

Docket: : A.10-07-007  
Exhibit Number : DRA Exhibit 16  
Commissioner : Michael Peevey  
Admin. Law Judge : Linda Rochester  
DRA Project Mgr. : Joyce Steingass  
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**DIVISION OF RATEPAYER ADVOCATES**  
**CALIFORNIA PUBLIC UTILITIES COMMISSION**

**DRA Supplemental Testimony  
Incorporating Findings of the  
Overland Consulting Audit for the  
DRA Review of Results of Operations  
of**

**CALIFORNIA AMERICAN WATER COMPANY  
Statewide All-District General Rate Case**

**Test Year 2011 and Test Year 2012  
Escalation Year 2013**

**Application 10-07-007**

San Francisco, California  
March 14, 2011

**TABLE OF CONTENTS**

I. INTRODUCTION ..... 2

    A. UPDATES ..... 3

    B. REVISED DRA RECOMMENDED REVENUE REQUIREMENT, AS OF  
    MARCH 14, 2011 ..... 4

    C. EXPLANATION FOR DRA-PROPOSED REVENUE REQUIREMENT IN  
    SAN DIEGO COUNTY AND VENTURA COUNTY DISTRICTS ..... 6

    D. RATEMAKING RECOMMENDATIONS FOR BUSINESS  
    TRANSFORMATION EXPENDITURES ..... 7

    E. REVISED DRA SUMMARY OF EARNINGS TABLES ..... 10

## I. INTRODUCTION

The Division of Ratepayer Advocates (“DRA”) of the California Public Utilities Commission (“Commission”) prepared this Supplemental Testimony for the California-American Water Company’s (“Cal Am”) General Rate Case proceeding A.10-07-007. According to the Ruling of the Assigned Administrative Law Judge Resolving Motions, Revising The Schedule, And Seeking Additional Information From The Applicant dated March 4, 2011; the Overland Report on Cal Am and American Water Service Company’s (“AWSC”) allocated expenses was to be filed on March 14, 2011. DRA hereby presents the supplemental testimony necessary to update its Results of Operations Tables in A.10-07-007.<sup>1</sup>

While the Supplemental Testimony provided herein represents only those changes that were necessitated by the analysis and recommendations made in the Regulatory Audit Of California American Water Company’s General Office Expense, dated March 14, 2011, which was prepared by Overland Consulting at the request of DRA, separate errata to the DRA Testimony that was filed on January 21, 2011 and January 24, 2011 is being sent to the Parties on the Service List of A.10-07-007. The results of these errata have also been incorporated into Revised DRA Results of Operations Tables. DRA provides the Summary of Earnings Tables to illustrate the outcome of incorporating the General Office allocated expenses for each of the Cal Am Districts and the Toro Service Area within this Supplemental Testimony.

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<sup>1</sup> DRA presents the revised Summary of Earnings Tables that contain the revised DRA recommendations in this Supplemental Testimony. Separately from this Supplemental Testimony, DRA will provide the comprehensive set of revised DRA Results of Operations Tables in their native Excel format with formulas intact and PDF version showing red-lined changes to the Parties on the Service List to facilitate review and analysis.

## A. Updates

The findings and recommendations of Overland Consulting (“Overland”)<sup>2</sup> change the revenue requirements that DRA recommends for each ratemaking district presented in A.10-07-007 (see below revised Summary of Earnings Tables). A single adjustment to the line item of Allocated GO (General Office) Expenses has been made on Tables 4, 4-1, and 4-2 to reflect the Overland recommendations.<sup>3</sup>

Due to the format of the Overland report and work processes, DRA allocated a combined adjustment (which totals all of the individual category adjustments) to each ratemaking district based upon the number of customers within the district. Although this allocation methodology conforms to that which is utilized by Cal Am for the majority of its allocated expenses, Cal Am allocates some categories based upon other factors.<sup>4</sup> At the time of this writing, DRA has not unbundled each category adjustment recommended in the Overland Report. DRA is continuing to work with Overland to obtain the individual, unbundled, category adjustments which may revise the district allocations yielding more precise district-specific revenue requirements.

In the event that a change to DRA’s recommended district allocations is warranted after DRA has determined the adjustments based on the other allocation factors, DRA may request leave to serve revised DRA Results of Operations Tables to the Service List of A.10-07-007.<sup>5</sup> However, the companywide

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<sup>2</sup> “Regulatory Audit of California American Water Company’s General Office Expense, Base Period 2010, Test Year 2013, Escalation Year 2013, Application No. 10-07-007”, by Overland Consulting, March 14, 2011.

<sup>3</sup> Table 4 is included for ratemaking districts with both a 2011 and 2012 Test Year in the native Excel version of the revised DRA RO Tables.

<sup>4</sup> Allocation factors for specific categories of expenses include district employees, district utility plant in service, and district pension-eligible employees.

<sup>5</sup> Alternatively, DRA may request leave to incorporate such revisions to district allocations at the time the Joint Comparison Exhibit is provided coincident with the filing and serving of Reply Briefs. According to the Rate Case Plan, D.07-05-062, p.A-12, “The applicant, DRA, and other active parties shall prepare and submit a Joint Comparison Exhibit showing complete comparison

recommended adjustment for Cal Am which totals the category adjustments for each ratemaking district will not change.

**B. Revised DRA Recommended Revenue Requirement, as of March 14, 2011**

A comparison of the Cal Am requested revenue requirement and DRA's recommended revenue requirement (that incorporates the allocated General Office expenses as of the March 14, 2011 Regulatory Audit performed by Overland Consulting at the request of DRA) is shown in the Table 1-A below for each of the Cal Am Districts and the Toro Service Area for the Test Year 2011 and Test Year 2012, as applicable.<sup>6</sup> Table 1-B provides a comparison of the estimated rate increases (in percentages) for the Cal Am Districts and the Toro Service Area for the same timeframes.

In examining Table 1-B, a reader may notice that DRA's recommended rate increases (or decreases) reflect an increase for the Test Year, but a rate decrease for most districts' Escalation Year. This situation calls to mind that the Commission may wish the parties to consider recommending other alternatives with different customer billing impacts, one which poses a smoother, phased-in rate increase, rather than resulting in billing customers a sizeable increase the first year, then causing a rate reduction the next year.

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tables for the test and escalation years. The tables shall show each party's final position on each component of revenue requirement and shall identify all remaining major disputed issues, and the dollar amounts associated with each disputed issue."

<sup>6</sup> Two Cal Am Districts (Coronado/San Diego County and Village/Ventura County) have an additional Test Year 2011 based on the transition to the Commission's Rate Case Plan schedule for large consolidated proceedings specified in D.07-05-062.

**Table 1-A – DRA Recommended Revenue Requirement  
(as of March 14, 2011)  
Compared to Cal Am Request**

| District        |                    | Proposed | Proposed  | Proposed  |
|-----------------|--------------------|----------|-----------|-----------|
|                 |                    | Revenue  | Revenue   | Revenue   |
|                 |                    | 2011     | 2012      | 2013      |
|                 |                    | (000)    | (000)     | (000)     |
| Larkfield       | DRA                |          | \$3,018   | \$2,964   |
|                 | Cal Am             |          | \$3,607   | \$3,693   |
|                 | Cal Am exceeds DRA | \$0      | \$589     | \$729     |
|                 |                    |          |           |           |
| Los Angeles     | DRA                |          | \$27,172  | \$28,690  |
|                 | Cal Am             |          | \$29,879  | \$31,531  |
|                 | Cal Am exceeds DRA | \$0      | \$2,707   | \$2,841   |
|                 |                    |          |           |           |
| Monterey        | DRA                |          | \$45,000  | \$45,668  |
|                 | Cal Am             |          | \$55,243  | \$56,398  |
|                 | Cal Am exceeds DRA | \$0      | \$10,243  | \$10,730  |
|                 |                    |          |           |           |
| Sacramento      | DRA                |          | \$47,437  | \$50,163  |
|                 | Cal Am             |          | \$54,229  | \$57,877  |
|                 | Cal Am exceeds DRA | \$0      | \$6,792   | \$7,714   |
|                 |                    |          |           |           |
| San Diego       | DRA                | \$19,370 | \$19,950  | \$20,426  |
|                 | Cal Am             | \$19,299 | \$21,306  | \$22,216  |
|                 | Cal Am exceeds DRA | (\$71)   | \$1,356   | \$1,790   |
|                 |                    |          |           |           |
| Toro            | DRA                |          | \$468     | \$487     |
|                 | Cal Am             |          | \$826     | \$871     |
|                 | Cal Am exceeds DRA | \$0      | \$358     | \$385     |
|                 |                    |          |           |           |
| Ventura         | DRA                | \$31,125 | \$31,601  | \$32,267  |
|                 | Cal Am             | \$30,600 | \$32,569  | \$34,619  |
|                 | Cal Am exceeds DRA | (\$525)  | \$968     | \$2,352   |
|                 |                    |          |           |           |
| Wastewater      | DRA                |          | \$2,913   | \$3,004   |
|                 | Cal Am             |          | \$3,678   | \$3,770   |
|                 | Cal Am exceeds DRA | \$0      | \$765     | \$766     |
|                 |                    |          |           |           |
| Total Statewide | DRA                | \$50,495 | \$177,560 | \$183,669 |
|                 | Cal Am             | \$49,899 | \$201,338 | \$210,976 |
|                 | Cal Am exceeds DRA | (\$596)  | \$23,778  | \$27,307  |
|                 |                    |          |           |           |

Source: DRA: Table 1-3; Table 1-6  
Cal Am: Table 1-2; Table 1-4

### **C. Explanation for DRA-proposed Revenue Requirement in San Diego County and Ventura County Districts**

DRA notes that the final revenue requirement calculated by DRA is presently higher than that requested by Cal Am for two of the districts: San Diego County and Ventura County. This is due to DRA's increased sales forecasts compared to Cal Am's proposal, calculated using the New Committee Method as required by the Rate Case Plan ("RCP"), and the heavy dependence on purchased water in Ventura County and San Diego County. DRA's higher sales forecast leads to a higher purchased water expense forecast. Cal Am's supply cost balancing accounts limit Cal Am's purchased water cost recovery to costs that Cal Am actually incurs. These costs are based in part on wholesale prices outside of Cal Am's control. This recommended revenue requirement has been updated based on the General Office allocation recommended by the Overland Consulting Report.

**Table 1-B – Comparison of Rate Increase Proposals**  
(expressed as Percentage Increase in Revenue)

| 2011 Rate Increase (%) |       |        |                |
|------------------------|-------|--------|----------------|
|                        |       |        | Cal Am exceeds |
|                        | DRA   | Cal Am | DRA            |
| San Diego              | 5.04% | 10.58% | 5.54%          |
| Ventura                | 3.90% | 8.08%  | 4.18%          |

| 2012 Rate Increase (%) |        |        |                |
|------------------------|--------|--------|----------------|
|                        |        |        | Cal Am exceeds |
|                        | DRA    | Cal Am | DRA            |
| Larkfield              | 9.96%  | 36.99% | 27.03%         |
| Los Angeles            | 8.19%  | 21.90% | 13.71%         |
| Monterey               | 1.52%  | 27.60% | 26.08%         |
| Sacramento             | 7.18%  | 22.83% | 15.65%         |
| San Diego              | -1.14% | 10.34% | 11.48%         |
| Toro                   | 11.82% | 97.48% | 85.66%         |
| Ventura                | -2.67% | 5.92%  | 8.59%          |
| Wastewater             | -8.00% | 16.16% | 24.16%         |

| 2013 Rate Increase (%) |         |        |                |
|------------------------|---------|--------|----------------|
|                        |         |        | Cal Am exceeds |
|                        | DRA     | Cal Am | DRA            |
| Larkfield              | -21.55% | 1.92%  | 23.47%         |
| Los Angeles            | -6.68%  | 5.53%  | 12.21%         |
| Monterey               | -19.00% | 2.94%  | 21.94%         |
| Sacramento             | -8.35%  | 6.73%  | 15.08%         |
| San Diego              | -8.19%  | 4.23%  | 12.42%         |
| Toro                   | -41.09% | 5.45%  | 46.54%         |
| Ventura                | -6.48%  | 5.81%  | 12.29%         |
| Wastewater             | -18.79% | 1.92%  | 20.71%         |

Source: DRA: Table 1-3; Table 1-6  
Cal Am: Exhibit A, Chapter 2, Table 2.4

**D. Ratemaking Recommendations for Business Transformation Expenditures**

Chapter 4 of the Regulatory Audit performed by Overland provides an overview of the requested capital additions to American Water’s information systems, a project also known as Business Transformation (“BT”). Overland’s report includes the recommendation to remove the projected BT expenditures from the proposed California Corporation revenue requirement because Cal Am did not

quantify customer benefits from BT.<sup>7</sup> Additionally, in its Direct Testimony, DRA concluded that Cal Am’s requested balancing account treatment of the BT expenditures was unnecessary.<sup>8</sup> DRA argues that the entire expense proposed by Cal Am for its BT project is inadequately justified and recommends that the Commission exclude it from the Cal Am request.

