

Docket: : A.14-07-006  
Exhibit Number : ORA - \_\_\_\_  
Commissioner : Michael Picker  
Administrative Law Judges : Rafael Lirag  
Douglas Long  
ORA Witnesses : Lisa Bilir  
Michael Conklin  
Mukunda Dawadi  
Justin Menda  
Pat Ma  
Danilo Sanchez  
Terence Shia



ORA  
OFFICE OF RATEPAYER ADVOCATES



**OFFICE OF RATEPAYER ADVOCATES  
CALIFORNIA PUBLIC UTILITIES COMMISSION**

**COMPANY-WIDE REPORT  
ON THE RESULTS OF OPERATIONS  
Golden State Water Company  
Test Year 2016 General Rate Case  
A.14-07-006**

**San Francisco, California  
March 6, 2015**

## MEMORANDUM

This Company-Wide Report on the Results of Operations for GSWC GRC A.14-07-006 is prepared by following witnesses of the *Office of Ratepayer Advocates (ORA) - Water Branch*, and under the general supervision of Program & Project Manager Danilo Sanchez, and Program & Project Supervisor Lisa Bilir. The witnesses' Statement of Qualifications are in Chapter 11 of this report. Shanna Foley and Kerriann Sheppard serve as ORA legal counsels.

<b>Chapter</b>	<b>Company-Wide Report of the Results of Operations</b>	<b>ORA Witness</b>
1	Executive Summary	Lisa Bilir & Pat Ma
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11	Statements of Qualifications	All ORA Witnesses
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APPENDIX RO-A: RESULTS OF OPERATIONS TABLES

1 **Chapter 1: EXECUTIVE SUMMARY**

2 **A. INTRODUCTION**

3 In this Company-Wide Report on the Results of Operations, the Office of Ratepayer Advocates  
4 (ORA) presents its analysis and recommendations on requests made in the General Rate Case  
5 Application 14-07-006 (GRC A.14-07-006) filed by Golden State Water Company (GSWC) for  
6 the Test Year 2016 and Escalation Years 2017 and 2018.

7 ORA’s team of engineers, auditors, and analysts reviewed the filing, performed discovery and  
8 inspection of the company’s records and facilities, and provides detailed analysis and  
9 recommendations in this report and eight others, listed below. Together, the following nine  
10 reports form ORA’s comprehensive response to GSWC’s GRC application. Section B presents  
11 key recommendations contained in ORA’s reports.

<b>No.</b>	<b>ORA Reports on GSWC Test Year 2016 GRC A.14-07-006</b>
1	Company-Wide Report on the Results of Operations
2	Report on General Office
3	Report on District Operating Expenses
4	Report on Demand-Related Issues, Rate Design & Conservation
5	Report on Labor and Pension & Benefits
6	Report on Balancing and Memorandum Accounts
7	Report on Plant, Region 1
8	Report on Plant, Common Plant Issues & Region 2
9	Report on Plant, Region 3

12 In this Company-wide report, ORA presents its analysis and recommendations on a number of  
13 issues affecting GSWC’s nine ratemaking areas. Appendix RO-A in the report includes ORA’s  
14 recommended Results of Operations for this GRC proceeding. The report is organized as  
15 follows:

<b>Chapter</b>	<b>Company-Wide Report in the Results of Operations</b>	<b>ORA Witness</b>
1	Executive Summary	Lisa Bilir & Pat Ma
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1 In this Company-Wide Report, ORA presents its analysis and recommendations that are common  
2 across GSWC’s General Office and nine ratemaking areas (Region 2, Region 3, and the 7  
3 Customer Service Areas in Region 1.) They cover areas such as taxes, depreciation and working  
4 cash.

5 ORA’s recommendations are incorporated in each ratemaking area’s revenue requirement  
6 calculations, presented in ORA’s Results of Operations tables (**Appendix RO-A** in this report).  
7 **Table 1-A** below presents estimated revenue increases (decreases) proposed by GSWC and by  
8 ORA for GSWC’s nine ratemaking areas.

**Table 1-A: Comparison of Revenue Increases (Decreases)**

Line	Rate-making Area	ORA*					
		Test Year 2016 Increase (Decrease)		2017 Increase		2018 Increase	
		\$000	%	\$000	%	\$000	%
1	Arden-Cordova CSA	(2,391)	-18.01%	396	3.67%	211	1.89%
2	Bay Point CSA	(297)	-5.11%	14	0.25%	(3.2)	-0.06%
3	Clearlake CSA	(117)	-5.36%	32	1.54%	22	1.06%
4	Los Osos CSA	(618)	-14.45%	49	1.36%	25	0.69%
5	Ojai CSA	(213)	-3.86%	194	3.65%	179	3.24%
6	Santa Maria CSA	(750)	-6.78%	163	1.58%	102	0.96%
7	Simi Valley CSA	(1,144)	-7.40%	20	0.14%	(69)	-0.47%
8	REGION 2	(15,226)	-11.00%	2,433	1.97%	1,391	1.11%
9	REGION 3	(10,122)	-8.00%	1,175	1.01%	904	0.77%
<b>10</b>	<b>TOTAL COMPANY</b>	<b>(30,877)</b>	<b>-9.6%</b>	<b>4,478</b>	<b>1.53%</b>	<b>2,762</b>	<b>0.93%</b>

\* See ORA's Results of Operations Tables in Appendix RO-A of this report.

Line	Rate-making Area	GSWC**					
		Test Year 2016 Increase (Decrease)		2017 Increase		2018 Increase	
		\$000	%	\$000	%	\$000	%
1	Arden-Cordova CSA	(398)	-3.04%	932	7.39%	852	6.33%
2	Bay Point CSA	20	0.35%	116	1.79%	117	1.93%
3	Clearlake CSA	63	2.89%	74	3.27%	82	3.51%
4	Los Osos CSA	193	4.52%	203	4.57%	225	4.87%
5	Ojai CSA	257	4.73%	402	7.04%	417	6.78%
6	Santa Maria CSA	402	3.64%	471	4.09%	475	3.94%
7	Simi Valley CSA	(376)	-2.50%	156	1.05%	114	0.75%
8	REGION 2	(2,634)	-1.90%	4,871	3.58%	4,533	3.22%
9	REGION 3	858	0.68%	3,056	2.41%	3,491	2.69%
<b>10</b>	<b>TOTAL COMPANY</b>	<b>(1,615)</b>	<b>-0.50%</b>	<b>10,281</b>	<b>3.21%</b>	<b>10,303</b>	<b>3.12%</b>

\*\* From p. 2 of A.14-07-006, Application of GSWC for an Order Authorizing a Change in Rates in its Region 1, Region 2 and Region 3 Customer Service Areas, filed on July 15, 2014.

Line	Rate-making Area	GSWC > ORA					
		Test Year 2016 Increase (Decrease)		2017 Increase		2018 Increase	
		\$000	%	\$000	%	\$000	%
1	Arden-Cordova CSA	1,993	14.97%	536	3.72%	641	4.44%
2	Bay Point CSA	317	5.46%	102	1.54%	120	1.99%
3	Clearlake CSA	180	8.25%	42	1.73%	59	2.45%
4	Los Osos CSA	810	18.97%	153	3.21%	200	4.18%
5	Ojai CSA	469	8.59%	208	3.39%	237	3.54%
6	Santa Maria CSA	1,152	10.42%	308	2.51%	373	2.98%
7	Simi Valley CSA	767	4.90%	136	0.91%	183	1.22%
8	REGION 2	12,592	9.10%	2,438	1.61%	3,141	2.11%
9	REGION 3	10,980	8.68%	1,880	1.40%	2,587	1.92%
<b>10</b>	<b>TOTAL COMPANY</b>	<b>29,262</b>	<b>9.08%</b>	<b>5,803</b>	<b>1.68%</b>	<b>7,541</b>	<b>2.19%</b>

1 **B. KEY RECOMMENDATIONS**

2 **1. Customer and Sales Forecasts**

3 In GSWC’s previous GRC D.13-05-011, the Commission examined GSWC’s Water Revenue  
4 Adjustment Mechanism and Modified Cost Balancing Account (WRAM/MCBA) balances and  
5 found that large balances result from inaccurate sales forecasts that over-estimate consumption.  
6 In this GRC, ORA considered many different regression model variations, examined the possible  
7 addition of an unemployment variable as an indicator of economic conditions, and considered the  
8 2013 recorded sales, as well as the two-, three-, and five-year average sales.

9 ORA found that no single sales forecasting model or method was able to consistently predict  
10 sales accurately. ORA agrees with many of GSWC’s sales forecasts and provided modifications  
11 where appropriate. *(ORA Report on Demand-Related Issues, Rate Design and Conservation,*  
12 *Chapter 2 – Customer and Sales Forecasts)*

13 **2. Rate Design**

14 Under ORA’s rate design proposal, non-residential and residential customer classes pay the same  
15 amount on average for each unit of water consumed and revenue requirements are allocated  
16 across customer classes based on the volume of water sales in each class.

17 For residential customers, ORA recommends increasing the price signal for water conservation  
18 through rate design by increasing the tier differential between tier 2 and 3 from 15% to 20% in  
19 Bay Point and Los Osos, adopting GSWC’s proposed fourth tier for the top 5% of sales in Simi  
20 Valley, Santa Maria, Region 2 and Region 3.

21 Also for Simi Valley, Santa Maria, Region 2 and Region 3, ORA recommends increasing  
22 affordability for residential customers in the first tier by setting the tier differential at 10%,  
23 retaining the 15% differential between tier 2 and 3 and encouraging conservation in the new 4<sup>th</sup>  
24 tier by adding a 20% differential between tier 3 and 4.

25 ORA accepts GSWC’s tier width changes for residential customers in Region 3.

1 *(ORA Report on Demand-Related Issues, Rate Design and Conservation, Chapter 4 – Rate*  
2 *Design and Special Request 8)*

3 **3. Discount to Low-Income Customers**

4 GSWC has a low income rate assistance program called the *California Alternative Rates for*  
5 *Water (CARW)* program that provides qualifying customers with a 15% discount off the average  
6 bill. ORA recommends increasing the discount to 20% off an average bill for qualifying  
7 customers. Additionally, the average bill should be calculated for each ratemaking area rather  
8 than for each Region to reflect local usage information. *(ORA Report on Demand-Related*  
9 *Issues, Rate Design and Conservation, Chapter 5 – Affordability and CARW Program)*

10 **4. Conservation**

11 ORA supports maintaining ongoing conservation efforts to achieve the State’s water  
12 conservation goals. However, these goals can be achieved at ORA’s lower cost estimates. ORA  
13 recommends a budget of \$746,604 for conservation program expenses in Test Year 2016, which  
14 is \$310,811 lower than GSWC’s \$1,070,748 request (this budget does not include conservation  
15 staff costs).

16 ORA recommends GSWC launch a pilot program for social norm messaging. Social norm  
17 messaging involves providing households and businesses with information on their current water  
18 usage and comparing it to their historical consumption, average consumption of similar  
19 households and consumption of the most efficient similar household. This pilot should have a  
20 \$20,000 budget for a six-month program and GSWC should report on the pilot’s results in  
21 GSWC’s next GRC.

22 The difference between authorized and actual conservation expenses should continue to be  
23 tracked in a one-way balancing account for each ratemaking area separately with any unspent  
24 funds refunded to ratepayers at the end of the rate case cycle. For transparency and ease of  
25 auditing by ORA and Commission staff, GSWC should track conservation expenses in its own  
26 sub-account under account 781 and provide enhanced annual reporting.

1 (ORA Report on Demand-Related Issues, Rate Design and Conservation, Chapter 10–  
2 Conservation)

3 **5. Labor and Pension & Benefits (P&B)**

4 In its Test Year 2016 labor and pension & benefits estimates, ORA recommends removal of the  
5 1% merit increase, imputation of expected savings from the newly created Director of  
6 Procurement position, reduction of salaries and bonuses of GSWC’s executives and top  
7 managers, and lower medical premium cost estimates. ORA also recommends no ratepayer  
8 funding for costs associated with Postretirement Medical Benefit Plan (VEBA) and  
9 Supplemental Executive Retirement Plant (SERP). Finally, ORA recommends that the  
10 Commission reject GSWC’s Special Request #2 to establish a new balancing account for group  
11 medical insurance costs. (ORA Report on Labor and Pension & Benefits)

12 **6. District Operating Expenses (O&M and A&G expenses)**

13 In developing district operating expense estimates from recorded data, ORA removes *lobbying*  
14 *and charitable contribution-type* expenses, improper *Purchased Card (PCARD) charges*, and  
15 one-time/discontinued expenditures. The Commission should require detailed *PCARD charge*  
16 *reporting* and put GSWC on notice that it must remove lobbying and charitable contribution-type  
17 expenses from historical data used in its Test Year expense forecasts. (ORA Report on District  
18 Operating Expenses, Chapters 1, 5, 6 and 7)

19 In escalating recorded expense data to develop Test Year forecasted expenses, ORA removes  
20 *customer growth* as it is not justified or expressly allowed in the Commission’s Rate Case Plan  
21 for Class A water utilities. ORA’s interpretation is affirmed in D.14-08-006. (ORA Report on  
22 District Operating Expenses, Chapter 1)

23 ORA recommends that *flow violation payments* to Metropolitan Water District (in Regions 2 and  
24 3) be excluded from Purchased Water expenses subject to balancing account treatment. This is  
25 an appropriate ratemaking treatment because it is an expense that is entirely under GSWC’s  
26 operational control. (ORA Report on District Operating Expenses, Chapters 3 and 4)

1 **7. General Office Expenses & Plant Investment**

2 ORA Report on the General Office examines expenses and capital investments of GSWC’s  
3 general office operations, and includes an extensive discussion on the allocation of general office  
4 expenses to GSWC’s unregulated affiliate, ASUS. Most notably, ORA recommends using a  
5 *three-factor methodology* to allocate 21.04% of corporate-level general office expenses to  
6 ASUS, instead of using GSWC’s methodology that allocates just 13.58% to ASUS by attempting  
7 to equate the number of ASUS contracts with the number of GSWC customers.

8 ORA makes a number of additional substantial recommendations, that include among other  
9 things: rejection of GSWC’s request for \$1 million of ratepayer funding to help defeat eminent  
10 domain proceedings brought against it, rejection of its \$6.03 million GIS project request, and  
11 denying GSWC recovery of the \$375,000 accumulated in the Well Study Balancing Account.

12 **8. Taxes**

13 In addition to adjustments to tax estimates that correspond to other results of operations estimates  
14 (such as revenues, expenses and plant), ORA recommends: calculating local franchise taxes  
15 according to *revenues net of uncollectibles*, removing the *Deferred Revenue Amortization*  
16 component from GSWC’s income tax expense, updating Accumulated Deferred Federal Income  
17 Tax to reflect the *extension of the Bonus Depreciation through 2014*, and accepting GSWC’s  
18 update to reflect implementation of *new IRS Repairs Regulations*. (*ORA Company-Wide Report*  
19 *on Results of Operations, Chapters 2 and 4*)

20 **9. Capital Budgets**

21 ORA presents its analysis and recommendations in three separate plant reports: (1) Region 1, (2)  
22 Common Plant Issues and Region 2 and (3) Region 3. As presented in ORA’s three plant  
23 reports, ORA’s 2015-2017 capital budget estimates are less than 50% of GSWC’s request, for  
24 Regions 1 through 3 combined. The differences are summarized **Table 1-B** below:

1

**Table 1-B: Summary of Capital Budgets, by Region**

All Regions Summary	2015		2016		2017	
	GSWC	ORA	GSWC	ORA	GSWC	ORA
Region 1	\$ 12,346,550	\$ 6,363,800	\$ 16,956,510	\$ 7,277,100	\$ 17,904,340	\$ 6,121,900
Region 2	\$ 48,057,800	\$ 24,037,000	\$ 41,665,400	\$ 19,783,300	\$ 33,924,100	\$ 17,482,100
Region 3	\$ 20,733,400	\$ 11,370,500	\$ 24,519,800	\$ 13,378,500	\$ 31,973,200	\$ 15,009,100
Total Cap. Budget	\$ 81,137,750	\$ 41,771,300	\$ 83,141,710	\$ 40,438,900	\$ 83,801,640	\$ 38,613,100
<b>3-YEAR TOTAL:</b>					<b>\$248,081,100</b>	<b>\$120,823,300</b>
<b>3-YEAR TOTAL ADJUSTMENT, GSWC &gt; ORA:</b>					<b>\$127,257,800</b>	
<b>3-YEAR DIFFERENCE, (GSWC-ORA)/(GSWC):</b>					<b>51%</b>	

2

3 Additionally, ORA makes adjustments to recorded 2013 and estimated 2014 and 2015 plant  
4 additions from projects presented by GSWC in its workpapers as “CWIP” or construction work  
5 in progress. As ORA discovered, some projects have not started (and therefore cannot be  
6 considered “CWIP”), are no longer needed, have been cancelled by GSWC, or have changed in  
7 scope and schedule significantly. ORA also adjusted out plant dollars that were imprudently  
8 incurred such as \$3.6 million associated with the Truro Well #4 abandonment project (Region 2).  
9 These adjustments to “CWIP” projects are presented in the plant section titled “Additional  
10 Adjustments to Requested Capital Expenditures” in each respective ratemaking area.

## 11 **10. Common Plant Issues**

12 ORA makes the following recommendations based on its examination of capital planning and  
13 budgeting issues that affect plant estimates in all ratemaking areas. These recommendations  
14 serve as a basis for many of ORA’s specific adjustments to GSWC’s proposed projects and  
15 capital budgets for 2015 through 2017. (*Report on Plant, Common Plant Issues and Region 2 –*  
16 *various chapters*)

### 17 ***a. Contingency cost (as % of project cost and blanket budget)***

18 The Commission should allow no more than 5% in contingency rate (adder) for specific (non-  
19 routine) capital projects, and reject GSWC’s requested 10%. (*Chapter 2*)

20 GSWC should not be allowed to include a 10% contingency budget in its blanket (routine)  
21 capital budgets. (*Chapter 2*)

1        ***b. Design cost (as % of construction budget)***

2        For pipeline projects, the Commission should allow a design cost (adder) of no more than 7% of  
3        estimated construction budget, instead of GSWC’s requested 10% to 12%. *(Chapter 2)*

4        ***c. Vehicle Replacements***

5        The Commission should require GSWC to follow the vehicle replacement criteria and schedule  
6        of the California Department of General Services, and adopt ORA’s recommended 2015-2017  
7        budget of \$1.14 million instead of GSWC’s request of \$2.9 million. *(Chapter 3)*

8        ***d. Urban Water Management Plans (UWMPs)***

9        ORA recommends that the Commission authorize GSWC’s request for UWMP preparation  
10       projects, but shift the requested funds from 2015 to 2016 to match the expected completion date  
11       of these plans. *(Chapter 4)*

12       ***e. Chemical Disinfection Building Replacements***

13       GSWC should not be allowed funds to replace existing buildings which are still in good  
14       condition. In cases where replacement is justified, GSWC should not be allowed funds to  
15       construct expensive concrete masonry units, and should instead construct less expensive  
16       alternatives that can still meet current regulations. *(Chapter 4)*

17       ***f. Pressure Requirements***

18       ORA recommends that the Commission authorize an exemption from the 40-pounds-per-square-  
19       inch minimum pressure requirement contained in GO 103-A while ORA is considering a Motion  
20       to Amend General Order 103-A (GO 103-A) to ensure consistency with the California  
21       Waterworks Standards (California Code of Regulations, Title 22, Chapter 16). Doing so will  
22       avoid undue rate burdens on GSWC’s customers and does not adversely impact public health or  
23       service quality. *(Chapter 5)*

1 ***g. Pipeline Replacement***

2 ORA reviewed GSWC’s pipeline replacement program and found many inconsistencies in its  
3 analysis and as well as the application of its prioritization process. ORA recommends that  
4 GSWC moves from its emphasis on replacement to a more comprehensive and cost-based  
5 program that would include such tools as pressure management and active leakage control, and  
6 utilize results from the Water Loss Audits to align its resources toward efficient water loss  
7 control program. ORA’s recommendations on GSWC’s pipeline replacement projects are based  
8 on a case-by-case analysis to ensure prudent investment in GSWC’s pipeline infrastructure.  
9 *(Chapter 6)*

10 **11. Water Loss**

11 ORA recommends that the Commission adopt ORA’s lower estimated Water Loss rates in Ojai  
12 and in Region 2 to reflect a decreasing trend in recent years. *(Chapter 7)*

13 **12. Water Quality**

14 ORA recommends that the Commission open a second phase of this proceeding to address  
15 customers’ concerns regarding the quality of water in the City of Gardena to ensure that the long-  
16 standing “black water” problem is properly and timely resolved, and to identify and address  
17 operational deficiencies, if any. *(Chapter 8)*

18 **13. Record-Keeping Issues and the Need to Ensure GSWC Provides Accurate**  
19 **Information**

20 The Commission should put GSWC on notice for providing inaccurate information during this  
21 GRC. GSWC has, on multiple occasions, provided inaccurate information during this GRC  
22 proceeding. Each single instance in isolation may not rise to the level where Commission action,  
23 including appropriate penalties or sanctions, is warranted. However, looking at the full picture it  
24 is clear that GSWC needs to keep more accurate records, and provide more complete and precise  
25 information to the Commission during general rate cases.

26 The following several examples illustrate this point:

- 1       • Region 2, GSWC claimed that it does not know the source of “black water” affecting  
2 customers in the area but its October 1, 2014 Measures to Improve Customer Service  
3 report indicates otherwise. Also, GSWC claimed that only one customer was affected by  
4 the “black water” in Gardena. Records on customer complaints indicate that there have  
5 been more than one customer complaints regarding “black water.” (*ORA Report on Plant,*  
6 *Region 2, Chapter 8, Section C.4*)
- 7       • In Region 2, GSWC was unable or refused to provide length and leak history of pipeline  
8 segments that were part of larger bundled project proposal. (*ORA Report on Plant,*  
9 *Common Plant Issues and Region 2, Chapter 9, Section D.1*)
- 10      • Region 3 pipeline leak and material information was inaccurate. For example, the Apple  
11 Valley North project to replace pipelines on Dexter, Sycamore and Central lanes the  
12 workpaper reported 44 leaks in the past five years, while data request responses only  
13 noted 2 leaks from 2009 – 2013. Additionally, workpapers reported the existing  
14 pipelines are steel while the system wall map indicates Transite pipes. (*ORA Report on*  
15 *Plant, Region 3, Chapter 2, Section D.5*)
- 16      • Similarly, in Region 1, GSWC stated that it needs to replace a pipeline between Pacifica  
17 Avenue and Port Chicago Hwy to address leaks; but when asked for support, GSWC  
18 responded that the proposed segment of pipe selected for replacement had zero leaks in  
19 the past five years. (*ORA Report on Plant, Region 1, Chapter 1, Section F.4*)
- 20      • Region 1, GSWC cites hydraulic deficiency, age, and condition of pipeline as  
21 justification for replacing the pipeline on Arrowhead Drive. However, the pipeline has  
22 not had any leaks 2009-2013 and the GSWC Pipeline Prioritization Results in the  
23 Pipeline Management Program indicates no hydraulic deficiency. (*ORA Report on Plant,*  
24 *Region 1, Chapter 2, Section E.12*)
- 25      • Region 2, GSWC provided misleading information regarding pump and well capacities at  
26 the Bissell Plant in the Bell-Bell Gardens system in an attempt to justify its booster pump  
27 replacement request. (*ORA Report on Plant, Region 2, Chapter 9, Section G.3*)
- 28      • Region 3, GSWC provided inaccurate information regarding the status of land purchase.  
29 GSWC’s capital testimony stated the land for the proposed Mojave Tank in Morongo Del  
30 Sur system was “acquired.” When ORA visited the site, ORA learned from GSWC’s

1 local staff that the company has not acquired the land as claimed in its testimony. (ORA  
2 Report on Plant, Region 3, Chapter 2, Section G.2)

- 3 • In Region 3, GSWC requests a Variable Frequency Drive for the Valley View Well #2  
4 citing customer complaints of colored water problems as the basis for the request.  
5 However, the Division of Drinking Water’s 2014 engineering report indicates that  
6 appropriate actions were taken to mitigate the problems. (ORA Report on Plant, Region 3,  
7 Chapter 1, Section D.6)

#### 8 **14. Rate Base**

9 The Commission should adopt ORA’s recommended adjustment to GSWC’s estimated  
10 Construction Working in Progress balances and removal of the WRAM balance component from  
11 the calculation of working cash. (Chapters 5 and 6 of this report)

#### 12 **15. Escalation and Attrition Filings**

13 For GSWC’s 2017 and 2018 escalation and attrition filings, the Commission should require  
14 GSWC to file separate advice letters for consolidated Regions 2 and 3, and for each CSA under  
15 Region 1, proposing new revenue requirements and corresponding revised tariff schedules.  
16 These filings should be required regardless of whether the filing results in an increase or  
17 decrease in tariff rates.

#### 18 **16. GSWC’s Special Requests**

19 GSWC submitted a total of 13 Special Requests in this GRC. The next three sections address  
20 Special Requests #5, #10, and #11. ORA’s Report on Balancing and Memorandum Accounts  
21 addresses Special Request #1 regarding existing balancing and memorandum accounts. Other  
22 Special Requests are addressed in reports covering respective related subject areas (e.g., Report  
23 on Labor and Pension & Benefits addresses Special Request #2 to establish a new Balancing  
24 Account for Group Medical Insurance Costs. **Table 1-C** below summarizes ORA’s  
25 recommendations on GSWC’s Special Requests.

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**Table 1-C: Summary of ORA’s Recommendations on GSWC’s Special Requests**

<b>Special Request</b>	<b>GSWC’s Special Request</b>	<b>ORA’s Recommendation</b>	<b>ORA Report</b>
1	Amortization and Continuation of Balancing and Memorandum Accounts	See <a href="#">Table 1-D</a> below	Report on Balancing and Memorandum Accounts
2	Balancing Account for Group Medical Insurance Costs	Disallow	Report on Labor and Pension & Benefits
3	Chemicals included in MCBA	Disallow	Report on Demand-Related Issues, Rate Design & Conservation
4	Water Litigation Memorandum Account Surcharge	Allow with modifications	Report on Demand-Related Issues, Rate Design & Conservation
5	Update for Advice Letter Projects	Allow	Company-Wide Report on the Results of Operations
6	Sales Reconciliation Mechanism	Disallow	Report on Demand-Related Issues, Rate Design & Conservation
7	Special Facilities Fee Pilot Program in Santa Maria CSA and Connection Fees in Bay Point CSA and Clearlake CSA	Allow with modifications	Report on Demand-Related Issues, Rate Design & Conservation
8	Rate Design in Santa Maria, Simi Valley, Region 2 & Region 3	Allow with modifications	Report on Demand-Related Issues, Rate Design & Conservation
9	Recycled Water Rate in San Gabriel CSA	Allow	Report on Demand-Related Issues, Rate Design & Conservation
10	Incorporation of the Settlement Agreement Between Golden State Water Company and the Office of Ratepayer Advocates in the Rehearing of Decision 10-11-035	Allow	Company-Wide Report on the Results of Operations
11	Incorporate Any Adopted Commission Decisions Relating to GSWC and Rural Water Company (C 311)’s Joint Application 13-10-011 in the Final Decision in this GRC	Allow	Company-Wide Report on the Results of Operations
12	Other Fees	Allow	Report on Demand-Related Issues, Rate Design & Conservation
13	Non-Residential Meter Charges	Allow	Report on Demand-Related Issues, Rate Design & Conservation
14	Memorandum Account to Track Costs Associated with Implementing Fluoridation in Arden Cordova	Allow	Report on District Operating Expenses

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**Table 1-D: Summary of ORA's Recommendations on GSWC's Balancing and Memorandum Accounts**

Item #	ACCOUNT NAME	RECOMMENDATION	GSWC 6/30/2014 BALANCE	PERCENT OF TOTAL	ORA 6/30/2014 RECOMMENDED BALANCE	DIFFERENCE
1	COSMA	AMORTIZE AND CONTINUE	\$ (382,719)	-0.91%	\$ (382,719)	\$ -
2	ARRABA	CONTINUE AMORTIZATION AND CONTINUE	\$ 60,866	0.15%	\$ 60,866	\$ -
3	BPMCRIMA	AMORTIZE AND CLOSE	\$ 12,164	0.03%	\$ 8,396	\$ 3,768
4	TPRCCMA	TPRCCMA: CORRECT, THE BALANCE TO \$0 AS OF JULY 2014 AND CONTINUE THE ACCOUNT THROUGH YEAR-END 2018. IIRRIMA: CONTINUE THE ACCOUNT THROUGH 1/1/2016, CREDIT THE ACCOUNT THE \$900,000 COLLECTED IN RATES AND REFUND THE BALANCE WITHIN 30 DAYS OF 1/1/2016.	\$ 418,497	1.00%	\$ -	\$ 418,497
5	OSMA	AMORTIZE THE BALANCE LESS ANY PREVIOUSLY AUTHORIZED AMORTIZATIONS AND CONTINUE THE ACCOUNT	\$ 165,483	0.40%	\$ 165,483	\$ -
6	OCAMA	AMORTIZE AND CONTINUE THROUGH YEAR-END 2018	\$ 54,278	0.13%	\$ 54,278	\$ -
7	COIMA	AMORTIZE AND CLOSE	\$ 616,433	1.47%	\$ (54,874)	\$ 671,307
8	SMSMA	NO CHANGE TO ONGOING SURCHARGE AND ADDRESS RESIDUAL BALANCES THROUGH THE ADVICE LETTER PROCESS.	\$ 892,827	2.13%	\$ 892,827	\$ -
9	LOISJMA	AMORTIZE THE BALANCE LESS ANY PREVIOUSLY AUTHORIZED AMORTIZATIONS AND CONTINUE THE ACCOUNT	\$ 204,481	0.49%	\$ 204,481	\$ -
10	SMSRPMA	AMORTIZE AND CONTINUE	\$ 49,140	0.12%	\$ 49,140	\$ -
11	LOAMA	AMORTIZE AND CONTINUE	\$ 275,917	0.66%	\$ 275,917	\$ -
12	GOMMA	AMORTIZE AND CLOSE	\$ 20,310	0.05%	\$ 20,310	\$ -
13	BWAMA	AMORTIZE AND CONTINUE	\$ 66,939	0.16%	\$ 66,939	\$ -
14	WSBA	DISALLOW	\$ 375,586	0.90%	\$ -	\$ 375,586
15	PBBA	AMORTIZE	\$ 3,578,177	8.55%	\$ 3,578,177	\$ -
16	OCCSSMA	AMORTIZE AND CONTINUE	\$ 72,031	0.17%	\$ 72,031	\$ -
17	OTSCMA	ADDRESS ANY RESIDUAL BALANCE THROUGH THE ADVICE LETTER PROCESS	\$ 236,171	0.56%	\$ 236,171	\$ -
18	WCMA	DENY INTEREST	\$ 674,595	1.61%	\$ 674,595	\$ -
19	BPWQMA	AMORTIZE AND CLOSE	\$ 5,640	0.01%	\$ 5,640	\$ -
20	CARWBA	AMORTIZE LESS ANY PREVIOUS AMORTIZATIONS AND CONTINUE	\$ 9,481,392	22.66%	\$ 9,479,801	\$ 1,592
21	SMWRBA	CONTINUE	\$ 1,184,011	2.83%	\$ 1,184,011	\$ -
22	SMWRMA	CONTINUE	\$ 1,770,219	4.23%	\$ 1,770,219	\$ -
23	RBBA	CONTINUE	\$ 3,435,434	8.21%	\$ 3,435,434	\$ -
24	CEOWBA	FILE TIER 3 ADVICE LETTER TO REFUND ANY BALANCES	\$ 121,783	0.29%	\$ 121,783	\$ -
25	COTBA	AMORTIZE AND CLOSE	\$ 88,220	0.21%	\$ 88,220	\$ -
26	AEROJET	CONTINUE AMORTIZATION, INCLUDE IN PRELIMINARY STATEMENT	\$ 14,302,164	34.17%	\$ 14,302,164	\$ -
27	CEMA-BWA	AMORTIZE AND CONTINUE	\$ 14,257	0.03%	\$ 14,257	\$ -
28	CPMA	AMORTIZE AND CLOSE	\$ 3,480	0.01%	\$ 3,480	\$ -
29	R3IRMA	AMORTIZE, CLOSE AND INCLUDE IN PRELIMINARY STATEMENT	\$ 2,438,111	5.83%	\$ 2,438,111	\$ -
30	R2IRMA	AMORTIZE AND CLOSE	\$ 1,547,073	3.70%	\$ 1,547,073	\$ -
31	RATE BASE	AMORTIZE, CLOSE AND INCLUDE IN PRELIMINARY STATEMENT	\$ 99,817	0.24%	\$ 99,817	\$ -
32	FOLSOM	REFUND, CLOSE AND INCLUDE IN PRELIMINARY STATEMENT	\$ (31,843)	-0.08%	\$ (34,706)	\$ 2,863
	<b>TOTAL:</b>		<b>\$ 41,850,932</b>	<b>100.00%</b>	<b>\$ 40,377,319</b>	<b>\$ 1,473,613</b>

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1 **17. Special Request #5**

2 ORA agrees with GSWC’s proposal to incorporate approved advice letters into rates adopted for  
3 the first test year in this GRC proceeding. Incorporating the rate effects of the approved advice  
4 letters into the rates adopted in this proceeding will reduce the number of potential rate increases  
5 associated with the advice letters. Specific language identifying the dollar impacts of any  
6 adopted advice letters included in the rates adopted in the GRC decision should be added to the  
7 extent possible to the decision to clearly distinguish between GRC related rate increases and  
8 increases resulting from the advice letter projects adopted in the prior GRC.

9 **18. Special Request #10**

10 In Special Request #10, GSWC requests to incorporate pertinent portions of the Settlement  
11 Agreement between GSWC and ORA in the Rehearing of Decision 10-11-035 (Settlement  
12 Agreement) including:

13 . . . 1) removal of \$336,350.24 related to the La Serena project from its recorded Rate  
14 Base; 2) requesting a transition from deferring to forecasting rate case expense; 3)  
15 removal of 75% of all legal and consulting costs incurred in the rehearing proceeding  
16 from its historical expenses before to forecasting future expenses and; 4) request for  
17 Special Facilities Fees in its Santa Maria Service Area and Connection Fees in its Bay  
18 Point and Clearlake CSA . . .<sup>1</sup>

19 GSWC also requests that, if a final decision is issued on the Rehearing of Decision 10-11-035  
20 prior to a final decision being issued in this proceeding, the findings in the final decision related  
21 to the Rehearing of Decision 10-11-035 be incorporated into the final decision in this  
22 proceeding.<sup>2</sup>

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<sup>1</sup> A.14-06-007, pp. 29-30.

<sup>2</sup> Ibid.

1 Since GSWC filed this GRC application, the Commission issued Decision 14-09-009 (corrected  
2 by Decision 14-09-020) adopting the March 6, 2013 Settlement Agreement (see Ordering  
3 Paragraph 1). ORA agrees with incorporating this decision and addresses each of GSWC's  
4 requests below:

5 1) GSWC filed Advice Letter 1574-W to implement a rate base reduction offset in the amount  
6 of \$336,350.24 for its Santa Maria District. Advice Letter 1574-W was approved by the  
7 CPUC's Division of Water and Audits. This is consistent with Ordering Paragraph 2 of  
8 D.14-09-020, which states:

9 2. Within five days of the date of this decision, Golden State Water Company must file a  
10 Tier 2 Advice Letter requesting authority to implement a rate base reduction offset in  
11 the amount of \$336,350.24 for its Santa Maria District. The \$336,350.24 is the  
12 difference between the existing amount of \$1,979,708 in adopted rate base and the  
13 settlement amount of \$1,844,856, adjusted for contributions received and accumulated  
14 depreciation.

15 2) ORA addresses the transition to recovery of regulatory expenses on a forecasted basis in  
16 ORA's Report on General Office. This is consistent with Ordering Paragraph 5 of D.14-09-  
17 020, which states:

18 5. Golden State Water Company must transition to recovery of regulatory expenses on a  
19 forecasted basis in all future general rate cases.

20 3) GSWC removed 75% of all legal and consulting costs incurred in the rehearing proceeding  
21 from GSWC's historical expenses before forecasting future expenses pursuant to the  
22 Settlement Agreement.

23 4) ORA addresses GSWC's request for Special Facilities Fees in its Santa Maria Service Area  
24 and Connection Fees in its Bay Point and Clearlake CSA in response to GSWC's Special  
25 Request 7 in ORA's Report on Demand-Related Issues, Rate Design & Conservation.

26 Regarding the incorporation of the findings of the final decision in the Rehearing of D.10-11-  
27 035, ORA notes the following two additional items:

28 • ORA confirmed that GSWC filed Advice Letter 1574-W making a one-time credit to the  
29 Santa Maria District customers of \$974,024. Advice Letter 1574-W was approved by the

1 CPUC's Division of Water and Audits. This credit does not affect rates in the present GRC.  
2 This is consistent with Ordering Paragraph 3 of D.14-09-020, which states:

3 3. Within five days of the date of this decision, Golden State Water Company must file a  
4 Tier 2 Advice Letter requesting authority to make a one-time credit to the Santa Maria  
5 District customers of \$974,024. The one-time credit is to be allocated among  
6 customers on a meter equivalent basis. The \$974,024 is based upon the monies  
7 attributable to the La Serena project costs, in excess of the \$1,844,856 agreed upon  
8 and already collected in customer rates since January 1, 2008.

- 9 • ORA addresses the appropriate number of military customers and appropriate allocation  
10 methodology in ORA's Report on General Office. This is consistent with Ordering  
11 Paragraph 4 of D.14-09-020, which states:

12 4. Golden State Water Company and the Office of Ratepayer Advocates must address  
13 the issue of the appropriate number of military customers and appropriate allocation  
14 methodology in Golden State Water Company's 2014 general rate case.

15 **19. Special Request #11**

16 ORA agrees that if a final decision is issued by the Commission in connection with GSWC's  
17 A.13-10-011 before the Commission issues a decision in this proceeding, the Commission should  
18 incorporate the findings of the Decision in GSWC's A.13-10-011 in any decision issued in this  
19 proceeding. Since GSWC filed the present GRC application, GSWC, ORA, Rural Water  
20 Company, and the Cypress Ridge Owners Association filed a motion to approve a settlement  
21 agreement resolving all issues in A.13-10-011 on 7/18/2014 (Settlement Agreement in A.13-10-  
22 011).

23 The Settlement Agreement in A.13-10-011 would expand GSWC's certificate of public  
24 convenience and necessity and its Santa Maria Customer Service Area to permit GSWC to  
25 provide public water utility service to the customers of Rural's service territory. The Settlement  
26 Agreement in A.13-10-011 if adopted also would implement the following pertinent ratemaking  
27 and rate changes:

28 Establish Rural's current rates for water service in Rural's service territory as Golden  
29 State's rates for customers in Rural's current service territory until rates are set by the  
30 Commission in Golden State's 2014 GRC; (p. 9)

1 Establish and authorize a total rate base for the acquired assets of \$1.7 million to be  
2 implemented in Golden State's 2014 GRC in accordance with Section 5.1 of this  
3 Settlement; (pp. 9 – 10)

4 Authorize Golden State to consolidate the Rural service territory with Golden State's  
5 current Santa Maria CSA, and set rates for the current Rural customers based upon the  
6 Santa Maria ratemaking district tariff in Golden State's 2014 GRC; (p. 10)

7 At the time of writing this testimony, there was no Commission decision in connection with  
8 A.13-10-011. When a final decision is issued, the adopted settlement will impact various key  
9 ratemaking areas, such as General Office allocation, sales and revenues. Therefore, ORA  
10 requests that the Commission allow ORA sufficient time to review the changes and to work with  
11 GSWC to implement the ratemaking effects in this GRC.

## Chapter 2: INCOME TAXES

### A. INTRODUCTION

This chapter presents the results of ORA's analysis of GSWC's Income Tax expenses related to GRC A.14-07-006. For ratemaking purposes, GSWC's Income Tax expenses consist of the Federal Income Tax (FIT) and California State Income Tax, also referred to as the California Corporate Franchise Tax (CCFT). Income Tax expenses are part of a utility's normal Cost of Service and thus are funded by its ratepayers. Accordingly, this chapter contains ORA's recommendations for GSWC's TY 2016 Income Tax expenses.

ORA's recommendations are based on an analysis of GSWC's application testimony, workpapers, and responses to ORA's discovery requests. Moreover, ORA reviewed previous Commission rulings, information contained within the IRS Internal Revenue Code (IRC), and information from the California Franchise Tax Board when appropriate. The remainder of this chapter consists of a summary of ORA's recommendations, followed by a discussion section that includes the background and rationale for each recommendation.

### B. SUMMARY OF RECOMMENDATIONS

ORA recommends the following:

1. Adopt GSWC's Income Tax rates and ratemaking interest methodology for calculating TY 2016 Income Tax expense.
2. Remove the Deferred Revenue Amortization-Contributions line-item component from GSWC's FIT expense forecast due to GSWC's admission that the line-item is a holder over from prior GRCs that is no longer relevant.
3. Concerning GSWC's Other Schedule M items:
  - a. adopt ORA's amount for the Deferred Rate Case Expense component,
  - b. apply CPI-U inflation factors to GSWC's revised Domestic Production Activities Deduction (DPAD) amount, and
  - c. remove GSWC's charitable contributions component altogether.

- 1 4. Update the TY 2016 Accumulated Deferred Federal Income Tax balance to reflect the  
2 extension of 50% bonus depreciation through 2014 and continue to track potential  
3 ratepayer benefits from possible extensions through 2016.

#### 4 **C. DISCUSSION**

5 For Income Tax purposes, GSWC, including BVE, is a subsidiary of American States Water  
6 Company (“American States”), and is consolidated with American States’ other subsidiary  
7 ASUS on American States’ Federal Income Tax return. For ratemaking purposes, the  
8 Commission’s method for calculating Income Tax expense is known as “normalization,” which  
9 entails calculating and including in rates what GSWC’s FIT liability would be if it were an  
10 unconsolidated California corporation. Under the normalization method, depreciation expense  
11 for FIT is calculated using the straight-line book value method, instead of using an accelerated  
12 depreciation schedule.

13 The difference between straight-line book depreciation and real-world accelerated tax  
14 depreciation, including any bonus depreciation taken by GSWC when filing its Federal Income  
15 Tax return, gives rise to a balance in Accumulated Deferred Federal Income Taxes (ADFIT).  
16 For ratemaking purposes, the ADFIT balance acts as a reduction from rate base that benefits  
17 ratepayers, while outside of ratemaking the utility benefits due to its realization of either a  
18 reduced real-world tax liability, or in some cases a refund. It should be noted that ORA’s silence  
19 on any particular issue does not imply ORA’s endorsement of any of GSWC’s methodologies or  
20 assertions.

#### 21 **1. Income Tax Rates and Ratemaking Interest**

22 GSWC calculates its TY 2016 Income Tax Expense using rates 8.84% and 35% for CCFT and  
23 FIT, respectively. ORA concurs with GSWC’s tax rates and any differences between GSWC’s

1 and ORA’s Income Tax expenses for TY 2016 are due to differences in sales/revenues, expenses,  
2 and rate base recommendations.

3 GSWC calculated its Ratemaking Interest Expense deduction for CCFT and FIT by multiplying  
4 its Authorized Weighted Cost of Debt, based on its most recent Cost of Capital proceeding,<sup>3</sup> by  
5 its forecasted Weighted Average Rate Base. ORA does not disagree with GSWC’s methodology  
6 and any recommended difference in Ratemaking Interest Expense is due to recommended  
7 differences by ORA’s plant witnesses for forecasted Weighted Average Rate Base.

8 **2. Deferred Revenue Amortization**

9 GSWC’s Federal Income Tax workpapers contain a line item increasing taxable income labeled  
10 “Deferred Revenue Amortization- Contributions.”<sup>4</sup> For example in Region III, the line item  
11 increases taxable income by \$375,800 resulting in an additional \$131,530 Federal Income Tax  
12 expense. ORA inquired as to the ratemaking appropriateness of this line item to which GSWC  
13 responded that the line item “should be zero for all ratemaking areas as these amounts have been  
14 or will be fully amortized prior to 2016. The link was a carryover from prior GRCs which is no  
15 longer relevant but was not updated and as noted now incorrectly links to total Miscellaneous  
16 Revenue.”<sup>5</sup> Because GSWC’s response shows that the item was incorrectly included, ORA  
17 recommends removing the line item “Deferred Revenue Amortization – Contributions” from  
18 GSWC’s TY 2016 Federal Income Tax expense forecast.

19 **3. Other Schedule M Items**

20 In its CCFT and FIT calculations, GSWC includes a net adjustment for certain items that are  
21 treated differently when calculating net income per the Generally Accepted Accounting

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<sup>3</sup> D.12-07-009, p. 10, re: GSWC’s A.11-05-004 Cost of Capital Application.

<sup>4</sup> GSWC’s SOE workpapers, Table 4-k, line 55.

<sup>5</sup> GSWC Response to ORA Data Request MC8-021, q1.b.

1 Principles (GAAP), and taxable income. This net adjustment is shown in GSWC’s workpapers  
2 as Other Schedule M items. GSWC includes both permanent differences as well as temporary  
3 differences when computing the net Other Schedule M adjustment. Among the items GSWC  
4 aggregates within the Other Schedule M line item are deductions for the DPAD and for costs of  
5 removal, and additions for non-deductible charitable contributions, business meals, and deferred  
6 rate case expenses. At this time, ORA is not making adjustments to the majority of GSWC’s  
7 Other Schedule M adjustments, but does make a few recommendations detailed below.

8 ***a. Charitable Contributions adjustment***

9 GSWC should remove its Other Schedule M adjustment to add back \$60,659 to taxable income  
10 for its non-deductible charitable contributions expense. It is Commission policy to *not* allow  
11 ratepayer recovery of charitable contributions expense in the first place. Consequently, for  
12 ratemaking purposes, this item should not be expensed to begin with and therefore needs no  
13 adjustment. However, GSWC explained that it made this Other Schedule M adjustment because  
14 it actually *did* include the expense for charitable contribution property related to Operation  
15 Gobble in GO Office Supplies Account 792, but that it did not deduct the item on its Federal  
16 Income Tax return.<sup>6</sup> As explained in further detail in ORA’s chapter on GO Expenses, ORA  
17 recommends the charitable contributions expense related to this Other Schedule M adjustment be  
18 removed from the TY forecast for GO Office Supplies Account 792. As a result, GSWC’s Other  
19 Schedule M adjustment to add back non-deductible Charitable Contributions is unnecessary and  
20 should be removed.

21 ***b. Domestic Production Activities Deduction (DPAD)***

22 The American Jobs Creation Act of 2004 established IRC Section 199, which allows business  
23 taxpayers to deduct a certain percentage of qualifying income from taxable income. Section 199

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<sup>6</sup> GSWC Response to ORA Data Request MC8-021, q3.b.

1 also contains the instructions for a taxpayer applying the DPAD. Since 2009, the DPAD has  
2 generally been equivalent to 9% of the lesser of taxable income or Qualified Production  
3 Activities Income (QPAI). In A.14-07-006, GSWC forecasted an estimated \$2,800,825 DPAD  
4 for TY 2016 attributed to its water operations.

5 GSWC based its TY 2016 DPAD forecast on its estimated 2013 DPAD amount. However, when  
6 ORA requested support for this estimate, GSWC provided updated workpapers showing that its  
7 revised 2013 DPAD calculation was actually \$2,590,942, instead of \$2,800,825 included in the  
8 application.<sup>7</sup> ORA reviewed GSWC’s DPAD workpapers and accepts GSWC’s updated 2013  
9 amount of \$2,590,942 as a base DPAD amount but recommends escalating this amount by CPI-  
10 U inflation factors to reach TY 2016 dollar levels. The revised TY 2016 amount for DPAD is  
11 \$2,757,640, compared to \$2,800,825 included in the application.

12 *c. Deferred Rate Case Charges*

13 GSWC’s Other Schedule M also includes an adjustment labeled “Deferred Rate Case Charges”  
14 that adds back an amount to increase taxable income.<sup>8</sup> GSWC explained this adjustment is  
15 related to the current GRC’s regulatory expense catch-up mechanism that moves GSWC from a  
16 deferred to a prospective recovery of rate case expense, as discussed in detail in ORA’s chapter  
17 on General Office A&G Expense Account 797. GSWC also provided the following in response  
18 to ORA’s inquiry:

19 The tax adjustment in the 2014 GRC is to reverse the 2014 GRC costs that will have  
20 already been deducted on tax returns prior to 2016. It is, in effect a reversal of these costs  
21 having been deducted as a favorable tax adjustment in the 2011 GRC. However there is

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<sup>7</sup> GSWC Response to ORA Data Request MC8-021, q3.a.

<sup>8</sup> GSWC workpaper OTHSCDM 14, line 60, all tabs.

1 no offsetting favorable tax adjustment for the 2017 GRC costs in the 2014 GRC as book  
2 and tax are now on the same timing methods.<sup>9</sup>

3 ORA does not completely disagree with including GSWC's Other Schedule M adjustment for  
4 the 2014 GRC expense. However, ORA recommends updating the adjustment to reflect ORA's  
5 recommendations for Regulatory Expense Account 797 as detailed in ORA's chapter on General  
6 Office A&G Expenses.

#### 7 **4. Extension of 168 (k) 50% Bonus Depreciation**

8 Prior to December 16, 2014, the most recent iteration of Section 168(k) of the IRC allowed a  
9 business to take 50% bonus depreciation for certain qualifying business property placed in  
10 service *before* January 1, 2014. The legislative goal for this policy was to incentivize businesses  
11 to increase or expedite capital investment by allowing the business to claim as an immediate  
12 expense a greater than normal portion of the capital investment, thus reducing the business's  
13 current tax liability. The increased capital investment, in turn would help spur economic growth  
14 during a sluggish economy.

15 Consistent with the Commission's policy of normalizing income tax expense within the context  
16 of a GRC, any accelerated depreciation for tax purposes, including bonus depreciation, results in  
17 an increase to ADFIT, which is quantified as a reduction from rate base. See Chapter 4 –  
18 Deferred Income Tax for more details on ORA's ADFIT estimates. According to GSWC, the  
19 effects of bonus depreciation on qualifying property placed in service before January 1, 2014  
20 have been incorporated in its current application.<sup>10</sup>

21 On December 16, 2014 Congress voted to extend 50% bonus depreciation retroactively for  
22 qualifying property placed in service throughout *all* of 2014. As a result, ORA requested that

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<sup>9</sup> GSWC Response to ORA Data Request MC8-021, q3.d.

<sup>10</sup> GSWC Prepared Testimony of Wayne McDonald, p. 8.

1 GSWC update its workpapers to reflect the extension of 2014 bonus depreciation on ADFIT, and  
2 GSWC has complied.<sup>11</sup> ORA recommends incorporating the normalization effects of the  
3 extension of 2014 bonus depreciation in the current GRC.

4 Because there has been at least some type of bonus depreciation enacted each year beginning in  
5 2001, there is a strong likelihood that Congress will grant another extension through 2015 and  
6 beyond. Due to the uncertain nature of Federal tax policy enactment and because GRCs  
7 encompass three years, there exists a possibility that potential ratepayer benefits resulting from  
8 further extensions of bonus depreciation will otherwise not be captured in rates. The  
9 Commission recognized this possibility in Resolution L-411A where it directed utilities to  
10 establish a memorandum account for the purpose of considering "...at a later time, whether some  
11 or all of the impacts of the New Tax Law not otherwise reflected in rates should be reflected in  
12 rates..."<sup>12</sup> To facilitate compliance with this directive, GSWC established the Cost-Of-Service  
13 Memorandum Account (COSMA). In the current proceeding, GSWC is proposing to amortize  
14 the current balance in the COSMA and close the account.<sup>13</sup> ORA recommends that GSWC's  
15 request to close the COSMA be denied, and that GSWC continues capturing potential ratepayer  
16 benefits from the extension of bonus depreciation between GRCs, in accordance with the  
17 Commission's directives in Resolution L-411A.<sup>14</sup>

#### 18 **D. CONCLUSION**

19 Generally, ORA agrees with GSWC's tax rates and ratemaking interest methodology used for  
20 calculating its income tax expenses. However, ORA recommends removing the Deferred

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<sup>11</sup> Email from Jenny Darney-Lane of GSWC dated February 2, 2015.

<sup>12</sup> Resolution L-411A, p. 16, Findings and Conclusions 7, June 23, 2011.

<sup>13</sup> GSWC Prepared Testimony of Ronald Moore, p. 3.

<sup>14</sup> See ORA's Report on Balancing and Memorandum Accounts in this proceeding for further discussion of the COSMA.

1 Revenue Amortization line-item from GSWC's FIT Expense forecast and adjusting GSWC's  
2 Other Schedule M calculation as discussed in detail above. Additionally, ORA recommends  
3 GSWC continues capturing potential ratepayer benefits in the COSMA related to the extension  
4 of bonus depreciation before its next GRC. Any remaining differences between GSWC and  
5 ORA for CCFT or FIT expenses are due to differences in recommended sales/revenues,  
6 expenses, and rate base.

1 **Chapter 3: TAXES OTHER THAN INCOME**

2 **A. INTRODUCTION**

3 This chapter presents the results of ORA’s analysis of GSWC’s forecast of Taxes Other Than  
4 Income contained within GSWC’s GRC A.14-07-006. Taxes Other Than Income consist of Ad  
5 Valorem Tax (property tax), Payroll Taxes, and Local Franchise Taxes. ORA’s TY 2016  
6 recommendations for Taxes Other Than Income are primarily based on ORA’s analysis of  
7 GSWC’s application testimony and workpapers evaluated against suitable criteria imposed by  
8 statute.

9 **B. SUMMARY OF RECOMMENDATIONS**

10 ORA recommends the following:

- 11 1) Adopt ORA’s forecasts for ad valorem tax expense and payroll tax expense based upon  
12 the recommendations of ORA’s plant and payroll witnesses.
- 13 2) Adopt ORA’s forecast for local franchise tax expense based upon ORA’s adjustment to  
14 remove amounts for uncollectibles and the recommendations of ORA’s sales/revenue  
15 forecasting witness.

16 **C. DISCUSSION**

17 **1. Ad Valorem Taxes**

18 GSWC estimates its TY 2016 ad valorem tax expense for each ratemaking area by dividing the  
19 five-year average recorded ad valorem tax by the five-year average beginning of year (BOY)  
20 plant in service balance between 2009 and 2013 to arrive at an average ad valorem tax rate.  
21 GSWC then applies the average ad valorem tax rate to the forecasted BOY 2016 plant in service  
22 balance to arrive at the TY 2016 ad valorem tax expense. ORA does not oppose this  
23 methodology and any differences in ad valorem tax expenses between GSWC and ORA are due  
24 to differences in forecasted plant in service.

1 **2. Payroll Taxes**

2 GSWC calculates payroll taxes based on forecasted payroll expenses and ORA generally agrees  
3 with GSWC’s methodology. Payroll taxes consist of Federal Insurance Contribution Act  
4 (FICA), Federal Unemployment Tax (FUTA), and State Unemployment Insurance (SUI). FICA  
5 taxes include two separate components, Social Security (OASDI), and Medicare. In A.14-07-  
6 006, GSWC uses the following tax rates for its payroll tax calculations:

- 7 • OASDI – 6.20%
- 8 • Medicare – 1.45%
- 9 • FUTA – 2.4%
- 10 • SUI – 4.6%

11 The OASDI, FUTA, and SUI tax rates are subject to wage caps, while the Medicare tax rate is  
12 applied to total wages. GSWC applies a wage cap equal to the first \$117,000 of an employee’s  
13 wages in calculating OASDI, and the first \$7,000 of an employee’s wages in calculating FUTA  
14 and SUI. Normally, FUTA and SUI would combine to equal 6%. However, the State of  
15 California’s Unemployment Insurance Trust Fund is currently indebted to the Federal  
16 Government, resulting in a slight increase in FUTA until the California Unemployment  
17 Insurance Trust Fund regains solvency. ORA does not take issue with GSWC’s payroll tax rates  
18 or methodology. Any differences between GSWC’s and ORA’s recommended Payroll Tax  
19 expense for TY 2016 are due to differences in payroll expense forecasts.

20 **3. Local Franchise Taxes**

21 GSWC forecasts its local franchise taxes by dividing the five-year average of recorded local  
22 franchise taxes by the five-year average of gross revenues over the years 2009-2013 to arrive at  
23 an average local franchise tax rate. GSWC performs this calculation for each ratemaking area,  
24 and applies the corresponding tax rate to the forecasted amount of 2016 gross revenues for each

1 area. ORA recommends applying the average local franchise tax rates to *revenues net of*  
2 *uncollectibles*. In contrast, GSWC does not make an adjustment to reflect uncollected revenues.  
3 ORA’s basis for its recommendation is California Public Utilities Code Section 6231(c), which  
4 states that payments to municipalities shall be based on “gross annual receipts.”<sup>15</sup> Uncollectibles  
5 by their nature are not receipts and as such should be removed from the calculation determining  
6 local franchise taxes. Other differences between GSWC’s and ORA’s local franchise taxes are  
7 due to differences in forecasted revenues.

8 **D. CONCLUSION**

9 ORA requests that the Commission adopt its recommendation to remove uncollectibles for local  
10 franchise tax forecasting and its recommendations for GSWC’s ad valorem and payroll taxes that  
11 are based on recommendations attributable to ORA’s plant and payroll.

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<sup>15</sup> California Public Utilities Code § 6231(c).

1 **Chapter 4: DEFERRED INCOME TAX**

2 **A. INTRODUCTION**

3 This chapter presents ORA’s review of GSWC’s Accumulated Deferred Federal Income Tax  
4 (ADFIT) estimates for Test Year 2016 and Escalation Year 2017 and ORA’s recommendation.  
5 For ratemaking purposes, the Deferred Income Tax balance is a reduction to estimated ratebase.  
6 Deferred Income Tax estimates shown in ORA’s Results of Operations Tables 9-1 and 9-2 in  
7 Chapter 9 of this report reflect ORA’s recommendations herein.

8 **B. SUMMARY OF RECOMMENDATION**

9 The final adopted ADFIT amounts should incorporate the impact of the extension of “Bonus  
10 Depreciation” through 2014, and final plant estimates.

11 **C. DISCUSSION**

12 ADFIT balances are the result of differences between the straight-line book depreciation used for  
13 ratemaking and the real-world accelerated tax depreciation taken by a utility when filing its  
14 Federal Income Tax Return. While utilities receive a benefit of a lower real-world tax liability,  
15 ratepayers benefit from a reduction from rate base by the amount of the ADFIT.

