

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



**FILED**

10-31-16  
04:59 PM

Order Instituting Rulemaking into Policies to  
Promote a Partnership Framework between  
Energy Investor Owned Utilities and the Water  
Sector to Promote Water-Energy Nexus  
Programs.

Rulemaking 13-12-011  
(Filed December 19, 2013)

**REPLY COMMENTS OF THE OFFICE OF RATEPAYER ADVOCATES  
ON ASSIGNED COMMISSIONER'S RULING ENTERING WORKSHOP  
REPORTS INTO THE RECORD AND SEEKING COMMENTS**

**SUZIE ROSE**

Senior Engineer for the Office of Ratepayer  
Advocates  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Telephone: (415) 703-1254  
E-mail: [suzie.rose@cpuc.ca.gov](mailto:suzie.rose@cpuc.ca.gov)

**AMY YIP-KIKUGAWA**

Attorney for the Office of Ratepayer  
Advocates  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Telephone: (415) 703-5256  
E-mail: [ayk@cpuc.ca.gov](mailto:ayk@cpuc.ca.gov)

October 31, 2016

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking into Policies to Promote a Partnership Framework between Energy Investor Owned Utilities and the Water Sector to Promote Water-Energy Nexus Programs.

Rulemaking 13-12-011  
(Filed December 19, 2013)

**REPLY COMMENTS OF THE OFFICE OF RATEPAYER ADVOCATES  
ON ASSIGNED COMMISSIONER’S RULING ENTERING WORKSHOP  
REPORTS INTO THE RECORD AND SEEKING COMMENTS**

**I. INTRODUCTION AND BACKGROUND**

On October 5, 2016, Assigned Commissioner Sandoval issued an Assigned Commissioner’s Ruling Entering Workshop Reports into the Record and Seeking Comments (“October 5 Ruling”), which entered six workshop reports into the record. Comments were due on October 19, 2016 and reply comments were due on October 28, 2016. Subsequently, Administrative Law Judge Cooke extended the deadline to file reply comments to October 31, 2016 via email ruling. On October 19, 2016, the Assigned Commissioner issued a second ruling entering a seventh workshop report into the record (October 19 Ruling) and seeking comment with reply comments due on October 31, 2016.

The Office of Ratepayer Advocates (ORA) hereby submits its reply comments to the October 5 Ruling and the October 19 Ruling. In these comments ORA addresses the topics of 1) leak detection, 2) data security and data sharing, and 3) water system greenhouse gas emissions. The rulings, workshop reports and meta-themes raised in the rulings and discussed in opening comments from parties address various important issues for ratepayers, especially in light of the California drought. ORA appreciates the opportunity to comment on these issues. Given the wide scope of materials and short

timeframe for comments, ORA's comments are limited in scope. However, ORA's silence on any matter does not necessarily indicate agreement.

## **II. DISCUSSION**

### **A. The Commission Should Provide Flexibility In Allowing Utilities to Select the Most Cost-Effective Solutions to Detect Leaks**

California Water Association (CWA), a statewide association representing the interests of investor-owned water utilities ("Water IOUs") that are subject to the jurisdiction of the California Public Utilities Commission ("Commission") makes three recommendations regarding leak detection. Specifically, "CWA recommends the Commission continue to support its members' efforts to implement AMI, accelerate pipeline replacement programs, and comply with SB 555."<sup>1</sup>

The Commission should provide flexibility to allow Water IOUs to consider all viable, cost-effective approaches and technologies, including but not limited to Automated Meter Infrastructure (AMI), that can best address their water system needs. As pointed out by the Association of California Water Agencies (ACWA) and the California Municipal Utilities Association (CMUA), "[w]hile investments in advanced metering infrastructure and other data analytics can be made in some circumstances, they are not always the most cost-effective means to ensure long-term water-use efficiency and reliability."<sup>2</sup> Water IOUs should have the flexibility to pursue the most cost-effective, targeted approaches to detecting and reducing leaks.

This concept of providing flexibility in determining the appropriate technology to implement depending upon local circumstances is outlined by AT&T in its opening

---

<sup>1</sup> Comments of California Water Association on Assigned Commissioner's Ruling Entering Workshop Reports into the Record and Seeking Comments, October 21, 2016, p. 9.