However, in the event that DRA’s and Overland’s recommendations are not adopted by the Commission, DRA wishes to provide additional clarification on the inappropriateness of Cal Am’s proposed ratemaking or accounting treatment for the BT Expenditures. Cal Am proposes to treat the entire Business Transformation as Capital costs without appropriately identifying the costs that should be expensed and capitalized.<sup>9</sup> The Uniform System of Accounts (“USOA”)<sup>10</sup> does not provide guidance regarding accounting treatment for computer software costs. In such situations, DRA understands that the Commission may take judicial notice of accounting guidance provided by the accounting industry profession, such as the American Institute of Certified Public Accountants (AICPA), Financial Accounting Standards Board (FASB), and [Public Company Accounting Oversight Board](#) (PCAOB).

DRA concludes that the Cal Am proposed ratemaking treatment is not appropriate because it does not conform with the AICPA’s Statement of Position (SOP) 98-1 -Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.

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<sup>7</sup> “Regulatory Audit of California American Water Company’s General Office Expense, Base Period 2010, Test Year 2013, Escalation Year 2013, Application No. 10-07-007”, by Overland Consulting, March 14, 2011, at p. 4-3.

<sup>8</sup> DRA Exhibit 13 dated January 21, 2011, Chapter 2, p. 2-1 to 2-6.

<sup>9</sup> Cal Am AWSC Revenue Requirement Workpapers.

<sup>10</sup> Standard Practice U-38-W, “Uniform System of Accounts for Class A Water Utilities”, Prescribed by the Public Utilities Commission of the State of California, effective January 1, 1955, downloaded from <http://docs.cpuc.ca.gov/published/REPORT/83011.htm> on March 10, 2011.

SOP 98-1 governs whether enterprise-wide computer software such as the American Water’s proposed Enterprise Resource Planning, Enterprise Asset Management and Customer Information System (the computer software modules that comprise the capital additions known as BT) should be capitalized or expensed.<sup>11</sup>

AICPA SOP 98-1 provides guidance on the accounting for costs of computer software developed or obtained for internal use. DRA concludes that the AW applications fit this definition of “developed or obtained for internal use” because DRA understands that the BT meets these two criteria used by SOP 98-1:

- a. The software is acquired, internally developed, or modified solely to meet the entity's internal needs.
- b. During the software's development or modification, no substantive plan exists or is being developed to market the software externally.<sup>12</sup>

Accounting guidance provided by SOP 98-1 relies on the nature of the project development stage during which the costs are being incurred. SOP 98-1 distinguishes amongst when certain costs ought to be expensed or capitalized. For example, SOP 98-1 identifies three or four project development stages such as:

- a) preliminary project stage,
- b) application development stage,
- c) post implementation/operation stage and
- d) upgrades and enhancements.

It explicitly states that computer software costs incurred during the preliminary project stage should be expensed as incurred. Then, once the

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<sup>11</sup> Statement of Position 98-1, “Accounting for the Costs of Computer Software Developed or Obtained for Internal Use” dated March 4, 1998.

<sup>12</sup> Ibid, p.6.

capitalization criteria of the SOP have been met, then some specific categories of costs may be capitalized. Such as;

- a) external direct costs of materials services consumed in developing or obtaining internal use computer software, payroll and payroll-related costs for employees; and
- b) Internal and external costs incurred to develop internal-use computer software during the application development stage should be capitalized.
- c) Costs to develop or obtain software that allows for access or conversion of old data by new systems should also be capitalized, and
- d) It is noteworthy that SOP 98-1 explicitly defines that training costs are not internal-use software development costs and, if incurred during this stage, should be expensed as incurred.<sup>13</sup>

If the Commission does not adopt DRA's recommendation to deny recovery of BT expenditures, then DRA recommends that the Commission require that Cal Am address the appropriate accounting treatment for computer software and software development consistent with in AICPA SOP 98-1, and reject capitalizing 100% of the BT project costs.

#### **E. Revised DRA Summary of Earnings Tables**

Below are the revised DRA Summary of Earnings Tables that reflect the changes from the Overland Report and DRA Errata.

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<sup>13</sup> Ibid, p. 8.

**Revised Summary of Earnings  
Tables**

(As of March 14, 2011)

TABLE 1-1

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SAN DIEGO COUNTY DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 2011

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA |         |
|----------------------------|-----------------|--------------------|-----------------------|---------|
|                            |                 |                    | Amount                | %       |
| (Thousands of \$)          |                 |                    |                       |         |
| Operating revenues         | 18,440.7        | 17,452.7           | (988.0)               | -5.4%   |
| <u>Operating expenses:</u> |                 |                    |                       |         |
| Operation & Maintenance    | 11,971.2        | 11,514.1           | (457.1)               | -3.8%   |
| Administrative & General   | 492.9           | 495.1              | 2.2                   | 0.4%    |
| Payroll                    | 1,076.7         | 1,082.1            | 5.4                   | 0.5%    |
| Acquisition Premium & RWE  | 474.1           | 474.1              | 0.0                   | 0.0%    |
| G. O. Prorated Exp.        | 2,948.9         | 2,949.0            | 0.1                   | 0.0%    |
| Dep'n & Amortization       | 859.4           | 872.0              | 12.6                  | 1.5%    |
| Taxes other than income    | 202.7           | 224.5              | 21.8                  | 10.8%   |
| State Corp. Franchise Tax  | (4.9)           | (61.8)             | (56.9)                | 1161.7% |
| Federal Income Tax         | (19.0)          | (203.4)            | (184.4)               | 969.8%  |
| Total operating exp.       | 18,002.0        | 17,345.7           | (656.3)               | -3.6%   |
| Net operating revenue      | 438.7           | 107.0              | (331.7)               | -75.6%  |
| Rate base                  | 12,263.0        | 14,144.3           | 1,881.2               | 15.3%   |
| Return on rate base        | 3.58%           | 0.76%              | (2.82)                | -78.9%  |

TABLE 1-2

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SAN DIEGO COUNTY DISTRICT

## SUMMARY OF EARNINGS

TEST YEAR 2011

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 20,395.0        | 19,299.2           | (1,095.8)                       | -5.4%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 11,980.5        | 11,526.2           | (454.3)                         | -3.8%  |
| Administrative & General   | 492.9           | 495.1              | 2.2                             | 0.4%   |
| Payroll                    | 1,076.7         | 1,082.1            | 5.4                             | 0.5%   |
| Acquisition Premium & RWE  | 474.1           | 474.1              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 2,948.9         | 2,949.0            | 0.1                             | 0.0%   |
| Dep'n & Amortization       | 859.4           | 872.0              | 12.6                            | 1.5%   |
| Taxes other than income    | 202.7           | 224.5              | 21.8                            | 10.8%  |
| State Corp. Franchise Tax  | 167.0           | 100.4              | (66.6)                          | -39.9% |
| Federal Income Tax         | 661.7           | 438.6              | (223.1)                         | -33.7% |
| Total operating exp.       | 18,864.0        | 18,162.1           | (702.0)                         | -3.7%  |
| Net operating revenue      | 1,531.0         | 1,137.2            | (393.8)                         | -25.7% |
| Rate base                  | 12,263.0        | 14,144.3           | 1,881.2                         | 15.3%  |
| Return on rate base        | 12.48%          | 8.04%              | (4.44)                          | -35.6% |

TABLE 1-3

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SAN DIEGO COUNTY DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 2011

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %        |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|----------|
| (Thousands of \$)          |                                |                               |                                       |          |
| Operating revenues         | 18,440.7                       | 19,370.4                      | 929.7                                 | 5.0%     |
| <u>Operating expenses:</u> |                                |                               |                                       |          |
| Operation & Maintenance    | 11,971.2                       | 11,977.3                      | 6.1                                   | 0.1%     |
| Administrative & General   | 492.9                          | 492.9                         | 0.0                                   | 0.0%     |
| Payroll                    | 1,076.7                        | 1,076.7                       | 0.0                                   | 0.0%     |
| Acquisition Premium & RWE  | 474.1                          | 474.1                         | 0.0                                   | 0.0%     |
| G. O. Prorated Exp.        | 2,948.9                        | 2,948.9                       | 0.0                                   | 0.0%     |
| Dep'n & Amortization       | 859.4                          | 859.4                         | 0.0                                   | 0.0%     |
| Taxes other than income    | 202.7                          | 202.7                         | 0.0                                   | 0.0%     |
| State Corp. Franchise Tax  | (4.9)                          | 76.8                          | 81.6                                  | -1667.9% |
| Federal Income Tax         | (19.0)                         | 275.7                         | 294.7                                 | -1549.9% |
| Total operating exp.       | 18,002.0                       | 18,384.5                      | 382.4                                 | 2.1%     |
| Net operating revenue      | 438.7                          | 985.9                         | 547.3                                 | 124.8%   |
| Rate base                  | 12,263.0                       | 12,263.0                      | 0.0                                   | 0.0%     |
| Return on rate base        | 3.58%                          | 8.04%                         | 4.46                                  | 124.8%   |

TABLE 1-1  
 ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 VENTURA DISTRICT

SUMMARY OF EARNINGS  
 TEST YEAR 2011  
 (AT PRESENT RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 29,957.8        | 28,311.6           | (1,646.2)                       | -5.5%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 19,853.6        | 19,027.6           | (826.0)                         | -4.2%  |
| Administrative & General   | 801.8           | 824.3              | 22.5                            | 2.8%   |
| Payroll                    | 1,060.5         | 1,065.8            | 5.3                             | 0.5%   |
| Acquisition Premium & RWE  | 472.9           | 472.9              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 2,948.6         | 2,948.7            | 0.1                             | 0.0%   |
| Dep'n & Amortization       | 2,116.5         | 2,066.5            | (50.0)                          | -2.4%  |
| Taxes other than income    | 388.2           | 408.7              | 20.5                            | 5.3%   |
| State Corp. Franchise Tax  | 100.0           | 21.4               | (78.6)                          | -78.6% |
| Federal Income Tax         | 396.1           | 92.6               | (303.5)                         | -76.6% |
| Total operating exp.       | 28,138.2        | 26,928.6           | (1,209.7)                       | -4.3%  |
| Net operating revenue      | 1,819.6         | 1,383.0            | (436.6)                         | -24.0% |
| Rate base                  | 31,175.6        | 33,076.9           | 1,901.3                         | 6.1%   |
| Return on rate base        | 5.84%           | 4.18%              | (1.66)                          | -28.4% |

TABLE 1-2

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
VENTURA DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 2011

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 32,372.8        | 30,599.7           | (1,773.1)                       | -5.5%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 19,865.1        | 19,043.1           | (822.1)                         | -4.1%  |
| Administrative & General   | 801.8           | 824.3              | 22.5                            | 2.8%   |
| Payroll                    | 1,060.5         | 1,065.8            | 5.3                             | 0.5%   |
| Acquisition Premium & RWE  | 472.9           | 472.9              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 2,948.6         | 2,948.7            | 0.1                             | 0.0%   |
| Dep'n & Amortization       | 2,116.5         | 2,066.5            | (50.0)                          | -2.4%  |
| Taxes other than income    | 388.2           | 408.7              | 20.5                            | 5.3%   |
| State Corp. Franchise Tax  | 312.5           | 222.3              | (90.1)                          | -28.9% |
| Federal Income Tax         | 1,237.3         | 888.1              | (349.2)                         | -28.2% |
| Total operating exp.       | 29,203.4        | 27,940.3           | (1,263.1)                       | -4.3%  |
| Net operating revenue      | 3,169.4         | 2,659.5            | (509.9)                         | -16.1% |
| Rate base                  | 31,175.6        | 33,076.9           | 1,901.3                         | 6.1%   |
| Return on rate base        | 10.17%          | 8.04%              | (2.13)                          | -20.9% |

