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ATTACHMENT 1

SUGGESTED CHANGES TO FINDINGS OF FACT

2. The WRAM/MCBA balance ~~for 2013 and~~ **through** 2014, before adjustments, is \$40.6 million.
13. ~~There are less expensive ways to finance the WRAM/MCBA balance than by applicant's cost of capital.~~
14. ~~The District's General Manager has over 30 years of professional financial experience, and he recommends the WRAM/MCBA balance should earn an interest rate at no more than the 90-day commercial paper rate.~~
15. ~~The Commission applies the 90-day commercial paper rate to WRAM/MCBA balances, and uses this rate to amortize balances over 36 months.~~
16. This decision makes recovery of the ~~2013 and 2014~~ WRAM/MCBA balance **through 2014** certain and secure.
17. Collecting the ~~2013 and 2014~~ WRAM/MCBA balance **through 2014** by a fixed amount based on meter size stabilizes collection of the authorized balance, and the size of the under-collection justifies a unique meter-based recovery.
21. Future WRAM/MCBA recovery via a uniform surcharge on each unit of water sold, including water sold in Tier 1, **which will apply to all WRAM/MCBA recovery taking place after the new rate design is implemented,** will return to the Commission's preferred method of giving customers price-based information regarding their consumption while promoting a more consistent and timely recovery of WRAM/MCBA balances, and it will align treatment in the Monterey district with the process used in all other of applicant's districts. **Any current Monterey District surcharges based on the customer allotment rate design will also be adjusted to reflect the new rate design.**
43. ~~The residential allotment system is vulnerable to abuse, applicant did not audit customer surveys, applicant did not take actions to ensure allotments were accurate, and applicant knew there were problems.~~
44. ~~Applicant at all times has the affirmative duty to reasonably and responsibly administer its tariffs, and applicant's tariffs do not prohibit allotment verification by applicant.~~
45. ~~Applicant's duty to take responsible efforts to ensure the accurate administration of its allotment system is not limited to an unaudited annual surveys.~~
46. ~~The District has no rule or ordinance that prohibits applicant from verifying allotment claims from its residential customers.~~

47. ~~There is no prohibition against applicant partnering with District to verify the accuracy of allotments, cite customers for infractions, and enforce penalties.~~

48. ~~Applicant can audit residential customer allotments itself (or partner with District to do so), apply the minimum allotment for customers who are unable to substantiate their claimed allotments (subject to appeal within the utility and to the Commission), and refer customers with questionable responses to District for enforcement.~~

49. ~~The integrity of the regulatory process, including applicant accurately and reasonably administering and enforcing its tariffs, is a very serious issue.~~

SUGGESTED CHANGES TO CONCLUSIONS OF LAW

1. The WRAM/MCBA amount addressed in this proceeding should be the balance for ~~2013 and~~ **through** 2014 of \$40.6 million, reduced by \$0.8 million pursuant to the PwC audit.
4. It is not unjust and unreasonable to recognize the time value of money, and an interest rate of zero percent for amortizing the ~~2013 and 2014~~ WRAM/MCBA balance **through 2014** over several years would be unreasonable.
5. ~~Rate design conservation efforts are not the same as capital investments, and it would be unjust and unreasonable to apply an interest rate of 8.41 percent (applicant's cost of capital) for amortizing the 2013 and 2014 WRAM/MCBA balance.~~ **The interest rate for the WRAM/MCBA balance through 2014 should be commensurate with the period of recovery and fails to compensate Cal-Am for the costs associated with delayed recovery.**
6. The ~~2013 and 2014~~ WRAM/MCBA balance **through 2014** should be amortized over five years at the ~~90-day commercial paper rate~~.
7. Applicant's proposal to deviate from standard meter ratios for collection of the ~~2013 and 2014~~ WRAM/MCBA balance **through 2014** would unreasonably increase the recovery from two of the three smallest size meters.
8. The ~~2013 and 2014~~ WRAM/MCBA balance **through 2014** should be collected via a single fixed monthly surcharge assessed based on meter size using standard meter ratios.
9. Future WRAM/MCBA balances should be recovered from residential customers at a uniform rate on each unit of water for all sales, including Tier 1. **This applies to all WRAM/MCBA balances recovered once the new rate design is implemented.**
11. ~~Applicant should respond to any and all staff data requests without delay, including those related to Advice Letter 1121, and staff should issue a citation pursuant to Resolution W 4799 when necessary to enforce compliance with Commission orders and the Public Utilities Code, with the citation being assessed at the maximum penalty level unless staff can justify a reduced amount.~~
30. ~~This proceeding should remain open to examine whether or not applicant should be penalized for failure to reasonably administer its tariffs, including the residential allotment system.~~

SUGGESTED CHANGES TO ORDERING PARAGRAPHS

1. California-American Water Company shall, within 30 days of the date of this decision, file a Tier 2 advice letter in conformance with General Order 96-B. The advice letter shall request recovery of the ~~2013 and 2014~~ Water Revenue Adjustment Mechanism/Modified Cost Balancing Account balance **through 2014** for the Monterey District of \$39.8 million authorized in this decision, to be recovered over five years with interest at ~~the 90-day commercial paper rate~~ **8.41 percent (applicant's cost of capital). Once any current WRAM/MCBA surcharges have ended, the collections from those surcharges will be applied against the \$39.8 million balance.** The recovery shall be by a fixed monthly surcharge assessed on the basis of meter size using standard meter ratios. The multiple volumetric surcharges now in place for this recovery shall be terminated concurrent with the advice letter becoming effective.
2. Future Water Revenue Adjustment Mechanism/Modified Cost Balancing Account advice letters filed and served by California-American Water Company (Cal-Am) for the Monterey District shall request recovery of under-collections (or refunds of over-collections) by a uniform surcharge (or surcredit) on each unit of water sold (volumetric rate) including Tier 1. **This applies to all WRAM/MCBA balances recovered once the new rate design is implemented.** Cal-Am shall provide customer notice of each such advice letter consistent with General Order (GO) 96-B. In addition, for each of the next three advice letter requests, Cal-Am shall notify all customers in the Monterey District by bill insert or direct mail of the request even if that notice is not otherwise required by GO 96-B. The Notice shall be approved by the Commission's Public Advisor before it is issued by Cal-Am.
7. Application 15-07-019 remains open to address ~~(a)~~ a motion, if filed, for Commission adoption of an improved annual consumption true-up pilot program, ~~and (b)~~ a penalty phase.