

Decision 19-05-044 May 30, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of the Golden State Water Company (U133W) for an order authorizing it to increase rates for water service by \$31,329,400 or 10.56% in 2019, to increase by \$10,770,800 or 3.28% in 2020, and increase by \$12,924,400 or 3.81% in 2021.

Application 17-07-010

**DECISION ADDRESSING THE GENERAL RATE CASE APPLICATION OF
GOLDEN STATE WATER COMPANY AND THE PROPOSED
SETTLEMENT**

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**DECISION ADDRESSING THE GENERAL RATE CASE
APPLICATION OF GOLDEN STATE WATER COMPANY
AND THE PROPOSED SETTLEMENT**

Summary

This decision resolves the Golden State Water Company general rate case by granting the joint motion for adoption of the Settlement Agreement¹ between Golden State Water Company and the Public Advocates Office at the California Public Utilities Commission (The Public Advocates Office, formerly the Office of Ratepayer Advocates or ORA²) and authorizing a revenue requirement for Golden State Water Company for the years 2019, 2020, and 2021. A revenue requirement of \$311.928 million is adopted for Test Year 2019, an increase of \$13.747 million or 4.6 percent over current revenues.

For Test Year 2019, the average residential customer with a 5/8 x 3/4" meter will experience a bill change in 2019, ranging from a decrease of 8.7 percent in the Los Osos Customer Service Area (CSA) to an increase of 9.4 percent in the Arden Cordova CSA.

Table 1 shows a comparison between average residential monthly consumption and bill for 2018, and the forecast for 2019, for each of Golden State's ratemaking areas. Table 1 also shows the dollar and percentage changes for average monthly consumption.

¹ The Settlement Agreement is attached as Attachment A.

² The Office of Ratepayer Advocates has subsequently changed its name to the Public Advocates at the California Public Utilities Commission. However, most documents filed in this proceeding were done so prior to the name change. Therefore, for consistency, this decision will continue to refer to The Office of Ratepayers Advocates or ORA rather than the Public Advocates at the California Public Utilities Commission.

Table 1 Average monthly bill comparison for residential customer with a 5/8 x 3/4" meter (excluding any applicable surcharges)						
Customer Service Area	2018		2019		Change	
	Usage	Bill	Usage	Bill	Amount	Percent
Arden Cordova	14 Ccf	\$32.17	13 Ccf	\$35.19	\$3.03	9.4
Bay Point	8 Ccf	\$62.41	7 Ccf	\$59.95	-\$2.46	-3.9
Clearlake	5 Ccf	\$80.83	5 Ccf	\$83.35	\$2.52	3.1
Los Osos	7 Ccf	\$86.14	6 Ccf	\$78.66	-\$7.47	-8.7
Santa Maria	15 Ccf	\$58.97	14 Ccf	\$61.33	\$2.36	4.0
Simi Valley	11 Ccf	\$59.48	11 Ccf	\$63.20	\$3.72	6.2
Region 2	10 Ccf	\$55.02	9 Ccf	\$54.46	-\$0.56	-1.0
Region 3	11 Ccf	\$56.46	12 Ccf	\$59.07	\$2.61	4.6

This proceeding is closed.

1. Procedural Background

Golden State Water Company (Golden State or Applicant) is a Class A water company regulated by the Commission. Its service territory is divided into three geographical regions. Region 1 incorporates customer service areas (CSA) in Northern California and the Central Coast while Regions 2 and 3 encompass areas of Southern California.

Golden State filed this general rate case (GRC) application with the Commission on July 19, 2017. Among other things, Golden State is requesting authority to increase rates for water service by \$31,329,400 or 10.56 percent in 2019, to increase rates by \$10,770,900 or 3.28 percent in 2020; and to increase rates by \$12,924,400 or 3.81 percent in 2021. A Protest to the application was timely filed by the Office of Ratepayer Advocates (ORA) on August 21, 2017. A prehearing conference (PHC) was held on October 20, 2017. Following the PHC,

the issues and procedural schedule were addressed in the assigned Commissioner's scoping memo and ruling (Scoping Ruling) issued on December 29, 2017. On January 30, 2018, the City of Carson filed a motion for party status, which was granted by email ruling on February 8, 2018. On February 1, 2018, the City of Lawndale filed a motion for party status which was also granted by e-mail ruling on February 8, 2018.

Five public participation hearings (PPHs) were held in January and February of 2018. In addition, several letters and e-mails regarding the application were received by the Commission. A summary of these letters and e-mails and comments from the PPHs is described in the next section of this decision.

On March 13, 2018 the City of Lakewood filed a motion for party status, which was granted by an email ruling the same day. On June 21, 2018, the Administrative Law Judge (ALJ) issued a ruling seeking additional information from Golden State. Golden State filed its response to the ALJ ruling on July 12, 2018.

On August 15, 2018, a Joint Motion to Approve a Settlement Agreement between Golden State and ORA was filed. The Settlement Agreement between Golden State and ORA (Settlement Agreement) resolves all issues among these two parties. On August 28, 2018, the City of Lawndale submitted a letter indicating its support of the Settlement Agreement. The City of Lawndale stated in its letter that the settlement appears to be fair and just considering the interests of Golden State and its customers. Additionally, the City of Lawndale states that the Settlement Agreement helps to protect the interest of low- and fixed-income residents. On September 10, 2018, the City of Carson submitted a letter supporting the settlement and stating that the Settlement Agreement helps to

protect the interests of low and fixed-income residents. No other comments were received on the proposed Settlement Agreement.

On October 1, 2018, Golden State Water, ORA, the City of Lawndale and the City of Carson filed a joint motion to admit prepared testimony and exhibits.³

On October 3, 2018, Water Division issued a Disposition Letter pertaining to Advice Letter (AL) 1744-W, which was filed by Golden State on May 1, 2018. In this AL, Golden State requested the withdrawal of all tariff sheets related to the Ojai District and the removal of references to Ojai in other tariff sheets because the ownership and operations of the Ojai Water system transferred from Golden State to Casitas Municipal Water District. Water Division indicated that the Commission needed to analyze any potential gain on sale and to modify Golden State's Certificate of Public Convenience and Necessity (CPCN). Water Division advised Golden State that these issues are properly within scope and would be addressed in this GRC proceeding.

On November 16, 2018 Golden State filed a motion requesting interim rate relief effective January 1, 2019, if a final decision in this proceeding is not made at such time. The motion was granted on December 3, 2018. Section 455.2 provides for interim rate relief when the Commission is unable to issue its final decision on a GRC application of a water corporation with greater than 10,000 service

³ Exhibits from the Applicant consist of opening testimony filed with the application; materials submitted on the 100-day update on October 27, 2017; revised testimony and supporting documents to address the implications of the Tax Cuts and Jobs Act (TCJA) and to establish a San Luis Obispo Valley Groundwater Basin Memorandum Account (SLOVGBMA) filed on March 2, 2018; two volumes of materials titled "Corrected Tables (and page) in Opening Testimony" regarding Golden State's forecasted employee health costs submitted on April 9, 2018; rebuttal testimony related was served on April 13, 2018, to the prepared testimony of ORA, the City of Carson and the City of Lawndale; on April 27, 2018, Golden State served supplemental rebuttal testimony addressing ORA's supplemental report on the TCJA and SLOVGBMA. The Cities of Carson and Lawndale separately submitted testimony on February 16, 2018. ORA submitted testimony on February 16, 2018 and a supplemental report related to Golden State's TCJA and SLOVGBMA testimony.

connections in a manner ensuring the decision becomes effective on the first day of the test year in the application and the first day of the test year for this application was January 1, 2019.

2. PPHs and Correspondence

Five PPHs were held in different locations⁴ within the service territories of Golden State in connection with the GRC application and quality of water service. The PPHs were held to receive comments from the utilities' customers regarding the impact of the application on them. In addition, several letters and e-mails were sent to the Public Advisor's Office of the Commission (PAO) concerning Golden State's rates and other issues in the application.

Almost all the comments at the PPHs and correspondence received oppose the proposed increases that Golden State is requesting. Many speakers and correspondence explain that after several rate increases in recent years; Golden State's rates were no longer reasonable or affordable. They also oppose a rate increase because of economic circumstances.

Many speakers at the PPHs and many of the letters and e-mails sent to the PAO state that many residents are on fixed incomes, are unemployed or underemployed, and cannot afford any further increase in their utility bills. Some point out that there have only been minimal increases to Social Security, and that salaries have not increased. Several customers also pointed out that Golden State already charges higher rates compared to other nearby water providers, and that further rate increases are not justified. Customers also explained that their water bill does not decrease even when they conserve and consume less water.

⁴ PPHs were conducted in Rancho Cordova, Claremont, Los Angeles, Santa Maria and Calipatria.

3. Standard of Review

As the applicant, Golden State bears the burden of proof to show that the rates it requests are just and reasonable and the related ratemaking mechanisms are fair.⁵ The Settlement Agreement between Golden State and ORA resolves all the issues in this GRC. Both the Cities of Carson and Lawndale support the Settlement Agreement.

With respect to any settlement agreement, we will only approve settlements that are reasonable considering the record, consistent with the law, and is in the public interest. To consider any possible proposed settlement in this proceeding as being in the public interest, we must be convinced that the parties have a sound and thorough understanding of the application and all the underlying assumptions and data included in the record. This level of understanding of the application and development of an adequate record is necessary to meet our requirements for considering any settlement.

4. Summary of Proposed Settlement Agreement

Golden State and ORA engaged in settlement discussions during this proceeding. As mentioned previously, the Settlement Agreement between Golden State and ORA resolves all the issues in this GRC. The Settlement Agreement includes the following appendices, attached to the Settlement Agreement:

Appendix A: Reconciliation – Summary of Earnings

⁵ In adopting the Rate Case Plan for Water Utilities, the Commission articulated the required showing for a water utility's GRC in D.04-06-018 by stating that "A utility's application for a rate increase must identify, explain, and justify the proposed increase." The application must include testimony, with supporting analysis and documentation, describing the components of the utility's proposed increase. All significant changes from the last adopted and recorded amounts must be explained, and all forecasted amounts must include an explanation of the forecasting method.

Appendix B: General Office Capital Projects

Appendix C: General Office Construction Work in Progress (CWIP)

Appendix D: Regions 1, 2 & 3 Capital Budget

Appendix E: Regions 1, 2 & 3 CWIP

Appendix F: Ratebase Comparison Table Test Year 2019 and 2020

Appendix G: Balancing Account and Memorandum Accounts

Appendix H: Allocation Percentages

Appendix I: Exhibit List

In this section, we provide a description of the primary areas addressed in the proposed settlement.

4.1. Plant – Regions 1,2, and 3

Section 3 of the Settlement Agreement identifies the disputed as well as the undisputed capital projects and budgets for Regions 1, 2, and 3.⁶ Initially, the parties disagreed on many issues, such as the need, scope and estimated costs for many of the capital projects and expenditures. However, the settling parties reached an agreement on all Golden State's requested capital projects and expenditures.

Golden State's requested capital budget for 2018, 2019, and 2020, total \$291.4 million. ORA initially recommended a total of \$199.3 million. The parties settled on \$234.4 million.

