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

In the Matter of the Application of
California-American Water Company (U
210 W) for a Certificate of Public
Convenience and Necessity to Construct
and Operate its Monterey Water Supply
Project to Resolve the Long-Term Water
Supply Deficit in its Monterey District and
to Recover All Present and Future Costs in
Connection Therewith in Rates

Application No. 12-04-019
(Filed April 23, 2012)

SUPPLEMENTAL TESTIMONY OF JEFFREY T. LINAM

ERRATA

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Originally Served: January 11, 2013
Revised Served: February 15, 2013

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California-American Water Company (“California American Water”) has updated Attachment 2 to the Supplemental Testimony of Jeffrey T. Linam, originally served on January 11, 2013, for the following reasons. First, there was a change to the take-out of short-term debt. Previously the short-term debt was replaced with California American Water debt and equity when the plant went into service in all scenarios. Now, when state revolving funds (“SRF”) financing is included, the short-term debt is replaced with California American Water equity and SRF debt. This results in a lower rate base and revenue requirement. Second, all net impacts of allowances for funds used during construction (“AFUDC”) are included in the utility plant line. Previously negative AFUDC was included for Surcharge 2 and SRF funds. This change has no net impact on rate base. Third, the amounts shown for project annual capital expenditures for 2017 and 2018 incorrectly referenced the 2018 and 2019 amounts in the model, respectively. California American Water has corrected this issue and the model now shows the correct amount for each year. In summary, the three adjustments improve the financial accuracy of the model but have no impact on rate base or revenue requirement calculations.

Attachment 2

Monterey Peninsula Water Supply Project

9.6 MGD Plant, 53% Equity / 47% CAW Debt / 0% SRF Debt

\$ Millions

	2012	2013	2014	2015	2016	2017	2018		
Income Statement									
Revenue from Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14	0.00		
Revenue From Project	0.00	0.00	0.00	0.00	0.00	5.68	34.20		
Total Revenue	0.00	0.00	12.88	29.17	32.78	33.82	34.20		
Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.72	10.50		
Avoided Costs	0.00	0.00	0.00	0.00	0.00	(0.39)	(2.35)		
Purchased Water	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Uncollectibles	0.00	0.00	0.00	0.00	0.00	0.02	0.09		
Ad Valorem Taxes	0.00	0.00	0.11	0.20	0.63	1.72	1.86		
Depreciation & Amortization	0.00	0.00	0.00	0.00	0.01	0.47	4.65		
Surcharge 2 Expense	0.00	0.00	12.88	29.17	32.78	28.14	0.00		
Total Expenses	0.00	0.00	12.99	29.38	33.43	31.68	14.75		
AFUDC	0.00	0.00	0.10	0.30	4.37	12.78	0.00		
EBITDA	0.00	(0.00)	(0.01)	0.10	3.72	14.92	19.45		
Interest	0.00	0.00	0.11	0.20	1.03	3.22	3.24		
Taxes	0.00	(0.00)	(0.05)	(0.04)	1.10	4.77	4.76		
Net Income	0.00	(0.00)	(0.07)	(0.06)	1.59	6.93	6.92		
Rate Base	0.00	0.00	0.00	0.00	0.00	179.54	174.54		
Return	0.0%	0.0%	0.0%	0.0%	0.0%	3.9%	5.4%		
Tax Calculation									
Revenues	0.00	0.00	12.88	29.17	32.78	33.82	34.20		
Expenses	0.00	(0.00)	(13.10)	(29.58)	(34.46)	(34.90)	(18.43)		
AFUDC	0.00	0.00	0.10	0.30	4.37	12.78	0.00		
Taxable Income	0.00	(0.00)	(0.12)	(0.10)	2.69	11.68	15.78		
Taxes	0.00	(0.00)	(0.05)	(0.04)	1.10	4.77	4.76		
Net Income	0.00	(0.00)	(0.07)	(0.06)	1.59	6.93	6.92		
Rate Base Calculation									
Projected Annual Expenditures	0.00	(0.20)	(32.59)	(20.18)	(137.08)	0.00	(81.25)	(81.25)	(0.31)
Amount for Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14	0.00		
AFUDC Amount	0.00	(0.00)	(0.10)	(0.26)	(2.97)	(8.59)	0.00		
Total Annual Cost	0.00	(0.20)	(19.81)	8.74	(107.27)	19.55	(61.70)	(81.25)	(0.31)
Ending Balance in memo account	0.00	(0.20)	(20.02)	(11.28)	(118.55)	0.00	1.00	0.00	
Plant in Service	0.00	0.00	0.00	0.00	0.00	294.49	283.22	292.10	283.84
Surcharge 2 Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	(111.24)	(102.97)	(111.24)	(102.97)
SRF Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	0.00		0.00	
Depreciation Reserve	0.00	0.00	0.00	0.00	0.00	(0.61)		(7.90)	
Depreciation Reserve - Surcharge 2 Funded	0.00	0.00	0.00	0.00	0.00	0.23		3.01	
Depreciation Reserve - SRF Funded	0.00	0.00	0.00	0.00	0.00	0.00		0.00	
Deferred Taxes	0.00	0.00	0.00	0.00	0.00	(0.34)		(1.44)	
Rate Base	0.00	0.00	0.00	0.00	0.00	179.54		174.54	
Plant Operating Expenses									
Labor	0.00	0.00	0.00	0.00	0.00	0.57		3.42	
Fuel & Power	0.00	0.00	0.00	0.00	0.00	0.93		5.60	
Chemicals	0.00	0.00	0.00	0.00	0.00	0.15		0.91	
Repairs & Maintenance	0.00	0.00	0.00	0.00	0.00	0.08		0.58	
Total Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.72		10.50	