<sup>2</sup> Joint Comments of the Association of California Water Agencies and the California Municipal Utilities Association on Assigned Commissioner's Ruling Entering Workshop Reports into the Record and Seeking Comments, October 21, 2016, P. 7 – 8. ACWA states in its comments that it is a statewide association of 430 public water agencies that together supply over 90 percent of the water delivered in California for residential, agricultural, and industrial uses and CMUA states in its comments it is a statewide association representing publicly-owned electric utilities and water agencies, which deliver water to over 70 percent of Californians.

comments. AT&T stated the following regarding whether the Commission should direct utilities to invest in technologies such as Multiple-Input and Multiple-Output (MIMO) mesh networks, drone-based communications and other methods; however, the same truth applies to other technologies including AMI:

The Commission should not attempt to direct by regulatory fiat the use of specific technologies in certain situations. First, identifying the appropriate technology is significantly dependent upon the specific circumstances. It is unlikely that any regulatory body could foresee all the possible permutations of circumstances and accurately dictate the appropriate technology application for each. Moreover, communications technology, like other technology, evolves extremely rapidly. Thus, even if it were possible to identify the “right” technology for each situation, it is highly unlikely that the specific technology use mandated by an agency would remain the most efficient and effective approach for any meaningful length of time.<sup>3</sup>

Pilot programs on AMI and Automated Meter Reading (AMR) are exploring the potential for AMI/AMR to save water through leak detection. However, other approaches, such as water loss audits and acoustic leak detection, can also provide leak detection benefits and may be more viable solutions for some water systems.

CWA also asked for Commission support of its members’ efforts to accelerate pipeline replacement programs. CWA, asserts that ORA “often has challenged funding for such programs and the scale of such programs often has been substantially reduced.”<sup>4</sup> ORA disagrees with this unsupported assertion for several reasons, discussed below.

CWA neglected to mention that the vast majority of the last and/or pending Class A water utilities’ general rate cases (GRCs) resulted in a settlement between the utility and ORA on pipeline replacement programs. As a party to such settlement, the

---

<sup>3</sup> *Opening Comments of AT&T California (U 1001 C) on Assigned Commissioner’s Ruling Entering Workshop Report Into the Record and Seeking Comment, Dated October 19, 2016, October 26, 2016, p. 2.*

<sup>4</sup> *Comments of California Water Association on Assigned Commissioner’s Ruling Entering Workshop Reports into the Record and Seeking Comments, October 21, 2016, p. 8.*

applicant utility submitted to the Commission that the settled main replacement program and budget are reasonable and will allow it to continue to provide water service safely, reliably and at reasonable rates. CWA incorrectly asserts that its member utilities are receiving less than reasonable pipeline replacement budgets, when in fact the utilities themselves have agreed to these pipeline replacement budgets. Settlements between ORA and water utilities on pipeline replacement budgets were achieved in the last or currently pending GRCs for: California-American Water Company, California Water Service Company, Great Oaks Water Company, Liberty Utility's Apple Valley Ranchos Water Company and Park Water Company, San Gabriel Valley Water Company, San Jose Water Company, and Suburban Water Company. Moreover, in Liberty Utility-Apple Valley Ranchos Water Company's most recent GRC, the Commission issued a Proposed Decision dated April 1, 2015 that did not adopt the originally settled pipeline replacement budgets and lowered the pipeline replacement budgets. Subsequently, Liberty Utility-Apple Valley Ranchos Water Company and ORA revisited the settlement agreement and modified the settlement to a lower pipeline replacement budget relative to the original settlement. This settlement was later adopted by the Commission.<sup>5</sup>

Pipeline replacement programs are one of the most important and expensive Water IOU capital investments. Determining the proper pipeline replacement rates involves detailed system assessment and engineering analysis, requires fact-based discovery, and has substantial implications for customer bills. Accelerating a water system's pipeline replacement rate may be the right course of action, but that decision should not be determined in the abstract or in the absence of specific and data-driven assessment of that system's infrastructure needs and costs. The Rate Case Plan's Minimum Data Requirements (MDRs)<sup>6</sup> require Class A Water Utilities to submit detailed data related to unaccounted for water, water loss, and pipeline replacements, including a water loss audit report, and a cost/benefit analysis for reducing the level of

---

<sup>5</sup> D.15-11-030.

<sup>6</sup> Appendix A to D.07-05-062

unaccounted water reported in the water loss audit. Additionally, if unaccounted water is more than approximately 7% for each district or service area, utilities must submit a plan to reduce unaccounted water to a specific amount.<sup>7</sup> The data provided is assessed as part of the GRC process, and considered in making appropriate determinations for pipeline replacement rates and budgets. The GRC process has provided the proper forum to examine the individual needs of each IOU's water system infrastructure, and to determine the proper pipeline replacement rates. The Commission should allow that process to continue.

### **B. Customer Data Security Needs Further Guidelines**

CWA raises key points regarding customer data security and privacy issues and recommends that the Commission adopt rules confirming the confidentiality of water customer data, and also requests that the Commission decline to require the water companies to disclose granular water customer data to public agencies until legislation is adopted that adequately protects the confidentiality of that data.<sup>8</sup>

ORA supports the Commission adopting rules confirming the confidentiality of customer data. However, while adopting such rules would address data privacy issues, it would not sufficiently address data security. If data is being transmitted through networks and stored in cloud-based systems this raises the possibility of cyber-security issues including hacks and security threats.<sup>9</sup> In addition to the Commission developing rules confirming the confidentiality of customer data, rules regarding data handling and measures to protect data from hacks and other security breaches are also warranted.

