

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



**FILED**

6-28-16  
04:59 PM

Application of California-American Water Company (U210W) for Authorization to Modify Conservation and Rationing Rules, Rate Design, and Other Related Issues for the Monterey District.

Application 15-07-019  
(Filed July 14, 2015)

**OFFICE OF RATEPAYER ADVOCATES  
NOTICE OF EX PARTE COMMUNICATIONS**

Pursuant to Article 8 of the of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure (“Rules”), the Office of Ratepayer Advocates (“ORA”) hereby files this notice of ex parte communications with the following Commission staff members:

<b>Date</b>	<b>Time</b>	<b>Commission And/or Advisor</b>	<b>Company Representatives In Attendance</b>
06/24/2016	11:30 am – 12:00 pm	Elizabeth Podlinsky, Advisor to Commissioner Picker	<ul style="list-style-type: none"> <li>• Eileen Odell, PURA</li> <li>• Richard Rauschmeier, ORA Program &amp; Project Supervisor - Water</li> <li>• Cheryl Cox, ORA Policy Advisor</li> <li>• Kerriann Sheppard, Counsel for ORA</li> </ul>
06/24/2016	1:00 pm – 1:30 pm	Charlyn Hook, Advisor to Commissioner Florio	<ul style="list-style-type: none"> <li>• Eileen Odell, PURA</li> <li>• Richard Rauschmeier, ORA Program &amp; Project Supervisor - Water</li> </ul>

			<ul style="list-style-type: none"> <li>• Cheryl Cox, ORA Policy Advisor</li> <li>• Kerriann Sheppard, Counsel for ORA</li> </ul>
06/27/2016	1:15 pm – 1:45 pm	Jennifer Kalafut, Advisor to Commissioner Peterman	<ul style="list-style-type: none"> <li>• Eileen Odell, PURA</li> <li>• Richard Rauschmeier, ORA Program &amp; Project Supervisor - Water</li> <li>• Cheryl Cox, ORA Policy Advisor</li> <li>• Kerriann Sheppard, Counsel for ORA</li> </ul>

The Meetings took place in the Commission’s offices at 505 Van Ness Avenue, San Francisco, California, in conference room 5209. ORA requested the meeting in order to discuss its position on California-American Water Company’s (“Cal Am”) Application 15-07-019. The meeting consisted of both oral and written communications. The written communication was a handout, “Cal Am Rate Design and WRAM Recovery Application” (“handout”),<sup>1</sup> which summarized ORA’s positions regarding the Water Revenue Adjustment Mechanism (“WRAM”) balance and amortization and was used as the agenda for the meeting. ORA also provided each advisor with a letter from the Monterey City Council dated March 3, 2016, which shows the city officials’ unanimous support of ORA’s recommendations in this proceeding.<sup>2</sup>

During the meetings, each advisor was provided with a copy of ORA’s handouts. Ms. Odell began by providing an overview of Cal Am’s allotment design and how it impacts the WRAM. Ms. Odell then addressed each bullet point provided in the handout which supports ORA’s assertions that the existing WRAM balance is attributable to Cal

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<sup>1</sup> ORA’s handout is attached to this ex parte notice as Attachment 1.

<sup>2</sup> The City Council’s letter is attached to this ex parte notice as Attachment 2.

Am's mismanagement of its allotment system and therefore, the Commission should disallow \$17.4 Million which is attributable to Cal Am's mismanagement of the allotment system, and that the Commission should not allow any interest on the remaining balance.

Ms. Odell addressed several of the claims made by Cal Am in response to ORA's recommendations regarding the items listed on the handout and refuted those claims. Specifically, Ms. Odell addressed: (1) Cal Am's reliance on data that it told ORA it initially could not produce; (2) the absurdity that having 1,111 residents in a household did not trigger an audit by Cal Am; (3) the WRAM is not a debt and Cal Am was unable to provide proof that it is financing the existing WRAM balance with debt; (4) Cal Am's request for interest of 8.4% over 20 years would result in ratepayers paying more than double the amount of the existing WRAM balance (approximately \$90 million); and (5) ORA's proposal to shift costs from residential to nonresidential customers is not a subsidy, but was recommended in order to equitably reflect each customer class' proportion of total consumption. Mr. Rauschmeier also discussed the items listed on the handout and refuted Cal Am's claims regarding the items listed above.

Ms. Odell and Mr. Rauschmeier also briefly discussed ORA's position on the Annual Consumption True Up Mechanism and the proposed changes to Rule 14.1.1. Lastly, ORA stated that it is not in support of the proposed settlement agreement between Cal Am and the Monterey Peninsula Water Management District.

Respectfully submitted,

/s/ KERRIANN SHEPPARD

Kerriann Sheppard

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June 28, 2016