

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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In the Matter of the Application of CALIFORNIA WATER SERVICE COMPANY (U60W), a California corporation, for an order (1) authorizing it to increase rates for water service by \$94,838,100 or 16.5% in test year 2017, (2) authorizing it to increase rates by \$22,959,600 or 3.4% on January 1, 2018, and \$22,588,200 or 3.3% on January 1, 2019, in accordance with the Rate Case Plan, and (3) adopting other related rulings and relief necessary to implement the Commission's ratemaking policies.

Application 15-07-015
(Filed July 9, 2015)

**PROTEST
OF THE OFFICE OF RATEPAYER ADVOCATES**

I. INTRODUCTION

Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Office of Ratepayer Advocates (“ORA”) hereby protests California Water Service Company’s (“Cal Water’s”) Application 15-07-015. This application requests authorization to increase rates for water service by \$94,838,100 or 16.5% in test year 2017, \$22,959,600 or 3.4% on January 1, 2018, and \$22,588,200 or 3.3% on January 1, 2019, in accordance with the Rate Case Plan, and other related requests. It was filed on July 9, 2015 and appeared on the Commission’s Daily Calendar on July 14. This protest is timely.

This Protest provides a non-exhaustive identification of issues that ORA will examine in this proceeding. ORA anticipates that some issues may be resolved, and others may arise, as discovery proceeds.

II. ISSUES

ORA is still reviewing Cal Water's Application, but has identified several issues that it intends to review and potentially address during this proceeding.

A. **Requests not Included in the Proposed Application Should be Stricken**

The application includes multiple requests that were not included in the proposed application. The Rate Case Plan states "[t]he application shall conform to the content of the PA (Proposed Application), as approved by ORA."¹ Pages 16-17 of the General Report of California Water Service (dated July 2015) include the following new requests not included in the Proposed Application:

- Special Request: Eliminating 10% Cap on WRAM Amortization
- Special Request: Continued Authorization for Balanced Payment Plan
- Special Request: Permanent Credit Card Program
- Special Request: Temporary Metered Service Tariff
- Special Request: Public and Private Fire Protection Tariffs
- Special Request: Rule 15 Main Extensions Clarifications
- Eight Additional items were added to the Special Request regarding Memorandum and Balancing Accounts

As ORA was not given opportunity to perform a deficiency review on these requests, and these requests do not conform to the content of the Proposed Application as approved by ORA, they are outside of the scope of this application and should be stricken.

¹ D.04-06-018, Appendix at 13.

B. Confidential Pages on the Project Justification Books

Cal Water identified many items, and occasionally entire pages, as confidential that have not been marked confidential in other Class A Water Utility GRC's, nor in previous Cal Water applications. Additionally, much of this material is publically available elsewhere, such as on the Urban Water Management Plan website. ORA is concerned that this overly broad approach to confidentiality will negatively impact ORAs review process and the public's ability to evaluate and potentially participate in the proceeding.

C. General Issues

1. Whether Cal Water's proposed revenue rate increases for Test and Escalation Years are reasonable and justified, including sales, revenue, consumption, and number of customers;
2. Whether Cal Water's estimate of its operation & maintenance ("O & M"), and administrative & general ("A & M") expenses are reasonable, including payroll, and conservation;
3. Whether Cal Water's proposed additions to plant are accurate, reasonable, and justified, including construction work in progress, security, and water quality;
4. Whether Cal Water's estimate of its General Office expenses and capital additions are reasonable including cost allocations, insurance, pension and benefits and overhead rates; and
5. Whether Cal Water's Special Requests are reasonable.

D. Reasonableness of Selected Plant Additions in the General Office & Districts

1. General Office additions of \$39 million in 2017 & 2018, where \$24 million is designated for computers/software;
2. Water quality lab improvement project at \$2.2 million in General office;

3. Annual mains replacement program of a minimum of 0.5% of the pipeline system in each district;
4. New San Mateo well at \$3.1 million for Bayshore district;
5. New well and install Fe and Mn treatment at \$3.7 million in Bear Gulch district;
6. Arsenic Treatment at Well 202-01 at \$1.7 million in the Bakersfield district;
7. Treatment at well DOM 272-01 at \$5.5 million in the Dominguez district;
8. Pipeline connecting Country Meadows at \$2.4 million in the Salinas district and;
9. Palos Verdes Pipeline Project at \$40 million in Palos Verdes district.

III. CATEGORIZATION AND NEED FOR HEARINGS

ORA agrees with the categorization as ratesetting. ORA agrees with Cal Water that evidentiary hearings will be necessary because Cal Water's showing and ORA's analyses are necessarily fact intensive and thus will likely result in a number of factual disputes.

IV. SCHEDULE

Cal Water filed its application on July 3 but the filing was not accepted until July 9. Cal Water does not oppose February 26 for ORA's Report but with the delay in the acceptance of the filing, ORA requests additional time to prepare its Report, to March 4, 2016. ORA proposed schedule is shown below:

Application filed/Testimony Served	Friday, July 03, 2015
Prehearing Conference	Monday, July 13, 2015
Update of Applicant's Showing	Friday, October 09, 2015
ORA Testimony	Friday, March 04, 2016
Other Parties Serve Testimony	Friday, March 18, 2016
Rebuttal Testimony	Wednesday, May 04, 2016
ADR or Settlement Process	Wednesday, May 18, 2016
Evidentiary Hearings (if required)	Tuesday, June 07, 2016
Opening Briefs Filed and Served	Wednesday, July 27, 2016
Motion for Interim Rates	Wednesday, July 27, 2016
Mandatory Status Conference	Thursday, July 28, 2016
Reply Briefs Filed and Served	Friday, August 05, 2016
Water Division Technical Conference	Friday, August 26, 2016
Proposed Decision Mailed	Thursday, November 24, 2016
Comments on Proposed Decision	Wednesday, December 14, 2016
Reply Comments	Monday, December 19, 2016
Commission Meeting	Friday, December 30, 2016

ORA also proposes if additional time for rate design is granted per Cal Water's request, the extra days needed should come from extending the rate case schedule beyond December 2016 and not by reducing ORA's GRC review phase.

V. CONCLUSION

For the above stated reasons, ORA will conduct discovery to develop its testimony and recommendations. Hearings may be required and a schedule should be established at the prehearing conference that allows for a thorough review of the application. Since ORA has not completed discovery or filed a report, it reserves the right to assert any issue discovered after this Protest has been filed.

Respectfully submitted

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