16 GSWC’s ADFIT estimates reflect its plant estimates, any accelerated depreciation including  
17 Bonus Depreciation provisions through 2013, and the implementation of new IRS Tangible  
18 Property Regulations. GSWC estimates the ADFIT by using the amount of accumulated  
19 deferred income taxes recorded by the company as of December 31, 2013 and projecting  
20 deferred income taxes thereafter.

21 In deriving its projections, GSWC assumes that it will pursue an accounting method change for  
22 2014 as set forth by the new IRS Tangible Property Regulations (T.D. 9636). This method  
23 change creates additional deferred tax and is reasonable to include in arriving at the total  
24 deferred tax.

1 GSWC's ADFIT estimates do not reflect the effects of the 50% Bonus Depreciation provision  
2 for 2014. The Bonus Depreciation provision was extended to apply to qualifying plant placed in  
3 service throughout 2014 with the passing of The Tax Increase Prevention Bill (H.R. 5771) on  
4 December 16, 2014, after GSWC already filed its Test Year 2016 GRC application (in July  
5 2014). Because H.R. 5771 affects the calculation of GSWC's tax depreciation expenses in this  
6 GRC, and therefore under normalization affects ADFIT, ORA requested and GSWC provided  
7 additional workpapers reflecting the extension of Bonus Depreciation provision through 2014.<sup>16</sup>  
8 The impact on the ADFIT of incorporating the 2014 Bonus Depreciation provision *before*  
9 ORA's plant adjustments is approximately \$7 million for Test Year 2016.

10 **D. CONCLUSION**

11 ORA recommends that the Commission adopt Test Year 2016 and Escalation Year 2017 ADFIT  
12 amounts that reflect the implementation of the IRS Tangible Property Regulations, the extension  
13 of Bonus Depreciation through 2014, and ORA's plant estimates.

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<sup>16</sup> GSWC Response to ORA Data Request MD6-002 and subsequent revisions via email dated February 2, 2015 from GSWC to ORA.

1 **Chapter 5: CONSTRUCTION WORK-IN-PROGRESS**

2 **A. INTRODUCTION**

3 This chapter presents ORA’s analysis and recommendations on GSWC’s Construction Work -In  
4 Progress (CWIP) estimates for Test Year 2016 and Escalation Year 2017. CWIP estimates  
5 shown in ORA’s Results of Operations Tables 9-1 and 9-2 in Chapter 9 of this report reflect  
6 ORA’s recommendations presented herein.

7 **B. SUMMARY OF RECOMMENDATION**

8 ORA recommends adjustments that would reduce GSWC’s proposed weighted average CWIP  
9 amounts by approximately **\$9.7 million** for each of the years 2016 and 2017. This amount is the  
10 combined adjustment of CWIP estimates in all ratemaking areas.

11 The differences between ORA’s and GSWC’s estimates of weighted average CWIP amounts  
12 result from ORA’s removal from the 2013 CWIP balance of projects that have resided in CWIP  
13 for more than two years (discussed in detail in this chapter), and other specific adjustments made  
14 by ORA’s plant witnesses in the respective ratemaking areas and the General Office.

15 **C. DISCUSSION**

16 For each ratemaking area, GSWC estimated 2016 and 2017 CWIP amounts that are equal to the  
17 CWIP balance amount as of December 31, 2013. **Table 5-A** below presents GSWC’s forecasted  
18 CWIP balances for all nine rate making areas:<sup>17</sup>

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<sup>17</sup> GSWC estimates \$2,173,671 for GO CWIP for 2016 and 2017, which is equal to the 2013 year-end GO CWIP balance. GO CWIP flows to the respective rate base tables through allocation. ORA agrees with GSWC’s forecasted methodology.

1

**Table 5-A: GSWC-proposed CWIP amounts**

<b>Ratemaking Area</b>	<b>CWIP as of 12/31/2013</b>	<b>TY 2016</b>	<b>2017</b>
Region 1 CSAs:			
Arden-Cordova	\$3,443,847	\$3,443,847	\$3,443,847
Bay Point	\$889,887	\$889,887	\$889,887
Clearlake	\$183,459	\$183,459	\$183,459
Los Osos	\$1,348,599	\$1,348,599	\$1,348,599
Ojai	\$2,198,303	\$2,198,303	\$2,198,303
Santa Maria	\$3,267,613	\$3,267,613	\$3,267,613
Simi Valley	\$580,818	\$580,818	\$580,818
Region 1 Total	\$11,912,526	\$11,912,526	\$11,912,526
Region 2	\$26,126,113	\$26,126,113	\$26,126,113
Region 3	\$15,652,320	\$15,652,320	\$15,652,320
<b>Total</b>	<b>\$53,690,959</b>	<b>\$53,690,959</b>	<b>\$53,690,959</b>

2 GSWC’s estimation of CWIP for ratemaking purposes is not based on the proposed capital  
3 projects in the rate case. Rather, GSWC uses the historic 2013 CWIP balance as a proxy for the  
4 weighted average CWIP balance in 2016 and 2017.

5 Since GSWC’s CWIP forecasting methodology relies exclusively on the year-end 2013 CWIP  
6 balances, it is necessary to validate the reasonableness of the amounts making up those balances  
7 for forecasting purposes. Therefore, ORA requested and analyzed the general ledger report of  
8 sampled 2013 CWIP items and the aging report of the CWIP balance. ORA found that there is a  
9 significant amount of aged CWIP included in the year-end 2013 CWIP balance, as shown in  
10 **Table 5-B** below.

1

**Table 5-B: Aged CWIP Amounts in GSWC Year-End 2013 CWIP Balances<sup>18</sup>**

Ratemaking Areas	CWIP balance as of 12/31/2013	Age of CWIP Amounts as of 12/31/2013					
		≥ 3-Years of CWIP		≥ 2-Years of CWIP		≥ 1-Year of CWIP	
		CWIP Amount	% of total CWIP	CWIP Amount	% of total CWIP	CWIP Amount	% of total CWIP
Arden-Cordova	\$3,443,847	-	0.00%	\$2,714	0.08%	\$2,974	0.09%
Bay Point	\$889,887	\$1,727	0.19%	\$6,441	0.72%	\$21,342	2.40%
Clearlake	\$183,459	-	-	-	-	-	-
Los Osos	\$1,348,599	\$168,337	12.48%	\$357,461	26.51%	\$501,965	37.22%
Ojai	\$2,198,303	-	0.00%	-	0.00%	\$6,811	0.31%
Santa Maria	\$3,267,613	\$1,141,593	34.94%	\$2,096,176	64.15%	\$2,115,936	64.75%
Simi Valley	\$580,818	\$80,067	13.79%	\$124,856	21.50%	\$188,330	32.43%
Region 2	\$26,126,113	\$496,809	1.90%	\$1,308,436	5.01%	\$2,026,370	7.76%
Region 3	\$15,652,320	\$400,795	2.56%	\$834,417	5.33%	\$2,271,601	14.51%
<b>Total</b>	<b>\$53,507,500</b>	<b>\$2,289,327</b>	<b>4.28%</b>	<b>\$4,730,501</b>	<b>8.84%</b>	<b>\$7,135,329</b>	<b>13.34%</b>

2 As shown in **Table 5-B** above, GSWC’s CWIP balances as of 12/31/2013 contain a significant  
3 portion of entries with ages greater than two years (8.84% of total CWIP). Some of these entries  
4 are for projects residing in CWIP for a great length of time – e.g., up to eight and nine years in  
5 the Santa Maria CSA and Region 3, respectively.

6 In addition, the 2013 CWIP balance reported by GSWC includes abandoned projects and an  
7 extraordinary item; these will be described later in this section. In forecasting 2016 and 2017  
8 weighted CWIP balance amounts, ORA removes from the year-end 2013 CWIP balance the  
9 following: projects that have resided in CWIP for more than two years, abandoned projects, and  
10 an extraordinary item (Truro Well abandonmen).

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<sup>18</sup> Data compiled from GSWC Response to ORA Data Request MD6-001.

1           **1. Removing CWIP amounts aged more than two years from year-end 2013 CWIP**  
2           **for forecasting purposes.**

3   As shown in **Table 5-B** above, the year-end 2013 CWIP balances include a total of \$4,730,501  
4   of CWIP older than two years.

5   The Commission typically allowed water utilities to forecast a CWIP amount to include in  
6   ratebase. This practice is consistent with the recommendation of Commission staff in a May 11,  
7   1982 memorandum on policy for including CWIP in rate base for water utilities (Staffs’  
8   Memorandum on CWIP – included in Section E, at the end of this chapter). Staff’s  
9   recommendation was based on CWIP studies that showed water utilities’ capital projects require  
10   on average of four (4) months to complete. As cited in Staffs’ memorandum, the study also  
11   revealed that company funded CWIP amounts carried over into a succeeding year represented  
12   about 0.4%. Allowing a CWIP forecast in ratebase for California’s water utilities was premised  
13   upon the short duration of most capital projects undertaken by water companies.

14   GSWC’s CWIP contains projects and associated dollars residing in the CWIP balance, and  
15   therefore in ratebase and earning the company a return, for a much longer time than envisioned  
16   in the above studies. To resolve this issue and to be consistent with Staff’s Memorandum on  
17   CWIP, ORA removes items aged more than two years from the 2013 CWIP balance in  
18   estimating 2016 and 2017 CWIP balances.

19   ORA’s adjustment in this category reduces GSWC’s proposed weighted average CWIP amounts  
20   (for all ratemaking areas) by about \$4.7 million. Reductions of weighted average CWIP for  
21   individual rate making areas from this adjustment are as shown in **Table 5-C** below.

1

**Table 5-C: Aged CWIP Adjustment**

<b>Ratemaking Area</b>	<b>≥ 2-Years of CWIP</b>
Region 1 CSAs:	
Arden-Cordova	\$2,714
Bay Point	\$6,441
Clearlake	-
Los Osos	\$357,461
Ojai	-
Santa Maria	\$2,096,176
Simi Valley	\$124,857
Region 1 Total	\$2,587,649
Region 2	\$1,308,436
Region 3	\$834,417
<b>Total</b>	<b>\$4,730,501</b>

2 **2. Removing projects from CWIP balances for Regions 2 and 3**

3 ORA removes additional CWIP items from the year-end 2013 CWIP balances, shown in **Table**  
 4 **5-D** below. The reasons for these adjustments are presented in ORA's plant testimony for each  
 5 respective ratemaking area.

6

**Table 5-D: Specific Adjustments to 2013 CWIP Balances**

<b>Description</b>	<b>Ratemaking Area</b>	<b>CWIP 12/31/2013</b>
Chadron Plant - Site Remediation	Region 2	\$671,363
Truro Plant, Destroy Well #4	Region 2	\$2,570,804
Placentia, Site for Reservoir	Region 3	\$172,911
North Zone - Two 1.5MG Reservoirs	Region 3	\$996
Garvey Well No. 3, Drill and E	Region 3	\$1,242,295
Sheep Creek Reservoir	Region 3	\$328,968
<b>TOTAL:</b>		<b>\$4,987,337</b>

7 As a result of the above adjustments, ORA's estimated weighted average CWIP amounts for TY  
 8 2016, also applicable for 2017, for each ratemaking area are as follows (**Table 5-E**):

1

**Table 5-E: GSWC's and ORA's Weighted Average CWIP**

Ratemaking Area	Weighted Average CWIP, 2016 and 2017			
	ORA	GSWC	GSWC>ORA	%
Region 1 CSAs:				
Arden-Cordova	\$3,441,133	\$3,443,847	\$2,714	0.08%
Bay Point	\$883,447	\$889,887	\$6,440	0.72%
Clearlake	\$183,459	\$183,459	-	0.00%
Los Osos	\$991,139	\$1,348,599	\$357,460	26.51%
Ojai	\$2,198,303	\$2,198,303	-	0.00%
Santa Maria	\$1,171,437	\$3,267,613	\$2,096,176	64.15%
Simi Valley	\$455,961	\$580,818	\$124,857	21.50%
Region 1 Total	\$9,324,879	\$11,912,526	\$2,587,647	21.72%
Region 2	\$21,575,510	\$26,126,113	\$4,550,603	17.42%
Region 3	\$13,072,734	\$15,652,320	\$2,579,586	16.48%
<b>Total</b>	<b>\$43,973,123</b>	<b>\$53,690,959</b>	<b>\$9,717,836</b>	<b>18.10%</b>

2 **D. CONCLUSION**

3 Based on the above facts and analysis, ORA recommends that the Commission allow GSWC's  
4 recorded end-of-year 2013 CWIP balances to serve as a proxy for 2016 and 2017 CWIP  
5 balances, but with ORA-recommended adjustments presented herein.

1 E. Commission Staff's May 11, 1982 Memorandum re. Policy for Including CWIP in Rate  
2 Base for Water Utilities

State of California

MEMORANDUM

Date : May 11, 1982  
(For June 2 Conference)

To : THE COMMISSION

From : M. Abramson, Acting Director, Revenue Requirements Div. *llc*  
W. R. Ahern, Director, Util. Div. *llc*  
B. Barkovich, Director, Policy Div. *llc*

Subject: Policy for Including CWIP in Rate Base for Water Utilities

RECOMMENDATION: It is recommended that the current policy of including construction work in progress (CWIP) in rate base for water utilities be continued. This should not lead the Commission to endorse a similar policy for energy and telecommunications utilities where construction time often exceeds one year.

SUMMARY: Water utility construction projects require on the average about 4 months to complete. This is a considerably shorter period of time than comparable energy utilities. Approximately 69% of new construction is company funded. New construction approximates 6% of the total plant in service and the amount of company funded CWIP, carried into a succeeding year, is only about 0.4%. Thus the perceived disbenefits of CWIP for ratepayers of (1) reduction in utility risk and thus management efficiency, and (2) intertemporal equity shifts, are minimized for water utilities. The financial benefit of disallowing CWIP in rate base is very small, and would, in the long run, be reduced and made even smaller, by the offsetting revenue requirement increase associated with the interest charges.

DISCUSSION: There are nearly 400 water jurisdictions (companies and districts) under regulation. Because of the inherent difficulty of studying a large number of districts, it was decided that to analyze typical construction projects, a few districts would be chosen as representative of the many systems throughout California. The data came from eight water districts representing

3

five water companies (see below). The data is from 1980 company records. Our choice was based on readily available data and a desire to include districts of various sizes, water sources and geographical locations.

<u>Name</u>	<u>No. of Customers</u>	<u>County</u>
Asuza Valley Water	15,467	Los Angeles
California American Water Monterey	33,090	Monterey
California Water Service		
East Los Angeles	27,618	Los Angeles
Oroville	3,724	Butte
Selma	3,550	Fresno
South San Francisco	15,395	San Mateo
San Jose Water	187,195	Santa Clara
Southern California Water Calipatria - Niland	1,030	Imperial

#### Water Utility Construction

Water projects with significant construction periods fall into five major categories: 1) miscellaneous structures, 2) tanks and reservoirs, 3) transmission and distribution mains, 4) treatment facilities and 5) wells. Transmission and distribution mains represent the largest on-going construction projects. Treatment facilities are usually major projects but are infrequently constructed and as a result the dollar impact in any given year is minimal. The average construction time and project costs for 1980 as a percentage of total plant by categories are:

<u>Category</u>	<u>Construction Time</u>	<u>% of Plant</u>
Miscellaneous Structures	3.1 months	1.2%
Tanks and Reservoirs	6.2	.2
Trans. and Distribution Mains	3.9	4.0
Treatment Facilities	8.3	.5
Wells	2.5	.1

It should be noted that for each category of plant that: 1) the actual construction time is well under a year and 2) the relative cost when compared to total plant is small. The inference here is that the amount of CWIP carried over from one year to the next and the interest earned prior to placing the plant in service are both relatively small. These points are examined later in the discussion.

Plant additions as a percent of total plant averaged 6% for the eight districts. The amount of contributions-in-aid-of-construction as a percentage of plant additions was 9% and the amount of advances for construction represented 22% of plant additions. Therefore, on the average, the companies funded 69% of the plant additions for the year.

The amount of CWIP at year end as a percentage of total plant additions for the year averaged 10%. Viewed another way, the amount of CWIP at year end was about 0.6% of total plant. It is reasonable to assume that the percentage of year-end CWIP that is company funded would approximate the 69% mentioned previously for plant additions in general. Therefore, any company funded CWIP carry-over into a succeeding year would be about 0.4% ( $69\% \times 0.6\% = 0.4\%$  approx.) of total plant.

#### Small Water Utilities Compared to Large Water Utilities

Although this study focuses primarily on Class A water utilities, the results also apply to CWIP inclusion into rate base for the smaller Class B, C and D water utilities. This follows because the types of construction, discussed earlier, are the same for all classes of water utilities. However, the average time to complete construction projects for smaller water utilities would be less, because the projects are smaller. As previously discussed, CWIP carry-over into a succeeding year, the major concern for ratemaking, is minimal for Class A's and would be less for Class B's, C's and D's. A further consideration is the lack of sophistication of many of the smaller water utilities; the burden of adding interest to projects as they are being constructed (i.e., keeping AFUDC accounts), would overwhelm many of them. Therefore, it is concluded that this study applies equally well to all water utilities.

Water Utilities Compared With Energy Utilities

To put water utility CWIP in perspective a comparison with energy utility CWIP is useful. Based on 1980 recorded information for the three largest combination electric and gas utilities the most significant fact is that on the average, CWIP carried over from one year to the next approximates 37% of total plant. This compares with the previously mentioned 0.4% for water utilities. This large year to year carry-over for energy utilities is principally due to the tremendous costs and construction times for electric generation facilities. It is the source of widespread concern (and the basis for current Commission policy disallowing CWIP in rate base for other utilities) that placing CWIP in rate base both (1) reduces utility risk and therefore the incentive to minimize costs, and (2) creates intertemporal equity problems (i.e., current ratepayers pay for plant that benefits later ratepayers).

It is interesting to note that even with the large CWIP carry-over, the average plant additions as a percent of total plant for energy utilities is 7% versus the 6% for water. For the gas operations only, the CWIP carry-over approximates 1.7%, a figure more in line with that for water utilities. This similarity is as expected since both use similar plant such as pumping, storage and transmission facilities.

If the Commission continues to allow CWIP in rate base for water utilities it should make clear that this situation does not lead the Commission to endorse a similar policy for energy and telecommunications utilities.

Commission Policy on Water Utility CWIP

An exhaustive search of past Commission decisions on water utility CWIP in rate base yielded very little in the way of a guide on the subject. The few decisions that were found tended to support traditional thinking, which is based on the argument that the short construction times coupled with relatively small amounts in CWIP for most water construction projects does away with the need for interest during construction. Hence, water utility CWIP has and is being placed directly into rate base for ratemaking.

Although interest bearing CWIP is not allowed in the ratemaking rate base, California American Water Company, Citizen Utilities Company, CP National and Pacific Gas and Electric Company at times have booked interest for major construction projects. These projects were not considered for ratemaking until placed into service. Though all of these water utilities have been in for rate increases in the last 5 years, CWIP in rate base has not been an issue.

Impact of Denying CWIP

To determine the financial impact of denying CWIP in rate base, two recent rate decisions for California Water Service (Bear Gulch and Hermosa-Redondo) were analyzed. In water utility rate proceedings, rates are designed for 3 years (two test years and an attrition year). Because the analysis herein requires a full summary of earnings, only the two test years were analyzed. The attrition year was not examined because no forecast is made of its summary of earnings. However, the result in the attrition year should approximate that of the second test year. The assumptions used in the analysis were: simple interest at 10% per annum on all company funded construction projects, an average construction time of 4 months per project, and the amount of CWIP funded by the company is 69%.

In the Bear Gulch proceeding, D.93845, dated December 15, 1981, the Commission authorized amounts of \$462,600 (or 9.6%) in 1982 and \$268,400 (or 5.0%) in 1983. A recalculation of the adopted results, to reflect the denial of CWIP in rate base yields a reduction in gross revenue requirement of \$43,600 (or 0.9%) in 1982 and \$43,600 (or 0.8%) in 1983.

In the Hermosa-Redondo proceeding, D.820151, dated January 5, 1982, the Commission authorized amounts of \$599,500 (or 12.4%) in 1982 and \$207,700 (or 3.8%) in 1983. A recalculation of the adopted results to reflect the denial of CWIP in rate base yields a reduction in gross revenue requirements of \$25,700 (or 0.5%) in 1982 and \$21,800 (or 0.4%) in 1983.

In these two districts, the impact of removing CWIP from the rate base results in an insignificant reduction, less than 1%, in gross revenues for each of the two test years 1982 and 1983. It is understood that the results are unique to these districts. However, given the short duration of the typical water project and the dollar amounts actually financed by the utility it is reasonable to conclude that similar results would be obtained in most water jurisdictions.

One consideration which we cannot, at this time, give a hard figure for, is the long-term impact of the build-up in interest charges if CWIP is disallowed in rate base for ratemaking. This interest will definitely cause the rate base to be larger than it would be if CWIP is allowed. The revenue requirements for this increase in rate base would tend to reduce the already small benefit of disallowing CWIP in rate base.

WF:wp

## Chapter 6: WORKING CASH

### A. INTRODUCTION

This chapter presents ORA’s analysis and recommendations on GSWC’s lead-lag days and allowance for working cash. Working cash estimates shown in ORA’s Results of Operations Tables 9-1 and 9-2 in Chapter 9 of this report reflect ORA’s recommendations presented herein.

### B. SUMMARY OF RECOMMENDATION

ORA recommends adjustments that reduce GSWC’s proposed combined working cash allowance for all ratemaking areas by a total of approximately \$2 million.<sup>19</sup> The primary difference between ORA’s and GSWC’s estimates of working cash results from ORA’s adjustment of the lag days for payroll tax and removal of the Water Revenue Adjustment Mechanism (WRAM) balances from the revenue lag days calculation.

### C. DISCUSSION

An allowance of working cash is the estimate of investor funds necessary to cover the timing difference between cash expenditures and cash collections. For ratemaking purposes, a working cash allowance is usually calculated through a lead-lag study.

GSWC calculates its allowance of working cash through the use of a lead-lag study. In the lead-lag study, the lead or lag in the payment of expenses is compared to the lead or lag in the receipt of revenues or other sources of non-investor supplied funds to ascertain the timing differences.

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<sup>19</sup> The estimated \$2 million impact resulting from this adjustment is based on GSWC’s proposed expenses and revenues. The final working cash amounts recommended by ORA are a function of the estimated expenses and revenues recommended by ORA and presented in its Results of Operations tables; the total impact based on ORA’s estimates is **\$2.4 million**.

1 A “lead” signifies that the receipt or payment of cash preceded the services to be rendered while  
2 a “lag” denotes that receipt or payment of cash followed the rendered services. Depending upon  
3 the source and timing of funds, an allowance for working cash can be either positive or negative.  
4 Positive working cash increases rate base and negative working cash decreases rate base.

5 GSWC’s Prepared Testimony by John Garon presents GSWC’s methods of calculating lead-lag  
6 and allowance of working cash. In its lead-lag study for each rate making area, GSWC  
7 calculates lead-lag days by deducting weighted average revenue lag days from weighted average  
8 expense lag days. Weighted average lead-lag days for both revenues and expenses are days  
9 between the midpoint of service period (accrual period) and the date of payment.

10 GSWC calculates its revenue lag days by using nine months of billing and customer payment  
11 data from 2013 (January through September) and the WRAM balances at the end of 2013.  
12 Despite its use of 2013 data for calculating revenue lag days, GSWC relies upon 2010 data for  
13 calculating the lead-lag days for expenses. In response to ORA’s inquiry, GSWC explained that  
14 its decision to use 2010 expense data, instead of 2013 expense data, in calculating expense lead-  
15 lag days was the result of GSWC staff being unavailable to perform the study. Furthermore,  
16 GSWC indicated that it has not performed a separate study for every general rate case.<sup>20</sup>

17 While it is reasonable to assume the payment terms for GSWC’s vendors may not have  
18 materially changed since 2010 (i.e. net payment with 60 days, etc.) and therefore neither would  
19 expense lead-lag days, ORA recommends that GSWC submit an updated lead-lag study using the  
20 most recent data available in its next GRC. Nevertheless, in the current GRC, ORA generally  
21 agrees with GSWC’s methodology of calculating lead-lag days. However, because of several  
22 shortcomings in the assumptions used by GSWC, ORA makes two necessary adjustments:

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<sup>20</sup> 10/07/2014 email communications between Pat Ma of ORA and John Garon of GSWC.

1 **1. Adjustment to payroll tax lag days.**

2 ORA adjusts GSWC’s payroll tax lag days from four to 16.5, which is the sum of four lag days  
3 of payroll tax and 12.5 lag days of payroll calculated by GSWC.

4 GSWC states that “[f]or Taxes – Federal, State, payroll, pump, property and local, the number of  
5 lag days is the time from the midpoint of the monthly expense accrual to the date of payment.”<sup>21</sup>

6 However, in response to ORA’s inquiry on the calculation of payroll tax lag days, GSWC states  
7 that it “used 2010 lead lag data and payroll tax days were based on the following: the payroll  
8 period ends on Friday and checks are remitted the following Thursday, therefore resulting in four  
9 (4) lag days.”<sup>22</sup> This means that GSWC calculates the number of lag days as the time from the  
10 end of the payroll period to the date of payment – this is contrary to its own testimony,  
11 mentioned above.<sup>23</sup>

12 There are two deficiencies in GSWC’s assumption of calculating payroll tax lag days. First, it  
13 has not recognized the fact that an accrual of payroll tax starts at the same time the accrual of the  
14 associated payroll begins. Second, GSWC has not used the midpoint of the payroll tax accrual  
15 period in its calculation of payroll tax lag days. Rather, it has used a period after a payroll day,  
16 which is only a fraction of a total lag period. In using the payroll day instead of the mid-point of  
17 the payroll tax accrual period, GSWC underestimates the number of payroll tax lag days by not  
18 including the period between the midpoint of accrual and the payroll day. This omitted period in  
19 calculating payroll tax lag days is illustrated in the following **Figure 6-A** of payroll cycle  
20 timeline:

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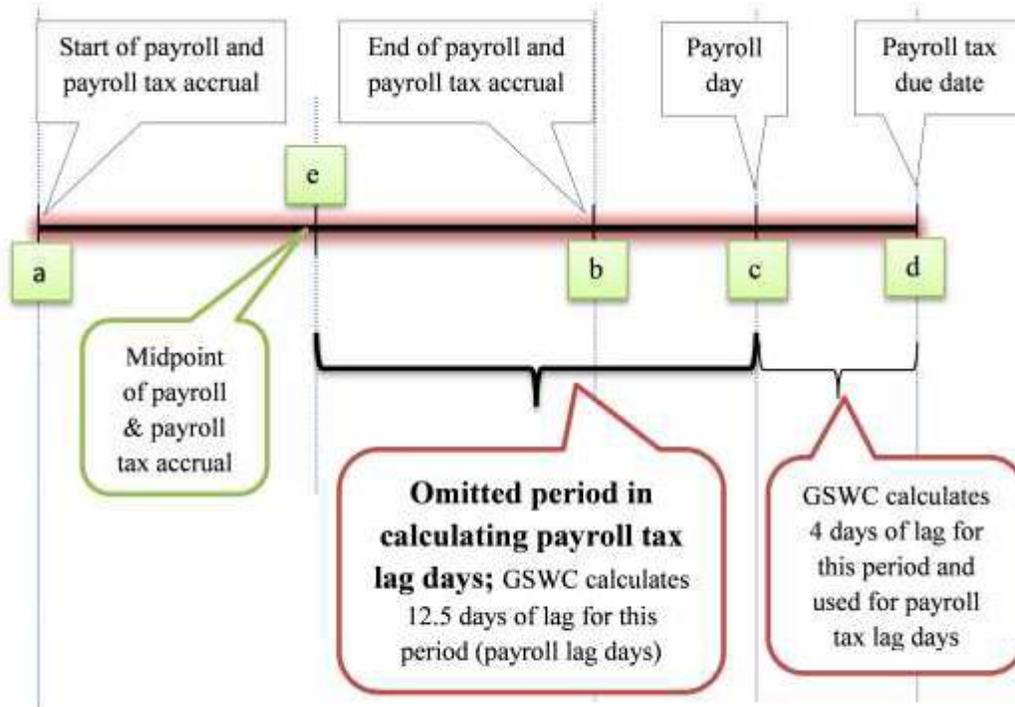
<sup>21</sup> GSWC Prepared Testimony of John Garon, p. 39, lines 18 and19

<sup>22</sup> GSWC Response to ORA Data Request MD6-001, q.1 (a) states re. Payroll Tax: “We used 2010 lead lag data and payroll tax days were based on the following: the payroll period ends on Friday and checks are remitted the following Thursday, therefore resulting in four (4) lag days.”

<sup>23</sup> GSWC Prepared Testimony of John Garon, p. 39, lines 18 and19

1

**Figure 6-A: Payroll Cycle Timeline**



2

3 Payroll and payroll tax accrue concurrently. Hence, the accrual period of payroll tax and payroll  
4 is the same for both payroll and payroll tax. The midpoint of the accrual period is also the same  
5 for both. However, because payroll tax is generally remitted to the taxing authorities three to  
6 seven days after the payroll date, the number of lag days for payroll tax is always greater than it  
7 is for payroll.

8 GSWC correctly calculates the four days of lag from the payroll date to the payment of payroll  
9 tax. However, GSWC omits the period between the midpoint of the payroll accrual period and  
10 the payroll date when calculating the payroll tax lag days. This omitted period is equal to the  
11 12.5 days that GSWC calculates as the lag days for payroll. Therefore, to reflect the accurate lag  
12 days of payroll tax, ORA adds 12.5 days on to four days to arrive at 16.5 days.

1 **2. Removal of WRAM balances from revenue lag calculations.**

2 GSWC includes estimated WRAM balances, in addition to estimated revenue data, in the  
3 calculation of revenue lag days. ORA removes the WRAM balances from the revenue lag  
4 calculation for the following reasons.

5 WRAM balances will earn a return twice if allowed in the lead-lag study.

6 GSWC is allowed to earn interest on WRAM balances at a 90-day commercial paper rate. If  
7 WRAM balances are also allowed in calculating revenue lead-lag days, the forecasted WRAM  
8 balance will flow into the rate base through working cash and ratepayers will pay an additional  
9 return. Under GSWC’s proposal, WRAM balances will earn a return twice from ratepayers –  
10 once from working cash in rate base, equaling the authorized rate of return, and then from the  
11 recovery of interest in WRAM surcharges. Hence, to correct this situation, ORA removes  
12 WRAM balances from GSWC’s calculation of revenue lead lag days.

13 Forecasting persistent WRAM under or over collection defies purpose of GRC, i.e. to establish  
14 rates that meets the authorized revenue requirement and avoids a revenue shortfall.

15 The Commission states: “The WRAMs and [Modified Cost Balancing Accounts (MCBAs)]  
16 were adopted as part of pilot programs to promote water conservation, and are intended to ensure  
17 that the applicants and their customers are proportionally affected when conservation rates are  
18 implemented, so that neither party suffers or benefits from the implementation.”<sup>24</sup> By including  
19 a WRAM balance in the forecast of working cash on a prospective basis, GSWC implies that a  
20 persistent revenue under- or over-collection will be experienced in each of the three years of this  
21 rate cycle.

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<sup>24</sup> D.08-02-36, p. 25.

1 Forecasting a persistent revenue under- or over-collection in a GRC defies logic, since the  
 2 purpose of a GRC is to establish rates to meet the authorized revenue requirement and avoid a  
 3 revenue shortfall (as well as revenue over-collection). By proposing to include a prior year's  
 4 (2013) WRAM balance in the working cash forecasts, GSWC suggests essentially that regardless  
 5 of how low or high rates are set in this proceeding for 2016-2018, they will produce the same  
 6 shortfall (or in some cases over-collection) experienced in the prior year's (2013) WRAM  
 7 balances. If this suggestion were true, one would be forced to conclude that WRAM is a  
 8 lopsided mechanism that produces consistently unbalanced results. If neither GSWC nor the  
 9 Commission is prepared to arrive at this conclusion, ORA recommends that the Commission  
 10 reject GSWC's proposal to include WRAM balance in the forecast of working cash allowance.

11 ORA's adjustment to payroll tax lag days and removal of WRAM balances result in the  
 12 following impact to lead-lag days and rate base impacts. **Table 6-A** presents the impact on lead-  
 13 lag days, based on the expense and revenue forecasts in GSWC's application; **Table 6-B** shows  
 14 the impact of ORA's adjustments to rate base, also based on GSWC's application data.

**Table 6-A: ORA-Recommended Lead Lag Days**

Ratemaking Area	Lead-Lag Days Estimate (days)		
	ORA	GSWC	GSWC > ORA
Arden Cordova	23.89	9.64	(14.25)
Bay Point	(0.70)	11.61	12.31
Clearlake	7.60	7.82	0.22
Los Osos	18.35	13.80	(4.55)
Ojai	11.33	64.02	52.69
Santa Maria	2.42	14.71	12.29
Simi Valley	12.75	(0.55)	(13.30)
Region 2	(7.94)	(12.78)	(4.84)
Region 3	(2.37)	9.58	11.95

**Table 6-B: Rate Base Impacts of ORA's Adjustments (\$000)<sup>25</sup>**

Ratemaking Area	Rate Base Impact		Total Rate Base Impact
	Payroll Tax	WRAM	
Arden Cordova	(\$3.00)	\$421.50	\$418.50
Bay Point	(1.15)	(162.94)	(164.09)
Clearlake	(1.05)	0.00	(1.05)
Los Osos	(1.22)	41.69	40.47
Ojai	(1.37)	(604.24)	(605.61)
Santa Maria	(2.62)	(303.03)	(305.65)
Simi Valley	(1.53)	501.59	500.06
Region 2	(14.95)	1,442.65	1,427.70
Region 3	(20.88)	(3,364.51)	(3,385.39)
<b>Total Rate Base Impact</b>	<b>(\$47.77)</b>	<b>(\$2,027.29)</b>	<b>(\$2,075.06)</b>

## 2 **D. CONCLUSION**

3 Based on the above facts and analysis, ORA recommends that the Commission:

- 4 1) adopt ORA's recommended lead-lag days in calculating the allowance of working cash  
5 for each respective ratemaking area.
- 6 2) order GSWC to update the lead lag days for each GRC using the latest available data at  
7 the time of the GRC filing.

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<sup>25</sup> The estimated rate base impacts resulting from this adjustment are based on GSWC's proposed expenses and revenues. The final working cash amounts recommended by ORA are a function of the expenses and revenues recommended by ORA and presented in its Summary of Earnings tables.

## Chapter 7: DEPRECIATION

### A. INTRODUCTION

This chapter presents ORA's analysis and recommendations on GSWC's depreciation expense and accumulated depreciation reserve for the Test Year 2016 and Escalation Year 2017. Depreciation accruals and reserves shown in ORA's Results of Operations Tables 8-1 and 8-2 in Chapter 9 of this report reflect ORA's recommendations presented herein.

### B. SUMMARY OF RECOMMENDATIONS

Differences between GSWC's and ORA's depreciation expense and reserve estimates are primarily due to ORA's recommended plant additions and balances (see ORA's testimony on plant in this proceeding). ORA recommends the following additional adjustments to the Arden-Cordova and Region 3 service areas' estimates.

Arden Cordova CSA: ORA recommends removing \$121,369 in 2016 from the Adjustments line item. This adjustment is due to ORA's recommendation to not allow the Well and Reservoir Project at the Trussel Plant.

Region 3: ORA recommends removing \$175,437 in 2015 (in the Claremont CSA) and \$134,630 in 2016 (in the San Gabriel Valley CSA) from the Adjustments line item. ORA's recommendation to remove \$175,437 in 2015 is due to ORA's recommendation to not allow the Arsenic Treatment project for the Del Monte Well#4 in the Claremont CSA. The \$134,630 adjustment in the San Gabriel Valley CSA is due to the fact that GSWC has no plans for a project to place the Lower O'Neil asset back into service in 2016.

1 **C. DISCUSSION**

2 In GSWC’s last rate case (A.11-07-017), ORA and GSWC agreed to a set of depreciation accrual  
3 rates for each service area and district headquarters to be used in this instant rate case (A.14-07-  
4 006).<sup>26</sup> However, in this rate case, the company proposes a new set of depreciation accrual rates  
5 for 2016 and 2017 based on a depreciation study conducted by Dane Watson of Alliance  
6 Consulting Group. According to GSWC, the depreciation study is consistent with the CPUC  
7 Standard Practice U-4, based on the straight line depreciation methodology.<sup>27</sup> In addition, the  
8 company estimates the 2014 and 2015 depreciation accrual rates based on the recorded 2013  
9 depreciation accrual rates rather than what was agreed upon in the last rate case. **Table 7-A**  
10 below presents a comparison of the settled and proposed depreciation accrual rates.

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<sup>26</sup> D.13-05-011 adopting the Settlement Agreement between GSWC, ORA, and The Utility Reform Network (“TURN”) for A.11-07-017, pp. 71-72.

<sup>27</sup> GSWC Prepared Testimony of Dane Watson, p. 9.

1

**Table 7-A: Composite Depreciation Accrual Rates**

Service Area / District Office	Settlement D.13-05-011	GSWC-Proposed A.14-07-006	
	2014-2017	2014-2015	2016-2017
Arden Cordova service area	3.10%	3.47%	2.48%
Bay Point service area	2.66%	2.38%	1.97%
Clearlake service	2.72%	2.69%	2.00%
Northern District headquarters	0.57%	6.30%	2.04%
Los Osos service	3.63%	3.64%	2.63%
Ojai service service area	3.53%	3.38%	2.58%
Santa Maria service area	3.19%	3.16%	2.32%
Simi Valley service area	2.68%	3.14%	2.09%
Coastal District headquarters	8.75%	11.60%	6.41%
Metropolitan (Region 2) service area	3.32%	3.17%	2.52%
Central District headquarters	3.32%	6.28%	2.52%
Southwest District headquarters	3.32%	7.91%	2.52%
Region 3 service area	3.29%	3.16%	2.68%
Foothill District headquarters	3.34%	5.32%	2.68%
Mountain-Desert District headquarters	3.34%	8.14%	2.68%
Orange County District headquarters	3.34%	3.54%	2.68%
GO- Billing and Cash Processing	10.79%	11.49%	7.83%
GO- Centralized Operations Support	10.79%	7.27%	4.03%
GO - Corporate Support	4.80%	4.81%	7.83%

2

3 GSWC explains that the company updated the depreciation rates because the proposed rates  
4 better reflect GSWC's current and future expectations of its existing assets.<sup>28</sup> Mr. Watson states

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28 Ibid, p. 12. In the Direct Testimony of Nanci Tran, it states that the last comprehensive depreciation study was conducted in the 1994 and 1995 time frame. Per Direct Testimony of Dane Watson (p.14), the 2003 depreciation study only adjusted a few accounts using the Region 2 ratemaking areas and applying the curves to all of the other areas.

1 that the proposed depreciation would ensure current customers would pay their pro-rata share of  
2 investments over the remaining life of the investment.<sup>29</sup> The company states that implementing  
3 the proposed depreciation rates over the depreciation rates approved in the 2011 rate case results  
4 in an overall \$8.3 million decrease in annual depreciation expense.<sup>30</sup>

5 GSWC calculates the depreciation and amortization accrual based on the depreciable plant and  
6 the depreciation accrual rates.<sup>31</sup> In this rate case, GSWC also proposes a new forecasting  
7 depreciable plant calculation methodology due to the implementation of Power Plant.<sup>32</sup>

8 The Adjustments line item under Retirements and Adjustments (see ORA's Results of Operation  
9 Tables 8-1 and 8-2 – Depreciation Reserve and Expense in Chapter 9 of this report) takes into  
10 account the cost of removal, salvage, and plant assets being placed back into service. In the  
11 previous rate case, GSWC and ORA agreed to remove from the rate base certain utility plant  
12 assets that were not in service.<sup>33</sup> The company projects placing some of the plant assets back  
13 into service between 2014 and 2016.<sup>34</sup> GSWC proposed adjustments per service area and district  
14 headquarters is shown in **Table 7-B** below.<sup>35</sup>

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29 Ibid, p. 12.

30 Ibid, p. 9.

31 The net depreciable plant excludes land and land rights utility plant additions.

32 GSWC Prepared Testimony of Nanci Tran, pp. 13-14.

33 D.13-05-011 adopting the Settlement Agreement between GSWC, ORA, and TURN for A.11-07-017, pp. 72-73.

<sup>34</sup> GSWC Prepared Testimony of Nanci Tran, p. 8.

<sup>35</sup> For Region 3, the projects GSWC plans to be place back into service are for the Claremont and San Gabriel service areas.

1

**Table 7-B: GSWC Proposed Adjustments**

Service Area / Headquarters	2014	2015	2016	2017
Arden Cordova	\$0	\$0	\$121,369	\$0
Coastal District headquarters	\$0	\$0	\$0	\$1,000
Simi Valley	\$0	\$0	\$0	\$1,000
Metropolitan (Region 2)	\$1,265,177	\$0	\$0	\$0
Region 3	\$42,071	\$175,437	\$134,630	\$0

2

3 For depreciation, the Adjustment line item only takes into account the non-land utility plant  
4 assets being placed back into service.<sup>36</sup> For Arden Cordova, GSWC proposes to place plant  
5 assets back into service in 2016 related to the Trussel Well and the Reservoir project.<sup>37</sup> ORA  
6 does not include in the Adjustment line item associated with the Trussel Well and the Reservoir  
7 project (\$121,369 in 2016) based on ORA’s recommended rejection of the Trussel Well and the  
8 Reservoir project (see ORA’s plant testimony for Region 1.)

9 For Region 3, GSWC proposes returning assets back into service associated with well and  
10 treatment plants. ORA does not include in the Adjustments line item the assets associated with  
11 the Arsenic Treatment project for Del Monte Well #4 (\$175,437 in 2015) based on ORA’s  
12 recommended rejection of the Arsenic Treatment project for Del Monte Well #4 (Claremont  
13 CSA). ORA also does not include the Graydon (\$0 in the San Gabriel CSA) and Lower O’Neil  
14 (\$134,630 in the Claremont CSA). GSWC’s placement of these two assets back into its rate base

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<sup>36</sup> For Metropolitan, the assets are related to the Goodyear Well and Century Well 1. The Goodyear Perchlorate Treatment project was completed and the assets associated with the project were placed back into service in August 2014. GSWC anticipates the new pump for the Century Well 1 to be installed in December 2014 and the assets associated with Century Well 1 will be placed into service in the first quarter of 2015.

<sup>37</sup> GSWC Response to ORA Data Request ORA JMI-002, question 1(a).

1 estimates is inappropriate because there are no projects in place or planned to return these assets  
2 to service.<sup>38</sup>

3 **D. CONCLUSION**

4 ORA recommended that the Commission adopt the above discussed adjustments which are  
5 primarily due to ORA's plant recommendations.

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<sup>38</sup> GSWC Response to ORA Data Request JMI-002, question 3(c). Since the asset for Graydon is a land purchase, it will have no change in the 2015 adjustment estimate for weighted average depreciation reserve. However, it will reduce the adjustment estimate for the weighted average utility plant in service balance for 2015 (adjustments for the utility plant in service balance includes land assets).

1 **Chapter 8: RATEBASE**

2 **A. INTRODUCTION**

3 This chapter presents ORA’s analysis and recommendations on GSWC’s weighted average rate  
4 base for Test Year 2016 and Escalation Year 2017. Ratebase estimates shown in ORA’s Results  
5 of Operations Tables 9-1 and 9-2 in Chapter 9 of this report reflect ORA’s recommendations  
6 presented herein.

7 **B. DISCUSSION AND RECOMMENDATIONS**

8 Differences between GSWC’s and ORA’s rate base estimates are primarily due to the  
9 recommended plant additions and balances (see ORA’s Plant Reports in this proceeding), as well  
10 as its recommendations on Accumulated Deferred Federal Income Tax, Construction Work in  
11 Progress, and Working Cash Allowance, presented in this report’s Chapters 4, 5, and 6,  
12 respectively.

13 ORA recommends the following additional adjustments for the Arden Cordova, Ojai, Santa  
14 Maria, Simi Valley, and Region 3 service areas:

- 15 • Arden Cordova: ORA recommends removing -\$109,688 in 2014 from the Contributions  
16 Adjustments line item since the company identified this value as an error and stated that  
17 it should be zero.<sup>39</sup> This results in a recommended 2014-2017 weighted average  
18 contributions balance of -\$31,930,407, -\$30,282,231, -\$28,870,740, and -\$27,695,933,  
19 respectively. In addition, ORA recommends removing \$255,367 in 2016 from the  
20 Transfers and Adjustment line item from the utility plant in service balance due to ORA’s  
21 recommendation to not allow the Well and Reservoir Project at the Trussel Plant.

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<sup>39</sup> GSWC Response to ORA Data Request JM-005, Q. 1.

- 1 • Ojai: ORA recommends removing -\$1,912 in 2014 from the Contributions Adjustment  
2 line item since the company identified this value as an error and stated that it should be  
3 zero.<sup>40</sup> This results in a recommended 2014-2017 weighted average contributions  
4 balance of -\$390,313, -\$370,875, -\$353,732, and -\$338,885, respectively.
- 5 • Santa Maria: ORA recommends removing -\$3,368 in 2014 from the Contributions  
6 Adjustments line item since the company identified this value as an error and stated that  
7 it should be zero.<sup>41</sup> This results in a recommended 2014-2017 weighted average  
8 contributions balance of -\$2,041,310, -\$1,959,642, -\$1,888,809, and -\$1,828,812,  
9 respectively.
- 10 • Simi Valley: ORA recommends removing -\$ 486 in 2014 from the Contributions  
11 Adjustment line item since the company identified this value as an error and stated that it  
12 should be zero.<sup>42</sup> This results in a recommended 2014-2017 weighted average  
13 contributions balance of -\$1,431,510, -\$1,381,543, -\$1,336,164, and -\$1,295,374,  
14 respectively.
- 15 • Region 3: ORA recommends removing -\$53,438 in 2014 from the Contributions  
16 Adjustment line item since the company identified this value as an error and stated that it  
17 should be zero.<sup>43</sup> This results in a recommended 2014-2017 weighted average  
18 contributions balance of -\$22,542,355, -\$21,565,460, -\$20,662,071, and -\$19,832,190,  
19 respectively. In addition, ORA recommends removing \$179,437 in 2015 (\$175,437 in  
20 the Claremont service area and \$4,000 in the San Gabriel service area) and \$134,630 in  
21 2016 (in the Claremont service area) from the Transfers and Adjustment line item from

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<sup>40</sup>Ibid.

<sup>41</sup> Ibid.

<sup>42</sup> Ibid.

<sup>43</sup> Ibid.

1 the utility plant in service balance. The company has no plans for a project to place the  
2 Graydon (in 2015) and Lower O'Neil (in 2016) assets back into service. ORA's  
3 recommendation to remove \$175,437 is due to ORA's recommendation to not allow the  
4 Arsenic Treatment project for Del Monte well #4.

5 **C. CONCLUSION**

6 ORA's recommended rate base estimates are presented in its Results of Operation Tables 9-1 and  
7 9-2 for each respective ratemaking area and reflect the adjustments discussed herein.

1 **Chapter 9: CUSTOMER SERVICE**

2 **A. INTRODUCTION**

3 This report presents ORA’s analysis and recommendations on customer service in the  
4 Application (A.) 14-07-006 proceeding, Golden State Water Service Company (GSWC)  
5 Test Year 2016 General Rate Case (GRC). ORA reviewed GSWC’s Customer Service  
6 filing, GSWC’s responses to ORA data requests, and data obtained from the  
7 Commission’s Consumer Affairs Branch (CAB). ORA also reviewed GSWC’s April  
8 2014 Clear Path Management Report, as well as GSWC’s July 15, 2014 Summary Report  
9 on Customer Satisfaction for April 1, 2013 to March 31, 2014.

10 **B. SUMMARY OF RECOMMENDATIONS**

11 ORA recommends that GSWC be required to continue the customer service improvement  
12 measures specified in the last GRC settlement agreement, adopted by D.13-15-011.

13 Additionally, ORA recommends that GSWC be required to include in the semi-annual  
14 and annual reports (an existing reporting requirement in the settlement agreement)  
15 detailed analysis and justification of the number and dollar amount of courtesy  
16 adjustments issued, by CSA.

17 **C. DISCUSSION**

18 ORA and GSWC entered into a settlement agreement in GSWC’s last GRC (A.11-07-  
19 017), adopted in D.13-05-011. Per the settlement terms, GSWC is required to undertake  
20 specific customer service-related measures. The adopted settlement agreement from the  
21 last GRC requires GSWC to:<sup>44</sup>

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<sup>44</sup> D.13-05-011, Attachment 3 (Exhibit JP-1), pp. 184-187.

- 1 (1) analyze customer contact investigation reports in detail to identify any on-going
- 2 customer issues;
- 3 (2) identify measures to improve customer service;
- 4 (3) provide progress reports to the Commission every six months;
- 5 (4) analyze field investigation reports of customer contacts for the years 2010, 2011,
- 6 and 2012 to identify any other potential customer issues;
- 7 (5) submit a report to the Commission, ORA, and TURN on the proposed customer
- 8 service improvement measures by November 1, 2013, and thereafter provide to
- 9 the Commission customer service annual reports on the status of implementing
- 10 the customer service improvement measures and call center statistics.

11 Given this background, ORA’s main focus in this GRC is to determine whether GSWC  
12 has been meeting the customer service standards set forth in the Commission’s General  
13 Order 103-A (GO 103-A), and whether the company has made progress in improving  
14 customer service since the last GRC.

15 **1. Review of Company-Wide Performance Measure Specified by GO 103-A,**  
16 **Appendix E - Customer Service and Reporting Standards for Class A and B**  
17 **Utilities.**

18 GO 103-A sets forth performance standards for water utilities. The criteria prescribed in  
19 GO 103-A - Appendix E, Section 5(A) - Response to Customer and Regulatory  
20 Complaints Performance Standard states:

- 21 Rate of Complaints to the Commission’s Consumer Affairs Branch (CAB):
- 22 Percentage of customers who file complaints with the Commission’s CAB.
- 23 Performance shall be calculated as follows:  
  
24 
$$\frac{\text{Number of complaints reported annually to the utility by the CAB}}{\text{Total number of customers}}$$
  
25  
26 Performance measure: less than or equal to 0.1%  
  
27 Source of data: Data shall be obtained from the quarterly reports provided by the  
28 Commission to the utility from the Commission’s Consumer Affairs Tracking  
29 System. Results shall be reported to the second decimal place.

30 To verify whether GSWC has been meeting the above requirements, ORA analyzed the  
31 2013 and 2014 data collected and provided by the CAB. The data consists of phone  
32 inquiries and complaints made by GSWC customers and received by the CAB.

1 For 2013, the rate of complaints to total number of customers (“performance measure”)  
2 was 0.036% (93 complaints divided by 257,442<sup>45</sup> total number of customers). GSWC’s  
3 performance measure of 0.036% in 2013 met the GO 103-A’s performance measure  
4 criteria of less than or equal to 0.1%.

5 For 2014, the number of customer complaints has reduced from 93 in 2013 to 56. The  
6 resulting performance measure for 2014 is 0.02%, also meeting the GO 103-A  
7 performance measure criteria.

## 8 **2. Review of GSWC-provided Customer Complaint Data, by Ratemaking Area**

9 ORA also reviewed data on customer complaints received by GSWC to determine  
10 whether the adopted customer service improvement measures have taken root and result  
11 in detectable improvements, by ratemaking area. The ratemaking areas consists of seven  
12 Customer Service Areas (CSAs) in Region 1 in northern and central coast California, and  
13 the two larger, consolidated Regions 2 and 3 in southern California.

14 The following tables present 2011-2014 customer complaint data compiled by GSWC, by  
15 ratemaking area.<sup>46</sup>

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<sup>45</sup> 2013 Annual Report of the Golden State Water Company, Schedule D-4, Number of Active Service Connections as of December 31, 2013.

<sup>46</sup> 2011 – 2013 data is from GSWC Response to ORA Data Request CDW-001; 2014 data is annualized data using January – June 2014 data from GSWC’s 10/1/2014 Report on Measures to Improve Customer Service, January 2014 – June 2014, submitted by GSWC to Rami Kahlon of the Commission’s Division of Water & Audits.

<b>ARDEN-CORDOVA CSA, TYPE OF COMPLAINTS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
BILLING /HIGH BILL/ RATES	75	57	66	14
PRESSURE	22	6	4	4
WATER QUALITY	12	5	4	70
LEAKS	103	77	92	68
TASTE & ODOR	1	0	0	0
COLOR	11	5	2	0
LOW PRESSURE	22	6	4	0
VISIBLE ORGANISMS	0	0	0	0
OTHER	0	0	3	0
<b>TOTAL NUMBER OF COMPLAINTS</b>	<b>246</b>	<b>156</b>	<b>175</b>	<b>156</b>
<b>TOTAL NUMBER OF CUSTOMERS</b>	<b>16,219</b>	<b>16,195</b>	<b>16,222</b>	<b>16,279</b>

1

<b>BAY POINT CSA, TYPE OF COMPLAINTS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014*</b>
BILLING /HIGH BILL/ RATES	22	7	15	4
PRESSURE	4	10	2	2
WATER QUALITY	0	3	0	0
LEAKS	61	73	46	28
TASTE & ODOR	0	0	0	0
COLOR	0	2	0	0
LOW PRESSURE	4	10	2	0
VISIBLE ORGANISMS	0	0	0	0
OTHER	0	1	0	0
<b>TOTAL NUMBER OF COMPLAINTS</b>	<b>91</b>	<b>106</b>	<b>65</b>	<b>34</b>
<b>TOTAL NUMBER OF CUSTOMERS</b>	<b>4,918</b>	<b>4,940</b>	<b>4,954</b>	<b>4,999</b>

2

<b>CLEARLAKE CSA, TYPE OF COMPLAINTS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
BILLING /HIGH BILL/ RATES	2	7	0	2
PRESSURE	1	2	1	10
WATER QUALITY	0	0	1	2
LEAKS	41	86	72	40
TASTE & ODOR	0	0	0	0
COLOR	0	0	0	0
LOW PRESSURE	1	2	1	0
VISIBLE ORGANISMS	0	0	0	0
OTHER	0	0	1	0
<b>TOTAL NUMBER OF COMPLAINTS</b>	<b>45</b>	<b>97</b>	<b>76</b>	<b>54</b>
<b>TOTAL NUMBER OF CUSTOMERS</b>	<b>2,154</b>	<b>2,141</b>	<b>2,157</b>	<b>2,202</b>

3

<b>LOS OSOS CSA, TYPE OF COMPLAINTS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
BILLING /HIGH BILL/ RATES	5	3	3	14
PRESSURE	3	2	19	8
WATER QUALITY	31	38	23	18
LEAKS	6	8	1	12
TASTE & ODOR	3	8	0	0
COLOR	22	30	16	0
LOW PRESSURE	3	2	1	0
VISIBLE ORGANISMS	0	0	0	0
OTHER	9	8	7	0
<b>TOTAL NUMBER OF COMPLAINTS</b>	<b>82</b>	<b>99</b>	<b>70</b>	<b>52</b>
<b>TOTAL NUMBER OF CUSTOMERS</b>	<b>3,264</b>	<b>3,270</b>	<b>3,272</b>	<b>3,268</b>

1

<b>OJAI CSA, TYPE OF COMPLAINTS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014*</b>
BILLING /HIGH BILL/ RATES	7	22	6	12
PRESSURE	0	2	1	2
WATER QUALITY	10	21	2	8
LEAKS	16	0	13	26
TASTE & ODOR	2	8	3	0
COLOR	8	8	1	0
LOW PRESSURE	0	1	1	0
VISIBLE ORGANISMS	0	0	0	0
OTHER	1	5	4	0
<b>TOTAL NUMBER OF COMPLAINTS</b>	<b>44</b>	<b>67</b>	<b>31</b>	<b>48</b>
<b>TOTAL NUMBER OF CUSTOMERS</b>	<b>2,894</b>	<b>2,885</b>	<b>2,887</b>	<b>2,895</b>

2

<b>SANTA MARIA CSA, TYPE OF COMPLAINTS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
BILLING /HIGH BILL/ RATES	21	37	16	26
PRESSURE	12	5	1	6
WATER QUALITY	15	25	0	12
LEAKS	4	2	6	22
TASTE & ODOR	6	3	1	0
COLOR	7	7	0	0
LOW PRESSURE	7	5	1	0
VISIBLE ORGANISMS	0	0	0	0
OTHER	2	15	0	0
<b>TOTAL NUMBER OF COMPLAINTS</b>	<b>74</b>	<b>99</b>	<b>25</b>	<b>66</b>
<b>TOTAL NUMBER OF CUSTOMERS</b>	<b>13,405</b>	<b>13,392</b>	<b>13,465</b>	<b>13,620</b>

3

<b>SIMI VALLEY CSA, TYPE OF COMPLAINTS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014*</b>
BILLING /HIGH BILL/ RATES	20	8	15	8
PRESSURE	1	0	0	6
WATER QUALITY	5	1	0	0
LEAKS	4	3	2	38
TASTE & ODOR	0	0	0	0
COLOR	0	0	0	0
LOW PRESSURE	1	0	0	0
VISIBLE ORGANISMS	0	0	0	0
OTHER	5	1	0	0
<b>TOTAL NUMBER OF COMPLAINTS</b>	<b>36</b>	<b>13</b>	<b>17</b>	<b>52</b>
<b>TOTAL NUMBER OF CUSTOMERS</b>	<b>13,311</b>	<b>13,283</b>	<b>13,335</b>	<b>13,350</b>

1

<b>REGION 2, TYPE OF COMPLAINTS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014*</b>
BILLING /HIGH BILL/ RATES	593	385	282	186
PRESSURE	106	24	17	4
WATER QUALITY	163	33	201	274
LEAKS	318	99	84	12
TASTE & ODOR	93	19	78	0
COLOR	40	11	112	0
LOW PRESSURE	84	18	17	0
VISIBLE ORGANISMS	0	0	0	0
OTHER	8	2	13	0
<b>TOTAL NUMBER OF COMPLAINTS</b>	<b>1,405</b>	<b>591</b>	<b>804</b>	<b>476</b>
<b>TOTAL NUMBER OF CUSTOMERS</b>	<b>101,076</b>	<b>100,747</b>	<b>101,382</b>	<b>101,908</b>

2

<b>REGION 3, TYPE OF COMPLAINTS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014*</b>
BILLING /HIGH BILL/ RATES	845	853	203	138
PRESSURE	120	46	49	32
WATER QUALITY	108	52	146	50
LEAKS	1710	568	124	48
TASTE & ODOR	16	5	6	0
COLOR	58	23	17	0
LOW PRESSURE	89	29	13	0
VISIBLE ORGANISMS	0	0	0	0
OTHER	139	24	28	0
<b>TOTAL NUMBER OF COMPLAINTS</b>	<b>3,085</b>	<b>1,600</b>	<b>586</b>	<b>268</b>
<b>TOTAL NUMBER OF CUSTOMERS</b>	<b>98,644</b>	<b>98,457</b>	<b>98,722</b>	<b>99,135</b>

3

4 The data above shows that number of customer complaints received by GSWC has  
5 generally stabilized and in some areas decreases. In Region 3 which has about one-third  
6 of GSWC number of customers, the decrease is particularly significant. While this is an  
7 encouraging trend, ORA has concerns whether it reflects true improvement in customer  
8 service. ORA in its review of GSWC's estimated courtesy adjustments (billing credits  
9 issued to customers), found indication that GSWC may be providing credits to customers

1 (who called in to complaint of high or unusual bills) too liberally in an effort to “reduce  
2 the number of CPUC complaints” and to general “goodwill.” For more details on this  
3 issue, see ORA’s Report on Demand-Related Issues, Rate Design and Conservation,  
4 Chapter 3 – Revenues in this proceeding.