Monterey Peninsula Water Supply Project

9.6 MGD Plant, 53% Equity / 0% CAW Debt / 47% SRF Debt

\$ Millions

	2012	2013	2014	2015	2016	2017	2018		
Income Statement									
Revenue from Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14		0.00	
Revenue From Project	0.00	0.00	0.00	0.00	0.00	5.42	5.21	32.64	31.33
Total Revenue	0.00	0.00	12.88	29.17	32.78	33.56	33.35	32.64	31.33
Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.72		10.50	
Avoided Costs	0.00	0.00	0.00	0.00	0.00	(0.39)		(2.35)	
Purchased Water	0.00	0.00	0.00	0.00	0.00	0.00		0.00	
Uncollectibles	0.00	0.00	0.00	0.00	0.00	0.01		0.00	0.08
Ad Valorem Taxes	0.00	0.00	0.11	0.20	0.63	4.57	1.55	4.00	0.90
Depreciation & Amortization	0.00	0.00	0.00	0.00	0.01	0.47		4.62	
Surcharge 2 Expense	0.00	0.00	12.88	29.17	32.78	28.14		0.00	
Total Expenses	0.00	0.00	12.99	29.38	33.43	34.52	31.51	43.84	13.74
AFUDC	0.00	0.00	0.10	0.29	4.03	11.74		0.00	
EBITDA	0.00	(0.00)	(0.01)	0.09	3.39	43.78	13.58	48.80	17.59
Interest	0.00	0.00	0.11	0.19	0.68	4.96	1.94	2.30	2.13
Taxes	0.00	(0.00)	(0.05)	(0.04)	1.10	4.82	4.74	6.72	6.30
Net Income	0.00	(0.00)	(0.07)	(0.06)	1.61	7.00	6.90	9.77	9.16
Rate Base	0.00	0.00	0.00	0.00	0.00	95.72	86.33	92.83	83.68
Return	0.0%	0.0%	0.0%	0.0%	0.0%	7.3%	8.0%	10.5%	
Tax Calculation									
Revenues	0.00	0.00	12.88	29.17	32.78	33.56	33.35	32.64	31.33
Expenses	0.00	(0.00)	(13.10)	(29.57)	(34.11)	(33.48)	(33.44)	(46.14)	(15.88)
AFUDC	0.00	0.00	0.10	0.29	4.03	11.74		0.00	
Taxable Income	0.00	(0.00)	(0.12)	(0.10)	2.71	44.82	11.64	46.50	15.46
Taxes	0.00	(0.00)	(0.05)	(0.04)	1.10	4.82	4.74	6.72	6.30
Net Income	0.00	(0.00)	(0.07)	(0.06)	1.61	7.00	6.90	9.77	9.16
Rate Base Calculation									
Projected Annual Expenditures	0.00	(0.20)	(32.59)	(20.18)	(137.08)	0.00	(81.25)	(81.25)	(0.31)
Amount for Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14		0.00	
AFUDC Amount	0.00	(0.00)	(0.10)	(0.25)	(2.64)	(7.57)		0.00	
Total Annual Cost	0.00	(0.20)	(19.81)	8.75	(106.94)	20.57	(60.69)	(81.25)	(0.31)
Ending Balance in memo account	0.00	(0.20)	(20.02)	(11.27)	(118.21)	0.00		4.00	0.00
Plant in Service	0.00	0.00	0.00	0.00	0.00	289.22	276.29	289.83	276.91
Surcharge 2 Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	(440.32)	(102.97)	(440.32)	(102.97)
SRF Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	(82.82)	(86.67)	(82.82)	(86.67)
Depreciation Reserve	0.00	0.00	0.00	0.00	0.00	(0.60)		(7.84)	
Depreciation Reserve - Surcharge 2 Funded	0.00	0.00	0.00	0.00	0.00	0.23		2.99	
Depreciation Reserve - SRF Funded	0.00	0.00	0.00	0.00	0.00	9.35	0.38	2.42	2.69
Deferred Taxes	0.00	0.00	0.00	0.00	0.00	(0.33)		(1.43)	
Rate Base	0.00	0.00	0.00	0.00	0.00	95.72	86.33	92.83	83.68
Plant Operating Expenses									
Labor	0.00	0.00	0.00	0.00	0.00	0.57		3.42	
Fuel & Power	0.00	0.00	0.00	0.00	0.00	0.93		5.60	
Chemicals	0.00	0.00	0.00	0.00	0.00	0.15		0.91	
Repairs & Maintenance	0.00	0.00	0.00	0.00	0.00	0.08		0.58	
Total Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.72		10.50	