With respect to the capital projects and expenditures that are listed in section 3 of the Settlement Agreement, we note that no other party raised objections to these projects and expenditures. We also find these to be

⁶ General Office capital projects are included in section 12 of the Settlement Agreement and are not included in this section.

reasonable and supported by the testimonies and workpapers submitted by Golden State and ORA.

The settling parties also agree on other plant-related issues such as a contingency rate for both recurring (blanket) expenditures and nonrecurring capital projects, construction work in progress closed to plant (CWIP) overhead loading factor, depreciation accrual rates, working cash and revenue lag days. Likewise, these issues were not objected to by any party, and we also find the agreements regarding these issues to be reasonable.

The parties also agreed that Golden State should be allowed to file advice letter for each of the seven projects listed in the Settlement Agreement at section 3.14.

4.2. Sales and Customers

The Settlement Agreement addressed issues related to number of customers, customer usage and water loss. These issues are discussed below.

4.2.1. Number of Customers

Golden State and ORA used the five-year average annual change by customer class methodology to estimate the number of customers for the test year, as prescribed in D.07-05-062. The estimate for Arden Cordova considered the ongoing switching of customers from flat rate to metered billing. Tables 4-1 to 4-3 in the Settlement Agreement show the forecast number of customers for Test Year (TY) 2019, as well as 2020, and 2021, for each ratemaking area. No party objected to the figures shown in the tables.

4.2.2. Usage Per Customer

Golden State used the two-year (2015-2016) average to forecast annual usage per customer. ORA did not dispute Golden State's forecasts in Los Osos and Santa Maria due to the continued activation of Schedule 14.1. Other than in

Los Osos and Santa Maria, ORA forecasted sales per customer were based on the three-year (2014-2016) average.⁷ The parties eventually agreed to follow forecasts for annual sales per customer (in hundreds of cubic feet or CCF), which considers additional data points including 2017 data. Tables 4-4 to 4-8 in the Settlement Agreement show the settlement forecast annual usage per customer for each of Golden State's ratemaking area for TY2019. No party objected to the figures shown in the tables.

4.2.3. Water Loss

Water loss is the amount of water lost through system operations plus unaccounted for water. The parties used the five-year average water loss rates to calculate the water loss. Based upon the five-year average, the parties agreed to use the rates set forth in the Settlement Agreement to estimate water loss.

4.3. Labor

Golden State's forecasts for total labor were based on its 2017 organizational structure of 318 positions and actual annual salaries. Golden State asked for eight new positions and the elimination of 11 previously adopted positions.⁸ ORA agreed with Golden State's forecasting methodology and the requested new positions, except for the inclusion of customer growth factors used to derive the 2019 labor expenses.⁹ The parties agreed to the labor expenses for 2019 as set forth in the tables in section 5.1 of the Settlement Agreement.

4.3.1. General Office Labor

Golden State's General Office forecast for total labor expenses was based on its 2017 organizational structure of 266 positions and actual annual salaries.

⁷ See Exhibit GSW-24 at 31-37 and GSW-107C and -107 at 20-24 and ORA-4, Chapter 2, Sales.)

⁸ Settlement Agreement at 76.

⁹ See ORA-5 and ORA-5C at 8-17

With the 2017 structure, Golden State requested 17 new positions and the elimination of five positions. Golden State also sought to reclassify seven positions.¹⁰

After identifying the expensed position of each position's base pay, Golden State then added inflation, overtime and, merit (equity) increases, and then adjusted for vacancies to derive the forecasts for the Test year. Golden State did not remove vacant positions from its calculations, rather it applied an average vacancy factor to its labor analysis.

ORA recommended that Golden State's labor expenses be adjusted to remove the Investor Relations Administrator position and to correct the vacancy adjustment to include the Procurement Services Department, which Golden State had inadvertently excluded from the calculation.

The parties ultimately agreed that the vacancy calculation should be corrected and that the Investor Relations Administrator position should be included in the labor expense forecast. The parties agreed to the General Office labor costs for the Test Year as reflected in the chart at page 81 in the Settlement Agreement.

4.4. Expenses- Common Issues

4.4.1. Escalation Factors

Golden State used the annual inflation (escalation) factors from the ORA Energy Cost of Service & Natural Gas and Water Branches' May 2017 "Estimates of Non-Labor and Wage Escalation Rates" and "Summary of Compensation per Hour" memoranda (ORA Memos) to develop inflation-adjusted (escalated) estimates for Administrative & General (A&G) and Operations & Maintenance (O&M) expenses. ORA also used the May 2017 ORA Memos and agreed with

¹⁰ Settlement Agreement at 80

the request to update annual escalation factors used in developing the expense forecasts.

The parties agreed that the final A&G and O&M expense forecasts should be updated to incorporate the escalation rates from the latest available ORA Memos at the time of the decision in this proceeding.¹¹

4.4.2. Customer Growth Factor

For Other O&M and Labor expense estimates, Golden State applied annual customer growth factors, in addition to the annual escalation factors from the ORA Memos, to escalate recorded costs to develop Test Year forecast amounts.¹² This was opposed by ORA.¹³

The parties agreed on the A&G and O&M expense amounts set forth in sections 5.0 and 7.0 through 8.0 in the Settlement Agreement, subject to the escalation factors discussed in section 4.4.1 above.

4.5. Administrative and General Expenses

Administrative and General expenses are comprised of various expense accounts described below.

4.5.1. Office Supplies

To forecast Office Supplies expense, Golden State used an inflation-adjusted five-year average, further adjusted to remove historical costs tracked in the Water Conservation Memorandum Account, which are being recovered through a surcharge, and non-regulated expenses. In the Los Osos CSA, Golden State made an adjustment to restore a credit balance for deferred revenue recorded because of a settlement adopted in D.13-05-011 as the credit balance is

¹¹ ORA's October 2018 Escalation Factor Memos were used.

¹² See GSW-22 at 4-5.

¹³ See ORA-1 and ORA-1C, Chapter 3 and ORA-4 and ORA-4C at 10-13.

not a true, realized reduction in past or future costs. In the Santa Maria CSA, Golden State made an adjustment to forecast expenses associated with the addition of the Cypress Ridge System, formerly Rural Water Company, which was acquired in October 2015.¹⁴

ORA agreed with Golden State's estimates with a few exceptions. For Bay Point, Santa Maria, and Simi Valley CSAs, Region 2 and the Southwest and Central District Offices, and Region 3, ORA recommended using a two-year average to forecast Telephone Leased Lines expenses to capture savings from a service agreement Golden State entered in 2014. ORA also recommended an adjustment in the Clearlake CSA to remove an expense amount already tracked in the Water Conservation Memorandum Account.¹⁵

The parties agree to the estimates for Office Supplies expense as set forth in the table in section 7.1 of the Settlement Agreement.

4.5.2. Property Insurance

Expenses for property insurance are included in the Revenues and Expenses portion of General Office, which is discussed in section 6.1.8 of this decision.

4.5.3. Injuries and Damages

Expenses for injuries and damages are forecast at the general office level and then allocated to the CSAs and district offices. Golden State and ORA agreed on the injuries and damages forecast expenses set forth in the table in section 7.3 of the Settlement Agreement.¹⁶

¹⁴ See GSW-22

¹⁵ See ORA-1 and ORA-1C at 35-36, 38 & 40-41.

¹⁶ The table is at 85 of the Settlement Agreement.

4.5.4. Pension and Benefits

Expenses and benefits are discussed in Revenues and Expenses portion which is discussed at General Office at section 6.1.10 of this decision.

4.5.5. Business Meals

Business meals include meals while travelling and company meals provided to employees during company events. Golden State and ORA agreed to the forecast for business meals shown in the table in section 7.5 of the Settlement Agreement.

4.5.6. Outside Services

Outside services expense include costs for consulting, legal fees, and costs for other outside services such as facility rental, fees for conferences, etc. Golden State and ORA agreed to the estimated costs for outside services shown in the table appearing in section 7.6 of the Settlement Agreement and agreed to continue the Los Osos Groundwater Adjudication Memorandum Account through this GRC cycle.

4.5.7. Miscellaneous

Miscellaneous expenses include membership dues, supplies not assignable to other expense accounts, and printing. Golden State used an inflation-adjusted five-year average, further adjusted to remove non-regulated expenses.¹⁷ ORA did not oppose these estimates. The settling parties agreed to the forecast for miscellaneous expenses shown in the table in section 7.7 of the Settlement Agreement.

4.5.8. Allocated General Office Expenses – Corporate Support

The Allocated General Office Expenses – Corporate Support are forecasted at the General Office and then allocated to the ratemaking areas.¹⁸ The table at section 7.8 of the Settlement Agreement set forth the agreed upon estimates for Allocated General Office Expenses.

4.5.9. Allocated General Expenses - Centralized Operations Support

The Allocated General Office Expenses – Centralized Operations Support are forecasted at the General Office and then allocated to the ratemaking areas.¹⁹ The table at page 90 of the Settlement Agreement sets forth the estimated General Office Expenses – Centralized Operations Support expenses that the parties agreed upon for 2019.

4.5.10. Allocated District Office Expense

Golden State used equivalent customer data to develop the factors for allocating District Office Expenses to individual ratemaking areas. ORA did not

¹⁷ See GSW-22 at 12-13 and 22-23.

¹⁸ Detailed information and description of the parties' positions regarding the forecast are presented in sections 13-14 of the Settlement Agreement. GSW-22 at 23 and ORA-1 and ORA-1C, Chapter 5.

¹⁹ *Id.*

contest these allocation factors. The table at page 90 of the Settlement Agreement sets forth the estimates for Allocated District Office expense.²⁰

4.5.11. Other Maintenance of General Plant

To forecast Other Maintenance of General Plant Expenses, Golden State used an inflation-adjusted five-year average, further adjusted for forecasted expenses associated with the Cypress Ridge System, formerly Rural Water Company, which was acquired in October 2015, in the Santa Maria CSA. ORA did not oppose Golden State's estimates. The settling parties agreed to the forecast expenses shown in the table in section 7.11 of the Settlement Agreement.

4.5.12. Rent

Rent expenses include items like rent and lease expenses not provided elsewhere such as office space expenses, public storage space, etc. The forecasts for rent expenses were based on the most recent lease agreements. ORA did not oppose these estimates. Golden State and ORA agreed to the forecast shown in the table for rent expenses shown in section 7.12 of the Settlement Agreement.²¹

4.6. Operations and Maintenance

Operations and Maintenance expenses are comprised of various accounts described below. Golden State utilized an inflation-adjusted five-year average, further adjusted (1) for customer growth, (2) to remove conservation expenses, which are discussed in section 11 of the Settlement Agreement, (3) to remove historical costs tracked in the Water Conservation Memorandum Account which are being recovered through a surcharge, (4) for forecasted expenses associated

²⁰ The differences shown on the table are due to differences in expenses estimates prior to allocation. (See, GSW-22 at 23 and ORA-1 and ORA-1C, Chapter 5.)

