

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



FILED

10-11-10
04:59 PM

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service by \$4,134,600 or 2.55% in the year 2011, by \$33,105,800 or 19.68% in the year 2012, by \$9,897,200 or 4.92% in the year 2013, and by \$10,874,600 or 5.16% in the year 2014.

A.10-07-007
(Filed July 1, 2010)

**CALIFORNIA-AMERICAN WATER COMPANY (U210W)
UPDATE TO GENERAL RATE CASE APPLICATION**

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Dated: October 11, 2010

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

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service by \$4,134,600 or 2.55% in the year 2011, by \$33,105,800 or 19.68% in the year 2012, by \$9,897,200 or 4.92% in the year 2013, and by \$10,874,600 or 5.16% in the year 2014.

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**CALIFORNIA-AMERICAN WATER COMPANY (U210W)
UPDATE TO GENERAL RATE CASE APPLICATION**

I. INTRODUCTION

As provided in D.07-05-062,¹ California-American Water Company (“California American Water”) hereby provides this update to its general rate case application filed July 1, 2010. In this filing, California American Water has provided updated and corrected information regarding employee benefits, labor and labor-related costs, and lead lag working cash. California American Water’s goal in doing so is to ensure that the record in this proceeding is as complete and accurate as possible. Because the changes in these categories “flow through” to other areas, California American Water has provided a complete, updated Exhibit A to the application. Updated Exhibit A supersedes and wholly replaces the original Exhibit A that California American Water provided with the general rate case application. California American Water believes that this is more convenient than providing updated tables piecemeal for parties to insert into their existing copies of Exhibit A.

¹ *Order Instituting Rulemaking on the Commission’s Own Motion to Evaluate Existing Practices and Policies for Processing General Rate Cases and to Revise the General Rate Case Plan for Class A Water Utilities*, D.07-05-062, 2007 Cal. PUC LEXIS 226, **62-63.

Attachment 1 to this filing is the updated version of Exhibit A to the general rate case application, which incorporates the changes described below. Within updated Exhibit A, tables 12.2 and 12.4 compare the update and the original application. In addition, Attachment 2 provides a list of the tables in updated Exhibit A that California American Water revised for this filing. While the changes made in the update, in total, increase California American Water's 2012 revenue requirement by approximately \$47,000, California American Water is not increasing its requested rates. As the general rate case progresses, it is likely that the increase reflected in the update will be offset by suggested changes from the Division of Ratepayer Advocates (DRA) or other parties.

II. UPDATED ITEMS

A. Group Insurance

California American Water mistakenly included certain ex-employees in its group insurance projection. As part of this update, California American Water eliminated the premiums for these ex-employees. Correcting for this error reduces the revenue requirement.

B. 401(k) Match and Defined Contribution Plan

Shortly after filing the final application, California American Water noted that three Excel links had pulled \$0 amounts instead of pulling the proper amounts for the 401(k) match and defined contribution plan expense categories in the California American Water corporate ("CalCorp") group. Additionally, the same 401(k) match error occurred in the Sacramento District. The 401(k) match is company paid contributions to employees' 401(k). The defined contribution plan replaced the pension plan for employees hired after December 31, 2005. California American Water corrected the links to pull the proper amounts.

C. Labor and Labor-Related Expense Reallocation

California American Water reallocated labor and labor related costs of various divisional level employees to all districts within each division (Northern, Central and Southern). This change resulted in a revenue requirement increase in some districts and an offsetting revenue requirement decrease in other districts. On an aggregated basis, this reallocation did not lead to a change in the overall revenue requirement.

In the application, California American Water had allocated certain employees to single districts despite their performing tasks for all districts within a division. California American Water reallocated the costs related to these employees to the entire division in order to more accurately reflect divisional payroll expenses in all the divisional districts. Although this reallocation has increased the revenue requirement in certain districts, as discussed above California American Water is not requesting an increase in these districts for this change.

1. Northern Division

California American Water reallocated the labor and labor related costs of the Director of Operations located in Sacramento, previously included in the Sacramento District costs, to the entire Northern Division. California American Water reallocated the employee's payroll and payroll related costs (where applicable) to both Northern Division districts (Sacramento and Larkfield) based on customer count. This led to a slight revenue requirement increase in the Larkfield District but an equal, offsetting revenue decrease in the Sacramento District.

2. Central Division

California American Water reallocated labor and labor related costs of three Central Division employees located in Monterey, previously included in the Monterey County District costs, to the entire Central Division (Monterey County District and Monterey

Wastewater District). The employees are the Director of Operations located in Monterey, an Operations Specialist, and an Administrative Assistant. California American Water reallocated these employees' payroll and payroll related costs (where applicable) to both Central Division districts based on customer count. This led to a slight revenue requirement increase in the Monterey Wastewater District but to an equal, offsetting revenue decrease in the Monterey District.

