.3	107,677.0	6,662.7	6.6%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	23,322.1	13,242.5	(10,079.7)	-43.2%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	2,061.7	1,464.3	(597.4)	-29.0%
<u>Federal Income Tax</u>				
Taxable income for FIT	14,105.5	7,434.9	(6,670.6)	-47.3%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	4,936.9	2,344.3	(2,592.6)	-52.5%
Total FIT & CCFT	6,998.6	3,808.6	(3,190.0)	-45.6%

REVISED 2/27/2012

TABLE 6-2 REVISED

GOLDEN STATE WATER COMPANY
Region II

TAXES BASED ON INCOME

TEST YEAR 2013

(PROPOSED RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating revenues	121,491.9	140,045.0	18,553.1	15.3%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	42,102.8	47,902.2	5,799.4	13.8%
Uncollectibles	385.1	472.1	86.9	22.6%
A & G expenses	3,119.7	3,370.8	251.1	8.0%
G. O. Prorated expenses	17,018.3	19,981.5	2,963.2	17.4%
Payroll	5,107.3	5,223.9	116.6	2.3%
Taxes not on Income	5,152.8	5,557.9	405.1	7.9%
Interest	10,769.8	12,067.6	1,297.9	12.1%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	13,474.2	13,827.3	353.1	2.6%
Book Depreciation - GO	(6,455.9)	(7,377.1)	(921.2)	14.3%
Other Schedule M Items - State	1,218.1	1,218.1	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Dep'n Flow Through	561.8	561.8	0.0	0.0%
Book Depreciation - District - Federal	13,081.7	13,827.3	745.6	5.7%
Other Schedule M Items - Federal	551.0	551.0	0.0	0.0%
Defer Rev Amort - Contrib.	0.2	0.2	0.0	0.0%
Domestic Production Activity Deduct	1,281.3	0.0	(1,281.3)	-100.0%
Previous Year CCFT	2,354.9	1,464.3	(890.6)	-37.8%
Total Deductions - State	91,892.2	102,244.3	10,352.1	11.3%
Total Deductions - Federal	101,486.7	110,980.6	9,493.9	9.4%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	29,599.7	37,800.6	8,200.9	27.7%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	2,616.6	3,632.7	1,016.1	38.8%
<u>Federal Income Tax</u>				
Taxable income for FIT	20,005.1	29,064.3	9,059.1	45.3%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	7,001.8	10,929.7	3,927.9	56.1%
Total FIT & CCFT	9,618.4	14,562.4	4,944.0	51.4%

REVISED 2/27/2012

**REGION III
TABLES 6-1 AND 6-2
(REVISED)**

TABLE 6-1 REVISED

GOLDEN STATE WATER COMPANY
REGION III

TAXES BASED ON INCOME

TEST YEAR 2013

(AT PRESENT RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating Revenues	108,372.4	107,640.6	(731.8)	-0.7%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	38,930.2	43,013.3	4,083.1	10.5%
Uncollectibles	205.9	247.6	41.7	20.2%
A & G expenses	4,491.0	4,617.0	126.0	2.8%
G. O. Prorated expenses	18,228.4	20,528.8	2,300.4	12.6%
Payroll	6,789.7	6,969.2	179.5	2.6%
Taxes not on Income	4,312.4	4,445.6	133.2	3.1%
Interest	9,438.8	11,036.1	1,597.3	16.9%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	13,408.0	13,656.4	248.4	1.9%
Book Depreciation - GO	(6,380.3)	(7,288.6)	(908.3)	14.2%
Other Schedule M Items - State	401.4	401.4	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	1,045.8	1,045.8	0.0	0.0%
Book Depreciation - District - Federal	13,017.5	13,656.4	638.9	4.9%
Other Schedule M Items - Federal	(485.2)	(485.2)	0.0	0.0%
Defer Rev Amort - Contrib.	128.2	128.2	0.0	0.0%
Domestic Production Activity Deduct	579.7	0.0	(579.7)	-100.0%
Previous Year CCFT	2,202.6	(918.6)	(3,121.2)	-141.7%
Total Deductions - State	89,825.5	97,626.8	7,801.3	8.7%
Total Deductions - Federal	98,885.0	104,284.2	5,399.2	5.5%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	18,546.9	10,013.5	(8,533.4)	-46.0%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	1,639.5	918.6	(720.9)	-44.0%
<u>Federal Income Tax</u>				
Taxable income for FIT	9,487.4	3,356.2	(6,131.2)	-64.6%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	3,320.6	1,015.6	(2,305.0)	-69.4%
Total FIT & CCFT	4,960.2	1,934.2	(3,026.0)	-61.0%

