

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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In the Matter of the Application of the
GOLDEN STATE WATER
COMPANY (U 133-W) for an Order
(1) Authorizing it to Increase Rates for
Water Service by \$95,178,800 or
19.40% in 2028; (2) Authorizing it to
Increase Rates by \$40,268,700 or
6.88% in 2029, and to Increase Rates by
\$41,031,900 or 6.57% in 2030 in
Accordance with the Rate Case Plan;
and (3) Adopting Other Related Rulings
and Relief Necessary to Implement the
Commission's Ratemaking Policies.

Application 26-07-001

**PROTEST OF THE PUBLIC ADVOCATES OFFICE
TO GOLDEN STATE WATER COMPANY'S APPLICATION**

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I. INTRODUCTION

Pursuant to the Rule 2.6 of the California Public Commission's (Commission) Rules of Practice and Procedure (Rules), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits this protest to Golden State Water Company's (Golden State) Application (A.) 26-07-001 for an Order Authorizing Revenue Increases in its Region 1, Region 2 and Region 3 Customer Service Areas (Application).¹

In the Application, Golden State seeks authorization to increase revenues by \$95,178,800 for 2028, approximately a 19.40% increase over present rates. Golden State also requests authorization to increase revenues by \$40,268,700 or 6.88% in 2029, and by \$41,031,900 or 6.57% in 2030.²

The proposed revenue increases for Golden State's eight individual ratemaking areas (RMAs) in the first year range from 16.08% in Region 2 to 46.29% in the Northern Consolidated RMA.³ In addition to the proposed increases, Golden State requests recovery, continuation, creation, and closure of various memorandum and balancing accounts, for a total of \$37.7 million in surcharges to be added to customers' bills.⁴

II. ISSUES TO BE ADDRESSED IN THIS PROCEEDING

Golden State proposes to increase its revenue requirement by up to 59.95% (compounded) in some ratemaking areas.⁵ The magnitude of this increase is unreasonable

¹ Golden State filed its Application on July 1, 2026. The notice of the filing of the Application first appeared on the Commission's Daily Calendar on July 3, 2026. The deadline to respond under Rule 2.6(a) and Rule 1.15 is August 3, 2026. Therefore, Cal Advocates' protest is timely filed.

² A.26-07-001, *Application of Golden State Water Company for an Order Authorizing a Change in Rates in its Region 1, Region 2 and Region 3 Customer Service Areas* (Application), July 1, 2026, at 2.

³ Application at 2.

⁴ GSWC Ronald Moore Direct Testimony, Schedule 2, at 58 (excludes \$10.42M for PFAS Contamination Litigation Proceeds Memo Account.)

⁵ Application at 2.

given existing affordability challenges and the basic need of drinking water.⁶ Unlike a competitive environment where an entity's capital spending is constrained by the prices customers would be willing to pay, capital spending under rate-of-return regulation determines the rates customers will pay and the profits included in those rates for the foreseeable future.⁷ It is imperative that the Commission act as a substitute for competition and ensure that authorized capital spending is necessary, prudent, and reasonable.⁸ Affordability, especially for disadvantaged communities, should be a primary focus when the proposed rate increases are three to four times the rate of inflation and typical cost of living raises.

In addition to Golden State's excessive proposed capital spending, Cal Advocates protests Golden State's proposed budget for Construction-Work-In-Progress (CWIP). Golden State forecasts a \$228.7 million budget for projects that are in progress or were completed in 2025, but not yet closed.⁹ Golden State also forecasts \$387.8 million for the completion of projects booked in recorded CWIP between 2026-2029.¹⁰ Many of these projects were previously authorized in past rates, meaning ratepayers have already paid the associated revenue requirement for these projects. Yet, ratepayers have not received any benefits from these past expenditures.

The following is a non-exhaustive list of issues the Commission should include in the scope of this proceeding:¹¹

⁶ Rate-of-return regulation is where an authorized rate of return is applied to an authorized rate base to determine the utility's profits. See Decision (D.) 23-06-025 at 9-10.

⁷ "In the case of the regulated monopoly, the firm does not face a *competitive* market and is sheltered from many of the risks borne by *competitive* firms by the regulator." R.04-09-003, Final Decision on Order Instituting Rulemaking Regarding Allocation of Gains on Sale by Energy Utilities, Incumbent Local Telecommunications Carriers and Water Companies, at 12-13, 74-75 (emphasis added).

⁸ Public Utilities Code §§ 451, 453(c), 701, 727.5(e); see also D.23-06-025 at 9-10 (holding that the Commission must protect ratepayers from unreasonable risk of imprudent management).