TABLE 1-3

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
VENTURA DISTRICT

## SUMMARY OF EARNINGS

TEST YEAR 2011

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
| (Thousands of \$)          |                                |                               |                                       |        |
| Operating revenues         | 29,957.8                       | 31,124.8                      | 1,167.0                               | 3.9%   |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 19,853.6                       | 19,861.3                      | 7.6                                   | 0.0%   |
| Administrative & General   | 801.8                          | 801.8                         | 0.0                                   | 0.0%   |
| Payroll                    | 1,060.5                        | 1,060.5                       | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 472.9                          | 472.9                         | 0.0                                   | 0.0%   |
| G. O. Prorated Exp.        | 2,948.6                        | 2,948.6                       | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 2,116.5                        | 2,116.5                       | 0.0                                   | 0.0%   |
| Taxes other than income    | 388.2                          | 388.2                         | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 100.0                          | 202.5                         | 102.5                                 | 102.5% |
| Federal Income Tax         | 396.1                          | 766.0                         | 369.9                                 | 93.4%  |
| Total operating exp.       | 28,138.2                       | 28,618.3                      | 480.0                                 | 1.7%   |
| Net operating revenue      | 1,819.6                        | 2,506.5                       | 687.0                                 | 37.8%  |
| Rate base                  | 31,175.6                       | 31,175.6                      | 0.0                                   | 0.0%   |
| Return on rate base        | 5.84%                          | 8.04%                         | 2.20                                  | 37.8%  |

TABLE 1-1

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
LARKFIELD DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 2012

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate   | Cal Am<br>Estimate | Cal Am<br>exceeds DRA |         |
|----------------------------|-------------------|--------------------|-----------------------|---------|
|                            |                   |                    | Amount                | %       |
|                            | (Thousands of \$) |                    |                       |         |
| Operating revenues         | 2,744.8           | 2,633.3            | (111.5)               | -4.1%   |
| <u>Operating expenses:</u> |                   |                    |                       |         |
| Operation & Maintenance    | 667.0             | 675.4              | 8.5                   | 1.3%    |
| Administrative & General   | 188.7             | 196.0              | 7.3                   | 3.9%    |
| Payroll                    | 328.4             | 335.8              | 7.4                   | 2.3%    |
| Acquisition Premium & RWE  | 67.4              | 67.4               | 0.0                   | 0.0%    |
| G. O. Prorated Exp.        | 406.2             | 655.7              | 249.5                 | 61.4%   |
| Dep'n & Amortization       | 415.7             | 460.0              | 44.3                  | 10.7%   |
| Taxes other than income    | 134.1             | 163.6              | 29.5                  | 22.0%   |
| State Corp. Franchise Tax  | 23.4              | (23.4)             | (46.7)                | -199.9% |
| Federal Income Tax         | 95.3              | (85.2)             | (180.5)               | -189.4% |
| Total operating exp.       | 2,326.1           | 2,445.4            | 119.3                 | 5.1%    |
| Net operating revenue      | 418.7             | 187.9              | (230.8)               | -55.1%  |
| Rate base                  | 7,260.0           | 9,144.0            | 1,884.0               | 26.0%   |
| Return on rate base        | 5.77%             | 2.05%              | (3.71)                | -64.4%  |

TABLE 1-2  
 ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 LARKFIELD DISTRICT

SUMMARY OF EARNINGS

TEST YEAR      2012

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 3,760.4         | 3,607.4            | (153.0)                         | -4.1%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 671.8           | 681.9              | 10.1                            | 1.5%   |
| Administrative & General   | 188.7           | 196.0              | 7.3                             | 3.9%   |
| Payroll                    | 328.4           | 335.8              | 7.4                             | 2.3%   |
| Acquisition Premium & RWE  | 67.4            | 67.4               | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 406.2           | 655.7              | 249.5                           | 61.4%  |
| Dep'n & Amortization       | 415.7           | 460.0              | 44.3                            | 10.7%  |
| Taxes other than income    | 134.1           | 163.6              | 29.5                            | 22.0%  |
| State Corp. Franchise Tax  | 112.7           | 62.2               | (50.5)                          | -44.8% |
| Federal Income Tax         | 433.1           | 249.6              | (183.5)                         | -42.4% |
| Total operating exp.       | 2,758.1         | 2,872.2            | 114.1                           | 4.1%   |
| Net operating revenue      | 1,002.3         | 735.2              | (267.1)                         | -26.6% |
| Rate base                  | 7,260.0         | 9,144.0            | 1,884.0                         | 26.0%  |
| Return on rate base        | 13.81%          | 8.04%              | (5.77)                          | -41.8% |



TABLE 1-3

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
LARKFIELD DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 2012

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
| (Thousands of \$)          |                                |                               |                                       |        |
| Operating revenues         | 2,744.8                        | 3,018.2                       | 273.4                                 | 10.0%  |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 667.0                          | 668.8                         | 1.8                                   | 0.3%   |
| Administrative & General   | 188.7                          | 188.7                         | 0.0                                   | 0.0%   |
| Payroll                    | 328.4                          | 328.4                         | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 67.4                           | 67.4                          | 0.0                                   | 0.0%   |
| G. O. Prorated Exp.        | 406.2                          | 406.2                         | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 415.7                          | 415.7                         | 0.0                                   | 0.0%   |
| Taxes other than income    | 134.1                          | 134.1                         | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 23.4                           | 47.4                          | 24.0                                  | 102.7% |
| Federal Income Tax         | 95.3                           | 177.9                         | 82.6                                  | 86.6%  |
| Total operating exp.       | 2,326.1                        | 2,434.5                       | 108.4                                 | 4.7%   |
| Net operating revenue      | 418.7                          | 583.7                         | 165.0                                 | 39.4%  |
| Rate base                  | 7,260.0                        | 7,260.0                       | 0.0                                   | 0.0%   |
| Return on rate base        | 5.77%                          | 8.04%                         | 2.27                                  | 39.4%  |

TABLE 1-4  
 ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 LARKFIELD DISTRICT

SUMMARY OF EARNINGS

ESCALATION YEAR        2013

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 3,778.2         | 3,624.0            | (154.2)                         | -4.1%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 687.6           | 701.5              | 13.9                            | 2.0%   |
| Administrative & General   | 188.3           | 194.4              | 6.1                             | 3.2%   |
| Payroll                    | 338.8           | 346.4              | 7.6                             | 2.2%   |
| Acquisition Premium & RWE  | 65.1            | 65.1               | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 411.8           | 647.8              | 236.0                           | 57.3%  |
| Dep'n & Amortization       | 429.3           | 519.9              | 90.6                            | 21.1%  |
| Taxes other than income    | 134.1           | 163.6              | 29.5                            | 22.0%  |
| State Corp. Franchise Tax  | 114.3           | 55.0               | (59.2)                          | -51.9% |
| Federal Income Tax         | 424.0           | 192.6              | (231.4)                         | -54.6% |
| Total operating exp.       | 2,793.2         | 2,886.3            | 93.1                            | 3.3%   |
| Net operating revenue      | 985.0           | 737.6              | (247.3)                         | -25.1% |
| Rate base                  | 6,138.3         | 9,659.9            | 3,521.6                         | 57.4%  |
| Return on rate base        | 16.05%          | 7.64%              | (8.41)                          | -52.4% |

TABLE 1-5  
 ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 LARKFIELD DISTRICT

SUMMARY OF EARNINGS  
 ESCALATION YEAR        2013  
 (AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 3,866.6         | 3,693.5            | (173.1)                         | -4.5%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 688.0           | 702.5              | 14.5                            | 2.1%   |
| Administrative & General   | 188.3           | 194.4              | 6.1                             | 3.2%   |
| Payroll                    | 338.8           | 346.4              | 7.6                             | 2.2%   |
| Acquisition Premium & RWE  | 65.1            | 65.1               | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 411.8           | 647.8              | 236.0                           | 57.3%  |
| Dep'n & Amortization       | 429.3           | 519.9              | 90.6                            | 21.1%  |
| Taxes other than income    | 134.1           | 163.6              | 29.5                            | 22.0%  |
| State Corp. Franchise Tax  | 122.0           | 61.1               | (60.9)                          | -49.9% |
| Federal Income Tax         | 423.1           | 216.4              | (206.6)                         | -48.8% |
| Total operating exp.       | 2,800.5         | 2,917.2            | 116.7                           | 4.2%   |
| Net operating revenue      | 1,066.1         | 776.7              | (289.4)                         | -27.1% |
| Rate base                  | 6,138.3         | 9,659.9            | 3,521.6                         | 57.4%  |
| Return on rate base        | 17.37%          | 8.04%              | (9.33)                          | -53.7% |

TABLE 1-6  
 ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 LARKFIELD DISTRICT

SUMMARY OF EARNINGS

ESCALATION YEAR                      2013

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
| (Thousands of \$)          |                                |                               |                                       |        |
| Operating revenues         | 3,778.2                        | 2,964.1                       | (814.1)                               | -21.5% |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 687.6                          | 682.2                         | (5.3)                                 | -0.8%  |
| Administrative & General   | 188.3                          | 188.3                         | 0.0                                   | 0.0%   |
| Payroll                    | 338.8                          | 338.8                         | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 65.1                           | 65.1                          | 0.0                                   | 0.0%   |
| G.O. Prorated Expenses     | 411.8                          | 411.8                         | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 429.3                          | 429.3                         | 0.0                                   | 0.0%   |
| Taxes other than income    | 134.1                          | 134.1                         | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 114.3                          | 42.8                          | (71.5)                                | -62.6% |
| Federal Income Tax         | 424.0                          | 178.2                         | (245.9)                               | -58.0% |
| Total operating exp.       | 2,793.2                        | 2,470.6                       | (322.7)                               | -11.6% |
| Net operating revenue      | 985.0                          | 493.5                         | (491.4)                               | -49.9% |
| Rate base                  | 6,138.3                        | 6,138.3                       | 0.0                                   | 0.0%   |
| Return on rate base        | 16.05%                         | 8.04%                         | (8.01)                                | -49.9% |

TABLE 1-1  
 ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 LOS ANGELES COUNTY DISTRICT

SUMMARY OF EARNINGS

TEST YEAR        2012

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %       |
|----------------------------|-----------------|--------------------|---------------------------------|---------|
| (Thousands of \$)          |                 |                    |                                 |         |
| Operating revenues         | 25,114.9        | 24,511.9           | (603.0)                         | -2.4%   |
| <u>Operating expenses:</u> |                 |                    |                                 |         |
| Operation & Maintenance    | 9,964.0         | 9,940.1            | (23.9)                          | -0.2%   |
| Administrative & General   | 929.4           | 946.7              | 17.3                            | 1.9%    |
| Payroll                    | 1,932.2         | 2,086.4            | 154.2                           | 8.0%    |
| Acquisition Premium & RWE  | 613.2           | 613.2              | 0.0                             | 0.0%    |
| G. O. Prorated Exp.        | 4,420.9         | 6,179.9            | 1,759.0                         | 39.8%   |
| Dep'n & Amortization       | 2,400.0         | 2,418.3            | 18.3                            | 0.8%    |
| Taxes other than income    | 877.2           | 887.8              | 10.6                            | 1.2%    |
| State Corp. Franchise Tax  | 166.3           | (72.0)             | (238.3)                         | -143.3% |
| Federal Income Tax         | 622.0           | (273.0)            | (895.0)                         | -143.9% |
| Total operating exp.       | 21,925.2        | 22,727.3           | 802.2                           | 3.7%    |
| Net operating revenue      | 3,189.7         | 1,784.5            | (1,405.3)                       | -44.1%  |
| Rate base                  | 55,356.9        | 59,581.2           | 4,224.3                         | 7.6%    |
| Return on rate base        | 5.76%           | 3.00%              | (2.77)                          | -48.0%  |

TABLE 1-2

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
LOS ANGELES COUNTY DISTRICT

## SUMMARY OF EARNINGS

TEST YEAR 2012

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 30,695.4        | 29,878.9           | (816.5)                         | -2.7%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 9,990.5         | 9,978.2            | (12.3)                          | -0.1%  |
| Administrative & General   | 929.4           | 946.7              | 17.3                            | 1.9%   |
| Payroll                    | 1,932.2         | 2,086.4            | 154.2                           | 8.0%   |
| Acquisition Premium & RWE  | 613.2           | 613.2              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 4,420.9         | 6,179.9            | 1,759.0                         | 39.8%  |
| Dep'n & Amortization       | 2,400.0         | 2,418.3            | 18.3                            | 0.8%   |
| Taxes other than income    | 877.2           | 887.8              | 10.6                            | 1.2%   |
| State Corp. Franchise Tax  | 657.2           | 399.1              | (258.2)                         | -39.3% |
| Federal Income Tax         | 2,426.7         | 1,579.3            | (847.4)                         | -34.9% |
| Total operating exp.       | 24,247.4        | 25,088.8           | 841.5                           | 3.5%   |
| Net operating revenue      | 6,448.0         | 4,790.1            | (1,658.0)                       | -25.7% |
| Rate base                  | 55,356.9        | 59,581.2           | 4,224.3                         | 7.6%   |
| Return on rate base        | 11.65%          | 8.04%              | (3.61)                          | -31.0% |

TABLE 1-3

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
LOS ANGELES COUNTY DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 2012