Regarding data privacy and whether to require water companies to disclose granular water customer data, it is important to ensure that public agencies can conduct their mission and functions in water data analysis, especially during a drought.

---

<sup>7</sup> MDR II.E

<sup>8</sup> Comments of California Water Association on Assigned Commissioner's Ruling Entering Workshop Reports into the Record and Seeking Comments, October 21, 2016, p. 6.

<sup>9</sup> Comments of California Water Association on Assigned Commissioner's Ruling Entering Workshop Reports into the Record and Seeking Comments, October 21, 2016, p. 4.

However, personal identifying information is not needed for those functions. Usage pattern information can be made available to relevant researchers and public agencies without providing any confidential personal identifying information.

### **C. Water System Greenhouse Gas Emissions Footprint**

CWA requests that the Commission authorize hydro-turbines installed in over-pressured water lines via Tier 2 Advice Letters. CWA states that hydro-turbines in over-pressured water lines are a no-brainer option, and a generic decision approving Tier 2 Advice Letter approval for putting such projects in rate base would be of immediate value.<sup>10</sup>

ORA opposes this request. Similar to the discussion above regarding AMI, the Commission should not require specific technologies in order to achieve policy goals. CWA's request, however, would do just that. As CWA points out, the Commission has often previously disallowed water company proposals for similar projects.<sup>11</sup> The Commission must have had good reason to disallow specific water company proposals referred to by CWA since there have been greenhouse gas reduction laws in place for many years. Future proposals should continue to receive GRC-level scrutiny in the context of all the expenses of the utility to ensure the Commission has the full picture in considering such requests. Furthermore, if there are no-brainer options for the utility to pursue in cost-effectively reducing greenhouse gas emissions, the Commission has authorized water-energy nexus memorandum accounts that Water IOUs may use to complete such projects on an immediate basis.<sup>12</sup> Rather than authorizing one particular technology, the Commission should set the policy direction for water utilities to reduce greenhouse gas emissions through cost-effective methods given the individual circumstances in each water system.

---

<sup>10</sup> Comments of California Water Association on Assigned Commissioner's Ruling Entering Workshop Reports into the Record and Seeking Comments, October 21, 2016, pp. 9-10.

<sup>11</sup> Comments of California Water Association on Assigned Commissioner's Ruling Entering Workshop Reports into the Record and Seeking Comments, October 21, 2016, p. 9.

<sup>12</sup> D.15-09-023, Ordering Paragraph 10.

CWA also recommends “. . . that the Commission consider whether it has the authority to direct the electric utilities to adopt revised NEM [Net Energy Metering] tariffs pursuant to Resolution E-4610 that permit water companies to take service under such tariffs without the requirement that the generation facility be located adjacent to, contiguous to, or where the aggregated electric meters (electric load) are located.”<sup>13</sup> CWA further requests “that the Commission authorize distributed generation tariffs that provide the same benefits to water companies that are afforded to public water agencies to the extent permitted by California law.”<sup>14</sup>

There has been little exploration of these ideas in this proceeding, including the implications, costs and benefits. There has been no analysis of the anticipated greenhouse gas reductions that may result or the costs or impacts on ratepayers. The Commission could require these options to be considered in future water GRCs in order to reach record-based decisions with an opportunity for interested parties and ratepayers to be informed and consider the implications.

### **III. CONCLUSION**

ORA appreciates the opportunity to provide comments on the above issues in this proceeding, as well as the broad scope of other important issues that will potentially be addressed in this proceeding. As explained above, ORA recommends the Commission: 1) provide flexibility to Water IOUs in selecting the most cost-effective solutions to detect leaks and reduce greenhouse gas emissions, 2) develop rules regarding data handling and measures to protect data from hacks and other security breaches, and 3) consider the costs, and benefits and other implications of CWA’s proposals for revised NEM and distributed generation tariffs.

---

<sup>13</sup> Comments of California Water Association on Assigned Commissioner’s Ruling Entering Workshop Reports into the Record and Seeking Comments, October 21, 2016, p. 10.

<sup>14</sup> Comments of California Water Association on Assigned Commissioner’s Ruling Entering Workshop Reports into the Record and Seeking Comments, October 21, 2016, p. 11.

Respectfully submitted,

/s/ AMY YIP-KIKUGAWA

---

Amy Yip-Kikugawa

Attorney for the Office of  
Ratepayer Advocates  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Telephone: (415) 703-5256  
E-mail: [ayk@cpuc.ca.gov](mailto:ayk@cpuc.ca.gov)

October 31, 2016