²¹ The table is shown at 92-93 of the Settlement Agreement.

with the Cypress Ridge System, formerly Rural Water Company, which was acquired in October 2015, in the Santa Maria CSA, and (5) for reversal of Nipomo Mesa Management Area Technical Group and the Twitchell Management Authority memorandum accounts in the Santa Maria CSA. ORA agreed with the estimates with some minor exceptions. The parties ultimately agreed to the estimates for Other Operation expense as set forth in the table in section 8.2 of the Settlement Agreement.²²

4.6.1. Uncollectible Rates

Uncollectible expenses are accounts receivables that have not yet been received by Golden State from ratepayers. Expenses in this account include the amount of uncollectibles net of recoveries. The parties used a five-year average of actual amounts expensed to calculate uncollectible rates for each ratemaking area. These agreed upon forecast are shown in the table under section 8.3 in the Settlement Agreement.²³

4.6.2. Other Maintenance Expenses

Other maintenance expenses are comprised of various accounts listed in Exhibit GSW-22.²⁴ Golden State used an inflation-adjusted five-year average, further adjusted for customer growth and forecasted expenses. ORA opposed the use of customer growth factor to develop Test Year expenses and recommended using a four-year average rather than a five-year average to forecast Other Outside Services and recommended removing a non-recurring expense associated with surveying work for the Cypress Ridge System in the

²² See Settlement Agreement at 94-95.

²³ See, Settlement Agreement at 95.

²⁴ See, Exhibit GSW-22 at 3-5 and 10-12.

Santa Maria CSA. Parties agreed to settle on the figures for other maintenance expenses shown in the table in section 8.4 of the Settlement Agreement.²⁵

4.6.3. Chemical Expenses

Golden State utilized various inflation-adjusted data averaging methodologies to calculate chemical costs. ORA accepted the calculations with the exception of Golden State's four percent adjustment in Region 2. The parties agreed on the forecast figures for chemical expenses shown in the table in section 8.5 of the Settlement Agreement.²⁶

4.7. Taxes

4.7.1. Property and Payroll Taxes

The parties utilized a five-year percentage times the Plant in Service to calculate Property Taxes. They agreed to use the estimated tax rates shown in the table in Section 9.1 of the Settlement Agreement.²⁷

The parties agreed on a Payroll Tax of 8.30 percent to all labor (payroll) expenses. The parties agreed to the estimated Payroll Taxes which are reflected in the table in section 9.2 of the Settlement Agreement.²⁸

4.7.2. Local Taxes

Golden State and ORA used the same methodology of applying the five-year average recorded rate of Local Taxes on all revenues. They agreed to the local tax rates shown in the table in section 9.3 of the Settlement Agreement.²⁹

²⁵ See, Settlement Agreement at 96-97.

²⁶ See, Settlement Agreement at 98.

²⁷ See, Settlement Agreement at 98-99.

²⁸ See, Settlement Agreement at 99.

²⁹ See, Settlement Agreement at 100.

4.7.3. Income Taxes

In March 2018 Golden State revised testimony to update its tax testimony that was originally filed in July 2017. This revised testimony reflects the effects of enactment of Public Law 115-97 on December 22, 2017, also known as the Tax Cuts and Jobs Act (TCJA), on cost-of-service.³⁰ ORA submitted its revised income tax estimates and associated revenue requirements in April 2018. ORA's revised testimony incorporated the impacts of the TCJA.³¹

The TCJA has several provisions that impact Golden State's forecasted revenue requirements: (1) Reduction of the federal corporate income tax rate from 35 percent to 21 percent, (2) Repeal of Internal Revenue Service (IRS) Code Section 199, which consequently eliminates the Domestic Production Activities Deduction (DPAD), (3) Elimination of accelerated bonus depreciation for plant acquired and placed in service after September 27, 2017, and (4) Increase to the portion of taxable income a water utility receives from advance deposits and contributions.

The differences in the Parties' estimates for income taxes are due to differences in the Parties' estimates for revenues, expenses, and rate base. They also differed in the methodology used to determine the prior-year California Corporate Franchise Taxes (CCFT) deduction for Federal Income Tax (FIT) purposes in 2019. To calculate prior-year CCFT, Golden State used the estimated CCFT at present rates for the Test Year 2019.³² ORA recommended using the

³⁰ See, GSW-18.

³¹ See, ORA-11 at Chapter 2.

³² See, GSW-18 at 5-6.

CCFT amounts from Golden State's adopted 2018 attrition rate adjustment filings.³³

The parties agreed on the need and methodology to update the revenue requirement estimates to reflect the impact of the TCJA. The parties also agree that income tax calculations percent should be updated to reflect the level of expenses adopted in this decision, and the latest rate of return and income tax rates. Finally, for this GRC, the parties agree to use Golden State's methodology to determine the prior-year CCFT deduction for FIT purposes.

4.8. Water Supply

4.8.1. Sources

Golden State used historical usage, which includes its metered operational usage, and expected developments and constraints on the water systems to determine its forecasted water supply.³⁴ For the most part, ORA agreed with Golden State's supply volume estimation methodology. The parties agree to the supply volumes for 2019, 2020, and 2021 as set forth in the table in section 10 of the Settlement Agreement.³⁵ No party opposed these figures and we find them to be reasonable.

4.8.2. Supply Expenses

ORA did not oppose Golden State's methodology in forecasting supply expenses. They agreed to use Golden State's methodology to forecast purchased water, pump tax and purchased power expenses. There was no objection to this and we find this calculation to be reasonable.

³³ See, ORA-1 and ORA-1C, at 42-45, and ORA-11 at 5-10.

³⁴ See, GSW-22 at 25-26.

³⁵ See, Settlement Agreement at 103-104.

4.9. Conservation Expenses and Programs

In the Settlement Agreement, ORA and Golden State agreed on an annual budget of \$1,061,189 for 2019-2021 for conservation expenses. A breakdown of these expenses is shown in table 11.1 of the Settlement Agreement.³⁶ The parties also agree that within each ratemaking area, Golden State can move funds between programs or use the funds to support new programs and technology but cannot move funds between ratemaking areas nor exceed the costs for programs that are subject to spending caps.³⁷ No party objected to the budget for conservation expenses and programs and we find the agreed-upon figures and ancillary agreements to be reasonable.

4.9.1. Conservation Expense One-Way Balancing Account

The settling parties request that the Commission approve the establishment of a separate one-way balancing account in each of Golden State's ratemaking areas for the duration of this GRC cycle. The settling parties also agree that Golden State shall not exceed the proposed triennial budget in each ratemaking area, and at the end of this GRC period, will return any unspent funds to ratepayers.

We find the request for the establishment of a Conservation Expense One-Way Balancing Account (CEOWBA) for each ratemaking area for this GRC period to be reasonable. The CEOWBA will ensure that funds authorized for conservation programs will be tracked and spent for such purpose. The one-way balancing account also ensures that Golden State will not exceed the approved

³⁶ See, Settlement Agreement at 106.

³⁷ The budget cap is a triennial budget cap.

funding for these programs, and that any unspent funds will be returned to ratepayers.

4.9.2. School Education Program's Fixture Giveaways

ORA and Golden State disagreed on the School Education Program's fixture giveaways. ORA wanted Golden State to only provide fixtures when requested by the students or their guardians³⁸ Golden State argued against this suggestion on the basis that the conservation programs provided by Golden State cannot realistically be portioned or split out to implement ORA's suggestions.³⁹ The parties eventually agreed that Golden State will provide available vendor reports for the School Education Program fixture giveaways containing Golden State specific fixture deployment rate data by ratemaking area in its next GRC application Test Year 2022.

4.9.3. Enhanced School Education Program Reporting Requirement

ORA recommended that Golden State report in the next GRC application (Test Year 2022) the School Education Programs' activities, costs and number of students covered.⁴⁰ Golden State on the other hand noted that in D.11-05-004, the Commission already requires Class A Water utilities to report detailed information concerning conservation programs in an updated Schedule E-3 of their annual reports to the Commission.⁴¹

The parties settled on an agreement that Golden State will in its next GRC application (Test Year 2022) demonstrate that any spending above specified caps

³⁸ See, ORA-4 at 27-30.

³⁹ See, GSW-96 at 2-21.

⁴⁰ See, ORA-4 at 27-30.

⁴¹ See, GSW-96 at 21-23.

as set forth in sections 11.1 and 11.5 of the Settlement Agreement, is excluded from the CEOWBA balances.

4.10. General Office Plant- Corporate Support, Utility Support, and Centralized Operations Support

Golden State's General Office is separated into three functions: Corporate Support (Corp), Utility Support Services (USS), and Centralized Operations Support (COPS). Golden State requested a capital contingency rate of five percent for all General Office (GO) Capital budget items. The table on page 114 of the Settlement Agreement provides a summary of Golden State's capital budget and CWIP⁴² requests in GO.

ORA did not object to Golden State's proposed contingency rate of five percent, 2017 capital budget, and CWIP. However, ORA did raise various issues with the 2018, 2019 and 2020 Information Technology capital additions in Golden State's GO Corporate Support cost center.⁴³

The settling parties eventually agreed to the five percent contingency rate and the capital additions and CWIP as set forth in tables 12.1 through 12.5 in the Settlement Agreement. No party objected to these figures. After reviewing the information in these tables and the associated testimony, we find this to be reasonable.

4.10.1. Depreciation Accrual Rates

ORA did not object to Golden State's composite depreciation rates for General Office Plant.⁴⁴ For this GRC, the parties agreed to use the composite

⁴² CWIP projects consist of projects that are still open on December 31, 2016 and require additional funds to complete and close the projects in years 2017 and 2018. They also include 2015 and 2016 projects that were authorized by D.16-12-067 but not started as of December 31, 2016.

⁴³ See, numbers 1-6 in Settlement Agreement at 114-115.

⁴⁴ See, GSW-22 at 55-58.

depreciation rates for GO plant as set forth on pages 124-125 of the Settlement Agreement. No party objected to these figures and we find them to be reasonable.

4.11. General Office Allocation

4.11.1. Structure of the Allocation of Costs to American States Utility Services (ASUS)

In section 13 of the Settlement Agreement, for purposes of allocating General Office costs, the settling parties agreed to separate General Office into three areas: (1) Corporate Support; (2) Utility Support; and (3) Centralized Operations Support Department.⁴⁵

4.11.2. Allocation of Corporate Support Function

The settling parties agreed that the allocation for Corporate Support should be 17.63 percent to ASUS, 7.61 percent to Bear Valley Electric Service (BVES) and 74.76 percent to Golden State Water Operations.⁴⁶

4.11.3. Allocation of Utility Support Function

For Utility Support, the parties agreed to use Golden State's allocation of 9.24 percent to BVES.⁴⁷

4.11.4. Allocation of Centralized Operations Support Function

The settling parties agreed to allocate Centralized Operations Support to its customer service areas using an equivalent number of customers methodology.

4.12. General Office Revenues and Expenses: Corporate Support, Utility Support and Centralized Operations

⁴⁵ See, GSW-22 at 36-50 and ORA-1 and ORA-1C, Chapter 9.

⁴⁶ See, Appendix H – General Office Allocation Percentages for a listing of settled allocation percentages by Golden State's ratemaking area.

⁴⁷ See, Appendix H.