Monterey Peninsula Water Supply Project

6.4 MGD Plant, 53% Equity / 47% CAW Debt / 0% SRF Debt

\$ Millions

	2012	2013	2014	2015	2016	2017	2018		
Income Statement									
Revenue from Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14	0.00		
Revenue From Project	0.00	0.00	0.00	0.00	0.00	5.46	32.87		
Total Revenue	0.00	0.00	12.88	29.17	32.78	33.60	32.87		
Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.42	8.65		
Avoided Costs	0.00	0.00	0.00	0.00	0.00	(0.39)	(2.35)		
Purchased Water	0.00	0.00	0.00	0.00	0.00	1.46	8.80		
Uncollectibles	0.00	0.00	0.00	0.00	0.00	0.01	0.09		
Ad Valorem Taxes	0.00	0.00	0.11	0.19	0.45	1.19	1.27		
Depreciation & Amortization	0.00	0.00	0.00	0.00	0.01	0.32	3.16		
Surcharge 2 Expense	0.00	0.00	12.88	29.17	32.78	28.14	0.00		
Total Expenses	0.00	0.00	12.99	29.36	33.24	32.15	19.61		
AFUDC	0.00	0.00	0.10	0.23	2.66	8.38	0.00		
EBITDA	0.00	(0.00)	(0.01)	0.04	2.20	9.83	13.25		
Interest	0.00	0.00	0.11	0.18	0.68	2.17	2.19		
Taxes	0.00	(0.00)	(0.05)	(0.06)	0.62	3.12	3.11		
Net Income	0.00	(0.00)	(0.07)	(0.08)	0.90	4.54	4.53		
Rate Base	0.00	0.00	0.00	0.00	0.00	122.33	118.99		
Return	0.0%	0.0%	0.0%	0.0%	0.0%	3.7%	5.4%		
Tax Calculation									
Revenues	0.00	0.00	12.88	29.17	32.78	33.60	32.87		
Expenses	0.00	(0.00)	(13.09)	(29.55)	(33.92)	(34.32)	(34.33)		
AFUDC	0.00	0.00	0.10	0.23	2.66	8.38	0.00		
Taxable Income	0.00	(0.00)	(0.12)	(0.14)	1.52	7.66	7.64		
Taxes	0.00	(0.00)	(0.05)	(0.06)	0.62	3.12	3.11		
Net Income	0.00	(0.00)	(0.07)	(0.08)	0.90	4.54	4.53		
Rate Base Calculation									
Projected Annual Expenditures	0.00	(0.20)	(31.75)	(19.48)	(104.58)	0.00	(61.99)	(61.99)	(0.24)
Amount for Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14	0.00		
AFUDC Amount	0.00	(0.00)	(0.10)	(0.21)	(1.83)	(5.65)	0.00		
Total Annual Cost	0.00	(0.20)	(18.97)	9.49	(73.63)	22.49	(39.50)	(61.99)	(0.24)
Ending Balance in memo account	0.00	(0.20)	(19.17)	(9.69)	(83.32)	0.00	4.00	0.00	
Plant in Service	0.00	0.00	0.00	0.00	0.00	233.28	225.79	233.76	226.27
Surcharge 2 Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	(110.46)	(102.97)	(110.46)	(102.97)
SRF Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Depreciation Reserve	0.00	0.00	0.00	0.00	0.00	(0.49)		(6.32)	
Depreciation Reserve - Surcharge 2 Funded	0.00	0.00	0.00	0.00	0.00	0.23		2.99	
Depreciation Reserve - SRF Funded	0.00	0.00	0.00	0.00	0.00	0.00		0.00	
Deferred Taxes	0.00	0.00	0.00	0.00	0.00	(0.23)		(0.98)	
Rate Base	0.00	0.00	0.00	0.00	0.00	122.33	118.99		
Plant Operating Expenses									
Labor	0.00	0.00	0.00	0.00	0.00	0.50	3.02		
Fuel & Power	0.00	0.00	0.00	0.00	0.00	0.73	4.42		
Chemicals	0.00	0.00	0.00	0.00	0.00	0.12	0.74		
Repairs & Maintenance	0.00	0.00	0.00	0.00	0.00	0.06	0.47		
Total Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.42	8.65		

