

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



**FILED**

10-09-13  
04:59 PM

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service by \$18,473,900 or 9.55% in the year 2015, by \$8,264,700 or 3.90% in the year 2016, and by \$6,654,700 or 3.02% in the year 2017.

A.13-07-002  
(Filed July 1, 2013)

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

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October 9, 2013

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UPDATE TO GENERAL RATE CASE APPLICATION**

**I. INTRODUCTION**

As provided in D.07-06-062, California-American Water Company (“California American Water”) hereby provides this update to the above-captioned general rate case application filed on July 1, 2013. In this filing, California American Water provides information regarding: 1) updated employee salaries and staffing numbers; 2) updated special fees and contributions in aid of construction (“CIAC”) estimates; 3) removal of wastewater penalties; 4) updated construction work in progress (“CWIP”) amounts; 5) updated Monterey County wastewater study estimates; 6) updated provision of benefits to ratepayers for non-tariffed products and services (“NTPS”); 7) decrease of district vehicle maintenance expenses; 8) removal of billing modification costs from PUC Account No. 798; 9) updated information for the aquifer storage and recovery (“ASR”) wells located at Seaside Middle School; and 10) updates to Special Request No. 29. California American Water goal in providing these updates is to ensure that the record of this is as complete and accurate as possible.

Because the previously listed updates “flow through” to other areas, California American Water is providing a complete, updated Exhibit A to the application. The updated version of Exhibit A supersedes and wholly replaces the original Exhibit A that California American Water provided with its 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. Attachment 1 to this filing is the updated version of Exhibit A to the application, which incorporates the changes described below. Within the updated Exhibit A, tables 11.2 and 11.4 compare the update version of Exhibit A to the version filed on July 1, 2013. The changes in the update, in total, decrease California American Water 2015 revenue requirement by approximately \$377,300 from 9.55% to 9.34%. Moreover, while there was a modest overall decrease in the total revenue requirement, the requested revenue requirement did not decrease for all districts and service areas as a result of the revisions to Exhibit A. The Monterey County District, Garrapata and Toro Service Areas saw a slight increase, as a result of the revisions to Exhibit A, over present rates in their 2015 revenue requirement of 10.64%, 10.13%, and 9.80%, respectively. Despite the increase, California American Water will not increase its original request as it expects the requested revenue requirement to be offset by changes from the assigned Administrative Law Judge, the Division of Ratepayer Advocates (“DRA”), or other parties.

## **II. UPDATED ITEMS**

### **A. Employee Salaries and Staffing Numbers**

California American Water increased its employee salaries to match union contracts, updated salaries to match the average 2013 salary for employees in the Monterey County, Monterey Wastewater, and Los Angeles County Districts, and updated the salaries of certain new or promoted employees. Additionally, California American Water also updated staffing numbers for its Ventura County and Monterey County Districts and also Cal. Corp. California American Water reduced the staffing needs for the Ventura County District from 17 to 16 employees and Cal. Corp. from 81 to 80 employees in order to operate more efficiently. It was also necessary to increase the staffing level in the Monterey County District workpaper from 68 to 69 employees to make it consistent with the needs of the business and direct testimony of Jeffrey Dana.

### **B. Special Fees & CIAC Estimates**

California American Water clarifies that the Commission has not approved the inclusion

of the fees outlined in Special Requests Nos. 5, 8, 9, and 24. However, these fees are now included in the updated test year forecasts which assumes the new fees will be approved. California American Water also updated the CIAC estimates for Special Request No. 5 for all of its districts.

### **C. Wastewater Penalties**

California American Water erroneously included wastewater penalties for the years 2011 and 2012 in PUC Account No. 799 and has since removed them from its request. These expenses stem from a civil settlement with the Monterey Bay Unified Air Pollution Authority.

### **D. CWIP Amounts**

Following additional review, California American Water updated CWIP amounts for all its districts, as well as the Monterey County Wastewater District and Cal. Corp. California American Water provided these updates, in Excel format, to DRA in its response to data request PR1-002 question 2 and are now included in the updated version of Exhibit A.