4.12.1. Escalation Factors

Golden State's General Office is separated into three functions, or Business Segments: Corporate Support, Utility Support Services, and Centralized Operations Support.⁴⁸ The parties agree that the escalation factors used to develop GO revenue and expense forecasts should also be updated as set forth in section 6.1 of the Settlement Agreement.

4.12.2. Other Revenues

The parties agreed to the estimates of Other Revenues as set forth in section 14.2 of the Settlement Agreement. No party objected to these figures. We find the Other Revenues as set forth in the table in section 14.2 of the Settlement Agreement to be reasonable.

4.12.3. Common Customer Account Expense

The parties agreed to the estimates of Common Customer Account expense as set forth in section 14.3 of the Settlement Agreement. No party objected to these figures and we find them to be reasonable.

4.12.4. Postage

Golden State used an inflation-adjusted five-year average to forecast Postage expenses. No party objected to this and we find the figures as set forth in section 14.4 of the Settlement Agreement to be reasonable.

4.12.5. All Other Operating Expenses

Golden State used an inflation adjusted five-year average, further adjusted for WCMA, Water Use Efficiency cost center, and Regional Offices expenses. No party objected to this. We find the figures set forth in the table in section 14.5 of the Settlement Agreement to be reasonable.

⁴⁸ See, Section 13.1 of the Settlement Agreement.

4.12.6. All Other Maintenance Expenses

The parties agreed to the All Other Maintenance expenses as set forth in section 14.6 of the Settlement Agreement. No party objected to these figures and we find them to be reasonable.

4.12.7. Office Supplies and Expenses

The parties agreed to the estimates for Office Supplies and Expenses as set forth in section 14.7 of the Settlement Agreement. We find these figures to be reasonable.

4.12.8. Property Insurance Expenses

The parties agreed to the estimates for Property Insurance Expenses as set forth in section 14.8 of the Settlement Agreement. We find these figures to be reasonable.

4.12.9. Injuries and Damages Expenses

The parties agreed to the estimates for Injuries and Damages as set forth in the table on page 134 of the Settlement Agreement.⁴⁹ No party objected to these figures and we find them to be reasonable.

4.12.10. Pension and Benefits

ORA objected to Golden State's annual cash incentive bonuses (also known as Short-Term Incentive Program or STIP) and the restricted stock units (also known as the Long-Term Incentive Program or LTIP). The parties ultimately settled on the resolution set forth in section 14.10 of the Settlement Agreement.⁵⁰ No party objected to this and we find this resolution to be reasonable.

⁴⁹ See, section 14.9 of the Settlement Agreement.

⁵⁰ See, Settlement Agreement at 136-138.

4.12.11. Business Meals

Golden State used an inflation-adjusted five-year average to forecast business meals. ORA on the other hand recommended additional adjustments to historical data for expenses related to Truro Well, Acquisitions, and Unallowable expenses.⁵¹ The parties ultimately agreed to the estimates for Business Meals Expenses as set forth in the table on page 139 of the Settlement Agreement.

4.12.12. Regulatory Expenses

Golden State's regulatory expenses include legal, consultant, and noticing costs (printing, postage, and newspaper publication) for Cost of Capital and General Rate Case applications scheduled for filing in 2019, 2020, and 2021. ORA did not contest Golden State's methodology for calculating its Regulatory Expenses but recommended using a lower bulk mailing postage rate of \$0.37 to calculate the postage expense estimates. The parties agreed to reduce the forecast to reflect ORA's recommended lower postage rate. The agreed upon annual expense estimates are set forth in the table on page 140 of the Settlement Agreement. We find this to be reasonable.

4.12.13. Outside Services

The parties ultimately agreed to the estimates for Outside Services as set forth in table 14.2 of the Settlement Agreement.⁵² We find this to be reasonable.

4.12.14. Miscellaneous Expenses

The parties agreed in the Settlement Agreement to the estimates for Test Year 2019 Miscellaneous Expenses as set forth in the table on page 142 of the Settlement Agreement. We find these figures to be reasonable.

⁵¹ See, GSW 25 at 26 and ORA-3 at 5 and 30.

⁵² See, Settlement Agreement at 141. See also, GSW-25 at page 27, ORA_3 at 8-26, 30-34 and 44.

4.12.15. Maintenance of General Plant

The parties agreed in the Settlement Agreement to the estimates for Test Year 2019 Maintenance of General Plant expenses as set forth in the table on page 143 of the Settlement Agreement. We find this to be reasonable.

4.12.16. Rent Expense

To forecast rent expense for Corporate Support and COPS, Golden State used an inflation-adjusted five-year average.⁵³ ORA did not contest the forecast.⁵⁴ The estimates for Rent Expenses are set forth at page 144 of the Settlement Agreement. We find this to be reasonable.

4.12.17. A&G Capitalized

The parties agreed to the A&G Capitalized expense estimates set forth in section 14.17 of the Settlement Agreement. We find this to be reasonable.

4.12.18. General Office Labor

See, section 4.1.4 above.

4.12.19. Depreciation Expense

The parties settled on the amount of Depreciation Expenses as set forth in the table in section 14.19 of the Settlement Agreement. We find this to be reasonable.

4.12.20. Local Taxes

The parties agreed to the Local Taxes amounts for Test Year 2019 as set forth in the table in section 14.20 of the Settlement Agreement. We find this to be reasonable.

4.12.21. Property Taxes

Golden State's property tax forecast is based on the average five-year percentage times the General Office Plant in Service estimates. ORA did not

⁵³ *See*, GSW-25 at 28.

⁵⁴ *See*, ORA-3 at 3, 28 and 43.

dispute Golden State's methodology. The parties agreed to the Property Tax amounts for Test Year 2019 as set forth in section 14.21 of the Settlement Agreement. We find this to be reasonable.

4.12.22. Payroll Taxes

There was no dispute concerning Golden State's methodology for calculating payroll tax expenses. The parties agreed to the Payroll Taxes amount for Test Year 2019 as set forth in the table in section 14.22 of the Settlement Agreement. We find this to be reasonable.

4.13. Common Issues

4.13.1. Inflation

The parties agree that inflation factors be updated as described in Section 6.1 of the Settlement Agreement. No party objected to this. We find this to be reasonable.

4.13.2. Rates Charged for Purchased Water and Purchased Power

The parties recommend that that latest available purveyor rates for purchased water and purchased power be updated as set forth in section 10.2 of the Settlement Agreement. No party objected to this. We find this to be reasonable.

4.13.3. Present Rates

Both Golden State and ORA used Golden State's tariff rates that were in effect on the date the application was filed (July 2017 "present Rates") to estimate the revenue increase or decrease impacts resulting from the GRC.⁵⁵ The parties agree that the present rates used to determine the revenue increases or decreases should be the rates in effect at the time the final decision is prepared, to

⁵⁵ See GSW-107 and GSW-107-C at 37, ORA-1, and ORA-1C at 2.

accurately reflect the revenue changes adopted in the decision. No party objected to this and we find this to be reasonable.

4.14. Cost of Capital

4.14.1. Return on Rate Base

When Golden State filed this GRC request it used the most recently adopted Cost of Capital, with a return on rate base (ROR) of 8.34 percent. ORA used the same Cost of Capital and ROR. Golden State filed its Cost of Capital A.17-04-002 on April 3, 2017. In March 2018, D.18-03-035 adopted a new cost of capital and a ROR of 7.91 percent for Golden State to be effective January 1, 2018. The parties recommend that Cost of Capital adopted in D.18-03-035 be reflected in this decision.⁵⁶ No party objected to this proposal. We find this to be reasonable.

4.15. Special Requests

4.15.1. Special Request # 1

The settling parties agreed on various resolutions concerning 57 different balancing and memorandum accounts (BAMA) maintained by Golden State. A complete description of these accounts and the various resolutions regarding each of them are adequately described in section 17.1 of the Settlement Agreement. Each balancing and memorandum account was resolved where the resolution was to either close the account, continue the account, agree on the balance remaining in the account, agree that no changes in the account should be made, add a small surcharge, or transfer the residual balance to the General Ratemaking Balancing Account (GRABA), to aggregate small residual amounts

⁵⁶ Appendix A of the Settlement Agreement presents the settlement positions of the parties at 8.34 percent ROR and also at the 7.91 percent ROR adopted in D.18-03-035.

from expired amortizations and other dollar amounts for subsequent amortization at the ratemaking area level.⁵⁷

The parties also agreed to ORA's recommendation regarding Golden State's presentation of BAMA information in future GRC applications.⁵⁸ Specifically, the parties agree that Golden State shall provide more workpaper details demonstrating that BAMA expenses are not also included in the operating expense forecast and that Golden State will continue to provide the specific information set forth in a through m on page 188 of the Settlement Agreement.

After examining the different resolutions regarding each of the balancing accounts in section 17.1 of the Settlement Agreement, and reviewing the prepared testimony, we find that the various resolutions regarding each balancing and memorandum accounts are reasonable. ORA sufficiently audited the accounts, Golden State's work papers, general ledger and discovery requests pertaining to the accounts submitted by Golden State. Therefore, this special request should be granted.

4.15.2. Special Request # 2

The settling parties agree that Golden State will withdraw its request for establishment of a balancing account for group medical insurance costs.

4.15.3. Special Request # 3

The settling parties agree that recalculation of the Aerojet Water Litigation Memorandum Account (AEROJET) account surcharge in the Arden Cordova CSA, be based on the stipulated May 31, 2017 account balance and sales forecasts and the adopted proportion of revenue from flat and metered customers. The

⁵⁷ Golden State's request to establish the GRABA is discussed in Special Request 9.

⁵⁸ See, ORA-5 and ORA-5C at 43-46.

parties agree that the recalculated surcharges should be \$0.296Ccf for metered customers and \$9.03 per month for flat rate customers. We find this to be reasonable.

4.15.4. Special Request # 4

Golden State requested to establish a Sales Reconciliation Mechanism (SRM) in ratemaking area with a Water Revenue Adjustment Mechanism (WRAM). ORA recommended against a permanent SRM, but Golden State should continue the Sales Adjustment Mechanism (SAM) authorized as a pilot program in Golden State's last GRC with a 10 percent trigger level.

The parties agreed that Golden State would withdraw its request to establish an SRM and will continue the SAM approved in D.16-12-067, but with a 5 percent trigger. The parties agree that Golden State will file a Tier 1 advice letter on the same date as Golden State's escalation filing for 2020 and 2021 if the conditions outlined on pages 190-191 of the Settlement Agreement are met. None of the parties objected to this Special Request and we find that it implements D.16-12-067 with a five percent trigger and should be approved.

4.15.5. Special Request # 5

Golden State requested to continue the First 5 Sacramento Memorandum Account adopted in D.16-12-067 to track O&M costs and carrying costs on capital expenditures not covered by First 5 Sacramento Commission funding for a project to implement fluoridation of the water in its Arden Cordova CSA. The settling parties agree that Golden State should continue this memorandum account, but in 2022 Golden State will not record O&M costs in this account and Golden State will seek to include funding for the fluoridation treatment in its next rate case cycle. We find this to be reasonable.

