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

In the matter of the Application of the
**GOLDEN STATE WATER COMPANY
(U 133 W)** for an order authorizing it to
decrease rates for water service by
\$1,615,400 or -0.50% in 2016, to increase
by \$10,280,800 or 3.21% in 2017; and
increase by \$10,303,200 or 3.12% in 2018.

Application 14-07-006
(Filed July 15, 2014)

**NOTICE OF EX PARTE COMMUNICATION
BY GOLDEN STATE WATER COMPANY (U 133 W)**

Golden State Water Company (“Golden State”) submits this Notice of Ex Parte Communication pursuant to Rules 8.3 and 8.4 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure.

On Tuesday, October 11, 2016, Golden State representative Joseph Karp (legal counsel for Golden State) sent an email to Administrative Law Judge (“ALJ”) Lirag, the assigned ALJ in this proceeding. The email points out errors in Table 3.7 and Table 3.8 of the Settlement Agreement with respect to the litigation status of the Lautenschlager Plant, Recoat Res #2 project and seven Region 2 SCADA projects. The email indicates that the Office of Ratepayer Advocates is in agreement with Golden State’s assessment of these errors and offers to provide the Commission with an updated version of the Settlement Agreement correcting these errors. Mr. Karp sent a copy of the email to all parties in accordance with Rule 8.3(c)(3). The email is attached hereto as Attachment A.

Dated: October 13, 2016

Respectfully submitted,

/s/ Joseph M. Karp

Joseph M. Karp

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Attorneys for Golden State Water Company

Attachment A

From: Karp, Joseph M.
Sent: Tuesday, October 11, 2016 9:59 AM
To: Lirag, Rafael L.
Cc: 'KSwitzer@gswater.com'; Foley, Shanna; Sheppard, Kerriann; Ma, Patricia; Bilir, Lisa (lisa.bilir@cpuc.ca.gov); Tran, Nanci; Au, Jenny (jenny.au@cpuc.ca.gov); Narensky, Matthew K.
Subject: RE: A.14-07-006 procedural matters re Nipomo decision

ALJ Lirag:

The project you referred to—the Lautenschlager Plant, Recoat Res #2 project—falls into a category of project for which ORA and Golden State agreed that there is a need for the project, but ORA took issue with the construction cost estimate and/or the scope of the project. Table 3.7 of the Settlement Agreement lists such projects in Region 1. As indicated on page 43 of the Settlement Agreement, projects for which Golden State agreed with ORA as to the revised cost estimate for the project, but for which there was still a discrepancy in the proposed budget due to Common Plant Adjustments (such as contingency), were identified with an asterisk as follows: Litigated*. The Lautenschlager Plant, Recoat Res #2 project is such a project and therefore should have had this Litigated* designation.

Specifically, the Lautenschlager Plant, Recoat Res #2 project is described in Golden State's Opening Testimony (GS-31 at p. 153) with a proposed budget of \$303,600. ORA recommended in its report that the Commission approve the recoating project but not the addition of the second manway that Golden State had proposed (ORA-7 at p. 80)). In its rebuttal testimony, Golden State agreed with ORA's assessment (GS-129 at p. 190). As a result of the agreed upon reduction in scope to remove the second manway, Golden State's base cost estimate before escalation, contingency and overhead for the project has been reduced by \$25,000. This results in a reduction in Golden State's cost estimate for the Lautenschlager Plant, Recoat Res #2 project from \$303,600 to \$262,200. Please note that this adjustment is not reflected in Table 3.7 of the Settlement Agreement because this table sets forth both Golden State's and ORA's initial positions. The remaining differential between ORA's and Golden State's proposed budget for the project (Golden State \$262,200; ORA \$250,300) is due to different positions ORA and Golden State have on the appropriate contingency factor to be applied to capital projects generally. The final rate tables generated by Water Division should reflect both the agreed upon reduction in scope for this project, and the Commission's resolution of the common plant issues.

Please note that for projects that fall into this category—where Golden State agreed to ORA's adjustment to Golden State's cost estimate and the only dispute between ORA and Golden State relates to the Common Plant Adjustments—the parties did not call out such projects separately in the briefing. This is because the Commission's resolution of the Common Plant Issues (which are addressed in detail in the briefing) will resolve the differences in the budgets for such projects.

During the course of reviewing the settlement agreement in connection with the Lautenschlager Plant, Recoat Res #2 project, Golden State has also identified another

issue related to several projects listed in Table 3.8 of the Settlement Agreement (Partially Agreed Projects in Region 2). Specifically, the following SCADA projects are referenced in Table 3.8 (we have also inserted the reference to where each project is discussed in Golden State's Opening Testimony): (1) Norwalk SCADA at CB-23 & CB-35 (GS-31 at p. 168); (2) Bell-Bell Gardens SCADA at CB-3 (GS-31 at p. 177); (3) Flrnc-Grhm SCADA at CB-5, 6, 12 (GS-31 at p. 183); (4) Willowbrook SCADA at CB-51 (GS-31 at p. 194); (5) Southwest SCADA at Interconnections (GS-31 at p. 200); (6) WB-11, Abandon, WB-15, Upgrade (GS-31 at p. 223); and (7) WB-24, WB-34, Upgd Vault&SCADA (GS-31 at p. 227) (these seven projects are collectively referred to as the "Region 2 SCADA Projects"). For each of the Region 2 SCADA Projects, ORA recommended that a line item (SCADA interconnection) in Golden State's cost estimate for the installation of the SCADA system be reduced from \$97,637 to \$67,973 (ORA-8 at p. 109). As explained in Golden State's Rebuttal Testimony, Golden State does not agree with ORA's proposed adjustment related to the Region 2 SCADA Projects (GS-129 at p. 235).

Notwithstanding the fact that Golden State and ORA did not reach an agreement as to the cost estimate for the Region 2 SCADA Projects, each of these projects are identified in the Settlement Agreement with the Litigated* designation. This Litigated * designation is not correct because Golden State has not agreed to ORA's recommendation to change Golden State's cost estimates for these projects. The Region 2 SCADA Projects are not addressed separately in the briefing. Golden State and ORA's respective positions are, however, set forth in the testimony as referenced above.

We have consulted with ORA regarding this issue, and ORA is in agreement with our assessment as to the errors with respect to the Litigated* designation in the Settlement Agreement. If you wish, we could provide the Commission with an updated version of the Settlement Agreement correcting these errors.

We apologize for the error and any confusion it has caused. Please let us know how you would like us to proceed. Joe

Joseph M. Karp

Partner

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