### **E. Wastewater Operations**

California American Water reduced its request for its sewer system management plan (“SSMP”), comprehensive planning study (“CPS”), and geographic information system (“GIS”) for wastewater operations in its Monterey County District based on more recent cost estimates. Based on the lower CPS/SSMP/GIS cost estimates of \$50,000 per year and other updates, the 2015 wastewater rate increases fell from 7.17% to 2.35%, respectively.

### **F. NTPS**

California American Water updated its filing to provide the first \$100,000 of NTPS revenues to ratepayers in its San Diego, Ventura County, Monterey County, and Sacramento Districts. The benefit resulting from this calculation is allocated based on the revenue for each district’s contracts. Please see Tables 3.20 and 3.21 in revised Exhibit A.

### **G. District Vehicle Maintenance Expenses**

California American Water decreased the estimate for transportation expense in PUC Account No. 799.

## **H. Removal of Billing Modification Costs From PUC Account No. 798**

California American Water removed from the 2009 expenses for sub-account “Contract Svc - Other Oper A&G” in PUC Account No. 798 billing modification costs in the amount of \$108,300.

## **I. ASR Wells at Seaside Middle School**

California American Water increased its request for ASR Well No. 4 Seaside Middle School from \$3.96 to \$4.2 million in accordance with the authorization in D.12-06-020 – the interim decision that, *inter alia*, authorized the creation of an ASR Project Phase 2 memorandum account to record the reasonable costs for adding Well No. 4.<sup>1</sup>

California American Water also added capital spending to ASR Well No. 3 to base rates. ASR Well No. 3 has been included in the Cease and Desist Order memorandum account/regulatory asset so it was not included in the CWIP account. However, since it will be complete in 2014 it needs to be included as a capital project in the 2015 test year.

## **J. Updates to Special Request No. 29**

California American Water updated the amount requested in Special Request No. 29 in order to reflect the inclusion of revenue collection shortfalls attributable to California American Water’s customer billing adjustment program in the Monterey Leak Adjustments Memorandum Account. Per Commission Resolution W-4951, California American Water may track these revenue shortfalls beginning on February 26, 2013 until December 31, 2014.

Additionally, California American Water updated its Pension Balancing Account as its original submission incorrectly included an accounting balance that is utilized for generally accepted accounting principles (“GAAP”). California American Water removed the accounting balance. The updated Pension Balancing Account balance is now correct.

## **III. CONCLUSION**

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<sup>1</sup> Originally, the Commission authorized California American Water to establish the ASR Project Phase II memorandum account with a \$4.7 million cost cap. The Commission agreed to raise the cap to \$4.7 million from \$4.2 million following California American Water’s request to revised costs in order to complete ASR Well No. 4 on an expedited basis.

In keeping with the Commission Rate Case Plan, California American Water hereby submits its update to its July 1, 2013 general rate case application. This filing provides updated information for the purpose of ensuring a complete and accurate record for this proceeding. As discussed above, while this update, in total, results in a modest decrease to California American Water's revenue requirement, the update does not result in a decrease in the requested revenue requirement for all districts and service areas. As such, California American Water is not reducing its requested rates.

Dated: October 9, 2013

Respectfully submitted,

By: Sarah E. Leeper  
Sarah E. Leeper  
Attorney for Applicant  
California-American Water Company

# Attachment 1

PLEASE SEE NOTICE OF  
AVAILABILITY

**NOTICE OF AVAILABILITY**

California American Water's updated version of Exhibit A, which is attached to California American Water's *Update to General Rate Case Application* as Attachment 1, exceeds 50 pages in length and 3.5 megabytes in size. Therefore, pursuant to Rules 1.9(d)(1)-(2), California American Water hereby provides this Notice of Availability of the updated version of Exhibit A. Upon written request, California American Water will provide access to the updated version of Exhibit A on Manatt, Phelps, & Phillips, LLP's Extranet to those Parties whom this Notice of Availability was served on. Those Parties who wish to obtain access to the updated version of Exhibit A on Manatt, Phelps, & Phillips, LLP's Extranet should contact:

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Dated: October 9, 2013

By:   
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