4.15.6. Special Request # 6

Pursuant to California Assembly Bill 1180, Golden State requested to include in base rates the incremental cost of a pilot program that provides a credit card payment option free of charge to its customers. Since the costs of a credit card payment pilot program may not be recovered from customers participating in Golden State's low-income rate assistance program, called California Alternate Rates for Water (CARW), Golden State proposed to increase the CARW discount to offset the cost of the program that is built in base rates. ORA, did not oppose this request, but recommended additional requirements to improve program implementation and to facilitate evaluation of the proposed pilot project.⁵⁹

The parties agree that Golden State may include the cost of the credit card payment pilot program in rates, and to increase the CARW monthly discount by \$0.11 in the Bay Point CSA and \$0.10 in all other ratemaking areas. Golden State will also continue to file semi-annual reports on the measures to improve customer services and notify its customers of the availability of the pilot program and of the fact that the program may not continue. We find this request to be reasonable.

4.15.7. Special Request # 7

The settling parties agree that Golden State will withdraw its request for authorization for advice letter treatment for the purchase of an office building.

4.15.8. Special Request # 8

The settling parties agree that Golden State will withdraw its request for removal of the 10 percent cap for WRAM/MCBA surcharges, which was imposed by D.12-04-048.

⁵⁹ ORA's recommendations are set forth in the Settlement Agreement at 192-193.

4.15.9. Special Request # 9

Golden State requested a General Ratemaking Area Balancing Account (GRABA) to aggregate small residual dollar amounts and other small dollar amounts, such as intervenor compensation payments, for subsequent amortization at the ratemaking area level.⁶⁰ ORA did not oppose this request.

The settling parties agree that Golden State should be authorized to establish the GRABA as requested. They further agree that the Preliminary Statement for GRABA will become effective with or as part of the revised tariff schedules adopted in this proceeding. We find this to be reasonable and we grant this request.

4.16. Other Issues

4.16.1. Low Income Rate Assistance Program

Golden State proposed to continue providing the Low-Income Rate Assistance Program (CARW) discounts equivalent to 20 percent of an average CARW customer bill and to update the CARW surcharge used to fund this program. They proposed to calculate the CARW discount based on a 10 Ccf average usage per month, which reflects the average usage in 2016 by CARW customers in each Region. Golden State also proposed to increase the discount to offset the incremental cost of credit card payment pilot program as discussed in Special Request 6 above.⁶¹ ORA reviewed this request and did not dispute what Golden State requested, but recommended that the discount be based on the

⁶⁰ For purposes of the GRABA, a small residual balance would encompass any balance less than two percent of gross adopted revenues by ratemaking area. The establishment of the GRABA will allow for a reduction in the number of balancing and memorandum accounts to be maintained in Golden State's tariff book.

⁶¹ See, Settlement Agreement at 195.

monthly average usage from 2017 and 2018 and to ensure that the CARW discount is not reduced from the discount in effect in 2018.

The parties agreed that the CARW discounts in this GRC should be no less than the previously adopted level. The monthly discount amount will be calculated based on the monthly usage of 10 Ccf. If this results in a level lower than the discount in effect for 2018, the discount for 2019 through 2021 will remain at the 2018 level. As discussed in Special Request 6, an additional amount will be added to offset the incremental cost of the credit card payment pilot program. Table 18.1 in the Settlement Agreement⁶² sets forth the settled Test Year 2019 CARW customer forecasts. The parties also agree that the CARW surcharge in each Region should be calculated to reflect the settled number of CARW customers, forecasted administrative costs, CARW residual balance estimates, non-CARW usage volumes and the CARW credit to reflect the final decision's adopted revenue requirement for Test Year 2019.⁶³

No party objected to this request and we find this to be reasonable.

⁶² See, Settlement Agreement at 196.

⁶³ *Id.*

4.16.2. San Luis Obispo Valley Groundwater Basin Memorandum Account

Golden State requested approval of a memorandum account to track the costs associated with the implementation of the Sustainable Groundwater Management Act (SGMA). Golden State requested the establishment of the San Luis Obispo Valley Groundwater Basin Memorandum Account (SLOVGBMA) with an effective date of January 1, 2018.⁶⁴ ORA reviewed this request and suggested the addition of two special conditions.⁶⁵ Golden State agreed to include the special conditions set forth by ORA. No party objected to this request and we find that Golden State should be authorized to establish the SLOVGBMA with an effective date of January 1, 2018.

4.16.3. Disposition of the Tax Cuts and Jobs Act (TCJA) Memorandum Account

After the passage of the TCJA on December 22, 2017, the Commission's Water Division issued a letter to all Class A and B water and sewer utilities directing the establishment of a memorandum account to track the revenue requirement impacts resulting from the TCJA. On December 29, 2017, Golden State filed Advice Letter 1735-W to establish the TCJA Memorandum Account. The parties agree that Golden State should file a Tier 2 advice letter no later than 30 days after the financial close of 2018⁶⁶ to dispose of the TCJA Memorandum Account balance via a one-time refund to ratepayers and close the account upon completing the refund.⁶⁷

⁶⁴ See, GSW-92.

⁶⁵ The Special Conditions are set forth in the Settlement Agreement at 197.

⁶⁶ In the event that Golden State has not yet filed a Tier 2 advice letter to dispose of the TCJA Memorandum Account balance, it shall do so within 30 days of the adoption of this decision.

⁶⁷ See, GSW-105, pages 1-3 and ORA-11, pages 5-10.

4.16.4. Post-Test Year Rate Filings

ORA recommended that the Commission include language in this decision similar to that in D.16-12-067 (Golden State's last GRC) with a directive requiring Golden State to implement rate decreases when the pro-forma rate of return exceeds the authorized rate of return.⁶⁸ Golden State did not oppose the recommendation to include similar language as in D.16-12-067 for post-year rate adjustments, but objected to the inclusion of any language requiring Golden State to implement rate decreases simply because the pro-forma rate of return exceeds the authorized rate of return.⁶⁹

The parties agree that Golden State will file escalation/attrition advice letters for all ratemaking areas but will not be required to implement rate reductions due to the pro-forma rate of return exceeding the authorized rate of return. However, if the Rate Case Plan D.07-05-062 methodology for calculating the escalation year revenue requirements results in a rate reduction due to negative rate base growth, negative inflation factors or customer growth, Golden State will file for the corresponding rate reduction.

4.16.5. Materials and Supplies in Region 2 Rate Base

Golden State forecasted \$1,737,100 for Materials and Supplies (M&S) in Region 2 rate base for the test years. This forecast was based on the 2016-recorded weighted average. ORA on the other hand recommended a forecast of \$733,600 for M&S, which is based on a five-year recorded average adjustment to exclude a large pipeline pre-purchase in 2015.⁷⁰ The parties agree to use

⁶⁸ See, ORA-1 and ORA-1C; Attrition Filings.

⁶⁹ See, GSW-95 at 21-28.

⁷⁰ See, GSW-109 pages 9-12 and ORA-1 and ORA-1C, Chapter 7, Materials and Supplies.

\$1,000,000 as a proxy for M&S forecasted amount in Region 2 rate base. No party objected to this and we find this to be reasonable.

4.17. Issues Raised in the Scoping Memo

The scoping memo issued by the Assigned Commissioner identified nine issues that the parties were to evaluate in this proceeding. The parties evaluated each of these issues and to the extent that they were controversial, they have been fully addressed in the Settlement Agreement as set forth below.

4.17.1. The Just and reasonable Test Year Revenue Requirements, Including All Operating Expenses and Capital Cost, to Provide Safe and Reliable Water Service in the Test Year

During settlement discussions, the parties addressed all operating expenses and capital costs used to determine the Test Year revenue requirements for each ratemaking area. The settlement of the operating expenses and capital costs results in just and reasonable test year revenue requirements for the provision of safe and reliable water service for this GRC cycle. No party raised any issues or concerns about the proposed test year revenue requirements. Therefore, we find that the proposed test year revenue requirements are just and reasonable and will allow for the provision of safe and reliable water service.

4.17.2. The Just and Reasonable Post-Test Year Ratemaking Mechanism

Appendix A of the Revised Rate Case Plan for Class A water utilities adopted in D.07-05-062, established the methodology to determine the revenue requirements for post-test years, which are 2020 and 2021 for this proceeding. The parties thoroughly addressed this issue in section 18.4 of the Settlement Agreement. No party objected to the revenue requirements for the post-test years. Therefore, we find the post-year ratemaking mechanism is just and reasonable.

4.17.3. An Examination of the Water Quality Provided to Customers and the Adequacy of Golden State's Water Management Plan

As required by the Rate Case Plan, Golden State submitted water quality data as part of its Minimum Data Requirements (MDR).⁷¹ In its testimony, ORA provided a summary of its review of available inspection reports issued by the State Water Resources Control Board.⁷² ORA also provided testimony addressing capital projects including those intended to address water quality and safety issues. Additionally, a Water Quality expert from the Commission's Water Division was appointed to provide a preliminary review of Golden State's water quality. Golden State responded to all data requests submitted by the assigned analyst and the analyst attended a plant facility field tour. No party raised any issues concerning the water quality or water quality management plan. Therefore, we find Golden State's water quality and water quality management plan are reasonable and in compliance with applicable law.

4.17.4. An Examination of Efforts to Encourage Water Conservation by Golden State's Customers

Golden State requested funding for conservation programs in each of its ratemaking areas to encourage water conservation by its customers. ORA submitted testimony challenging certain aspects of Golden State's requests. During this proceeding, the parties reached agreement on the appropriate funding and other aspects of Golden State's conservation program.⁷³ We find that the water conservation provisions of the settlement as part of the settlement as a whole are just and reasonable and in the public interest.

⁷¹ See, GSW-90 and GSW-112.

⁷² See, ORA-6 at 1.

⁷³ The issues concerning water conservation are covered in detail in section 11 of the Settlement Agreement.

4.17.5. Specific Issues Identified in Both the Application and the Protest

The parties came to agreement, as part of the settlement, on all the issues addressed in the Application and protest, including the nine Special Requests in the Application.⁷⁴ We find these resolutions, as part of the Settlement Agreement as whole are just and reasonable, and in the public interest.

4.17.6. Whether Golden State Water Company is in Compliance with Prior Commission Orders, Rules and Decisions

During the settlement of this proceeding, ORA evaluated whether Golden State was in compliance with prior Commission Orders, Rules and Decisions. ORA identified one instance where adjustments to historical data were needed to comply with prior Commission decisions. Decision 14-09-009 approved a settlement agreement between ORA and Golden State that 75 percent of all legal and consulting costs incurred in the rehearing of Decision 10-11-035 should be excluded from any historical expenses used to forecast expenses in future GRCs. Golden State mistakenly excluded this adjustment from its General Office Outside Services expense forecast. As set forth in section 14.13 of the Settlement Agreement, Golden State has agreed to correct this oversight. Since Golden State has agreed to correct this oversight, we find that Golden State is in compliance with prior Commission orders, rules and decisions.

4.17.7. A Systemic Review of Golden State's Safety Practices and Policies

Golden State's witness Denise Kruger's Prepared Testimony⁷⁵ addresses Golden State's approach to ensuring that it operates in a safe manner. Her testimony is organized into four main categories: 1) Enterprise Risk

⁷⁴ The Special Requests are discussed in section 17 of the Settlement Agreement and section 10.0 above.