5 Moreover, the above GSWC-provided data only cover the period from January 2011  
6 through June 2014. Recent developments in the Southwest CSA (Region 2) related to  
7 “black water” complaints from customers has raised concerns about GSWC’s responses  
8 to water quality complaints. For more details on this issue, see ORA’s Report on Plant –  
9 Common Plant Issues and Region 2 in this proceeding.

#### 10 **D. CONCLUSION**

11 ORA calculated the 2013 and 2014 performance measures as specified by the  
12 Commission’s GO 103-A, Appendix E and found that GSWC is in compliance.

13 ORA reviewed GSWC-provided 2011-2014 customer complaint data by ratemaking area,  
14 and found the number of complaints to be stable and in some cases decreasing  
15 significantly. However, ORA found issues in GSWC’s courtesy adjustment procedures  
16 (company-wide) and water quality in the Southwest CSA, as discussed above. Therefore,  
17 ORA recommends that GSWC be required to continue the customer service improvement  
18 measures specified in the last GRC settlement agreement, adopted by D.13-15-011.

19 Additionally, ORA recommends that GSWC be required to include in the semi-annual  
20 and annual reports detailed analysis and justification of the number and dollar amount of  
21 courtesy adjustments issued, by CSA. This added requirement will provide necessary  
22 information to allow ORA and the Commission to fully evaluate the customer complaint  
23 data provided by GSWC, as well as the number of complaints processed by the CAB.

1 **Chapter 10: ESCALATION & ATTRITION FILINGS**

2 **A. INTRODUCTION**

3 For GSWC’s post-test year ratemaking mechanism necessary to adjust annual revenue  
4 requirements in 2017 and 2018, the Commission should require GSWC to implement  
5 new revenue requirements regardless of whether GSWC is over- or under-earning. This  
6 balanced approach in both instances (a resulting rate increase or decrease) ensures  
7 ratepayers pay just and reasonable rates until the Commission adopts a new test year  
8 revenue requirement in a subsequent proceeding.

9 **B. SUMMARY OF RECOMMENDATIONS**

10 For GSWC’s 2017 and 2018 attrition filings, the Commission should require GSWC to  
11 file separate advice letters for consolidated Regions 2 and 3, and for each CSA under  
12 Region 1, proposing new revenue requirements and corresponding revised tariff  
13 schedules. These filings should be required regardless of whether the filing results in an  
14 increase or decrease in tariff rates. ORA also recommends that the final decision include  
15 the following ordering paragraph:

16 For escalation years 2017 and 2018, GSWC shall file Tier 2 advice letters in  
17 conformance with General Order 96-B proposing new revenue requirements and  
18 corresponding revised tariff schedules for each ratemaking area. The filing shall  
19 include rate procedures set forth in the Commission’s Rate Case Plan (Decision  
20 07-05-062) for Class A Water Utilities and shall include appropriate supporting  
21 workpapers. The revised tariff schedules shall take effect no earlier than January  
22 1, 2017 and January 1, 2018, respectively and shall apply to service rendered on  
23 and after their effective dates. The proposed revisions to revenue requirements  
24 and rates shall be reviewed by the Commission’s Division of Water and Audits.  
25 The Division of Water and Audits shall inform the Commission if it finds that the  
26 revised rates do not conform to the Rate Case Plan, this order, or other  
27 Commission decisions, and if so, reject the filing.

28 **C. DISCUSSION**

29 **Mandatory New Revenue Requirements for Escalation Years 2017 and 2018**

30 Neither the Rate Case Plan nor the Revised Rate Case Plan require that investor-owned  
31 water utilities file escalation advice letters to revise revenue requirements and tariff

1 schedules. If the decision for this General Rate Case Application does not require GSWC  
2 to file escalation year revisions, GSWC may choose to file escalation advice letters for  
3 the ratemaking areas in which it is under-earning, thereby increasing rates in those  
4 ratemaking areas, while choosing not to file escalation advice letters for the ratemaking  
5 areas in which it is over-earning, thereby avoiding a rate decrease in these districts, and  
6 likely continuing to over-earn.

7 This was the case under the authority granted to GSWC in its last GRC in D.13-05-011.  
8 For the 2015 attrition year calculations, GSWC only submitted rate increase requests for  
9 those ratemaking areas where it was under-earning but no rate decrease requests for those  
10 ratemaking areas where it was over-earning. GSWC did not submit rate decrease  
11 requests for Simi Valley, Region 2 or 3 for the 2015 attrition year (See Advice Letters  
12 1586, 1587 and 1588). These filings show that on a combined basis GSWC was over-  
13 earning by a total exceeding \$6.4 million in the pro-forma period of October 1, 2013 to  
14 September 30, 2014 as shown in Table 10-A below.<sup>47</sup> GSWC was not required to adjust  
15 its revenue requirement downward, which reflects a policy that enabled GSWC to file for  
16 2015 attrition year increases totaling \$1,627,777 despite the company significantly over-  
17 earning as a whole.<sup>48</sup> Notably, for the 2014 attrition year GSWC did not file attrition  
18 advice letters at all for Los Osos, Simi Valley, Regions 2 or Region 3.

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<sup>47</sup> The pro-forma period is a 12 month period presented in escalation and attrition advice letters in conformance with D.07-05-062 (p. A-19).

<sup>48</sup> Advice Letters 1580-W for Arden-Cordova, 1581-W for Bay Point, 1582-W for Clearlake, 1583-W for Los Osos, 1584-W for Ojai, 1585-W for Santa Maria each request the following escalation amounts: \$490,700 + \$107,100 + \$79,000 + \$55,000 + \$207,377 + \$688,600, respectively. These total to a \$1,627,777 rate increase company-wide.

1

**Table 10-A: GSWC Earnings Test Results, 2014 Attrition Filings**

	Simi-Valley		
	Region 1	Region 2	Region 3
Pro-Forma ROR	10.80%	9.55%	9.50%
Adjusted-Adopted ROR	8.39%	8.42%	8.39%
Difference (a)	2.41%	1.13%	1.11%
Pro-Forma Rate Base (b)	\$10,066,000	\$297,438,300	\$254,768,200
\$ over-earning (a)*(b)	\$242,591	\$3,361,053	\$2,827,927
Source:	AL 1586-W	AL 1587-W	AL 1588-W

2

3 **Table 10-A** above shows that the pro-forma Rate of Return for Simi Valley was 241  
4 basis points above GSWC’s adjusted-adopted Rate of Return.<sup>49</sup> Regions 2 and 3 pro-  
5 forma Rate of Return was 113 and 111 basis points above the adjusted-adopted Rate of  
6 Return.

7 It is under the Commission’s authority to also require downward rate adjustments if the  
8 utility is over-earning. The Commission’s decision for California American Water  
9 Company’s 2012 GRC included such a requirement, stating in Ordering Paragraph 7:

10 For escalation years 2013 and 2014, California American Water Company shall  
11 file Tier 2 advice letters in conformance with General Order 96-B proposing new  
12 revenue requirements and corresponding revised tariff schedules for each district.  
13 The filing shall include rate procedures set forth in the Commission’s Rate Case  
14 Plan (Decision 07-05-062) for Class A Water Utilities and shall include  
15 appropriate supporting workpapers. The revised tariff schedules shall take effect  
16 no earlier than January 1, 2013 and January 1, 2014, respectively and shall apply  
17 to service rendered on and after their effective dates. The proposed revisions to  
18 revenue requirements and rates shall be reviewed by the Commission’s Division  
19 of Water and Audits. The Division of Water and Audits shall inform the

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<sup>49</sup> A basis point is one hundredth of one percent, used chiefly in expressing differences of interest rates or returns.

1 Commission if it finds that the revised rates do not conform to the Rate Case Plan,  
2 this order, or other Commission decisions, and if so, reject the filing. . . .<sup>50</sup>

3 ORA recommends that similar language be included in GSWC's 2016 GRC decision for  
4 Escalation Years 2017 and 2018.

5 **D. CONCLUSION**

6 The just and reasonable post-test year ratemaking mechanism recommended by ORA  
7 ensures the appropriate increase or decrease in GSWC's revenue requirement in 2017 and  
8 2018 for each ratemaking area, regardless of whether the ultimate result is an

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<sup>50</sup> D.12-06-016.

1 **Chapter 11: STATEMENTS OF QUALIFICATIONS - ORA**

2 **A. STATEMENT OF QUALIFICATIONS – MEHBOOB ASLAM**

3 Q1. Please state your name and business address.

4 A1. My name is Mehboob Aslam. My business address is 320 west 4th Street, Suite  
5 500, Los Angeles, CA 90013.

6 Q2. By whom are you employed and in what capacity?

7 A2. I am employed by the California Public Utilities Commission as a Public Utilities  
8 Regulatory Analyst V.

9 Q3. Please briefly describe your educational background and work experience.

10 A3. I graduated from the University of Engineering & Technology, Lahore, Pakistan  
11 with a Bachelor of Science Degree in Mechanical Engineering, and also graduated  
12 from Western Kentucky University with a Master of Science Degree, in Business  
13 Administration with an emphasis in Accounting and Finance.

14 I have been employed by the CPUC since 2001. From 2001 through 2002, I was  
15 a member of the Consumer Protection and Safety Division, where I studied  
16 energy utilities' operating practices to enforce the rules and regulations relating to  
17 safe use of the plant and workforce. I performed engineering reviews, and  
18 conducted incident investigations for both gas and electric utilities. I have also  
19 helped resolve customers' complaints.

20 From 2002 through present, I have been working for Office of Ratepayer  
21 Advocates in its Water Branch; mostly dealing with Class-A water utilities. I  
22 have performed evaluations of public utility plant and properties, regulation of  
23 utility tariffs and rates, studies of cost of service, and studies of the utility's  
24 operating practices to enforce the rules and regulations relating to ratemaking. I  
25 have presented my findings and recommendations as an expert witness at public  
26 hearings before the Commission. I have also been actively involved with a  
27 number of Commission's OIR/OII proceedings.

28 Q4. What is your area of responsibility in this proceeding, GSWC GRC A.14-07-006?

29 A4. I am responsible for ORA's Report on Labor and Pension & Benefits.

30 Q5. Does this conclude your prepared testimony?

31 A5. Yes, it does.

1 **B. STATEMENT OF QUALIFICATIONS – JENNY M. AU**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Jenny M. Au and my business address is 320 West 4<sup>th</sup> Street, Suite  
5 500, Los Angeles, California 90013. I am a Utilities Engineer in the Water  
6 Branch of the Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received a Bachelor of Science Degree in Civil Engineering from Cal Poly  
9 Pomona and a Professional Engineering License in Civil Engineering in the State  
10 of California.

11 I have been employed by the Office of Ratepayer Advocates – Water Branch  
12 since April 2007 and have participated in many GRCs. My previous professional  
13 experience includes engineering positions at the Los Angeles Regional Water  
14 Quality Control Board and the Department of Toxic Substances Control.

15 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

16 A3. I am responsible for the following chapters in ORA’s Report on Plant – Common  
17 Plant Issues and Region 2: Chapter 2 – Contingency & Design Adders; Chapter 7  
18 – Water Loss; Chapter 8 – Water Quality. I also co-sponsor Chapter 5 – Pressure  
19 Requirements and Chapter 6 – Pipeline Replacement in the same report.

20 Q4. Does this conclude your prepared direct testimony?

21 A4. Yes, it does.

1 **C. STATEMENT OF QUALIFICATIONS – LISA BILIR**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Lisa Bilir and my business address is 505 Van Ness Avenue, San  
5 Francisco, California 94102. I am a Program & Project Supervisor in the Water  
6 Branch of the Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received a Bachelor of Science degree in Biological Sciences from Stanford  
9 University in 2001 and a Master of Public Policy from The Goldman School of  
10 Public Policy at U.C. Berkeley in 2007. I have worked in ORA since October  
11 2007. I have written and testified in evidentiary hearings on sales, rate design,  
12 revenue decoupling and conservation and I have overseen ORA Water Branch’s  
13 General Rate Case work since 2010.

14 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

15 A3. I provide general supervision and co-sponsor Chapter 1 – Executive Summary  
16 and Chapter 10 – Escalation and Attrition Filings in ORA Company-Wide Report  
17 on the Results of Operations.

18 Q4. Does this conclude your prepared direct testimony?

19 A4. Yes, it does.

1 **D. STATEMENT OF QUALIFICATIONS – MICHAEL CONKLIN**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Michael Conklin and my business address is 505 Van Ness Avenue,  
5 San Francisco, California 94102. I am a Financial Examiner in the Water Branch  
6 of the Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received a Bachelor of Science Degree in Accounting from the City University  
9 of New York, Hunter College in 2011 graduating with high honors. I am  
10 currently pursuing a Master of Science in Accountancy at San Francisco State  
11 University with an expected completion date of May 2015. I have successfully  
12 completed all portions of the Uniform CPA exam.

13 Prior to joining the Commission, I worked as an operations manager on the equity  
14 trading floor for Citigroup Global Markets in New York. I joined the Office of  
15 Ratepayer Advocates - Water Branch as an Auditor in July 2012. My experience  
16 at the Commission includes responsibility for the reports on Affiliate Transactions  
17 and Non-Tariffed Products & Services during proceeding A.12-07-007, Taxes and  
18 A&G expenses for proceeding A.13-01-003, and General Office and Taxes for  
19 proceeding A.13-07-002.

20 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

21 A3. I am responsible for the overall coordination of ORA’s Report on General Office.  
22 I am also responsible for Chapter 2 – General Office Allocation, Chapter 3 –  
23 General Office Operating Expenses (except for Sections 3.C.1-3), Chapter 5 –  
24 Overhead Allocation, Chapter 6 – Non-Tariffed Products and Services, and  
25 Affiliate Transactions, Chapter 7 – GSWC Supplemental Testimony on Safety  
26 and Chapter 8 – Internal Controls Procurement Process Audit, and for Chapter 2 –  
27 Taxes and Chapter 3 – Taxes on Other Than Income in ORA’s Company-Wide  
28 Report on the Results of Operations.

29 Q4. Does this conclude your prepared direct testimony?

30 A4. Yes, it does.

1 **E. STATEMENT OF QUALIFICATIONS – MUKUNDA DAWADI**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Mukunda Dawadi and my business address is 505 Van Ness Avenue,  
5 San Francisco, California 94102. I am a Public Utilities Financial Examiner in  
6 the Water Branch of the Office of Ratepayer Advocates (ORA).

7 Q2. Please summarize your education background and professional experience.

8 A2. I received a Master’s of Science in Accountancy from California State University,  
9 Los Angeles in 2012. I graduated from Tribhuvan University of Nepal in 1998  
10 with a Master’s of Business Administration/Bachelor’s Degree in Business  
11 Management (Capital Structure/Accounting).

12 I joined Office of Ratepayer Advocates – Communications and Water Policy  
13 Branch as an Auditor in January 21, 2014. I was an accountant of a private  
14 courier business before joining ORA.

15 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

16 A3. I am responsible for the following chapters in ORA’s Company-Wide Report on  
17 the Results of Operations: Chapter 4 – Deferred Income Tax; Chapter 5 –  
18 Construction Work In Progress; Chapter 6 - Working Cash.

19 Q4. Does this conclude your prepared direct testimony?

20 A4. Yes, it does.

1 **F. STATEMENT OF QUALIFICATIONS – JULIA ENDE**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Julia Ende and my business address is 505 Van Ness Avenue, San  
5 Francisco, California 94102. I am a Public Utilities Regulatory Analyst in the  
6 Water Branch of the Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received a Bachelor of Science Degree in Policy & Management from Carnegie  
9 Mellon University.

10 In October 2013 I joined the Water Branch of the Commission’s Office of  
11 Ratepayer Advocates as a Public Utilities Regulatory Analyst. My work has  
12 focused on General Rate Case proceedings and I previously testified before the  
13 Commission on conservation issues. Prior to joining ORA, I worked at a law  
14 firm, taking part in negotiations between public agencies/non-profits and labor  
15 unions. My work also involved analyzing budget and class and comparability  
16 data and drafting proposals and full-text Memoranda of Understanding.

17 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

18 A3. I am responsible for the following chapters of ORA’s Report on Demand-Related  
19 Issues, Rate Design and Conservation: Chapter 10 – Conservation Programs;  
20 Chapter 11 – Special Request #3, Chemical Costs in MCBA and Chapter 12 –  
21 Special Request #6, New Sales Reconciliation Mechanism.

22 Q4. Does this conclude your prepared direct testimony?

23 A4. Yes, it does.

1 **G. STATEMENT OF QUALIFICATIONS – PATRICIA ESULE**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Patricia Esule and my business address is 320 W. 4<sup>th</sup> Street, Los  
5 Angeles, California, 90013. I am a Public Utility Regulatory Analyst IV (“PURA  
6 IV”), in the Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received an Associate Degree in Liberal Arts from College of the Sequoias in  
9 Visalia, California in 1979. I attended NARUC Rate School in 2004, and  
10 completed Utility Finance & Accounting for Non-Professionals course in 2007.  
11 I joined Office of Ratepayer Advocates as a PURA III in May 2003 and was  
12 promoted to PURA IV in February 2007. Since joining ORA, I have worked on  
13 several general rate cases covering the following areas; sales forecast, O&M and  
14 A&G expenses, conservation, low income rates, and capital projects.

15 My previous positions at the Commission include; Associate Transportation  
16 Representative in the Safety Enforcement Division, investigating allegations of  
17 telecommunication fraud and abusive sales tactics from 2001 to 2003, Supervisor  
18 in Consumer Affairs Branch from 1992 to 2001, and Consumer Affairs  
19 Representative from 1989 to 1992. Prior to coming to the Commission, I worked  
20 for several years in the telecommunications industry for Pacific Telephone and  
21 Telegraph and AT&T Communications as Customer Service Representative,  
22 Account Billing Representative, and Sales Representative.

23 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

24 A3. I am responsible for the following chapters in ORA’s Report on District  
25 Operating Expenses: Chapters 2 through 4 on Administrative and General  
26 Expenses and Chapter 8 on Special Request #14, New Memorandum Account  
27 related to First 5 Fluoridation Project in Arden Cordova. I also co-sponsor  
28 Chapter 1 – Executive Summary in the same report.

29 Q4. Does this conclude your prepared direct testimony?

30 A4. Yes, it does.

1 **H. STATEMENT OF QUALIFICATIONS – DAPHNE GOLDBERG**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Daphne Goldberg and my business address is 505 Van Ness Avenue,  
5 San Francisco, California 94102. I am a Utilities Engineer in the  
6 Communications and Water Policy Branch of the Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received a Bachelor of Science Degree in Civil Engineering from Santa Clara  
9 University in 1999. I received a Master’s of Business Administration Degree  
10 from San Francisco State University in 2001. I received a Master’s in  
11 Civil/Environmental Engineering from University of California, Davis in 2010. I  
12 received my Engineer-in-Training Certification in the State of California in 2011,  
13 Certificate #141820. In June 2010, I joined the San Francisco Public Utilities  
14 Commission as a Design Trainee, where I worked on the Water System  
15 Improvement Program in the Project Management Bureau on performance  
16 reporting documents related to water resources planning, scheduling, risk  
17 management and operations. In August of 2011, I joined URS Corporation as a  
18 Staff Engineer in the Civil Engineering Group where I assisted the civil engineers  
19 and planners in infrastructure design projects, development of project schedules  
20 and budgets and preparation of new project proposals. In April of 2013, I joined  
21 the Commission, and am currently working as a Utilities Engineer on General  
22 Rate Case (GRC) proceedings, and the review of advice letters.

23 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

24 A3. I am responsible for Chapter 2 – Plant, Region 1 Coastal District in ORA’s Report  
25 on Plant – Region 1, and Chapter 4 – Urban Water Management Plans and  
26 Chemical Disinfection Buildings in ORA’s Report on Plant – Common Plant  
27 Issues and Region 2.

28 Q4. Does this conclude your prepared direct testimony?

29 A4. Yes, it does.

1 **I. STATEMENT OF QUALIFICATIONS – ROY KEOWEN**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Roy Keowen and my business address is 505 Van Ness Avenue, San  
5 Francisco, California 94102. I am a Financial Examiner II in the  
6 Communications and Water Policy Branch of the Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received a Bachelor of Science Degree Business Administration, Option in  
9 Accounting from California State University, Los Angeles in 2009.

10 I joined Office of Ratepayer Advocates – Communications and Water Policy  
11 Branch as an Auditor I in January of 2014. I have previously worked on one  
12 general rate case. My previous professional experience was as a Tax Auditor for  
13 the California State Board of Equalization.

14 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

15 A3. I am responsible for ORA’s Report on Balancing and Memorandum Accounts.

16 Q4. Does this conclude your prepared direct testimony?

17 A4. Yes, it does.

1 **J. STATEMENT OF QUALIFICATIONS – ALEX LAU**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Alex Lau and my business address is 505 Van Ness Avenue, San  
5 Francisco, California 94102. I am a Utilities Engineer in the Water Branch of the  
6 Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received a Bachelor of Science Degree in Civil and Materials Engineering from  
9 the University of California, Davis in 2005. I received my Professional Engineer  
10 License in Civil Engineering in the State of California in 2010.

11 I joined Office of Ratepayer Advocates - Water Branch as a Utilities Engineer in  
12 February 2013. My previous professional position was Project Engineer in a  
13 structural engineering company.

14 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

15 A3. I am responsible for Chapter 1 – Plant, Region 1 Northern District in ORA’s  
16 Report on Plant – Region 1. I also co-sponsor Chapter 6 – Pipeline Replacement  
17 in ORA’s Report on Plant – Common Plant Issues and Region 2.

18 Q4. Does this conclude your prepared direct testimony?

19 A4. Yes, it does.

1 **K. STATEMENT OF QUALIFICATIONS – PAT MA**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Pat Ma and my business address is 505 Van Ness Avenue, San  
5 Francisco, California 94102. I am a Senior Utilities Engineer in the Water Branch  
6 of the Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received a Bachelor of Science Degree in Industrial and Systems Engineering  
9 with a concentration in Management from San Jose State University in 1986. I  
10 received my Professional Engineer License in Industrial Engineering in the State  
11 of California in 1989 and a Grade 2 Water Distribution Operator Certification in  
12 2010.

13 I joined Office of Ratepayer Advocates - Water Branch as a Utilities Engineer in  
14 December 2008. My previous professional position was as a Senior Utilities  
15 Engineer also at the Commission, where I worked from 1986 to 1999 in  
16 transportation, telecommunications, energy, and water areas. I also worked  
17 briefly for the U.S. EPA, Region 9 in 1989 as an Environmental Engineer.

18 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

19 A3. I serve as ORA’s project coordinator, under the direction of Lisa Bilir – Program  
20 & Project Supervisor. I also co-sponsor Chapter 1 – Executive Summary in  
21 ORA’s Company-wide Report on the Results of Operations.

22 Q4. Does this conclude your prepared direct testimony?

23 A4. Yes, it does.

1 **L. STATEMENT OF QUALIFICATIONS – JUSTIN MENDA**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Justin Menda and my business address is 505 Van Ness Avenue, San  
5 Francisco, California 94102. I am a Utilities Engineer in the Water Branch of the  
6 Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received my Bachelors of Science and Masters of Science in Civil Engineering  
9 with a concentration in water resources from the University of California Irvine. I  
10 have passed the Fundamentals of Engineering exam (E.I.T.) in 2009. I joined the  
11 Office of Ratepayer Advocates - Water Branch as a Utilities Engineer in June  
12 2012. Since that time, I worked on testimony for California Water Service  
13 Company’s 2012 GRC regarding the plant in service and water quality chapters  
14 for the Chico, Marysville, Oroville, Redwood Valley, and Willows districts. I  
15 also worked on testimony for California-American Water’s 2013 GRC regarding  
16 the plant in service and water quality chapters for the Los Angeles County,  
17 Ventura County, San Diego County, and Monterey Wastewater districts. In  
18 addition, I worked on testimony for California-American Water’s proposed  
19 Monterey Peninsula Water Supply Project regarding brine disposal, post  
20 treatment, and operations and maintenance costs.

21 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

22 A3. I am responsible for the following chapter in ORA’s Company-wide Report on  
23 the Results of Operations: Chapter 7 – Depreciation; Chapter 8 – Rate Base.

24 Q4. Does this conclude your prepared direct testimony?

25 A4. Yes, it does.

1 **M. STATEMENT OF QUALIFICATIONS – JOSEFINA MONTERO**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Josefina Montero and my business address is 505 Van Ness Avenue,  
5 San Francisco, California 94102. I am a Financial Examiner in the Water Branch  
6 of the Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I graduated from the Polytechnic University of the Philippines with a degree in  
9 Accounting.

10 I have held a variety of positions in the Fiscal’s Office of the California Superior  
11 Court, County of San Mateo. In 2006, I transferred to the Commission’s Fiscal  
12 Office. Early in 2009, I transferred to the Water Branch of the Office of Ratepayer  
13 Advocates (ORA). At ORA, I worked on various aspects of administrative and  
14 general expenses, operations and maintenance expenses, payroll, pensions and  
15 benefits and non-tariffed products and services in General Rate Case proceedings  
16 for Class A water utilities.

17 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

18 A3. I am responsible for Chapters 5 through 7 on Operation and Maintenance  
19 Expenses in ORA’s Report on District Operating Expenses. I also co-sponsor  
20 Chapter 1 – Executive Summary in the same report.

21 Q4. Does this conclude your prepared direct testimony?

22 A4. Yes, it does.

23

1 N. STATEMENT OF QUALIFICATIONS – SUSANA NASSERIE

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Susana Nasserie and my business address is 312 West Fourth Street,  
5 Suite 500, Los Angeles, CA 90013. I am a Utilities Engineer in the Water Branch  
6 of the Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received a Master of Science Degree in Environmental Engineering from  
9 California State University of Fullerton in 2014. I also received a Bachelor of  
10 Science Degree in Electrical Engineering from Bandung Institute of Technology  
11 in 1988.

12 I joined Office of Ratepayer Advocates - Water Branch as a Utilities Engineer in  
13 September 2010. My previous professional position was as an Air Resources  
14 Engineer at the Air Resources Board, where I worked from 2009 to 2010 in  
15 Mobile Vehicles and Equipment Section of the Mobile Source Control Division.  
16 From 2000 to 2009, I served as the Staff Programmer Analyst for the Los Angeles  
17 Regional Water Quality Control Board.

18 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

19 A3. I am responsible for Chapter 1 – Plant, Region 3 Orange County and Foothill  
20 Districts in ORA’s Report on Plant – Region 3, and Chapter 3 – Vehicle  
21 Replacements in ORA’s Report on Plant – Common Plant Issues and Region 2.

22 Q4. Does this conclude your prepared direct testimony?

23 A4. Yes, it does.

1 **O. STATEMENT OF QUALIFICATIONS – JEFFREY ROBERTS**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Jeffrey Roberts and my business address is 320 W 4<sup>th</sup> Street, Los  
5 Angeles, CA 90028. I am a Public Utilities Regulatory Analyst (PURA) in the  
6 Water Branch of the Office of Ratepayer Advocates (ORA).

7 Q2. Please summarize your educational background and professional experience.

8 A2. I received a Bachelor of Science Degree in Finance from the Richard Stockton  
9 College of New Jersey in 2011. In April of 2013 I joined the Commission, where  
10 I worked as a Regulatory Analyst on a variety of assignments including advice  
11 letters, application filings, and general rate case proceedings. My experience  
12 includes duties as project coordinator for Great Oaks Water Company application  
13 for debt issuance (A.14-01-023), analyzing portions of A&G expenses and payroll  
14 for the Cal-Am GRC (A.13-07-002), and review of payroll, income taxes, and  
15 memorandum accounts for the Suburban GRC (A.14-02-004). Prior to my role at  
16 the commission; I worked as an analyst preparing investment prospectuses for an  
17 early-stage green energy company.

18 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

19 A3. I am responsible for Section C.1-3 in Chapter 3 – Operating Expenses in ORA’s  
20 Report on General Office.

21 Q4. Does this conclude your prepared direct testimony?

22 A4. Yes, it does.

1 **P. STATEMENT OF QUALIFICATIONS – SUZIE ROSE**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Suzie Rose and my business address is 505 Van Ness Avenue, San  
5 Francisco, California 94102. I am a Utilities Engineer in the Water Branch of the  
6 Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received a Bachelor of Science Degree in Civil and Environmental Engineering  
9 from the Duke University. I received my Professional Engineer License in Civil  
10 Engineering in the State of California in 2014. I joined the Office of Ratepayer  
11 Advocates - Water Branch in February 2012. My previous relevant professional  
12 experience includes working as an Assistant Engineer at East Bay Municipal  
13 Utilities District in Oakland, CA where I worked from 2001 to 2003 in the  
14 Division of Water Recycling and Wastewater Planning, and working as a  
15 Consulting Engineer for O’Brien & Gere Engineers in Landover, Maryland for  
16 two years, where I specialized in water treatment and distribution. I have  
17 previously testified on California-American Water’s proposed Monterey  
18 Peninsula Water Supply Project, and the California-American Water 2015  
19 General Rate Case.

20 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

21 A3. I am responsible for Chapter 4 – General Office Plant in ORA’s Report on  
22 General Office.

23 Q4. Does this conclude your prepared direct testimony?

24 A4. Yes, it does.

1 **Q. STATEMENT OF QUALIFICATIONS – DANILO SANCHEZ**

2 Q1. Please state your name and business address.

3 A1. My name is Danilo E. Sanchez. My business address is 505 Van Ness Avenue,  
4 San Francisco, California 94102.

5 Q2. By whom are you employed and in what capacity?

6 A2. I am employed by the California Public Utilities Commission (Commission) as a  
7 Program Manager in the Water Branch of the Office of Ratepayer Advocates  
8 (ORA).

9 Q3. Please describe your educational and professional experience.

10 A3. In 1984, I received a Bachelor of Science degree in Accounting and Finance from  
11 San Francisco State University. In 1992, I received a Master of Business  
12 Administration in Corporate Finance from Golden Gate University.

13 In January 1988, I was employed by the Commission, and was assigned to the  
14 Energy Auditing Branch in DRA, now known as ORA. During my first year, I  
15 completed various audits in conjunction with electric and gas utility general rate  
16 cases. In April 1989, I was transferred to the Financial and Economics Analysis  
17 Branch of DRA, where I was responsible for the development of cost of capital  
18 studies for regulated water and telecommunication companies.

19 In January 1990, I accepted an analyst position in DRA's telecommunications  
20 Operational Cost Branch. From 1990 through 1997, I completed testimony, and  
21 testified on my recommendations in numerous cases relating to the regulation of  
22 telecommunications utilities. Subsequent to the Commission's reorganization in  
23 January 1997, I was assigned to DRA's Monopoly Regulation Branch. My  
24 assignments in this branch included merger and acquisitions, pricing of partially  
25 competitive telecommunication services, affiliate transactions, and energy utility  
26 general rate cases. In September 2001, I was promoted to Program Project  
27 Supervisor in DRA's Energy Cost of Service Branch. From 2001 through August  
28 2004, I was responsible for overseeing a section of 14 employees responsible for  
29 the audit review, and processing of energy general rate cases. In September 2004,  
30 I was promoted to Program Manager in now-ORA Water Branch.

31 Q4. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

32 A4. I provide overall management and co-sponsor Chapter 10 – Escalation and  
33 Attrition Filings in ORA's Company-Wide Report on the Results of Operations.

34 Q5. Does this conclude your testimony?

35 A5. Yes, it does.

1 **R. STATEMENT OF QUALIFICATIONS – TERENCE SHIA**

2 Q1. Please state your name, business address, and position with the California Public  
3 Utilities Commission (“Commission”).

4 A1. My name is Terence Shia and my business address is 505 Van Ness Avenue, San  
5 Francisco, California 94102. I am a Senior Utilities Engineer in the Water Branch  
6 of the Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received a Bachelor of Science Degree in Mechanical Engineering from the  
9 University of California, Davis in 2007. I received my Professional Engineer  
10 License in Mechanical Engineering in the State of California in 2011, License  
11 #M35352. In March of 2008, I joined the Commission, where I worked as a  
12 Utilities Engineer on a variety of assignments ranging from assisting  
13 Administrative Law Judges (ALJ) on General Rate Case (GRC) proceedings,  
14 conservation rate proceedings, small water company GRC filings, updating  
15 General Order 103, and Water Revenue Adjustment Mechanism/Modified Cost  
16 Balancing Account (WRAM/MCBA) filings. In June of 2012, I joined ORA as a  
17 Senior Utilities Engineer and assisted our consultant, Overland, on the Direct  
18 Joint Testimony for the Monterey Rate Design and WRAM/MCBA in A.10-07-  
19 007. I also testified on the proposed Sacramento WRAM in this same proceeding.  
20 Following that proceeding, I was the project coordinator for California-American  
21 Water’s proposed Monterey Peninsula Water Supply Project and worked on  
22 testimony there. I was also the project coordinator for California-American  
23 Water’s GRC, A.13-07-002 and testified on Operations & Maintenance Expenses  
24 and the Results of Operations Tables.

25 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

26 A3. I am responsible for the preparation of the Results of Operations tables in Chapter  
27 11 of ORA’s Company-wide Report on Results of Operations.

28 Q4. Does this conclude your prepared direct testimony?

29 A4. Yes, it does.

1 **S. STATEMENT OF QUALIFICATIONS – BRIAN YU**

2 Q1. Please state your name, business address, and position with the California Public Utilities  
3 Commission (“Commission”).

4 A1. My name is Brian Yu and my business address is 312 West Fourth Street, Suite 500, Los  
5 Angeles, CA 90013. I am a Utilities Engineer in the Water Branch of the Office of  
6 Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received a Bachelor of Science Degree in Mechanical Engineering from California  
9 Polytechnic University Pomona in 1997. I received my Professional Engineer License in  
10 Mechanical Engineering in the State of California in 2003.

11 I joined Office of Ratepayer Advocates - Water Branch as a Utilities Engineer in  
12 September 2007. My previous professional position was as a Utilities Engineer also at  
13 the Commission, where I worked from 2001 to 2007 in Rail Transit Safety Section of the  
14 Commission’s Safety and Enforcement Division. From 2004 to 2007, I served as the  
15 State’s safety liaison for the Los Angeles County Metropolitan Transportation Authority.

16 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

17 A3. I am responsible for Chapter 2 – Plant, Region 3 Mountain-Desert District in ORA’s  
18 Report on Plant – Region 3. I also co-sponsor Chapter 5 – Pressure Requirements in  
19 ORA’s Report on Plant – Common Plant Issues and Region 2.

20 Q4. Does this conclude your prepared direct testimony?

21 A4. Yes, it does.

1 **T. STATEMENT OF QUALIFICATIONS – TING-PONG YUEN**

2 Q1. Please state your name, business address, and position with the California Public Utilities  
3 Commission (“Commission”).

4 A1. My name is Ting-pong Yuen and my business address is 505 Van Ness Avenue, San  
5 Francisco, California 94102. I am a Program and Project Supervisor in the Water Branch  
6 of the Office of Ratepayer Advocates.

7 Q2. Please summarize your education background and professional experience.

8 A2. I received both a Bachelor of Science Degree and a Master of Science Degree in Civil  
9 Engineering from San Jose State University. I received my Professional Engineer  
10 License in Industrial Engineering in the State of California in 1987. I joined the  
11 Commission in 1984 working mostly in the area of telecommunications. I joined ORA  
12 – Water Branch in 2004 as a Program and Project Supervisor.

13 Q3. What is your responsibility in this proceeding, GSWC GRC A.14-07-006?

14 A3. I am responsible for Chapter 9 – Customer Service in ORA’s Company-Wide Report on  
15 the Results of Operations.

16 Q4. Does this conclude your prepared direct testimony?

17 A4. Yes, it does.

## APPENDIX RO-A:- RESULTS OF OPERATIONS TABLES

ORA's Results of Operations tables in this appendix reflect recommendations in ORA's sales, expenses, taxes, plant, and rate base testimony presented in the following reports.

No.	ORA Reports on GSWC Test Year 2016 GRC A.14-07-006
1	Company-Wide Report on the Results of Operations
2	Report on General Office
3	Report on District Operating Expenses
4	Report on Demand-Related Issues, Rate Design & Conservation
5	Report on Labor and Pension & Benefits
6	Report on Balancing and Memorandum Accounts
7	Report on Plant, Region 1
8	Report on Plant, Common Plant Issues and Region 2
9	Report on Plant, Region 3

ORA presents its recommended Results of Operations for GSWC's Test Year 2016 GRC by ratemaking area and in this order.

- 1) Arden-Cordova CSA
- 2) Bay Point CSA
- 3) Clearlake CSA
- 4) Los Osos CSA
- 5) Ojai CSA
- 6) Santa Maria CSA
- 7) Simi Valley CSA
- 8) Region 2
- 9) Region 3

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**REGION I - ARDEN CORDOVA CSA**  
**GOLDEN STATE WATER COMPANY A.14-07-006**

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<b>REVENUE INCREASES</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>
1. Test Year 2016 Increase (in dollars)	-\$2,390,713	-\$397,915	\$1,992,798
2. Test Year 2016 Increase	-18.0%	-3.0%	15.0%
3. Escalation Year 2017 Increase	3.7%	7.4%	3.7%
4. Escalation Year 2018 Increase	1.9%	6.3%	4.4%

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**REGION I - ARDEN CORDOVA CSA**  
**GOLDEN STATE WATER COMPANY A.14-07-006**

**TABLE 1-1**  
**SUMMARY OF EARNINGS - TEST YEAR**

Test Year 2016 (\$000)	ORA- Present Rates	GSWC- Present Rates	GSWC > ORA	
<b>1a Operating Revenues</b>	<b>13,274.8</b>	<b>13,106.9</b>	<b>(167.9)</b>	<b>-1.3%</b>
<u>Operating Expenses:</u>				
2a Operation & Maintenance	1,626.8	1,629.3	2.5	0.2%
3a Administrative & General	722.4	789.7	67.3	9.3%
4a Payroll	1,011.3	1,036.9	25.6	2.5%
5a General Office - <i>prorated expenses</i>	3,161.2	3,869.4	708.2	22.4%
6a Depreciation Expense	1,675.5	1,789.0	113.5	6.8%
7a Taxes Other Than Income	736.1	751.1	15.0	2.0%
8a California Corporate Franchise Tax	392.3	278.5	(113.8)	-29.0%
9a Federal Income Tax	1,144.7	749.8	(394.9)	-34.5%
10a Total Operating Expenses	10,470.2	10,893.6	423.4	4.0%
11a Net Operating Revenues	2,804.6	2,213.3	(591.3)	-21.1%
12a Weighted Average Rate Base	17,747.9	23,917.2	6,169.4	34.8%
13a <b>Return on Rate Base</b>	<b>15.80%</b>	<b>9.25%</b>	<b>-6.55%</b>	<b>-41.4%</b>
Test Year 2016 (\$000)	ORA- Proposed Rates	GSWC- Proposed Rates	GSWC > ORA	
<b>1b Operating Revenues</b>	<b>10,886.8</b>	<b>12,712.8</b>	<b>1,826.0</b>	<b>16.8%</b>
<u>Operating Expenses:</u>				
2b Operation & Maintenance	1,616.6	1,627.7	11.1	0.7%
3b Administrative & General	722.4	789.7	67.3	9.3%
4b Payroll	1,011.3	1,036.9	25.6	2.5%
5b General Office - <i>prorated expenses</i>	3,161.2	3,869.4	708.2	22.4%
6b Depreciation Expense	1,675.5	1,789.0	113.5	6.8%
7b Taxes Other Than Income	716.9	748.0	31.1	4.3%
8b California Corporate Franchise Tax	183.7	244.1	60.3	32.8%
9b Federal Income Tax	319.0	613.5	294.5	92.3%
10b Total Operating Expenses	9,406.6	10,718.1	1,311.5	13.9%
11b Net Operating Revenues	1,480.2	1,994.7	514.5	34.8%
12b Weighted Average Rate Base	17,747.9	23,917.2	6,169.4	34.8%
13b <b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.00%</b>	<b>0.0%</b>

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**TABLE 1-2**  
**SUMMARY OF EARNINGS - ESCALATION YEARS**

<b>For Illustrative Purposes</b>	<b>(\$000)</b>	<b>ORA 2017</b>	<b>ORA 2018</b>	<b>2017-2018 Increase</b>	
1	<u>Operating Revenues</u>	11,202.2	11,440.0	237.8	2.1%
2	<u>Operating Expenses:*</u>				
3	Operation & Maintenance	1,621.4	1,658.4	37.0	2.3%
4	Administrative & General	731.5	748.2	16.7	2.3%
5	Payroll	1,025.5	1,037.8	12.3	1.2%
6	G.O. Prorated Expenses	3,214.5	3,287.8	73.3	2.3%
7	Depreciation Expense	1,718.9	1,758.1	39.2	2.3%
8	Taxes Other Than Income	730.0	746.6	16.6	2.3%
9	California Corporate Franchise Tax	209.5	213.3	3.8	1.8%
10	Federal Income Tax	446.9	462.0	15.1	3.4%
11	Total Operating Expenses	<u>9,698.2</u>	<u>9,912.1</u>	213.9	2.2%
12	Net Operating Revenues	1,504.0	1,527.9	23.9	1.6%
13	Weighted Average Rate Base	<u>18,034.0</u>	<u>18,320.2</u>	286.2	1.6%
14	<b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.0</b>	<b>0.0%</b>

\* Assumed escalation factors of 2.28% for composite and 1.20% for labor, for 2018.

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**TABLE 2-1  
WATER SALES PER CUSTOMER (OR PER CONNECTION)**

<b>Test Year 2016 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1a Residential	246.1	246.1	0.0	0.0%
2a Commercial	2,025.3	1,896.3	(129.0)	-6.4%
3a Industrial	699.8	699.8	0.0	0.0%
4a Public Authority	4,110.9	4,110.9	0.0	0.0%
5a Irrigation	1,383.9	1,383.9	0.0	0.0%
6a Resale	0.0	0.0	0.0	0.0%
7a Contract	0.0	0.0	0.0	0.0%
8a Residential - Flat to Meter Conv	270.4	297.9	27.5	10.2%
<b>FLAT RATE</b>				
9a Residential/Commercial	409.0	396.6	(12.4)	-3.0%
10a Public Authority	0.0	0.0	0.0	0.0%
11a Private Fire Protection	(2.8)	(2.8)	0.0	0.0%
<b>Escalation Year 2017 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1b Residential	253.9	254.4	0.6	0.2%
2b Commercial	2,025.3	1,896.3	(129.0)	-6.4%
3b Industrial	699.8	699.8	0.0	0.0%
4b Public Authority	4,110.9	4,110.9	0.0	0.0%
5b Irrigation	1,383.9	1,383.9	0.0	0.0%
6b Resale	0.0	0.0	0.0	0.0%
7b Contract	0.0	0.0	0.0	0.0%
8b Residential - Flat to Meter Conv	322.0	313.0	(9.0)	-2.8%
<b>FLAT RATE</b>				
9b Residential/Commercial	409.0	396.6	(12.4)	-3.0%
10b Public Authority	0.0	0.0	0.0	0.0%
11b Private Fire Protection	(2.8)	(2.8)	0.0	0.0%

\* Hundred cubic feet per connection per year.

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**TABLE 2-2**  
**AVERAGE NUMBER OF CUSTOMERS (SERVICE CONNECTIONS)**

<b>Test Year 2016</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1a	Residential	10,935	10,917	(18)	0%
2a	Commercial	1,031	1,031	0	0%
3a	Industrial	4	4	0	0%
4a	Public Authority	33	33	0	0%
5a	Irrigation	376	376	0	0%
6a	Resale	0	0	0	0%
7a	Contract	0	0	0	0%
8a	Residential - Flat to Meter Conv	322	313	(9)	-3%
9a	Total Number of Metered Connections	12,701	12,674	(27)	0%
<u>Flat Rate Connections:</u>					
10a	Residential/Commercial	2,946	2,973	27	1%
11a	Public Authority	0	0	0	0%
12a	Private Fire	543	543	0	0%
<u>Total Number of Connections:</u>					
13a	Including Fire Protection	16,190	16,190	0	0%
14a	Excluding Fire Protection	15,647	15,647	0	0%
<b>Escalation Year 2017</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1b	Residential	11,279	11,252	(27)	0%
2b	Commercial	1,028	1,028	0	0%
3b	Industrial	4	4	0	0%
4b	Public Authority	34	34	0	0%
5b	Irrigation	371	371	0	0%
6b	Resale	0	0	0	0%
7b	Contract	0	0	0	0%
8b	Residential - Flat to Meter Conv	322	313	(9)	-3%
9b	Total Number of Metered Connections	13,038	13,002	(36)	0%
<u>Flat Rate Connections:</u>					
10b	Residential/Commercial	2,624	2,660	36	1%
11b	Public Authority	0	0	0	0%
12b	Private Fire	541	541	0	0%
<u>Total Number of Connections:</u>					
13b	Including Fire Protection	16,203	16,203	0	0%
14b	Excluding Fire Protection	15,662	15,662	0	0%

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**TABLE 2-3**  
**TOTAL SALES AND SUPPLY**

<b>Test Year 2016 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1a	Residential Including Flat to Meter Conv	2,778.6	2,780.3	2	0.1%
2a	Commercial	2,088.1	1,955.1	(133)	-6.4%
3a	Industrial	2.8	2.8	0	0.0%
4a	Public Authority	135.7	135.7	0	0.0%
5a	Irrigation	520.4	520.4	0	0.0%
6a	Resale	0.0	0.0	0	0.0%
7a	Contract	0.0	0.0	0	0.0%
8a	Other	0.0	0.0	0	0.0%
9a	Total Metered Connections' Sales	5,525.5	5,394.2	(131)	-2.4%
10a	<u>Total Flat Rate Connections' Sales</u>	1,203.3	1,177.6	(26)	-2.1%
11a	<u>Total Sales</u>	6,728.7	6,571.8	(157)	-2.3%
12a	<i>Water Loss Rate % *</i>	2.167%	2.167%	0.000%	0.0%
13a	Water Loss	149.0	145.6	(3)	-2.3%
14a	<b>Total Requirement (Sales + Water Loss) **</b>	<b>6,877.8</b>	<b>6,717.4</b>	<b>(160)</b>	<b>-2.3%</b>
15a	Total Requirement in Acre Feet	15,789.3	15,421.1	(368)	-2.3%
<b>WATER SUPPLY MIX:</b>					
16a	Well Water	2,863.2	2,702.8	(160)	-5.6%
17a	Surface Water	4,014.6	4,014.6	0	0.0%
18a	<b>Total Supply **</b>	<b>6,877.8</b>	<b>6,717.4</b>	<b>(160)</b>	<b>-2.3%</b>
<b>Escalation Year 2017 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1b	Residential Including Flat to Meter Conv	2,863.2	2,862.8	(0)	0.0%
2b	Business	2,082.0	1,949.4	(133)	-6.4%
3b	Multiple Family	2.8	2.8	0	0.0%
4b	Industrial	139.8	139.8	0	0.0%
5b	Public Authority	513.4	513.4	0	0.0%
6b	Resale	0.0	0.0	0	0.0%
7b	Contract	0.0	0.0	0	0.0%
8b	Other	0.0	0.0	0	0.0%
9b	Total Metered Connections' Sales	5,601.3	5,468.2	(133)	-2.4%
10b	<u>Total Flat Rate Connections' Sales</u>	1,071.6	1,053.4	(18)	-1.7%
11b	<u>Total Sales</u>	6,672.9	6,521.6	(151)	-2.3%
12b	<i>Water Loss Rate % *</i>	2.167%	2.167%	0.000%	0.0%
13b	Water Loss	147.8	144.5	(3)	-2.3%
14b	<b>Total Requirement (Sales + Water Loss) **</b>	<b>6,820.7</b>	<b>6,666.1</b>	<b>(155)</b>	<b>-2.3%</b>
15b	Total Requirement in Acre Feet	15,658.2	15,303.3	(355)	-2.3%
<b>WATER SUPPLY MIX:</b>					
16b	Well Water	2,806.0	2,651.5	(155)	-5.5%
17b	Surface Water	4,014.6	4,014.6	0	0.0%
18b	<b>Total Supply **</b>	<b>6,820.7</b>	<b>6,666.1</b>	<b>(155)</b>	<b>-2.3%</b>
<i>* Sum of % used in operations and unaccounted for water %</i>					
<i>** Total Requirement and Total Supply may differ slightly due to rounding.</i>					

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**TABLE 2-4**  
**OPERATING REVENUES AT PRESENT RATES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	5,638.1	5,636.8	(1.4)	0.0%
2	Commercial	3,712.9	3,525.0	(187.9)	-5.1%
3	Industrial	7.1	7.1	0.0	0.0%
4	Public Authority	267.4	267.4	0.0	0.0%
5	Irrigation	1,011.7	1,011.7	0.0	0.0%
6	Resale	0.0	0.0	0.0	0.0%
7	Reclaimed Water	0.0	0.0	0.0	0.0%
8	Other	6.6	6.6	0.0	0.0%
9	Total Metered Revenues	10,643.9	10,454.6	(189.3)	-1.8%
<u>Flat Rate Revenues:</u>					
10	Residential/Commercial	2,329.3	2,350.7	21.4	0.9%
11	Public Authority	0.0	0.0	0.0	0.0%
12	Private Fire	253.1	253.1	0.0	0.0%
13	Total Flat Rate Revenues	2,582.4	2,603.8	21.4	0.8%
<u>Miscellaneous:</u>					
14	Misc. Service	48.4	48.4	0.0	0.0%
15	Rent	0.0	0.0	0.0	0.0%
16	Other	0.1	0.1	0.0	0.0%
17	Total Other Revenues	48.4	48.4	0.0	0.0%
18	Total Revenues at Present Rates, Test Year 2016	13,274.8	13,106.9	(167.9)	-1.3%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	5,809.8	5,804.1	(5.7)	-0.1%
2	Commercial	3,702.5	3,515.1	(187.4)	-5.1%
3	Industrial	7.1	7.1	0.0	0.0%
4	Public Authority	274.0	274.0	0.0	0.0%
5	Irrigation	998.5	998.5	0.0	0.0%
6	Resale	0.0	0.0	0.0	0.0%
7	Reclaimed Water	0.0	0.0	0.0	0.0%
8	Other	6.6	6.6	0.0	0.0%
9	Total Metered Revenues	10,798.6	10,605.5	(193.1)	-1.8%
<u>Flat Rate Revenues:</u>					
10	Commercial	2,074.8	2,102.9	28.1	1.4%
11	Public Authority	0.0	0.0	0.0	0.0%
12	Private Fire	252.2	252.2	0.0	0.0%
13	Total Flat Rate Revenues	2,326.9	2,355.1	28.1	1.2%
<u>Miscellaneous:</u>					
14	Misc. Service	48.4	48.4	0.0	0.0%
15	Rent	0.0	0.0	0.0	0.0%
16	Other	0.1	0.1	0.0	0.0%
17	Total Other Revenues	48.4	48.4	0.0	0.0%
18	Total Revenues at Present Rates, Escal. Year 2017	13,174.0	13,009.0	(165.0)	-1.3%

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**TABLE 3-1**  
**OPERATIONS & MAINTENANCE EXPENSES - TEST YEAR**

Test Year 2016 (\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>				
1 Purchased Water	0.0	0.0	0.0	0.0%
2 Purchased Power	884.9	863.4	(21.6)	-2.4%
3 Pump Taxes	0.0	0.0	0.0	0.0%
4 Total Supply Expenses	884.9	863.4	(21.6)	-2.4%
5 Chemicals	105.0	99.9	(5.1)	-4.8%
6 Allocated GO - Billing and Cash Processing	486.0	503.5	17.5	3.6%
7 Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8 Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9 Postage	0.0	0.0	0.0	0.0%
10 Operation Labor	650.5	666.9	16.4	2.5%
11 Other Operation Expenses	215.3	216.0	0.7	0.3%
12 Conservation	79.0	107.4	28.3	35.8%
13 Total Operations Expenses	2,420.7	2,457.0	36.3	1.5%
<u>Maintenance Expenses:</u>				
14 Maintenance Labor	234.7	240.7	5.9	2.5%
15 Other Maintenance Expenses	285.6	286.5	0.9	0.3%
16 Total Maintenance Expenses	520.3	527.1	6.8	1.3%
17 Total O&M excluding A&G	2,941.0	2,984.1	43.1	1.5%
<u>At Present Rates</u>				
18 Operating Revenues	13,274.8	13,106.9	(167.9)	-1.3%
19 <i>Uncollectible Rate</i>	0.4293%	0.4293%	0.0000%	0.0%
20 Uncollectibles Expense	57.0	56.3	(0.7)	-1.3%
21 Total O&M Expenses including Uncollectibles	2,998.0	3,040.4	42.4	1.4%
<u>At Proposed Rates</u>				
22 Operating Revenues	10,886.8	12,712.8	1,826.0	16.8%
23 <i>Uncollectible Rate</i>	0.4293%	0.4293%	0.0000%	0.0%
24 Uncollectibles Expense	46.7	54.6	7.8	16.8%
25 Total O&M Expenses including Uncollectibles	2,987.8	3,038.7	51.0	1.7%

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**TABLE 3-2**  
**OPERATIONS & MAINTENANCE EXPENSES - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>					
1	Purchased Water	0.0	0.0	0.0	0.0%
2	Purchased Power	875.5	854.8	(20.7)	-2.4%
3	Pump Taxes	0.0	0.0	0.0	0.0%
4	Total Supply Expenses	875.5	854.8	(20.7)	-2.4%
5	Chemicals	105.4	100.3	(5.0)	-4.8%
6	Allocated GO - Billing and Cash Processing	494.2	514.7	20.5	4.1%
7	Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8	Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9	Postage	0.0	0.0	0.0	0.0%
10	Operation Labor	659.6	677.3	17.8	2.7%
11	Other Operation Expenses	220.7	221.4	0.7	0.3%
12	Conservation	79.0	110.1	31.0	39.3%
13	Total Operations Expenses	2,434.3	2,478.6	44.3	1.8%
<u>Maintenance Expenses:</u>					
14	Maintenance Labor	238.0	244.4	6.4	2.7%
15	Other Maintenance Expenses	292.8	293.7	0.9	0.3%
16	Total Maintenance Expenses	530.8	538.2	7.4	1.4%
17	Total O&M excluding A&G	2,965.1	3,016.8	51.6	1.7%
<u>At Present Rates</u>					
18	Operating Revenues	13,174.0	13,009.0	(165.0)	-1.3%
19	Uncollectible Rate	0.4293%	0.4293%	0.0000%	0.0%
20	Uncollectibles Expense	56.6	55.8	(0.7)	-1.3%
21	Total O&M Expenses including Uncollectibles	3,021.7	3,072.6	50.9	1.7%
<u>At Proposed Rates</u>					
22	Operating Revenues	11,202.2	13,553.3	2,351.1	21.0%
23	Uncollectible Rate	0.4293%	0.4293%	0.0000%	0.0%
24	Uncollectibles Expense	48.1	58.2	10.1	21.0%
25	Total O&M Expenses including Uncollectibles	3,013.2	3,074.9	61.7	2.0%

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**TABLE 4-1**  
**ADMINISTRATIVE & GENERAL EXPENSES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1a	Office Supplies & Expenses	98.1	98.6	0.4	0.4%
2a	Property Insurance	0.0	0.0	0.0	0.0%
3a	Injuries and Damages	67.3	78.9	11.6	17.2%
4a	Pension and Benefits	324.2	372.1	47.8	14.7%
5a	Business Meals	1.1	1.1	0.0	0.5%
6a	Regulatory Expenses	0.0	0.0	0.0	0.0%
7a	Outside Services	104.4	104.8	0.3	0.3%
8a	Miscellaneous	33.3	34.8	1.6	4.7%
9a	Allocated GO- Corporate Support	1,083.3	1,401.3	318.0	29.4%
10a	Allocated GO- Centralized Operations Support	970.0	1,265.7	295.7	30.5%
11a	Allocated District Office Expenses	621.9	698.9	77.0	12.4%
12a	Other Maintenance of General Plant	13.8	13.9	0.0	0.3%
13a	Rent	80.1	85.6	5.5	6.9%
14a	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15a	A&G Labor	126.2	129.3	3.2	2.5%
16a	Total A&G and Miscellaneous Adjustments	3,523.6	4,284.9	761.2	21.6%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1b	Office Supplies & Expenses	100.6	101.1	0.4	0.4%
2b	Property Insurance	0.0	0.0	0.0	0.0%
3b	Injuries and Damages	68.7	80.5	11.8	17.2%
4b	Pension and Benefits	324.1	382.7	58.6	18.1%
5b	Business Meals	1.1	1.1	0.0	0.5%
6b	Regulatory Expenses	0.0	0.0	0.0	0.0%
7b	Outside Services	106.8	107.1	0.3	0.3%
8b	Miscellaneous	34.1	35.7	1.6	4.7%
9b	Allocated GO- Corporate Support	1,105.1	1,431.8	326.6	29.6%
10b	Allocated GO- Centralized Operations Support	984.5	1,295.3	310.8	31.6%
11b	Allocated District Office Expenses	630.7	714.1	83.4	13.2%
12b	Other Maintenance of General Plant	14.2	14.2	0.0	0.3%
13b	Rent	81.9	87.5	5.6	6.9%
14b	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15b	A&G Labor	127.9	131.4	3.4	2.7%
16b	Total A&G and Miscellaneous Adjustments	3,579.7	4,382.5	802.7	22.4%