Monterey Peninsula Water Supply Project

6.4 MGD Plant, 53% Equity / 0% CAW Debt / 47% SRF Debt

\$ Millions

	2012	2013	2014	2015	2016	2017	2018		
Income Statement									
Revenue from Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14		0.00	
Revenue From Project	0.00	0.00	0.00	0.00	0.00	5.37	5.15	32.30	30.99
Total Revenue	0.00	0.00	12.88	29.17	32.78	33.50	33.29	32.30	30.99
Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.42		8.65	
Avoided Costs	0.00	0.00	0.00	0.00	0.00	(0.39)		(2.35)	
Purchased Water	0.00	0.00	0.00	0.00	0.00	1.46		8.80	
Uncollectibles	0.00	0.00	0.00	0.00	0.00	0.01		0.09	0.08
Ad Valorem Taxes	0.00	0.00	0.11	0.19	0.45	4.09	1.07	0.74	0.62
Depreciation & Amortization	0.00	0.00	0.00	0.00	0.01	0.32		3.14	
Surcharge 2 Expense	0.00	0.00	12.88	29.17	32.78	28.14		0.00	
Total Expenses	0.00	0.00	12.99	29.36	33.24	32.05	32.03	49.03	18.93
AFUDC	0.00	0.00	0.10	0.22	2.46	7.70		0.00	
EBITDA	0.00	(0.00)	(0.01)	0.04	2.01	9.46	8.96	43.26	12.06
Interest	0.00	0.00	0.11	0.18	0.47	4.35	1.33	4.62	1.45
Taxes	0.00	(0.00)	(0.05)	(0.06)	0.62	3.48	3.11	4.75	4.32
Net Income	0.00	(0.00)	(0.07)	(0.08)	0.91	4.63	4.52	6.90	6.28
Rate Base	0.00	0.00	0.00	0.00	0.00	68.63	59.24	66.64	57.49
Return	0.0%	0.0%	0.0%	0.0%	0.0%	6.7%	7.6%	10.4%	10.9%
Tax Calculation									
Revenues	0.00	0.00	12.88	29.17	32.78	33.50	33.29	32.30	30.99
Expenses	0.00	(0.00)	(13.09)	(29.54)	(33.71)	(33.40)	(33.36)	(20.65)	(20.38)
AFUDC	0.00	0.00	0.10	0.22	2.46	7.70		0.00	
Taxable Income	0.00	(0.00)	(0.12)	(0.14)	1.53	7.84	7.64	11.65	10.61
Taxes	0.00	(0.00)	(0.05)	(0.06)	0.62	3.48	3.11	4.75	4.32
Net Income	0.00	(0.00)	(0.07)	(0.08)	0.91	4.63	4.52	6.90	6.28
Rate Base Calculation									
Projected Annual Expenditures	0.00	(0.20)	(31.75)	(19.48)	(104.58)	0.00	(61.99)	(61.99)	(0.24)
Amount for Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14		0.00	
AFUDC Amount	0.00	(0.00)	(0.10)	(0.21)	(1.63)	(4.99)		0.00	
Total Annual Cost	0.00	(0.20)	(18.97)	9.49	(73.43)	23.45	(38.84)	(61.99)	(0.24)
Ending Balance in memo account	0.00	(0.20)	(19.17)	(9.68)	(83.12)	0.00		4.00	0.00
Plant in Service	0.00	0.00	0.00	0.00	0.00	234.64	221.40	232.40	221.88
Surcharge 2 Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	(109.66)	(102.97)	(109.66)	(102.97)
SRF Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	(53.07)	(58.97)	(53.07)	(58.97)
Depreciation Reserve	0.00	0.00	0.00	0.00	0.00	(0.48)		(6.28)	
Depreciation Reserve - Surcharge 2 Funded	0.00	0.00	0.00	0.00	0.00	0.23		2.97	
Depreciation Reserve - SRF Funded	0.00	0.00	0.00	0.00	0.00	9.22	0.26	4.55	1.82
Deferred Taxes	0.00	0.00	0.00	0.00	0.00	(0.23)		(0.97)	
Rate Base	0.00	0.00	0.00	0.00	0.00	68.63	59.24	66.64	57.49
Plant Operating Expenses									
Labor	0.00	0.00	0.00	0.00	0.00	0.50		3.02	
Fuel & Power	0.00	0.00	0.00	0.00	0.00	0.73		4.42	
Chemicals	0.00	0.00	0.00	0.00	0.00	0.12		0.74	
Repairs & Maintenance	0.00	0.00	0.00	0.00	0.00	0.06		0.47	
Total Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.42		8.65	