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
| (Thousands of \$)          |                                |                               |                                       |        |
| Operating revenues         | 25,114.9                       | 27,171.6                      | 2,056.7                               | 8.2%   |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 9,964.0                        | 9,977.5                       | 13.5                                  | 0.1%   |
| Administrative & General   | 929.4                          | 929.4                         | 0.0                                   | 0.0%   |
| Payroll                    | 1,932.2                        | 1,932.2                       | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 613.2                          | 613.2                         | 0.0                                   | 0.0%   |
| G. O. Prorated Exp.        | 4,420.9                        | 4,420.9                       | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 2,400.0                        | 2,400.0                       | 0.0                                   | 0.0%   |
| Taxes other than income    | 877.2                          | 877.2                         | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 166.3                          | 346.9                         | 180.6                                 | 108.6% |
| Federal Income Tax         | 622.0                          | 1,223.6                       | 601.6                                 | 96.7%  |
| Total operating exp.       | 21,925.2                       | 22,720.9                      | 795.7                                 | 3.6%   |
| Net operating revenue      | 3,189.7                        | 4,450.7                       | 1,260.9                               | 39.5%  |
| Rate base                  | 55,356.9                       | 55,356.9                      | 0.0                                   | 0.0%   |
| Return on rate base        | 5.76%                          | 8.04%                         | 2.28                                  | 39.5%  |

TABLE 1-4

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
LOS ANGELES COUNTY DISTRICT

## SUMMARY OF EARNINGS

ESCALATION YEAR 2013

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 30,743.2        | 29,878.9           | (864.3)                         | -2.8%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 10,043.6        | 10,280.7           | 237.1                           | 2.4%   |
| Administrative & General   | 957.9           | 975.7              | 17.8                            | 1.9%   |
| Payroll                    | 1,992.8         | 2,151.9            | 159.1                           | 8.0%   |
| Acquisition Premium & RWE  | 592.7           | 592.7              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 4,484.9         | 6,220.2            | 1,735.3                         | 38.7%  |
| Dep'n & Amortization       | 2,686.8         | 2,749.8            | 63.0                            | 2.3%   |
| Taxes other than income    | 1,032.7         | 1,059.7            | 27.0                            | 2.6%   |
| State Corp. Franchise Tax  | 582.2           | 288.4              | (293.9)                         | -50.5% |
| Federal Income Tax         | 2,086.2         | 988.1              | (1,098.1)                       | -52.6% |
| Total operating exp.       | 24,459.9        | 25,307.2           | 847.3                           | 3.5%   |
| Net operating revenue      | 6,283.3         | 4,571.7            | (1,711.7)                       | -27.2% |
| Rate base                  | 62,490.9        | 68,420.1           | 5,929.2                         | 9.5%   |
| Return on rate base        | 10.05%          | 6.68%              | (3.37)                          | -33.5% |

TABLE 1-5

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
LOS ANGELES COUNTY DISTRICT

SUMMARY OF EARNINGS

ESCALATION YEAR 2013

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate   | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-------------------|--------------------|---------------------------------|--------|
|                            | (Thousands of \$) |                    |                                 |        |
| Operating revenues         | 32,365.0          | 31,530.9           | (834.1)                         | -2.6%  |
| <u>Operating expenses:</u> |                   |                    |                                 |        |
| Operation & Maintenance    | 10,051.3          | 10,291.5           | 240.2                           | 2.4%   |
| Administrative & General   | 957.9             | 975.7              | 17.8                            | 1.9%   |
| Payroll                    | 1,992.8           | 2,151.9            | 159.1                           | 8.0%   |
| Acquisition Premium & RWE  | 592.7             | 592.7              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 4,484.9           | 6,220.2            | 1,735.3                         | 38.7%  |
| Dep'n & Amortization       | 2,686.8           | 2,749.8            | 63.0                            | 2.3%   |
| Taxes other than income    | 1,032.7           | 1,059.7            | 27.0                            | 2.6%   |
| State Corp. Franchise Tax  | 724.9             | 433.4              | (291.5)                         | -40.2% |
| Federal Income Tax         | 2,451.2           | 1,555.3            | (895.9)                         | -36.5% |
| Total operating exp.       | 24,975.2          | 26,030.2           | 1,055.0                         | 4.2%   |
| Net operating revenue      | 7,389.8           | 5,500.7            | (1,889.1)                       | -25.6% |
| Rate base                  | 62,490.9          | 68,420.1           | 5,929.2                         | 9.5%   |
| Return on rate base        | 11.83%            | 8.04%              | (3.79)                          | -32.0% |

TABLE 1-6

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
LOS ANGELES COUNTY DISTRICT

## SUMMARY OF EARNINGS

ESCALATION YEAR 2013

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
| (Thousands of \$)          |                                |                               |                                       |        |
| Operating revenues         | 30,743.2                       | 28,689.6                      | (2,053.6)                             | -6.7%  |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 10,043.6                       | 10,030.1                      | (13.5)                                | -0.1%  |
| Administrative & General   | 957.9                          | 957.9                         | 0.0                                   | 0.0%   |
| Payroll                    | 1,992.8                        | 1,992.8                       | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 592.7                          | 592.7                         | 0.0                                   | 0.0%   |
| G.O. Prorated Expenses     | 4,484.9                        | 4,484.9                       | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 2,686.8                        | 2,686.8                       | 0.0                                   | 0.0%   |
| Taxes other than income    | 1,032.7                        | 1,032.7                       | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 582.2                          | 401.9                         | (180.3)                               | -31.0% |
| Federal Income Tax         | 2,086.2                        | 1,485.5                       | (600.7)                               | -28.8% |
| Total operating exp.       | 24,459.9                       | 23,665.3                      | (794.5)                               | -3.2%  |
| Net operating revenue      | 6,283.3                        | 5,024.3                       | (1,259.1)                             | -20.0% |
| Rate base                  | 62,490.9                       | 62,490.9                      | 0.0                                   | 0.0%   |
| Return on rate base        | 10.05%                         | 8.04%                         | (2.01)                                | -20.0% |

TABLE 1-1  
CALIFORNIA AMERICAN WATER COMPANY  
MONTEREY COUNTY DISTRICT

SUMMARY OF EARNINGS

TEST YEAR        2012

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %       |
|----------------------------|-----------------|--------------------|---------------------------------|---------|
| (Thousands of \$)          |                 |                    |                                 |         |
| Operating revenues         | 44,326.6        | 43,294.1           | (1,032.5)                       | -2.3%   |
| <u>Operating expenses:</u> |                 |                    |                                 |         |
| Operation & Maintenance    | 7,479.0         | 9,300.1            | 1,821.1                         | 24.3%   |
| Administrative & General   | 3,581.1         | 4,711.3            | 1,130.2                         | 31.6%   |
| Payroll                    | 5,807.8         | 5,988.6            | 180.8                           | 3.1%    |
| Acquisition Premium & RWE  | 895.5           | 895.5              | 0.0                             | 0.0%    |
| G. O. Prorated Exp.        | 10,796.4        | 10,824.0           | 27.6                            | 0.3%    |
| Dep'n & Amortization       | 5,672.7         | 6,041.8            | 369.1                           | 6.5%    |
| Taxes other than income    | 1,992.0         | 2,111.0            | 119.0                           | 6.0%    |
| State Corp. Franchise Tax  | 315.4           | (157.0)            | (472.4)                         | -149.8% |
| Federal Income Tax         | 1,079.7         | (698.1)            | (1,777.7)                       | -164.7% |
| Total operating exp.       | 37,619.6        | 39,017.3           | 1,397.7                         | 3.7%    |
| Net operating revenue      | 6,707.0         | 4,276.9            | (2,430.1)                       | -36.2%  |
| Rate base                  | 119,389.5       | 137,143.8          | 17,754.3                        | 14.9%   |
| Return on rate base        | 5.62%           | 3.12%              | (2.50)                          | -44.5%  |

TABLE 1-2  
CALIFORNIA AMERICAN WATER COMPANY  
MONTEREY COUNTY DISTRICT  
SUMMARY OF EARNINGS  
TEST YEAR 2012  
(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate   | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-------------------|--------------------|---------------------------------|--------|
|                            | (Thousands of \$) |                    |                                 |        |
| Operating revenues         | 56,621.5          | 55,242.8           | (1,378.7)                       | -2.4%  |
| <u>Operating expenses:</u> |                   |                    |                                 |        |
| Operation & Maintenance    | 7,537.5           | 9,379.1            | 1,841.6                         | 24.4%  |
| Administrative & General   | 3,581.1           | 4,711.3            | 1,130.2                         | 31.6%  |
| Payroll                    | 5,807.8           | 5,988.6            | 180.8                           | 3.1%   |
| Acquisition Premium & RWE  | 895.5             | 895.5              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 10,796.4          | 10,824.0           | 27.6                            | 0.3%   |
| Dep'n & Amortization       | 5,672.7           | 6,041.8            | 369.1                           | 6.5%   |
| Taxes other than income    | 1,992.0           | 2,111.0            | 119.0                           | 6.0%   |
| State Corp. Franchise Tax  | 1,397.1           | 892.3              | (504.8)                         | -36.1% |
| Federal Income Tax         | 5,028.6           | 3,372.9            | (1,655.7)                       | -32.9% |
| Total operating exp.       | 42,708.7          | 44,216.5           | 1,507.8                         | 3.5%   |
| Net operating revenue      | 13,912.8          | 11,026.3           | (2,886.6)                       | -20.7% |
| Rate base                  | 119,389.5         | 137,143.8          | 17,754.3                        | 14.9%  |
| Return on rate base        | 11.65%            | 8.04%              | (3.61)                          | -31.0% |

TABLE 1-3  
CALIFORNIA AMERICAN WATER COMPANY  
MONTEREY COUNTY DISTRICT

SUMMARY OF EARNINGS

TEST YEAR            2012

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
| (Thousands of \$)          |                                |                               |                                       |        |
| Operating revenues         | 44,326.6                       | 49,025.4                      | 4,698.8                               | 10.6%  |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 7,479.0                        | 7,509.8                       | 30.8                                  | 0.4%   |
| Administrative & General   | 3,581.1                        | 3,581.1                       | 0.0                                   | 0.0%   |
| Payroll                    | 5,807.8                        | 5,807.8                       | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 895.5                          | 895.5                         | 0.0                                   | 0.0%   |
| G. O. Prorated Exp.        | 10,796.4                       | 10,796.4                      | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 5,672.7                        | 5,672.7                       | 0.0                                   | 0.0%   |
| Taxes other than income    | 1,992.0                        | 1,992.0                       | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 315.4                          | 728.0                         | 412.7                                 | 130.8% |
| Federal Income Tax         | 1,079.7                        | 2,443.1                       | 1,363.5                               | 126.3% |
| Total operating exp.       | 37,619.6                       | 39,426.5                      | 1,806.9                               | 4.8%   |
| Net operating revenue      | 6,707.0                        | 9,598.9                       | 2,891.9                               | 43.1%  |
| Rate base                  | 119,389.5                      | 119,389.5                     | 0.0                                   | 0.0%   |
| Return on rate base        | 5.62%                          | 8.04%                         | 2.42                                  | 43.1%  |

TABLE 1-4  
CALIFORNIA AMERICAN WATER COMPANY  
MONTEREY COUNTY DISTRICT

SUMMARY OF EARNINGS

ESCALATION YEAR            2013

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 56,383.0        | 54,785.8           | (1,597.2)                       | -2.8%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 7,569.6         | 9,544.6            | 1,975.0                         | 26.1%  |
| Administrative & General   | 3,691.3         | 4,822.2            | 1,130.9                         | 30.6%  |
| Payroll                    | 5,993.7         | 6,180.3            | 186.6                           | 3.1%   |
| Acquisition Premium & RWE  | 895.5           | 895.5              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 10,697.0        | 10,725.2           | 28.2                            | 0.3%   |
| Dep'n & Amortization       | 5,771.4         | 6,322.5            | 551.1                           | 9.5%   |
| Taxes other than income    | 1,985.8         | 2,189.4            | 203.6                           | 10.3%  |
| State Corp. Franchise Tax  | 1,352.7         | 763.3              | (589.4)                         | -43.6% |
| Federal Income Tax         | 4,836.8         | 2,641.6            | (2,195.2)                       | -45.4% |
| Total operating exp.       | 42,793.8        | 44,084.5           | 1,290.7                         | 3.0%   |
| Net operating revenue      | 13,589.2        | 10,701.3           | (2,887.9)                       | -21.3% |
| Rate base                  | 117,853.3       | 144,443.6          | 26,590.4                        | 22.6%  |
| Return on rate base        | 11.53%          | 7.41%              | (4.12)                          | -35.7% |

