

GENERAL WATER BILLING EXPLANATION

California-American Water Company

P.O. Box 578, Alton IL 62002
1-800-794-7350

05/13/2002

Dear Customer:

Thank you for your inquiry about the charges on your California-American Water Company bill. The following information should help to clarify these charges.

First, all charges on your bill are as approved by the California Public Utilities Commission. We are a Class A water utility, and as such, the Commission has developed a standard rate design formula for the recovery of revenues. There are circumstances where the Company requests a variance from the standard design. These circumstances are usually for enhanced conservation efforts, or limited water supplies, such as in the Monterey Division.

The *basic service charge* is fixed, and is based on the size of your water meter. This monthly fee is billed as long as the service is active, regardless of water usage. The Commission's standard policy is to base this fee on 1/2 of the total fixed costs approved for recovery. The meter at your property is 1/2 inches in diameter, so the service charge is \$12.00 per month.

The *water volume charge* is based on the amount of water registered on your water meter since the last meter reading. These costs are related the remaining 1/2 of the fixed costs and 100% of all variable costs.

Other current charges are Commission approved fees for recovery of various specific items such as extraordinary conservation expenses, non-tax government fees, non-controllable increased expenses (such as purchased power) and for losses caused by catastrophic events.

Taxes are government imposed charges for which the Company has no control.

If you have any further questions, please contact any of our customer service representatives at 1-800-794-7350.

Sincerely,

Customer Service

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 566

ISSUED BY

D. P. STEPHENSON

NAME

(TO BE INSERTED BY C.P.U.C.)

DATE FILED JUN 18 2002

EFFECTIVE JUL 22 2002

DECISION NO. _____

DIRECTOR - RATES & REVENUES

TITLE

RESOLUTION NO. _____