Monterey Peninsula Water Supply Project
9.0 MGD Plant, 53% Equity / 47% CAW Debt / 0% SRF Debt

\$ Millions

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>		
Income Statement									
Revenue from Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14	0.00		
Revenue From Project	0.00	0.00	0.00	0.00	0.00	5.20	31.31		
Total Revenue	0.00	0.00	12.88	29.17	32.78	33.34	31.31		
Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.67	10.19		
Avoided Costs	0.00	0.00	0.00	0.00	0.00	(0.39)	(2.35)		
Purchased Water	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Uncollectibles	0.00	0.00	0.00	0.00	0.00	0.01	0.08		
Ad Valorem Taxes	0.00	0.00	0.11	0.20	0.58	1.56	1.68		
Depreciation & Amortization	0.00	0.00	0.00	0.00	0.01	0.42	4.19		
Surcharge 2 Expense	0.00	0.00	12.88	29.17	32.78	28.14	0.00		
Total Expenses	0.00	0.00	12.99	29.37	33.37	31.41	13.79		
AFUDC	0.00	0.00	0.10	0.27	3.82	11.41	0.00		
EBITDA	0.00	(0.00)	(0.01)	0.07	3.24	13.33	17.52		
Interest	0.00	0.00	0.11	0.19	0.92	2.89	2.91	3.31	
Taxes	0.00	(0.00)	(0.05)	(0.05)	0.94	4.25	5.79		
Net Income	0.00	(0.00)	(0.07)	(0.07)	1.37	6.19	6.18	8.42	
Rate Base	0.00	0.00	0.00	0.00	0.00	161.74	157.29		
Return	0.0%	0.0%	0.0%	0.0%	0.0%	3.8%	5.4%		
Tax Calculation									
Revenues	0.00	0.00	12.88	29.17	32.78	33.34	31.31		
Expenses	0.00	(0.00)	(13.10)	(29.57)	(34.29)	(34.34)	(34.33)	(17.10)	
AFUDC	0.00	0.00	0.10	0.27	3.82	11.41	0.00		
Taxable Income	0.00	(0.00)	(0.12)	(0.12)	2.32	10.44	10.42	14.21	
Taxes	0.00	(0.00)	(0.05)	(0.05)	0.94	4.25	5.79		
Net Income	0.00	(0.00)	(0.07)	(0.07)	1.37	6.19	6.18	8.42	
Rate Base Calculation									
Projected Annual Expenditures	0.00	(0.20)	(32.25)	(19.91)	(127.06)	9.00	(75.32)	(75.32)	(0.30)
Amount for Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14	0.00		
AFUDC Amount	0.00	(0.00)	(0.10)	(0.24)	(2.61)	(7.67)	0.00		
Total Annual Cost	0.00	(0.20)	(19.47)	9.02	(96.89)	20.47	(54.85)	(75.32)	(0.30)
Ending Balance in memo account	0.00	(0.20)	(19.67)	(10.65)	(107.54)	0.00	4.00	0.00	
Plant in Service	0.00	0.00	0.00	0.00	0.00	273.44	265.36	274.04	265.96
Surcharge 2 Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	(111.03)	(102.97)	(111.03)	(102.97)
SRF Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Depreciation Reserve	0.00	0.00	0.00	0.00	0.00	(0.57)	(7.41)		
Depreciation Reserve - Surcharge 2 Funded	0.00	0.00	0.00	0.00	0.00	0.23	3.01		
Depreciation Reserve - SRF Funded	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Deferred Taxes	0.00	0.00	0.00	0.00	0.00	(0.30)	(1.30)		
Rate Base	0.00	0.00	0.00	0.00	0.00	161.74	157.29		
Plant Operating Expenses									
Labor	0.00	0.00	0.00	0.00	0.00	0.56	3.40		
Fuel & Power	0.00	0.00	0.00	0.00	0.00	0.89	5.37		
Chemicals	0.00	0.00	0.00	0.00	0.00	0.14	0.85		
Repairs & Maintenance	0.00	0.00	0.00	0.00	0.00	0.08	0.58		
Total Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.67	10.19		