⁷⁵ See, GSW-17.

Management; 2) Health and Safety; 3) Emergency Response; and 4) Information Technology Security. ORA testimony addressed capital projects including those intended to address water quality and safety issues.⁷⁶ No party raised any safety concerns regarding Golden State. Therefore, we find Golden State's safety practices and policies are reasonable and prudent and in compliance with the law.

4.17.8. Examine any Other Issues That Might Arise During the Proceeding That May Affect Just and Reasonable Rates or Safe and Reliable Water Service

On December 22, 2017, the TCJA was enacted, which impacted the forecast for cost-of-service income tax expenses and the deferred income taxes and adjustment in rate base. As discussed in sections 9.4 and 18.3 of the Settlement Agreement, the parties provided revised forecasts and recommendations related to those items. We find that the Settlement Agreement adequately addresses the impact of the TCJA.

4.17.9. Examine the Ways to Re-Balance the Risk Burden between Golden State Water Ratepayers and Shareholders

The Scoping Memo requires the parties to examine ways to re-balance the risk burden between Golden State's ratepayers and shareholders and provide an incentive for the utility to forecast sales accurately in the general rate case filings. Several areas included in the Settlement Agreement address this item. The parties have reached an agreement on the forecasted usage per customer that the parties believe produce a reasonably accurate forecast of sales for 2019, 2020 and 2021.⁷⁷

⁷⁶ The settling parties resolved all contested capital projects in section 3.0 of the Settlement Agreement.

⁷⁷ See, section 4.2 of the Settlement Agreement.

Additionally, the parties have also agreed to the application of a Sales Adjustment Mechanism (SAM), in the event that recorded sales in 2019 or 2020 deviate by more than five percent from the forecasted sales volumes, to adjust the forecasted sales for the remainder of the GRC cycle closer to the recorded sales. The purpose of the SAM is to reduce future balances tracked in the Water Revenue Adjustment Mechanism (WRAM) and the Modified Cost Balancing Account (MCBA) by improving the accuracy of the sales forecast.⁷⁸ Related to this issues, Golden State has requested that the Commission remove the 10 percent cap for WRAM/MCBA surcharges that was adopted in D.12-04-048. The purpose of the cap was to limit the magnitude of WRAM/MCBA surcharges on customers' bills. As part of the Settlement Agreement Golden State withdraws its request to remove the 10 percent cap.⁷⁹ We find that the Settlement Agreement adequately addresses the balance of risks between Golden State's ratepayers and shareholders.

5. Comments on the Settlement Agreement

On August 28, 2018, the City of Lawndale, who is a party to this proceeding, sent a letter indicating its support of the Settlement Agreement. The Mayor of the City of Lawndale noted in his letter that "[a]s you know the City of Lawndale petitioned to become a party to this proceeding with the intent to help protect the interests of low- and fixed-income residents, and the settlement appears to have achieved that goal." On September 10, 2018, the City of Carson, who is also a party to this proceeding sent a letter supporting the adoption of the Settlement Agreement. The Mayor notes in his letter that "[a]s you know, the

⁷⁸ See, section 17.4 of the Settlement Agreement.

⁷⁹ See, section 17.8 of the Settlement Agreement.

City's primary concern is that rates for low- and fixed-income residents and public entities be kept to a minimum and the settlement achieves that goal."

6. Advice Letter 1744-W Request to Remove Ojai District from Tariff Sheets

On May 1, 2018 Golden State filed Advice Letter 1744-W, requesting the withdrawal of all tariff sheets related to the Ojai District⁸⁰ and the removal of references to Ojai in other tariff sheets. On October 3, 2018, the Commission's Water Division notified Golden State that the advice letter was being rejected on procedural grounds and that this issue would be addressed in the current GRC. The Water Division notified Golden State that it would be necessary to amend Golden State's Certificate of Public Convenience and Necessity (CPCN) and that amendment to the CPCN will also be covered in the GRC.

We find that as a result of the transfer of the Ojai system, Golden State's CPCN should be amended to remove Golden State of its responsibilities to provide public utility service in the Ojai District. Additionally, Golden State's tariff sheets should be amended to remove any reference to the Ojai system.

At the close of the transaction, the cash proceeds received by Golden State were deposited in the Golden State's bank account and recorded in a cash account within Golden State's accounting system. In addition, Golden State removed from the net book value of the Ojai operating assets from the assets recorded in Golden State's accounting systems. Lastly, Golden State removed Ojai customer receivables and Ojai regulatory assets from their respective

⁸⁰ The ownership and operations of the Ojai water system was transferred from Golden State to Casitas Municipal Water District (CMWD). See, *Casitas Municipal Water District v. Golden State Water Company* Case No. 56-2016-00481628-CU-EI-VTA. On April 12, 2017, the CMWD Board of Directors approved a \$34.4 million settlement with Golden State to resolve the eminent domain lawsuit, with CMWD officially acquiring Golden State's Ojai system on June 8, 2017.

accounts within Golden State's accounting system. The overall result was a pretax gain of \$8.3 million recorded during the second quarter of 2017 on Golden State's income statement. This gain was then reflected on Golden State's balance sheet as retained earnings. This accounting was used because retained earnings reflect shareholder equity and consistent with Commission's rules governing the allocation of gains on the sale of utility property, the proceeds from the Golden State/CMWD settlement were appropriately allocated to Golden State's shareholders.

We must now evaluate whether Golden State correctly allocated the proceeds to Golden State's shareholders. In order to evaluate this, we will look at D.89-01-106, known as Redding II. The decision set out the rules governing the allocation of gains from the sale of a public utility distribution system to a public entity, where the following circumstances are present:

1. A distribution system of a public utility (*i.e.* gas, electric, or water utility) is sold to a municipality or some other public or governmental entity, such as a special utility district;
2. The distribution system consists of part or all of the utility operating system located with a geographically defined area;
3. The components of the system are or have been included in the rate base of the utility; and
4. The sale of the system is consistent with the utility being relieved of, and the municipality or other agency assuming the public utility obligations to, the customers with the area served by the system.⁸¹

The Commission concluded that, in this specific context, gains or losses from the sale should be allocated entirely to the shareholders of the public utility provided that the remaining ratepayers have not contributed capital to the

⁸¹ D.89-01-016 Ordering Paragraphs 1 and 2.

distribution system and are not adversely affected by the transfer of the system.⁸² By comparison, where (a) the remaining ratepayers contributed capital to the distribution system, or (b) the transfer is shown to have an adverse impact on cost or quality of service to the utility's remaining ratepayers, some or all of the gains (or losses) must be allocated to the ratepayers to mitigate any impacts.⁸³

Subsequently, Rulemaking (R.) 04-09-003 was instituted by the Commission to consider broader policies and guidelines regarding the allocation of gains from the sale of utility assets. Among the questions considered in R.04-09-003 was whether the Commission should continue to apply "ratepayer harm" test set out in Redding II. In D.06-05-041, known as the Gain on Sale Decision, the Commission reaffirmed the rule provided in Redding II noting the "[w]e will continue to apply the Redding II principles in the narrow circumstances to which they were designed to apply."⁸⁴ The decision to continue to apply the Redding II rule was reconsidered, discussed at length, and again upheld in D.06-12-043, which modified and denied rehearing on the Gain on Sale Decision.⁸⁵ The Commission has continued to consistently apply the rule set out in Redding II.

Golden State's transfer of the Ojai distribution system to CMWD fits precisely the circumstances described in Redding II. First, the transfer was from a public utility (Golden State) to a municipal utility (CMWD). Second, the transfer included all of the assets of the distribution system in a discrete geographical region (the Ojai service district). Third, the transferred system had

⁸² *Id.*

⁸³ D.89-01-016 Ordering Paragraph 2.

⁸⁴ D.06-05-041 at 32.

⁸⁵ D.06-12-043 at 10-12.

previously been included in Golden State's rate base. Fourth, the transfer of the system was concurrent with the assumption by CMWD of the obligation to provide water service to the customers of the Ojai service district.

Finally, none of the exemptions set out in Redding II apply. Golden State's ratepayers did not make capital contributions to the Ojai distribution system, and Golden State's remaining ratepayers have not and will not suffer adverse impacts to the cost or quality of their water service. As set forth in Redding II, Golden State allocated the gains from the transfer of the Ojai distribution system to Golden Gate's shareholders. We find that pursuant to Redding II, Golden State properly allocated the gains from the transfer of the Ojai system to its shareholders.

7. Commission Review of the Proposed Settlement Agreement

As the applicant, Golden State bears the burden of proof to show that the regulatory relief it requests is just and reasonable and the related ratemaking mechanisms are fair. In order for the Commission to consider whether a proposed settlement is in the public interest, the Commission must be convinced the parties had a thorough understanding of the application and all of the underlying assumptions and data included in the record. The requirements for adopting a settlement are set forth in Rule 12.1(a) of the Commission's Rules of Practice and Procedure,⁸⁶ which states:

Parties may, by written motion any time after the first prehearing conference and within 30 days after the last day of hearing, propose settlements on the resolution of any material issue of law or fact or on a mutually agreeable outcome to the proceeding. Settlements need not be joined by all parties;

⁸⁶ All referenced Rules are the Commission's Rules of Practice and Procedure. <http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&DocID=209618807>

however, settlements in applications must be signed by the applicant....

When a settlement pertains to a proceeding under a Rate Case Plan or other proceeding in which a comparison exhibit would ordinarily be filed, the motion must be supported by a comparison exhibit indicating the impact of the settlement in relation to the utility's application and, if the participating staff supports the settlement, in relation to the issues staff contested, or would have contested, in a hearing.

Rule 12.1(d) provides that:

The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with the law, and in the public interest.

Rule 12.5 limits the future applicability of a settlement:

Commission adoption of a settlement is binding on all parties to the proceeding in which the settlement is proposed. Unless the Commission expressly provides otherwise, such adoption does not constitute approval of, or precedent regarding, any principle or issue in the proceeding or in any future proceeding.

We must determine whether the settlement complies with Rule 12.1(d), which requires a settlement to be "reasonable in light of the whole record, consistent with law, and in the public interest."

The record consists of all filed documents, served and filed testimony, the proposed settlement and the motion for its adoption. The settlement resolves all issues in this GRC and all issues in ORA's protest.

Golden State represents the utility and its shareholders, while ORA represents the interests of ratepayers. The settlement is the result of extensive and vigorous negotiations. The parties to the settlement have a thorough understanding of the issues and all of the underlying assumptions and data and could therefore make informed decisions in the settlement process.

The Commission could have resolved the issues in favor of either of the parties. Accordingly, the settling parties have balanced a variety of issues of importance to them and have agreed to the settlement as a reasonable means by which to resolve the issues. For the reasons discussed above, the settlement is reasonable in light of the record as a whole.

There are no terms within the settlement agreement that would bind the Commission in the future or violate existing law. Therefore, we find the settlement consistent with the law.