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**TABLE 5-1**  
**TAXES OTHER THAN INCOME**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Ad Valorem Taxes	547.3	561.4	14.2	2.6%
2a Payroll Taxes	84.4	86.5	2.1	2.5%
<b><u>At Present Rates</u></b>				
3a Operating Revenue <i>EXCLUDING</i> Uncollectibles	13,274.8	13,106.9	(167.9)	-1.3%
4a <i>Effective Local Franchise Tax Rate</i>	<u>0.787%</u>	<u>0.787%</u>	<u>0.000%</u>	<u>0.0%</u>
5a Franchise Taxes on applicable op. revenues	104.4	103.1	(1.3)	-1.3%
6a Total Taxes Other Than Income, At Present Rates	736.1	751.1	15.0	2.0%
<b><u>At Proposed Rates</u></b>				
7a Operating Revenue <i>EXCLUDING</i> Uncollectibles	10,840.1	12,712.8	1,872.8	17.3%
8a <i>Effective Local Franchise Tax Rate</i>	<u>0.787%</u>	<u>0.787%</u>	<u>0.000%</u>	<u>0.0%</u>
9a Franchise Taxes on applicable op. revenues	85.3	100.0	14.7	17.3%
10a Total Taxes Other Than Income, At Proposed Rates	716.9	748.0	31.1	4.3%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Ad Valorem Taxes	556.6	588.5	31.8	5.7%
2b Payroll Taxes	85.6	87.9	2.3	2.7%
<b><u>At Present Rates</u></b>				
3b Operating Revenue <i>EXCLUDING</i> Uncollectibles	13,174.0	13,009.0	(165.0)	-1.3%
4b <i>Effective Local Franchise Tax Rate</i>	<u>0.787%</u>	<u>0.787%</u>	<u>0.000%</u>	<u>0.0%</u>
5b Franchise Taxes on applicable op. revenues	103.6	102.3	(1.3)	-1.3%
6b Total Taxes Other Than Income, At Present Rates	745.9	778.7	32.8	4.4%
<b><u>At Proposed Rates</u></b>				
7b Operating Revenue <i>EXCLUDING</i> Uncollectibles	11,154.1	13,553.3	2,399.2	21.5%
8b <i>Effective Local Franchise Tax Rate</i>	<u>0.787%</u>	<u>0.787%</u>	<u>0.000%</u>	<u>0.0%</u>
9b Franchise Taxes on applicable op. revenues	87.7	106.6	18.9	21.5%
10b Total Taxes Other Than Income, At Proposed Rates	730.0	783.0	53.0	7.3%

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**TABLE 6-1**  
**TAXES BASED ON INCOME - TEST YEAR AT PRESENT RATES**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Operating Revenues at Present Rates	13,274.8	13,106.9	(167.9)	-1.3%
	<u>Common Deductions:</u>				
2	Operating Expenses	8,933.2	9,865.3	932.1	10.4%
3	Book Depreciation - District	(1,675.5)	(1,789.0)	(113.5)	6.8%
4	Book Depreciation - G.O.	(256.7)	(293.6)	(36.8)	14.4%
5	Interest	559.1	753.4	194.3	34.8%
6	Deductions excluding Depreciation	7,560.1	8,536.2	976.1	12.9%
	State Tax Calculation				
7	Taxable Income before Tax Depreciation and Other Sch M's	5,714.7	4,570.7	(1,144.0)	-20.0%
	<u>Additional (Deduct):</u>				
8	Tax Depreciation-State	(1,326.4)	(1,476.7)	(150.3)	11.3%
9	Other Schedule M Items	49.0	56.0	7.0	14.2%
10	Subtotal	(1,277.3)	(1,420.7)	(143.4)	11.2%
	<u>Federal Tax Deductions</u>				
11	Book Depreciation - District	(1,675.5)	(1,789.0)	(113.5)	6.8%
12	Book Depreciation - G.O.	(256.7)	(293.6)	(36.8)	14.4%
13	Excess Tax Depreciation Flow Through	53.2	53.2	0.0	0.0%
14	Calif. Corporation Franchise Tax	(392.3)	(278.5)	113.8	-29.0%
15	Other Schedule M Items	(172.9)	(169.1)	3.8	-2.2%
16	Def Rev Amort-Contrib	0.0	48.4	48.4	0.0%
	<u>California Corporate Franchise Tax (CCFT)</u>				
17	Taxable Income for CCFT	4,437.4	3,150.0	(1,287.4)	-29.0%
18	CCFT Rate	8.84%	8.84%		
19	Total CCFT	392.3	278.5	(113.8)	-29.0%
	<u>Federal Income Tax (FIT)</u>				
20	Taxable Income for FIT	3,270.5	2,142.2	(1,128.3)	-34.5%
21	FIT Rate	35.00%	35.00%		
22	Total FIT	1,144.7	749.8	(1,128.3)	-34.5%
23	Total Income Taxes for Revenues at Present Rates	1,536.9	1,028.2	(508.7)	-33.1%

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**TABLE 6-2**  
**TAXES BASED ON INCOME - TEST YEAR AT PROPOSED RATES**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Operating Revenues at Proposed Rates	10,886.8	12,712.8	1,826.0	16.8%
	<u>Common Deductions:</u>				
2	Operating Expenses	8,904.2	9,860.6	956.3	10.7%
3	Book Depreciation - District	(1,675.5)	(1,789.0)	(113.5)	6.8%
4	Book Depreciation - G.O.	(256.7)	(293.6)	(36.8)	14.4%
5	Interest	559.1	753.4	194.3	34.8%
				0.0	0.0%
6	Deductions excluding Depreciation	7,531.0	8,531.4	1,000.3	13.3%
	State Tax Calculation				
7	Taxable Income before Tax Depreciation and Other Sch M's	3,355.8	4,181.4	825.7	24.6%
	<u>Additional (Deduct):</u>				
8	Tax Depreciation-State	(1,326.4)	(1,476.7)	(150.3)	11.3%
9	Other Schedule M Items	49.0	56.0	7.0	14.2%
10	Subtotal	(1,277.3)	(1,420.7)	(143.4)	11.2%
	<u>Federal Tax Deductions</u>				
11	Book Depreciation - District	(1,675.5)	(1,789.0)	(113.5)	6.8%
12	Book Depreciation - G.O.	(256.7)	(293.6)	(36.8)	14.4%
13	Excess Tax Depreciation Flow Through	53.2	53.2	0.0	0.0%
14	Calif. Corporation Franchise Tax	(392.3)	(278.5)	113.8	-29.0%
15	Other Schedule M Items	(172.9)	(169.1)	3.8	-2.2%
16	Def Rev Amort-Contrib	0.0	48.4	48.4	0.0%
	<u>California Corporate Franchise Tax (CCFT)</u>				
17	Taxable Income for CCFT	2,078.4	2,760.8	682.3	32.8%
18	CCFT Rate	8.84%	8.84%		
19	Total CCFT	183.7	244.1	60.3	32.8%
	<u>Federal Income Tax (FIT)</u>				
20	Taxable Income for FIT	911.6	1,752.9	841.4	92.3%
21	FIT Rate	35.00%	35.00%		
22	Total FIT	319.0	613.5	294.5	92.3%
23	Total Income Taxes for Revenues at Proposed Rates	502.8	857.6	354.8	70.6%

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**TABLE 7-1**  
**UTILITY PLANT IN SERVICE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Plant in Service - Beginning of Year	115,594.5	118,592.3	2,997.8	2.6%
<u>Gross Additions:</u>				
2a Company-funded plant	2,191.7	6,022.7	3,830.9	174.8%
3a Advances	0.0	0.0	0.0	0.0%
4a Contributions	0.0	0.0	0.0	0.0%
5a Total Gross Additions	2,191.7	6,022.7	3,830.9	174.8%
6a Adjustments	0.0	255.4	255.4	0.0%
7a Retirements	(209.0)	(574.3)	(365.3)	174.8%
8a Net Additions	1,982.7	5,703.8	3,721.0	187.7%
9a Plant in Service - End of Year	117,577.2	124,296.1	6,718.9	5.7%
10a <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11a Weighted Average Plant in Service	116,585.8	121,444.2	4,858.3	4.2%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Plant in Service - Beginning of Year	117,577.2	124,296.1	6,718.9	5.7%
<u>Gross Additions:</u>				
2b Company-funded plant	1,684.4	5,054.5	3,370.1	200.1%
3b Advances	0.0	0.0	0.0	0.0%
4b Contributions	0.0	0.0	0.0	0.0%
5b Total Gross Additions	1,684.4	5,054.5	3,370.1	200.1%
6b Adjustments	0.0	0.0	0.0	0.0%
7b Retirements	(160.6)	(481.9)	(321.3)	200.1%
8b Net Additions	1,523.8	4,572.5	3,048.7	200.1%
9b Plant in Service - End of Year	119,101.0	128,868.6	9,767.6	8.2%
10b <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11b Weighted Average Plant in Service	118,339.1	126,582.3	8,243.2	7.0%

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**TABLE 8-1**  
**DEPRECIATION RESERVE & EXPENSE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Depreciation Reserve - Beginning of Year	45,249.9	44,962.8	(287.1)	-0.6%
<u>Accruals:</u>				
2a Clearing Accounts	0.0	0.0	0.0	0.0%
3a Contributions	1,174.8	1,174.8	0.0	0.0%
4a Expenses	1,675.5	1,789.0	113.5	6.8%
5a Total Accruals	<u>2,850.3</u>	<u>2,963.8</u>	113.5	4.0%
<u>Retirements and Adjustments:</u>				
6a Net Retirements	(209.0)	(574.3)	(365.3)	174.8%
7a Adjustments	0.0	121.4	121.4	0.0%
8a Total Retirement and Adjustments	<u>(209.0)</u>	<u>(452.9)</u>	(243.9)	116.7%
9a Net Additions	2,641.3	2,510.9	(130.4)	-4.9%
10a Depreciation Reserve - End of Year	47,891.2	47,473.7	(417.6)	-0.9%
11a <i>Depreciation Reserve Weighting Factor</i>	<u>50.00%</u>	<u>50.00%</u>	<u>0.00%</u>	<u>0.0%</u>
12a Weighted Average Depreciation Reserve	46,570.6	46,218.2	(352.4)	-0.8%
13a <i>Deprec. expense for summary of earnings calc.</i>	1,675.5	1,789.0	113.5	6.8%
<hr/>				
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Depreciation Reserve - Beginning of Year	47,891.2	47,473.7	(417.6)	-0.9%
<u>Accruals:</u>				
2b Clearing Accounts	0.0	0.0	0.0	0.0%
3b Contributions	1,174.8	1,174.8	0.0	0.0%
4b Expenses	1,718.9	1,916.2	197.3	11.5%
5b Total Accruals	<u>2,893.7</u>	<u>3,091.0</u>	197.3	6.8%
<u>Retirements and Adjustments:</u>				
6b Net Retirements	(160.6)	(481.9)	(321.3)	200.1%
7b Adjustments	0.0	0.0	0.0	0.0%
8b Total Retirement and Adjustments	<u>(160.6)</u>	<u>(481.9)</u>	(321.3)	200.1%
9b Net Additions	2,733.1	2,609.0	(124.1)	-4.5%
10b Depreciation Reserve - End of Year	50,624.3	50,082.7	(541.7)	-1.1%
11b <i>Depreciation Reserve Weighting Factor</i>	<u>50.00%</u>	<u>50.00%</u>	<u>0.00%</u>	<u>0.0%</u>
12b Weighted Average Depreciation Reserve	49,257.8	48,778.2	(479.6)	-1.0%
13b <i>Deprec. expense for summary of earnings calc.</i>	1,718.9	1,916.2	197.3	11.5%

**REGION I - ARDEN CORDOVA CSA**  
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**TABLE 9-1**  
**WEIGHTED AVERAGE RATE BASE - TEST YEAR**

Test Year 2016 (\$000)	ORA	GSWC	GSWC > ORA	
1 Weighted Average Plant In Service	116,585.8	121,444.2	4,858.3	4.2%
2 Weighted Average Depreciation Reserve	(46,570.6)	(46,218.2)	352.4	-0.8%
3 Net Utility Plant	70,015.3	75,226.0	5,210.7	7.4%
<u>Deductions from Rate Base:</u>				
4 Contribution In Aid of Construction	(28,870.7)	(28,761.1)	109.7	-0.4%
5 Advances in Construction	(20,921.2)	(20,921.2)	0.0	0.0%
6 Investment Tax Credit	(184.7)	(184.7)	0.0	0.0%
7 Deferred Income Taxes	(7,126.4)	(6,530.5)	596.0	-8.4%
8 Deferred Revenues	(432.9)	(432.9)	0.0	0.0%
9 Total Deductions from Rate Base	(57,536.0)	(56,830.4)	705.6	-1.2%
<u>Additions to Rate Base:</u>				
Working Capital:				
10 Materials & Supplies	79.4	79.4	0.0	0.0%
11 Allowance for Working Cash	654.1	283.1	(370.9)	-56.7%
12 Total Working Capital	733.5	362.6	(370.9)	-50.6%
13 Utility Plant under Construction	3,441.1	3,443.8	2.7	0.1%
14 Acquisition Adjustment	0.0	0.0	0.0	0.0%
15 Total Additions to Rate Base	4,174.6	3,806.4	(368.2)	-8.8%
16 Weighted Average Rate Base, District	16,653.9	22,202.0	5,548.1	33.3%
17 Common Utility Allocation	1,094.0	1,715.3	621.2	56.8%
18 Total Weighted Average Rate Base	17,747.9	23,917.2	6,169.4	34.8%
<u>Interest Calculation (for Tax Deductions):</u>				
19 Weighted Avg. Rate Base	17,747.9	23,917.2	6,169.4	34.8%
20 Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21 Interest Expense	559.1	753.4	194.3	34.8%

**REGION I - ARDEN CORDOVA CSA**  
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**TABLE 9-2**  
**WEIGHTED AVERAGE RATE BASE - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	118,339.1	126,582.3	8,243.2	7.0%
2	Weighted Average Depreciation Reserve	(49,257.8)	(48,778.2)	479.6	-1.0%
3	Net Utility Plant	69,081.3	77,804.1	8,722.8	12.6%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(27,695.9)	(27,586.2)	109.7	-0.4%
5	Advances in Construction	(20,209.7)	(20,209.7)	0.0	0.0%
6	Investment Tax Credit	(176.0)	(176.0)	0.0	0.0%
7	Deferred Income Taxes	(7,597.5)	(6,933.8)	663.6	-8.7%
8	Deferred Revenues	(432.9)	(432.9)	0.0	0.0%
9	Total Deductions from Rate Base	(56,111.9)	(55,338.6)	773.3	-1.4%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	79.4	79.4	0.0	0.0%
11	Allowance for Working Cash	654.1	283.1	(370.9)	-56.7%
12	Total Working Capital	733.5	362.6	(370.9)	-50.6%
13	Utility Plant under Construction	3,441.1	3,443.8	2.7	0.1%
14	Acquisition Adjustment	0.0	0.0	0.0	0.0%
15	Total Additions to Rate Base	4,174.6	3,806.4	(368.2)	-8.8%
16	Weighted Average Rate Base, District	17,144.0	26,271.9	9,127.9	53.2%
17	Common Utility Allocation	890.1	1,768.6	878.5	98.7%
18	Total Weighted Average Rate Base	<b>18,034.0</b>	<b>28,040.5</b>	10,006.4	55.5%
<u>Interest Calculation (for Tax Deductions):</u>					
19	Weighted Avg. Rate Base	18,034.0	28,040.5	10,006.4	55.5%
20	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21	Interest Expense	568.1	883.3	315.2	55.5%

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**REGION I - BAY POINT CSA**  
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<b>REVENUE INCREASES</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>
1. Test Year 2016 Increase (in dollars)	-\$297,056	\$20,199	\$317,254
2. Test Year 2016 Increase	-5.1%	0.3%	5.5%
3. Escalation Year 2017 Increase	0.3%	2.0%	1.7%
4. Escalation Year 2018 Increase	-0.1%	1.9%	2.0%

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**REGION I - BAY POINT CSA**  
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**TABLE 1-1**  
**SUMMARY OF EARNINGS - TEST YEAR**

Test Year 2016 (\$000)	ORA- Present Rates	GSWC- Present Rates	GSWC > ORA	
<b>1a Operating Revenues</b>	<b>5,814.8</b>	<b>5,808.0</b>	<b>(6.9)</b>	<b>-0.1%</b>
<u>Operating Expenses:</u>				
2a Operation & Maintenance	2,378.8	2,269.1	(109.7)	-4.6%
3a Administrative & General	250.1	287.2	37.1	14.8%
4a Payroll	368.4	383.3	14.9	4.0%
5a General Office - <i>prorated expenses</i>	662.6	810.6	148.0	22.3%
6a Depreciation Expense	470.0	486.6	16.6	3.5%
7a Taxes Other Than Income	217.7	221.6	3.9	1.8%
8a California Corporate Franchise Tax	96.6	82.5	(14.0)	-14.5%
9a Federal Income Tax	358.4	317.5	(40.9)	-11.4%
10a Total Operating Expenses	4,802.5	4,858.5	56.0	1.2%
11a Net Operating Revenues	1,012.3	949.5	(62.9)	-6.2%
12a Weighted Average Rate Base	10,141.8	11,488.3	1,346.5	13.3%
13a <b>Return on Rate Base</b>	<b>9.98%</b>	<b>8.26%</b>	<b>-1.72%</b>	<b>-17.2%</b>
Test Year 2016 (\$000)	ORA- Proposed Rates	GSWC- Proposed Rates	GSWC > ORA	
<b>1b Operating Revenues</b>	<b>5,512.3</b>	<b>5,823.7</b>	<b>311.3</b>	<b>5.6%</b>
<u>Operating Expenses:</u>				
2b Operation & Maintenance	2,376.8	2,269.2	(107.6)	-4.5%
3b Administrative & General	250.1	287.2	37.1	14.8%
4b Payroll	368.4	383.3	14.9	4.0%
5b General Office - <i>prorated expenses</i>	662.6	810.6	148.0	22.3%
6b Depreciation Expense	470.0	486.6	16.6	3.5%
7b Taxes Other Than Income	213.9	221.8	7.9	3.7%
8b California Corporate Franchise Tax	70.3	83.9	13.6	19.4%
9b Federal Income Tax	254.3	322.9	68.6	27.0%
10b Total Operating Expenses	4,666.5	4,865.5	199.0	4.3%
11b Net Operating Revenues	845.8	958.1	112.3	13.3%
12b Weighted Average Rate Base	10,141.8	11,488.3	1,346.5	13.3%
13b <b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.00%</b>	<b>0.0%</b>

**REGION I - BAY POINT CSA**  
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**TABLE 1-2**  
**SUMMARY OF EARNINGS - ESCALATION YEARS**

For Illustrative Purposes	(\$000)	ORA 2017	ORA 2018	2017-2018 Increase	
1	<u>Operating Revenues</u>	5,567.7	5,649.1	81.4	1.5%
2	<u>Operating Expenses:*</u>				
3	Operation & Maintenance	2,398.6	2,453.2	54.7	2.3%
4	Administrative & General	252.9	258.7	5.8	2.3%
5	Payroll	373.5	378.0	4.5	1.2%
6	G.O. Prorated Expenses	673.7	689.1	15.4	2.3%
7	Depreciation Expense	477.8	488.6	10.9	2.3%
8	Taxes Other Than Income	216.6	221.6	4.9	2.3%
9	California Corporate Franchise Tax	72.5	71.2	(1.3)	-1.8%
10	Federal Income Tax	264.3	259.1	(5.2)	-2.0%
11	Total Operating Expenses	<u>4,730.0</u>	<u>4,819.7</u>	89.6	1.9%
12	Net Operating Revenues	837.6	829.4	(8.2)	-1.0%
13	Weighted Average Rate Base	<u>10,043.5</u>	<u>9,945.3</u>	(98.3)	-1.0%
14	<b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.0</b>	<b>0.0%</b>

\* Assumed escalation factors of 2.28% for composite and 1.20% for labor, for 2018.

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**TABLE 2-1**  
**WATER SALES PER CUSTOMER (OR PER CONNECTION)**

<b>Test Year 2016 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1a Residential	103.1	103.1	0.0	0.0%
2a Commercial	948.1	948.1	0.0	0.0%
3a Industrial	12,588.3	12,588.3	0.0	0.0%
4a Public Authority	1,724.0	1,724.0	0.0	0.0%
5a Irrigation	1,007.4	1,007.4	0.0	0.0%
6a Resale	0.0	0.0	0.0	0.0%
7a Contract	0.0	0.0	0.0	0.0%
8a Other	0.0	0.0	0.0	0.0%
<b>FLAT RATE</b>				
9a Commercial	0.0	0.0	0.0	0.0%
10a Public Authority	0.0	0.0	0.0	0.0%
11a Private Fire Protection	0.5	0.5	0.0	0.0%
<b>Escalation Year 2017 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1b Residential	103.1	103.1	0.0	0.0%
2b Commercial	948.1	948.1	0.0	0.0%
3b Industrial	12,588.3	12,588.3	0.0	0.0%
4b Public Authority	1,724.0	1,724.0	0.0	0.0%
5b Irrigation	1,007.4	1,007.4	0.0	0.0%
6b Resale	0.0	0.0	0.0	0.0%
7b Contract	0.0	0.0	0.0	0.0%
8b Other	0.0	0.0	0.0	0.0%
<b>FLAT RATE</b>				
9b Commercial	0.0	0.0	0.0	0.0%
10b Public Authority	0.0	0.0	0.0	0.0%
11b Private Fire Protection	0.0	0.0	0.0	0.0%

\* Hundred cubic feet per connection per year.

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**TABLE 2-2**  
**AVERAGE NUMBER OF CUSTOMERS (SERVICE CONNECTIONS)**

<b>Test Year 2016</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1a	Residential	4,761	4,761	0	0%
2a	Commercial	218	218	0	0%
3a	Industrial	7	7	0	0%
4a	Public Authority	16	16	0	0%
5a	Irrigation	36	36	0	0%
6a	Resale	0	0	0	0%
7a	Contract	0	0	0	0%
8a	Other	2	2	0	0%
9a	Total Number of Metered Connections	5,040	5,040	0	0%
<u>Flat Rate Connections:</u>					
10a	Commercial	0	0	0	0%
11a	Public Authority	0	0	0	0%
12a	Private Fire	32	32	0	0%
<u>Total Number of Connections:</u>					
13a	Including Fire Protection	5,071	5,071	0	0%
14a	Excluding Fire Protection	5,040	5,040	0	0%
<b>Escalation Year 2017</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1b	Residential	4,797	4,797	0	0%
2b	Commercial	223	223	0	0%
3b	Industrial	7	7	0	0%
4b	Public Authority	16	16	0	0%
5b	Irrigation	35	35	0	0%
6b	Resale	0	0	0	0%
7b	Contract	0	0	0	0%
8b	Other	2	2	0	0%
9b	Total Number of Metered Connections	5,079	5,079	0	0%
<u>Flat Rate Connections:</u>					
10b	Commercial	0	0	0	0%
11b	Public Authority	0	0	0	0%
12b	Private Fire	32	32	0	0%
<u>Total Number of Connections:</u>					
13b	Including Fire Protection	5,111	5,111	0	0%
14b	Excluding Fire Protection	5,079	5,079	0	0%

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**TABLE 2-3**  
**TOTAL SALES AND SUPPLY**

<b>Test Year 2016 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1a	Residential	491.0	491.0	0	0.0%
2a	Commercial	206.7	206.7	0	0.0%
3a	Industrial	88.1	88.1	0	0.0%
4a	Public Authority	27.6	27.6	0	0.0%
5a	Irrigation	36.3	36.3	0	0.0%
6a	Resale	0.0	0.0	0	0.0%
7a	Contract	0.0	0.0	0	0.0%
8a	Other	0.0	0.0	0	0.0%
9a	Total Metered Connections' Sales	849.6	849.6	0	0.0%
10a	<u>Total Flat Rate Connections' Sales</u>	0.0	0.0	0	0.0%
11a	<u>Total Sales</u>	849.7	849.7	0	0.0%
12a	<i>Water Loss Rate % *</i>	12.32%	12.26%	-0.1%	-0.5%
13a	Water Loss	119.3	119.3	0	0.0%
14a	<b>Total Requirement (Sales + Water Loss) **</b>	<b>969.0</b>	<b>969.0</b>	<b>0</b>	<b>0.0%</b>
15a	Total Requirement in Acre Feet	2,224.5	2,224.5	0	0.0%
<b>WATER SUPPLY MIX:</b>					
16a	Well Water	101.3	101.3	0	0.0%
17a	Purchased Water	867.7	872.4	5	0.5%
18a	<b>Total Supply *</b>	<b>969.0</b>	<b>973.7</b>	<b>5</b>	<b>0.5%</b>
<b>Escalation Year 2017 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1b	Residential	494.7	494.7	0	0.0%
2b	Business	211.4	211.4	0	0.0%
3b	Multiple Family	88.1	88.1	0	0.0%
4b	Industrial	27.6	27.6	0	0.0%
5b	Public Authority	34.8	34.8	0	0.0%
6b	Resale	0.0	0.0	0	0.0%
7b	Contract	0.0	0.0	0	0.0%
8b	Other	0.0	0.0	0	0.0%
9b	Total Metered Connections' Sales	856.6	856.6	0	0.0%
10b	<u>Total Flat Rate Connections' Sales</u>	0.0	0.0	0	0.0%
11b	<u>Total Sales</u>	856.6	856.6	0	0.0%
12b	<i>Water Loss Rate % *</i>	12.32%	12.26%	-0.1%	-0.5%
13b	Water Loss	120.3	120.3	0	0.0%
14b	<b>Total Requirement (Sales + Water Loss) **</b>	<b>976.9</b>	<b>976.9</b>	<b>0</b>	<b>0.0%</b>
15b	Total Requirement in Acre Feet	2,242.6	2,242.6	0	0.0%
<b>WATER SUPPLY MIX:</b>					
16b	Well Water	101.3	101.3	0	0.0%
17b	Purchased Water	875.6	880.3	5	0.5%
18b	<b>Total Supply **</b>	<b>976.9</b>	<b>981.6</b>	<b>5</b>	<b>0.5%</b>

\* Sum of % used in operations and unaccounted for water %

\*\* Total Requirement and Total Supply may differ slightly due to rounding.

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**TABLE 2-4**  
**OPERATING REVENUES AT PRESENT RATES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	3,530.5	3,530.5	0.0	0.0%
2	Commercial	1,356.3	1,356.3	0.0	0.0%
3	Industrial	438.0	438.0	0.0	0.0%
4	Public Authority	179.4	179.4	0.0	0.0%
5	Irrigation	255.0	255.0	0.0	0.0%
6	Resale	0.0	0.0	0.0	0.0%
7	Other	4.4	4.4	0.0	0.0%
8	Total Metered Revenues	5,763.6	5,763.6	0.0	0.0%
<u>Flat Rate Revenues:</u>					
9	Commercial	0.0	0.0	0.0	0.0%
10	Public Authority	0.0	0.0	0.0	0.0%
11	Private Fire	15.7	15.7	0.0	0.0%
12	Total Flat Rate Revenues	15.7	15.7	0.0	0.0%
<u>Miscellaneous:</u>					
13	Misc. Service	28.6	28.6	0.0	0.0%
14	Rent	6.9	0.0	(6.9)	-99.9%
15	Other	0.0	0.0	0.0	0.0%
16	Total Other Revenues	35.5	28.6	(6.9)	-19.4%
17	Total Revenues at Present Rates, Test Year 2016	5,814.8	5,808.0	(6.9)	-0.1%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	3,557.1	3,557.1	0.0	0.0%
2	Commercial	1,383.7	1,383.7	0.0	0.0%
3	Industrial	438.0	438.0	0.0	0.0%
4	Public Authority	179.4	179.4	0.0	0.0%
5	Irrigation	244.7	244.7	0.0	0.0%
6	Resale	0.0	0.0	0.0	0.0%
7	Other	4.4	4.4	0.0	0.0%
8	Total Metered Revenues	5,807.4	5,807.4	0.0	0.0%
<u>Flat Rate Revenues:</u>					
9	Commercial	0.0	0.0	0.0	0.0%
10	Public Authority	0.0	0.0	0.0	0.0%
11	Private Fire	15.8	15.8	0.0	0.0%
12	Total Flat Rate Revenues	15.8	15.8	0.0	0.0%
<u>Miscellaneous:</u>					
13	Misc. Service	28.6	28.6	0.0	0.0%
14	Rent	6.9	0.0	(6.9)	-99.9%
15	Other	0.0	0.0	0.0	0.0%
16	Total Other Revenues	35.5	28.6	(6.9)	-19.4%
17	Total Revenues at Present Rates, Escal. Year 2017	5,858.7	5,851.8	(6.9)	-0.1%

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**TABLE 3-1**  
**OPERATIONS & MAINTENANCE EXPENSES - TEST YEAR**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Operations Expenses:</u>				
1 Purchased Water	2,049.1	1,918.5	(130.7)	-6.4%
2 Purchased Power	102.3	102.3	0.0	0.0%
3 Pump Taxes	0.0	0.0	0.0	0.0%
4 Total Supply Expenses	2,151.5	2,020.8	(130.7)	-6.1%
5 Chemicals	3.0	3.0	0.0	0.0%
6 Allocated GO - Billing and Cash Processing	102.2	105.4	3.2	3.2%
7 Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8 Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9 Postage	0.0	0.0	0.0	0.0%
10 Operation Labor	301.2	313.4	12.2	4.0%
11 Other Operation Expenses	69.1	88.8	19.7	28.5%
12 Conservation	12.2	12.2	(0.0)	-0.1%
13 Total Operations Expenses	2,639.2	2,543.7	(95.6)	-3.6%
<u>Maintenance Expenses:</u>				
14 Maintenance Labor	27.5	28.6	1.1	4.0%
15 Other Maintenance Expenses	105.8	107.2	1.4	1.3%
16 Total Maintenance Expenses	133.3	135.7	2.5	1.9%
17 Total O&M excluding A&G	2,772.5	2,679.4	(93.1)	-3.4%
<u>At Present Rates</u>				
18 Operating Revenues	5,814.8	5,808.0	(6.9)	-0.1%
19 <i>Uncollectible Rate</i>	<i>0.6391%</i>	<i>0.6391%</i>	<i>0.0000%</i>	<i>0.0%</i>
20 Uncollectibles Expense	37.2	37.1	(0.0)	-0.1%
21 Total O&M Expenses including Uncollectibles	2,809.6	2,716.5	(93.1)	-3.3%
<u>At Proposed Rates</u>				
22 Operating Revenues	5,512.3	5,823.7	311.3	5.6%
23 <i>Uncollectible Rate</i>	<i>0.6391%</i>	<i>0.6391%</i>	<i>0.0000%</i>	<i>0.0%</i>
24 Uncollectibles Expense	35.2	37.2	2.0	5.6%
25 Total O&M Expenses including Uncollectibles	2,807.7	2,716.6	(91.1)	-3.2%

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**TABLE 3-2**  
**OPERATIONS & MAINTENANCE EXPENSES - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>					
1	Purchased Water	2,064.9	1,934.3	(130.7)	-6.3%
2	Purchased Power	102.6	102.6	0.0	0.0%
3	Pump Taxes	0.0	0.0	0.0	0.0%
4	Total Supply Expenses	2,167.5	2,036.8	(130.7)	-6.0%
5	Chemicals	3.1	3.1	0.0	0.7%
6	Allocated GO - Billing and Cash Processing	103.9	107.8	3.9	3.7%
7	Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8	Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9	Postage	0.0	0.0	0.0	0.0%
10	Operation Labor	305.4	319.8	14.4	4.7%
11	Other Operation Expenses	71.2	91.5	20.3	28.5%
12	Conservation	12.2	12.6	0.4	2.9%
13	Total Operations Expenses	2,663.3	2,571.6	(91.7)	-3.4%
<u>Maintenance Expenses:</u>					
14	Maintenance Labor	27.9	29.2	1.3	4.7%
15	Other Maintenance Expenses	109.0	110.4	1.4	1.3%
16	Total Maintenance Expenses	136.8	139.6	2.7	2.0%
17	Total O&M excluding A&G	2,800.2	2,711.2	(89.0)	-3.2%
<u>At Present Rates</u>					
18	Operating Revenues	5,858.7	5,851.8	(6.9)	-0.1%
19	Uncollectible Rate	0.6391%	0.6391%	0.0000%	0.0%
20	Uncollectibles Expense	37.4	37.4	(0.0)	-0.1%
21	Total O&M Expenses including Uncollectibles	2,837.6	2,748.6	(89.0)	-3.1%
<u>At Proposed Rates</u>					
22	Operating Revenues	5,567.7	5,982.7	415.0	7.5%
23	Uncollectible Rate	0.6391%	0.6391%	0.0000%	0.0%
24	Uncollectibles Expense	35.6	38.2	2.7	7.5%
25	Total O&M Expenses including Uncollectibles	2,835.7	2,749.4	(86.3)	-3.0%

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**TABLE 4-1**  
**ADMINISTRATIVE & GENERAL EXPENSES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1a	Office Supplies & Expenses	50.6	54.9	4.3	8.6%
2a	Property Insurance	0.0	0.0	0.0	0.0%
3a	Injuries and Damages	26.1	30.6	4.5	17.1%
4a	Pension and Benefits	125.7	141.7	16.0	12.8%
5a	Business Meals	0.8	0.8	0.0	1.3%
6a	Regulatory Expenses	0.0	0.0	0.0	0.0%
7a	Outside Services	18.6	30.2	11.6	62.6%
8a	Miscellaneous	0.2	0.6	0.4	260.2%
9a	Allocated GO- Corporate Support	226.5	293.1	66.6	29.4%
10a	Allocated GO- Centralized Operations Support	203.5	265.6	62.0	30.5%
11a	Allocated District Office Expenses	130.4	146.5	16.1	12.4%
12a	Other Maintenance of General Plant	3.8	4.0	0.2	5.8%
13a	Rent	24.5	24.5	0.0	0.0%
14a	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15a	A&G Labor	39.7	41.3	1.6	4.0%
16a	Total A&G and Miscellaneous Adjustments	850.2	1,033.7	183.5	21.6%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1b	Office Supplies & Expenses	52.1	56.6	4.5	8.6%
2b	Property Insurance	0.0	0.0	0.0	0.0%
3b	Injuries and Damages	26.8	31.4	4.6	17.1%
4b	Pension and Benefits	124.9	144.1	19.3	15.4%
5b	Business Meals	0.8	0.8	0.0	1.3%
6b	Regulatory Expenses	0.0	0.0	0.0	0.0%
7b	Outside Services	19.1	31.0	11.9	62.6%
8b	Miscellaneous	0.2	0.6	0.4	260.2%
9b	Allocated GO- Corporate Support	231.1	299.4	68.4	29.6%
10b	Allocated GO- Centralized Operations Support	206.6	271.8	65.2	31.6%
11b	Allocated District Office Expenses	132.2	149.7	17.5	13.2%
12b	Other Maintenance of General Plant	3.9	4.2	0.2	5.8%
13b	Rent	25.2	25.2	0.0	0.0%
14b	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15b	A&G Labor	40.3	42.2	1.9	4.7%
16b	Total A&G and Miscellaneous Adjustments	863.0	1,056.9	193.9	22.5%

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**TABLE 5-1**  
**TAXES OTHER THAN INCOME**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Ad Valorem Taxes	121.8	124.5	2.8	2.3%
2a Payroll Taxes	30.7	32.0	1.2	4.0%
<b><u>At Present Rates</u></b>				
3a Operating Revenue <i>EXCLUDING</i> Uncollectibles *	5,814.8	5,808.0	(6.9)	-0.1%
4a <i>Effective Local Franchise Tax Rate</i>	<u>1.122%</u>	<u>1.122%</u>	<u>0.000%</u>	<u>0.0%</u>
5a Franchise Taxes on applicable op. revenues	65.2	65.1	(0.1)	-0.1%
6a Total Taxes Other Than Income, At Present Rates	217.7	221.6	3.9	1.8%
<b><u>At Proposed Rates</u></b>				
7a Operating Revenue <i>EXCLUDING</i> Uncollectibles *	5,477.1	5,823.7	346.6	6.3%
8a <i>Effective Local Franchise Tax Rate</i>	<u>1.122%</u>	<u>1.122%</u>	<u>0.000%</u>	<u>0.0%</u>
9a Franchise Taxes on applicable op. revenues	61.4	65.3	3.9	6.3%
10a Total Taxes Other Than Income, At Proposed Rates	213.9	221.8	7.9	3.7%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Ad Valorem Taxes	123.4	128.5	5.1	4.1%
2b Payroll Taxes	31.2	32.7	1.5	4.7%
<b><u>At Present Rates</u></b>				
3b Operating Revenue <i>EXCLUDING</i> Uncollectibles	5,858.7	5,851.8	(6.9)	-0.1%
4b <i>Effective Local Franchise Tax Rate</i>	<u>1.122%</u>	<u>1.122%</u>	<u>0.000%</u>	<u>0.0%</u>
5b Franchise Taxes on applicable op. revenues	65.7	65.6	(0.1)	-0.1%
6b Total Taxes Other Than Income, At Present Rates	220.3	226.8	6.5	3.0%
<b><u>At Proposed Rates</u></b>				
7b Operating Revenue <i>EXCLUDING</i> Uncollectibles	5,532.1	5,982.7	450.6	8.1%
8b <i>Effective Local Franchise Tax Rate</i>	<u>1.122%</u>	<u>1.122%</u>	<u>0.000%</u>	<u>0.0%</u>
9b Franchise Taxes on applicable op. revenues	62.0	67.1	5.1	8.1%
10b Total Taxes Other Than Income, At Proposed Rates	216.6	228.3	11.6	5.4%

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**TABLE 6-1**  
**TAXES BASED ON INCOME - TEST YEAR AT PRESENT RATES**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Operating Revenues at Present Rates	5,814.8	5,808.0	(6.9)	-0.1%
	<u>Common Deductions:</u>				
2	Operating Expenses	4,347.6	4,458.4	110.9	2.6%
3	Book Depreciation - District	(470.0)	(486.6)	(16.6)	3.5%
4	Book Depreciation - G.O.	(53.8)	(61.4)	(7.7)	14.2%
5	Interest	319.5	361.9	42.4	13.3%
6	Deductions excluding Depreciation	4,143.2	4,272.3	129.0	3.1%
	State Tax Calculation				
7	Taxable Income before Tax Depreciation and Other Sch M's	1,671.6	1,535.7	(135.9)	-8.1%
	<u>Additional (Deduct):</u>				
8	Tax Depreciation-State	(589.5)	(613.8)	(24.2)	4.1%
9	Other Schedule M Items	10.3	11.8	1.5	14.2%
10	Subtotal	(579.2)	(602.0)	(22.8)	3.9%
	<u>Federal Tax Deductions</u>				
11	Book Depreciation - District	(470.0)	(486.6)	(16.6)	3.5%
12	Book Depreciation - G.O.	(53.8)	(61.4)	(7.7)	14.2%
13	Excess Tax Depreciation Flow Through	8.9	8.9	0.0	0.0%
14	Calif. Corporation Franchise Tax	(96.6)	(82.5)	14.0	-14.5%
15	Other Schedule M Items	(36.3)	(35.5)	0.8	-2.2%
16	Def Rev Amort-Contrib	0.0	28.6	28.6	0.0%
	<u>California Corporate Franchise Tax (CCFT)</u>				
17	Taxable Income for CCFT	1,092.4	933.7	(158.7)	-14.5%
18	CCFT Rate	8.84%	8.84%		
19	Total CCFT	96.6	82.5	(14.0)	-14.5%
	<u>Federal Income Tax (FIT)</u>				
20	Taxable Income for FIT	1,023.9	907.2	(116.7)	-11.4%
21	FIT Rate	35.00%	35.00%		
22	Total FIT	358.4	317.5	(116.7)	-11.4%
23	Total Income Taxes for Revenues at Present Rates	454.9	400.0	(54.9)	-12.1%

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**TABLE 6-2**  
**TAXES BASED ON INCOME - TEST YEAR AT PROPOSED RATES**

Test Year 2016 (\$000)	ORA	GSWC	GSWC > ORA	
1 Operating Revenues at Proposed Rates	5,512.3	5,823.7	311.3	5.6%
<u>Common Deductions:</u>				
2 Operating Expenses	4,342.3	4,458.7	116.5	2.7%
3 Book Depreciation - District	(470.0)	(486.6)	(16.6)	3.5%
4 Book Depreciation - G.O.	(53.8)	(61.4)	(7.7)	14.2%
5 Interest	319.5	361.9	42.4	13.3%
6 Deductions excluding Depreciation	4,137.9	4,272.5	134.6	3.3%
State Tax Calculation				
7 Taxable Income before Tax Depreciation and Other Sch M's	1,374.4	1,551.1	176.7	12.9%
<u>Additional (Deduct):</u>				
8 Tax Depreciation-State	(589.5)	(613.8)	(24.2)	4.1%
9 Other Schedule M Items	10.3	11.8	1.5	14.2%
10 Subtotal	(579.2)	(602.0)	(22.8)	3.9%
<u>Federal Tax Deductions</u>				
11 Book Depreciation - District	(470.0)	(486.6)	(16.6)	3.5%
12 Book Depreciation - G.O.	(53.8)	(61.4)	(7.7)	14.2%
13 Excess Tax Depreciation Flow Through	8.9	8.9	0.0	0.0%
14 Calif. Corporation Franchise Tax	(96.6)	(82.5)	14.0	-14.5%
15 Other Schedule M Items	(36.3)	(35.5)	0.8	-2.2%
16 Def Rev Amort-Contrib	0.0	28.6	28.6	0.0%
<u>California Corporate Franchise Tax (CCFT)</u>				
17 Taxable Income for CCFT	795.2	949.1	153.9	19.4%
18 <i>CCFT Rate</i>	8.84%	8.84%		
19 Total CCFT	70.3	83.9	13.6	19.4%
<u>Federal Income Tax (FIT)</u>				
20 Taxable Income for FIT	726.7	922.6	195.9	27.0%
21 <i>FIT Rate</i>	35.00%	35.00%		
22 Total FIT	254.3	322.9	68.6	27.0%
23 Total Income Taxes for Revenues at Proposed Rates	324.6	406.8	82.2	25.3%

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**TABLE 7-1**  
**UTILITY PLANT IN SERVICE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Plant in Service - Beginning of Year	26,046.0	26,638.1	592.1	2.3%
<u>Gross Additions:</u>				
2a Company-funded plant	392.9	944.7	551.8	140.4%
3a Advances	0.0	0.0	0.0	0.0%
4a Contributions	0.0	0.0	0.0	0.0%
5a Total Gross Additions	392.9	944.7	551.8	140.4%
6a Adjustments	0.0	0.0	0.0	0.0%
7a Retirements	(34.7)	(83.4)	(48.7)	140.4%
8a Net Additions	358.2	861.3	503.1	140.4%
9a Plant in Service - End of Year	26,404.2	27,499.4	1,095.2	4.1%
10a <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11a Weighted Average Plant in Service	26,225.1	27,068.7	843.7	3.2%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Plant in Service - Beginning of Year	26,404.2	27,499.4	1,095.2	4.1%
<u>Gross Additions:</u>				
2b Company-funded plant	467.5	1,289.7	822.2	175.9%
3b Advances	0.0	0.0	0.0	0.0%
4b Contributions	0.0	0.0	0.0	0.0%
5b Total Gross Additions	467.5	1,289.7	822.2	175.9%
6b Adjustments	0.0	0.0	0.0	0.0%
7b Retirements	(41.3)	(113.8)	(72.6)	175.9%
8b Net Additions	426.2	1,175.9	749.6	175.9%
9b Plant in Service - End of Year	26,830.4	28,675.2	1,844.8	6.9%
10b <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11b Weighted Average Plant in Service	26,617.3	28,087.3	1,470.0	5.5%

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**TABLE 8-1**  
**DEPRECIATION RESERVE & EXPENSE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Depreciation Reserve - Beginning of Year	10,301.3	10,244.0	(57.3)	-0.6%
<u>Accruals:</u>				
2a Clearing Accounts	4.6	4.6	0.0	0.0%
3a Contributions	55.1	55.1	0.0	0.0%
4a Expenses	470.0	486.6	16.6	3.5%
5a Total Accruals	529.8	546.3	16.6	3.1%
<u>Retirements and Adjustments:</u>				
6a Net Retirements	(34.7)	(83.4)	(48.7)	140.4%
7a Adjustments	0.0	0.0	0.0	0.0%
8a Total Retirement and Adjustments	(34.7)	(83.4)	(48.7)	140.4%
9a Net Additions	495.1	463.0	(32.1)	-6.5%
10a Depreciation Reserve - End of Year	10,796.4	10,707.0	(89.4)	-0.8%
11a <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12a Weighted Average Depreciation Reserve	10,548.9	10,475.5	(73.4)	-0.7%
13a <i>Deprec. expense for summary of earnings calc.</i>	470.0	486.6	16.6	3.5%
<hr/>				
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Depreciation Reserve - Beginning of Year	10,796.4	10,707.0	(89.4)	-0.8%
<u>Accruals:</u>				
2b Clearing Accounts	4.6	4.6	0.0	0.0%
3b Contributions	55.1	55.1	0.0	0.0%
4b Expenses	477.8	506.6	28.9	6.0%
5b Total Accruals	537.5	566.4	28.9	5.4%
<u>Retirements and Adjustments:</u>				
6b Net Retirements	(41.3)	(113.8)	(72.6)	175.9%
7b Adjustments	0.0	0.0	0.0	0.0%
8b Total Retirement and Adjustments	(41.3)	(113.8)	(72.6)	175.9%
9b Net Additions	496.2	452.5	(43.7)	-8.8%
10b Depreciation Reserve - End of Year	11,292.7	11,159.5	(133.1)	-1.2%
11b <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12b Weighted Average Depreciation Reserve	11,044.5	10,933.3	(111.3)	-1.0%
13b <i>Deprec. expense for summary of earnings calc.</i>	477.8	506.6	28.9	6.0%

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**TABLE 9-1**  
**WEIGHTED AVERAGE RATE BASE - TEST YEAR**

Test Year 2016 (\$000)	ORA	GSWC	GSWC > ORA	
1 Weighted Average Plant In Service	26,225.1	27,068.7	843.7	3.2%
2 Weighted Average Depreciation Reserve	(10,548.9)	(10,475.5)	73.4	-0.7%
3 Net Utility Plant	15,676.2	16,593.2	917.0	5.8%
<u>Deductions from Rate Base:</u>				
4 Contribution In Aid of Construction	(1,783.5)	(1,783.5)	0.0	0.0%
5 Advances in Construction	(2,750.6)	(2,750.6)	0.0	0.0%
6 Investment Tax Credit	(47.0)	(47.0)	0.0	0.0%
7 Deferred Income Taxes	(2,752.2)	(2,624.1)	128.0	-4.7%
8 Deferred Revenues	(50.9)	(50.9)	0.0	0.0%
9 Total Deductions from Rate Base	(7,384.3)	(7,256.2)	128.0	-1.7%
<u>Additions to Rate Base:</u>				
Working Capital:				
10 Materials & Supplies	0.9	0.9	0.0	0.0%
11 Allowance for Working Cash	(10.9)	154.7	165.6	-1514.2%
12 Total Working Capital	(10.0)	155.6	165.6	-1654.9%
13 Utility Plant under Construction	883.4	889.9	6.4	0.7%
14 Acquisition Adjustment	747.0	747.0	0.0	0.0%
15 Total Additions to Rate Base	1,620.4	1,792.5	172.1	10.6%
16 Weighted Average Rate Base, District	9,912.4	11,129.5	1,217.1	12.3%
17 Common Utility Allocation	229.4	358.8	129.3	56.4%
18 Total Weighted Average Rate Base	10,141.8	11,488.3	1,346.5	13.3%
<u>Interest Calculation (for Tax Deductions):</u>				
19 Weighted Avg. Rate Base	10,141.8	11,488.3	1,346.5	13.3%
20 Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21 Interest Expense	319.5	361.9	42.4	13.3%

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**TABLE 9-2**  
**WEIGHTED AVERAGE RATE BASE - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	26,617.3	28,087.3	1,470.0	5.5%
2	Weighted Average Depreciation Reserve	(11,044.5)	(10,933.3)	111.3	-1.0%
3	Net Utility Plant	15,572.8	17,154.1	1,581.3	10.2%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(1,728.4)	(1,728.4)	0.0	0.0%
5	Advances in Construction	(2,668.5)	(2,668.5)	0.0	0.0%
6	Investment Tax Credit	(44.3)	(44.3)	0.0	0.0%
7	Deferred Income Taxes	(2,844.2)	(2,711.0)	133.2	-4.7%
8	Deferred Revenues	(50.9)	(50.9)	0.0	0.0%
9	Total Deductions from Rate Base	(7,336.4)	(7,203.2)	133.2	-1.8%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	0.9	0.9	0.0	0.0%
11	Allowance for Working Cash	(10.9)	154.7	165.6	-1514.2%
12	Total Working Capital	(10.0)	155.6	165.6	-1654.9%
13	Utility Plant under Construction	883.4	889.9	6.4	0.7%
14	Acquisition Adjustment	747.0	747.0	0.0	0.0%
15	Total Additions to Rate Base	1,620.4	1,792.5	172.1	10.6%
16	Weighted Average Rate Base, District	9,856.8	11,743.4	1,886.5	19.1%
17	Common Utility Allocation	186.7	370.1	183.4	98.2%
18	Total Weighted Average Rate Base	<b>10,043.5</b>	<b>12,113.4</b>	2,069.9	20.6%
<u>Interest Calculation (for Tax Deductions):</u>					
19	Weighted Avg. Rate Base	10,043.5	12,113.4	2,069.9	20.6%
20	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21	Interest Expense	316.4	381.6	65.2	20.6%

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**For District Report's Chapter 1, Table 1-A**

<b>REVENUE INCREASES</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>
1. Test Year 2016 Increase (in dollars)	-\$117,078	\$63,271	\$180,348
2. Test Year 2016 Increase	-5.4%	2.9%	8.3%
3. Escalation Year 2017 Increase	1.5%	3.3%	1.7%
4. Escalation Year 2018 Increase	1.1%	3.5%	2.4%

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**TABLE 1-1**  
**SUMMARY OF EARNINGS - TEST YEAR**

Test Year 2016 (\$000)	ORA- Present Rates	GSWC- Present Rates	GSWC > ORA	
<b>1a Operating Revenues</b>	<b>2,185.9</b>	<b>2,185.9</b>	<b>0.0</b>	<b>0.0%</b>
<u>Operating Expenses:</u>				
2a Operation & Maintenance	294.6	310.4	15.7	5.3%
3a Administrative & General	249.1	283.8	34.7	13.9%
4a Payroll	361.6	368.1	6.6	1.8%
5a General Office - <i>prorated expenses</i>	206.0	252.0	46.0	22.3%
6a Depreciation Expense	221.2	228.4	7.3	3.3%
7a Taxes Other Than Income	73.3	75.0	1.7	2.3%
8a California Corporate Franchise Tax	53.0	42.0	(11.0)	-20.8%
9a Federal Income Tax	197.0	162.3	(34.7)	-17.6%
10a Total Operating Expenses	1,655.7	1,722.0	66.3	4.0%
11a Net Operating Revenues	530.3	464.0	(66.3)	-12.5%
12a Weighted Average Rate Base	5,575.6	5,986.0	410.4	7.4%
13a <b>Return on Rate Base</b>	<b>9.51%</b>	<b>7.75%</b>	<b>-1.76%</b>	<b>-18.5%</b>
Test Year 2016 (\$000)	ORA- Proposed Rates	GSWC- Proposed Rates	GSWC > ORA	
<b>1b Operating Revenues</b>	<b>2,068.9</b>	<b>2,249.2</b>	<b>180.3</b>	<b>8.7%</b>
<u>Operating Expenses:</u>				
2b Operation & Maintenance	293.8	310.8	17.1	5.8%
3b Administrative & General	249.1	283.8	34.7	13.9%
4b Payroll	361.6	368.1	6.6	1.8%
5b General Office - <i>prorated expenses</i>	206.0	252.0	46.0	22.3%
6b Depreciation Expense	221.2	228.4	7.3	3.3%
7b Taxes Other Than Income	73.3	75.0	1.7	2.4%
8b California Corporate Franchise Tax	42.7	47.6	4.8	11.3%
9b Federal Income Tax	156.3	184.3	28.0	17.9%
10b Total Operating Expenses	1,603.9	1,750.0	146.1	9.1%
11b Net Operating Revenues	465.0	499.2	34.2	7.4%
12b Weighted Average Rate Base	5,575.6	5,986.0	410.4	7.4%
13b <b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.00%</b>	<b>0.0%</b>

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**TABLE 1-2**  
**SUMMARY OF EARNINGS - ESCALATION YEARS**

<b>For Illustrative Purposes (\$000)</b>	<b>ORA 2017</b>	<b>ORA 2018</b>	<b>2017-2018 Increase</b>	
1 <u>Operating Revenues</u>	2,107.4	2,140.4	33.1	1.6%
2 <u>Operating Expenses:*</u>				
3     Operation & Maintenance	298.3	305.1	6.8	2.3%
4     Administrative & General	253.0	258.8	5.8	2.3%
5     Payroll	366.6	371.0	4.4	1.2%
6     G.O. Prorated Expenses	209.5	214.2	4.8	2.3%
7     Depreciation Expense	228.1	233.3	5.2	2.3%
8     Taxes Other Than Income	75.6	77.3	1.7	2.3%
9     California Corporate Franchise Tax	45.1	45.5	0.4	0.9%
10    Federal Income Tax	163.7	165.2	1.5	0.9%
11 <b>Total Operating Expenses</b>	<u>1,639.9</u>	<u>1,670.5</u>	<u>30.6</u>	<u>1.9%</u>
12 <b>Net Operating Revenues</b>	467.5	469.9	2.5	0.5%
13 <b>Weighted Average Rate Base</b>	<u>5,605.0</u>	<u>5,634.4</u>	<u>29.4</u>	<u>0.5%</u>
14 <b>Return on Rate Base</b>	<u><b>8.34%</b></u>	<u><b>8.34%</b></u>	<u><b>0.0</b></u>	<u><b>0.0%</b></u>

\* Assumed escalation factors of 2.28% for composite and 1.20% for labor, for 2018.

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**TABLE 2-1**  
**WATER SALES PER CUSTOMER (OR PER CONNECTION)**

<b>Test Year 2016 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1a Residential	68.1	68.1	0.0	0.0%
2a Commercial	191.1	191.1	0.0	0.0%
3a Industrial	0.0	0.0	0.0	0.0%
4a Public Authority	0.0	0.0	0.0	0.0%
5a Irrigation	0.0	0.0	0.0	0.0%
6a Resale	0.0	0.0	0.0	0.0%
7a Contract	0.0	0.0	0.0	0.0%
8a Other	0.0	0.0	0.0	0.0%
<b>FLAT RATE</b>				
9a Commercial	0.0	0.0	0.0	0.0%
10a Public Authority	0.0	0.0	0.0	0.0%
11a Private Fire Protection	0.00	0.0	0.0	0.0%
<b>Escalation Year 2017 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1b Residential	68.1	68.1	0.0	0.0%
2b Commercial	191.1	191.1	0.0	0.0%
3b Industrial	0.0	0.0	0.0	0.0%
4b Public Authority	0.0	0.0	0.0	0.0%
5b Irrigation	0.0	0.0	0.0	0.0%
6b Resale	0.0	0.0	0.0	0.0%
7b Contract	0.0	0.0	0.0	0.0%
8b Other	0.0	0.0	0.0	0.0%
<b>FLAT RATE</b>				
9b Commercial	0.0	0.0	0.0	0.0%
10b Public Authority	0.0	0.0	0.0	0.0%
11b Private Fire Protection	0.0	0.0	0.0	0.0%

\* Hundred cubic feet per connection per year.

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**TABLE 2-2**  
**AVERAGE NUMBER OF CUSTOMERS (SERVICE CONNECTIONS)**

<b>Test Year 2016</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1a	Residential	2,067	2,067	0	0%
2a	Commercial	88	88	0	0%
3a	Industrial	0	0	0	0%
4a	Public Authority	0	0	0	0%
5a	Irrigation	0	0	0	0%
6a	Resale	0	0	0	0%
7a	Contract	0	0	0	0%
8a	Other	0	0	0	0%
9a	Total Number of Metered Connections	2,155	2,155	0	0%
<u>Flat Rate Connections:</u>					
10a	Commercial	0	0	0	0%
11a	Public Authority	0	0	0	0%
12a	Private Fire	4	4	0	0%
<u>Total Number of Connections:</u>					
13a	Including Fire Protection	2,159	2,159	0	0%
14a	Excluding Fire Protection	2,155	2,155	0	0%
<b>Escalation Year 2017</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1b	Residential	2,065	2,065	0	0%
2b	Commercial	91	91	0	0%
3b	Industrial	0	0	0	0%
4b	Public Authority	0	0	0	0%
5b	Irrigation	0	0	0	0%
6b	Resale	0	0	0	0%
7b	Contract	0	0	0	0%
8b	Other	0	0	0	0%
9b	Total Number of Metered Connections	2,156	2,156	0	0%
<u>Flat Rate Connections:</u>					
10b	Commercial	0	0	0	0%
11b	Public Authority	0	0	0	0%
12b	Private Fire	4	4	0	0%
<u>Total Number of Connections:</u>					
13b	Including Fire Protection	2,160	2,160	0	0%
14b	Excluding Fire Protection	2,156	2,156	0	0%

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**TABLE 2-3**  
**TOTAL SALES AND SUPPLY**

<b>Test Year 2016 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1a	Residential	140.7	140.7	0	0.0%
2a	Commercial	16.8	16.8	0	0.0%
3a	Industrial	0.0	0.0	0	0.0%
4a	Public Authority	0.0	0.0	0	0.0%
5a	Irrigation	0.0	0.0	0	0.0%
6a	Resale	0.0	0.0	0	0.0%
7a	Contract	0.0	0.0	0	0.0%
8a	Other	0.0	0.0	0	0.0%
9a	Total Metered Connections' Sales	157.6	157.6	0	0.0%
10a	<u>Total Flat Rate Connections' Sales</u>	0.0	0.0	0	0.0%
11a	<u>Total Sales</u>	157.6	157.6	0	0.0%
12a	<i>Water Loss Rate % *</i>	35.6%	35.6%	0.0%	0.0%
13a	Water Loss	87.0	87.0	0	0.0%
14a	<b>Total Requirement (Sales + Water Loss) **</b>	<b>244.6</b>	<b>244.6</b>	<b>0</b>	<b>0.0%</b>
15a	Total Requirement in Acre Feet	561.5	561.5	0	0.0%
<b>WATER SUPPLY MIX:</b>					
16a	Surface Water	58.3	58.3	0	0.0%
17a	Purchased Water	186.2	186.2	0	0.0%
18a	<b>Total Supply **</b>	<b>244.6</b>	<b>244.6</b>	<b>0</b>	<b>0.0%</b>
<b>Escalation Year 2017 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1b	Residential	140.6	140.6	0	0.0%
2b	Commercial	17.4	17.4	0	0.0%
3b	Industrial	0.0	0.0	0	0.0%
4b	Public Authority	0.0	0.0	0	0.0%
5b	Irrigation	0.0	0.0	0	0.0%
6b	Resale	0.0	0.0	0	0.0%
7b	Contract	0.0	0.0	0	0.0%
8b	Other	0.0	0.0	0	0.0%
9b	Total Metered Connections' Sales	158.0	158.0	0	0.0%
10b	<u>Total Unmetered Connections' Sales</u>	0.0	0.0	0	0.0%
11b	<u>Total Sales</u>	157.994	158.0	0	0.0%
12b	<i>Water Loss Rate % *</i>	35.6%	35.6%	0.0%	0.0%
13b	Water Loss	87.3	87.3	0	0.0%
14b	<b>Total Requirement (Sales + Water Loss) **</b>	<b>245.3</b>	<b>245.3</b>	<b>0</b>	<b>0.0%</b>
15b	Total Requirement in Acre Feet	563.0	563.0	0	0.0%
<b>WATER SUPPLY MIX:</b>					
16b	Surface Water	58.3	58.3	0	0.0%
17b	Purchased Water	186.9	186.9	0	0.0%
18b	<b>Total Supply **</b>	<b>245.3</b>	<b>245.3</b>	<b>0</b>	<b>0.0%</b>

\* Sum of % used in operations and unaccounted for water %

\*\* Total Requirement and Total Supply may differ slightly due to rounding.