REVISED 2/27/2012

TABLE 6-2 REVISED

GOLDEN STATE WATER COMPANY
REGION III

TAXES BASED ON INCOME

TEST YEAR 2013

(PROPOSED RATES)

Item	DRA	GSWC	GSWC exceeds DRA	
			Amount	%
(Thousands of \$)				
Operating revenues	117,531.0	133,445.3	15,914.3	13.5%
<u>Common Deductions:</u>				
O & M expenses less Uncollectibles	38,930.2	43,013.3	4,083.1	10.5%
Uncollectibles	223.3	307.0	83.7	37.5%
A & G expenses	4,491.0	4,617.0	126.0	2.8%
G. O. Prorated expenses	18,228.4	20,528.8	2,300.4	12.6%
Payroll	6,789.7	6,969.2	179.5	2.6%
Taxes not on Income	4,400.1	4,692.6	292.5	6.6%
Interest	9,438.8	11,036.1	1,597.3	16.9%
<u>State Tax Deductions</u>				
Book Depreciation - District - State	13,408.0	13,656.4	248.4	1.9%
Book Depreciation - GO	(6,380.3)	(7,288.6)	(908.3)	14.2%
Other Schedule M Items - State	401.4	401.4	0.0	0.0%
<u>Federal Tax Deductions</u>				
Excess Tax Depc'n Flow Through	1,045.8	1,045.8	0.0	0.0%
Book Depreciation - District - Federal	13,017.5	13,656.4	638.9	4.9%
Other Schedule M Items - Federal	(485.2)	(485.2)	0.0	0.0%
Defer Rev Amort - Contrib.	128.2	128.2	0.0	0.0%
Domestic Production Activity Deduct	1,101.0	0.0	(1,101.0)	-100.0%
Previous Year CCFT	2,202.6	(918.6)	(3,121.2)	-141.7%
Total Deductions - State	89,930.6	97,933.2	8,002.6	8.9%
Total Deductions - Federal	99,511.4	104,590.6	5,079.2	5.1%
<u>Calif. Corp. Franchise Tax</u>				
Taxable income for CCFT	27,600.4	35,512.0	7,911.6	28.7%
CCFT Rate	8.84%	8.84%	0.0	0.0%
CCFT	2,439.9	3,171.8	731.9	30.0%
<u>Federal Income Tax</u>				
Taxable income for FIT	18,019.6	28,854.6	10,835.0	60.1%
FIT Rate	35.00%	35.00%	0.0	0.0%
FIT	6,306.9	9,936.8	3,629.9	57.6%
Total FIT & CCFT	8,746.7	13,108.6	4,361.9	49.9%

REVISED 2/27/2012

**QUALIFICATIONS AND PREPARED TESTIMONY
OF
NICKOLAY KOTYRLO**

Q. STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Nickolay Kotyrlo and my business address is 505 Van Ness Avenue, San Francisco, CA 94102.

Q. WHAT IS YOUR PRESENT POSITION?

A. I am employed as a Financial Examiner III in the Water Branch of the Division of Ratepayer Advocates.

Q. DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I have a Bachelor's degree in Business Administration from the Pacific Union College and I am a Certified Public Accountant registered in the State of California. Prior to joining the Commission, I worked for almost six years at the Department of Corporations (DOC), Securities Regulations Division. At DOC I was a lead examiner and conducted various examinations of investment advisers and broker-dealers. At the Commission I worked on General Rate Cases, reviewed advice letters and worked on various other proceedings.

Q. WHAT IS YOUR RESPONSIBILITY IN APPLICATION 11-07-017?

A. I am sponsoring DRA's testimony on Taxes Other Than Income for Region I and Income Taxes for Regions I, II, and III.

Q. DOES THAT COMPLETE YOUR TESTIMONY?

A. Yes, it does.