TABLE 1-5  
CALIFORNIA AMERICAN WATER COMPANY  
MONTEREY COUNTY DISTRICT  
SUMMARY OF EARNINGS  
ESCALATION YEAR 2013  
(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 58,060.7        | 56,397.8           | (1,662.9)                       | -2.9%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 7,577.6         | 9,555.2            | 1,977.6                         | 26.1%  |
| Administrative & General   | 3,691.3         | 4,822.2            | 1,130.9                         | 30.6%  |
| Payroll                    | 5,993.7         | 6,180.3            | 186.6                           | 3.1%   |
| Acquisition Premium & RWE  | 895.5           | 895.5              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 10,697.0        | 10,725.2           | 28.2                            | 0.3%   |
| Dep'n & Amortization       | 5,771.4         | 6,322.5            | 551.1                           | 9.5%   |
| Taxes other than income    | 1,985.8         | 2,189.4            | 203.6                           | 10.3%  |
| State Corp. Franchise Tax  | 1,500.3         | 904.9              | (595.5)                         | -39.7% |
| Federal Income Tax         | 5,026.6         | 3,189.2            | (1,837.4)                       | -36.6% |
| Total operating exp.       | 43,139.2        | 44,784.3           | 1,645.1                         | 3.8%   |
| Net operating revenue      | 14,921.5        | 11,613.5           | (3,308.1)                       | -22.2% |
| Rate base                  | 117,853.3       | 144,443.6          | 26,590.4                        | 22.6%  |
| Return on rate base        | 12.66%          | 8.04%              | (4.62)                          | -36.5% |

TABLE 1-6  
CALIFORNIA AMERICAN WATER COMPANY  
MONTEREY COUNTY DISTRICT

SUMMARY OF EARNINGS

ESCALATION YEAR                      2013

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
| (Thousands of \$)          |                                |                               |                                       |        |
| Operating revenues         | 56,383.0                       | 49,698.8                      | (6,684.2)                             | -11.9% |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 7,569.6                        | 7,525.8                       | (43.8)                                | -0.6%  |
| Administrative & General   | 3,691.3                        | 3,691.3                       | 0.0                                   | 0.0%   |
| Payroll                    | 5,993.7                        | 5,993.7                       | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 895.5                          | 895.5                         | 0.0                                   | 0.0%   |
| G.O. Prorated Expenses     | 10,697.0                       | 10,697.0                      | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 5,771.4                        | 5,771.4                       | 0.0                                   | 0.0%   |
| Taxes other than income    | 1,985.8                        | 1,985.8                       | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 1,352.7                        | 765.7                         | (587.0)                               | -43.4% |
| Federal Income Tax         | 4,836.8                        | 2,897.2                       | (1,939.6)                             | -40.1% |
| Total operating exp.       | 42,793.8                       | 40,223.4                      | (2,570.4)                             | -6.0%  |
| Net operating revenue      | 13,589.2                       | 9,475.4                       | (4,113.8)                             | -30.3% |
| Rate base                  | 117,853.3                      | 117,853.3                     | 0.0                                   | 0.0%   |
| Return on rate base        | 11.53%                         | 8.04%                         | (3.49)                                | -30.3% |

TABLE 1-1  
ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SACRAMENTO DISTRICT

SUMMARY OF EARNINGS

TEST YEAR            2012

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 44,261.6        | 44,150.7           | (110.9)                         | -0.3%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 7,252.9         | 7,689.1            | 436.2                           | 6.0%   |
| Administrative & General   | 2,294.9         | 2,374.5            | 79.6                            | 3.5%   |
| Payroll                    | 3,058.9         | 3,212.4            | 153.5                           | 5.0%   |
| Acquisition Premium & RWE  | 1,605.3         | 1,605.3            | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 9,252.9         | 12,656.6           | 3,403.7                         | 36.8%  |
| Dep'n & Amortization       | 7,901.0         | 7,959.2            | 58.2                            | 0.7%   |
| Taxes other than income    | 2,084.2         | 2,113.8            | 29.7                            | 1.4%   |
| State Corp. Franchise Tax  | 526.9           | 87.8               | (439.1)                         | -83.3% |
| Federal Income Tax         | 1,855.9         | 257.2              | (1,598.7)                       | -86.1% |
| Total operating exp.       | 35,832.8        | 37,955.9           | 2,123.1                         | 5.9%   |
| Net operating revenue      | 8,428.8         | 6,194.6            | (2,234.1)                       | -26.5% |
| Rate base                  | 129,011.5       | 147,642.6          | 18,631.1                        | 14.4%  |
| Return on rate base        | 6.53%           | 4.20%              | (2.34)                          | -35.8% |

TABLE 1-2

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SACRAMENTO DISTRICT

## SUMMARY OF EARNINGS

TEST YEAR 2012

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 54,446.3        | 54,229.2           | (217.1)                         | -0.4%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 7,301.4         | 7,755.8            | 454.5                           | 6.2%   |
| Administrative & General   | 2,294.9         | 2,374.5            | 79.6                            | 3.5%   |
| Payroll                    | 3,058.9         | 3,212.4            | 153.5                           | 5.0%   |
| Acquisition Premium & RWE  | 1,605.3         | 1,605.3            | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 9,252.9         | 12,656.6           | 3,403.7                         | 36.8%  |
| Dep'n & Amortization       | 7,901.0         | 7,959.2            | 58.2                            | 0.7%   |
| Taxes other than income    | 2,107.6         | 2,113.8            | 6.3                             | 0.3%   |
| State Corp. Franchise Tax  | 1,420.9         | 972.8              | (448.1)                         | -31.5% |
| Federal Income Tax         | 5,138.4         | 3,708.4            | (1,430.0)                       | -27.8% |
| Total operating exp.       | 40,081.2        | 42,358.9           | 2,277.7                         | 5.7%   |
| Net operating revenue      | 14,365.1        | 11,870.3           | (2,494.8)                       | -17.4% |
| Rate base                  | 129,011.5       | 147,642.6          | 18,631.1                        | 14.4%  |
| Return on rate base        | 11.13%          | 8.04%              | (3.09)                          | -27.8% |

TABLE 1-3

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SACRAMENTO DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 2012

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %     |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|-------|
| (Thousands of \$)          |                                |                               |                                       |       |
| Operating revenues         | 44,261.6                       | 47,437.4                      | 3,175.8                               | 7.2%  |
| <u>Operating expenses:</u> |                                |                               |                                       |       |
| Operation & Maintenance    | 7,252.9                        | 7,273.7                       | 20.8                                  | 0.3%  |
| Administrative & General   | 2,294.9                        | 2,302.2                       | 7.3                                   | 0.3%  |
| Payroll                    | 3,058.9                        | 3,058.9                       | 0.0                                   | 0.0%  |
| Acquisition Premium & RWE  | 1,605.3                        | 1,605.3                       | 0.0                                   | 0.0%  |
| G. O. Prorated Exp.        | 9,252.9                        | 9,252.9                       | 0.0                                   | 0.0%  |
| Dep'n & Amortization       | 7,901.0                        | 7,901.0                       | 0.0                                   | 0.0%  |
| Taxes other than income    | 2,084.2                        | 2,084.2                       | 0.0                                   | 0.0%  |
| State Corp. Franchise Tax  | 526.9                          | 805.2                         | 278.3                                 | 52.8% |
| Federal Income Tax         | 1,855.9                        | 2,781.6                       | 925.7                                 | 49.9% |
| Total operating exp.       | 35,832.8                       | 37,064.9                      | 1,232.0                               | 3.4%  |
| Net operating revenue      | 8,428.8                        | 10,372.5                      | 1,943.8                               | 23.1% |
| Rate base                  | 129,011.5                      | 129,011.5                     | 0.0                                   | 0.0%  |
| Return on rate base        | 6.53%                          | 8.04%                         | 1.51                                  | 23.1% |

TABLE 1-4

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SACRAMENTO DISTRICT

## SUMMARY OF EARNINGS

ESCALATION YEAR 2013

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 54,730.9        | 54,229.2           | (501.7)                         | -0.9%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 7,412.8         | 8,080.1            | 667.3                           | 9.0%   |
| Administrative & General   | 2,364.1         | 2,447.0            | 82.9                            | 3.5%   |
| Payroll                    | 3,155.6         | 3,314.0            | 158.4                           | 5.0%   |
| Acquisition Premium & RWE  | 1,551.8         | 1,551.8            | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 9,387.4         | 12,863.9           | 3,476.5                         | 37.0%  |
| Dep'n & Amortization       | 8,602.7         | 8,870.9            | 268.2                           | 3.1%   |
| Taxes other than income    | 2,217.6         | 2,336.8            | 119.2                           | 5.4%   |
| State Corp. Franchise Tax  | 1,303.2         | 747.9              | (555.4)                         | -42.6% |
| Federal Income Tax         | 4,614.5         | 2,577.6            | (2,036.9)                       | -44.1% |
| Total operating exp.       | 40,609.7        | 42,789.9           | 2,180.2                         | 5.4%   |
| Net operating revenue      | 14,121.2        | 11,439.2           | (2,681.9)                       | -19.0% |
| Rate base                  | 140,860.9       | 167,824.7          | 26,963.8                        | 19.1%  |
| Return on rate base        | 10.02%          | 6.82%              | (3.21)                          | -32.0% |

TABLE 1-5

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SACRAMENTO DISTRICT

## SUMMARY OF EARNINGS

ESCALATION YEAR 2013

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 58,103.1        | 57,876.9           | (226.2)                         | -0.4%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 7,428.9         | 8,104.0            | 675.1                           | 9.1%   |
| Administrative & General   | 2,364.1         | 2,447.0            | 82.9                            | 3.5%   |
| Payroll                    | 3,155.6         | 3,314.0            | 158.4                           | 5.0%   |
| Acquisition Premium & RWE  | 1,551.8         | 1,551.8            | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 9,387.4         | 12,863.9           | 3,476.5                         | 37.0%  |
| Dep'n & Amortization       | 8,602.7         | 8,870.9            | 268.2                           | 3.1%   |
| Taxes other than income    | 2,225.4         | 2,336.8            | 111.4                           | 5.0%   |
| State Corp. Franchise Tax  | 1,599.2         | 1,068.2            | (531.0)                         | -33.2% |
| Federal Income Tax         | 5,411.2         | 3,827.5            | (1,583.8)                       | -29.3% |
| Total operating exp.       | 41,726.3        | 44,384.0           | 2,657.8                         | 6.4%   |
| Net operating revenue      | 16,376.8        | 13,492.8           | (2,884.1)                       | -17.6% |
| Rate base                  | 140,860.9       | 167,824.7          | 26,963.8                        | 19.1%  |
| Return on rate base        | 11.63%          | 8.04%              | (3.59)                          | -30.8% |

TABLE 1-6

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SACRAMENTO DISTRICT

SUMMARY OF EARNINGS

ESCALATION YEAR 2013

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
| (Thousands of \$)          |                                |                               |                                       |        |
| Operating revenues         | 54,730.9                       | 50,162.8                      | (4,568.1)                             | -8.3%  |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 7,412.8                        | 7,382.9                       | (29.9)                                | -0.4%  |
| Administrative & General   | 2,364.1                        | 2,353.6                       | (10.5)                                | -0.4%  |
| Payroll                    | 3,155.6                        | 3,155.6                       | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 1,551.8                        | 1,551.8                       | 0.0                                   | 0.0%   |
| G.O. Prorated Expenses     | 9,387.4                        | 9,387.4                       | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 8,602.7                        | 8,602.7                       | 0.0                                   | 0.0%   |
| Taxes other than income    | 2,217.6                        | 2,217.6                       | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 1,303.2                        | 903.0                         | (400.3)                               | -30.7% |
| Federal Income Tax         | 4,614.5                        | 3,282.9                       | (1,331.5)                             | -28.9% |
| Total operating exp.       | 40,609.7                       | 38,837.5                      | (1,772.2)                             | -4.4%  |
| Net operating revenue      | 14,121.2                       | 11,325.2                      | (2,795.9)                             | -19.8% |
| Rate base                  | 140,860.9                      | 140,860.9                     | 0.0                                   | 0.0%   |
| Return on rate base        | 10.02%                         | 8.04%                         | (1.98)                                | -19.8% |