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**TABLE 2-4**  
**OPERATING REVENUES AT PRESENT RATES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	1,991.2	1,991.2	0.0	0.0%
2	Commercial	181.2	181.2	0.0	0.0%
3	Industrial	0.0	0.0	0.0	0.0%
4	Public Authority	0.0	0.0	0.0	0.0%
5	Irrigation	0.0	0.0	0.0	0.0%
6	Resale	0.0	0.0	0.0	0.0%
7	Other	(2.4)	(2.4)	0.0	0.0%
8	Total Metered Revenues	2,170.0	2,170.0	0.0	0.0%
<u>Flat Rate Revenues:</u>					
9	Commercial	0.0	0.0	0.0	0.0%
10	Public Authority	0.0	0.0	0.0	0.0%
11	Private Fire	1.3	1.3	0.0	0.0%
12	Total Flat Rate Revenues	1.3	1.3	0.0	0.0%
<u>Miscellaneous:</u>					
13	Misc. Service	14.6	14.6	0.0	0.0%
14	Rent	0.0	0.0	0.0	0.0%
15	Other	0.0	0.0	0.0	0.0%
16	Total Other Revenues	14.6	14.6	0.0	0.0%
17	Total Revenues at Present Rates, Test Year 2016	2,185.9	2,185.9	0.0	0.0%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	1,989.3	1,989.3	0.0	0.0%
2	Commercial	190.0	190.0	0.0	0.0%
3	Industrial	0.0	0.0	0.0	0.0%
4	Public Authority	0.0	0.0	0.0	0.0%
5	Irrigation	0.0	0.0	0.0	0.0%
6	Resale	0.0	0.0	0.0	0.0%
7	Other	(2.4)	(2.4)	0.0	0.0%
8	Total Metered Revenues	2,176.9	2,176.9	0.0	0.0%
<u>Flat Rate Revenues:</u>					
9	Commercial	0.0	0.0	0.0	0.0%
10	Public Authority	0.0	0.0	0.0	0.0%
11	Private Fire	1.3	1.3	0.0	0.0%
12	Total Flat Rate Revenues	1.3	1.3	0.0	0.0%
<u>Miscellaneous:</u>					
13	Misc. Service	14.6	14.6	0.0	0.0%
14	Rent	0.0	0.0	0.0	0.0%
15	Other	0.0	0.0	0.0	0.0%
16	Total Other Revenues	14.6	14.6	0.0	0.0%
17	Total Revenues at Present Rates, Escal. Year 2017	2,192.9	2,192.9	0.0	0.0%

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**TABLE 3-1**  
**OPERATIONS & MAINTENANCE EXPENSES - TEST YEAR**

Test Year 2016 (\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>				
1 Purchased Water	25.6	25.6	0.0	0.0%
2 Purchased Power	77.8	77.8	0.0	0.0%
3 Pump Taxes	0.0	0.0	0.0	0.0%
4 Total Supply Expenses	103.4	103.4	0.0	0.0%
5 Chemicals	36.6	36.9	0.3	0.7%
6 Allocated GO - Billing and Cash Processing	31.8	32.9	1.1	3.3%
7 Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8 Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9 Postage	0.0	0.0	0.0	0.0%
10 Operation Labor	278.2	283.3	5.1	1.8%
11 Other Operation Expenses	67.8	83.1	15.3	22.5%
12 Conservation	3.9	4.1	0.3	6.9%
13 Total Operations Expenses	521.7	543.6	21.9	4.2%
<u>Maintenance Expenses:</u>				
14 Maintenance Labor	44.6	45.4	0.8	1.8%
15 Other Maintenance Expenses	66.8	66.8	(0.1)	-0.1%
16 Total Maintenance Expenses	111.4	112.1	0.7	0.6%
17 Total O&M excluding A&G	633.1	655.7	22.6	3.6%
<u>At Present Rates</u>				
18 Operating Revenues	2,185.9	2,185.9	0.0	0.0%
19 <i>Uncollectible Rate</i>	0.7373%	0.7373%	0.0000%	0.0%
20 Uncollectibles Expense	16.1	16.1	0.0	0.0%
21 Total O&M Expenses including Uncollectibles	649.2	671.8	22.6	3.5%
<u>At Proposed Rates</u>				
22 Operating Revenues	2,068.9	2,249.2	180.3	8.7%
23 <i>Uncollectible Rate</i>	0.7373%	0.7373%	0.0000%	0.0%
24 Uncollectibles Expense	15.3	16.6	1.3	8.7%
25 Total O&M Expenses including Uncollectibles	648.3	672.3	24.0	3.7%

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**TABLE 3-2**  
**OPERATIONS & MAINTENANCE EXPENSES - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>					
1	Purchased Water	25.7	25.7	0.0	0.0%
2	Purchased Power	77.9	77.9	0.0	0.0%
3	Pump Taxes	0.0	0.0	0.0	0.0%
4	Total Supply Expenses	103.6	103.6	0.0	0.0%
5	Chemicals	37.6	37.9	0.3	0.7%
6	Allocated GO - Billing and Cash Processing	32.3	33.6	1.3	3.9%
7	Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8	Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9	Postage	0.0	0.0	0.0	0.0%
10	Operation Labor	282.1	287.0	4.9	1.7%
11	Other Operation Expenses	69.3	85.0	15.6	22.5%
12	Conservation	3.9	4.2	0.4	9.4%
13	Total Operations Expenses	528.9	551.3	22.4	4.2%
<u>Maintenance Expenses:</u>					
14	Maintenance Labor	45.2	46.0	0.8	1.7%
15	Other Maintenance Expenses	68.4	68.3	(0.1)	-0.1%
16	Total Maintenance Expenses	113.6	114.3	0.7	0.6%
17	Total O&M excluding A&G	642.4	665.5	23.1	3.6%
<u>At Present Rates</u>					
18	Operating Revenues	2,192.9	2,192.9	0.0	0.0%
19	Uncollectible Rate	0.7373%	0.7373%	0.0000%	0.0%
20	Uncollectibles Expense	16.2	16.2	0.0	0.0%
21	Total O&M Expenses including Uncollectibles	658.6	681.7	23.1	3.5%
<u>At Proposed Rates</u>					
22	Operating Revenues	2,107.4	2,330.1	222.8	10.6%
23	Uncollectible Rate	0.7373%	0.7373%	0.0000%	0.0%
24	Uncollectibles Expense	15.5	17.2	1.6	10.6%
25	Total O&M Expenses including Uncollectibles	658.0	682.7	24.8	3.8%

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**TABLE 4-1**  
**ADMINISTRATIVE & GENERAL EXPENSES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1a	Office Supplies & Expenses	47.9	54.7	6.7	14.0%
2a	Property Insurance	0.0	0.0	0.0	0.0%
3a	Injuries and Damages	31.3	36.7	5.4	17.2%
4a	Pension and Benefits	143.0	165.3	22.3	15.6%
5a	Business Meals	1.0	1.0	(0.0)	-0.2%
6a	Regulatory Expenses	0.0	0.0	0.0	0.0%
7a	Outside Services	10.9	10.8	(0.0)	-0.2%
8a	Miscellaneous	0.4	0.7	0.3	94.6%
9a	Allocated GO- Corporate Support	70.5	91.1	20.6	29.2%
10a	Allocated GO- Centralized Operations Support	63.4	82.8	19.3	30.5%
11a	Allocated District Office Expenses	40.2	45.2	5.0	12.4%
12a	Other Maintenance of General Plant	0.6	0.6	0.0	0.3%
13a	Rent	14.0	14.0	0.0	0.0%
14a	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15a	A&G Labor	38.8	39.5	0.7	1.8%
16a	Total A&G and Miscellaneous Adjustments	462.0	542.4	80.3	17.4%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1b	Office Supplies & Expenses	49.0	55.9	6.9	14.0%
2b	Property Insurance	0.0	0.0	0.0	0.0%
3b	Injuries and Damages	31.9	37.4	5.5	17.2%
4b	Pension and Benefits	144.6	172.3	27.7	19.1%
5b	Business Meals	1.1	1.1	(0.0)	-0.2%
6b	Regulatory Expenses	0.0	0.0	0.0	0.0%
7b	Outside Services	11.1	11.1	(0.0)	-0.2%
8b	Miscellaneous	0.4	0.7	0.3	94.6%
9b	Allocated GO- Corporate Support	71.9	93.1	21.2	29.4%
10b	Allocated GO- Centralized Operations Support	64.4	84.7	20.3	31.6%
11b	Allocated District Office Expenses	40.8	46.2	5.4	13.2%
12b	Other Maintenance of General Plant	0.7	0.7	0.0	0.3%
13b	Rent	14.3	14.3	0.0	0.0%
14b	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15b	A&G Labor	39.3	40.0	0.7	1.7%
16b	Total A&G and Miscellaneous Adjustments	469.5	557.5	88.0	18.7%

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**TABLE 5-1**  
**TAXES OTHER THAN INCOME**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Ad Valorem Taxes	43.0	44.2	1.2	2.7%
2a Payroll Taxes	30.2	30.7	0.5	1.8%
<b><u>At Present Rates</u></b>				
3a Operating Revenue <i>EXCLUDING</i> Uncollectibles	2,185.9	2,185.9	0.0	0.0%
4a <i>Effective Local Franchise Tax Rate</i>	<u>0.005%</u>	<u>0.005%</u>	<u>0.000%</u>	<u>0.0%</u>
5a Franchise Taxes on applicable op. revenues	0.1	0.1	0.0	0.0%
6a Total Taxes Other Than Income, At Present Rates	73.3	75.0	1.7	2.3%
<b><u>At Proposed Rates</u></b>				
7a Operating Revenue <i>EXCLUDING</i> Uncollectibles	2,053.6	2,249.2	195.6	9.5%
8a <i>Effective Local Franchise Tax Rate</i>	<u>0.005%</u>	<u>0.005%</u>	<u>0.000%</u>	<u>0.0%</u>
9a Franchise Taxes on applicable op. revenues	0.1	0.1	0.0	9.5%
10a Total Taxes Other Than Income, At Proposed Rates	73.3	75.0	1.7	2.4%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Ad Valorem Taxes	44.9	46.5	1.6	3.6%
2b Payroll Taxes	30.6	31.1	0.5	1.7%
<b><u>At Present Rates</u></b>				
3b Operating Revenue <i>EXCLUDING</i> Uncollectibles	2,192.9	2,192.9	0.0	0.0%
4b <i>Effective Local Franchise Tax Rate</i>	<u>0.005%</u>	<u>0.005%</u>	<u>0.000%</u>	<u>0.0%</u>
5b Franchise Taxes on applicable op. revenues	0.1	0.1	0.0	0.0%
6b Total Taxes Other Than Income, At Present Rates	75.6	77.7	2.1	2.8%
<b><u>At Proposed Rates</u></b>				
7b Operating Revenue <i>EXCLUDING</i> Uncollectibles	2,091.8	2,330.1	238.3	11.4%
8b <i>Effective Local Franchise Tax Rate</i>	<u>0.005%</u>	<u>0.005%</u>	<u>0.000%</u>	<u>0.0%</u>
9b Franchise Taxes on applicable op. revenues	0.1	0.1	0.0	11.4%
10b Total Taxes Other Than Income, At Proposed Rates	75.6	77.7	2.1	2.8%

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**TABLE 6-1**  
**TAXES BASED ON INCOME - TEST YEAR AT PRESENT RATES**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Operating Revenues at Present Rates	2,185.9	2,185.9	0.0	0.0%
	<u>Common Deductions:</u>				
2	Operating Expenses	1,405.7	1,517.7	112.0	8.0%
3	Book Depreciation - District	(221.2)	(228.4)	(7.3)	3.3%
4	Book Depreciation - G.O.	(16.7)	(19.1)	(2.4)	14.2%
5	Interest	175.6	188.6	12.9	7.4%
6	Deductions excluding Depreciation	1,343.4	1,458.7	115.3	8.6%
	State Tax Calculation				
7	Taxable Income before Tax Depreciation and Other Sch M's	842.5	727.3	(115.3)	-13.7%
	<u>Additional (Deduct):</u>				
8	Tax Depreciation-State	(246.2)	(255.8)	(9.6)	3.9%
9	Other Schedule M Items	3.2	3.7	0.5	14.2%
10	Subtotal	(242.9)	(252.1)	(9.2)	3.8%
	<u>Federal Tax Deductions</u>				
11	Book Depreciation - District	(221.2)	(228.4)	(7.3)	3.3%
12	Book Depreciation - G.O.	(16.7)	(19.1)	(2.4)	14.2%
13	Excess Tax Depreciation Flow Through	22.4	22.4	0.0	0.0%
14	Calif. Corporation Franchise Tax	(53.0)	(42.0)	11.0	-20.8%
15	Other Schedule M Items	(11.3)	(11.1)	0.2	-2.2%
16	Def Rev Amort-Contrib	0.0	14.6	14.6	0.0%
	<u>California Corporate Franchise Tax (CCFT)</u>				
17	Taxable Income for CCFT	599.6	475.1	(124.4)	-20.8%
18	CCFT Rate	8.84%	8.84%		
19	Total CCFT	53.0	42.0	(11.0)	-20.8%
	<u>Federal Income Tax (FIT)</u>				
20	Taxable Income for FIT	562.7	463.7	(99.0)	-17.6%
21	FIT Rate	35.00%	35.00%		
22	Total FIT	197.0	162.3	(99.0)	-17.6%
23	Total Income Taxes for Revenues at Present Rates	250.0	204.3	(45.7)	-18.3%

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**TABLE 6-2**  
**TAXES BASED ON INCOME - TEST YEAR AT PROPOSED RATES**

Test Year 2016 (\$000)	ORA	GSWC	GSWC > ORA	
1 Operating Revenues at Proposed Rates	2,068.9	2,249.2	180.3	8.7%
<u>Common Deductions:</u>				
2 Operating Expenses	1,404.9	1,518.2	113.3	8.1%
3 Book Depreciation - District	(221.2)	(228.4)	(7.3)	3.3%
4 Book Depreciation - G.O.	(16.7)	(19.1)	(2.4)	14.2%
5 Interest	175.6	188.6	12.9	7.4%
6 Deductions excluding Depreciation	1,342.6	1,459.2	116.6	8.7%
State Tax Calculation				
7 Taxable Income before Tax Depreciation and Other Sch M's	726.3	790.1	63.8	8.8%
<u>Additional (Deduct):</u>				
8 Tax Depreciation-State	(246.2)	(255.8)	(9.6)	3.9%
9 Other Schedule M Items	3.2	3.7	0.5	14.2%
10 Subtotal	(242.9)	(252.1)	(9.2)	3.8%
<u>Federal Tax Deductions</u>				
11 Book Depreciation - District	(221.2)	(228.4)	(7.3)	3.3%
12 Book Depreciation - G.O.	(16.7)	(19.1)	(2.4)	14.2%
13 Excess Tax Depreciation Flow Through	22.4	22.4	0.0	0.0%
14 Calif. Corporation Franchise Tax	(53.0)	(42.0)	11.0	-20.8%
15 Other Schedule M Items	(11.3)	(11.1)	0.2	-2.2%
16 Def Rev Amort-Contrib	0.0	14.6	14.6	0.0%
<u>California Corporate Franchise Tax (CCFT)</u>				
17 Taxable Income for CCFT	483.4	537.9	54.6	11.3%
18 <i>CCFT Rate</i>	8.84%	8.84%		
19 Total CCFT	42.7	47.6	4.8	11.3%
<u>Federal Income Tax (FIT)</u>				
20 Taxable Income for FIT	446.5	526.5	80.0	17.9%
21 <i>FIT Rate</i>	35.00%	35.00%		
22 Total FIT	156.3	184.3	28.0	17.9%
23 Total Income Taxes for Revenues at Proposed Rates	199.0	231.8	32.8	16.5%

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**TABLE 7-1**  
**UTILITY PLANT IN SERVICE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Plant in Service - Beginning of Year	11,270.0	11,576.6	306.5	2.7%
<u>Gross Additions:</u>				
2a Company-funded plant	539.7	663.6	123.9	23.0%
3a Advances	0.0	0.0	0.0	0.0%
4a Contributions	0.0	0.0	0.0	0.0%
5a Total Gross Additions	539.7	663.6	123.9	23.0%
6a Adjustments	0.0	0.0	0.0	0.0%
7a Retirements	(49.7)	(61.1)	(11.4)	23.0%
8a Net Additions	490.0	602.5	112.5	23.0%
9a Plant in Service - End of Year	11,760.0	12,179.1	419.0	3.6%
10a <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11a Weighted Average Plant in Service	11,515.0	11,877.8	362.8	3.2%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Plant in Service - Beginning of Year	11,760.0	12,179.1	419.0	3.6%
<u>Gross Additions:</u>				
2b Company-funded plant	219.0	681.5	462.5	211.2%
3b Advances	0.0	0.0	0.0	0.0%
4b Contributions	0.0	0.0	0.0	0.0%
5b Total Gross Additions	219.0	681.5	462.5	211.2%
6b Adjustments	0.0	0.0	0.0	0.0%
7b Retirements	(20.2)	(62.8)	(42.6)	211.2%
8b Net Additions	198.8	618.7	419.9	211.2%
9b Plant in Service - End of Year	11,958.8	12,797.8	839.0	7.0%
10b <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11b Weighted Average Plant in Service	11,859.4	12,488.4	629.0	5.3%

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**TABLE 8-1**  
**DEPRECIATION RESERVE & EXPENSE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Depreciation Reserve - Beginning of Year	4,701.6	4,670.5	(31.1)	-0.7%
<u>Accruals:</u>				
2a Clearing Accounts	2.3	2.3	0.0	0.0%
3a Contributions	3.5	3.5	0.0	0.0%
4a Expenses	221.2	228.4	7.3	3.3%
5a Total Accruals	226.9	234.2	7.3	3.2%
<u>Retirements and Adjustments:</u>				
6a Net Retirements	(49.7)	(61.1)	(11.4)	23.0%
7a Adjustments	0.0	0.0	0.0	0.0%
8a Total Retirement and Adjustments	(49.7)	(61.1)	(11.4)	23.0%
9a Net Additions	177.2	173.1	(4.2)	-2.3%
10a Depreciation Reserve - End of Year	4,878.9	4,843.6	(35.3)	-0.7%
11a <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12a Weighted Average Depreciation Reserve	4,790.2	4,757.1	(33.2)	-0.7%
13a <i>Deprec. expense for summary of earnings calc.</i>	221.2	228.4	7.3	3.3%
<hr/>				
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Depreciation Reserve - Beginning of Year	4,878.9	4,843.6	(35.3)	-0.7%
<u>Accruals:</u>				
2b Clearing Accounts	2.3	2.3	0.0	0.0%
3b Contributions	3.5	3.5	0.0	0.0%
4b Expenses	228.1	240.7	12.6	5.5%
5b Total Accruals	233.8	246.4	12.6	5.4%
<u>Retirements and Adjustments:</u>				
6b Net Retirements	(20.2)	(62.8)	(42.6)	211.2%
7b Adjustments	0.0	0.0	0.0	0.0%
8b Total Retirement and Adjustments	(20.2)	(62.8)	(42.6)	211.2%
9b Net Additions	213.7	183.6	(30.0)	-14.1%
10b Depreciation Reserve - End of Year	5,092.5	5,027.2	(65.3)	-1.3%
11b <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12b Weighted Average Depreciation Reserve	4,985.7	4,935.4	(50.3)	-1.0%
13b <i>Deprec. expense for summary of earnings calc.</i>	228.1	240.7	12.6	5.5%

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**TABLE 9-1**  
**WEIGHTED AVERAGE RATE BASE - TEST YEAR**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	11,515.0	11,877.8	362.8	3.2%
2	Weighted Average Depreciation Reserve	(4,790.2)	(4,757.1)	33.2	-0.7%
3	Net Utility Plant	6,724.8	7,120.8	396.0	5.9%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(108.4)	(108.4)	0.0	0.0%
5	Advances in Construction	(37.2)	(37.2)	0.0	0.0%
6	Investment Tax Credit	(28.9)	(28.9)	0.0	0.0%
7	Deferred Income Taxes	(1,299.2)	(1,327.3)	(28.1)	2.2%
8	Deferred Revenues	(0.3)	(0.3)	0.0	0.0%
9	Total Deductions from Rate Base	(1,474.0)	(1,502.2)	(28.1)	1.9%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	34.9	34.9	0.0	0.0%
11	Allowance for Working Cash	35.2	37.5	2.3	6.4%
12	Total Working Capital	70.1	72.4	2.3	3.2%
13	Utility Plant under Construction	183.5	183.5	0.0	0.0%
14	Acquisition Adjustment	0.0	0.0	0.0	0.0%
15	Total Additions to Rate Base	253.6	255.8	2.3	0.9%
16	Weighted Average Rate Base, District	5,504.3	5,874.4	370.1	6.7%
17	Common Utility Allocation	71.3	111.6	40.3	56.5%
18	Total Weighted Average Rate Base	5,575.6	5,986.0	410.4	7.4%
<u>Interest Calculation (for Tax Deductions):</u>					
19	Weighted Avg. Rate Base	5,575.6	5,986.0	410.4	7.4%
20	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21	Interest Expense	175.6	188.6	12.9	7.4%

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**TABLE 9-2**  
**WEIGHTED AVERAGE RATE BASE - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	11,859.4	12,488.4	629.0	5.3%
2	Weighted Average Depreciation Reserve	(4,985.7)	(4,935.4)	50.3	-1.0%
3	Net Utility Plant	6,873.7	7,553.0	679.3	9.9%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(104.9)	(104.9)	0.0	0.0%
5	Advances in Construction	(35.5)	(35.5)	0.0	0.0%
6	Investment Tax Credit	(27.0)	(27.0)	0.0	0.0%
7	Deferred Income Taxes	(1,412.6)	(1,433.3)	(20.6)	1.5%
8	Deferred Revenues	(0.3)	(0.3)	0.0	0.0%
9	Total Deductions from Rate Base	(1,580.3)	(1,600.9)	(20.6)	1.3%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	34.9	34.9	0.0	0.0%
11	Allowance for Working Cash	35.2	37.5	2.3	6.4%
12	Total Working Capital	70.1	72.4	2.3	3.2%
13	Utility Plant under Construction	183.5	183.5	0.0	0.0%
14	Acquisition Adjustment	0.0	0.0	0.0	0.0%
15	Total Additions to Rate Base	253.6	255.8	2.3	0.9%
16	Weighted Average Rate Base, District	5,547.0	6,207.9	660.9	11.9%
17	Common Utility Allocation	58.0	115.1	57.1	98.4%
18	Total Weighted Average Rate Base	<b>5,605.0</b>	<b>6,323.0</b>	718.0	12.8%
<u>Interest Calculation (for Tax Deductions):</u>					
19	Weighted Avg. Rate Base	5,605.0	6,323.0	718.0	12.8%
20	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21	Interest Expense	176.6	199.2	22.6	12.8%

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**ORA's RESULTS OF OPERATIONS - INDEX TABLE**

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<b>REVENUE INCREASES</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>
1. Test Year 2016 Increase (in dollars)	-\$617,558	\$192,761	\$810,319
2. Test Year 2016 Increase	-14.5%	4.5%	19.0%
3. Escalation Year 2017 Increase	1.4%	4.6%	3.2%
4. Escalation Year 2018 Increase	0.7%	4.9%	4.2%

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**TABLE 1-1**  
**SUMMARY OF EARNINGS - TEST YEAR**

Test Year 2016 (\$000)	ORA- Present Rates	GSWC- Present Rates	GSWC > ORA	
<b>1a Operating Revenues</b>	<b>4,273.2</b>	<b>4,266.3</b>	<b>(6.8)</b>	<b>-0.2%</b>
<u>Operating Expenses:</u>				
2a Operation & Maintenance	746.6	755.4	8.8	1.2%
3a Administrative & General	376.6	415.1	38.5	10.2%
4a Payroll	418.3	425.8	7.5	1.8%
5a General Office - <i>prorated expenses</i>	383.2	469.8	86.6	22.6%
6a Depreciation Expense	425.8	502.7	76.8	18.0%
7a Taxes Other Than Income	127.2	139.8	12.6	9.9%
8a California Corporate Franchise Tax	140.9	107.7	(33.2)	-23.6%
9a Federal Income Tax	463.7	346.6	(117.1)	-25.2%
10a Total Operating Expenses	3,082.3	3,162.9	80.5	2.6%
11a Net Operating Revenues	1,190.8	1,103.5	(87.3)	-7.3%
12a Weighted Average Rate Base	10,124.0	14,524.2	4,400.2	43.5%
13a <b>Return on Rate Base</b>	<b>11.76%</b>	<b>7.60%</b>	<b>-4.16%</b>	<b>-35.4%</b>
Test Year 2016 (\$000)	ORA- Proposed Rates	GSWC- Proposed Rates	GSWC > ORA	
<b>1b Operating Revenues</b>	<b>3,655.1</b>	<b>4,458.7</b>	<b>803.6</b>	<b>22.0%</b>
<u>Operating Expenses:</u>				
2b Operation & Maintenance	745.5	755.8	10.3	1.4%
3b Administrative & General	376.6	415.1	38.5	10.2%
4b Payroll	418.3	425.8	7.5	1.8%
5b General Office - <i>prorated expenses</i>	383.2	469.8	86.6	22.6%
6b Depreciation Expense	425.8	502.7	76.8	18.0%
7b Taxes Other Than Income	127.2	139.8	12.6	9.9%
8b California Corporate Franchise Tax	86.3	124.7	38.3	44.4%
9b Federal Income Tax	247.8	413.9	166.1	67.0%
10b Total Operating Expenses	2,810.8	3,247.4	436.6	15.5%
11b Net Operating Revenues	844.3	1,211.3	367.0	43.5%
12b Weighted Average Rate Base	10,124.0	14,524.2	4,400.2	43.5%
13b <b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.00%</b>	<b>0.0%</b>

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TABLE 1-2  
SUMMARY OF EARNINGS - ESCALATION YEARS

For Illustrative Purposes (\$000)	ORA 2017	ORA 2018	2017-2018 Increase	
1 <u>Operating Revenues</u>	3,688.0	3,700.7	12.7	0.3%
2 <u>Operating Expenses:*</u>				
3     Operation & Maintenance	758.0	775.3	17.3	2.3%
4     Administrative & General	382.8	391.5	8.7	2.3%
5     Payroll	424.1	429.2	5.1	1.2%
6     G.O. Prorated Expenses	389.9	398.8	8.9	2.3%
7     Depreciation Expense	430.3	440.1	9.8	2.3%
8     Taxes Other Than Income	128.9	131.8	2.9	2.3%
9     California Corporate Franchise Tax	86.9	83.4	(3.5)	-4.1%
10    Federal Income Tax	265.2	251.2	(14.0)	-5.3%
11 Total Operating Expenses	<u>2,866.2</u>	<u>2,901.3</u>	35.2	1.2%
12 Net Operating Revenues	821.9	799.4	(22.5)	-2.7%
13 Weighted Average Rate Base	<u>9,854.4</u>	<u>9,584.9</u>	(269.5)	-2.7%
14 <b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.0</b>	<b>0.0%</b>

\* Assumed escalation factors of 2.28% for composite and 1.20% for labor, for 2018.

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**TABLE 2-1**  
**WATER SALES PER CUSTOMER (OR PER CONNECTION)**

<b>Test Year 2016 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1a Residential	104.9	104.9	0.0	0.0%
2a Commercial	440.2	432.9	(7.2)	-1.6%
3a Industrial	510.0	510.0	0.0	0.0%
4a Public Authority	1,736.1	1,736.1	0.0	0.0%
5a Irrigation	205.8	205.8	0.0	0.0%
6a Resale	0.0	0.0	0.0	0.0%
7a Contract	0.0	0.0	0.0	0.0%
8a Other	112.1	112.1	0.0	0.0%
<b>FLAT RATE</b>				
9a Commercial	0.0	0.0	0.0	0.0%
10a Public Authority	0.0	0.0	0.0	0.0%
11a Private Fire Protection	0.0	0.0	0.0	0.0%
<b>Escalation Year 2017 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1b Residential	104.9	104.9	0.0	0.0%
2b Commercial	440.2	432.9	(7.2)	-1.6%
3b Industrial	510.0	510.0	0.0	0.0%
4b Public Authority	1,736.1	1,736.1	0.0	0.0%
5b Irrigation	205.8	205.8	0.0	0.0%
6b Resale	0.0	0.0	0.0	0.0%
7b Contract	0.0	0.0	0.0	0.0%
8b Other	0.0	0.0	0.0	0.0%
<b>FLAT RATE</b>				
9b Commercial	0.0	0.0	0.0	0.0%
10b Public Authority	0.0	0.0	0.0	0.0%
11b Private Fire Protection	0.0	0.0	0.0	0.0%

\* Hundred cubic feet per connection per year.

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**TABLE 2-2**  
**AVERAGE NUMBER OF CUSTOMERS (SERVICE CONNECTIONS)**

<b>Test Year 2016</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1a	Residential	3,047	3,047	0	0%
2a	Commercial	135	135	0	0%
3a	Industrial	1	1	0	0%
4a	Public Authority	8	8	0	0%
5a	Irrigation	49	49	0	0%
6a	Resale	0	0	0	0%
7a	Contract	0	0	0	0%
8a	Other	0	0	0	0%
9a	Total Number of Metered Connections	3,240	3,240	0	0%
<u>Flat Rate Connections:</u>					
10a	Commercial	0	0	0	0%
11a	Public Authority	0	0	0	0%
12a	Private Fire	24	24	0	0%
<u>Total Number of Connections:</u>					
13a	Including Fire Protection	3,264	3,264	0	0%
14a	Excluding Fire Protection	3,240	3,240	0	0%
<b>Escalation Year 2017</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1b	Residential	3,047	3,047	0	0%
2b	Commercial	129	129	0	0%
3b	Industrial	1	1	0	0%
4b	Public Authority	8	8	0	0%
5b	Irrigation	53	53	0	0%
6b	Resale	0	0	0	0%
7b	Contract	0	0	0	0%
8b	Other	0	0	0	0%
9b	Total Number of Metered Connections	3,238	3,238	0	0%
<u>Flat Rate Connections:</u>					
10b	Commercial	0	0	0	0%
11b	Public Authority	0	0	0	0%
12b	Private Fire	24	24	0	0%
<u>Total Number of Connections:</u>					
13b	Including Fire Protection	3,262	3,262	0	0%
14b	Excluding Fire Protection	3,238	3,238	0	0%

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**TABLE 2-3**  
**TOTAL SALES AND SUPPLY**

<b>Test Year 2016 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1a	Residential	319.6	319.6	0	0.0%
2a	Commercial	59.4	58.4	(1)	-1.6%
3a	Industrial	0.5	0.5	0	0.0%
4a	Public Authority	13.9	13.9	0	0.0%
5a	Irrigation	10.1	10.1	0	0.0%
6a	Resale	0.0	0.0	0	0.0%
7a	Contract	0.0	0.0	0	0.0%
8a	Other	0.0	0.0	0	0.0%
9a	Total Metered Connections' Sales	403.5	402.6	(1)	-0.2%
10a	<u>Total Flat Rate Connections' Sales</u>	0.0	0.0	0	0.0%
11a	<u>Total Sales</u>	403.5	402.6	(1)	-0.2%
12a	<i>Water Loss Rate % *</i>	6.641%	6.641%	0.000%	0.0%
13a	Water Loss	28.7	28.6	(0)	-0.2%
14a	<b>Total Requirement (Sales + Water Loss) **</b>	<b>432.3</b>	<b>431.2</b>	<b>(1)</b>	<b>-0.2%</b>
15a	Total Requirement in Acre Feet	992.3	989.9	(2)	-0.2%
<b>WATER SUPPLY MIX:</b>					
16a	Well Water	432.3	431.2	(1)	-0.2%
17a	Purchased Water	0.0	0.0	0	0.0%
18a	<b>Total Supply **</b>	<b>432.3</b>	<b>431.2</b>	<b>(1)</b>	<b>-0.2%</b>
<b>Escalation Year 2017 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1b	Residential	319.6	319.6	0	0.0%
2b	Commercial	56.8	55.8	(1)	-1.6%
3b	Industrial	0.5	0.5	0	0.0%
4b	Public Authority	13.9	13.9	0	0.0%
5b	Irrigation	10.9	10.9	0	0.0%
6b	Resale	0.0	0.0	0	0.0%
7b	Contract	0.0	0.0	0	0.0%
8b	Other	0.0	0.0	0	0.0%
9b	Total Metered Connections' Sales	401.7	400.8	(1)	-0.2%
10b	<u>Total Unmetered Connections' Sales</u>	0.0	0.0	0	0.0%
11b	<u>Total Sales</u>	401.7	400.8	(1)	-0.2%
12b	<i>Water Loss Rate % *</i>	6.6%	6.6%	0.0%	0.0%
13b	Water Loss	28.6	28.5	(0)	-0.2%
14b	<b>Total Requirement (Sales + Water Loss) **</b>	<b>430.3</b>	<b>429.3</b>	<b>(1)</b>	<b>-0.2%</b>
15b	Total Requirement in Acre Feet	987.8	985.6	(2)	-0.2%
<b>WATER SUPPLY MIX:</b>					
16b	Well Water	430.3	429.3	(1)	-0.2%
17b	Purchased Water	0.0	0.0	0	0.0%
18b	<b>Total Supply **</b>	<b>430.3</b>	<b>429.3</b>	<b>(1)</b>	<b>-0.2%</b>

\* Sum of % used in operations and unaccounted for water %

\*\* Total Requirement and Total Supply may differ slightly due to rounding.

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**TABLE 2-4**  
**OPERATING REVENUES AT PRESENT RATES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	3,437.9	3,437.9	0.0	0.0%
2	Commercial	585.9	579.1	(6.8)	-1.2%
3	Industrial	4.6	4.6	0.0	0.0%
4	Public Authority	118.8	118.8	0.0	0.0%
5	Irrigation	115.6	115.6	0.0	0.0%
6	Resale	0.0	0.0	0.0	0.0%
7	Other	(6.9)	(6.9)	0.0	0.0%
8	Total Metered Revenues	4,255.9	4,249.1	(6.8)	-0.2%
<u>Flat Rate Revenues:</u>					
9	Commercial	0.0	0.0	0.0	0.0%
10	Public Authority	0.0	0.0	0.0	0.0%
11	Private Fire	9.2	9.2	0.0	0.0%
12	Total Flat Rate Revenues	9.2	9.2	0.0	0.0%
<u>Miscellaneous:</u>					
13	Misc. Service	8.1	8.1	0.0	0.0%
14	Rent	0.0	0.0	0.0	0.0%
15	Other	0.0	0.0	0.0	0.0%
16	Total Other Revenues	8.1	8.1	0.0	0.0%
17	Total Revenues at Present Rates, Test Year 2016	4,273.2	4,266.3	(6.8)	-0.2%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	3,437.9	3,437.9	0.0	0.0%
2	Commercial	559.6	553.1	(6.5)	-1.2%
3	Industrial	4.6	4.6	0.0	0.0%
4	Public Authority	118.8	118.8	0.0	0.0%
5	Irrigation	123.6	123.6	0.0	0.0%
6	Resale	0.0	0.0	0.0	0.0%
7	Other	(6.9)	(6.9)	0.0	0.0%
8	Total Metered Revenues	4,237.6	4,231.1	(6.5)	-0.2%
<u>Flat Rate Revenues:</u>					
9	Commercial	0.0	0.0	0.0	0.0%
10	Public Authority	0.0	0.0	0.0	0.0%
11	Private Fire	9.2	9.2	0.0	0.0%
12	Total Flat Rate Revenues	9.2	9.2	0.0	0.0%
<u>Miscellaneous:</u>					
13	Misc. Service	8.1	8.1	0.0	0.0%
14	Rent	0.0	0.0	0.0	0.0%
15	Other	0.0	0.0	0.0	0.0%
16	Total Other Revenues	8.1	8.1	0.0	0.0%
17	Total Revenues at Present Rates, Escal. Year 2017	4,254.9	4,248.4	(6.5)	-0.2%

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**TABLE 3-1**  
**OPERATIONS & MAINTENANCE EXPENSES - TEST YEAR**

Test Year 2016 (\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>				
1 Purchased Water	0.0	0.0	0.0	0.0%
2 Purchased Power	171.6	171.3	(0.3)	-0.2%
3 Pump Taxes	0.0	0.0	0.0	0.0%
4 Total Supply Expenses	171.6	171.3	(0.3)	-0.2%
5 Chemicals	251.8	260.2	8.4	3.3%
6 Allocated GO - Billing and Cash Processing	59.0	61.1	2.1	3.5%
7 Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8 Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9 Postage	0.0	0.0	0.0	0.0%
10 Operation Labor	265.1	269.8	4.8	1.8%
11 Other Operation Expenses	156.7	156.5	(0.2)	-0.2%
12 Conservation	7.8	9.0	1.2	15.3%
13 Total Operations Expenses	912.0	927.9	15.9	1.7%
<u>Maintenance Expenses:</u>				
14 Maintenance Labor	56.1	57.1	1.0	1.8%
15 Other Maintenance Expenses	151.0	150.8	(0.2)	-0.2%
16 Total Maintenance Expenses	207.1	207.9	0.8	0.4%
17 Total O&M excluding A&G	1,119.1	1,135.8	16.7	1.5%
<u>At Present Rates</u>				
18 Operating Revenues	4,273.2	4,266.3	(6.8)	-0.2%
19 <i>Uncollectible Rate</i>	0.1798%	0.1798%	0.0000%	0.0%
20 Uncollectibles Expense	7.7	7.7	(0.0)	-0.2%
21 Total O&M Expenses including Uncollectibles	1,126.8	1,143.5	16.6	1.5%
<u>At Proposed Rates</u>				
22 Operating Revenues	3,655.1	4,458.7	803.6	22.0%
23 <i>Uncollectible Rate</i>	0.1798%	0.1798%	0.0000%	0.0%
24 Uncollectibles Expense	6.6	8.0	1.4	22.0%
25 Total O&M Expenses including Uncollectibles	1,125.7	1,143.8	18.1	1.6%

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**TABLE 3-2**  
**OPERATIONS & MAINTENANCE EXPENSES - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>					
1	Purchased Water	0.0	0.0	0.0	0.0%
2	Purchased Power	171.1	170.8	(0.3)	-0.2%
3	Pump Taxes	0.0	0.0	0.0	0.0%
4	Total Supply Expenses	171.1	170.8	(0.3)	-0.2%
5	Chemicals	257.8	266.2	8.4	3.3%
6	Allocated GO - Billing and Cash Processing	60.0	62.5	2.4	4.1%
7	Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8	Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9	Postage	0.0	0.0	0.0	0.0%
10	Operation Labor	268.8	273.4	4.6	1.7%
11	Other Operation Expenses	160.3	160.1	(0.3)	-0.2%
12	Conservation	7.8	9.2	1.4	18.0%
13	Total Operations Expenses	925.7	942.0	16.3	1.8%
<u>Maintenance Expenses:</u>					
14	Maintenance Labor	56.8	57.8	1.0	1.7%
15	Other Maintenance Expenses	154.5	154.2	(0.2)	-0.2%
16	Total Maintenance Expenses	211.3	212.0	0.7	0.3%
17	Total O&M excluding A&G	1,137.1	1,154.1	17.0	1.5%
<u>At Present Rates</u>					
18	Operating Revenues	4,254.9	4,248.4	(6.5)	-0.2%
19	Uncollectible Rate	0.1798%	0.1798%	0.0000%	0.0%
20	Uncollectibles Expense	7.7	7.6	(0.0)	-0.2%
21	Total O&M Expenses including Uncollectibles	1,144.7	1,161.7	17.0	1.5%
<u>At Proposed Rates</u>					
22	Operating Revenues	3,688.0	4,641.6	953.6	25.9%
23	Uncollectible Rate	0.1798%	0.1798%	0.0000%	0.0%
24	Uncollectibles Expense	6.6	8.3	1.7	25.9%
25	Total O&M Expenses including Uncollectibles	1,143.7	1,162.4	18.7	1.6%

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**TABLE 4-1**  
**ADMINISTRATIVE & GENERAL EXPENSES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1a	Office Supplies & Expenses	43.0	46.4	3.4	7.9%
2a	Property Insurance	0.0	0.0	0.0	0.0%
3a	Injuries and Damages	35.2	41.2	6.0	17.2%
4a	Pension and Benefits	177.4	206.3	28.9	16.3%
5a	Business Meals	0.7	0.7	(0.0)	-0.2%
6a	Regulatory Expenses	0.0	0.0	0.0	0.0%
7a	Outside Services	112.0	111.8	(0.2)	-0.2%
8a	Miscellaneous	0.3	0.7	0.4	134.7%
9a	Allocated GO- Corporate Support	130.3	169.9	39.6	30.4%
10a	Allocated GO- Centralized Operations Support	117.6	153.5	35.9	30.5%
11a	Allocated District Office Expenses	76.2	85.3	9.1	11.9%
12a	Other Maintenance of General Plant	6.7	6.6	(0.0)	-0.1%
13a	Rent	1.4	1.4	(0.0)	-0.2%
14a	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15a	A&G Labor	97.2	98.9	1.7	1.8%
16a	Total A&G and Miscellaneous Adjustments	797.9	922.7	124.8	15.6%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1b	Office Supplies & Expenses	44.0	47.4	3.5	7.9%
2b	Property Insurance	0.0	0.0	0.0	0.0%
3b	Injuries and Damages	35.9	42.1	6.2	17.2%
4b	Pension and Benefits	179.4	215.4	35.9	20.0%
5b	Business Meals	0.7	0.7	(0.0)	-0.2%
6b	Regulatory Expenses	0.0	0.0	0.0	0.0%
7b	Outside Services	114.2	114.0	(0.2)	-0.2%
8b	Miscellaneous	0.3	0.7	0.4	134.7%
9b	Allocated GO- Corporate Support	133.0	173.6	40.7	30.6%
10b	Allocated GO- Centralized Operations Support	119.4	157.1	37.7	31.6%
11b	Allocated District Office Expenses	77.5	87.4	9.9	12.7%
12b	Other Maintenance of General Plant	6.8	6.8	(0.0)	-0.1%
13b	Rent	1.4	1.4	(0.0)	-0.2%
14b	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15b	A&G Labor	98.5	100.2	1.7	1.7%
16b	Total A&G and Miscellaneous Adjustments	811.2	946.9	135.7	16.7%

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**TABLE 5-1**  
**TAXES OTHER THAN INCOME**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Ad Valorem Taxes	92.3	104.2	11.9	12.9%
2a Payroll Taxes	34.9	35.5	0.6	1.8%
<b><u>At Present Rates</u></b>				
3a Operating Revenue <i>EXCLUDING</i> Uncollectibles	4,273.2	4,266.3	(6.8)	-0.2%
4a <i>Effective Local Franchise Tax Rate</i>	<u>0.000%</u>	<u>0.000%</u>	<u>0.000%</u>	<u>0.0%</u>
5a Franchise Taxes on applicable op. revenues	0.0	0.0	0.0	0.0%
6a Total Taxes Other Than Income, At Present Rates	127.2	139.8	12.6	9.9%
<b><u>At Proposed Rates</u></b>				
7a Operating Revenue <i>EXCLUDING</i> Uncollectibles	3,648.5	4,458.7	810.2	22.2%
8a <i>Effective Local Franchise Tax Rate</i>	<u>0.000%</u>	<u>0.000%</u>	<u>0.000%</u>	<u>0.0%</u>
9a Franchise Taxes on applicable op. revenues	0.0	0.0	0.0	0.0%
10a Total Taxes Other Than Income, At Proposed Rates	127.2	139.8	12.6	9.9%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Ad Valorem Taxes	93.5	111.0	17.5	18.7%
2b Payroll Taxes	35.4	36.0	0.6	1.7%
<b><u>At Present Rates</u></b>				
3b Operating Revenue <i>EXCLUDING</i> Uncollectibles	4,254.9	4,248.4	(6.5)	-0.2%
4b <i>Effective Local Franchise Tax Rate</i>	<u>0.000%</u>	<u>0.000%</u>	<u>0.000%</u>	<u>0.0%</u>
5b Franchise Taxes on applicable op. revenues	0.0	0.0	0.0	0.0%
6b Total Taxes Other Than Income, At Present Rates	128.9	147.0	18.1	14.1%
<b><u>At Proposed Rates</u></b>				
7b Operating Revenue <i>EXCLUDING</i> Uncollectibles	3,681.4	4,641.6	960.2	26.1%
8b <i>Effective Local Franchise Tax Rate</i>	<u>0.000%</u>	<u>0.000%</u>	<u>0.000%</u>	<u>0.0%</u>
9b Franchise Taxes on applicable op. revenues	0.0	0.0	0.0	0.0%
10b Total Taxes Other Than Income, At Proposed Rates	128.9	147.0	18.1	14.1%

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**TABLE 6-1**  
**TAXES BASED ON INCOME - TEST YEAR AT PRESENT RATES**

Test Year 2016 (\$000)	ORA	GSWC	GSWC > ORA	
1 Operating Revenues at Present Rates	4,273.2	4,266.3	(6.8)	-0.2%
<u>Common Deductions:</u>				
2 Operating Expenses	2,477.8	2,708.5	230.8	9.3%
3 Book Depreciation - District	(425.8)	(502.7)	(76.8)	18.0%
4 Book Depreciation - G.O.	(31.0)	(35.6)	(4.6)	14.9%
5 Interest	318.9	457.5	138.6	43.5%
6 Deductions excluding Depreciation	2,339.8	2,627.8	287.9	12.3%
State Tax Calculation				
7 Taxable Income before Tax Depreciation and Other Sch M's	1,933.3	1,638.6	(294.7)	-15.2%
<u>Additional (Deduct):</u>				
8 Tax Depreciation-State	(345.7)	(427.1)	(81.5)	23.6%
9 Other Schedule M Items	5.9	6.8	0.8	14.2%
10 Subtotal	(339.7)	(420.3)	(80.6)	23.7%
<u>Federal Tax Deductions</u>				
11 Book Depreciation - District	(425.8)	(502.7)	(76.8)	18.0%
12 Book Depreciation - G.O.	(31.0)	(35.6)	(4.6)	14.9%
13 Excess Tax Depreciation Flow Through	10.2	10.2	0.0	0.0%
14 Calif. Corporation Franchise Tax	(140.9)	(107.7)	33.2	-23.6%
15 Other Schedule M Items	(21.0)	(20.5)	0.5	-2.2%
16 Def Rev Amort-Contrib	0.0	8.1	8.1	0.0%
<u>California Corporate Franchise Tax (CCFT)</u>				
17 Taxable Income for CCFT	1,593.6	1,218.3	(375.4)	-23.6%
18 <i>CCFT Rate</i>	8.84%	8.84%		
19 Total CCFT	140.9	107.7	(33.2)	-23.6%
<u>Federal Income Tax (FIT)</u>				
20 Taxable Income for FIT	1,324.9	990.4	(334.5)	-25.2%
21 <i>FIT Rate</i>	35.00%	35.00%		
22 Total FIT	463.7	346.6	(334.5)	-25.2%
23 Total Income Taxes for Revenues at Present Rates	604.6	454.3	(150.3)	-24.9%

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**TABLE 6-2**  
**TAXES BASED ON INCOME - TEST YEAR AT PROPOSED RATES**

<b>Test Year 2016</b>	<b>(\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1	Operating Revenues at Proposed Rates	3,655.1	4,458.7	803.6	22.0%
	<u>Common Deductions:</u>				
2	Operating Expenses	2,476.6	2,708.9	232.2	9.4%
3	Book Depreciation - District	(425.8)	(502.7)	(76.8)	18.0%
4	Book Depreciation - G.O.	(31.0)	(35.6)	(4.6)	14.9%
5	Interest	318.9	457.5	138.6	43.5%
6	Deductions excluding Depreciation	2,338.7	2,628.1	289.4	12.4%
	State Tax Calculation				
7	Taxable Income before Tax Depreciation and Other Sch M's	1,316.4	1,830.6	514.2	39.1%
	<u>Additional (Deduct):</u>				
8	Tax Depreciation-State	(345.7)	(427.1)	(81.5)	23.6%
9	Other Schedule M Items	5.9	6.8	0.8	14.2%
10	Subtotal	(339.7)	(420.3)	(80.6)	23.7%
	<u>Federal Tax Deductions</u>				
11	Book Depreciation - District	(425.8)	(502.7)	(76.8)	18.0%
12	Book Depreciation - G.O.	(31.0)	(35.6)	(4.6)	14.9%
13	Excess Tax Depreciation Flow Through	10.2	10.2	0.0	0.0%
14	Calif. Corporation Franchise Tax	(140.9)	(107.7)	33.2	-23.6%
15	Other Schedule M Items	(21.0)	(20.5)	0.5	-2.2%
16	Def Rev Amort-Contrib	0.0	8.1	8.1	0.0%
	<u>California Corporate Franchise Tax (CCFT)</u>				
17	Taxable Income for CCFT	976.7	1,410.3	433.6	44.4%
18	CCFT Rate	8.84%	8.84%		
19	Total CCFT	86.3	124.7	38.3	44.4%
	<u>Federal Income Tax (FIT)</u>				
20	Taxable Income for FIT	708.0	1,182.4	474.5	67.0%
21	FIT Rate	35.00%	35.00%		
22	Total FIT	247.8	413.9	166.1	67.0%
23	Total Income Taxes for Revenues at Proposed Rates	334.1	538.5	204.4	61.2%

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**TABLE 7-1**  
**UTILITY PLANT IN SERVICE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Plant in Service - Beginning of Year	18,300.2	20,665.0	2,364.8	12.9%
<u>Gross Additions:</u>				
2a Company-funded plant	307.0	1,779.0	1,472.0	479.5%
3a Advances	0.0	0.0	0.0	0.0%
4a Contributions	0.0	0.0	0.0	0.0%
5a Total Gross Additions	307.0	1,779.0	1,472.0	479.5%
6a Adjustments	0.0	0.0	0.0	0.0%
7a Retirements	(75.9)	(439.7)	(363.8)	479.5%
8a Net Additions	231.1	1,339.3	1,108.1	479.5%
9a Plant in Service - End of Year	18,531.3	22,004.3	3,472.9	18.7%
10a <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11a Weighted Average Plant in Service	18,415.8	21,334.6	2,918.9	15.8%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Plant in Service - Beginning of Year	18,531.3	22,004.3	3,472.9	18.7%
<u>Gross Additions:</u>				
2b Company-funded plant	144.5	1,210.1	1,065.6	737.4%
3b Advances	0.0	0.0	0.0	0.0%
4b Contributions	0.0	0.0	0.0	0.0%
5b Total Gross Additions	144.5	1,210.1	1,065.6	737.4%
6b Adjustments	0.0	0.0	0.0	0.0%
7b Retirements	(35.7)	(299.1)	(263.4)	737.4%
8b Net Additions	108.8	911.0	802.2	737.4%
9b Plant in Service - End of Year	18,640.1	22,915.2	4,275.1	22.9%
10b <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11b Weighted Average Plant in Service	18,585.7	22,459.8	3,874.0	20.8%

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**TABLE 8-1**  
**DEPRECIATION RESERVE & EXPENSE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Depreciation Reserve - Beginning of Year	6,786.5	6,025.1	(761.4)	-11.2%
<u>Accruals:</u>				
2a Clearing Accounts	16.8	16.8	0.0	0.0%
3a Contributions	32.2	32.2	0.0	0.0%
4a Expenses	425.8	502.7	76.8	18.0%
5a Total Accruals	474.9	551.7	76.8	16.2%
<u>Retirements and Adjustments:</u>				
6a Net Retirements	(75.9)	(439.7)	(363.8)	479.5%
7a Adjustments	0.0	0.0	0.0	0.0%
8a Total Retirement and Adjustments	(75.9)	(439.7)	(363.8)	479.5%
9a Net Additions	399.0	112.1	(287.0)	-71.9%
10a Depreciation Reserve - End of Year	7,185.5	6,137.2	(1,048.3)	-14.6%
11a <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12a Weighted Average Depreciation Reserve	6,986.0	6,081.2	(904.9)	-13.0%
13a <i>Deprec. expense for summary of earnings calc.</i>	425.8	502.7	76.8	18.0%
<hr/>				
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Depreciation Reserve - Beginning of Year	7,185.5	6,137.2	(1,048.3)	-14.6%
<u>Accruals:</u>				
2b Clearing Accounts	16.8	16.8	0.0	0.0%
3b Contributions	32.2	32.2	0.0	0.0%
4b Expenses	430.3	532.3	102.0	23.7%
5b Total Accruals	479.4	581.4	102.0	21.3%
<u>Retirements and Adjustments:</u>				
6b Net Retirements	(35.7)	(299.1)	(263.4)	737.4%
7b Adjustments	0.0	0.0	0.0	0.0%
8b Total Retirement and Adjustments	(35.7)	(299.1)	(263.4)	737.4%
9b Net Additions	443.7	282.3	(161.4)	-36.4%
10b Depreciation Reserve - End of Year	7,629.2	6,419.5	(1,209.7)	-15.9%
11b <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12b Weighted Average Depreciation Reserve	7,407.4	6,278.3	(1,129.0)	-15.2%
13b <i>Deprec. expense for summary of earnings calc.</i>	430.3	532.3	102.0	23.7%

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**TABLE 9-1**  
**WEIGHTED AVERAGE RATE BASE - TEST YEAR**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	18,415.8	21,334.6	2,918.9	15.8%
2	Weighted Average Depreciation Reserve	(6,986.0)	(6,081.2)	904.9	-13.0%
3	Net Utility Plant	11,429.7	15,253.5	3,823.7	33.5%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(763.8)	(763.8)	0.0	0.0%
5	Advances in Construction	(527.2)	(527.2)	0.0	0.0%
6	Investment Tax Credit	(4.5)	(4.5)	0.0	0.0%
7	Deferred Income Taxes	(1,350.8)	(1,163.5)	187.3	-13.9%
8	Deferred Revenues	0.2	0.2	0.0	0.0%
9	Total Deductions from Rate Base	(2,646.0)	(2,458.8)	187.3	-7.1%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	48.5	48.5	0.0	0.0%
11	Allowance for Working Cash	160.6	122.7	(37.9)	-23.6%
12	Total Working Capital	209.1	171.2	(37.9)	-18.1%
13	Utility Plant under Construction	991.1	1,348.6	357.5	36.1%
14	Acquisition Adjustment	0.0	0.0	0.0	0.0%
15	Total Additions to Rate Base	1,200.3	1,519.8	319.5	26.6%
16	Weighted Average Rate Base, District	9,984.0	14,314.5	4,330.6	43.4%
17	Common Utility Allocation	140.0	209.7	69.7	49.8%
18	Total Weighted Average Rate Base	10,124.0	14,524.2	4,400.2	43.5%
<u>Interest Calculation (for Tax Deductions):</u>					
19	Weighted Avg. Rate Base	10,124.0	14,524.2	4,400.2	43.5%
20	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21	Interest Expense	318.9	457.5	138.6	43.5%

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**TABLE 9-2**  
**WEIGHTED AVERAGE RATE BASE - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	18,585.7	22,459.8	3,874.0	20.8%
2	Weighted Average Depreciation Reserve	(7,407.4)	(6,278.3)	1,129.0	-15.2%
3	Net Utility Plant	11,178.4	16,181.4	5,003.1	44.8%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(731.5)	(731.5)	0.0	0.0%
5	Advances in Construction	(492.4)	(492.4)	0.0	0.0%
6	Investment Tax Credit	(4.0)	(4.0)	0.0	0.0%
7	Deferred Income Taxes	(1,411.4)	(1,203.9)	207.5	-14.7%
8	Deferred Revenues	0.2	0.2	0.0	0.0%
9	Total Deductions from Rate Base	(2,639.1)	(2,431.6)	207.5	-7.9%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	48.5	48.5	0.0	0.0%
11	Allowance for Working Cash	160.6	122.7	(37.9)	-23.6%
12	Total Working Capital	209.1	171.2	(37.9)	-18.1%
13	Utility Plant under Construction	991.1	1,348.6	357.5	36.1%
14	Acquisition Adjustment	0.0	0.0	0.0	0.0%
15	Total Additions to Rate Base	1,200.3	1,519.8	319.5	26.6%
16	Weighted Average Rate Base, District	9,739.5	15,269.6	5,530.1	56.8%
17	Common Utility Allocation	114.9	213.7	98.8	86.0%
18	Total Weighted Average Rate Base	<b>9,854.4</b>	<b>15,483.4</b>	5,628.9	57.1%
<u>Interest Calculation (for Tax Deductions):</u>					
19	Weighted Avg. Rate Base	9,854.4	15,483.4	5,628.9	57.1%
20	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21	Interest Expense	310.4	487.7	177.3	57.1%

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**ORA's RESULTS OF OPERATIONS - INDEX TABLE**

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<b>REVENUE INCREASES</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>
1. Test Year 2016 Increase (in dollars)	-\$212,660	\$254,707	\$467,367
2. Test Year 2016 Increase	-3.9%	4.7%	8.6%
3. Escalation Year 2017 Increase	3.7%	7.0%	3.4%
4. Escalation Year 2018 Increase	3.2%	6.8%	3.6%

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**TABLE 1-1**  
**SUMMARY OF EARNINGS - TEST YEAR**

Test Year 2016 (\$000)	ORA- Present Rates	GSWC- Present Rates	GSWC > ORA	
<b>1a Operating Revenues</b>	<b>5,506.3</b>	<b>5,426.8</b>	<b>(79.5)</b>	<b>-1.4%</b>
<u>Operating Expenses:</u>				
2a Operation & Maintenance	1,206.6	1,222.4	15.8	1.3%
3a Administrative & General	380.4	412.9	32.4	8.5%
4a Payroll	478.6	489.2	10.5	2.2%
5a General Office - <i>prorated expenses</i>	449.0	546.8	97.8	21.8%
6a Depreciation Expense	609.6	627.9	18.2	3.0%
7a Taxes Other Than Income	223.4	225.9	2.6	1.1%
8a California Corporate Franchise Tax	144.3	117.7	(26.7)	-18.5%
9a Federal Income Tax	532.6	439.4	(93.2)	-17.5%
10a Total Operating Expenses	4,024.7	4,082.1	57.4	1.4%
11a Net Operating Revenues	1,481.6	1,344.7	(136.9)	-9.2%
12a Weighted Average Rate Base	16,353.3	17,814.9	1,461.5	8.9%
13a <b>Return on Rate Base</b>	<b>9.06%</b>	<b>7.55%</b>	<b>-1.51%</b>	<b>-16.7%</b>
Test Year 2016 (\$000)	ORA- Proposed Rates	GSWC- Proposed Rates	GSWC > ORA	
<b>1b Operating Revenues</b>	<b>5,293.6</b>	<b>5,681.5</b>	<b>387.9</b>	<b>7.3%</b>
<u>Operating Expenses:</u>				
2b Operation & Maintenance	1,206.2	1,222.9	16.7	1.4%
3b Administrative & General	380.4	412.9	32.4	8.5%
4b Payroll	478.6	489.2	10.5	2.2%
5b General Office - <i>prorated expenses</i>	449.0	546.8	97.8	21.8%
6b Depreciation Expense	609.6	627.9	18.2	3.0%
7b Taxes Other Than Income	220.7	229.0	8.2	3.7%
8b California Corporate Franchise Tax	125.8	139.9	14.0	11.2%
9b Federal Income Tax	459.2	527.3	68.0	14.8%
10b Total Operating Expenses	3,929.7	4,195.7	266.0	6.8%
11b Net Operating Revenues	1,363.9	1,485.8	121.9	8.9%
12b Weighted Average Rate Base	16,353.3	17,814.9	1,461.5	8.9%
13b <b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.00%</b>	<b>0.0%</b>

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TABLE 1-2  
SUMMARY OF EARNINGS - ESCALATION YEARS

For Illustrative Purposes (\$000)	ORA 2017	ORA 2018	2017-2018 Increase	
1 <u>Operating Revenues</u>	5,513.3	5,734.9	221.6	4.0%
2 <u>Operating Expenses:*</u>				
3     Operation & Maintenance	1,218.6	1,246.4	27.8	2.3%
4     Administrative & General	385.8	394.6	8.8	2.3%
5     Payroll	485.3	491.2	5.8	1.2%
6     G.O. Prorated Expenses	456.9	467.3	10.4	2.3%
7     Depreciation Expense	645.4	660.1	14.7	2.3%
8     Taxes Other Than Income	233.1	238.4	5.3	2.3%
9     California Corporate Franchise Tax	138.4	151.6	13.2	9.6%
10    Federal Income Tax	503.0	555.4	52.5	10.4%
11 Total Operating Expenses	4,066.4	4,205.0	138.6	3.4%
12 Net Operating Revenues	1,446.9	1,529.9	83.0	5.7%
13 Weighted Average Rate Base	17,348.6	18,343.8	995.3	5.7%
14 <b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.0</b>	<b>0.0%</b>

\* Assumed escalation factors of 2.28% for composite and 1.20% for labor, for 2018.