⁹ GSWC, Vol 1 CWIP Testimony at 2.

¹⁰ GSWC, Vol 1 CWIP Testimony at 3-4.

¹¹ Cal Advocates reserves the right to address any other issues that may arise in the course of this proceeding.

Scoping Issues:

1. Whether Golden State's proposed rate increases for the Test Year and escalation years are just and reasonable, including:
 - a. Whether Golden State's estimates for its operation and maintenance (O&M) and administrative and general (A&G) expenses are reasonable;
 - b. Whether Golden State's estimates of rate base are reasonable;
 - c. Whether Golden State's proposed additions to its plant budgets are reasonable, and justified;
 - d. Whether Golden State's proposed cost allocation from its General Office is reasonable; and
 - e. Whether Golden State's proposed sales forecasts and rate designs are just and reasonable.
2. The adequacy of Golden State's customer service and safety programs.
3. Golden State's compliance with all statutory and regulatory requirements.
4. Whether Golden State's proposed overhead rate and its proposed methodology for allocating its overhead costs are reasonable.
5. Whether Golden State has reasonably addressed action items sought by the Commission's Environmental and Social Justice Action Plan 2.0.

Special Requests:

6. Special Request 1: Whether Golden State's report on the status of its authorized memorandum accounts and balancing accounts are reasonable and whether these accounts should continue.
7. Special Request 3: Whether Golden State's request to continue its current Sales Reconciliation Mechanism (SRM) is reasonable.
8. Special Request 4: Whether the Commission should find that Golden State's water quality meets all the applicable state and federal drinking water standards and the provisions of General Order 103-A.
9. Special Request 5: Whether the Commission should authorize Golden State to consolidate its Los Osos and Santa Maria CSAs for ratemaking purposes, and, if so, whether Golden State's calculations and proposals regarding the revenue requirements and rates in the consolidated ratemaking areas are reasonable.
10. Special Request 6: Whether Golden State's request to increase the monthly flat rate discount for low-income customers from 20% to 25% in each

ratemaking area and recover the costs of the program through the Customer Assistance Program (CAP) balancing account is reasonable.

11. Special Request 7: Whether Golden State's request to eliminate the fire sprinkler meter discount for customers whose meters are upsized to meet interior fire sprinkler or onsite fire protection requirements is reasonable.
12. Special Request 8: Whether Golden State's request to implement a new tampering fee is reasonable.
13. Special Request 11: Whether Golden State's request to increase the incremental acquisition payment to Sutter Pointe developers from \$2,571 to \$4,900 (3% automatic annual escalation after TY 2028) and remove the \$81 million cap on incremental acquisition payments established in D.14-06-051, is reasonable.
14. Special Request 12: Whether the Commission should expressly find as a Conclusion of Law regarding the total authorized capital budget:
 - a. While the overall authorized capital budget amount for plant additions is justified by evidence in the record relating to individual projects forecasted, Golden State will have the flexibility within that total authorized capital budget to reprioritize the construction of capital projects during the course of the GRC cycle as necessary to continue providing safe and reliable water service to its customers; and
 - b. Actual capital spending by Golden State in this GRC cycle may vary from any forecast adopted by the Commission, and variances between adopted amounts and those actually incurred would not necessarily demonstrate imprudence or unreasonableness.
15. Special Request 13: Whether an interim decision on revenue requirements is reasonable in the event of a settlement.

The Commission should exclude the following issues proposed by Golden State, principally, because this General Rate Case Application is not the proper forum for consideration.

Issues to be Excluded from Scope:

16. Special Request 2: Golden State's proposal to implement a new revenue decoupling program, the Water Conservation Advancement Plan (WCAP), should be excluded from the scope of this proceeding. This request was

considered and denied in the previous General Rate Case Application as well as Golden State's Application for Rehearing.

17. Special Request 9: Golden State's proposal to suspend the Rate Case Plan escalation methodology outside of a rulemaking to accommodate its request to increase Liability Insurance costs in favor of inflation rates provided by its third-party actuary should also be excluded from the scope of this proceeding because an individual General Rate Case Application is not the proper forum to seek deviation from the Rate Case Plan that is applicable to all Class A water utilities.
18. Special Request 10: Golden State's proposal to suspend the Rate Case Plan escalation methodology outside of a rulemaking to accommodate Golden State's request to increase Health Insurance costs in favor of inflation rates provided by its third-party actuary should also be excluded from the scope of this proceeding because an individual General Rate Case Application is not the proper forum to seek deviation from the Rate Case Plan that is applicable to all Class A water utilities.