TABLE 1-1

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SAN DIEGO COUNTY DISTRICT

## SUMMARY OF EARNINGS

TEST YEAR 2012

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %       |
|----------------------------|-----------------|--------------------|---------------------------------|---------|
| (Thousands of \$)          |                 |                    |                                 |         |
| Operating revenues         | 20,180.6        | 19,309.7           | (870.9)                         | -4.3%   |
| <u>Operating expenses:</u> |                 |                    |                                 |         |
| Operation & Maintenance    | 11,970.4        | 11,678.4           | (292.0)                         | -2.4%   |
| Administrative & General   | 519.5           | 529.5              | 10.0                            | 1.9%    |
| Payroll                    | 1,089.2         | 1,195.7            | 106.5                           | 9.8%    |
| Acquisition Premium & RWE  | 458.9           | 458.9              | 0.0                             | 0.0%    |
| G. O. Prorated Exp.        | 3,313.3         | 4,517.1            | 1,203.8                         | 36.3%   |
| Dep'n & Amortization       | 720.4           | 980.0              | 259.6                           | 36.0%   |
| Taxes other than income    | 230.4           | 236.7              | 6.3                             | 2.7%    |
| State Corp. Franchise Tax  | 118.4           | (77.6)             | (196.0)                         | -165.6% |
| Federal Income Tax         | 490.7           | (342.1)            | (832.8)                         | -169.7% |
| Total operating exp.       | 18,911.2        | 19,176.6           | 265.3                           | 1.4%    |
| Net operating revenue      | 1,269.4         | 133.1              | (1,136.3)                       | -89.5%  |
| Rate base                  | 14,102.8        | 15,503.5           | 1,400.7                         | 9.9%    |
| Return on rate base        | 9.00%           | 0.86%              | (8.14)                          | -90.5%  |

TABLE 1-2

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SAN DIEGO COUNTY DISTRICT

## SUMMARY OF EARNINGS

TEST YEAR 2012

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate   | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-------------------|--------------------|---------------------------------|--------|
|                            | (Thousands of \$) |                    |                                 |        |
| Operating revenues         | 22,235.0          | 21,306.1           | (928.9)                         | -4.2%  |
| <u>Operating expenses:</u> |                   |                    |                                 |        |
| Operation & Maintenance    | 11,980.2          | 11,692.4           | (287.8)                         | -2.4%  |
| Administrative & General   | 519.5             | 529.5              | 10.0                            | 1.9%   |
| Payroll                    | 1,089.2           | 1,195.7            | 106.5                           | 9.8%   |
| Acquisition Premium & RWE  | 458.9             | 458.9              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 3,313.3           | 4,517.1            | 1,203.8                         | 36.3%  |
| Dep'n & Amortization       | 720.4             | 980.0              | 259.6                           | 36.0%  |
| Taxes other than income    | 230.4             | 236.7              | 6.3                             | 2.7%   |
| State Corp. Franchise Tax  | 299.1             | 97.6               | (201.5)                         | -67.4% |
| Federal Income Tax         | 1,149.5           | 351.8              | (797.7)                         | -69.4% |
| Total operating exp.       | 19,760.6          | 20,059.8           | 299.2                           | 1.5%   |
| Net operating revenue      | 2,474.4           | 1,246.4            | (1,228.0)                       | -49.6% |
| Rate base                  | 14,102.8          | 15,503.5           | 1,400.7                         | 9.9%   |
| Return on rate base        | 17.55%            | 8.04%              | (9.51)                          | -54.2% |

TABLE 1-3

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SAN DIEGO COUNTY DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 2012

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
|                            | (Thousands of \$)              |                               |                                       |        |
| Operating revenues         | 20,180.6                       | 19,950.4                      | (230.2)                               | -1.1%  |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 11,970.4                       | 11,968.9                      | (1.5)                                 | 0.0%   |
| Administrative & General   | 519.5                          | 519.5                         | 0.0                                   | 0.0%   |
| Payroll                    | 1,089.2                        | 1,089.2                       | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 458.9                          | 458.9                         | 0.0                                   | 0.0%   |
| G. O. Prorated Exp.        | 3,313.3                        | 3,313.3                       | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 720.4                          | 720.4                         | 0.0                                   | 0.0%   |
| Taxes other than income    | 230.4                          | 230.4                         | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 118.4                          | 98.2                          | (20.2)                                | -17.1% |
| Federal Income Tax         | 490.7                          | 417.7                         | (73.0)                                | -14.9% |
| Total operating exp.       | 18,911.2                       | 18,816.5                      | (94.7)                                | -0.5%  |
| Net operating revenue      | 1,269.4                        | 1,133.9                       | (135.5)                               | -10.7% |
| Rate base                  | 14,102.8                       | 14,102.8                      | 0.0                                   | 0.0%   |
| Return on rate base        | 9.00%                          | 8.04%                         | (0.96)                                | -10.7% |

TABLE 1-4

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SAN DIEGO COUNTY DISTRICT

## SUMMARY OF EARNINGS

ESCALATION YEAR 2013

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate   | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-------------------|--------------------|---------------------------------|--------|
|                            | (Thousands of \$) |                    |                                 |        |
| Operating revenues         | 22,248.5          | 21,315.2           | (933.3)                         | -4.2%  |
| <u>Operating expenses:</u> |                   |                    |                                 |        |
| Operation & Maintenance    | 11,988.8          | 12,047.2           | 58.3                            | 0.5%   |
| Administrative & General   | 535.9             | 546.0              | 10.1                            | 1.9%   |
| Payroll                    | 1,124.3           | 1,234.2            | 109.9                           | 9.8%   |
| Acquisition Premium & RWE  | 443.6             | 443.6              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 3,361.4           | 4,550.8            | 1,189.4                         | 35.4%  |
| Dep'n & Amortization       | 816.0             | 1,075.6            | 259.6                           | 31.8%  |
| Taxes other than income    | 276.8             | 288.4              | 11.6                            | 4.2%   |
| State Corp. Franchise Tax  | 271.8             | 38.0               | (233.8)                         | -86.0% |
| Federal Income Tax         | 1,034.9           | 116.7              | (918.3)                         | -88.7% |
| Total operating exp.       | 19,853.5          | 20,340.4           | 486.9                           | 2.5%   |
| Net operating revenue      | 2,395.0           | 974.4              | (1,420.5)                       | -59.3% |
| Rate base                  | 16,445.0          | 18,372.0           | 1,927.0                         | 11.7%  |
| Return on rate base        | 14.56%            | 5.30%              | (9.26)                          | -63.6% |

TABLE 1-5

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SAN DIEGO COUNTY DISTRICT

## SUMMARY OF EARNINGS

ESCALATION YEAR 2013

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA |        |
|----------------------------|-----------------|--------------------|-----------------------|--------|
|                            |                 |                    | Amount                | %      |
| (Thousands of \$)          |                 |                    |                       |        |
| Operating revenues         | 23,166.7        | 22,215.9           | (950.8)               | -4.1%  |
| <u>Operating expenses:</u> |                 |                    |                       |        |
| Operation & Maintenance    | 11,993.2        | 12,053.0           | 59.8                  | 0.5%   |
| Administrative & General   | 535.9           | 546.0              | 10.1                  | 1.9%   |
| Payroll                    | 1,124.3         | 1,234.2            | 109.9                 | 9.8%   |
| Acquisition Premium & RWE  | 443.6           | 443.6              | 0.0                   | 0.0%   |
| G. O. Prorated Exp.        | 3,361.4         | 4,550.8            | 1,189.4               | 35.4%  |
| Dep'n & Amortization       | 816.0           | 1,075.6            | 259.6                 | 31.8%  |
| Taxes other than income    | 276.8           | 288.4              | 11.6                  | 4.2%   |
| State Corp. Franchise Tax  | 352.5           | 117.1              | (235.4)               | -66.8% |
| Federal Income Tax         | 1,291.5         | 429.9              | (861.6)               | -66.7% |
| Total operating exp.       | 20,195.3        | 20,738.6           | 543.3                 | 2.7%   |
| Net operating revenue      | 2,971.4         | 1,477.0            | (1,494.4)             | -50.3% |
| Rate base                  | 16,445.0        | 18,372.0           | 1,927.0               | 11.7%  |
| Return on rate base        | 18.07%          | 8.04%              | (10.03)               | -55.5% |

TABLE 1-6

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
SAN DIEGO COUNTY DISTRICT

SUMMARY OF EARNINGS

ESCALATION YEAR 2013

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
| (Thousands of \$)          |                                |                               |                                       |        |
| Operating revenues         | 22,248.5                       | 20,426.1                      | (1,822.4)                             | -8.2%  |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 11,988.8                       | 11,976.9                      | (11.9)                                | -0.1%  |
| Administrative & General   | 535.9                          | 535.9                         | 0.0                                   | 0.0%   |
| Payroll                    | 1,124.3                        | 1,124.3                       | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 443.6                          | 443.6                         | 0.0                                   | 0.0%   |
| G.O. Prorated Expenses     | 3,361.4                        | 3,361.4                       | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 816.0                          | 816.0                         | 0.0                                   | 0.0%   |
| Taxes other than income    | 276.8                          | 276.8                         | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 271.8                          | 111.7                         | (160.0)                               | -58.9% |
| Federal Income Tax         | 1,034.9                        | 457.3                         | (577.7)                               | -55.8% |
| Total operating exp.       | 19,853.5                       | 19,103.9                      | (749.6)                               | -3.8%  |
| Net operating revenue      | 2,395.0                        | 1,322.2                       | (1,072.8)                             | -44.8% |
| Rate base                  | 16,445.0                       | 16,445.0                      | 0.0                                   | 0.0%   |
| Return on rate base        | 14.56%                         | 8.04%                         | (6.52)                                | -44.8% |

TABLE 1-1  
 ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 TORO SERVICE AREA

SUMMARY OF EARNINGS

TEST YEAR 2012

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate   | Cal Am<br>Estimate | Cal Am<br>exceeds DRA |        |
|----------------------------|-------------------|--------------------|-----------------------|--------|
|                            |                   |                    | Amount                | %      |
|                            | (Thousands of \$) |                    |                       |        |
| Operating revenues         | 418.5             | 418.5              | (0.0)                 | 0.0%   |
| <u>Operating expenses:</u> |                   |                    |                       |        |
| Operation & Maintenance    | 142.7             | 231.7              | 89.0                  | 62.3%  |
| Administrative & General   | 40.2              | 40.3               | 0.1                   | 0.1%   |
| Payroll                    | 59.7              | 61.6               | 1.9                   | 3.2%   |
| Acquisition Premium & RWE  | 0.0               | 0.0                | 0.0                   | 0.0%   |
| G. O. Prorated Exp.        | 61.9              | 14.6               | (47.3)                | -76.5% |
| Dep'n & Amortization       | 99.3              | 153.7              | 54.4                  | 54.8%  |
| Taxes other than income    | 37.7              | 39.2               | 1.5                   | 4.0%   |
| State Corp. Franchise Tax  | (2.8)             | (18.4)             | (15.6)                | 556.0% |
| Federal Income Tax         | (10.2)            | (67.3)             | (57.1)                | 561.1% |
| Total operating exp.       | 428.4             | 455.2              | 26.8                  | 6.3%   |
| Net operating revenue      | (9.9)             | (36.8)             | (26.8)                | 269.7% |
| Rate base                  | 233.6             | 2,278.7            | 2,045.1               | 875.4% |
| Return on rate base        | -4.26%            | -1.61%             | 2.64                  | -62.1% |

TABLE 1-2

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 TORO SERVICE AREA

## SUMMARY OF EARNINGS

TEST YEAR 2012

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA |        |
|----------------------------|-----------------|--------------------|-----------------------|--------|
|                            |                 |                    | Amount                | %      |
| (Thousands of \$)          |                 |                    |                       |        |
| Operating revenues         | 826.4           | 826.4              | 0.0                   | 0.0%   |
| <u>Operating expenses:</u> |                 |                    |                       |        |
| Operation & Maintenance    | 142.7           | 231.7              | 89.0                  | 62.3%  |
| Administrative & General   | 40.2            | 40.3               | 0.1                   | 0.1%   |
| Payroll                    | 59.7            | 61.6               | 1.9                   | 3.2%   |
| Acquisition Premium & RWE  | 0.0             | 0.0                | 0.0                   | 0.0%   |
| G. O. Prorated Exp.        | 61.9            | 14.6               | (47.3)                | -76.5% |
| Dep'n & Amortization       | 99.3            | 153.7              | 54.4                  | 54.8%  |
| Taxes other than income    | 45.8            | 47.3               | 1.5                   | 3.3%   |
| State Corp. Franchise Tax  | 32.5            | 17.7               | (14.9)                | -45.7% |
| Federal Income Tax         | 118.2           | 76.4               | (41.8)                | -35.3% |
| Total operating exp.       | 600.3           | 643.1              | 42.8                  | 7.1%   |
| Net operating revenue      | 226.1           | 183.3              | (42.8)                | -18.9% |
| Rate base                  | 233.6           | 2,278.7            | 2,045.1               | 875.4% |
| Return on rate base        | 96.79%          | 8.04%              | (88.74)               | -91.7% |