3. Southern Division

California American Water reallocated labor and labor related costs of three Southern Division employees located in Los Angeles, previously included in the Los Angeles County District, have been reallocated to the entire Southern Division. The three employees are the Director of Operations located in Los Angeles, Supervisor of Water Quality & Environmental Compliance, and a Conservation Specialist. California American Water reallocated these employees' payroll and payroll related costs (where applicable) to all three Southern Division districts (Los Angeles County, San Diego County and Ventura County) based on customer count. This led to a revenue requirement increase in the San Diego County and Ventura County Districts but to an equal, offsetting revenue decrease in the Los Angeles County District.

D. Lead Lag Working Cash

1. Monterey County District

California American Water adjusted the lead lag working cash to correct the service period for Seaside Replenishment costs in the purchased water. California American water corrected the service period to show a full calendar year as provided in the invoice from the Seaside Basin Watermaster. This error correction reduced ratebase.

PROOF OF SERVICE

I, Cinthia A. Velez, declare as follows:

I am employed in San Francisco County, San Francisco, California. I am over the age of eighteen years and not a party to this action. My business address is MANATT, PHELPS & PHILLIPS, LLP, One Embarcadero Center, 30th Floor, San Francisco, California 94111. On October 11, 2010, I served the within:

***California-American Water Company (U210W)
Update to General Rate Case Application***

on the interested parties in this action addressed as follows:

Please see attached Service List

- (BY ELECTRONIC MAIL)** By transmitting such document(s) electronically from my e-mail address, cvelez@manatt.com at Manatt, Phelps & Phillips, LLP, San Francisco, California, to the person(s) at the electronic mail addresses listed above. The transmission was reported as complete and without error.

- (BY OVERNIGHT MAIL)** By placing such document(s) in a sealed envelope, for collection and overnight mailing at Manatt, Phelps & Phillips, LLP, San Francisco, California following ordinary business practice. I am readily familiar with the practice at Manatt, Phelps & Phillips, LLP for collection and processing of overnight service mailing, said practice being that in the ordinary course of business, correspondence is deposited with the overnight messenger service, Federal Express, for delivery as addressed.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on October 11, 2010, at San Francisco, California.

/s/ Cinthia A. Velez

Cinthia A. Velez

PUC E-Mail Service List
A.10-07-007
[Updated October 4, 2010]

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Federal Express Service List
A.10-07-007
[Updated October 4, 2010]
***with Updated Exhibit A**

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NOTICE OF AVAILABILITY

California American Water's Updated Exhibit A attachments exceed 50 pages in length and 3.5 megabytes in size. Therefore, pursuant to Rules 1.9(c)(1)-(2), California American Water hereby provides this Notice of Availability of the updated Exhibit A attachments. Upon written request, California American Water will provide a copy of the updated Exhibit A attachments on parties on whom this Notice of Availability is served. Parties that wish to obtain a copy of the updated Exhibit A attachments should contact:

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Dated: October 11, 2010

By: /s/ Demetrio A. Marquez
Demetrio A. Marquez

ATTACHMENT 1

SEE SEPARATE VOLUMES 1 AND 2
SERVED CONCURRENTLY
HEREWITH OR NOTICE OF
AVAILABILITY

A1007007 - California-American Water Company Update to General Rate Case Application - Updated Exhibit A: Larkfield - Monterey Wastewater, Attachment 1, Volume 1 Of 2

<http://docs.cpuc.ca.gov/PUBLISHED/Graphics/124839.pdf>

A1007007 - California-American Water Company Update to General Rate Case Application - Updated Exhibit A: Sacramento - Service Company, Attachment 1, Volume 2 Of 2

<http://docs.cpuc.ca.gov/PUBLISHED/Graphics/124840.pdf>

ATTACHMENT 2

OPERATING DISTRICTS

tables affected by the update:

CHAPTER 2	all tables							
CHAPTER 3	3.16	3.18	3.21	3.22				
CHAPTER 4	4.1	4.2	4.3	4.4	4.5	4.6b	4.7	4.8
CHAPTER 5	5.1	5.3						
CHAPTER 6	all tables							
CHAPTER 7	none							
CHAPTER 8	none							
CHAPTER 9	9.2	9.10						
CHAPTER 10	n/a							
CHAPTER 11	none							
CHAPTER 12	12.2	12.4						

TORO

tables affected by the update:

CHAPTER 13	1A	1B	1C	1E	1F
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CAL CORP

tables affected by the update:

CHAPTER 1	1				
CHAPTER 2	1	3	6	7	8
CHAPTER 3	1	2	2.3	3	