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**TABLE 2-1**  
**WATER SALES PER CUSTOMER (OR PER CONNECTION)**

<b>Test Year 2016 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1a Residential	248.4	241.1	(7.3)	-2.9%
2a Commercial	646.5	646.5	0.0	0.0%
3a Industrial	220.3	220.3	0.0	0.0%
4a Public Authority	1,085.0	1,085.0	0.0	0.0%
5a Irrigation	1,736.5	1,736.5	0.0	0.0%
6a Resale	0.2	0.2	0.0	0.0%
7a Contract	172.3	172.3	0.0	0.0%
8a Other	0.0	0.0	0.0	0.0%
<b>FLAT RATE</b>				
9a Commercial	0.0	0.0	0.0	0.0%
10a Public Authority	0.0	0.0	0.0	0.0%
11a Private Fire Protection	0.4	0.4	0.0	0.0%
<b>Escalation Year 2017 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1b Residential	248.4	241.1	(7.3)	-2.9%
2b Commercial	646.5	646.5	0.0	0.0%
3b Industrial	220.3	220.3	0.0	0.0%
4b Public Authority	1,085.0	1,085.0	0.0	0.0%
5b Irrigation	1,736.5	1,736.5	0.0	0.0%
6b Resale	0.0	0.0	0.0	0.0%
7b Contract	0.0	0.0	0.0	0.0%
8b Other	0.0	0.0	0.0	0.0%
<b>FLAT RATE</b>				
9b Commercial	0.0	0.0	0.0	0.0%
10b Public Authority	0.0	0.0	0.0	0.0%
11b Private Fire Protection	0.4	0.4	0.0	0.0%

\* Hundred cubic feet per connection per year.

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**TABLE 2-2**  
**AVERAGE NUMBER OF CUSTOMERS (SERVICE CONNECTIONS)**

<b>Test Year 2016</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1a	Residential	2,448	2,448	0	0%
2a	Commercial	340	340	0	0%
3a	Industrial	4	4	0	0%
4a	Public Authority	23	23	0	0%
5a	Irrigation	44	44	0	0%
6a	Resale	0	0	0	0%
7a	Contract	0	0	0	0%
8a	Other	0	0	0	0%
9a	Total Number of Metered Connections	2,859	2,859	0	0%
<u>Flat Rate Connections:</u>					
10a	Commercial	0	0	0	0%
11a	Public Authority	0	0	0	0%
12a	Private Fire	37	37	0	0%
<u>Total Number of Connections:</u>					
13a	Including Fire Protection	2,896	2,896	0	0%
14a	Excluding Fire Protection	2,859	2,859	0	0%
<b>Escalation Year 2017</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1b	Residential	2,442	2,442	0	0%
2b	Commercial	343	343	0	0%
3b	Industrial	4	4	0	0%
4b	Public Authority	24	24	0	0%
5b	Irrigation	48	48	0	0%
6b	Resale	0	0	0	0%
7b	Contract	0	0	0	0%
8b	Other	0	0	0	0%
9b	Total Number of Metered Connections	2,861	2,861	0	0%
<u>Flat Rate Connections:</u>					
10b	Commercial	0	0	0	0%
11b	Public Authority	0	0	0	0%
12b	Private Fire	37	37	0	0%
<u>Total Number of Connections:</u>					
13b	Including Fire Protection	2,898	2,898	0	0%
14b	Excluding Fire Protection	2,861	2,861	0	0%

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**TABLE 2-3**  
**TOTAL SALES AND SUPPLY**

<b>Test Year 2016 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1a	Residential	608.1	590.2	(18)	-2.9%
2a	Commercial	219.8	219.8	0	0.0%
3a	Industrial	0.9	0.9	0	0.0%
4a	Public Authority	25.0	25.0	0	0.0%
5a	Irrigation	75.6	75.6	0	0.0%
6a	Resale	0.0	0.0	0	0.0%
7a	Contract	0.0	0.0	0	0.0%
8a	Other	0.0	0.0	0	0.0%
9a	Total Metered Connections' Sales	929.3	911.5	(18)	-1.9%
10a	<u>Total Flat Rate Connections' Sales</u>	0.0	0.0	0	0.0%
11a	<u>Total Sales</u>	929.3	911.5	(18)	-1.9%
12a	<i>Water Loss Rate % *</i>	<i>7.032%</i>	<i>10.501%</i>	<i>3.469%</i>	<i>49.3%</i>
13a	Water Loss	70.3	106.9	37	52.1%
14a	<b>Total Requirement (Sales + Water Loss) **</b>	<b>999.6</b>	<b>1,018.4</b>	<b>19</b>	<b>1.9%</b>
15a	Total Requirement in Acre Feet	2,294.8	2,338.0	43	1.9%
<b>WATER SUPPLY MIX:</b>					
16a	Well Water	788.4	807.2	19	2.4%
17a	Purchased Water	211.2	211.2	0	0.0%
18a	<b>Total Supply **</b>	<b>999.6</b>	<b>1,018.4</b>	<b>19</b>	<b>1.9%</b>
<b>Escalation Year 2017 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1b	Residential	606.6	588.8	(18)	-2.9%
2b	Business	221.7	221.7	0	0.0%
3b	Multiple Family	0.9	0.9	0	0.0%
4b	Industrial	26.0	26.0	0	0.0%
5b	Public Authority	82.8	82.8	0	0.0%
6b	Other	0.0	0.0	0	0.0%
7b	Irrigation	0.0	0.0	0	0.0%
8b	Recycled	0.0	0.0	0	0.0%
9b	Total Metered Connections' Sales	938.1	920.3	(18)	-1.9%
10b	<u>Total Unmetered Connections' Sales</u>	0.0	0.0	0	0.0%
11b	<u>Total Sales</u>	938.089	920.3	(18)	-1.9%
12b	<i>Water Loss Rate % *</i>	<i>7.032%</i>	<i>10.501%</i>	<i>3.47%</i>	<i>49.3%</i>
13b	Water Loss	71.0	108.0	37	52.2%
14b	<b>Total Requirement (Sales + Water Loss) **</b>	<b>1,009.0</b>	<b>1,028.3</b>	<b>19</b>	<b>1.9%</b>
15b	Total Requirement in Acre Feet	2,316.5	2,360.6	44	1.9%
<b>WATER SUPPLY MIX:</b>					
16b	Well Water	797.8	817.0	19	2.4%
17b	Purchased Water	211.2	211.2	0	0.0%
18b	<b>Total Supply **</b>	<b>1,009.1</b>	<b>1,028.3</b>	<b>19</b>	<b>1.9%</b>

\* Sum of % used in operations and unaccounted for water %

\*\* Total Requirement and Total Supply may differ slightly due to rounding.

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**TABLE 2-4**  
**OPERATING REVENUES AT PRESENT RATES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	3,813.7	3,734.1	(79.5)	-2.1%
2	Commercial	1,249.7	1,249.7	0.0	0.0%
3	Industrial	6.3	6.3	0.0	0.0%
4	Public Authority	167.8	167.8	0.0	0.0%
5	Irrigation	250.2	250.2	0.0	0.0%
6	Resale	44.6	44.6	0.0	0.0%
7	Other	(47.8)	(47.8)	0.0	0.0%
8	Total Metered Revenues	5,484.5	5,405.0	(79.5)	-1.4%
<u>Flat Rate Revenues:</u>					
9	Commercial	0.0	0.0	0.0	0.0%
10	Public Authority	0.0	0.0	0.0	0.0%
11	Private Fire	12.5	12.5	0.0	0.0%
12	Total Flat Rate Revenues	12.5	12.5	0.0	0.0%
<u>Miscellaneous:</u>					
13	Misc. Service	9.4	9.4	0.0	0.0%
14	Rent	0.0	0.0	0.0	0.0%
15	Other	(0.2)	(0.2)	0.0	0.0%
16	Total Other Revenues	9.2	9.2	0.0	0.0%
17	Total Revenues at Present Rates, Test Year 2016	5,506.3	5,426.8	(79.5)	-1.4%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	3,804.5	3,725.2	(79.3)	-2.1%
2	Commercial	1,261.5	1,261.5	0.0	0.0%
3	Industrial	6.3	6.3	0.0	0.0%
4	Public Authority	175.4	175.4	0.0	0.0%
5	Irrigation	285.8	285.8	0.0	0.0%
6	Resale	44.6	44.6	0.0	0.0%
7	Other	(47.8)	(47.8)	0.0	0.0%
8	Total Metered Revenues	5,530.3	5,451.0	(79.3)	-1.4%
<u>Flat Rate Revenues:</u>					
9	Commercial	0.0	0.0	0.0	0.0%
10	Public Authority	0.0	0.0	0.0	0.0%
11	Private Fire	12.5	12.5	0.0	0.0%
12	Total Flat Rate Revenues	12.5	12.5	0.0	0.0%
<u>Miscellaneous:</u>					
13	Misc. Service	9.4	9.4	0.0	0.0%
14	Rent	0.0	0.0	0.0	0.0%
15	Other	(0.2)	(0.2)	0.0	0.0%
16	Total Other Revenues	9.2	9.2	0.0	0.0%
17	Total Revenues at Present Rates, Escal. Year 2017	5,552.1	5,472.8	(79.3)	-1.4%

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**TABLE 3-1**  
**OPERATIONS & MAINTENANCE EXPENSES - TEST YEAR**

Test Year 2016 (\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>				
1 Purchased Water	485.6	485.6	0.0	0.0%
2 Purchased Power	315.8	321.9	6.1	1.9%
3 Pump Taxes	27.1	27.8	0.6	2.4%
4 Total Supply Expenses	828.6	835.3	6.7	0.8%
5 Chemicals	31.5	39.6	8.1	25.7%
6 Allocated GO - Billing and Cash Processing	68.9	71.1	2.2	3.1%
7 Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8 Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9 Postage	0.0	0.0	0.0	0.0%
10 Operation Labor	249.2	254.6	5.5	2.2%
11 Other Operation Expenses	72.4	72.5	0.1	0.1%
12 Conservation	8.8	9.5	0.8	8.6%
13 Total Operations Expenses	1,259.3	1,282.6	23.3	1.8%
<u>Maintenance Expenses:</u>				
14 Maintenance Labor	92.3	94.3	2.0	2.2%
15 Other Maintenance Expenses	254.5	254.8	0.3	0.1%
16 Total Maintenance Expenses	346.8	349.1	2.3	0.7%
17 Total O&M excluding A&G	1,606.1	1,631.7	25.6	1.6%
<u>At Present Rates</u>				
18 Operating Revenues	5,506.3	5,426.8	(79.5)	-1.4%
19 <i>Uncollectible Rate</i>	0.1973%	0.1973%	0.0000%	0.0%
20 Uncollectibles Expense	10.9	10.7	(0.2)	-1.4%
21 Total O&M Expenses including Uncollectibles	1,617.0	1,642.4	25.4	1.6%
<u>At Proposed Rates</u>				
22 Operating Revenues	5,293.6	5,681.5	387.9	7.3%
23 <i>Uncollectible Rate</i>	0.1973%	0.1973%	0.0000%	0.0%
24 Uncollectibles Expense	10.4	11.2	0.8	7.3%
25 Total O&M Expenses including Uncollectibles	1,616.6	1,642.9	26.4	1.6%

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**TABLE 3-2**  
**OPERATIONS & MAINTENANCE EXPENSES - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>					
1	Purchased Water	485.6	485.6	0.0	0.0%
2	Purchased Power	318.7	324.9	6.2	1.9%
3	Pump Taxes	27.1	27.8	0.6	2.4%
4	Total Supply Expenses	831.5	838.3	6.8	0.8%
5	Chemicals	32.7	41.1	8.4	25.8%
6	Allocated GO - Billing and Cash Processing	70.1	72.6	2.6	3.7%
7	Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8	Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9	Postage	0.0	0.0	0.0	0.0%
10	Operation Labor	252.6	258.3	5.7	2.3%
11	Other Operation Expenses	74.1	74.2	0.1	0.1%
12	Conservation	8.8	9.8	1.0	11.2%
13	Total Operations Expenses	1,269.7	1,294.3	24.6	1.9%
<u>Maintenance Expenses:</u>					
14	Maintenance Labor	93.6	95.7	2.1	2.3%
15	Other Maintenance Expenses	260.7	260.9	0.3	0.1%
16	Total Maintenance Expenses	354.2	356.6	2.4	0.7%
17	Total O&M excluding A&G	1,624.0	1,650.9	27.0	1.7%
<u>At Present Rates</u>					
18	Operating Revenues	5,552.1	5,472.8	(79.3)	-1.4%
19	Uncollectible Rate	0.1973%	0.1973%	0.0000%	0.0%
20	Uncollectibles Expense	11.0	10.8	(0.2)	-1.4%
21	Total O&M Expenses including Uncollectibles	1,634.9	1,661.7	26.8	1.6%
<u>At Proposed Rates</u>					
22	Operating Revenues	5,513.3	6,112.2	598.9	10.9%
23	Uncollectible Rate	0.1973%	0.1973%	0.0000%	0.0%
24	Uncollectibles Expense	10.9	12.1	1.2	10.9%
25	Total O&M Expenses including Uncollectibles	1,634.8	1,663.0	28.2	1.7%

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**TABLE 4-1**  
**ADMINISTRATIVE & GENERAL EXPENSES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1a	Office Supplies & Expenses	73.7	77.0	3.3	4.4%
2a	Property Insurance	0.0	0.0	0.0	0.0%
3a	Injuries and Damages	32.3	37.8	5.6	17.2%
4a	Pension and Benefits	153.9	174.9	21.0	13.7%
5a	Business Meals	4.1	4.1	0.0	0.2%
6a	Regulatory Expenses	0.0	0.0	0.0	0.0%
7a	Outside Services	44.6	46.6	2.0	4.5%
8a	Miscellaneous	2.5	3.0	0.5	20.2%
9a	Allocated GO- Corporate Support	153.8	197.0	43.2	28.1%
10a	Allocated GO- Centralized Operations Support	137.4	179.3	41.9	30.5%
11a	Allocated District Office Expenses	88.8	99.4	10.6	11.9%
12a	Other Maintenance of General Plant	25.0	25.0	0.0	0.1%
13a	Rent	44.5	44.5	0.0	0.0%
14a	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15a	A&G Labor	137.2	140.2	3.0	2.2%
16a	Total A&G and Miscellaneous Adjustments	897.8	1,028.8	131.1	14.6%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1b	Office Supplies & Expenses	75.5	78.8	3.4	4.4%
2b	Property Insurance	0.0	0.0	0.0	0.0%
3b	Injuries and Damages	33.0	38.6	5.7	17.2%
4b	Pension and Benefits	154.0	179.7	25.7	16.7%
5b	Business Meals	4.2	4.2	0.0	0.2%
6b	Regulatory Expenses	0.0	0.0	0.0	0.0%
7b	Outside Services	45.5	47.6	2.1	4.5%
8b	Miscellaneous	2.5	3.0	0.5	20.2%
9b	Allocated GO- Corporate Support	156.9	201.3	44.4	28.3%
10b	Allocated GO- Centralized Operations Support	139.5	183.5	44.0	31.6%
11b	Allocated District Office Expenses	90.4	101.9	11.5	12.7%
12b	Other Maintenance of General Plant	25.6	25.6	0.0	0.1%
13b	Rent	45.5	45.5	0.0	0.0%
14b	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15b	A&G Labor	139.1	142.3	3.1	2.3%
16b	Total A&G and Miscellaneous Adjustments	911.8	1,052.2	140.4	15.4%

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**TABLE 5-1**  
**TAXES OTHER THAN INCOME**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Ad Valorem Taxes	117.9	120.5	2.6	2.2%
2a Payroll Taxes	40.0	40.8	0.9	2.2%
<b><u>At Present Rates</u></b>				
3a Operating Revenue <i>EXCLUDING</i> Uncollectibles	5,506.3	5,426.8	(79.5)	-1.4%
4a <i>Effective Local Franchise Tax Rate</i>	<u>1.190%</u>	<u>1.190%</u>	<u>0.000%</u>	<u>0.0%</u>
5a Franchise Taxes on applicable op. revenues	65.5	64.6	(0.9)	-1.4%
6a Total Taxes Other Than Income, At Present Rates	223.4	225.9	2.6	1.1%
<b><u>At Proposed Rates</u></b>				
7a Operating Revenue <i>EXCLUDING</i> Uncollectibles	5,283.1	5,681.5	398.4	7.5%
8a <i>Effective Local Franchise Tax Rate</i>	<u>1.190%</u>	<u>1.190%</u>	<u>0.000%</u>	<u>0.0%</u>
9a Franchise Taxes on applicable op. revenues	62.9	67.6	4.7	7.5%
10a Total Taxes Other Than Income, At Proposed Rates	220.7	229.0	8.2	3.7%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Ad Valorem Taxes	127.1	131.3	4.3	3.4%
2b Payroll Taxes	40.5	41.4	0.9	2.3%
<b><u>At Present Rates</u></b>				
3b Operating Revenue <i>EXCLUDING</i> Uncollectibles	5,552.1	5,472.8	(79.3)	-1.4%
4b <i>Effective Local Franchise Tax Rate</i>	<u>1.190%</u>	<u>1.190%</u>	<u>0.000%</u>	<u>0.0%</u>
5b Franchise Taxes on applicable op. revenues	66.1	65.1	(0.9)	-1.4%
6b Total Taxes Other Than Income, At Present Rates	233.7	237.9	4.2	1.8%
<b><u>At Proposed Rates</u></b>				
7b Operating Revenue <i>EXCLUDING</i> Uncollectibles	5,502.4	6,112.2	609.7	11.1%
8b <i>Effective Local Franchise Tax Rate</i>	<u>1.190%</u>	<u>1.190%</u>	<u>0.000%</u>	<u>0.0%</u>
9b Franchise Taxes on applicable op. revenues	65.5	72.8	7.3	11.1%
10b Total Taxes Other Than Income, At Proposed Rates	233.1	245.5	12.4	5.3%

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**TABLE 6-1**  
**TAXES BASED ON INCOME - TEST YEAR AT PRESENT RATES**

<b>Test Year 2016</b>	<b>(\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1	Operating Revenues at Present Rates	5,506.3	5,426.8	(79.5)	-1.4%
	<u>Common Deductions:</u>				
2	Operating Expenses	3,347.8	3,525.1	177.3	5.3%
3	Book Depreciation - District	(609.6)	(627.9)	(18.2)	3.0%
4	Book Depreciation - G.O.	(36.4)	(41.4)	(4.9)	13.5%
5	Interest	515.1	561.2	46.0	8.9%
6	Deductions excluding Depreciation	3,216.8	3,417.0	200.2	6.2%
	<u>State Tax Calculation</u>				
7	Taxable Income before Tax Depreciation and Other Sch M's	2,289.4	2,009.7	(279.7)	-12.2%
	<u>Additional (Deduct):</u>				
8	Tax Depreciation-State	(663.6)	(686.8)	(23.2)	3.5%
9	Other Schedule M Items	6.9	7.9	1.0	14.2%
10	Subtotal	(656.7)	(678.8)	(22.2)	3.4%
	<u>Federal Tax Deductions</u>				
11	Book Depreciation - District	(609.6)	(627.9)	(18.2)	3.0%
12	Book Depreciation - G.O.	(36.4)	(41.4)	(4.9)	13.5%
13	Excess Tax Depreciation Flow Through	47.1	47.1	0.0	0.0%
14	Calif. Corporation Franchise Tax	(144.3)	(117.7)	26.7	-18.5%
15	Other Schedule M Items	(24.5)	(24.0)	0.5	-2.2%
16	Def Rev Amort-Contrib	0.0	9.2	9.2	0.0%
	<u>California Corporate Franchise Tax (CCFT)</u>				
17	Taxable Income for CCFT	1,632.8	1,330.9	(301.9)	-18.5%
18	<i>CCFT Rate</i>	8.84%	8.84%		
19	Total CCFT	144.3	117.7	(26.7)	-18.5%
	<u>Federal Income Tax (FIT)</u>				
20	Taxable Income for FIT	1,521.7	1,255.3	(266.4)	-17.5%
21	<i>FIT Rate</i>	35.00%	35.00%		
22	Total FIT	532.6	439.4	(266.4)	-17.5%
23	Total Income Taxes for Revenues at Present Rates	676.9	557.0	(119.9)	-17.7%

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**TABLE 6-2**  
**TAXES BASED ON INCOME - TEST YEAR AT PROPOSED RATES**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Operating Revenues at Proposed Rates	5,293.6	5,681.5	387.9	7.3%
	<u>Common Deductions:</u>				
2	Operating Expenses	3,344.8	3,528.6	183.8	5.5%
3	Book Depreciation - District	(609.6)	(627.9)	(18.2)	3.0%
4	Book Depreciation - G.O.	(36.4)	(41.4)	(4.9)	13.5%
5	Interest	515.1	561.2	46.0	8.9%
				0.0	0.0%
6	Deductions excluding Depreciation	3,213.9	3,420.6	206.7	6.4%
	State Tax Calculation				
7	Taxable Income before Tax Depreciation and Other Sch M's	2,079.8	2,260.9	181.1	8.7%
	<u>Additional (Deduct):</u>				
8	Tax Depreciation-State	(663.6)	(686.8)	(23.2)	3.5%
9	Other Schedule M Items	6.9	7.9	1.0	14.2%
10	Subtotal	(656.7)	(678.8)	(22.2)	3.4%
	<u>Federal Tax Deductions</u>				
11	Book Depreciation - District	(609.6)	(627.9)	(18.2)	3.0%
12	Book Depreciation - G.O.	(36.4)	(41.4)	(4.9)	13.5%
13	Excess Tax Depreciation Flow Through	47.1	47.1	0.0	0.0%
14	Calif. Corporation Franchise Tax	(144.3)	(117.7)	26.7	-18.5%
15	Other Schedule M Items	(24.5)	(24.0)	0.5	-2.2%
16	Def Rev Amort-Contrib	0.0	9.2	9.2	0.0%
	<u>California Corporate Franchise Tax (CCFT)</u>				
17	Taxable Income for CCFT	1,423.2	1,582.1	158.9	11.2%
18	CCFT Rate	8.84%	8.84%		
19	Total CCFT	125.8	139.9	14.0	11.2%
	<u>Federal Income Tax (FIT)</u>				
20	Taxable Income for FIT	1,312.1	1,506.5	194.4	14.8%
21	FIT Rate	35.00%	35.00%		
22	Total FIT	459.2	527.3	68.0	14.8%
23	Total Income Taxes for Revenues at Proposed Rates	585.0	667.1	82.1	14.0%

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**TABLE 7-1**  
**UTILITY PLANT IN SERVICE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Plant in Service - Beginning of Year	24,148.4	24,685.3	536.9	2.2%
<u>Gross Additions:</u>				
2a Company-funded plant	2,461.7	2,906.3	444.6	18.1%
3a Advances	0.0	0.0	0.0	0.0%
4a Contributions	0.0	0.0	0.0	0.0%
5a Total Gross Additions	2,461.7	2,906.3	444.6	18.1%
6a Adjustments	0.0	0.0	0.0	0.0%
7a Retirements	(585.5)	(691.3)	(105.8)	18.1%
8a Net Additions	1,876.2	2,215.0	338.8	18.1%
9a Plant in Service - End of Year	26,024.6	26,900.3	875.7	3.4%
10a <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11a Weighted Average Plant in Service	25,086.5	25,792.8	706.3	2.8%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Plant in Service - Beginning of Year	26,024.6	26,900.3	875.7	3.4%
<u>Gross Additions:</u>				
2b Company-funded plant	1,172.6	3,787.5	2,614.9	223.0%
3b Advances	0.0	0.0	0.0	0.0%
4b Contributions	0.0	0.0	0.0	0.0%
5b Total Gross Additions	1,172.6	3,787.5	2,614.9	223.0%
6b Adjustments	0.0	0.0	0.0	0.0%
7b Retirements	(278.9)	(900.9)	(622.0)	223.0%
8b Net Additions	893.7	2,886.6	1,993.0	223.0%
9b Plant in Service - End of Year	26,918.3	29,787.0	2,868.7	10.7%
10b <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11b Weighted Average Plant in Service	26,471.4	28,343.6	1,872.2	7.1%

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**TABLE 8-1**  
**DEPRECIATION RESERVE & EXPENSE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Depreciation Reserve - Beginning of Year	6,171.2	6,017.3	(153.8)	-2.5%
<u>Accruals:</u>				
2a Clearing Accounts	11.0	11.0	0.0	0.0%
3a Contributions	14.8	14.8	0.0	0.0%
4a Expenses	609.6	627.9	18.2	3.0%
5a Total Accruals	635.4	653.7	18.2	2.9%
<u>Retirements and Adjustments:</u>				
6a Net Retirements	(585.5)	(691.3)	(105.8)	18.1%
7a Adjustments	0.0	0.0	0.0	0.0%
8a Total Retirement and Adjustments	(585.5)	(691.3)	(105.8)	18.1%
9a Net Additions	49.9	(37.6)	(87.5)	-175.3%
10a Depreciation Reserve - End of Year	6,221.1	5,979.8	(241.3)	-3.9%
11a <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12a Weighted Average Depreciation Reserve	6,196.1	5,998.5	(197.6)	-3.2%
13a <i>Deprec. expense for summary of earnings calc.</i>	609.6	627.9	18.2	3.0%
<hr/>				
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Depreciation Reserve - Beginning of Year	6,221.1	5,979.8	(241.3)	-3.9%
<u>Accruals:</u>				
2b Clearing Accounts	11.0	11.0	0.0	0.0%
3b Contributions	14.8	14.8	0.0	0.0%
4b Expenses	645.4	693.8	48.4	7.5%
5b Total Accruals	671.2	719.6	48.4	7.2%
<u>Retirements and Adjustments:</u>				
6b Net Retirements	(278.9)	(900.9)	(622.0)	223.0%
7b Adjustments	0.0	0.0	0.0	0.0%
8b Total Retirement and Adjustments	(278.9)	(900.9)	(622.0)	223.0%
9b Net Additions	392.3	(181.3)	(573.6)	-146.2%
10b Depreciation Reserve - End of Year	6,613.4	5,798.5	(814.9)	-12.3%
11b <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12b Weighted Average Depreciation Reserve	6,417.2	5,889.1	(528.1)	-8.2%
13b <i>Deprec. expense for summary of earnings calc.</i>	645.4	693.8	48.4	7.5%

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**TABLE 9-1**  
**WEIGHTED AVERAGE RATE BASE - TEST YEAR**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	25,086.5	25,792.8	706.3	2.8%
2	Weighted Average Depreciation Reserve	(6,196.1)	(5,998.5)	197.6	-3.2%
3	Net Utility Plant	18,890.4	19,794.2	903.9	4.8%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(353.7)	(351.8)	1.9	-0.5%
5	Advances in Construction	(436.7)	(436.7)	0.0	0.0%
6	Investment Tax Credit	(22.6)	(22.6)	0.0	0.0%
7	Deferred Income Taxes	(4,228.7)	(4,368.1)	(139.3)	3.3%
8	Deferred Revenues	(14.2)	(14.2)	0.0	0.0%
9	Total Deductions from Rate Base	(5,056.0)	(5,193.4)	(137.4)	2.7%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	36.8	36.8	0.0	0.0%
11	Allowance for Working Cash	119.5	735.8	616.3	515.8%
12	Total Working Capital	156.2	772.6	616.3	394.5%
13	Utility Plant under Construction	2,198.3	2,198.3	0.0	0.0%
14	Acquisition Adjustment	0.0	0.0	0.0	0.0%
15	Total Additions to Rate Base	2,354.5	2,970.9	616.3	26.2%
16	Weighted Average Rate Base, District	16,189.0	17,571.7	1,382.8	8.5%
17	Common Utility Allocation	164.4	243.1	78.7	47.9%
18	Total Weighted Average Rate Base	16,353.3	17,814.9	1,461.5	8.9%
<u>Interest Calculation (for Tax Deductions):</u>					
19	Weighted Avg. Rate Base	16,353.3	17,814.9	1,461.5	8.9%
20	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21	Interest Expense	515.1	561.2	46.0	8.9%

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**TABLE 9-2**  
**WEIGHTED AVERAGE RATE BASE - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	26,471.4	28,343.6	1,872.2	7.1%
2	Weighted Average Depreciation Reserve	(6,417.2)	(5,889.1)	528.1	-8.2%
3	Net Utility Plant	20,054.2	22,454.5	2,400.3	12.0%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(338.9)	(337.0)	1.9	-0.6%
5	Advances in Construction	(417.7)	(417.7)	0.0	0.0%
6	Investment Tax Credit	(21.5)	(21.5)	0.0	0.0%
7	Deferred Income Taxes	(4,402.8)	(4,533.4)	(130.5)	3.0%
8	Deferred Revenues	(14.2)	(14.2)	0.0	0.0%
9	Total Deductions from Rate Base	(5,195.1)	(5,323.7)	(128.6)	2.5%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	36.8	36.8	0.0	0.0%
11	Allowance for Working Cash	119.5	735.8	616.3	515.8%
12	Total Working Capital	156.2	772.6	616.3	394.5%
13	Utility Plant under Construction	2,198.3	2,198.3	0.0	0.0%
14	Acquisition Adjustment	0.0	0.0	0.0	0.0%
15	Total Additions to Rate Base	2,354.5	2,970.9	616.3	26.2%
16	Weighted Average Rate Base, District	17,213.7	20,101.7	2,888.0	16.8%
17	Common Utility Allocation	134.9	248.0	113.1	83.8%
18	Total Weighted Average Rate Base	<b>17,348.6</b>	<b>20,349.7</b>	3,001.1	17.3%
<u>Interest Calculation (for Tax Deductions):</u>					
19	Weighted Avg. Rate Base	17,348.6	20,349.7	3,001.1	17.3%
20	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21	Interest Expense	546.5	641.0	94.5	17.3%

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<b>REVENUE INCREASES</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>
1. Test Year 2016 Increase (in dollars)	-\$749,984	\$402,203	\$1,152,187
2. Test Year 2016 Increase	-6.8%	3.6%	10.4%
3. Escalation Year 2017 Increase	1.6%	4.1%	2.5%
4. Escalation Year 2018 Increase	1.0%	3.9%	3.0%

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**TABLE 1-1**  
**SUMMARY OF EARNINGS - TEST YEAR**

Test Year 2016 (\$000)	ORA- Present Rates	GSWC- Present Rates	GSWC > ORA	
<b>1a Operating Revenues</b>	<b>11,062.8</b>	<b>11,062.8</b>	<b>0.0</b>	<b>0.0%</b>
<u>Operating Expenses:</u>				
2a Operation & Maintenance	2,615.2	2,641.0	25.8	1.0%
3a Administrative & General	786.1	866.6	80.6	10.2%
4a Payroll	917.3	948.0	30.7	3.3%
5a General Office - <i>prorated expenses</i>	1,689.3	2,068.2	378.9	22.4%
6a Depreciation Expense	1,152.9	1,179.2	26.3	2.3%
7a Taxes Other Than Income	288.9	292.1	3.3	1.1%
8a California Corporate Franchise Tax	258.1	198.0	(60.1)	-23.3%
9a Federal Income Tax	919.7	713.4	(206.3)	-22.4%
10a Total Operating Expenses	8,627.6	8,906.6	279.0	3.2%
11a Net Operating Revenues	2,435.2	2,156.2	(279.0)	-11.5%
12a Weighted Average Rate Base	24,105.5	28,481.4	4,376.0	18.2%
13a <b>Return on Rate Base</b>	<b>10.10%</b>	<b>7.57%</b>	<b>-2.53%</b>	<b>-25.1%</b>
Test Year 2016 (\$000)	ORA- Proposed Rates	GSWC- Proposed Rates	GSWC > ORA	
<b>1b Operating Revenues</b>	<b>10,304.8</b>	<b>11,453.8</b>	<b>1,149.0</b>	<b>11.2%</b>
<u>Operating Expenses:</u>				
2b Operation & Maintenance	2,613.7	2,641.8	28.1	1.1%
3b Administrative & General	786.1	866.6	80.6	10.2%
4b Payroll	917.3	948.0	30.7	3.3%
5b General Office - <i>prorated expenses</i>	1,689.3	2,068.2	378.9	22.4%
6b Depreciation Expense	1,152.9	1,179.2	26.3	2.3%
7b Taxes Other Than Income	288.9	292.1	3.3	1.1%
8b California Corporate Franchise Tax	191.2	232.5	41.3	21.6%
9b Federal Income Tax	655.0	850.0	195.0	29.8%
10b Total Operating Expenses	8,294.4	9,078.5	784.1	9.5%
11b Net Operating Revenues	2,010.4	2,375.3	364.9	18.2%
12b Weighted Average Rate Base	24,105.5	28,481.4	4,376.0	18.2%
13b <b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.00%</b>	<b>0.0%</b>

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**TABLE 1-2**  
**SUMMARY OF EARNINGS - ESCALATION YEARS**

<b>For Illustrative Purposes (\$000)</b>	<b>ORA 2017</b>	<b>ORA 2018</b>	<b>2017-2018 Increase</b>	
1 <u>Operating Revenues</u>	10,511.1	10,757.0	245.9	2.3%
2 <u>Operating Expenses:*</u>				
3     Operation & Maintenance	2,642.2	2,701.4	59.2	2.2%
4     Administrative & General	799.8	817.7	17.9	2.2%
5     Payroll	930.2	947.9	17.7	1.9%
6     G.O. Prorated Expenses	1,719.0	1,757.5	38.5	2.2%
7     Depreciation Expense	1,186.3	1,212.8	26.6	2.2%
8     Taxes Other Than Income	294.1	300.7	6.6	2.2%
9     California Corporate Franchise Tax	201.2	208.2	7.0	3.5%
10    Federal Income Tax	683.5	711.4	27.8	4.1%
11 <b>Total Operating Expenses</b>	<u>8,456.2</u>	<u>8,657.5</u>	<u>201.3</u>	<u>2.4%</u>
12 <b>Net Operating Revenues</b>	2,055.0	2,099.6	44.6	2.2%
13 <b>Weighted Average Rate Base</b>	<u>24,640.1</u>	<u>25,174.7</u>	<u>534.6</u>	<u>2.2%</u>
14 <b>Return on Rate Base</b>	<u>8.34%</u>	<u>8.34%</u>	<u>0.0</u>	<u>0.0%</u>

\* Assumed escalation factors of 2.28% for composite and 1.20% for labor, for 2016.

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**TABLE 2-1**  
**WATER SALES PER CUSTOMER (OR PER CONNECTION)**

<b>Test Year 2016 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1a Residential	238.4	238.4	0.0	0.0%
2a Commercial	860.3	860.3	0.0	0.0%
3a Industrial	102.7	102.7	0.0	0.0%
4a Public Authority	5,575.0	5,575.0	0.0	0.0%
5a Irrigation	1,572.5	1,572.5	0.0	0.0%
6a Resale	0.0	0.0	0.0	0.0%
7a Contract	0.0	0.0	0.0	0.0%
8a Other	637.5	637.5	0.0	0.0%
<b>FLAT RATE</b>				
9a Commercial	0.0	0.0	0.0	0.0%
10a Public Authority	0.0	0.0	0.0	0.0%
11a Private Fire Protection	10.3	10.3	0.0	0.0%
<b>Escalation Year 2017 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1b Residential	238.4	238.4	0.0	0.0%
2b Commercial	860.3	860.3	0.0	0.0%
3b Industrial	102.7	102.7	0.0	0.0%
4b Public Authority	5,575.0	5,575.0	0.0	0.0%
5b Irrigation	1,572.5	1,572.5	0.0	0.0%
6b Resale	0.0	0.0	0.0	0.0%
7b Contract	0.0	0.0	0.0	0.0%
8b Other	637.5	637.5	0.0	0.0%
<b>FLAT RATE</b>				
9b Commercial	0.0	0.0	0.0	0.0%
10b Public Authority	0.0	0.0	0.0	0.0%
11b Private Fire Protection	10.3	10.3	0.0	0.0%

\* Hundred cubic feet per connection per year.

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**TABLE 2-2**  
**AVERAGE NUMBER OF CUSTOMERS (SERVICE CONNECTIONS)**

<b>Test Year 2016</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1a	Residential	12,891	12,891	0	0%
2a	Commercial	553	553	0	0%
3a	Industrial	6	6	0	0%
4a	Public Authority	12	12	0	0%
5a	Irrigation	81	81	0	0%
6a	Resale	0	0	0	0%
7a	Contract	0	0	0	0%
8a	Other	6	6	0	0%
9a	Total Number of Metered Connections	13,549	13,549	0	0%
<u>Flat Rate Connections:</u>					
10a	Commercial	0	0	0	0%
11a	Public Authority	0	0	0	0%
12a	Private Fire	78	78	0	0%
<u>Total Number of Connections:</u>					
13a	Including Fire Protection	13,627	13,627	0	0%
14a	Excluding Fire Protection	13,549	13,549	0	0%
<b>Escalation Year 2017</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1b	Residential	12,934	12,934	0	0%
2b	Commercial	554	554	0	0%
3b	Industrial	6	6	0	0%
4b	Public Authority	11	11	0	0%
5b	Irrigation	86	86	0	0%
6b	Resale	0	0	0	0%
7b	Contract	0	0	0	0%
8b	Other	7	7	0	0%
9b	Total Number of Metered Connections	13,598	13,598	0	0%
<u>Flat Rate Connections:</u>					
10b	Commercial	0	0	0	0%
11b	Public Authority	0	0	0	0%
12b	Private Fire	82	82	0	0%
<u>Total Number of Connections:</u>					
13b	Including Fire Protection	13,680	13,680	0	0%
14b	Excluding Fire Protection	13,598	13,598	0	0%

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**TABLE 2-3**  
**TOTAL SALES AND SUPPLY**

<b>Test Year 2016 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1a	Residential	3,072.8	3,072.8	0	0.0%
2a	Commercial	475.7	475.7	0	0.0%
3a	Industrial	0.6	0.6	0	0.0%
4a	Public Authority	66.9	66.9	0	0.0%
5a	Irrigation	127.4	127.4	0	0.0%
6a	Resale	0.0	0.0	0	0.0%
7a	Contract	0.0	0.0	0	0.0%
8a	Other	4.1	4.1	0	0.0%
9a	Total Metered Connections' Sales	3,747.5	3,747.5	0	0.0%
10a	<u>Total Flat Rate Connections' Sales</u>	0.8	0.8	0	0.0%
11a	<u>Total Sales</u>	3,748.3	3,748.3	0	0.0%
12a	<i>Water Loss Rate % *</i>	10.129%	10.129%	0.000%	0.0%
13a	Water Loss	422.5	422.5	0	0.0%
14a	<b>Total Requirement (Sales + Water Loss) **</b>	<b>4,170.8</b>	<b>4,170.8</b>	<b>0</b>	<b>0.0%</b>
15a	Total Requirement in Acre Feet	9,574.8	9,574.8	0	0.0%
<b>WATER SUPPLY MIX:</b>					
16a	Well Water	4,039.1	4,039.1	0	0.0%
17a	Purchased Water	131.7	131.7	0	0.0%
18a	<b>Total Supply **</b>	<b>4,170.8</b>	<b>4,170.8</b>	<b>0</b>	<b>0.0%</b>
<b>Escalation Year 2017 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1b	Residential	3,083.1	3,083.1	0	0.0%
2b	Commercial	476.6	476.6	0	0.0%
3b	Industrial	0.6	0.6	0	0.0%
4b	Public Authority	61.3	61.3	0	0.0%
5b	Irrigation	135.2	135.2	0	0.0%
6b	Resale	0.0	0.0	0	0.0%
7b	Contract	0.0	0.0	0	0.0%
8b	Other	4.6	4.6	0	0.0%
9b	Total Metered Connections' Sales	3,761.4	3,761.4	0	0.0%
10b	<u>Total Unmetered Connections' Sales</u>	0.8	0.8	0	0.0%
11b	<u>Total Sales</u>	3,762.3	3,762.3	0	0.0%
12b	<i>Water Loss Rate % *</i>	10.129%	10.129%	0.000%	0.0%
13b	Water Loss	424.0	424.0	0	0.0%
14b	<b>Total Requirement (Sales + Water Loss) **</b>	<b>4,186.3</b>	<b>4,186.3</b>	<b>0</b>	<b>0.0%</b>
15b	Total Requirement in Acre Feet	9,610.5	9,610.5	0	0.0%
<b>WATER SUPPLY MIX:</b>					
16b	Well Water	4,054.6	4,054.6	0	0.0%
17b	Purchased Water	131.7	131.7	0	0.0%
18b	<b>Total Supply **</b>	<b>4,186.3</b>	<b>4,186.3</b>	<b>0</b>	<b>0.0%</b>

\* Sum of % used in operations and unaccounted for water %

\*\* Total Requirement and Total Supply may differ slightly due to rounding.

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**TABLE 2-4**  
**OPERATING REVENUES AT PRESENT RATES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	9,148.8	9,148.8	0.0	0.0%
2	Commercial	1,348.4	1,348.4	0.0	0.0%
3	Industrial	2.7	2.7	0.0	0.0%
4	Public Authority	161.9	161.9	0.0	0.0%
5	Irrigation	328.6	328.6	0.0	0.0%
6	Resale	0.0	0.0	0.0	0.0%
7	Other	12.8	12.8	0.0	0.0%
8	Total Metered Revenues	11,003.1	11,003.1	0.0	0.0%
<u>Flat Rate Revenues:</u>					
9	Commercial	0.0	0.0	0.0	0.0%
10	Public Authority	0.0	0.0	0.0	0.0%
11	Private Fire	28.0	28.0	0.0	0.0%
12	Total Flat Rate Revenues	28.0	28.0	0.0	0.0%
<u>Miscellaneous:</u>					
13	Misc. Service	31.5	31.5	0.0	0.0%
14	Rent	0.0	0.0	0.0	0.0%
15	Other	0.2	0.2	0.0	0.0%
16	Total Other Revenues	31.7	31.7	0.0	0.0%
17	Total Revenues at Present Rates, Test Year 2016	11,062.8	11,062.8	0.0	0.0%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	9,179.3	9,179.3	0.0	0.0%
2	Commercial	1,350.2	1,350.2	0.0	0.0%
3	Industrial	2.7	2.7	0.0	0.0%
4	Public Authority	149.7	149.7	0.0	0.0%
5	Irrigation	349.8	349.8	0.0	0.0%
6	Resale	0.0	0.0	0.0	0.0%
7	Other	17.7	17.7	0.0	0.0%
8	Total Metered Revenues	11,049.3	11,049.3	0.0	0.0%
<u>Flat Rate Revenues:</u>					
9	Commercial	0.0	0.0	0.0	0.0%
10	Public Authority	0.0	0.0	0.0	0.0%
11	Private Fire	29.4	29.4	0.0	0.0%
12	Total Flat Rate Revenues	29.4	29.4	0.0	0.0%
<u>Miscellaneous:</u>					
13	Misc. Service	31.5	31.5	0.0	0.0%
14	Rent	0.0	0.0	0.0	0.0%
15	Other	0.2	0.2	0.0	0.0%
16	Total Other Revenues	31.7	31.7	0.0	0.0%
17	Total Revenues at Present Rates, Escal. Year 2017	11,110.5	11,110.5	0.0	0.0%

**REGION I - SANTA MARIA CSA**  
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**TABLE 3-1**  
**OPERATIONS & MAINTENANCE EXPENSES - TEST YEAR**

Test Year 2016 (\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>				
1 Purchased Water	60.9	60.9	0.0	0.0%
2 Purchased Power	1,658.5	1,675.7	17.2	1.0%
3 Pump Taxes	0.0	0.0	0.0	0.0%
4 Total Supply Expenses	1,719.4	1,736.6	17.2	1.0%
5 Chemicals	50.2	50.2	0.0	0.0%
6 Allocated GO - Billing and Cash Processing	258.9	268.2	9.3	3.6%
7 Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8 Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9 Postage	0.0	0.0	0.0	0.0%
10 Operation Labor	639.2	660.5	21.4	3.3%
11 Other Operation Expenses	471.9	475.9	4.0	0.8%
12 Conservation	45.8	47.8	1.9	4.2%
13 Total Operations Expenses	3,185.5	3,239.3	53.8	1.7%
<u>Maintenance Expenses:</u>				
14 Maintenance Labor	132.0	136.4	4.4	3.3%
15 Other Maintenance Expenses	305.2	307.8	2.6	0.8%
16 Total Maintenance Expenses	437.2	444.2	7.0	1.6%
17 Total O&M excluding A&G	3,622.7	3,683.5	60.8	1.7%
<u>At Present Rates</u>				
18 Operating Revenues	11,062.8	11,062.8	0.0	0.0%
19 <i>Uncollectible Rate</i>	0.2047%	0.2047%	0.0000%	0.0%
20 Uncollectibles Expense	22.6	22.6	0.0	0.0%
21 Total O&M Expenses including Uncollectibles	3,645.3	3,706.1	60.8	1.7%
<u>At Proposed Rates</u>				
22 Operating Revenues	10,304.8	11,453.8	1,149.0	11.2%
23 <i>Uncollectible Rate</i>	0.2047%	0.2047%	0.0000%	0.0%
24 Uncollectibles Expense	21.1	23.4	2.4	11.2%
25 Total O&M Expenses including Uncollectibles	3,643.8	3,706.9	63.2	1.7%

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**TABLE 3-2**  
**OPERATIONS & MAINTENANCE EXPENSES - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>					
1	Purchased Water	60.9	60.9	0.0	0.0%
2	Purchased Power	1,663.6	1,680.9	17.3	1.0%
3	Pump Taxes	0.0	0.0	0.0	0.0%
4	Total Supply Expenses	1,724.5	1,741.8	17.3	1.0%
5	Chemicals	51.4	51.4	0.0	0.0%
6	Allocated GO - Billing and Cash Processing	263.3	263.3	0.0	0.0%
7	Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8	Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9	Postage	0.0	0.0	0.0	0.0%
10	Operation Labor	648.1	648.1	0.0	0.0%
11	Other Operation Expenses	485.1	489.2	4.1	0.8%
12	Conservation	45.8	49.1	3.3	7.1%
13	Total Operations Expenses	3,218.3	3,243.0	24.7	0.8%
<u>Maintenance Expenses:</u>					
14	Maintenance Labor	133.9	138.9	5.1	3.8%
15	Other Maintenance Expenses	313.7	316.4	2.7	0.8%
16	Total Maintenance Expenses	447.6	455.3	7.7	1.7%
17	Total O&M excluding A&G	3,665.9	3,698.3	32.4	0.9%
<u>At Present Rates</u>					
18	Operating Revenues	11,110.5	11,110.5	0.0	0.0%
19	Uncollectible Rate	0.2047%	0.2047%	0.0000%	0.0%
20	Uncollectibles Expense	22.7	22.7	0.0	0.0%
21	Total O&M Expenses including Uncollectibles	3,688.7	3,721.1	32.4	0.9%
<u>At Proposed Rates</u>					
22	Operating Revenues	10,511.1	11,975.7	1,464.6	13.9%
23	Uncollectible Rate	0.2047%	0.2047%	0.0000%	0.0%
24	Uncollectibles Expense	21.5	24.5	3.0	13.9%
25	Total O&M Expenses including Uncollectibles	3,687.4	3,722.8	35.4	1.0%

**REGION I - SANTA MARIA CSA**  
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**TABLE 4-1**  
**ADMINISTRATIVE & GENERAL EXPENSES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1a	Office Supplies & Expenses	94.5	105.3	10.8	11.4%
2a	Property Insurance	0.0	0.0	0.0	0.0%
3a	Injuries and Damages	75.9	88.7	12.8	16.9%
4a	Pension and Benefits	350.6	405.6	54.9	15.7%
5a	Business Meals	1.2	1.2	0.0	1.3%
6a	Regulatory Expenses	0.0	0.0	0.0	0.0%
7a	Outside Services	158.9	160.2	1.3	0.8%
8a	Miscellaneous	0.9	1.3	0.4	38.6%
9a	Allocated GO- Corporate Support	576.9	748.7	171.8	29.8%
10a	Allocated GO- Centralized Operations Support	518.0	676.0	157.9	30.5%
11a	Allocated District Office Expenses	335.5	375.4	39.9	11.9%
12a	Other Maintenance of General Plant	13.8	13.9	0.1	0.9%
13a	Rent	90.2	90.4	0.2	0.2%
14a	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15a	A&G Labor	146.2	151.0	4.9	3.3%
16a	Total A&G and Miscellaneous Adjustments	2,362.6	2,817.7	455.1	19.3%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1b	Office Supplies & Expenses	97.1	108.2	11.1	11.4%
2b	Property Insurance	0.0	0.0	0.0	0.0%
3b	Injuries and Damages	77.8	91.0	13.2	16.9%
4b	Pension and Benefits	352.8	420.1	67.3	19.1%
5b	Business Meals	1.2	1.3	0.0	1.3%
6b	Regulatory Expenses	0.0	0.0	0.0	0.0%
7b	Outside Services	162.9	164.3	1.4	0.8%
8b	Miscellaneous	1.0	1.3	0.4	38.6%
9b	Allocated GO- Corporate Support	588.5	765.0	176.4	30.0%
10b	Allocated GO- Centralized Operations Support	525.8	691.7	166.0	31.6%
11b	Allocated District Office Expenses	341.4	384.9	43.5	12.7%
12b	Other Maintenance of General Plant	14.2	14.3	0.1	0.9%
13b	Rent	92.8	92.9	0.2	0.2%
14b	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15b	A&G Labor	148.2	153.8	5.6	3.8%
16b	Total A&G and Miscellaneous Adjustments	2,403.7	2,888.8	485.1	20.2%

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**TABLE 5-1**  
**TAXES OTHER THAN INCOME**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Ad Valorem Taxes	212.3	213.0	0.7	0.3%
2a Payroll Taxes	76.6	79.1	2.6	3.3%
<b><u>At Present Rates</u></b>				
3a Operating Revenue <i>EXCLUDING</i> Uncollectibles	11,062.8	11,062.8	0.0	0.0%
4a <i>Effective Local Franchise Tax Rate</i>	<u>0.000%</u>	<u>0.000%</u>	<u>0.000%</u>	<u>0.0%</u>
5a Franchise Taxes on applicable op. revenues	0.0	0.0	0.0	0.0%
6a Total Taxes Other Than Income, At Present Rates	288.9	292.1	3.3	1.1%
<b><u>At Proposed Rates</u></b>				
7a Operating Revenue <i>EXCLUDING</i> Uncollectibles	10,283.7	11,453.8	1,170.1	11.4%
8a <i>Effective Local Franchise Tax Rate</i>	<u>0.000%</u>	<u>0.000%</u>	<u>0.000%</u>	<u>0.0%</u>
9a Franchise Taxes on applicable op. revenues	0.0	0.0	0.0	0.0%
10a Total Taxes Other Than Income, At Proposed Rates	288.9	292.1	3.3	1.1%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Ad Valorem Taxes	216.5	224.4	7.9	3.7%
2b Payroll Taxes	77.6	80.6	2.9	3.8%
<b><u>At Present Rates</u></b>				
3b Operating Revenue <i>EXCLUDING</i> Uncollectibles	11,110.5	11,110.5	0.0	0.0%
4b <i>Effective Local Franchise Tax Rate</i>	<u>0.000%</u>	<u>0.000%</u>	<u>0.000%</u>	<u>0.0%</u>
5b Franchise Taxes on applicable op. revenues	0.0	0.0	0.0	0.0%
6b Total Taxes Other Than Income, At Present Rates	294.1	305.0	10.9	3.7%
<b><u>At Proposed Rates</u></b>				
7b Operating Revenue <i>EXCLUDING</i> Uncollectibles	10,489.6	11,975.7	1,486.1	14.2%
8b <i>Effective Local Franchise Tax Rate</i>	<u>0.000%</u>	<u>0.000%</u>	<u>0.000%</u>	<u>0.0%</u>
9b Franchise Taxes on applicable op. revenues	0.0	0.0	0.0	0.0%
10b Total Taxes Other Than Income, At Proposed Rates	294.1	305.0	10.9	3.7%

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**TABLE 6-1**  
**TAXES BASED ON INCOME - TEST YEAR AT PRESENT RATES**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Operating Revenues at Present Rates	11,062.8	11,062.8	0.0	0.0%
	<u>Common Deductions:</u>				
2	Operating Expenses	7,449.7	7,995.2	545.4	7.3%
3	Book Depreciation - District	(1,152.9)	(1,179.2)	(26.3)	2.3%
4	Book Depreciation - G.O.	(136.8)	(156.7)	(19.9)	14.6%
5	Interest	759.3	897.2	137.8	18.2%
6	Deductions excluding Depreciation	6,919.4	7,556.4	637.0	9.2%
	State Tax Calculation				
7	Taxable Income before Tax Depreciation and Other Sch M's	4,143.4	3,506.3	(637.0)	-15.4%
	<u>Additional (Deduct):</u>				
8	Tax Depreciation-State	(1,249.8)	(1,296.1)	(46.2)	3.7%
9	Other Schedule M Items	26.2	29.9	3.7	14.2%
10	Subtotal	(1,223.6)	(1,266.2)	(42.5)	3.5%
	<u>Federal Tax Deductions</u>				
11	Book Depreciation - District	(1,152.9)	(1,179.2)	(26.3)	2.3%
12	Book Depreciation - G.O.	(136.8)	(156.7)	(19.9)	14.6%
13	Excess Tax Depreciation Flow Through	124.5	124.5	0.0	0.0%
14	Calif. Corporation Franchise Tax	(258.1)	(198.0)	60.1	-23.3%
15	Other Schedule M Items	(92.3)	(90.3)	2.0	-2.2%
16	Def Rev Amort-Contrib	0.0	31.7	31.7	0.0%
	<u>California Corporate Franchise Tax (CCFT)</u>				
17	Taxable Income for CCFT	2,919.7	2,240.2	(679.6)	-23.3%
18	CCFT Rate	8.84%	8.84%		
19	Total CCFT	258.1	198.0	(60.1)	-23.3%
	<u>Federal Income Tax (FIT)</u>				
20	Taxable Income for FIT	2,627.8	2,038.3	(589.5)	-22.4%
21	FIT Rate	35.00%	35.00%		
22	Total FIT	919.7	713.4	(589.5)	-22.4%
23	Total Income Taxes for Revenues at Present Rates	1,177.8	911.4	(266.4)	-22.6%