Monterey Peninsula Water Supply Project

9.0 MGD Plant, 53% Equity / 0% CAW Debt / 47% SRF Debt

\$ Millions

	2012	2013	2014	2015	2016	2017	2018		
Income Statement									
Revenue from Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14		0.00	
Revenue From Project	0.00	0.00	0.00	0.00	0.00	6.00	4.78	30.06	28.75
Total Revenue	0.00	0.00	12.88	29.17	32.78	33.14	32.92	30.06	28.75
Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.67		10.19	
Avoided Costs	0.00	0.00	0.00	0.00	0.00	(0.39)		(2.35)	
Purchased Water	0.00	0.00	0.00	0.00	0.00	0.00		0.00	
Uncollectibles	0.00	0.00	0.00	0.00	0.00	0.01		0.08	
Ad Valorem Taxes	0.00	0.00	0.11	0.20	0.57	1.42	1.40	0.94	0.81
Depreciation & Amortization	0.00	0.00	0.00	0.00	0.01	0.42		4.16	
Surcharge 2 Expense	0.00	0.00	12.88	29.17	32.78	28.14		0.00	
Total Expenses	0.00	0.00	12.99	29.37	33.37	34.27	31.26	42.98	12.88
AFUDC	0.00	0.00	0.10	0.26	3.53	10.48		0.00	
EBITDA	0.00	(0.00)	(0.01)	0.07	2.95	42.34	12.14	47.07	15.87
Interest	0.00	0.00	0.11	0.19	0.61	1.77	1.75	2.09	1.92
Taxes	0.00	(0.00)	(0.05)	(0.05)	0.95	4.34	4.24	6.14	5.68
Net Income	0.00	(0.00)	(0.07)	(0.07)	1.38	6.26	6.16	8.88	8.26
Rate Base	0.00	0.00	0.00	0.00	0.00	87.34	77.92	84.73	75.57
Return	0.0%	0.0%	0.0%	0.0%	0.0%	7.2%	7.9%	10.5%	10.9%
Tax Calculation									
Revenues	0.00	0.00	12.88	29.17	32.78	33.13	32.92	30.06	28.75
Expenses	0.00	(0.00)	(13.10)	(29.56)	(33.98)	(33.05)	(33.00)	(45.07)	(14.81)
AFUDC	0.00	0.00	0.10	0.26	3.53	10.48		0.00	
Taxable Income	0.00	(0.00)	(0.12)	(0.12)	2.33	40.57	10.40	14.99	13.94
Taxes	0.00	(0.00)	(0.05)	(0.05)	0.95	4.34	4.24	6.14	5.68
Net Income	0.00	(0.00)	(0.07)	(0.07)	1.38	6.26	6.16	8.88	8.26
Rate Base Calculation									
Projected Annual Expenditures	0.00	(0.20)	(32.25)	(19.91)	(127.06)	0.00	(75.32)	(75.32)	(0.30)
Amount for Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14		0.00	
AFUDC Amount	0.00	(0.00)	(0.10)	(0.23)	(2.32)	(6.77)		0.00	
Total Annual Cost	0.00	(0.20)	(19.47)	9.03	(96.60)	24.37	(53.95)	(75.32)	(0.30)
Ending Balance in memo account	0.00	(0.20)	(19.67)	(10.64)	(107.24)	0.00		4.00	0.00
Plant in Service	0.00	0.00	0.00	0.00	0.00	274.33	259.23	274.93	259.83
Surcharge 2 Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	(140.14)	(102.97)	(140.14)	(102.97)
SRF Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	(73.55)	(78.05)	(73.55)	(78.05)
Depreciation Reserve	0.00	0.00	0.00	0.00	0.00	(0.57)		(7.35)	
Depreciation Reserve - Surcharge 2 Funded	0.00	0.00	0.00	0.00	0.00	0.23		2.98	
Depreciation Reserve - SRF Funded	0.00	0.00	0.00	0.00	0.00	9.34	0.35	2.45	2.42
Deferred Taxes	0.00	0.00	0.00	0.00	0.00	(0.30)		(1.29)	
Rate Base	0.00	0.00	0.00	0.00	0.00	87.34	77.92	84.73	75.57
Plant Operating Expenses									
Labor	0.00	0.00	0.00	0.00	0.00	0.56		3.40	
Fuel & Power	0.00	0.00	0.00	0.00	0.00	0.89		5.37	
Chemicals	0.00	0.00	0.00	0.00	0.00	0.14		0.85	
Repairs & Maintenance	0.00	0.00	0.00	0.00	0.00	0.08		0.58	
Total Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.67		10.19	