TABLE 1-3

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
TORO SERVICE AREA

SUMMARY OF EARNINGS

TEST YEAR 2012

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %       |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|---------|
| (Thousands of \$)          |                                |                               |                                       |         |
| Operating revenues         | 418.5                          | 468.0                         | 49.5                                  | 11.8%   |
| <u>Operating expenses:</u> |                                |                               |                                       |         |
| Operation & Maintenance    | 142.7                          | 142.7                         | 0.0                                   | 0.0%    |
| Administrative & General   | 40.2                           | 41.2                          | 1.0                                   | 2.5%    |
| Payroll                    | 59.7                           | 59.7                          | 0.0                                   | 0.0%    |
| Acquisition Premium & RWE  | 0.0                            | 0.0                           | 0.0                                   | 0.0%    |
| G. O. Prorated Exp.        | 61.9                           | 61.9                          | 0.0                                   | 0.0%    |
| Dep'n & Amortization       | 99.3                           | 99.3                          | 0.0                                   | 0.0%    |
| Taxes other than income    | 37.7                           | 37.7                          | 0.0                                   | 0.0%    |
| State Corp. Franchise Tax  | (2.8)                          | 1.5                           | 4.3                                   | -152.9% |
| Federal Income Tax         | (10.2)                         | 5.3                           | 15.5                                  | -151.9% |
| Total operating exp.       | 428.4                          | 449.2                         | 20.7                                  | 4.8%    |
| Net operating revenue      | (9.9)                          | 18.8                          | 28.7                                  | -288.9% |
| Rate base                  | 233.6                          | 233.6                         | 0.0                                   | 0.0%    |
| Return on rate base        | -4.26%                         | 8.04%                         | 12.30                                 | -288.9% |

TABLE 1-4  
 ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 TORO SERVICE AREA

SUMMARY OF EARNINGS

ESCALATION YEAR        2013

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %       |
|----------------------------|-----------------|--------------------|---------------------------------|---------|
| (Thousands of \$)          |                 |                    |                                 |         |
| Operating revenues         | 826.4           | 826.4              | 0.0                             | 0.0%    |
| <u>Operating expenses:</u> |                 |                    |                                 |         |
| Operation & Maintenance    | 146.1           | 235.8              | 89.7                            | 61.4%   |
| Administrative & General   | 41.5            | 41.5               | 0.0                             | 0.0%    |
| Payroll                    | 61.6            | 63.6               | 2.0                             | 3.2%    |
| Acquisition Premium & RWE  | 0.0             | 0.0                | 0.0                             | 0.0%    |
| G. O. Prorated Exp.        | 65.8            | 13.8               | (52.0)                          | -79.1%  |
| Dep'n & Amortization       | 102.2           | 167.7              | 65.5                            | 64.1%   |
| Taxes other than income    | 48.5            | 47.3               | (1.3)                           | -2.6%   |
| State Corp. Franchise Tax  | 31.1            | 13.8               | (17.3)                          | -55.6%  |
| Federal Income Tax         | 113.9           | 48.6               | (65.4)                          | -57.4%  |
| Total operating exp.       | 610.8           | 634.8              | 24.0                            | 3.9%    |
| Net operating revenue      | 215.6           | 191.7              | (23.9)                          | -11.1%  |
| Rate base                  | 229.2           | 2,671.0            | 2,441.8                         | 1065.4% |
| Return on rate base        | 94.07%          | 7.18%              | (86.89)                         | -92.4%  |

TABLE 1-5  
 ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 TORO SERVICE AREA

SUMMARY OF EARNINGS

ESCALATION YEAR      2013

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA |         |
|----------------------------|-----------------|--------------------|-----------------------|---------|
|                            |                 |                    | Amount                | %       |
| (Thousands of \$)          |                 |                    |                       |         |
| Operating revenues         | 871.4           | 871.4              | 0.0                   | 0.0%    |
| <u>Operating expenses:</u> |                 |                    |                       |         |
| Operation & Maintenance    | 146.1           | 235.8              | 89.7                  | 61.4%   |
| Administrative & General   | 41.5            | 41.5               | 0.0                   | 0.0%    |
| Payroll                    | 61.6            | 63.6               | 2.0                   | 3.2%    |
| Acquisition Premium & RWE  | 0.0             | 0.0                | 0.0                   | 0.0%    |
| G. O. Prorated Exp.        | 65.8            | 13.8               | (52.0)                | -79.1%  |
| Dep'n & Amortization       | 102.2           | 167.7              | 65.5                  | 64.1%   |
| Taxes other than income    | 49.4            | 47.3               | (2.2)                 | -4.4%   |
| State Corp. Franchise Tax  | 35.0            | 17.8               | (17.2)                | -49.1%  |
| Federal Income Tax         | 117.2           | 65.7               | (51.5)                | -43.9%  |
| Total operating exp.       | 618.9           | 656.8              | 38.0                  | 6.1%    |
| Net operating revenue      | 252.5           | 214.7              | (37.9)                | -15.0%  |
| Rate base                  | 229.2           | 2,671.0            | 2,441.8               | 1065.4% |
| Return on rate base        | 110.19%         | 8.04%              | (102.15)              | -92.7%  |

TABLE 1-6  
 ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 TORO SERVICE AREA

SUMMARY OF EARNINGS

ESCALATION YEAR                      2013

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
| (Thousands of \$)          |                                |                               |                                       |        |
| Operating revenues         | 826.4                          | 486.8                         | (339.6)                               | -41.1% |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 146.1                          | 146.1                         | 0.0                                   | 0.0%   |
| Administrative & General   | 41.5                           | 34.7                          | (6.8)                                 | -16.4% |
| Payroll                    | 61.6                           | 61.6                          | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 0.0                            | 0.0                           | 0.0                                   | 0.0%   |
| G.O. Prorated Expenses     | 65.8                           | 65.8                          | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 102.2                          | 102.2                         | 0.0                                   | 0.0%   |
| Taxes other than income    | 48.5                           | 48.5                          | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 31.1                           | 1.7                           | (29.4)                                | -94.5% |
| Federal Income Tax         | 113.9                          | 7.8                           | (106.2)                               | -93.2% |
| Total operating exp.       | 610.8                          | 468.4                         | (142.4)                               | -23.3% |
| Net operating revenue      | 215.6                          | 18.4                          | (197.2)                               | -91.5% |
| Rate base                  | 229.2                          | 229.2                         | 0.0                                   | 0.0%   |
| Return on rate base        | 94.07%                         | 8.04%                         | (86.03)                               | -91.5% |

TABLE 1-1

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
VENTURA DISTRICT

## SUMMARY OF EARNINGS

TEST YEAR 2012

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 32,466.5        | 30,747.4           | (1,719.1)                       | -5.3%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 20,156.1        | 19,222.8           | (933.3)                         | -4.6%  |
| Administrative & General   | 829.3           | 867.6              | 38.3                            | 4.6%   |
| Payroll                    | 1,073.9         | 1,098.0            | 24.1                            | 2.2%   |
| Acquisition Premium & RWE  | 457.8           | 457.8              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 3,305.0         | 4,435.9            | 1,130.9                         | 34.2%  |
| Dep'n & Amortization       | 1,635.8         | 1,912.1            | 276.3                           | 16.9%  |
| Taxes other than income    | 432.1           | 446.6              | 14.5                            | 3.4%   |
| State Corp. Franchise Tax  | 295.6           | 78.4               | (217.2)                         | -73.5% |
| Federal Income Tax         | 1,163.3         | 233.1              | (930.3)                         | -80.0% |
| Total operating exp.       | 29,348.9        | 28,752.3           | (596.6)                         | -2.0%  |
| Net operating revenue      | 3,117.6         | 1,995.2            | (1,122.4)                       | -36.0% |
| Rate base                  | 32,438.6        | 37,445.5           | 5,007.0                         | 15.4%  |
| Return on rate base        | 9.61%           | 5.33%              | (4.28)                          | -44.6% |

TABLE 1-2  
 ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 VENTURA DISTRICT

SUMMARY OF EARNINGS

TEST YEAR        2012

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate   | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-------------------|--------------------|---------------------------------|--------|
|                            | (Thousands of \$) |                    |                                 |        |
| Operating revenues         | 34,411.0          | 32,568.9           | (1,842.1)                       | -5.4%  |
| <u>Operating expenses:</u> |                   |                    |                                 |        |
| Operation & Maintenance    | 20,165.3          | 19,236.1           | (929.2)                         | -4.6%  |
| Administrative & General   | 829.3             | 867.6              | 38.3                            | 4.6%   |
| Payroll                    | 1,073.9           | 1,098.0            | 24.1                            | 2.2%   |
| Acquisition Premium & RWE  | 457.8             | 457.8              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 3,305.0           | 4,435.9            | 1,130.9                         | 34.2%  |
| Dep'n & Amortization       | 1,635.8           | 1,912.1            | 276.3                           | 16.9%  |
| Taxes other than income    | 432.1             | 446.6              | 14.5                            | 3.4%   |
| State Corp. Franchise Tax  | 466.7             | 238.3              | (228.4)                         | -48.9% |
| Federal Income Tax         | 1,770.3           | 866.0              | (904.4)                         | -51.1% |
| Total operating exp.       | 30,136.3          | 29,558.3           | (577.9)                         | -1.9%  |
| Net operating revenue      | 4,274.7           | 3,010.6            | (1,264.2)                       | -29.6% |
| Rate base                  | 32,438.6          | 37,445.5           | 5,007.0                         | 15.4%  |
| Return on rate base        | 13.18%            | 8.04%              | (5.14)                          | -39.0% |

TABLE 1-3

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
VENTURA DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 2012

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
| (Thousands of \$)          |                                |                               |                                       |        |
| Operating revenues         | 32,466.5                       | 31,600.9                      | (865.6)                               | -2.7%  |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 20,156.1                       | 20,150.4                      | (5.7)                                 | 0.0%   |
| Administrative & General   | 829.3                          | 829.3                         | 0.0                                   | 0.0%   |
| Payroll                    | 1,073.9                        | 1,073.9                       | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 457.8                          | 457.8                         | 0.0                                   | 0.0%   |
| G. O. Prorated Exp.        | 3,305.0                        | 3,305.0                       | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 1,635.8                        | 1,635.8                       | 0.0                                   | 0.0%   |
| Taxes other than income    | 432.1                          | 432.1                         | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 295.6                          | 219.6                         | (76.0)                                | -25.7% |
| Federal Income Tax         | 1,163.3                        | 888.9                         | (274.4)                               | -23.6% |
| Total operating exp.       | 29,348.9                       | 28,992.9                      | (356.0)                               | -1.2%  |
| Net operating revenue      | 3,117.6                        | 2,608.1                       | (509.5)                               | -16.3% |
| Rate base                  | 32,438.6                       | 32,438.6                      | 0.0                                   | 0.0%   |
| Return on rate base        | 9.61%                          | 8.04%                         | (1.57)                                | -16.3% |

TABLE 1-4  
 ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 VENTURA DISTRICT

SUMMARY OF EARNINGS

ESCALATION YEAR            2013

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 34,503.2        | 32,720.0           | (1,783.2)                       | -5.2%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 20,224.0        | 19,800.5           | (423.5)                         | -2.1%  |
| Administrative & General   | 854.3           | 894.3              | 40.0                            | 4.7%   |
| Payroll                    | 1,107.4         | 1,132.3            | 24.9                            | 2.2%   |
| Acquisition Premium & RWE  | 442.5           | 442.5              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 3,352.9         | 4,480.5            | 1,127.6                         | 33.6%  |
| Dep'n & Amortization       | 1,783.9         | 2,060.2            | 276.3                           | 15.5%  |
| Taxes other than income    | 489.3           | 529.2              | 39.9                            | 8.2%   |
| State Corp. Franchise Tax  | 431.6           | 139.4              | (292.2)                         | -67.7% |
| Federal Income Tax         | 1,605.6         | 468.9              | (1,136.7)                       | -70.8% |
| Total operating exp.       | 30,291.5        | 29,947.8           | (343.7)                         | -1.1%  |
| Net operating revenue      | 4,211.7         | 2,771.8            | (1,440.0)                       | -34.2% |
| Rate base                  | 36,014.1        | 47,656.9           | 11,642.8                        | 32.3%  |
| Return on rate base        | 11.69%          | 5.82%              | (5.88)                          | -50.3% |