III. CATEGORIZATION

Cal Advocates agrees with Golden State that this proceeding should be categorized as ratesetting.¹²

IV. EX PARTE COMMUNICATIONS

The Commission should exercise its authority under Public Utilities Code Section 1701.3(h)(1) to prohibit oral ex-parte communications in this proceeding or, in the alternative, permit only written ex-parte communications and all-party meetings. This will enhance transparency and better ensure that the decisions made in this proceeding are based solely on the evidentiary record.

V. NEED FOR EVIDENTIARY HEARINGS

Cal Advocates supports Golden State's request for evidentiary hearings, as hearings will be necessary if the parties are unable to settle all disputed issues in this proceeding.¹³

¹² Application at 34.

¹³ Application at 34.

VI. PROCEDURAL SCHEDULE

Cal Advocates proposes the following schedule in accordance with the Commission's 20-month proceeding schedule pursuant to the "Rate Case Plan."¹⁴ This schedule allows parties time to conduct discovery, prepare testimony, and participate in evidentiary hearings. Notably, it also includes public participation hearings (PPH) to hear from customers who will be impacted by the outcome of this proceeding. Cal Advocates recommends a minimum of one PPH in each of Golden State's service territories, with more depending on the number of customers. Cal Advocates' schedule starts on July 3, 2026, which is the date when the Application first appeared on the Commission's Docket. Cal Advocates adjusts dates slightly pursuant to Rule 1.15 on the computation of time.¹⁵

Item	Golden State Proposed Schedule¹⁶	Day	Cal Advocates Proposed Schedule	Day
Application Filed	July 1, 2026	0	July 3, 2026	0
Protests Due	N/A	N/A	August 3, 2026	30
Reply to Protests Due	N/A	N/A	August 17, 2026	40
Prehearing Conference	July 13 – September 14, 2026	10-75	August 17 – September 16, 2026	40-75
Public Participation Hearing	July 13, 2026 – January 7, 2027	10-190	October 12, 2026 – January 11, 2027	101-190 (+2)
Update of Golden State's Showing	October 9, 2026	100	October 12, 2026	100 (+1)
Scoping Memo	N/A		October 16, 2026	100 (+5)
Cal Advocates Serves Testimony	January 21, 2027	204	January 25, 2027, or 16 weeks after ALJ issues the Scoping Memo	204 (+2)
Other Intervenors	February 4, 2027	218	February 8, 2027	218 (+2)

¹⁴ D.07-05-062, Opinion Adopting Revised Rate Case Plan for Class A Water Utilities, May 24, 2007.

¹⁵ Cal Advocates proposes later date ranges for the Prehearing Conference and Public Participation Hearing to accommodate time elapsed in this proceeding.

¹⁶ Application at Exhibit (Exh.) L.

Item	Golden State Proposed Schedule¹⁶	Day	Cal Advocates Proposed Schedule	Day
Serve Testimony				
Rebuttal Testimony	March 22, 2027	264	March 24, 2027	264
Settlement Discussions and ADR	March 29 – April 19, 2027	270-290	March 30 – April 19, 2027	270-290
Evidentiary Hearings (if needed)	April 19 – May 7, 2027	290-310	April 19 – May 10, 2027	290-310 (+1)
Opening Briefs	June 7, 2027	340	June 8, 2027	340
Motion for Interim Rates and Status Conference	June 7, 2027	340	N/A	
Mandatory Status Conference	June 8, 2027	341	June 9, 2027	341
Reply Briefs	June 16, 2027	350	June 18, 2027	350
Water Division Technical Conference	July 6, 2027	370	July 8, 2027	370
Proposed Decision Issued	October 4, 2027	460	October 6, 2027	460
Comments on Proposed Decision	October 25, 2027	480	October 26, 2027	480
Reply Comments on Proposed Decision	October 29, 2027	485	November 1, 2027	485 (+1)
Commission Issues Final Decision	November 15, 2027	500	November 15, 2027	500

IV. CONCLUSION

The prudence of Golden State’s operations and proposed expenditures must be reviewed to ensure that the relief requested is just and reasonable and in the public’s interest. Cal Advocates plans to continue to conduct discovery, review, and analysis of

Golden State's proposals for reasonableness. Accordingly, a schedule should be established that allows for a diligent review of the issues identified in this protest. Therefore, Cal Advocates requests that the Commission adopt the recommendations presented in this protest.

Respectfully submitted,

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