Monterey Peninsula Water Supply Project

5.4 MGD Plant, 53% Equity / 47% CAW Debt / 0% SRF Debt

\$ Millions

	2012	2013	2014	2015	2016	2017	2018		
Income Statement									
Revenue from Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14	0.00		
Revenue From Project	0.00	0.00	0.00	0.00	0.00	5.05	30.41		
Total Revenue	0.00	0.00	12.88	29.17	32.78	33.19	30.41		
Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.28	7.83		
Avoided Costs	0.00	0.00	0.00	0.00	0.00	(0.39)	(2.35)		
Purchased Water	0.00	0.00	0.00	0.00	0.00	1.46	8.80		
Uncollectibles	0.00	0.00	0.00	0.00	0.00	0.01	0.08		
Ad Valorem Taxes	0.00	0.00	0.10	0.15	0.38	1.08	1.15		
Depreciation & Amortization	0.00	0.00	0.00	0.00	0.00	0.28	2.87		
Surcharge 2 Expense	0.00	0.00	12.88	29.17	32.78	28.14	0.00		
Total Expenses	0.00	0.00	12.97	29.32	33.17	31.87	18.38		
AFUDC	0.00	0.00	0.08	0.14	2.12	7.45	0.00		
EBITDA	0.00	(0.00)	(0.01)	(0.00)	1.74	8.77	12.03		
Interest	0.00	0.00	0.09	0.14	0.56	4.95	1.97		
Taxes	0.00	(0.00)	(0.04)	(0.06)	0.48	2.78	2.77		
Net Income	0.00	(0.00)	(0.06)	(0.08)	0.70	4.04	4.03		
Rate Base	0.00	0.00	0.00	0.00	0.00	111.07	108.06		
Return	0.0%	0.0%	0.0%	0.0%	0.0%	3.6%	5.4%		
Tax Calculation									
Revenues	0.00	0.00	12.88	29.17	32.78	33.19	30.41		
Expenses	0.00	(0.00)	(13.06)	(29.46)	(33.73)	(33.82)	(20.65)		
AFUDC	0.00	0.00	0.08	0.14	2.12	7.45	0.00		
Taxable Income	0.00	(0.00)	(0.10)	(0.14)	1.17	6.82	6.81		
Taxes	0.00	(0.00)	(0.04)	(0.06)	0.48	2.78	2.77		
Net Income	0.00	(0.00)	(0.06)	(0.08)	0.70	4.04	4.03		
Rate Base Calculation									
Projected Annual Expenditures	0.00	(0.18)	(28.98)	(17.81)	(100.94)	0.00	(59.84)	(59.84)	(0.23)
Amount for Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14	0.00		
AFUDC Amount	0.00	(0.00)	(0.08)	(0.14)	(1.47)	(5.03)	0.00		
Total Annual Cost	0.00	(0.18)	(16.19)	11.22	(69.63)	23.11	(36.73)	(59.84)	(0.23)
Ending Balance in memo account	0.00	(0.18)	(16.37)	(5.15)	(74.78)	0.00	4.00	0.00	
Plant in Service	0.00	0.00	0.00	0.00	0.00	221.62	214.48	222.08	214.94
Surcharge 2 Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	(110.11)	(102.97)	(110.11)	(102.97)
SRF Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Depreciation Reserve	0.00	0.00	0.00	0.00	0.00	(0.46)	(6.00)		
Depreciation Reserve - Surcharge 2 Funded	0.00	0.00	0.00	0.00	0.00	0.23	2.98		
Depreciation Reserve - SRF Funded	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Deferred Taxes	0.00	0.00	0.00	0.00	0.00	(0.21)	(0.89)		
Rate Base	0.00	0.00	0.00	0.00	0.00	111.07	108.06		
Plant Operating Expenses									
Labor	0.00	0.00	0.00	0.00	0.00	0.49	2.96		
Fuel & Power	0.00	0.00	0.00	0.00	0.00	0.62	3.74		
Chemicals	0.00	0.00	0.00	0.00	0.00	0.11	0.66		
Repairs & Maintenance	0.00	0.00	0.00	0.00	0.00	0.06	0.47		
Total Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.28	7.83		