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**TABLE 6-2**  
**TAXES BASED ON INCOME - TEST YEAR AT PROPOSED RATES**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Operating Revenues at Proposed Rates	10,304.8	11,453.8	1,149.0	11.2%
	<u>Common Deductions:</u>				
2	Operating Expenses	7,448.2	7,996.0	547.8	7.4%
3	Book Depreciation - District	(1,152.9)	(1,179.2)	(26.3)	2.3%
4	Book Depreciation - G.O.	(136.8)	(156.7)	(19.9)	14.6%
5	Interest	759.3	897.2	137.8	18.2%
				0.0	0.0%
6	Deductions excluding Depreciation	6,917.8	7,557.2	639.4	9.2%
	State Tax Calculation				
7	Taxable Income before Tax Depreciation and Other Sch M's	3,387.0	3,896.6	509.7	15.0%
	<u>Additional (Deduct):</u>				
8	Tax Depreciation-State	(1,249.8)	(1,296.1)	(46.2)	3.7%
9	Other Schedule M Items	26.2	29.9	3.7	14.2%
10	Subtotal	(1,223.6)	(1,266.2)	(42.5)	3.5%
	<u>Federal Tax Deductions</u>				
11	Book Depreciation - District	(1,152.9)	(1,179.2)	(26.3)	2.3%
12	Book Depreciation - G.O.	(136.8)	(156.7)	(19.9)	14.6%
13	Excess Tax Depreciation Flow Through	124.5	124.5	0.0	0.0%
14	Calif. Corporation Franchise Tax	(258.1)	(198.0)	60.1	-23.3%
15	Other Schedule M Items	(92.3)	(90.3)	2.0	-2.2%
16	Def Rev Amort-Contrib	0.0	31.7	31.7	0.0%
	<u>California Corporate Franchise Tax (CCFT)</u>				
17	Taxable Income for CCFT	2,163.3	2,630.5	467.1	21.6%
18	CCFT Rate	8.84%	8.84%		
19	Total CCFT	191.2	232.5	41.3	21.6%
	<u>Federal Income Tax (FIT)</u>				
20	Taxable Income for FIT	1,871.4	2,428.6	557.2	29.8%
21	FIT Rate	35.00%	35.00%		
22	Total FIT	655.0	850.0	195.0	29.8%
23	Total Income Taxes for Revenues at Proposed Rates	846.2	1,082.5	236.3	27.9%

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**TABLE 7-1**  
**UTILITY PLANT IN SERVICE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Plant in Service - Beginning of Year	55,649.1	55,835.8	186.7	0.3%
<u>Gross Additions:</u>				
2a Company-funded plant	1,292.8	3,534.3	2,241.5	173.4%
3a Advances	0.0	0.0	0.0	0.0%
4a Contributions	0.0	0.0	0.0	0.0%
5a Total Gross Additions	1,292.8	3,534.3	2,241.5	173.4%
6a Adjustments	0.0	0.0	0.0	0.0%
7a Retirements	(202.1)	(552.5)	(350.4)	173.4%
8a Net Additions	1,090.7	2,981.8	1,891.1	173.4%
9a Plant in Service - End of Year	56,739.9	58,817.6	2,077.8	3.7%
10a <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11a Weighted Average Plant in Service	56,194.5	57,326.7	1,132.2	2.0%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Plant in Service - Beginning of Year	56,739.9	58,817.6	2,077.8	3.7%
<u>Gross Additions:</u>				
2b Company-funded plant	2,107.9	4,329.3	2,221.4	105.4%
3b Advances	0.0	0.0	0.0	0.0%
4b Contributions	0.0	0.0	0.0	0.0%
5b Total Gross Additions	2,107.9	4,329.3	2,221.4	105.4%
6b Adjustments	0.0	0.0	0.0	0.0%
7b Retirements	(329.5)	(676.7)	(347.2)	105.4%
8b Net Additions	1,778.4	3,652.5	1,874.1	105.4%
9b Plant in Service - End of Year	58,518.3	62,470.2	3,951.9	6.8%
10b <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11b Weighted Average Plant in Service	57,629.1	60,643.9	3,014.9	5.2%

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**TABLE 8-1**  
**DEPRECIATION RESERVE & EXPENSE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Depreciation Reserve - Beginning of Year	21,110.9	21,078.5	(32.5)	-0.2%
<u>Accruals:</u>				
2a Clearing Accounts	8.2	8.2	0.0	0.0%
3a Contributions	60.0	60.0	0.0	0.0%
4a Expenses	1,152.9	1,179.2	26.3	2.3%
5a Total Accruals	1,221.1	1,247.4	26.3	2.2%
<u>Retirements and Adjustments:</u>				
6a Net Retirements	(202.1)	(552.5)	(350.4)	173.4%
7a Adjustments	0.0	0.0	0.0	0.0%
8a Total Retirement and Adjustments	(202.1)	(552.5)	(350.4)	173.4%
9a Net Additions	1,019.0	695.0	(324.1)	-31.8%
10a Depreciation Reserve - End of Year	22,130.0	21,773.4	(356.5)	-1.6%
11a <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12a Weighted Average Depreciation Reserve	21,620.4	21,425.9	(194.5)	-0.9%
13a <i>Deprec. expense for summary of earnings calc.</i>	1,152.9	1,179.2	26.3	2.3%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Depreciation Reserve - Beginning of Year	22,130.0	21,773.4	(356.5)	-1.6%
<u>Accruals:</u>				
2b Clearing Accounts	8.2	8.2	0.0	0.0%
3b Contributions	60.0	60.0	0.0	0.0%
4b Expenses	1,186.3	1,256.3	70.1	5.9%
5b Total Accruals	1,254.5	1,324.5	70.1	5.6%
<u>Retirements and Adjustments:</u>				
6b Net Retirements	(329.5)	(676.7)	(347.2)	105.4%
7b Adjustments	0.0	0.0	0.0	0.0%
8b Total Retirement and Adjustments	(329.5)	(676.7)	(347.2)	105.4%
9b Net Additions	925.0	647.8	(277.2)	-30.0%
10b Depreciation Reserve - End of Year	23,054.9	22,421.2	(633.7)	-2.7%
11b <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12b Weighted Average Depreciation Reserve	22,592.4	22,097.3	(495.1)	-2.2%
13b <i>Deprec. expense for summary of earnings calc.</i>	1,186.3	1,256.3	70.1	5.9%

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**TABLE 9-1**  
**WEIGHTED AVERAGE RATE BASE - TEST YEAR**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	56,194.5	57,326.7	1,132.2	2.0%
2	Weighted Average Depreciation Reserve	(21,620.4)	(21,425.9)	194.5	-0.9%
3	Net Utility Plant	34,574.1	35,900.8	1,326.7	3.8%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(1,888.8)	(1,885.4)	3.4	-0.2%
5	Advances in Construction	(6,186.8)	(6,186.8)	0.0	0.0%
6	Investment Tax Credit	(136.2)	(136.2)	0.0	0.0%
7	Deferred Income Taxes	(4,168.0)	(3,827.5)	340.5	-8.2%
8	Deferred Revenues	(41.1)	(41.1)	0.0	0.0%
9	Total Deductions from Rate Base	(12,420.9)	(12,077.0)	343.9	-2.8%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	102.8	102.8	0.0	0.0%
11	Allowance for Working Cash	61.9	365.8	303.9	491.2%
12	Total Working Capital	164.7	468.6	303.9	184.6%
13	Utility Plant under Construction	1,171.4	3,267.6	2,096.2	178.9%
14	Acquisition Adjustment	0.0	0.0	0.0	0.0%
15	Total Additions to Rate Base	1,336.1	3,736.2	2,400.1	179.6%
16	Weighted Average Rate Base, District	23,489.3	27,560.0	4,070.7	17.3%
17	Common Utility Allocation	616.2	921.4	305.2	49.5%
18	Total Weighted Average Rate Base	24,105.5	28,481.4	4,376.0	18.2%
<u>Interest Calculation (for Tax Deductions):</u>					
19	Weighted Avg. Rate Base	24,105.5	28,481.4	4,376.0	18.2%
20	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21	Interest Expense	759.3	897.2	137.8	18.2%

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**TABLE 9-2**  
**WEIGHTED AVERAGE RATE BASE - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	57,629.1	60,643.9	3,014.9	5.2%
2	Weighted Average Depreciation Reserve	(22,592.4)	(22,097.3)	495.1	-2.2%
3	Net Utility Plant	35,036.6	38,546.6	3,509.9	10.0%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(1,828.8)	(1,825.4)	3.4	-0.2%
5	Advances in Construction	(5,915.9)	(5,915.9)	0.0	0.0%
6	Investment Tax Credit	(125.9)	(125.9)	0.0	0.0%
7	Deferred Income Taxes	(4,326.6)	(3,962.6)	363.9	-8.4%
8	Deferred Revenues	(41.1)	(41.1)	0.0	0.0%
9	Total Deductions from Rate Base	(12,238.2)	(11,870.9)	367.3	-3.0%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	102.8	102.8	0.0	0.0%
11	Allowance for Working Cash	61.9	365.8	303.9	491.2%
12	Total Working Capital	164.7	468.6	303.9	184.6%
13	Utility Plant under Construction	1,171.4	3,267.6	2,096.2	178.9%
14	Acquisition Adjustment	0.0	0.0	0.0	0.0%
15	Total Additions to Rate Base	1,336.1	3,736.2	2,400.1	179.6%
16	Weighted Average Rate Base, District	24,134.5	30,411.9	6,277.4	26.0%
17	Common Utility Allocation	505.6	939.4	433.8	85.8%
18	Total Weighted Average Rate Base	<b>24,640.1</b>	<b>31,351.3</b>	6,711.2	27.2%
<u>Interest Calculation (for Tax Deductions):</u>					
19	Weighted Avg. Rate Base	24,640.1	31,351.3	6,711.2	27.2%
20	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21	Interest Expense	776.2	987.6	211.4	27.2%

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**REGION I - SIMI VALLEY CSA**  
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<b>REVENUE INCREASES</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>
1. Test Year 2016 Increase (in dollars)	-\$1,143,577	-\$376,194	\$767,383
2. Test Year 2016 Increase	-7.4%	-2.5%	4.9%
3. Escalation Year 2017 Increase	0.1%	1.0%	0.9%
4. Escalation Year 2018 Increase	-0.5%	0.7%	1.2%

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**TABLE 1-1**  
**SUMMARY OF EARNINGS - TEST YEAR**

Test Year 2016 (\$000)	ORA- Present Rates	GSWC- Present Rates	GSWC > ORA	
<b>1a Operating Revenues</b>	<b>15,460.6</b>	<b>15,061.1</b>	<b>(399.4)</b>	<b>-2.6%</b>
<u>Operating Expenses:</u>				
2a Operation & Maintenance	9,626.3	9,280.2	(346.1)	-3.6%
3a Administrative & General	321.2	359.4	38.2	11.9%
4a Payroll	512.4	524.0	11.7	2.3%
5a General Office - <i>prorated expenses</i>	1,814.8	2,219.9	405.1	22.3%
6a Depreciation Expense	560.3	587.2	26.9	4.8%
7a Taxes Other Than Income	358.3	358.9	0.6	0.2%
8a California Corporate Franchise Tax	184.7	133.9	(50.8)	-27.5%
9a Federal Income Tax	620.6	444.5	(176.1)	-28.4%
10a Total Operating Expenses	13,998.4	13,908.0	(90.5)	-0.6%
11a Net Operating Revenues	1,462.1	1,153.2	(309.0)	-21.1%
12a Weighted Average Rate Base	9,794.6	11,163.5	1,368.9	14.0%
13a <b>Return on Rate Base</b>	<b>14.93%</b>	<b>10.33%</b>	<b>-4.60%</b>	<b>-30.8%</b>
Test Year 2016 (\$000)	ORA- Proposed Rates	GSWC- Proposed Rates	GSWC > ORA	
<b>1b Operating Revenues</b>	<b>14,294.7</b>	<b>14,660.0</b>	<b>365.3</b>	<b>2.6%</b>
<u>Operating Expenses:</u>				
2b Operation & Maintenance	9,623.1	9,279.1	(344.0)	-3.6%
3b Administrative & General	321.2	359.4	38.2	11.9%
4b Payroll	512.4	524.0	11.7	2.3%
5b General Office - <i>prorated expenses</i>	1,814.8	2,219.9	405.1	22.3%
6b Depreciation Expense	560.3	587.2	26.9	4.8%
7b Taxes Other Than Income	344.6	354.3	9.7	2.8%
8b California Corporate Franchise Tax	83.2	98.9	15.8	19.0%
9b Federal Income Tax	218.4	306.1	87.7	40.1%
10b Total Operating Expenses	13,477.9	13,728.9	251.1	1.9%
11b Net Operating Revenues	816.9	931.1	114.2	14.0%
12b Weighted Average Rate Base	9,794.6	11,163.5	1,368.9	14.0%
13b <b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.00%</b>	<b>0.0%</b>

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**TABLE 1-2**  
**SUMMARY OF EARNINGS - ESCALATION YEARS**

For Illustrative Purposes (\$000)	ORA 2017	ORA 2018	2017-2018 Increase	
1 <u>Operating Revenues</u>	14,494.7	14,749.4	254.7	1.8%
2 <u>Operating Expenses:*</u>				
3     Operation & Maintenance	9,744.0	9,966.1	222.2	2.3%
4     Administrative & General	324.2	331.6	7.4	2.3%
5     Payroll	519.5	525.8	6.2	1.2%
6     G.O. Prorated Expenses	1,846.7	1,888.8	42.1	2.3%
7     Depreciation Expense	566.7	579.6	12.9	2.3%
8     Taxes Other Than Income	348.7	356.6	8.0	2.3%
9     California Corporate Franchise Tax	88.7	84.8	(3.9)	-4.4%
10    Federal Income Tax	263.9	248.4	(15.5)	-5.9%
11 Total Operating Expenses	13,702.4	13,981.7	279.3	2.0%
12 Net Operating Revenues	792.3	767.7	(24.6)	-3.1%
13 Weighted Average Rate Base	9,500.1	9,205.5	(294.5)	-3.1%
14 <b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.0</b>	<b>0.0%</b>

\* Assumed escalation factors of 2.28% for composite and 1.20% for labor, for 2018.

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**TABLE 2-1**  
**WATER SALES PER CUSTOMER (OR PER CONNECTION)**

<b>Test Year 2016 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1a Residential	175.4	168.5	(7.0)	-4.0%
2a Commercial	950.7	905.9	(44.8)	-4.7%
3a Industrial	404.5	404.5	0.0	0.0%
4a Public Authority	1,992.2	1,992.2	0.0	0.0%
5a Irrigation	1,207.7	1,207.7	0.0	0.0%
6a Resale	0.0	0.0	0.0	0.0%
7a Contract	0.0	0.0	0.0	0.0%
8a Other	248.4	248.4	0.0	0.0%
<b>FLAT RATE</b>				
9a Commercial	0.0	0.0	0.0	0.0%
10a Public Authority	0.0	0.0	0.0	0.0%
11a Private Fire Protection	25.7	25.7	0.0	0.0%
<b>Escalation Year 2017 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1b Residential	175.4	168.5	(7.0)	-4.0%
2b Commercial	950.7	905.9	(44.8)	-4.7%
3b Industrial	404.5	404.5	0.0	0.0%
4b Public Authority	1,992.2	1,992.2	0.0	0.0%
5b Irrigation	1,207.7	1,207.7	0.0	0.0%
6b Resale	0.0	0.0	0.0	0.0%
7b Contract	0.0	0.0	0.0	0.0%
8b Other	0.0	0.0	0.0	0.0%
<b>FLAT RATE</b>				
9b Commercial	0.0	0.0	0.0	0.0%
10b Public Authority	0.0	0.0	0.0	0.0%
11b Private Fire Protection	25.7	25.7	0.0	0.0%

\* Hundred cubic feet per connection per year.

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**TABLE 2-2**  
**AVERAGE NUMBER OF CUSTOMERS (SERVICE CONNECTIONS)**

<b>Test Year 2016</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1a	Residential	12,243	12,243	0	0%
2a	Commercial	730	730	0	0%
3a	Industrial	27	27	0	0%
4a	Public Authority	112	112	0	0%
5a	Irrigation	87	87	0	0%
6a	Resale	0	0	0	0%
7a	Contract	0	0	0	0%
8a	Other	0	0	0	0%
9a	Total Number of Metered Connections	13,199	13,199	0	0%
<u>Flat Rate Connections:</u>					
10a	Commercial	0	0	0	0%
11a	Public Authority	0	0	0	0%
12a	Private Fire	169	169	0	0%
<u>Total Number of Connections:</u>					
13a	Including Fire Protection	13,368	13,368	0	0%
14a	Excluding Fire Protection	13,199	13,199	0	0%
<b>Escalation Year 2017</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1b	Residential	12,204	12,204	0	0%
2b	Commercial	771	771	0	0%
3b	Industrial	27	27	0	0%
4b	Public Authority	111	111	0	0%
5b	Irrigation	95	95	0	0%
6b	Resale	0	0	0	0%
7b	Contract	0	0	0	0%
8b	Other	0	0	0	0%
9b	Total Number of Metered Connections	13,208	13,208	0	0%
<u>Flat Rate Connections:</u>					
10b	Commercial	0	0	0	0%
11b	Public Authority	0	0	0	0%
12b	Private Fire	171	171	0	0%
<u>Total Number of Connections:</u>					
13b	Including Fire Protection	13,379	13,379	0	0%
14b	Excluding Fire Protection	13,208	13,208	0	0%

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**TABLE 2-3**  
**TOTAL SALES AND SUPPLY**

<b>Test Year 2016 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1a	Residential	2,147.9	2,062.7	(85)	-4.0%
2a	Commercial	694.0	661.3	(33)	-4.7%
3a	Industrial	10.9	10.9	0	0.0%
4a	Public Authority	223.1	223.1	0	0.0%
5a	Irrigation	105.1	105.1	0	0.0%
6a	Resale	0.0	0.0	0	0.0%
7a	Contract	0.0	0.0	0	0.0%
8a	Other	0.0	0.0	0	0.0%
9a	Total Metered Connections' Sales	3,181.1	3,063.1	(118)	-3.7%
10a	<u>Total Flat Rate Connections' Sales</u>	4.3	4.3	0	0.0%
11a	<u>Total Sales</u>	3,185.4	3,067.4	(118)	-3.7%
12a	<i>Water Loss Rate % *</i>	4.510%	4.510%	0.000%	0.0%
13a	Water Loss	150.5	144.9	(6)	-3.7%
14a	<b>Total Requirement (Sales + Water Loss) **</b>	<b>3,335.9</b>	<b>3,212.3</b>	<b>(124)</b>	<b>-3.7%</b>
15a	Total Requirement in Acre Feet	7,658.1	7,374.5	(284)	-3.7%
<b>WATER SUPPLY MIX:</b>					
16a	Well Water	270.3	270.3	0	0.0%
17a	Purchased Water	3,065.6	2,942.1	(124)	-4.0%
18a	<b>Total Supply **</b>	<b>3,335.9</b>	<b>3,212.3</b>	<b>(124)</b>	<b>-3.7%</b>
<b>Escalation Year 2017 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1b	Residential	2,141.1	2,056.1	(85)	-4.0%
2b	Commercial	733.0	698.5	(35)	-4.7%
3b	Industrial	10.9	10.9	0	0.0%
4b	Public Authority	221.1	221.1	0	0.0%
5b	Irrigation	114.7	114.7	0	0.0%
6b	Resale	0.0	0.0	0	0.0%
7b	Contract	0.0	0.0	0	0.0%
8b	Other	0.0	0.0	0	0.0%
9b	Total Metered Connections' Sales	3,220.9	3,101.3	(120)	-3.7%
10b	<u>Total Flat Rate Connections' Sales</u>	4.4	4.4	0	0.0%
11b	<u>Total Sales</u>	3,225.3	3,105.7	(120)	-3.7%
12b	<i>Water Loss Rate % *</i>	4.510%	4.510%	0.0%	0.0%
13b	Water Loss	152.3	146.7	(6)	-3.7%
14b	<b>Total Requirement (Sales + Water Loss) **</b>	<b>3,377.6</b>	<b>3,252.4</b>	<b>(125)</b>	<b>-3.7%</b>
15b	Total Requirement in Acre Feet	7,754.0	7,466.6	(287)	-3.7%
<b>WATER SUPPLY MIX:</b>					
16b	Well Water	270.3	270.3	0	0.0%
17b	Purchased Water	3,107.3	2,982.2	(125)	-4.0%
18b	<b>Total Supply **</b>	<b>3,377.6</b>	<b>3,252.4</b>	<b>(125)</b>	<b>-3.7%</b>

\* Sum of % used in operations and unaccounted for water %

\*\* Total Requirement and Total Supply may differ slightly due to rounding.

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**TABLE 2-4**  
**OPERATING REVENUES AT PRESENT RATES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	10,474.3	10,181.0	(293.3)	-2.8%
2	Commercial	3,417.1	3,311.0	(106.1)	-3.1%
3	Industrial	81.5	81.5	0.0	0.0%
4	Public Authority	911.2	911.2	0.0	0.0%
5	Irrigation	491.4	491.4	0.0	0.0%
6	Resale	0.0	0.0	0.0	0.0%
7	Other	(3.8)	(3.8)	0.0	0.0%
8	Total Metered Revenues	15,371.6	14,972.2	(399.4)	-2.6%
<u>Flat Rate Revenues:</u>					
9	Commercial	0.0	0.0	0.0	0.0%
10	Public Authority	0.0	0.0	0.0	0.0%
11	Private Fire	66.0	66.0	0.0	0.0%
12	Total Flat Rate Revenues	66.0	66.0	0.0	0.0%
<u>Miscellaneous:</u>					
13	Misc. Service	22.8	22.8	0.0	0.0%
14	Rent	0.0	0.0	0.0	0.0%
15	Other	0.1	0.1	0.0	0.0%
16	Total Other Revenues	22.9	22.9	0.0	0.0%
17	Total Revenues at Present Rates, Test Year 2016	15,460.6	15,061.1	(399.4)	-2.6%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	10,441.0	10,148.6	(292.4)	-2.8%
2	Commercial	3,601.4	3,489.4	(112.0)	-3.1%
3	Industrial	81.5	81.5	0.0	0.0%
4	Public Authority	902.6	902.6	0.0	0.0%
5	Irrigation	536.7	536.7	0.0	0.0%
6	Resale	0.0	0.0	0.0	0.0%
7	Other	(3.8)	(3.8)	0.0	0.0%
8	Total Metered Revenues	15,559.4	15,155.0	(404.4)	-2.6%
<u>Flat Rate Revenues:</u>					
9	Commercial	0.0	0.0	0.0	0.0%
10	Public Authority	0.0	0.0	0.0	0.0%
11	Private Fire	66.8	66.8	0.0	0.0%
12	Total Flat Rate Revenues	66.8	66.8	0.0	0.0%
<u>Miscellaneous:</u>					
13	Misc. Service	22.8	22.8	0.0	0.0%
14	Rent	0.0	0.0	0.0	0.0%
15	Other	0.1	0.1	0.0	0.0%
16	Total Other Revenues	22.9	22.9	0.0	0.0%
17	Total Revenues at Present Rates, Escal. Year 2017	15,649.2	15,244.7	(404.4)	-2.6%

**REGION I - SIMI VALLEY CSA**  
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**TABLE 3-1**  
**OPERATIONS & MAINTENANCE EXPENSES - TEST YEAR**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>					
1	Purchased Water	9,225.6	8,882.5	(343.1)	-3.7%
2	Purchased Power	170.2	167.6	(2.6)	-1.5%
3	Pump Taxes	0.0	0.0	0.0	0.0%
4	Total Supply Expenses	9,395.8	9,050.1	(345.7)	-3.7%
5	Chemicals	2.2	2.1	(0.1)	-4.7%
6	Allocated GO - Billing and Cash Processing	278.6	288.0	9.5	3.4%
7	Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8	Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9	Postage	0.0	0.0	0.0	0.0%
10	Operation Labor	321.7	329.0	7.3	2.3%
11	Other Operation Expenses	65.8	65.9	0.1	0.2%
12	Conservation	46.4	47.0	0.6	1.2%
13	Total Operations Expenses	10,110.5	9,782.2	(328.4)	-3.2%
<u>Maintenance Expenses:</u>					
14	Maintenance Labor	96.0	98.2	2.2	2.3%
15	Other Maintenance Expenses	73.6	73.7	0.1	0.2%
16	Total Maintenance Expenses	169.6	171.9	2.3	1.4%
17	Total O&M excluding A&G	10,280.2	9,954.1	(326.1)	-3.2%
<u>At Present Rates</u>					
18	Operating Revenues	15,460.6	15,061.1	(399.4)	-2.6%
19	Uncollectible Rate	0.2743%	0.2743%	0.0000%	0.0%
20	Uncollectibles Expense	42.4	41.3	(1.1)	-2.6%
21	Total O&M Expenses including Uncollectibles	10,322.6	9,995.4	(327.2)	-3.2%
<u>At Proposed Rates</u>					
22	Operating Revenues	14,294.7	14,660.0	365.3	2.6%
23	Uncollectible Rate	0.2743%	0.2743%	0.0000%	0.0%
24	Uncollectibles Expense	39.2	40.2	1.0	2.6%
25	Total O&M Expenses including Uncollectibles	10,319.4	9,994.3	(325.1)	-3.1%

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**TABLE 3-2**  
**OPERATIONS & MAINTENANCE EXPENSES - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>					
1	Purchased Water	9,341.6	8,993.9	(347.7)	-3.7%
2	Purchased Power	171.1	168.5	(2.6)	-1.5%
3	Pump Taxes	0.0	0.0	0.0	0.0%
4	Total Supply Expenses	9,512.7	9,162.4	(350.3)	-3.7%
5	Chemicals	2.3	2.2	(0.1)	-4.6%
6	Allocated GO - Billing and Cash Processing	283.3	294.4	11.2	3.9%
7	Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8	Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9	Postage	0.0	0.0	0.0	0.0%
10	Operation Labor	326.2	333.9	7.7	2.4%
11	Other Operation Expenses	67.4	67.5	0.1	0.2%
12	Conservation	46.4	48.1	1.7	3.7%
13	Total Operations Expenses	10,238.2	9,908.5	(329.7)	-3.2%
<u>Maintenance Expenses:</u>					
14	Maintenance Labor	97.4	99.7	2.3	2.4%
15	Other Maintenance Expenses	75.4	75.5	0.1	0.2%
16	Total Maintenance Expenses	172.8	175.2	2.4	1.4%
17	Total O&M excluding A&G	10,411.0	10,083.7	(327.3)	-3.1%
<u>At Present Rates</u>					
18	Operating Revenues	15,649.2	15,244.7	(404.4)	-2.6%
19	Uncollectible Rate	0.2743%	0.2743%	0.0000%	0.0%
20	Uncollectibles Expense	42.9	41.8	(1.1)	-2.6%
21	Total O&M Expenses including Uncollectibles	10,454.0	10,125.5	(328.4)	-3.1%
<u>At Proposed Rates</u>					
22	Operating Revenues	14,494.7	15,003.9	509.2	3.5%
23	Uncollectible Rate	0.2743%	0.2743%	0.0000%	0.0%
24	Uncollectibles Expense	39.8	41.2	1.4	3.5%
25	Total O&M Expenses including Uncollectibles	10,450.8	10,124.9	(325.9)	-3.1%

**REGION I - SIMI VALLEY CSA**  
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**TABLE 4-1**  
**ADMINISTRATIVE & GENERAL EXPENSES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1a	Office Supplies & Expenses	41.7	43.6	1.9	4.7%
2a	Property Insurance	0.0	0.0	0.0	0.0%
3a	Injuries and Damages	44.3	51.9	7.6	17.2%
4a	Pension and Benefits	178.3	203.6	25.3	14.2%
5a	Business Meals	1.0	1.0	0.0	0.2%
6a	Regulatory Expenses	0.0	0.0	0.0	0.0%
7a	Outside Services	7.7	7.7	0.0	0.2%
8a	Miscellaneous	4.9	7.5	2.6	51.8%
9a	Allocated GO- Corporate Support	619.6	802.8	183.2	29.6%
10a	Allocated GO- Centralized Operations Support	556.4	726.0	169.6	30.5%
11a	Allocated District Office Expenses	360.2	403.1	42.8	11.9%
12a	Other Maintenance of General Plant	6.9	6.9	0.0	0.4%
13a	Rent	36.3	37.1	0.8	2.1%
14a	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15a	A&G Labor	94.7	96.8	2.2	2.3%
16a	Total A&G and Miscellaneous Adjustments	1,952.1	2,388.1	436.0	22.3%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1b	Office Supplies & Expenses	42.7	44.7	2.0	4.7%
2b	Property Insurance	0.0	0.0	0.0	0.0%
3b	Injuries and Damages	45.3	53.1	7.8	17.2%
4b	Pension and Benefits	178.0	208.8	30.8	17.3%
5b	Business Meals	1.0	1.0	0.0	0.2%
6b	Regulatory Expenses	0.0	0.0	0.0	0.0%
7b	Outside Services	7.9	7.9	0.0	0.2%
8b	Miscellaneous	5.1	7.7	2.6	51.8%
9b	Allocated GO- Corporate Support	632.1	820.3	188.2	29.8%
10b	Allocated GO- Centralized Operations Support	564.7	742.9	178.2	31.6%
11b	Allocated District Office Expenses	366.6	413.3	46.7	12.7%
12b	Other Maintenance of General Plant	7.1	7.1	0.0	0.4%
13b	Rent	37.2	38.0	0.8	2.1%
14b	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15b	A&G Labor	96.0	98.3	2.3	2.4%
16b	Total A&G and Miscellaneous Adjustments	1,983.6	2,443.0	459.4	23.2%

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**TABLE 5-1**  
**TAXES OTHER THAN INCOME**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Ad Valorem Taxes	140.1	144.3	4.2	3.0%
2a Payroll Taxes	42.8	43.7	1.0	2.3%
<b><u>At Present Rates</u></b>				
3a Operating Revenue <i>EXCLUDING</i> Uncollectibles	15,460.6	15,061.1	(399.4)	-2.6%
4a <i>Effective Local Franchise Tax Rate</i>	<u>1.134%</u>	<u>1.134%</u>	<u>0.000%</u>	<u>0.0%</u>
5a Franchise Taxes on applicable op. revenues	175.3	170.8	(4.5)	-2.6%
6a Total Taxes Other Than Income, At Present Rates	358.3	358.9	0.6	0.2%
<b><u>At Proposed Rates</u></b>				
7a Operating Revenue <i>EXCLUDING</i> Uncollectibles	14,255.5	14,660.0	404.5	2.8%
8a <i>Effective Local Franchise Tax Rate</i>	<u>1.134%</u>	<u>1.134%</u>	<u>0.000%</u>	<u>0.0%</u>
9a Franchise Taxes on applicable op. revenues	161.7	166.3	4.6	2.8%
10a Total Taxes Other Than Income, At Proposed Rates	344.6	354.3	9.7	2.8%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Ad Valorem Taxes	141.4	149.5	8.2	5.8%
2b Payroll Taxes	43.4	44.4	1.0	2.4%
<b><u>At Present Rates</u></b>				
3b Operating Revenue <i>EXCLUDING</i> Uncollectibles	15,649.2	15,244.7	(404.4)	-2.6%
4b <i>Effective Local Franchise Tax Rate</i>	<u>1.134%</u>	<u>1.134%</u>	<u>0.000%</u>	<u>0.0%</u>
5b Franchise Taxes on applicable op. revenues	177.5	172.9	(4.6)	-2.6%
6b Total Taxes Other Than Income, At Present Rates	362.2	366.8	4.6	1.3%
<b><u>At Proposed Rates</u></b>				
7b Operating Revenue <i>EXCLUDING</i> Uncollectibles	14,454.9	15,003.9	549.0	3.8%
8b <i>Effective Local Franchise Tax Rate</i>	<u>1.134%</u>	<u>1.134%</u>	<u>0.000%</u>	<u>0.0%</u>
9b Franchise Taxes on applicable op. revenues	163.9	170.2	6.2	3.8%
10b Total Taxes Other Than Income, At Proposed Rates	348.7	364.1	15.4	4.4%

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**TABLE 6-1**  
**TAXES BASED ON INCOME - TEST YEAR AT PRESENT RATES**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Operating Revenues at Present Rates	15,460.6	15,061.1	(399.4)	-2.6%
	<u>Common Deductions:</u>				
2	Operating Expenses	13,193.1	13,329.6	136.4	1.0%
3	Book Depreciation - District	(560.3)	(587.2)	(26.9)	4.8%
4	Book Depreciation - G.O.	(147.0)	(168.1)	(21.2)	14.4%
5	Interest	308.5	351.7	43.1	14.0%
6	Deductions excluding Depreciation	12,794.4	12,925.9	131.5	1.0%
	State Tax Calculation				
7	Taxable Income before Tax Depreciation and Other Sch M's	2,666.1	2,135.2	(530.9)	-19.9%
	<u>Additional (Deduct):</u>				
8	Tax Depreciation-State	(604.5)	(652.5)	(48.1)	8.0%
9	Other Schedule M Items	28.1	32.1	4.0	14.2%
10	Subtotal	(576.3)	(620.4)	(44.1)	7.6%
	<u>Federal Tax Deductions</u>				
11	Book Depreciation - District	(560.3)	(587.2)	(26.9)	4.8%
12	Book Depreciation - G.O.	(147.0)	(168.1)	(21.2)	14.4%
13	Excess Tax Depreciation Flow Through	98.0	98.0	0.0	0.0%
14	Calif. Corporation Franchise Tax	(184.7)	(133.9)	50.8	-27.5%
15	Other Schedule M Items	(99.1)	(97.0)	2.2	-2.2%
16	Def Rev Amort-Contrib	0.0	22.9	22.9	0.0%
	<u>California Corporate Franchise Tax (CCFT)</u>				
17	Taxable Income for CCFT	2,089.8	1,514.8	(575.0)	-27.5%
18	CCFT Rate	8.84%	8.84%		
19	Total CCFT	184.7	133.9	(50.8)	-27.5%
	<u>Federal Income Tax (FIT)</u>				
20	Taxable Income for FIT	1,773.0	1,270.0	(503.0)	-28.4%
21	FIT Rate	35.00%	35.00%		
22	Total FIT	620.6	444.5	(503.0)	-28.4%
23	Total Income Taxes for Revenues at Present Rates	805.3	578.4	(226.9)	-28.2%

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**TABLE 6-2**  
**TAXES BASED ON INCOME - TEST YEAR AT PROPOSED RATES**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Operating Revenues at Proposed Rates	14,294.7	14,660.0	365.3	2.6%
	<u>Common Deductions:</u>				
2	Operating Expenses	13,176.7	13,323.9	147.2	1.1%
3	Book Depreciation - District	(560.3)	(587.2)	(26.9)	4.8%
4	Book Depreciation - G.O.	(147.0)	(168.1)	(21.2)	14.4%
5	Interest	308.5	351.7	43.1	14.0%
6	Deductions excluding Depreciation	12,778.0	12,920.3	142.2	1.1%
	State Tax Calculation				
7	Taxable Income before Tax Depreciation and Other Sch M's	1,517.1	1,739.7	222.6	14.7%
	<u>Additional (Deduct):</u>				
8	Tax Depreciation-State	(604.5)	(652.5)	(48.1)	8.0%
9	Other Schedule M Items	28.1	32.1	4.0	14.2%
10	Subtotal	(576.3)	(620.4)	(44.1)	7.6%
	<u>Federal Tax Deductions</u>				
11	Book Depreciation - District	(560.3)	(587.2)	(26.9)	4.8%
12	Book Depreciation - G.O.	(147.0)	(168.1)	(21.2)	14.4%
13	Excess Tax Depreciation Flow Through	98.0	98.0	0.0	0.0%
14	Calif. Corporation Franchise Tax	(184.7)	(133.9)	50.8	-27.5%
15	Other Schedule M Items	(99.1)	(97.0)	2.2	-2.2%
16	Def Rev Amort-Contrib	0.0	22.9	22.9	0.0%
	<u>California Corporate Franchise Tax (CCFT)</u>				
17	Taxable Income for CCFT	940.8	1,119.3	178.5	19.0%
18	CCFT Rate	8.84%	8.84%		
19	Total CCFT	83.2	98.9	15.8	19.0%
	<u>Federal Income Tax (FIT)</u>				
20	Taxable Income for FIT	624.1	874.5	250.4	40.1%
21	FIT Rate	35.00%	35.00%		
22	Total FIT	218.4	306.1	87.7	40.1%
23	Total Income Taxes for Revenues at Proposed Rates	301.6	405.0	103.4	34.3%

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**TABLE 7-1**  
**UTILITY PLANT IN SERVICE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Plant in Service - Beginning of Year	29,214.1	30,085.5	871.3	3.0%
<u>Gross Additions:</u>				
2a Company-funded plant	294.4	1,233.1	938.7	318.8%
3a Advances	0.0	0.0	0.0	0.0%
4a Contributions	0.0	0.0	0.0	0.0%
5a Total Gross Additions	294.4	1,233.1	938.7	318.8%
6a Adjustments	0.0	0.0	0.0	0.0%
7a Retirements	(34.3)	(143.5)	(109.2)	318.8%
8a Net Additions	260.1	1,089.6	829.4	318.8%
9a Plant in Service - End of Year	29,474.3	31,175.1	1,700.8	5.8%
10a <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11a Weighted Average Plant in Service	29,344.2	30,630.3	1,286.1	4.4%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Plant in Service - Beginning of Year	29,474.3	31,175.1	1,700.8	5.8%
<u>Gross Additions:</u>				
2b Company-funded plant	402.6	1,477.2	1,074.6	266.9%
3b Advances	0.0	0.0	0.0	0.0%
4b Contributions	0.0	0.0	0.0	0.0%
5b Total Gross Additions	402.6	1,477.2	1,074.6	266.9%
6b Adjustments	0.0	0.0	0.0	0.0%
7b Retirements	(46.9)	(171.9)	(125.1)	266.9%
8b Net Additions	355.7	1,305.3	949.6	266.9%
9b Plant in Service - End of Year	29,830.0	32,480.4	2,650.4	8.9%
10b <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11b Weighted Average Plant in Service	29,652.1	31,827.7	2,175.6	7.3%

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**TABLE 8-1**  
**DEPRECIATION RESERVE & EXPENSE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Depreciation Reserve - Beginning of Year	13,576.4	13,461.6	(114.8)	-0.8%
<u>Accruals:</u>				
2a Clearing Accounts	9.9	9.9	0.0	0.0%
3a Contributions	40.8	40.8	0.0	0.0%
4a Expenses	560.3	587.2	26.9	4.8%
5a Total Accruals	610.9	637.8	26.9	4.4%
<u>Retirements and Adjustments:</u>				
6a Net Retirements	(34.3)	(143.5)	(109.2)	318.8%
7a Adjustments	0.0	0.0	0.0	0.0%
8a Total Retirement and Adjustments	(34.3)	(143.5)	(109.2)	318.8%
9a Net Additions	576.7	494.3	(82.3)	-14.3%
10a Depreciation Reserve - End of Year	14,153.1	13,956.0	(197.1)	-1.4%
11a <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12a Weighted Average Depreciation Reserve	13,864.7	13,708.8	(155.9)	-1.1%
13a <i>Deprec. expense for summary of earnings calc.</i>	560.3	587.2	26.9	4.8%
<hr/>				
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Depreciation Reserve - Beginning of Year	14,153.1	13,956.0	(197.1)	-1.4%
<u>Accruals:</u>				
2b Clearing Accounts	9.9	9.9	0.0	0.0%
3b Contributions	40.8	40.8	0.0	0.0%
4b Expenses	566.7	612.2	45.5	8.0%
5b Total Accruals	617.4	662.9	45.5	7.4%
<u>Retirements and Adjustments:</u>				
6b Net Retirements	(46.9)	(171.9)	(125.1)	266.9%
7b Adjustments	1.0	1.0	0.0	0.0%
8b Total Retirement and Adjustments	(45.9)	(170.9)	(125.1)	272.7%
9b Net Additions	571.5	492.0	(79.5)	-13.9%
10b Depreciation Reserve - End of Year	14,724.6	14,448.0	(276.6)	-1.9%
11b <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12b Weighted Average Depreciation Reserve	14,438.8	14,202.0	(236.9)	-1.6%
13b <i>Deprec. expense for summary of earnings calc.</i>	566.7	612.2	45.5	8.0%

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**TABLE 9-1**  
**WEIGHTED AVERAGE RATE BASE - TEST YEAR**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	29,344.2	30,630.3	1,286.1	4.4%
2	Weighted Average Depreciation Reserve	(13,864.7)	(13,708.8)	155.9	-1.1%
3	Net Utility Plant	15,479.5	16,921.5	1,442.0	9.3%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(1,336.2)	(1,335.7)	0.5	0.0%
5	Advances in Construction	(3,694.3)	(3,694.3)	0.0	0.0%
6	Investment Tax Credit	(40.9)	(40.9)	0.0	0.0%
7	Deferred Income Taxes	(2,219.4)	(2,285.2)	(65.8)	3.0%
8	Deferred Revenues	(5.7)	(5.7)	0.0	0.0%
9	Total Deductions from Rate Base	(7,296.4)	(7,361.7)	(65.3)	0.9%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	54.6	54.6	0.0	0.0%
11	Allowance for Working Cash	438.1	(20.5)	(458.6)	-104.7%
12	Total Working Capital	492.7	34.1	(458.6)	-93.1%
13	Utility Plant under Construction	456.0	580.8	124.9	27.4%
14	Acquisition Adjustment	0.0	0.0	0.0	0.0%
15	Total Additions to Rate Base	948.7	614.9	(333.7)	-35.2%
16	Weighted Average Rate Base, District	9,131.8	10,174.8	1,043.0	11.4%
17	Common Utility Allocation	662.8	988.8	325.9	49.2%
18	Total Weighted Average Rate Base	9,794.6	11,163.5	1,368.9	14.0%
<u>Interest Calculation (for Tax Deductions):</u>					
19	Weighted Avg. Rate Base	9,794.6	11,163.5	1,368.9	14.0%
20	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21	Interest Expense	308.5	351.7	43.1	14.0%

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**TABLE 9-2**  
**WEIGHTED AVERAGE RATE BASE - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	29,652.1	31,827.7	2,175.6	7.3%
2	Weighted Average Depreciation Reserve	(14,438.8)	(14,202.0)	236.9	-1.6%
3	Net Utility Plant	15,213.3	17,625.7	2,412.4	15.9%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(1,295.4)	(1,294.9)	0.5	0.0%
5	Advances in Construction	(3,526.1)	(3,526.1)	0.0	0.0%
6	Investment Tax Credit	(39.2)	(39.2)	0.0	0.0%
7	Deferred Income Taxes	(2,339.6)	(2,397.4)	(57.8)	2.5%
8	Deferred Revenues	(5.7)	(5.7)	0.0	0.0%
9	Total Deductions from Rate Base	(7,205.9)	(7,263.3)	(57.3)	0.8%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	54.6	54.6	0.0	0.0%
11	Allowance for Working Cash	438.1	(20.5)	(458.6)	-104.7%
12	Total Working Capital	492.7	34.1	(458.6)	-93.1%
13	Utility Plant under Construction	456.0	580.8	124.9	27.4%
14	Acquisition Adjustment	0.0	0.0	0.0	0.0%
15	Total Additions to Rate Base	948.7	614.9	(333.7)	-35.2%
16	Weighted Average Rate Base, District	8,956.1	10,977.4	2,021.3	22.6%
17	Common Utility Allocation	544.0	1,008.2	464.2	85.3%
18	Total Weighted Average Rate Base	<b>9,500.1</b>	<b>11,985.6</b>	2,485.6	26.2%
<u>Interest Calculation (for Tax Deductions):</u>					
19	Weighted Avg. Rate Base	9,500.1	11,985.6	2,485.6	26.2%
20	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21	Interest Expense	299.3	377.5	78.3	26.2%

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**REGION II Ratemaking Area**  
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REVENUE INCREASES	ORA	GSWC	GSWC > ORA
1. Test Year 2016 Increase (in dollars)	-\$15,226,329	-\$2,634,296	\$12,592,033
2. Test Year 2016 Increase	-11.0%	-1.9%	9.1%
3. Escalation Year 2017 Increase	2.0%	3.6%	1.6%
4. Escalation Year 2018 Increase	1.1%	3.2%	2.1%

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**TABLE 1-1**  
**SUMMARY OF EARNINGS - TEST YEAR**

Test Year 2016 (\$000)	ORA- Present Rates	GSWC- Present Rates	GSWC > ORA	
<b>1a Operating Revenues</b>	<b>138,389.9</b>	<b>138,389.9</b>	<b>0.0</b>	<b>0.0%</b>
<u>Operating Expenses:</u>				
2a Operation & Maintenance	45,217.8	46,334.0	1,116.1	2.5%
3a Administrative & General	3,176.8	3,708.3	531.5	16.7%
4a Payroll	5,099.3	5,157.9	58.6	1.1%
5a General Office - <i>prorated expenses</i>	17,723.6	21,575.7	3,852.1	21.7%
6a Depreciation Expense	12,407.0	13,228.5	821.5	6.6%
7a Taxes Other Than Income	5,524.8	5,679.5	154.7	2.8%
8a California Corporate Franchise Tax	3,706.7	3,011.0	(695.7)	-18.8%
9a Federal Income Tax	12,753.7	10,236.5	(2,517.2)	-19.7%
10a Total Operating Expenses	105,609.8	108,931.3	3,321.5	3.1%
11a Net Operating Revenues	32,780.0	29,458.5	(3,321.5)	-10.1%
12a Weighted Average Rate Base	290,994.0	334,647.3	43,653.3	15.0%
13a <b>Return on Rate Base</b>	<b>11.26%</b>	<b>8.80%</b>	<b>-2.46%</b>	<b>-21.9%</b>
Test Year 2016 (\$000)	ORA- Proposed Rates	GSWC- Proposed Rates	GSWC > ORA	
<b>1b Operating Revenues</b>	<b>122,990.9</b>	<b>135,589.0</b>	<b>12,598.1</b>	<b>10.2%</b>
<u>Operating Expenses:</u>				
2b Operation & Maintenance	45,166.3	46,324.6	1,158.3	2.6%
3b Administrative & General	3,176.8	3,708.3	531.5	16.7%
4b Payroll	5,099.3	5,157.9	58.6	1.1%
5b General Office - <i>prorated expenses</i>	17,723.6	21,575.7	3,852.1	21.7%
6b Depreciation Expense	12,407.0	13,228.5	821.5	6.6%
7b Taxes Other Than Income	5,336.4	5,646.1	309.7	5.8%
8b California Corporate Franchise Tax	2,366.2	2,767.1	400.9	16.9%
9b Federal Income Tax	7,446.3	9,271.2	1,824.9	24.5%
10b Total Operating Expenses	98,722.0	107,679.4	8,957.4	9.1%
11b Net Operating Revenues	24,268.9	27,909.6	3,640.7	15.0%
12b Weighted Average Rate Base	290,994.0	334,647.3	43,653.3	15.0%
13b <b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.00%</b>	<b>0.0%</b>

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**TABLE 1-2**  
**SUMMARY OF EARNINGS - ESCALATION YEARS**

For Illustrative Purposes (\$000)	ORA 2017	ORA 2018	2017-2018 Increase	
1 <u>Operating Revenues</u>	125,543.3	128,083.0	2,539.8	2.0%
2 <u>Operating Expenses:*</u>				
3     Operation & Maintenance	45,421.8	46,457.4	1,035.6	2.3%
4     Administrative & General	3,212.0	3,285.2	73.2	2.3%
5     Payroll	5,170.7	5,232.8	62.0	1.2%
6     G.O. Prorated Expenses	18,023.9	18,434.9	410.9	2.3%
7     Depreciation Expense	12,850.4	13,143.4	293.0	2.3%
8     Taxes Other Than Income	5,494.6	5,619.9	125.3	2.3%
9     California Corporate Franchise Tax	2,496.9	2,545.0	48.1	1.9%
10    Federal Income Tax	8,303.0	8,493.5	190.5	2.3%
11 Total Operating Expenses	100,973.3	103,212.1	2,238.7	2.2%
12 Net Operating Revenues	24,569.9	24,870.9	301.0	1.2%
13 Weighted Average Rate Base	294,603.4	298,212.8	3,609.4	1.2%
14 <b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.0</b>	<b>0.0%</b>

\* Assumed escalation factors of 2.28% for composite and 1.20% for labor, for 2018.

**REGION II Ratemaking Area**  
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**TABLE 2-1**  
**WATER SALES PER CUSTOMER (OR PER CONNECTION)**

<b>Test Year 2016 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1a Residential	133.8	133.8	0.0	0.0%
2a Commercial	502.8	502.8	0.0	0.0%
3a Industrial	1,415.5	1,415.5	0.0	0.0%
4a Public Authority	1,647.5	1,647.5	0.0	0.0%
5a Irrigation	935.7	935.7	0.0	0.0%
6a Resale	0.0	0.0	0.0	0.0%
7a Contract	8,481.2	8,481.2	0.0	0.0%
8a Other	295.5	295.5	0.0	0.0%
<b>FLAT RATE</b>				
9a Commercial	0.0	0.0	0.0	0.0%
10a Public Authority	0.0	0.0	0.0	0.0%
11a Private Fire Protection	24.6	24.6	0.0	0.0%
<b>Escalation Year 2017 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1b Residential	133.8	133.8	0.0	0.0%
2b Commercial	502.8	502.8	0.0	0.0%
3b Industrial	1,415.5	1,415.5	0.0	0.0%
4b Public Authority	1,647.5	1,647.5	0.0	0.0%
5b Irrigation	935.7	935.7	0.0	0.0%
6b Resale	0.0	0.0	0.0	0.0%
7b Contract	8,481.2	8,481.2	0.0	0.0%
8b Other	295.5	295.5	0.0	0.0%
<b>FLAT RATE</b>				
9b Commercial	0.0	0.0	0.0	0.0%
10b Public Authority	0.0	0.0	0.0	0.0%
11b Private Fire Protection	24.6	24.6	0.0	0.0%

\* Hundred cubic feet per connection per year.

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**TABLE 2-2**  
**AVERAGE NUMBER OF CUSTOMERS (SERVICE CONNECTIONS)**

<b>Test Year 2016</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1a	Residential	73,466	73,466	0	0%
2a	Commercial	25,136	25,136	0	0%
3a	Industrial	233	233	0	0%
4a	Public Authority	643	643	0	0%
5a	Irrigation	430	430	0	0%
6a	Resale	0	0	0	0%
7a	Contract	55	55	0	0%
8a	Other	1	1	0	0%
9a	Total Number of Metered Connections	99,964	99,964	0	0%
<u>Flat Rate Connections:</u>					
10a	Commercial	0	0	0	0%
11a	Public Authority	0	0	0	0%
12a	Private Fire	1,967	1,967	0	0%
<u>Total Number of Connections:</u>					
13a	Including Fire Protection	101,931	101,931	0	0%
14a	Excluding Fire Protection	99,964	99,964	0	0%
<b>Escalation Year 2017</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1b	Residential	73,658	73,658	0	0%
2b	Commercial	25,100	25,100	0	0%
3b	Industrial	232	232	0	0%
4b	Public Authority	636	636	0	0%
5b	Irrigation	451	451	0	0%
6b	Resale	0	0	0	0%
7b	Contract	57	57	0	0%
8b	Other	1	1	0	0%
9b	Total Number of Metered Connections	100,135	100,135	0	0%
<u>Flat Rate Connections:</u>					
10b	Commercial	0	0	0	0%
11b	Public Authority	0	0	0	0%
12b	Private Fire	1,983	1,983	0	0%
<u>Total Number of Connections:</u>					
13b	Including Fire Protection	102,118	102,118	0	0%
14b	Excluding Fire Protection	100,135	100,135	0	0%

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**TABLE 2-3**  
**TOTAL SALES AND SUPPLY**

<b>Test Year 2016 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1a	Residential	9,830.9	9,830.9	0	0.0%
2a	Commercial	12,638.8	12,638.8	0	0.0%
3a	Industrial	329.8	329.8	0	0.0%
4a	Public Authority	1,059.4	1,059.4	0	0.0%
5a	Irrigation	402.4	402.4	0	0.0%
6a	Resale	0.0	0.0	0	0.0%
7a	Contract	466.5	466.5	0	0.0%
8a	Other	0.3	0.3	0	0.0%
9a	Total Metered Connections' Sales	24,727.9	24,727.9	0	0.0%
10a	<u>Total Flat Rate Connections' Sales</u>	48.3	48.3	0	0.0%
11a	<u>Total Sales</u>	24,776.2	24,776.2	0	0.0%
12a	<i>Water Loss Rate % *</i>	3.908%	4.974%	1.1%	27.3%
13a	Water Loss	1,007.7	1,296.8	289	28.7%
14a	<b>Total Requirement (Sales + Water Loss) **</b>	<b>25,783.9</b>	<b>26,073.0</b>	<b>289</b>	<b>1.1%</b>
15a	Total Requirement in Acre Feet	59,192.1	59,855.9	664	1.1%
<b>WATER SUPPLY MIX:</b>					
16a	Well Water	16,847.0	16,847.0	0	0.0%
17a	Purchased Water	8,936.9	9,226.0	289	3.2%
18a	<b>Total Supply **</b>	<b>25,783.9</b>	<b>26,073.0</b>	<b>289</b>	<b>1.1%</b>
<b>Escalation Year 2017 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1b	Residential	9,856.5	9,856.5	0	0.0%
2b	Commercial	12,620.7	12,620.7	0	0.0%
3b	Industrial	328.4	328.4	0	0.0%
4b	Public Authority	1,047.8	1,047.8	0	0.0%
5b	Irrigation	422.0	422.0	0	0.0%
6b	Resale	0.0	0.0	0	0.0%
7b	Contract	483.4	483.4	0	0.0%
8b	Other	0.3	0.3	0	0.0%
9b	Total Metered Connections' Sales	24,759.2	24,759.2	0	0.0%
10b	<u>Total Flat Rate Connections' Sales</u>	48.7	48.7	0	0.0%
11b	<u>Total Sales</u>	24,807.9	24,807.9	0	0.0%
12b	<i>Water Loss Rate % *</i>	3.908%	4.974%	1.1%	27.3%
13b	Water Loss	1,009.0	1,298.5	290	28.7%
14b	<b>Total Requirement (Sales + Water Loss) **</b>	<b>25,816.8</b>	<b>26,106.3</b>	<b>290</b>	<b>1.1%</b>
15b	Total Requirement in Acre Feet	59,267.7	59,932.3	665	1.1%
<b>WATER SUPPLY MIX:</b>					
16b	Well Water	16,847.0	16,847.0	0	0.0%
17b	Purchased Water	8,969.8	9,259.3	290	3.2%
18b	<b>Total Supply **</b>	<b>25,816.8</b>	<b>26,106.3</b>	<b>290</b>	<b>1.1%</b>
<i>* Sum of % used in operations and unaccounted for water %</i>					
<i>** Total Requirement and Total Supply may differ slightly due to rounding.</i>					

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**TABLE 2-4**  
**OPERATING REVENUES AT PRESENT RATES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	57,554.2	57,554.2	0.0	0.0%
2	Commercial	68,388.5	68,388.5	0.0	0.0%
3	Industrial	1,739.8	1,739.8	0.0	0.0%
4	Public Authority	5,939.5	5,939.5	0.0	0.0%
5	Irrigation	2,145.7	2,145.7	0.0	0.0%
6	Resale	0.0	0.0	0.0	0.0%
7	Reclaimed Water	1,449.7	1,449.7	0.0	0.0%
8	Other	(99.7)	(99.7)	0.0	0.0%
9	Total Metered Revenues	137,117.7	137,117.7	0.0	0.0%
<u>Flat Rate Revenues:</u>					
10	Commercial	0.0	0.0	0.0	0.0%
11	Public Authority	0.0	0.0	0.0	0.0%
12	Private Fire	741.4	741.4	0.0	0.0%
13	Total Flat Rate Revenues	741.4	741.4	0.0	0.0%
<u>Miscellaneous:</u>					
14	Misc. Service	531.2	531.2	0.0	0.0%
15	Rent	0.0	0.0	0.0	0.0%
16	Other	(0.5)	(0.5)	0.0	0.0%
17	Total Other Revenues	530.7	530.7	0.0	0.0%
18	Total Revenues at Present Rates, Test Year 2016	138,389.9	138,389.9	0.0	0.0%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	57,704.1	57,704.1	0.0	0.0%
2	Commercial	68,293.2	68,293.2	0.0	0.0%
3	Industrial	1,732.2	1,732.2	0.0	0.0%
4	Public Authority	5,880.2	5,880.2	0.0	0.0%
5	Irrigation	2,250.8	2,250.8	0.0	0.0%
6	Resale	0.0	0.0	0.0	0.0%
7	Reclaimed Water	1,499.9	1,499.9	0.0	0.0%
8	Other	(99.7)	(99.7)	0.0	0.0%
9	Total Metered Revenues	137,260.6	137,260.6	0.0	0.0%
<u>Flat Rate Revenues:</u>					
10	Commercial	0.0	0.0	0.0	0.0%
11	Public Authority	0.0	0.0	0.0	0.0%
12	Private Fire	747.5	747.5	0.0	0.0%
13	Total Flat Rate Revenues	747.5	747.5	0.0	0.0%
<u>Miscellaneous:</u>					
14	Misc. Service	531.2	531.2	0.0	0.0%
15	Rent	0.0	0.0	0.0	0.0%
16	Other	(0.5)	(0.5)	0.0	0.0%
17	Total Other Revenues	530.7	530.7	0.0	0.0%
18	Total Revenues at Present Rates, Escal. Year 2017	138,538.8	138,538.8	0.0	0.0%

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**TABLE 3-1**  
**OPERATIONS & MAINTENANCE EXPENSES - TEST YEAR**

Test Year 2016 (\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>				
1 Purchased Water	25,204.4	26,255.7	1,051.3	4.2%
2 Purchased Power	2,754.5	2,773.9	19.4	0.7%
3 Pump Taxes	10,437.5	10,437.5	0.0	0.0%
4 Total Supply Expenses	38,396.3	39,467.0	1,070.7	2.8%
5 Chemicals	823.4	843.1	19.8	2.4%
6 Allocated GO - Billing and Cash Processing	2,729.1	2,826.9	97.8	3.6%
7 Allocated Common Cust. Acct. (Region)	0.0	0.0		
8 Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9 Postage	0.0	0.0	0.0	0.0%
10 Operation Labor	3,234.1	3,271.3	37.2	1.1%
11 Other Operation Expenses	2,045.2	2,063.7	18.6	0.9%
12 Total Operations Expenses	47,228.1	48,472.1	1,244.0	2.6%
<u>Maintenance Expenses:</u>				
13 Maintenance Labor	890.9	901.1	10.2	1.1%
14 Other Maintenance Expenses	3,490.0	3,497.1	7.1	0.2%
15 Total Maintenance Expenses	4,380.8	4,398.2	17.3	0.4%
16 Total O&M excluding A&G	51,608.9	52,870.3	1,261.4	2.4%
<u>At Present Rates</u>				
17 Operating Revenues	138,389.9	138,389.9	0.0	0.0%
18 <i>Uncollectible Rate</i>	<i>0.3345%</i>	<i>0.3345%</i>	<i>0.0000%</i>	<i>0.0%</i>
19 Uncollectibles Expense	463.0	463.0	0.0	0.0%
20 Total O&M Expenses including Uncollectibles	52,071.9	53,333.3	1,261.4	2.4%
<u>At Proposed Rates</u>				
21 Operating Revenues	122,990.9	135,589.0	12,598.1	10.2%
22 <i>Uncollectible Rate</i>	<i>0.3345%</i>	<i>0.3345%</i>	<i>0.0000%</i>	<i>0.0%</i>
23 Uncollectibles Expense	411.5	453.6	42.1	10.2%
24 Total O&M Expenses including Uncollectibles	52,020.4	53,323.9	1,303.5	2.5%