TABLE 1-5

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
VENTURA DISTRICT

## SUMMARY OF EARNINGS

ESCALATION YEAR 2013

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate   | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-------------------|--------------------|---------------------------------|--------|
|                            | (Thousands of \$) |                    |                                 |        |
| Operating revenues         | 36,556.3          | 34,619.4           | (1,936.9)                       | -5.3%  |
| <u>Operating expenses:</u> |                   |                    |                                 |        |
| Operation & Maintenance    | 20,233.7          | 19,813.3           | (420.4)                         | -2.1%  |
| Administrative & General   | 854.3             | 894.3              | 40.0                            | 4.7%   |
| Payroll                    | 1,107.4           | 1,132.3            | 24.9                            | 2.2%   |
| Acquisition Premium & RWE  | 442.5             | 442.5              | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 3,352.9           | 4,480.5            | 1,127.6                         | 33.6%  |
| Dep'n & Amortization       | 1,783.9           | 2,060.2            | 276.3                           | 15.5%  |
| Taxes other than income    | 489.3             | 529.2              | 39.9                            | 8.2%   |
| State Corp. Franchise Tax  | 611.4             | 306.2              | (305.1)                         | -49.9% |
| Federal Income Tax         | 2,257.5           | 1,129.3            | (1,128.1)                       | -50.0% |
| Total operating exp.       | 31,132.9          | 30,787.9           | (345.0)                         | -1.1%  |
| Net operating revenue      | 5,423.4           | 3,831.5            | (1,591.9)                       | -29.4% |
| Rate base                  | 36,014.1          | 47,656.9           | 11,642.8                        | 32.3%  |
| Return on rate base        | 15.06%            | 8.04%              | (7.02)                          | -46.6% |

TABLE 1-6

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
VENTURA DISTRICT

SUMMARY OF EARNINGS

ESCALATION YEAR 2013

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
| (Thousands of \$)          |                                |                               |                                       |        |
| Operating revenues         | 34,503.2                       | 32,267.3                      | (2,235.9)                             | -6.5%  |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 20,224.0                       | 20,209.3                      | (14.7)                                | -0.1%  |
| Administrative & General   | 854.3                          | 854.3                         | 0.0                                   | 0.0%   |
| Payroll                    | 1,107.4                        | 1,107.4                       | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 442.5                          | 442.5                         | 0.0                                   | 0.0%   |
| G.O. Prorated Expenses     | 3,352.9                        | 3,352.9                       | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 1,783.9                        | 1,783.9                       | 0.0                                   | 0.0%   |
| Taxes other than income    | 489.3                          | 489.3                         | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 431.6                          | 235.2                         | (196.4)                               | -45.5% |
| Federal Income Tax         | 1,605.6                        | 896.9                         | (708.7)                               | -44.1% |
| Total operating exp.       | 30,291.5                       | 29,371.8                      | (919.7)                               | -3.0%  |
| Net operating revenue      | 4,211.7                        | 2,895.5                       | (1,316.2)                             | -31.3% |
| Rate base                  | 36,014.1                       | 36,014.1                      | 0.0                                   | 0.0%   |
| Return on rate base        | 11.69%                         | 8.04%                         | (3.65)                                | -31.3% |

TABLE 1-1

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
MONTEREY WASTEWATER DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 2012

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate   | Cal Am<br>Estimate | Cal Am<br>exceeds DRA |         |
|----------------------------|-------------------|--------------------|-----------------------|---------|
|                            |                   |                    | Amount                | %       |
|                            | (Thousands of \$) |                    |                       |         |
| Operating revenues         | 3,166.6           | 3,166.6            | (0.0)                 | 0.0%    |
| <u>Operating expenses:</u> |                   |                    |                       |         |
| Operation & Maintenance    | 739.9             | 904.4              | 164.5                 | 22.2%   |
| Administrative & General   | 455.5             | 501.6              | 46.1                  | 10.1%   |
| Payroll                    | 920.5             | 935.9              | 15.4                  | 1.7%    |
| Acquisition Premium & RWE  | 0.0               | 0.0                | 0.0                   | 0.0%    |
| G. O. Prorated Exp.        | 420.0             | 904.1              | 484.1                 | 115.3%  |
| Dep'n & Amortization       | 133.3             | 155.0              | 21.7                  | 16.3%   |
| Taxes other than income    | 88.0              | 93.3               | 5.3                   | 6.0%    |
| State Corp. Franchise Tax  | 32.0              | (33.9)             | (65.9)                | -206.2% |
| Federal Income Tax         | 126.5             | (125.7)            | (252.2)               | -199.4% |
| Total operating exp.       | 2,915.7           | 3,334.6            | 419.0                 | 14.4%   |
| Net operating revenue      | 250.9             | (168.1)            | (419.0)               | -167.0% |
| Rate base                  | 1,275.2           | 1,499.0            | 223.8                 | 17.6%   |
| Return on rate base        | 19.68%            | -11.21%            | (30.89)               | -157.0% |

TABLE 1-2  
 ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 MONTEREY WASTEWATER DISTRICT

SUMMARY OF EARNINGS

TEST YEAR        2012

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 3,699.3         | 3,678.3            | (21.0)                          | -0.6%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 742.4           | 904.3              | 161.9                           | 21.8%  |
| Administrative & General   | 455.5           | 501.6              | 46.1                            | 10.1%  |
| Payroll                    | 920.5           | 935.9              | 15.4                            | 1.7%   |
| Acquisition Premium & RWE  | 0.0             | 0.0                | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 420.0           | 904.1              | 484.1                           | 115.3% |
| Dep'n & Amortization       | 133.3           | 155.0              | 21.7                            | 16.3%  |
| Taxes other than income    | 90.4            | 93.3               | 2.9                             | 3.2%   |
| State Corp. Franchise Tax  | 78.6            | 11.3               | (67.3)                          | -85.6% |
| Federal Income Tax         | 311.2           | 52.3               | (259.0)                         | -83.2% |
| Total operating exp.       | 3,152.0         | 3,557.7            | 405.8                           | 12.9%  |
| Net operating revenue      | 547.3           | 120.4              | (426.9)                         | -78.0% |
| Rate base                  | 1,275.2         | 1,499.0            | 223.8                           | 17.6%  |
| Return on rate base        | 42.92%          | 8.04%              | (34.89)                         | -81.3% |

TABLE 1-3

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 MONTEREY WASTEWATER DISTRICT

SUMMARY OF EARNINGS

TEST YEAR 2012

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
| (Thousands of \$)          |                                |                               |                                       |        |
| Operating revenues         | 3,166.6                        | 2,913.3                       | (253.3)                               | -8.0%  |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 739.9                          | 738.2                         | (1.7)                                 | -0.2%  |
| Administrative & General   | 455.5                          | 454.4                         | (1.1)                                 | -0.2%  |
| Payroll                    | 920.5                          | 920.5                         | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 0.0                            | 0.0                           | 0.0                                   | 0.0%   |
| G. O. Prorated Exp.        | 420.0                          | 420.0                         | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 133.3                          | 133.3                         | 0.0                                   | 0.0%   |
| Taxes other than income    | 88.0                           | 88.0                          | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 32.0                           | 9.8                           | (22.1)                                | -69.3% |
| Federal Income Tax         | 126.5                          | 46.6                          | (79.9)                                | -63.2% |
| Total operating exp.       | 2,915.7                        | 2,810.8                       | (104.9)                               | -3.6%  |
| Net operating revenue      | 250.9                          | 102.5                         | (148.4)                               | -59.1% |
| Rate base                  | 1,275.2                        | 1,275.2                       | 0.0                                   | 0.0%   |
| Return on rate base        | 19.68%                         | 8.04%                         | (11.64)                               | -59.1% |

TABLE 1-4

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 MONTEREY WASTEWATER DISTRICT

SUMMARY OF EARNINGS

ESCALATION YEAR 2013

(AT PRESENT RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 3,699.3         | 3,699.2            | (0.1)                           | 0.0%   |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 764.7           | 931.8              | 167.1                           | 21.9%  |
| Administrative & General   | 469.5           | 517.0              | 47.5                            | 10.1%  |
| Payroll                    | 949.1           | 965.0              | 15.9                            | 1.7%   |
| Acquisition Premium & RWE  | 0.0             | 0.0                | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 426.1           | 877.8              | 451.7                           | 106.0% |
| Dep'n & Amortization       | 138.8           | 185.0              | 46.2                            | 33.3%  |
| Taxes other than income    | 92.6            | 95.2               | 2.6                             | 2.8%   |
| State Corp. Franchise Tax  | 71.4            | 5.2                | (66.2)                          | -92.7% |
| Federal Income Tax         | 271.6           | 16.2               | (255.3)                         | -94.0% |
| Total operating exp.       | 3,183.8         | 3,593.2            | 409.4                           | 12.9%  |
| Net operating revenue      | 515.5           | 106.0              | (409.5)                         | -79.4% |
| Rate base                  | 1,346.2         | 1,819.3            | 473.2                           | 35.1%  |
| Return on rate base        | 38.29%          | 5.83%              | (32.47)                         | -84.8% |

TABLE 1-5

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
MONTEREY WASTEWATER DISTRICT

SUMMARY OF EARNINGS

ESCALATION YEAR            2013

(AT UTILITY PROPOSED RATES)

| Item                       | DRA<br>Estimate | Cal Am<br>Estimate | Cal Am<br>exceeds DRA<br>Amount | %      |
|----------------------------|-----------------|--------------------|---------------------------------|--------|
| (Thousands of \$)          |                 |                    |                                 |        |
| Operating revenues         | 3,797.2         | 3,770.1            | (27.1)                          | -0.7%  |
| <u>Operating expenses:</u> |                 |                    |                                 |        |
| Operation & Maintenance    | 765.2           | 932.1              | 166.9                           | 21.8%  |
| Administrative & General   | 469.5           | 517.0              | 47.5                            | 10.1%  |
| Payroll                    | 949.1           | 965.0              | 15.9                            | 1.7%   |
| Acquisition Premium & RWE  | 0.0             | 0.0                | 0.0                             | 0.0%   |
| G. O. Prorated Exp.        | 426.1           | 877.8              | 451.7                           | 106.0% |
| Dep'n & Amortization       | 138.8           | 185.0              | 46.2                            | 33.3%  |
| Taxes other than income    | 93.1            | 95.2               | 2.1                             | 2.3%   |
| State Corp. Franchise Tax  | 80.0            | 11.4               | (68.5)                          | -85.7% |
| Federal Income Tax         | 289.2           | 40.2               | (249.0)                         | -86.1% |
| Total operating exp.       | 3,210.9         | 3,623.8            | 412.8                           | 12.9%  |
| Net operating revenue      | 586.3           | 146.3              | (439.9)                         | -75.0% |
| Rate base                  | 1,346.2         | 1,819.3            | 473.2                           | 35.1%  |
| Return on rate base        | 43.55%          | 8.04%              | (35.51)                         | -81.5% |

TABLE 1-6

ERRATA to CALIFORNIA AMERICAN WATER COMPANY as of March 14, 2011  
 MONTEREY WASTEWATER DISTRICT

SUMMARY OF EARNINGS

ESCALATION YEAR 2013

(DRA ESTIMATES)

| Item                       | DRA Est.<br>@ Present<br>Rates | @ Rates<br>Proposed by<br>DRA | Proposed<br>Exceeds Present<br>Amount | %      |
|----------------------------|--------------------------------|-------------------------------|---------------------------------------|--------|
| (Thousands of \$)          |                                |                               |                                       |        |
| Operating revenues         | 3,699.3                        | 3,004.4                       | (694.9)                               | -18.8% |
| <u>Operating expenses:</u> |                                |                               |                                       |        |
| Operation & Maintenance    | 764.7                          | 760.1                         | (4.6)                                 | -0.6%  |
| Administrative & General   | 469.5                          | 466.4                         | (3.1)                                 | -0.7%  |
| Payroll                    | 949.1                          | 949.1                         | 0.0                                   | 0.0%   |
| Acquisition Premium & RWE  | 0.0                            | 0.0                           | 0.0                                   | 0.0%   |
| G.O. Prorated Expenses     | 426.1                          | 426.1                         | 0.0                                   | 0.0%   |
| Dep'n & Amortization       | 138.8                          | 138.8                         | 0.0                                   | 0.0%   |
| Taxes other than income    | 92.6                           | 92.6                          | 0.0                                   | 0.0%   |
| State Corp. Franchise Tax  | 71.4                           | 10.7                          | (60.8)                                | -85.1% |
| Federal Income Tax         | 271.6                          | 52.3                          | (219.3)                               | -80.8% |
| Total operating exp.       | 3,183.8                        | 2,896.1                       | (287.7)                               | -9.0%  |
| Net operating revenue      | 515.5                          | 108.2                         | (407.2)                               | -79.0% |
| Rate base                  | 1,346.2                        | 1,346.2                       | 0.0                                   | 0.0%   |
| Return on rate base        | 38.29%                         | 8.04%                         | (30.25)                               | -79.0% |