Monterey Peninsula Water Supply Project

5.4 MGD Plant, 53% Equity / 0% CAW Debt / 47% SRF Debt

\$ Millions

	2012	2013	2014	2015	2016	2017	2018		
Income Statement									
Revenue from Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14		0.00	
Revenue From Project	0.00	0.00	0.00	0.00	0.00	6.00	4.78	30.06	28.76
Total Revenue	0.00	0.00	12.88	29.17	32.78	33.43	32.92	30.06	28.76
Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.28		7.83	
Avoided Costs	0.00	0.00	0.00	0.00	0.00	(0.39)		(2.35)	
Purchased Water	0.00	0.00	0.00	0.00	0.00	1.46		8.80	
Uncollectibles	0.00	0.00	0.00	0.00	0.00	0.01		0.08	
Ad Valorem Taxes	0.00	0.00	0.10	0.15	0.38	0.99	0.98	0.66	0.56
Depreciation & Amortization	0.00	0.00	0.00	0.00	0.00	0.28		2.85	
Surcharge 2 Expense	0.00	0.00	12.88	29.17	32.78	28.14		0.00	
Total Expenses	0.00	0.00	12.97	29.32	33.17	34.78	31.76	47.87	17.77
AFUDC	0.00	0.00	0.08	0.14	1.97	6.86		0.00	
EBITDA	0.00	(0.00)	(0.01)	(0.00)	1.58	8.24	8.01	42.20	10.99
Interest	0.00	0.00	0.09	0.14	0.40	1.23	1.20	1.48	1.32
Taxes	0.00	(0.00)	(0.04)	(0.06)	0.48	2.85	2.78	4.37	3.94
Net Income	0.00	(0.00)	(0.06)	(0.08)	0.70	4.14	4.04	6.35	5.73
Rate Base	0.00	0.00	0.00	0.00	0.00	63.44	54.06	64.64	52.49
Return	0.0%	0.0%	0.0%	0.0%	0.0%	6.5%		40.3%	10.9%
Tax Calculation									
Revenues	0.00	0.00	12.88	29.17	32.78	33.43	32.92	30.06	28.76
Expenses	0.00	(0.00)	(13.06)	(29.46)	(33.57)	(33.00)	(32.96)	(49.35)	(19.08)
AFUDC	0.00	0.00	0.08	0.14	1.97	6.86		0.00	
Taxable Income	0.00	(0.00)	(0.10)	(0.14)	1.18	6.99	6.81	40.72	9.67
Taxes	0.00	(0.00)	(0.04)	(0.06)	0.48	2.85	2.78	4.37	3.94
Net Income	0.00	(0.00)	(0.06)	(0.08)	0.70	4.14	4.04	6.35	5.73
Rate Base Calculation									
Projected Annual Expenditures	0.00	(0.18)	(28.98)	(17.81)	(100.94)	0.00	(59.84)	(59.84)	(0.23)
Amount for Surcharge 2	0.00	0.00	12.88	29.17	32.78	28.14		0.00	
AFUDC Amount	0.00	(0.00)	(0.08)	(0.14)	(1.31)	(4.45)		0.00	
Total Annual Cost	0.00	(0.18)	(16.19)	11.22	(69.48)	23.69	(36.14)	(59.84)	(0.23)
Ending Balance in memo account	0.00	(0.18)	(16.37)	(5.15)	(74.62)	0.00		4.00	0.00
Plant in Service	0.00	0.00	0.00	0.00	0.00	220.42	210.71	220.59	211.17
Surcharge 2 Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	(409.35)	(102.97)	(409.35)	(102.97)
SRF Funded Plant in Service	0.00	0.00	0.00	0.00	0.00	(47.08)	(53.48)	(47.08)	(53.48)
Depreciation Reserve	0.00	0.00	0.00	0.00	0.00	(0.46)		(5.96)	
Depreciation Reserve - Surcharge 2 Funded	0.00	0.00	0.00	0.00	0.00	0.23		2.96	
Depreciation Reserve - SRF Funded	0.00	0.00	0.00	0.00	0.00	9.20	0.24	4.37	1.65
Deferred Taxes	0.00	0.00	0.00	0.00	0.00	(0.21)		(0.88)	
Rate Base	0.00	0.00	0.00	0.00	0.00	63.44	54.06	64.64	52.49
Plant Operating Expenses									
Labor	0.00	0.00	0.00	0.00	0.00	0.49		2.96	
Fuel & Power	0.00	0.00	0.00	0.00	0.00	0.62		3.74	
Chemicals	0.00	0.00	0.00	0.00	0.00	0.11		0.66	
Repairs & Maintenance	0.00	0.00	0.00	0.00	0.00	0.06		0.47	
Total Plant Operating Expenses	0.00	0.00	0.00	0.00	0.00	1.28		7.83	