



BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

FILED
08-03-11
04:59 PM

In the Matter of the Application of
California-American Water Company
(U210W) for an Order Authorizing the
Transfer of Costs Incurred in 2010 for
its Long-Term Water Supply Solution
for the Monterey District to Its Special
Request 1 Surcharge Balancing
Account.

Application 11-06-030
(Filed June 30, 2011)

PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES

Pursuant to Rule 2.6 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure ("Rules"), the Division of Ratepayer Advocates ("DRA") files this protest to Application ("A.") 11-06-030 of California-American Water Company ("Cal-Am") for authority to transfer \$5,354,229.24 of 2010 preconstruction costs from an authorized memorandum account to its Special Request 1 Surcharge balancing account.

In Decision ("D.") 08-12-034, DRA was instructed to review these costs and issue a report on the reasonableness of Cal-Am's request.¹ DRA protests this application so that it can review Cal-Am's request as ordered by the Commission.

Cal-Am filed its application on June 30, 2011 and it appeared in the Commission's daily calendar on July 5, 2011. DRA's protest is timely filed.

I. APPLICATION SUMMARY

On June 30, 2011, Cal-Am filed this application to recover preconstruction costs incurred in 2010 on its Coastal Water Project in accordance with Ordering Paragraph 6 of

¹ D.08-12-034, Ordering Paragraph 6.

D.08-12-034. Prior reviews of Cal-Am's preconstruction costs have been conducted as part of Cal-Am's Coastal Water Project certification application, A.04-09-019.

In this application Cal-Am states that it seeks to transfer \$5,354,229.24 of 2010 preconstruction costs from its authorized memorandum account to its Special Request 1 Surcharge balancing account, including the recovery of Coastal Water Project costs incurred in the 2010 reporting year but paid in 2011.

II. ISSUES

If approved by the Commission, Cal-Am's request would allow the company to transfer \$5,354,229.24 of 2010 preconstruction costs from its authorized memorandum account to its Special Request 1 Surcharge balancing account, including recovery of Coastal Water Project costs incurred in the 2010 reporting year but paid in 2011. DRA will review the reasonableness of the following 2010 costs: 1) \$2,667,984.83 of engineering and environmental consultant costs; 2) \$776,907.28 of pilot plant maintenance and decommissioning costs; 3) \$1,209,792.80 of legal costs; 4) \$325,025 of ASR pipeline costs; 5) \$63,156.41 of public outreach and consulting costs; 6) \$292,225.03 of labor, labor overheads, utility plant overhead and American Water Service Company ("AWWSC") charges; 7) \$6,139.15 of miscellaneous charges, and 8) \$12,968.74 of interest.²

DRA will also ensure that the 2010 costs Cal Am seeks to recover in this application were properly booked into the authorized memorandum account. The authorized memorandum account was created to track "costs associated with initial, preliminary engineering studies, environmental studies, analysis of necessary permitting requirements, and development of cost estimates for the Coastal Water Project."³ Expenses that do not meet the definition of pre-construction costs cannot be tracked in the memorandum account and are not eligible for reasonableness review in this

² A.11-06-030, p. 7.

³ D.03-09-022, p. 22.

proceeding. As DRA is in the process of reviewing the application, additional issues may arise. If so, those issues will be addressed in DRA's testimony.

III. CATEGORIZATION AND NEED FOR HEARING

DRA agrees with Cal-Am's proposed categorization of this proceeding as rate setting and agrees that there may be factual disputes on material issues that will require evidentiary hearings.

IV. SCHEDULE

At present, DRA agrees with the proposed schedule.

V. CONCLUSION

For the reasons stated above, DRA protests this application

Respectfully submitted,

/s/ ALLISON BROWN

ALLISON BROWN
Staff Counsel

Attorney for the Division of Ratepayer
Advocates

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-5462
Fax: (415) 703-2262
aly@cpuc.ca.gov

August 3, 2011