There is a public policy favoring the settlement of disputes to avoid costly and protracted litigation.⁸⁷ The settlement satisfies this public policy preference for the following reasons:

- a. The sponsors of the settlement represent the interests of Golden State and its shareholders as well as Golden State's customers, the ratepayers.
- b. The settlement serves the public interest by resolving competing concerns in a collaborative and cooperative manner.
- c. By reaching agreement, the parties avoid the costs and uncertainties of further litigation in this proceeding and eliminate the possible litigation costs for rehearing and appeal. Approval of the settlement provides speedy and complete resolution of the issues.
- d. The settlement meets the applicable settlement standards of Rule 12.1(d), should be accorded the same deference the Commission accords settlements generally, and should be adopted.

Adoption of the settlement is binding on all parties to the proceeding. However, pursuant to Rule 12.5, the settlement does not bind or otherwise impose a precedent in this or any future proceeding.

⁸⁷ Decision (D.) 88-12-083, 30 CPUC 2d 189, 221.

The settling parties addressed and resolved the issues identified in the proceeding.⁸⁸ The settlement terms ensure customers have access to a safe and reliable water supply at a reasonable cost,⁸⁹ and Golden State and its shareholders will receive a reasonable rate of return on their investments. We therefore conclude that the settlement, is in the public interest and is adopted without any modifications.

8. Safety Considerations

Public Utilities (Pub. Util.) Code §451 requires that every public utility must maintain adequate, efficient, just, and reasonable service to promote the “safety, health, comfort, and convenience of its patrons, employees, and the public.” No party raised any safety-related concerns during the course of this proceeding that were not adequately addressed within other issues (e.g., water quality). We have evaluated the Application and Settlement Agreement and are satisfied that the Application does not present any additional safety related concerns that need to be addressed.

9. Admittance of Testimony and Exhibits into the Record

Since evidentiary hearings were not held in A.17-07-010, there was no opportunity to enter prepared testimony and exhibits into the record. In order to fairly assess the record, it is necessary to include all testimony and exhibits served by the Parties. In the joint motion of October 1, 2018, the parties requested, pursuant to Rule 13.8 of the Commission’s Rules of Practice and

⁸⁸ The joint comparison exhibit showing the positions of the parties on various issues is attached as Appendix A of Attachment 1.

⁸⁹ A revenue calculation and rate table showing the impact of Golden State’ approved revenue requirement for 2019 on the average residential customer is attached hereto as Appendix A of Attachment 1 (Summary of Earnings).

Procedure, that the Commission receive the public and confidential version of their Exhibits into the record of A.17-07-010.

With the filing of its application, Golden State served its prepared opening testimony. As part of its 100-day update, Golden State provided updated workpapers related to select balancing and memorandum accounts by email to all persons on the service list and mailed hard copies of these workpapers as well. On March 2, 2018, Golden State served revised testimony and supporting materials to address the issues raised by the TCJA and to establish the SLOVGBMA. On April 9, 2018, Golden State served two volumes of material titled "Corrected Tables (and) page in Opening Testimony" regarding Golden State's forecasted employee healthcare costs. On April 13, 2018, Golden State served rebuttal testimony related to the prepared testimony of the ORA and the prepared testimony of Carson and Lawndale. On April 27, 2018, Golden State served supplemental rebuttal testimony addressing ORA's April 2, 2018 supplemental report on the TCJA and SLOVGBMA.

Golden State's Exhibits admitted for this proceeding are set forth in Appendix I of Attachment A.

On August 21, 2017, ORA filed a protest to A.17-07-010. On February 16, 2018, ORA served its prepared testimony and on April 2, 2018 ORA served its supplemental report related to Golden State's TCJA and SLOVGBMA testimony.

ORA's exhibits admitted for this proceeding are set forth in Appendix I of Attachment A.

The City of Carson served its prepared testimony on February 16, 2018. Carson did not serve any additional testimony or exhibits.

The City of Carson's testimony admitted for this proceeding is set forth in Appendix I of Attachment A.

On February 8, 2018, the City of Lawndale served its prepared testimony. Lawndale did not serve any additional testimony or exhibits.

The City of Lawndale's exhibits admitted for this proceeding is set forth in Appendix I of Attachment A.

Given the necessity of Golden State's, ORA's, the City of Carson's and the City of Lawndale's testimony to our assessment of the proposals put forth, we admit into evidence the public and confidential versions of the parties' Exhibits mentioned above.

10. Motion to Seal

Pursuant to Rule 11.4 of the Commission's Rules of Practice and Procedure, when Golden State submitted its testimony, it also submitted a motion for leave to file GSW-27C, -28C, -94C, -107C, -108C, -111C, -114C, and -117C as confidential materials under seal. When ORA filed its testimony, it also filed a motion for leave to file ORA-1C, -3C, -5C and -6C as confidential materials under seal. The parties represent that this information is sensitive, and disclosure could place the Applicant at an unfair business disadvantage. We have granted similar requests in the past and do so here.

11. Categorization and Need for Hearing

In Resolution ALJ 176-3402, dated August 10, 2017, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were necessary. In the Scoping Memo, the assigned Commissioner stated that evidentiary hearings would be held if necessary. In light of Parties settlement of all issues in this proceeding, hearings are not

necessary. Therefore, we change our preliminary determination regarding hearings, to “no hearings are necessary.”

12. Comment Period

The proposed decision in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission’s Rules of Practice and Procedure.

Comments were filed on April 29, 2019 by Golden State Water Company and the Public Advocates Office. Based on comments, we change our decision from modifying a portion of the proposed Settlement Agreement to adopting the Settlement Agreement without any modification.

13. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner and Gerald F. Kelly is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Golden State Water Company (Golden State) is a Class A water utility subject to the Commission’s jurisdiction.
2. A settlement conference was held among the active parties and a settlement was reached on all issues.
3. On August 15, 2018 Golden State and ORA filed a joint motion to adopt a Settlement Agreement in this GRC.
4. It is appropriate for Golden State to file rate base offset advice letter filings upon the completion of the Construction Work in Progress.
5. The Settlement Agreement is reasonable and supported by the evidence.
6. Golden State bears the burden of proof to show that the rates it requests are just and reasonable and the ratemaking mechanisms are fair.

7. The proposals in the Settlement Agreement are the result of arms-length negotiations between the parties.

8. The record of the proceeding is comprised of the application, testimony of the parties and all other filings.

9. The parties to the settlement adopted by this decision have a thorough understanding of the issues and the underlying assumptions and data and could therefore make informed decisions in the settlement process.

10. The proposed settlement is a balance between the original positions of the parties and their positions as otherwise posed in the prepared testimony of the parties.

11. Each of the issues resolved in the Settlement Agreement is addressed by evidence in the record and the proposed amounts in the Settlement Agreement fall within the ranges recommended by the parties.

12. Overall, the amounts agreed upon in the Settlement Agreement are less than the amounts requested by Golden State.

13. Golden State's capital projects are presented with sufficient detail.

14. The provisions in the Settlement Agreement regarding Special Requests 1, 3, 4, 5, 6, and 9 are reasonable and supported by the evidence.

15. The request for the establishment of a CEOWBA for each ratemaking area for this GRC is reasonable.

16. The CEOWBA will ensure that funds authorized for conservation programs will be tracked and spent for such purpose.

17. The establishment of a memorandum account to track the costs associated with the implementation of the Sustainable Groundwater Management Act is reasonable.

18. Establishment of the SLOVGBMA memorandum account is reasonable.

19. All of the issues identified in the Scoping Memo issued in this proceeding have been addressed and resolved in the Settlement Agreement.

20. The TCJA reduced the federal corporate income tax rate from 35 percent to 21 percent, reducing Golden State's current and deferred federal income tax expenses.

21. The TCJA repealed the Domestic Production Activities Deduction, which was provided by Section 199 of the Internal Revenue Code, for tax years beginning December 31, 2017.

22. The TCJA took away bonus depreciation for assets acquired and placed into service after September 27, 2017.

23. On December 29, 2017, Golden State filed Advice Letter 1735-W to establish the TCJA Memorandum Account.

24. In D.18-03-035, the Commission adopted a new cost of capital and ROR of 7.91 percent, which is effective January 1, 2018.

25. On April 12, 2017, CMWD Board of Directors approved a \$34.4 million settlement with Golden State to resolve the eminent domain lawsuit.

26. The ownership and operation of the Ojai Water System was transferred from Golden State to CMWD on June 8, 2017.

27. Golden State's CPCN should be amended to relieve Golden State of its responsibilities to provide public utility service in the Ojai District.

28. Golden State's tariff sheets should be amended to remove any reference to the Ojai system, via a Tier 2 advice letter.

29. The Ojai transfer resulted in a pretax gain of \$8.3 million during the second quarter of 2017 on Golden State's income statement.

30. This gain was reflected on Golden State's balance sheet as retained earnings.

31. The proceeds from the Ojai settlement were allocated to Golden State's shareholders.

32. Golden State in Advice Letter 1741-W, adjusted the 2017 Arden WRAM/MCBA calculations for (\$4,217) residual balance recorded in the Arden Supply Expense Balance Account, which is now closed.

Conclusions of Law

1. The Applicant alone bears the burden of proof to show that its requests are just and reasonable.

2. Rule 12.1(d) provides that the Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

3. The proposed Settlement Agreement is reasonable in light of the record as a whole because it fairly balances the interests of the utility and ratepayers.

4. The settlement is consistent with the law because it does not contravene or compromise any statutory provisions or prior Commission decisions.

5. Adoption of the settlement is binding on all parties to the proceeding. However, pursuant to Rule 12.5, the settlement does not bind or otherwise impose a precedent in this or any future proceeding.

6. The Motion to adopt the Settlement Agreement should be adopted.

7. The Settlement Agreement adequately balances risks between ratepayers and shareholders.

8. Golden State should be granted a revenue requirement of \$311.928 million for Test Year 2019.

9. The post-test year ratemaking mechanism as set forth in the Settlement Agreement is just and reasonable.

10. Golden State's water quality and water quality management plan are reasonable and in compliance with applicable law.

11. The water conservation provisions of the Settlement Agreement, as part of the Settlement Agreement as a whole, are just and reasonable and in the public interest.

12. Golden State should take the necessary actions to comply with the provisions set forth in the Settlement Agreement.

13. Golden State's and ORA's request to treat selected versions of is their testimony as confidential should be granted, as detailed herein.

14. Golden State's, ORA's, the City of Carson's and the City of Lawndale's request to receive testimony into the record should be granted.

15. The Commission finds it reasonable to adopt the 21 percent federal corporate tax rate in accordance with the TCJA.

16. The Commission finds it reasonable to reflect the changes to bonus depreciation from the TCJA.

17. The Settlement Agreement adequately address the impact of the TCJA.

18. Golden State should file a Tier 2 advice letter no later than 30 days after the financial close of 2018 or 30 days after the adoption of this decision, to dispose of the TCJA Memorandum Account balance via a one-time refund to ratepayers and close the account upon completing the refund.

19. The Commission finds it reasonable to use the new cost of capital ordered in D.18-03-035.

20. Golden State's CPCN should be modified to relieve Golden State of its responsibility to serve Ojai.

21. Golden State's tariff sheets that refer to Ojai should be canceled or updated to remove the reference to Ojai.

22. Golden State correctly followed D.89-01-016 regarding the allocation of gains from the sale of a public utility distribution system to a public entity.