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**TABLE 3-2**  
**OPERATIONS & MAINTENANCE EXPENSES - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>					
1	Purchased Water	25,295.4	26,347.7	1,052.3	4.2%
2	Purchased Power	2,754.6	2,774.1	19.5	0.7%
3	Pump Taxes	10,437.5	10,437.5	0.0	0.0%
4	Total Supply Expenses	38,487.5	39,559.2	1,071.7	2.8%
5	Chemicals	842.8	862.7	19.9	2.4%
6	Allocated GO - Billing and Cash Processing	2,775.1	2,889.6	114.6	4.1%
7	Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8	Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9	Postage	0.0	0.0	0.0	0.0%
10	Operation Labor	3,279.4	3,320.5	41.1	1.3%
11	Other Operation Expenses	2,095.6	2,114.6	19.0	0.9%
12	Total Operations Expenses	47,480.3	48,746.7	1,266.4	2.7%
<u>Maintenance Expenses:</u>					
13	Maintenance Labor	903.3	914.7	11.3	1.3%
14	Other Maintenance Expenses	3,576.0	3,583.2	7.3	0.2%
15	Total Maintenance Expenses	4,479.3	4,497.9	18.6	0.4%
16	Total O&M excluding A&G	51,959.6	53,244.6	1,285.0	2.5%
<u>At Present Rates</u>					
17	Operating Revenues	138,538.8	138,538.8	0.0	0.0%
18	Uncollectible Rate	0.3345%	0.3345%	0.0000%	0.0%
19	Uncollectibles Expense	463.5	463.5	0.0	0.0%
20	Total O&M Expenses including Uncollectibles	52,423.1	53,708.0	1,285.0	2.5%
<u>At Proposed Rates</u>					
21	Operating Revenues	125,543.3	140,589.3	15,046.0	12.0%
22	Uncollectible Rate	0.3345%	0.3345%	0.0000%	0.0%
23	Uncollectibles Expense	420.0	470.3	50.3	12.0%
24	Total O&M Expenses including Uncollectibles	52,379.6	53,714.9	1,335.3	2.5%

**REGION II Ratemaking Area**  
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**TABLE 4-1**  
**ADMINISTRATIVE & GENERAL EXPENSES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1a	Office Supplies & Expenses	325.0	346.2	21.1	6.5%
2a	Property Insurance	0.0	0.0	0.0	0.0%
3a	Injuries and Damages	365.4	428.2	62.9	17.2%
4a	Pension and Benefits	1,764.1	2,017.9	253.8	14.4%
5a	Business Meals	10.0	10.0	0.0	0.3%
6a	Regulatory Expenses	0.0	0.0	0.0	0.0%
7a	Outside Services	107.0	114.7	7.7	7.2%
8a	Miscellaneous	1.6	5.1	3.6	228.6%
9a	Allocated GO- Corporate Support	6,078.7	7,873.2	1,794.5	29.5%
10a	Allocated GO- Centralized Operations Support	5,448.6	7,109.7	1,661.1	30.5%
11a	Allocated District Office Expenses	3,467.2	3,765.8	298.6	8.6%
12a	Other Maintenance of General Plant	35.8	35.8	0.1	0.2%
13a	Rent	358.2	361.7	3.5	1.0%
14a	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15a	A&G Labor	974.4	985.6	11.2	1.1%
16a	Conservation	209.8	388.7	178.8	85.2%
17a	Total A&G and Miscellaneous Adjustments	19,145.7	23,442.6	4,296.9	22.4%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1b	Office Supplies & Expenses	333.0	354.7	21.7	6.5%
2b	Property Insurance	0.0	0.0	0.0	0.0%
3b	Injuries and Damages	373.4	437.7	64.3	17.2%
4b	Pension and Benefits	1,768.4	2,080.8	312.3	17.7%
5b	Business Meals	10.2	10.2	0.0	0.3%
6b	Regulatory Expenses	0.0	0.0	0.0	0.0%
7b	Outside Services	111.8	119.9	8.0	7.2%
8b	Miscellaneous	1.6	5.2	3.6	228.6%
9b	Allocated GO- Corporate Support	6,201.4	8,044.6	1,843.2	29.7%
10b	Allocated GO- Centralized Operations Support	5,530.2	7,275.7	1,745.6	31.6%
11b	Allocated District Office Expenses	3,517.3	3,842.9	325.6	9.3%
12b	Other Maintenance of General Plant	36.7	36.7	0.1	0.2%
13b	Rent	367.0	370.6	3.6	1.0%
14b	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15b	A&G Labor	988.0	1,000.4	12.4	1.3%
16b	Conservation	209.8	397.8	188.0	89.6%
17b	Total A&G and Miscellaneous Adjustments	19,448.9	23,977.3	4,528.4	23.3%

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**TABLE 5-1**  
**TAXES OTHER THAN INCOME**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Ad Valorem Taxes	3,450.2	3,600.0	149.8	4.3%
2a Payroll Taxes	425.6	430.5	4.9	1.1%
<b><u>At Present Rates</u></b>				
3a Operating Revenue <i>EXCLUDING</i> Uncollectibles	138,389.9	138,389.9	0.0	0.0%
4a <i>Effective Local Franchise Tax Rate</i>	<u>1.192%</u>	<u>1.192%</u>	<u>0.000%</u>	<u>0.0%</u>
5a Franchise Taxes on applicable op. revenues	1,649.0	1,649.0	0.0	0.0%
6a Total Taxes Other Than Income, At Present Rates	5,524.8	5,679.5	154.7	2.8%
<b><u>At Proposed Rates</u></b>				
7a Operating Revenue <i>EXCLUDING</i> Uncollectibles	122,579.4	135,589.0	13,009.6	10.6%
8a <i>Effective Local Franchise Tax Rate</i>	<u>1.192%</u>	<u>1.192%</u>	<u>0.000%</u>	<u>0.0%</u>
9a Franchise Taxes on applicable op. revenues	1,460.6	1,615.6	155.0	10.6%
10a Total Taxes Other Than Income, At Proposed Rates	5,336.4	5,646.1	309.7	5.8%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Ad Valorem Taxes	3,572.1	3,844.3	272.2	7.6%
2b Payroll Taxes	431.6	437.0	5.4	1.3%
<b><u>At Present Rates</u></b>				
3b Operating Revenue <i>EXCLUDING</i> Uncollectibles	138,538.8	138,538.8	0.0	0.0%
4b <i>Effective Local Franchise Tax Rate</i>	<u>1.192%</u>	<u>1.192%</u>	<u>0.000%</u>	<u>0.0%</u>
5b Franchise Taxes on applicable op. revenues	1,650.7	1,650.7	0.0	0.0%
6b Total Taxes Other Than Income, At Present Rates	5,654.4	5,932.1	277.6	4.9%
<b><u>At Proposed Rates</u></b>				
7b Operating Revenue <i>EXCLUDING</i> Uncollectibles	125,123.3	140,589.3	15,466.0	12.4%
8b <i>Effective Local Franchise Tax Rate</i>	<u>1.192%</u>	<u>1.192%</u>	<u>0.000%</u>	<u>0.0%</u>
9b Franchise Taxes on applicable op. revenues	1,490.9	1,675.2	184.3	12.4%
10b Total Taxes Other Than Income, At Proposed Rates	5,494.6	5,956.5	461.9	8.4%

**REGION II Ratemaking Area**  
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**TABLE 6-1**  
**TAXES BASED ON INCOME - TEST YEAR AT PRESENT RATES**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Operating Revenues at Present Rates	138,389.9	138,389.9	0.0	0.0%
<u>Common Deductions:</u>					
2	Operating Expenses	89,149.4	95,683.9	6,534.4	7.3%
3	Book Depreciation - District	(12,407.0)	(13,228.5)	(821.5)	6.6%
4	Book Depreciation - G.O.	(1,441.0)	(1,649.0)	(208.0)	14.4%
5	Interest	9,166.3	10,541.4	1,375.1	15.0%
6	Deductions excluding Depreciation	84,467.7	91,347.7	6,880.0	8.1%
State Tax Calculation					
7	Taxable Income before Tax Depreciation and Other Sch M's	53,922.1	47,042.1	(6,880.0)	-12.8%
<u>Additional (Deduct):</u>					
8	Tax Depreciation-State	(12,157.0)	(13,186.5)	(1,029.5)	8.5%
9	Other Schedule M Items	166.0	205.1	39.1	23.6%
10	Subtotal	(11,991.1)	(12,981.4)	(990.4)	8.3%
<u>Federal Tax Deductions</u>					
11	Book Depreciation - District	(12,407.0)	(13,228.5)	(821.5)	6.6%
12	Book Depreciation - G.O.	(1,441.0)	(1,649.0)	(208.0)	14.4%
13	Excess Tax Depreciation Flow Through	1,042.7	1,042.7	0.0	0.0%
14	Calif. Corporation Franchise Tax	(3,706.7)	(3,011.0)	695.7	-18.8%
15	Other Schedule M Items	(971.0)	(949.7)	21.3	-2.2%
16	Def Rev Amort-Contrib	0.0	0.5	0.5	0.0%
<u>California Corporate Franchise Tax (CCFT)</u>					
17	Taxable Income for CCFT	41,931.1	34,060.7	(7,870.4)	-18.8%
18	CCFT Rate	8.84%	8.84%		
19	Total CCFT	3,706.7	3,011.0	(695.7)	-18.8%
<u>Federal Income Tax (FIT)</u>					
20	Taxable Income for FIT	36,439.2	29,247.2	(7,192.0)	-19.7%
21	FIT Rate	35.00%	35.00%		
22	Total FIT	12,753.7	10,236.5	(7,192.0)	-19.7%
23	Total Income Taxes for Revenues at Present Rates	16,460.4	13,247.5	(3,212.9)	-19.5%

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**TABLE 6-2**  
**TAXES BASED ON INCOME - TEST YEAR AT PROPOSED RATES**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Operating Revenues at Proposed Rates	122,990.9	135,589.0	12,598.1	10.2%
	<u>Common Deductions:</u>				
2	Operating Expenses	88,914.6	95,641.1	6,726.6	7.6%
3	Book Depreciation - District	(12,407.0)	(13,228.5)	(821.5)	6.6%
4	Book Depreciation - G.O.	(1,441.0)	(1,649.0)	(208.0)	14.4%
5	Interest	9,166.3	10,541.4	1,375.1	15.0%
6	Deductions excluding Depreciation	84,232.9	91,305.0	7,072.1	8.4%
	State Tax Calculation				
7	Taxable Income before Tax Depreciation and Other Sch M's	38,758.0	44,284.0	5,526.0	14.3%
	<u>Additional (Deduct):</u>				
8	Tax Depreciation-State	(12,157.0)	(13,186.5)	(1,029.5)	8.5%
9	Other Schedule M Items	166.0	205.1	39.1	23.6%
10	Subtotal	(11,991.1)	(12,981.4)	(990.4)	8.3%
	<u>Federal Tax Deductions</u>				
11	Book Depreciation - District	(12,407.0)	(13,228.5)	(821.5)	6.6%
12	Book Depreciation - G.O.	(1,441.0)	(1,649.0)	(208.0)	14.4%
13	Excess Tax Depreciation Flow Through	1,042.7	1,042.7	0.0	0.0%
14	Calif. Corporation Franchise Tax	(3,706.7)	(3,011.0)	695.7	-18.8%
15	Other Schedule M Items	(971.0)	(949.7)	21.3	-2.2%
16	Def Rev Amort-Contrib	0.0	0.5	0.5	0.0%
	<u>California Corporate Franchise Tax (CCFT)</u>				
17	Taxable Income for CCFT	26,767.0	31,302.6	4,535.6	16.9%
18	CCFT Rate	8.84%	8.84%		
19	Total CCFT	2,366.2	2,767.1	400.9	16.9%
	<u>Federal Income Tax (FIT)</u>				
20	Taxable Income for FIT	21,275.0	26,489.1	5,214.0	24.5%
21	FIT Rate	35.00%	35.00%		
22	Total FIT	7,446.3	9,271.2	1,824.9	24.5%
23	Total Income Taxes for Revenues at Proposed Rates	9,812.5	12,038.3	2,225.9	22.7%

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**TABLE 7-1**  
**UTILITY PLANT IN SERVICE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Plant in Service - Beginning of Year	532,202.1	555,304.1	23,102.1	4.3%
<u>Gross Additions:</u>				
2a Company-funded plant	20,731.1	41,554.8	20,823.7	100.4%
3a Advances	0.0	0.0	0.0	0.0%
4a Contributions	0.0	0.0	0.0	0.0%
5a Total Gross Additions	20,731.1	41,554.8	20,823.7	100.4%
6a Adjustments	0.0	0.0	0.0	0.0%
7a Retirements	(1,930.6)	(3,869.8)	(1,939.2)	100.4%
8a Net Additions	18,800.5	37,685.0	18,884.5	100.4%
9a Plant in Service - End of Year	551,002.6	592,989.2	41,986.6	7.6%
10a <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11a Weighted Average Plant in Service	541,602.3	574,146.7	32,544.3	6.0%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Plant in Service - Beginning of Year	551,002.6	592,989.2	41,986.6	7.6%
<u>Gross Additions:</u>				
2b Company-funded plant	18,011.5	33,802.8	15,791.3	87.7%
3b Advances	0.0	0.0	0.0	0.0%
4b Contributions	0.0	0.0	0.0	0.0%
5b Total Gross Additions	18,011.5	33,802.8	15,791.3	87.7%
6b Adjustments	0.0	0.0	0.0	0.0%
7b Retirements	(1,677.3)	(3,147.9)	(1,470.6)	87.7%
8b Net Additions	16,334.2	30,654.9	14,320.7	87.7%
9b Plant in Service - End of Year	567,336.8	623,644.1	56,307.3	9.9%
10b <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11b Weighted Average Plant in Service	559,169.7	608,316.7	49,147.0	8.8%

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**TABLE 8-1**  
**DEPRECIATION RESERVE & EXPENSE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Depreciation Reserve - Beginning of Year	160,787.2	158,444.8	(2,342.4)	-1.5%
<u>Accruals:</u>				
2a Clearing Accounts	32.3	32.3	0.0	0.0%
3a Contributions	1,008.9	1,008.9	0.0	0.0%
4a Expenses	12,407.0	13,228.5	821.5	6.6%
5a Total Accruals	13,448.2	14,269.6	821.5	6.1%
<u>Retirements and Adjustments:</u>				
6a Net Retirements	(1,930.6)	(3,869.8)	(1,939.2)	100.4%
7a Adjustments	0.0	0.0	0.0	0.0%
8a Total Retirement and Adjustments	(1,930.6)	(3,869.8)	(1,939.2)	100.4%
9a Net Additions	11,517.6	10,399.9	(1,117.7)	-9.7%
10a Depreciation Reserve - End of Year	172,304.8	168,844.7	(3,460.1)	-2.0%
11a <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12a Weighted Average Depreciation Reserve	166,546.0	163,644.8	(2,901.2)	-1.7%
13a <i>Deprec. expense for summary of earnings calc.</i>	12,407.0	13,228.5	821.5	6.6%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Depreciation Reserve - Beginning of Year	172,304.8	168,844.7	(3,460.1)	-2.0%
<u>Accruals:</u>				
2b Clearing Accounts	32.3	32.3	0.0	0.0%
3b Contributions	1,008.9	1,008.9	0.0	0.0%
4b Expenses	12,850.4	14,090.9	1,240.5	9.7%
5b Total Accruals	13,891.6	15,132.1	1,240.5	8.9%
<u>Retirements and Adjustments:</u>				
6b Net Retirements	(1,677.3)	(3,147.9)	(1,470.6)	87.7%
7b Adjustments	0.0	0.0	0.0	0.0%
8b Total Retirement and Adjustments	(1,677.3)	(3,147.9)	(1,470.6)	87.7%
9b Net Additions	12,214.3	11,984.2	(230.0)	-1.9%
10b Depreciation Reserve - End of Year	184,519.1	180,828.9	(3,690.1)	-2.0%
11b <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12b Weighted Average Depreciation Reserve	178,411.9	174,836.8	(3,575.1)	-2.0%
13b <i>Deprec. expense for summary of earnings calc.</i>	12,850.4	14,090.9	1,240.5	9.7%

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**TABLE 9-1**  
**WEIGHTED AVERAGE RATE BASE - TEST YEAR**

Test Year 2016 (\$000)	ORA	GSWC	GSWC > ORA	
1 Weighted Average Plant In Service	541,602.3	574,146.7	32,544.3	6.0%
2 Weighted Average Depreciation Reserve	(166,546.0)	(163,644.8)	2,901.2	-1.7%
3 Net Utility Plant	375,056.3	410,501.9	35,445.6	9.5%
<u>Deductions from Rate Base:</u>				
4 Contribution In Aid of Construction	(35,803.3)	(35,803.3)	0.0	0.0%
5 Advances in Construction	(6,928.0)	(6,928.0)	0.0	0.0%
6 Investment Tax Credit	(374.5)	(374.5)	0.0	0.0%
7 Deferred Income Taxes	(60,314.2)	(58,389.2)	1,924.9	-3.2%
8 Deferred Revenues	(1,256.3)	(1,256.3)	0.0	0.0%
9 Total Deductions from Rate Base	(104,676.3)	(102,751.3)	1,924.9	-1.8%
<u>Additions to Rate Base:</u>				
Working Capital:				
10 Materials & Supplies	443.7	443.7	0.0	0.0%
11 Allowance for Working Cash	(2,259.2)	(3,770.3)	(1,511.1)	66.9%
12 Total Working Capital	(1,815.5)	(3,326.6)	(1,511.1)	83.2%
13 Utility Plant under Construction	21,575.5	26,126.1	4,550.6	21.1%
14 Acquisition Adjustment	(8,321.1)	(8,321.1)	0.0	0.0%
15 Total Additions to Rate Base	11,438.9	14,478.4	3,039.5	26.6%
16 Weighted Average Rate Base, District	281,819.0	322,229.0	40,410.0	14.3%
17 Common Utility Allocation	9,175.0	12,418.3	3,243.3	35.3%
18 Total Weighted Average Rate Base	290,994.0	334,647.3	43,653.3	15.0%
<u>Interest Calculation (for Tax Deductions):</u>				
19 Weighted Avg. Rate Base	290,994.0	334,647.3	43,653.3	15.0%
20 Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21 Interest Expense	9,166.3	10,541.4	1,375.1	15.0%

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**TABLE 9-2**  
**WEIGHTED AVERAGE RATE BASE - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	559,169.7	608,316.7	49,147.0	8.8%
2	Weighted Average Depreciation Reserve	(178,411.9)	(174,836.8)	3,575.1	-2.0%
3	Net Utility Plant	380,757.8	433,479.9	52,722.1	13.8%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(34,794.4)	(34,794.4)	0.0	0.0%
5	Advances in Construction	(6,581.6)	(6,581.6)	0.0	0.0%
6	Investment Tax Credit	(363.0)	(363.0)	0.0	0.0%
7	Deferred Income Taxes	(62,457.7)	(60,640.8)	1,816.9	-2.9%
8	Deferred Revenues	(1,256.3)	(1,256.3)	0.0	0.0%
9	Total Deductions from Rate Base	(105,453.0)	(103,636.1)	1,816.9	-1.7%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	443.7	443.7	0.0	0.0%
11	Allowance for Working Cash	(2,259.2)	(3,770.3)	(1,511.1)	66.9%
12	Total Working Capital	(1,815.5)	(3,326.6)	(1,511.1)	83.2%
13	Utility Plant under Construction	21,575.5	26,126.1	4,550.6	21.1%
14	Acquisition Adjustment	(8,321.1)	(8,321.1)	0.0	0.0%
15	Total Additions to Rate Base	11,438.9	14,478.4	3,039.5	26.6%
16	Weighted Average Rate Base, District	286,743.6	344,322.2	57,578.5	20.1%
17	Common Utility Allocation	7,859.8	12,465.9	4,606.1	58.6%
18	Total Weighted Average Rate Base	<b>294,603.4</b>	<b>356,788.0</b>	62,184.6	21.1%
<u>Interest Calculation (for Tax Deductions):</u>					
19	Weighted Avg. Rate Base	294,603.4	356,788.0	62,184.6	21.1%
20	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
21	Interest Expense	9,280.0	11,238.8	1,958.8	21.1%

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<b>REVENUE INCREASES</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>
1. Test Year 2016 Increase (in dollars)	-\$10,122,221	\$ 857,808	\$10,980,029
2. Test Year 2016 Increase	-8.00%	0.68%	8.68%
3. Escalation Year 2017 Increase	1.0%	2.4%	1.4%
4. Escalation Year 2018 Increase	0.8%	2.7%	1.9%

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**TABLE 1-1**  
**SUMMARY OF EARNINGS - TEST YEAR**

Test Year 2016 (\$000)	ORA- Present Rates	GSWC- Present Rates	GSWC > ORA	
<b>1a Operating Revenues</b>	<b>126,502.2</b>	<b>125,887.4</b>	<b>(614.8)</b>	<b>-0.5%</b>
<u>Operating Expenses:</u>				
2a Operation & Maintenance	41,817.9	41,790.6	(27.3)	-0.1%
3a Administrative & General	4,333.7	4,936.1	602.4	13.9%
4a Payroll	6,848.5	7,007.4	158.9	2.3%
5a General Office - <i>prorated expenses</i>	17,485.5	21,230.8	3,745.3	21.4%
6a Depreciation Expense	12,456.6	13,060.7	604.1	4.8%
7a Taxes Other Than Income	4,647.0	4,753.3	106.4	2.3%
8a California Corporate Franchise Tax	2,961.8	2,352.6	(609.2)	-20.6%
9a Federal Income Tax	9,931.0	7,857.9	(2,073.1)	-20.9%
10a Total Operating Expenses	100,481.9	102,989.5	2,507.6	2.5%
11a Net Operating Revenues	26,020.3	22,897.9	(3,122.4)	-12.0%
12a Weighted Average Rate Base	244,104.8	279,778.1	35,673.4	14.6%
13a <b>Return on Rate Base</b>	<b>10.66%</b>	<b>8.18%</b>	<b>-2.48%</b>	<b>-23.2%</b>
<hr/>				
Test Year 2016 (\$000)	ORA- Proposed Rates	GSWC- Proposed Rates	GSWC > ORA	
<b>1b Operating Revenues</b>	<b>116,280.4</b>	<b>126,673.4</b>	<b>10,393.0</b>	<b>8.9%</b>
<u>Operating Expenses:</u>				
2b Operation & Maintenance	41,786.3	41,793.1	6.8	0.0%
3b Administrative & General	4,333.7	4,936.1	602.4	13.9%
4b Payroll	6,848.5	7,007.4	158.9	2.3%
5b General Office - <i>prorated expenses</i>	17,485.5	21,230.8	3,745.3	21.4%
6b Depreciation Expense	12,456.6	13,060.7	604.1	4.8%
7b Taxes Other Than Income	4,541.5	4,761.2	219.7	4.8%
8b California Corporate Franchise Tax	2,070.0	2,421.2	351.2	17.0%
9b Federal Income Tax	6,400.1	8,129.4	1,729.3	27.0%
10b Total Operating Expenses	95,922.1	103,339.9	7,417.8	7.7%
11b Net Operating Revenues	20,358.3	23,333.5	2,975.2	14.6%
12b Weighted Average Rate Base	244,104.8	279,778.1	35,673.4	14.6%
13b <b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.00%</b>	<b>0.0%</b>

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**TABLE 1-2**  
**SUMMARY OF EARNINGS - ESCALATION YEARS**

For Illustrative Purposes (\$000)	ORA 2017	ORA 2018	2017-2018 Increase	
1 <u>Operating Revenues</u>	117,470.9	119,395.7	1,924.7	1.6%
2 <u>Operating Expenses:*</u>				
3     Operation & Maintenance	41,608.8	42,557.4	948.7	2.3%
4     Administrative & General	4,374.2	4,473.9	99.7	2.3%
5     Payroll	6,944.4	7,027.7	83.3	1.2%
6     G.O. Prorated Expenses	17,790.9	18,196.5	405.6	2.3%
7     Depreciation Expense	12,802.1	13,094.0	291.9	2.3%
8     Taxes Other Than Income	4,633.4	4,739.1	105.6	2.3%
9     California Corporate Franchise Tax	2,132.5	2,131.6	(0.9)	0.0%
10    Federal Income Tax	6,832.0	6,828.4	(3.6)	-0.1%
11 Total Operating Expenses	97,118.3	99,048.7	1,930.4	2.0%
12 Net Operating Revenues	20,352.7	20,347.0	(5.7)	0.0%
13 Weighted Average Rate Base	244,036.6	243,968.4	(68.2)	0.0%
14 <b>Return on Rate Base</b>	<b>8.34%</b>	<b>8.34%</b>	<b>0.0</b>	<b>0.0%</b>

\* Assumed escalation factors of 2.24% for composite and 1.90% for labor, for 2016.

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**TABLE 2-1**  
**WATER SALES PER CUSTOMER (OR PER CONNECTION)**

<b>Test Year 2016 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1a Residential	173.6	173.3	(0.2)	-0.1%
2a Commercial	937.3	917.3	(19.9)	-2.1%
3a Industrial	2,014.3	2,014.3	0.0	0.0%
4a Public Authority	2,681.6	2,681.6	0.0	0.0%
5a Irrigation	1,117.6	1,117.6	0.0	0.0%
6a Resale	10,734.9	10,734.9	0.0	0.0%
7a Contract	136,794.8	136,794.8	0.0	0.0%
8a Other	250.1	250.1	0.0	0.0%
<b>FLAT RATE</b>				
9a Commercial	0.0	0.0	0.0	0.0%
10a Public Authority	0.0	0.0	0.0	0.0%
11a Private Fire Protection	31.6	31.6	0.0	0.0%
<b>Escalation Year 2017 (CCF/connection/year)*</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<b>METERED SALES</b>				
1b Residential	173.5	173.3	(0.2)	-0.1%
2b Commercial	937.2	917.2	(19.9)	-2.1%
3b Industrial	2,005.6	2,005.6	0.0	0.0%
4b Public Authority	2,684.3	2,684.3	0.0	0.0%
5b Irrigation	1,117.1	1,117.1	0.0	0.0%
6b Resale	10,734.9	10,734.9	0.0	0.0%
7b Contract	136,794.8	136,794.8	0.0	0.0%
8b Other	250.1	250.1	0.0	0.0%
<b>FLAT RATE</b>				
9b Commercial	0.0	0.0	0.0	0.0%
10b Public Authority	0.0	0.0	0.0	0.0%
11b Private Fire Protection	0.0	0.0	0.0	0.0%

\* Hundred cubic feet per connection per year.

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**TABLE 2-2**  
**AVERAGE NUMBER OF CUSTOMERS (SERVICE CONNECTIONS)**

<b>Test Year 2016</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1a	Residential	87,424	87,424	0	0%
2a	Commercial	8,640	8,640	0	0%
3a	Industrial	55	55	0	0%
4a	Public Authority	562	562	0	0%
5a	Irrigation	1,049	1,049	0	0%
6a	Resale	3	3	0	0%
7a	Contract	5	5	0	0%
8a	Other	3	3	0	0%
9a	Total Number of Metered Connections	97,741	97,741	0	0%
<u>Flat Rate Connections:</u>					
10a	Commercial	8	8	0	0%
11a	Public Authority	0	0	0	0%
12a	Private Fire	1,323	1,323	0	0%
<u>Total Number of Connections:</u>					
13a	Including Fire Protection	99,072	99,072	0	0%
14a	Excluding Fire Protection	97,749	97,749	0	0%
<b>Escalation Year 2017</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections:</u>					
1b	Residential	87,542	87,542	0	0%
2b	Commercial	8,612	8,612	0	0%
3b	Industrial	53	53	0	0%
4b	Public Authority	554	554	0	0%
5b	Irrigation	1,075	1,075	0	0%
6b	Resale	3	3	0	0%
7b	Contract	5	5	0	0%
8b	Other	3	3	0	0%
9b	Total Number of Metered Connections	97,847	97,847	0	0%
<u>Flat Rate Connections:</u>					
10b	Commercial	8	8	0	0%
11b	Public Authority	0	0	0	0%
12b	Private Fire	1,333	1,333	0	0%
<u>Total Number of Connections:</u>					
13b	Including Fire Protection	99,188	99,188	0	0%
14b	Excluding Fire Protection	97,855	97,855	0	0%

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**TABLE 2-3**  
**TOTAL SALES AND SUPPLY**

<b>Test Year 2016 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1a	Residential	15,173.3	15,154.6	(19)	-0.1%
2a	Commercial	8,098.2	7,925.8	(172)	-2.1%
3a	Industrial	110.8	110.8	0	0.0%
4a	Public Authority	1,507.0	1,507.0	0	0.0%
5a	Irrigation	1,172.3	1,172.3	0	0.0%
6a	Resale	32.2	32.2	0	0.0%
7a	Contract	684.0	684.0	0	0.0%
8a	Other	0.8	0.8	0	0.0%
9a	Total Metered Connections' Sales	26,778.6	26,587.5	(191)	-0.7%
10a	<u>Total Flat Rate Connections' Sales</u>	41.8	41.8	0	0.0%
11a	<u>Total Sales</u>	26,820.3	26,629.3	(191)	-0.7%
12a	<i>Water Loss Rate % *</i>	<i>10.979%</i>	<i>10.989%</i>	<i>0.0%</i>	<i>0.1%</i>
13a	Water Loss	3,307.7	3,287.4	(20)	-0.6%
14a	<b>Total Requirement (Sales + Water Loss) **</b>	<b>30,128.1</b>	<b>29,916.7</b>	<b>(211)</b>	<b>-0.7%</b>
15a	Total Requirement in Acre Feet	69,165.0	68,679.7	(485)	-0.7%
<b>WATER SUPPLY MIX:</b>					
16a	Well Water	20,903.0	20,805.9	(97)	-0.5%
17a	Purchased Water	9,225.1	9,110.8	(114)	-1.2%
18a	<b>Total Supply **</b>	<b>30,128.1</b>	<b>29,916.7</b>	<b>(211)</b>	<b>-0.7%</b>
<b>Escalation Year 2017 (KCCF)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Connections' Sales:</u>					
1b	Residential	15,191.1	15,172.3	(19)	-0.1%
2b	Commercial	8,070.9	7,899.3	(172)	-2.1%
3b	Industrial	106.3	106.3	0	0.0%
4b	Public Authority	1,487.1	1,487.1	0	0.0%
5b	Irrigation	1,200.9	1,200.9	0	0.0%
6b	Resale	32.2	32.2	0	0.0%
7b	Contract	684.0	684.0	0	0.0%
8b	Other	0.8	0.8	0	0.0%
9b	Total Metered Connections' Sales	26,773.2	26,582.8	(190)	-0.7%
10b	<u>Total Flat Rate Connections' Sales</u>	42.2	42.2	0	0.0%
11b	<u>Total Sales</u>	26,815.4	26,625.0	(190)	-0.7%
12b	<i>Water Loss Rate % *</i>	<i>10.979%</i>	<i>10.989%</i>	<i>0.0%</i>	<i>0.1%</i>
13b	Water Loss	3,307.8	3,287.6	(20)	-0.6%
14b	<b>Total Requirement (Sales + Water Loss) **</b>	<b>30,123.2</b>	<b>29,912.5</b>	<b>(211)</b>	<b>-0.7%</b>
15b	Total Requirement in Acre Feet	69,153.8	68,670.2	(484)	-0.7%
<b>WATER SUPPLY MIX:</b>					
16b	Well Water	21,130.3	21,033.6	(97)	-0.5%
17b	Purchased Water	8,992.9	8,879.0	(114)	-1.3%
18b	<b>Total Supply **</b>	<b>30,123.2</b>	<b>29,912.5</b>	<b>(211)</b>	<b>-0.7%</b>
<i>* Sum of % used in operations and unaccounted for water %</i>					
<i>** Total Requirement and Total Supply may differ slightly due to rounding.</i>					

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**TABLE 2-4**  
**OPERATING REVENUES AT PRESENT RATES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	75,624.6	75,559.2	(65.4)	-0.1%
2	Commercial	36,703.6	36,149.8	(553.8)	-1.5%
3	Industrial	483.8	483.8	0.0	0.0%
4	Public Authority	6,316.8	6,316.8	0.0	0.0%
5	Irrigation	4,561.0	4,561.0	0.0	0.0%
6	Resale	121.4	121.4	0.0	0.0%
7	Reclaimed Water	1,796.2	1,796.2	0.0	0.0%
8	Other	(116.1)	(116.1)	0.0	0.0%
9	Total Metered Revenues	125,491.2	124,872.1	(619.2)	-0.5%
<u>Flat Rate Revenues:</u>					
10	Commercial	4.5	4.5	0.0	0.0%
11	Public Authority	0.0	0.0	0.0	0.0%
12	Private Fire	635.0	635.0	0.0	0.0%
13	Total Flat Rate Revenues	639.5	639.5	0.0	0.0%
<u>Miscellaneous:</u>					
14	Misc. Service	306.1	306.1	0.0	0.0%
15	Rent	3.8	8.2	4.3	114.2%
16	Other	61.5	61.5	0.0	0.0%
17	Total Other Revenues	371.4	375.8	4.3	1.2%
18	Total Revenues at Present Rates, Test Year 2016	126,502.2	125,887.4	(614.8)	-0.5%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Metered Revenues:</u>					
1	Residential	75,716.9	75,651.4	(65.5)	-0.1%
2	Commercial	36,586.1	36,034.5	(551.6)	-1.5%
3	Industrial	465.0	465.0	0.0	0.0%
4	Public Authority	6,238.3	6,238.3	0.0	0.0%
5	Irrigation	4,692.0	4,692.0	0.0	0.0%
6	Resale	121.4	121.4	0.0	0.0%
7	Reclaimed Water	1,796.2	1,796.2	0.0	0.0%
8	Other	(116.1)	(116.1)	0.0	0.0%
9	Total Metered Revenues	125,499.8	124,882.7	(617.1)	-0.5%
<u>Flat Rate Revenues:</u>					
10	Commercial	4.5	4.5	0.0	0.0%
11	Public Authority	0.0	0.0	0.0	0.0%
12	Private Fire	639.8	639.8	0.0	0.0%
13	Total Flat Rate Revenues	644.3	644.3	0.0	0.0%
<u>Miscellaneous:</u>					
14	Misc. Service	306.1	306.1	0.0	0.0%
15	Rent	3.8	8.2	4.3	114.2%
16	Other	61.5	61.5	0.0	0.0%
17	Total Other Revenues	371.4	375.8	4.3	1.2%
18	Total Revenues at Present Rates, Escal. Year 2017	126,515.6	125,902.9	(612.7)	-0.5%

**REGION III Ratemaking Area**  
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**TABLE 3-1**  
**OPERATIONS & MAINTENANCE EXPENSES - TEST YEAR**

Test Year 2016 (\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>				
1 Purchased Water	16,903.9	16,689.5	(214.5)	-1.3%
2 Purchased Power	5,058.6	5,039.0	(19.5)	-0.4%
3 Pump Taxes	9,885.4	9,827.4	(58.0)	-0.6%
4 Total Supply Expenses	31,847.9	31,555.9	(292.0)	-0.9%
5 Chemicals	1,537.2	1,578.8	41.6	2.7%
6 Allocated GO - Billing and Cash Processing	2,603.4	2,697.1	93.6	3.6%
7 Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8 Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9 Postage	0.0	0.0	0.0	0.0%
10 Operation Labor	3,686.8	3,772.3	85.6	2.3%
11 Other Operation Expenses	1,472.1	1,684.1	212.0	14.4%
12 Total Operations Expenses	41,147.5	41,288.2	140.8	0.3%
<u>Maintenance Expenses:</u>				
13 Maintenance Labor	1,815.4	1,857.5	42.1	2.3%
14 Other Maintenance Expenses	6,569.1	6,582.2	13.0	0.2%
15 Total Maintenance Expenses	8,384.5	8,439.6	55.1	0.7%
16 Total O&M excluding A&G	49,531.9	49,727.8	195.9	0.4%
<u>At Present Rates</u>				
17 Operating Revenues	126,502.2	125,887.4	(614.8)	-0.5%
18 <i>Uncollectible Rate</i>	<i>0.3095%</i>	<i>0.3095%</i>	<i>0.0000%</i>	<i>0.0%</i>
19 Uncollectibles Expense	391.6	389.7	(1.9)	-0.5%
20 Total O&M Expenses including Uncollectibles	49,923.5	50,117.5	194.0	0.4%
<u>At Proposed Rates</u>				
21 Operating Revenues	116,280.4	126,673.4	10,393.0	8.9%
22 <i>Uncollectible Rate</i>	<i>0.3095%</i>	<i>0.3095%</i>	<i>0.0000%</i>	<i>0.0%</i>
23 Uncollectibles Expense	359.9	392.1	32.2	8.9%
24 Total O&M Expenses including Uncollectibles	49,891.9	50,119.9	228.1	0.5%

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**TABLE 3-2**  
**OPERATIONS & MAINTENANCE EXPENSES - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
<u>Operations Expenses:</u>					
1	Purchased Water	16,433.9	16,220.1	(213.8)	-1.3%
2	Purchased Power	5,089.0	5,069.5	(19.5)	-0.4%
3	Pump Taxes	9,892.6	9,834.8	(57.8)	-0.6%
4	Total Supply Expenses	31,415.4	31,124.4	(291.0)	-0.9%
5	Chemicals	1,590.6	1,584.1	(6.5)	-0.4%
6	Allocated GO - Billing and Cash Processing	2,647.3	2,756.9	109.6	4.1%
7	Allocated Common Cust. Acct. (Region)	0.0	0.0	0.0	0.0%
8	Allocated Common Cust. Acct. (District)	0.0	0.0	0.0	0.0%
9	Postage	0.0	0.0	0.0	0.0%
10	Operation Labor	3,738.4	3,828.9	90.5	2.4%
11	Other Operation Expenses	1,508.3	1,725.5	217.2	14.4%
12	Total Operations Expenses	40,900.0	41,019.8	119.8	0.3%
<u>Maintenance Expenses:</u>					
13	Maintenance Labor	1,840.8	1,885.4	44.6	2.4%
14	Other Maintenance Expenses	6,730.8	6,744.2	13.3	0.2%
15	Total Maintenance Expenses	8,571.6	8,629.5	57.9	0.7%
16	Total O&M excluding A&G	49,471.6	49,649.4	177.8	0.4%
<u>At Present Rates</u>					
17	Operating Revenues	126,515.6	125,902.9	(612.7)	-0.5%
18	Uncollectible Rate	0.3095%	0.3095%	0.0000%	0.0%
19	Uncollectibles Expense	391.6	389.7	(1.9)	-0.5%
20	Total O&M Expenses including Uncollectibles	49,863.2	50,039.1	175.9	0.4%
<u>At Proposed Rates</u>					
21	Operating Revenues	117,470.9	129,735.3	12,264.4	10.4%
22	Uncollectible Rate	0.3095%	0.3095%	0.0000%	0.0%
23	Uncollectibles Expense	363.6	401.6	38.0	10.4%
24	Total O&M Expenses including Uncollectibles	49,835.2	50,050.9	215.7	0.4%

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**TABLE 4-1**  
**ADMINISTRATIVE & GENERAL EXPENSES**

<b>Test Year 2016 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1a	Office Supplies & Expenses	608.2	639.9	31.7	5.2%
2a	Property Insurance	0.0	0.0	0.0	0.0%
3a	Injuries and Damages	471.8	552.9	81.2	17.2%
4a	Pension and Benefits	2,358.7	2,729.9	371.2	15.7%
5a	Business Meals	8.7	8.8	0.0	0.3%
6a	Regulatory Expenses	0.0	0.0	0.0	0.0%
7a	Outside Services	160.7	161.0	0.3	0.2%
8a	Miscellaneous	8.4	16.2	7.8	93.4%
9a	Allocated GO- Corporate Support	5,805.2	7,516.1	1,710.9	29.5%
10a	Allocated GO- Centralized Operations Support	5,200.2	6,785.5	1,585.4	30.5%
11a	Allocated District Office Expenses	3,876.7	4,232.1	355.4	9.2%
12a	Other Maintenance of General Plant	163.7	164.1	0.3	0.2%
13a	Rent	220.7	220.7	0.0	0.0%
14a	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15a	A&G Labor	1,346.3	1,377.6	31.2	2.3%
16a	Conservation	332.8	442.5	109.7	33.0%
17a	Total A&G and Miscellaneous Adjustments	20,562.1	24,847.4	4,285.3	20.8%
<b>Escalation Year 2017 (\$000)</b>		<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
<u>Administrative &amp; General Expenses:</u>					
1b	Office Supplies & Expenses	623.2	655.7	32.5	5.2%
2b	Property Insurance	0.0	0.0	0.0	0.0%
3b	Injuries and Damages	482.6	565.6	83.0	17.2%
4b	Pension and Benefits	2,360.1	2,811.0	451.0	19.1%
5b	Business Meals	9.0	9.0	0.0	0.3%
6b	Regulatory Expenses	0.0	0.0	0.0	0.0%
7b	Outside Services	164.6	165.0	0.3	0.2%
8b	Miscellaneous	8.6	16.6	8.0	93.4%
9b	Allocated GO- Corporate Support	5,922.4	7,679.7	1,757.3	29.7%
10b	Allocated GO- Centralized Operations Support	5,278.0	6,491.0	1,213.0	23.0%
11b	Allocated District Office Expenses	3,943.2	4,789.9	846.7	21.5%
12b	Other Maintenance of General Plant	167.8	168.1	0.3	0.2%
13b	Rent	225.6	225.6	0.0	0.0%
14b	A&G Expenses Capitalized	0.0	0.0	0.0	0.0%
15b	A&G Labor	1,365.2	1,398.3	33.1	2.4%
16b	Conservation	332.8	453.0	120.2	36.1%
17b	Total A&G and Miscellaneous Adjustments	20,883.0	25,428.4	4,545.4	21.8%

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**TABLE 5-1**  
**TAXES OTHER THAN INCOME**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Ad Valorem Taxes	2,814.5	2,913.8	99.3	3.5%
2a Payroll Taxes	571.6	584.9	13.3	2.3%
<b><u>At Present Rates</u></b>				
3a Operating Revenue <i>EXCLUDING</i> Uncollectibles	126,502.2	125,887.4	(614.8)	-0.5%
4a <i>Effective Local Franchise Tax Rate</i>	<u>0.997%</u>	<u>0.997%</u>	<u>0.000%</u>	<u>0.0%</u>
5a Franchise Taxes on applicable op. revenues	1,260.8	1,254.7	(6.1)	-0.5%
6a Total Taxes Other Than Income, At Present Rates	4,647.0	4,753.3	106.4	2.3%
<b><u>At Proposed Rates</u></b>				
7a Operating Revenue <i>EXCLUDING</i> Uncollectibles	115,920.5	126,673.4	10,752.9	9.3%
8a <i>Effective Local Franchise Tax Rate</i>	<u>0.997%</u>	<u>0.997%</u>	<u>0.000%</u>	<u>0.0%</u>
9a Franchise Taxes on applicable op. revenues	1,155.3	1,262.5	107.2	9.3%
10a Total Taxes Other Than Income, At Proposed Rates	4,541.5	4,761.2	219.7	4.8%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Ad Valorem Taxes	2,886.6	3,041.9	155.3	5.4%
2b Payroll Taxes	579.6	593.7	14.0	2.4%
<b><u>At Present Rates</u></b>				
3b Operating Revenue <i>EXCLUDING</i> Uncollectibles	126,515.6	125,902.9	(612.7)	-0.5%
4b <i>Effective Local Franchise Tax Rate</i>	<u>0.997%</u>	<u>0.997%</u>	<u>0.000%</u>	<u>0.0%</u>
5b Franchise Taxes on applicable op. revenues	1,260.9	1,254.8	(6.1)	-0.5%
6b Total Taxes Other Than Income, At Present Rates	4,727.2	4,890.4	163.2	3.5%
<b><u>At Proposed Rates</u></b>				
7b Operating Revenue <i>EXCLUDING</i> Uncollectibles	117,107.3	129,735.3	12,628.0	10.8%
8b <i>Effective Local Franchise Tax Rate</i>	<u>0.997%</u>	<u>0.997%</u>	<u>0.000%</u>	<u>0.0%</u>
9b Franchise Taxes on applicable op. revenues	1,167.2	1,293.0	125.9	10.8%
10b Total Taxes Other Than Income, At Proposed Rates	4,633.4	4,928.6	295.2	6.4%

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**TABLE 6-1**  
**TAXES BASED ON INCOME - TEST YEAR AT PRESENT RATES**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Operating Revenues at Present Rates	126,502.2	125,887.4	(614.8)	-0.5%
	<u>Common Deductions:</u>				
2	Operating Expenses	87,589.2	92,779.0	5,189.8	5.9%
3	Book Depreciation - District	(12,456.6)	(13,060.7)	(604.1)	4.8%
4	Book Depreciation - G.O.	(1,375.6)	(1,573.9)	(198.3)	14.4%
5	Interest	7,689.3	8,813.0	1,123.7	14.6%
6	Deductions excluding Depreciation	81,446.2	86,957.4	5,511.1	6.8%
	State Tax Calculation				
7	Taxable Income before Tax Depreciation and Other Sch M's	45,056.0	38,930.0	(6,125.9)	-13.6%
	<u>Additional (Deduct):</u>				
8	Tax Depreciation-State	(11,549.0)	(12,351.5)	(802.4)	6.9%
9	Other Schedule M Items	(2.8)	34.6	37.3	-1340.8%
10	Subtotal	(11,551.8)	(12,316.9)	(765.1)	6.6%
	<u>Federal Tax Deductions</u>				
11	Book Depreciation - District	(12,456.6)	(13,060.7)	(604.1)	4.8%
12	Book Depreciation - G.O.	(1,375.6)	(1,573.9)	(198.3)	14.4%
13	Excess Tax Depreciation Flow Through	1,200.2	1,200.2	0.0	0.0%
14	Calif. Corporation Franchise Tax	(2,961.8)	(2,352.6)	609.2	-20.6%
15	Other Schedule M Items	(1,087.9)	(1,067.6)	20.3	-1.9%
16	Def Rev Amort-Contrib	0.0	375.8	375.8	0.0%
	<u>California Corporate Franchise Tax (CCFT)</u>				
17	Taxable Income for CCFT	33,504.1	26,613.1	(6,891.0)	-20.6%
18	CCFT Rate	8.84%	8.84%		
19	Total CCFT	2,961.8	2,352.6	(609.2)	-20.6%
	<u>Federal Income Tax (FIT)</u>				
20	Taxable Income for FIT	28,374.3	22,451.1	(5,923.1)	-20.9%
21	FIT Rate	35.00%	35.00%		
22	Total FIT	9,931.0	7,857.9	(5,923.1)	-20.9%
23	Total Income Taxes for Revenues at Present Rates	12,892.8	10,210.5	(2,682.3)	-20.8%

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**TABLE 6-2**  
**TAXES BASED ON INCOME - TEST YEAR AT PROPOSED RATES**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Operating Revenues at Proposed Rates	116,280.4	126,673.4	10,393.0	8.9%
	<u>Common Deductions:</u>				
2	Operating Expenses	87,455.7	92,789.3	5,333.6	6.1%
3	Book Depreciation - District	(12,456.6)	(13,060.7)	(604.1)	4.8%
4	Book Depreciation - G.O.	(1,375.6)	(1,573.9)	(198.3)	14.4%
5	Interest	7,689.3	8,813.0	1,123.7	14.6%
				0.0	0.0%
6	Deductions excluding Depreciation	81,312.8	86,967.7	5,654.9	7.0%
	State Tax Calculation				
7	Taxable Income before Tax Depreciation and Other Sch M's	34,967.6	39,705.7	4,738.1	13.5%
	<u>Additional (Deduct):</u>				
8	Tax Depreciation-State	(11,549.0)	(12,351.5)	(802.4)	6.9%
9	Other Schedule M Items	(2.8)	34.6	37.3	-1340.8%
10	Subtotal	(11,551.8)	(12,316.9)	(765.1)	6.6%
	<u>Federal Tax Deductions</u>				
11	Book Depreciation - District	(12,456.6)	(13,060.7)	(604.1)	4.8%
12	Book Depreciation - G.O.	(1,375.6)	(1,573.9)	(198.3)	14.4%
13	Excess Tax Depreciation Flow Through	1,200.2	1,200.2	0.0	0.0%
14	Calif. Corporation Franchise Tax	(2,961.8)	(2,352.6)	609.2	-20.6%
15	Other Schedule M Items	(1,087.9)	(1,067.6)	20.3	-1.9%
16	Def Rev Amort-Contrib	0.0	375.8	375.8	0.0%
	<u>California Corporate Franchise Tax (CCFT)</u>				
17	Taxable Income for CCFT	23,415.8	27,388.8	3,973.0	17.0%
18	CCFT Rate	8.84%	8.84%		
19	Total CCFT	2,070.0	2,421.2	351.2	17.0%
	<u>Federal Income Tax (FIT)</u>				
20	Taxable Income for FIT	18,285.9	23,226.8	4,940.9	27.0%
21	FIT Rate	35.00%	35.00%		
22	Total FIT	6,400.1	8,129.4	1,729.3	27.0%
23	Total Income Taxes for Revenues at Proposed Rates	8,470.0	10,550.6	2,080.5	24.6%

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**TABLE 7-1**  
**UTILITY PLANT IN SERVICE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Plant in Service - Beginning of Year	498,424.7	516,002.6	17,577.9	3.5%
<u>Gross Additions:</u>				
2a Company-funded plant	14,427.1	25,488.1	11,061.0	76.7%
3a Advances	0.0	0.0	0.0	0.0%
4a Contributions	0.0	0.0	0.0	0.0%
5a Total Gross Additions	14,427.1	25,488.1	11,061.0	76.7%
6a Adjustments	0.0	134.6	134.6	0.0%
7a Retirements	(1,657.5)	(2,928.3)	(1,270.8)	76.7%
8a Net Additions	12,769.6	22,694.4	9,924.8	77.7%
9a Plant in Service - End of Year	511,194.3	538,697.0	27,502.7	5.4%
10a <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11a Weighted Average Plant in Service	504,809.5	527,349.8	22,540.3	4.5%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Plant in Service - Beginning of Year	511,194.3	538,697.0	27,502.7	5.4%
<u>Gross Additions:</u>				
2b Company-funded plant	14,702.0	31,683.7	16,981.7	115.5%
3b Advances	0.0	0.0	0.0	0.0%
4b Contributions	0.0	0.0	0.0	0.0%
5b Total Gross Additions	14,702.0	31,683.7	16,981.7	115.5%
6b Adjustments	0.0	0.0	0.0	0.0%
7b Retirements	(1,689.1)	(3,640.1)	(1,951.0)	115.5%
8b Net Additions	13,012.9	28,043.6	15,030.7	115.5%
9b Plant in Service - End of Year	524,207.2	566,740.6	42,533.4	8.1%
10b <i>Plant Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
11b Weighted Average Plant in Service	517,700.7	552,718.8	35,018.0	6.8%

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**TABLE 8-1**  
**DEPRECIATION RESERVE & EXPENSE**

<b>Test Year 2016 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1a Depreciation Reserve - Beginning of Year	181,873.9	179,891.5	(1,982.4)	-1.1%
<u>Accruals:</u>				
2a Clearing Accounts	53.7	53.7	0.0	0.0%
3a Contributions	829.9	829.9	0.0	0.0%
4a Expenses	12,456.6	13,060.7	604.1	4.8%
5a Total Accruals	13,340.2	13,944.3	604.1	4.5%
<u>Retirements and Adjustments:</u>				
6a Net Retirements	(1,657.5)	(2,928.3)	(1,270.8)	76.7%
7a Adjustments	0.0	134.6	134.6	0.0%
8a Total Retirement and Adjustments	(1,657.5)	(2,793.7)	(1,136.2)	68.5%
9a Net Additions	11,682.7	11,150.7	(532.0)	-4.6%
10a Depreciation Reserve - End of Year	193,556.6	191,042.2	(2,514.4)	-1.3%
11a <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12a Weighted Average Depreciation Reserve	187,715.3	185,466.9	(2,248.4)	-1.2%
13a <i>Deprec. expense for summary of earnings calc.</i>	12,456.6	13,060.7	604.1	4.8%
<b>Escalation Year 2017 (\$000)</b>	<b>ORA</b>	<b>GSWC</b>	<b>GSWC &gt; ORA</b>	
1b Depreciation Reserve - Beginning of Year	193,556.6	191,042.2	(2,514.4)	-1.3%
<u>Accruals:</u>				
2b Clearing Accounts	53.7	53.7	0.0	0.0%
3b Contributions	829.9	829.9	0.0	0.0%
4b Expenses	12,802.1	13,740.7	938.6	7.3%
5b Total Accruals	13,685.7	14,624.3	938.6	6.9%
<u>Retirements and Adjustments:</u>				
6b Net Retirements	(1,689.1)	(3,640.1)	(1,951.0)	115.5%
7b Adjustments	0.0	0.0	0.0	0.0%
8b Total Retirement and Adjustments	(1,689.1)	(3,640.1)	(1,951.0)	115.5%
9b Net Additions	11,996.6	10,984.2	(1,012.4)	-8.4%
10b Depreciation Reserve - End of Year	205,553.2	202,026.4	(3,526.9)	-1.7%
11b <i>Depreciation Reserve Weighting Factor</i>	50.00%	50.00%	0.00%	0.0%
12b Weighted Average Depreciation Reserve	199,554.9	196,534.3	(3,020.6)	-1.5%
13b <i>Deprec. expense for summary of earnings calc.</i>	12,802.1	13,740.7	938.6	7.3%

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**TABLE 9-1**  
**WEIGHTED AVERAGE RATE BASE - TEST YEAR**

Test Year 2016	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	504,809.5	527,349.8	22,540.3	4.5%
2	Weighted Average Depreciation Reserve	(187,715.3)	(185,466.9)	2,248.4	-1.2%
3	Net Utility Plant	317,094.2	341,882.9	24,788.7	7.8%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(20,662.1)	(20,608.6)	53.4	-0.3%
5	Advances in Construction	(17,662.2)	(17,662.2)	0.0	0.0%
6	Investment Tax Credit	(728.5)	(728.5)	0.0	0.0%
7	Deferred Income Taxes	(54,114.2)	(52,363.6)	1,750.6	-3.2%
8	Deferred Revenues	(25.7)	(25.7)	0.0	0.0%
9	Total Deductions from Rate Base	(93,192.7)	(91,388.7)	1,804.1	-1.9%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	698.8	698.8	0.0	0.0%
11	Allowance for Working Cash	(888.5)	2,714.4	3,602.9	-405.5%
12	Investments in Mutuals	31.6	31.6	0.0	0.0%
13	Total Working Capital	(158.0)	3,444.8	3,602.9	-2279.8%
14	Utility Plant under Construction	13,072.7	15,652.3	2,579.6	19.7%
15	Acquisition Adjustment	0.0	0.0	0.0	0.0%
16	Total Additions to Rate Base	12,914.7	19,097.1	6,182.4	47.9%
17	Weighted Average Rate Base, District	236,816.2	269,591.4	32,775.2	13.8%
18	Common Utility Allocation	7,288.6	10,186.8	2,898.2	39.8%
19	Total Weighted Average Rate Base	244,104.8	279,778.1	35,673.4	14.6%
<u>Interest Calculation (for Tax Deductions):</u>					
20	Weighted Avg. Rate Base	244,104.8	279,778.1	35,673.4	14.6%
21	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
22	Interest Expense	7,689.3	8,813.0	1,123.7	14.6%

**REGION III Ratemaking Area**  
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**TABLE 9-2**  
**WEIGHTED AVERAGE RATE BASE - ESCALATION YEAR**

Escalation Year 2017	(\$000)	ORA	GSWC	GSWC > ORA	
1	Weighted Average Plant In Service	517,700.7	552,718.8	35,018.0	6.8%
2	Weighted Average Depreciation Reserve	(199,554.9)	(196,534.3)	3,020.6	-1.5%
3	Net Utility Plant	318,145.8	356,184.5	38,038.7	12.0%
<u>Deductions from Rate Base:</u>					
4	Contribution In Aid of Construction	(19,832.2)	(19,778.8)	53.4	-0.3%
5	Advances in Construction	(16,892.9)	(16,892.9)	0.0	0.0%
6	Investment Tax Credit	(694.5)	(694.5)	0.0	0.0%
7	Deferred Income Taxes	(55,616.3)	(53,953.7)	1,662.6	-3.0%
8	Deferred Revenues	(25.7)	(25.7)	0.0	0.0%
9	Total Deductions from Rate Base	(93,061.5)	(91,345.5)	1,716.0	-1.8%
<u>Additions to Rate Base:</u>					
Working Capital:					
10	Materials & Supplies	698.8	698.8	0.0	0.0%
11	Allowance for Working Cash	(888.5)	2,714.4	3,602.9	-405.5%
12	Investments in Mutuals	31.6	31.6	0.0	0.0%
13	Total Working Capital	(158.0)	3,444.8	3,602.9	-2279.8%
14	Utility Plant under Construction	13,072.7	15,652.3	2,579.6	19.7%
15	Acquisition Adjustment	0.0	0.0	0.0	0.0%
16	Total Additions to Rate Base	12,914.7	19,097.1	6,182.4	47.9%
17	Weighted Average Rate Base, District	237,999.0	283,936.1	45,937.1	19.3%
18	Common Utility Allocation	6,037.6	10,395.4	4,357.8	72.2%
19	Total Weighted Average Rate Base	<b>244,036.6</b>	<b>294,331.5</b>	50,294.9	20.6%
<u>Interest Calculation (for Tax Deductions):</u>					
20	Weighted Avg. Rate Base	244,036.6	294,331.5	50,294.9	20.6%
21	Weighted Cost of Debt	3.15%	3.15%	0.00%	0.0%
22	Interest Expense	7,687.2	9,271.4	1,584.3	20.6%