23. Pursuant to D.89-01-016, the proceeds from the transfer from the Ojai system were properly allocated to Golden State's shareholders.

24. Golden State is in compliance with prior Commission orders, rules and decisions.

25. Golden State's safety practices and policies are reasonable and prudent and in compliance with applicable law.

26. There is no need for evidentiary hearings for this proceeding.

27. The motion to admit all exhibits into the record should be granted.

28. Exhibits GSW 27-C, GSW-28C, GSW-94C, GSW-107-C, GSW-108C, GSW 111-C and GSW 114-C should be sealed and treated confidentially. The documents placed under seal should remain under seal for the period of three years.

29. Exhibits ORA 1-C, ORA 3-C, ORA 5-C and ORA 6-C should be sealed and treated confidentially. The documents placed under seal should remain under seal for the period of three years.

30. The resolution of Golden State's special requests in the Settlement Agreement are reasonable.

31. The test year revenue requirements as set forth in the Settlement Agreement are just and reasonable and will allow for the provision of safe and reliable water service.

32. All rulings issued by the assigned Commissioner and ALJ should be affirmed herein; and all motions not specifically addressed herein or previously addressed by the assigned Commissioner or ALJ, should be denied.

33. Given that no hearings are needed, the preliminary determination regarding hearings should be changed to “no hearings are necessary.”

34. Application A.17-07-010 should be closed.

O R D E R

1. The joint motion filed on August 15, 2018, for the adoption of the Settlement Agreement, is granted. The Settlement Agreement attached to this decision as Appendix A is adopted.

2. All rulings issued by the assigned Commissioner and Administrative Law Judge (ALJ) are affirmed herein; and all motions not specifically addressed herein or previously addressed by the assigned Commissioner or ALJ, are denied.

3. Golden State Water Company is authorized to file by Tier 1 advice letter, revised tariff schedules, and to concurrently cancel its present schedules for such service. This filing is subject to approval by the Commission’s Water Division. The effective date of the revised schedules is five days after filing.

4. For escalation years 2020 and 2021, Golden State Water Company must file Tier 1 advice letters in conformance with General Order 96-B proposing new revenue requirements and corresponding revised tariff schedules for each ratemaking area in this proceeding. The advice letters must follow the escalation procedures set forth in the Revised Rate Case Plan for Class A Water Utilities adopted in Decision 07-05-062 and must include supporting workpapers. Golden State Water Company must file for rate reduction if the escalation procedures result in a rate reduction due to negative rate base growth, inflation factors, or customer growth. The revised tariff schedule must take effect on January 1, 2020 and January 1, 2021, respectively and apply to services rendered on and after their effective dates. The proposed revised revenue requirements

and rates must be reviewed by the Commission's Water Division. The Water Division must inform the Commission if it finds that the revised rates do not conform to the Revised Rate Case Plan, this decision, or other Commission decisions, and if so, reject the filing.

5. Golden State Water Company is authorized to continue the currently approved Sales Adjustment Mechanism (SAM) and to file a Tier 1 advice letter for each ratemaking area on the same date as the escalation filings for 2020 and 2021 if recorded sales vary by more than five percent from adopted sales. The proposed revised revenue requirements and rates must be reviewed by the Commission's Water Division.

6. Golden State Water Company is authorized to file an offset advice letter to seek recovery for the following project: Country Club Zone, Construct reservoir in the Los Osos Ratemaking Area.

7. Golden State Water Company is authorized to file an offset advice letter to seek recovery for the following project: Edna, Drill & Equip Well (Construction Work in Progress) in the Los Osos Ratemaking Area.

8. Golden State Water Company is authorized to file an offset advice letter to seek recovery for the following project: Transmission Main to El Campo Plant in the Santa Maria Ratemaking Area.

9. Golden State Water Company is authorized to file an offset advice letter to seek recovery for the following project: Golden Reservoir Replacement Project in the Region 3 Ratemaking Area.

10. Golden State Water Company is authorized to file an offset advice letter to seek recovery for the following project: College, Construct Replacement Reservoir in the Region 3 Ratemaking Area.

11. Golden State Water Company is authorized to file an offset advice letter to seek recovery for the following project: Irwin Reservoir Transmission Main in the Region 3 Ratemaking Area.

12. Golden State Water Company is authorized to file an offset advice letter to seek recovery for the following project: Mojave Tank Zone, construct Reservoir (Construction Work in Progress) in the Region 3 Ratemaking Area.

Golden State Water Company is authorized to establish a General Ratemaking Area Balancing Account (GRABA) for each ratemaking area, and to file a Tier 1 advice letter to add a preliminary statement that is substantially similar to the relevant draft preliminary statement in Appendix J of the Settlement Agreement attached to this decision. Small residual balances that meet certain conditions may be transferred to the relevant ratemaking GRABA so that they can be aggregated and amortized together.

13. Golden State Water Company (Golden State) is authorized to (i) impose a surcharge in the amount and for the duration indicated, concurrent with or as part of the revised rate schedules adopted in this proceeding, and (ii) file a Tier 1 advice letter implementing this surcharge. At the time the relevant surcharge expires, Golden State is authorized to file a Tier 1 advice letter to transfer any small residual balance to the General Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement. The authorized accounts, surcharge and duration are as follows:

- (a) Outside Services Memorandum Account \$0.017 per Ccf for 6 months;
- (b) Santa Maria Water Rights Balancing Account \$0.033 per Ccf for 12 months;

- (c) Santa Maria Stipulation Memorandum Account \$0.099 per Ccf for 12 months;
- (d) Los Osos Interlocutory Stipulated Judgment Memorandum Account \$0.442 per Ccf for 24 months;
- (e) Randall-Bold Balancing Account \$0.856 per Ccf for 36 months;
- (f) 2013 Interim Rates Memorandum Account As shown in Appendix G of the Settlement Agreement for 12 months;
- (g) 2014 Water Conservation Memorandum Account As shown in Appendix G of the Settlement Agreement for 12 months;
- (h) Los Osos 2013 General Rate Case Phase-In Balancing Account \$0.174 per Ccf for 12 months; and
- (i) Bay Point Hill Street Water Treatment Plant \$0.252 per Ccf for 24 months.

14. With respect to the Calipatria Prison Memorandum Account, Preliminary Statement Part K, Golden State Water Company (Golden State) is authorized to file a Tier 1 advice letter to (i) transfer any residual balance to General Ratemaking Area Balancing Account (ii) close the account and (iii) remove the reference from Golden State's Preliminary Statement.

15. With respect to the General Rate Case Memorandum Account, Preliminary Statement Part HH, Golden State Water Company (Golden State) is authorized to file a Tier 1 advice letter to (i) transfer any residual balance to General Ratemaking Area Balancing Account (ii) close the account and (iii) remove the reference from Golden State's Preliminary Statement.

16. With respect to the Oracle Technical Support Costs Memorandum Account, Preliminary Statement Part LL, Golden State Water Company (Golden State) is authorized to file a Tier 1 advice letter to (i) transfer any residual balance to General Ratemaking Area Balancing Account (ii) close the

account and (iii) remove the reference from Golden State's Preliminary Statement.

17. With respect to the General Office Maintenance Memorandum Account, Preliminary Statement Part SS, Golden State Water Company (Golden State) is authorized to file a Tier 1 advice letter to (i) transfer any residual balance to General Ratemaking Area Balancing Account (ii) close the account and (iii) remove the reference from Golden State's Preliminary Statement.

18. With respect to the Cost of Service Memorandum Account, Preliminary Statement Part WW, Golden State Water Company (Golden State) is authorized to file a Tier 1 advice letter to (i) transfer any residual balance to General Ratemaking Area Balancing Account (ii) close the account and (iii) remove the reference from Golden State's Preliminary Statement.

19. With respect to the Income Tax Repair Regulations Implementation Memorandum Account, Preliminary Statement Part CCC, Golden State Water Company (Golden State) is authorized to file a Tier 1 advice letter to (i) transfer any residual balance to General Ratemaking Area Balancing Account (ii) close the account and (iii) remove the reference from Golden State's Preliminary Statement.

20. With respect to the Folsom Refund Residual Account, Preliminary Statement Part UUU, Golden State Water Company (Golden State) is authorized to file a Tier 1 advice letter to (i) transfer any residual balance to General Ratemaking Area Balancing Account (ii) close the account and (iii) remove the reference from Golden State's Preliminary Statement.

21. With respect to the City of Torrance Balancing Account, Preliminary Statement Part XXX, Golden State Water Company (Golden State) is authorized to file a Tier 1 advice letter to (i) transfer any residual balance to General

Ratemaking Area Balancing Account (ii) close the account and (iii) remove the reference from Golden State's Preliminary Statement.

22. With respect to each of the accounts listed below, Golden State Water Company is authorized to (i) impose a surcharge in the amount indicated for the duration indicated, concurrent with or as part of the revised rate schedules adopted in this proceeding and (ii) file a Tier 1 advice letter implementing this surcharge. The following accounts are authorized to continue through December 31, 2021:

- (a) Los Osos Groundwater Adjudication Memorandum Account, Preliminary Statement Part TT, \$0.814 per Ccf for 36 months;
- (b) Los Osos Basin Management Committee Memorandum Account, Preliminary Statement Part MMM, \$0.185 per Ccf for 12 months; and
- (c) Basin Pumping Rights Litigation Memorandum Account, Preliminary Statement Part NNN, \$0.011 per Ccf for 12 months.

23. With respect to the Orange County Annexation Memorandum Account, Preliminary Statement Part L, existing surcharges are authorized to continue until their scheduled expiration. At the time the relevant surcharge for each account expires, Golden State Water Company is authorized to file a Tier 1 advice letter to transfer any small residual balance in that account to the General Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement.

24. With respect to the Bay Point Water Quality Memorandum Account, Preliminary Statement Part S, existing surcharges are authorized to continue until their scheduled expiration. At the time the relevant surcharge for each account expires, Golden State Water Company is authorized to file a Tier 1

advice letter to transfer any small residual balance in that account to the General Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement.

25. With respect to the Water Conservation Memorandum Account, Preliminary Statement Part T, existing surcharges are authorized to continue until their scheduled expiration. At the time the relevant surcharge for each account expires, Golden State Water Company is authorized to file a Tier 1 advice letter to transfer any small residual balance in that account to the General Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement.

26. With respect to the Bay Point Mandatory Conservation Rationing Implementation Memorandum Account, Preliminary Statement Part Z, existing surcharges are authorized to continue until their scheduled expiration. At the time the relevant surcharge for each account expires, Golden State Water Company is authorized to file a Tier 1 advice letter to transfer any small residual balance in that account to the General Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement.

27. With respect to the RII and RIII Interim Rates Memorandum Account, Preliminary Statement Part JJ, existing surcharges are authorized to continue until their scheduled expiration. At the time the relevant surcharge for each account expires, Golden State Water Company is authorized to file a Tier 1 advice letter to transfer any small residual balance in that account to the General Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement.

28. With respect to the Well Study Balancing Account, Preliminary Statement Part PP, existing surcharges are authorized to continue until their scheduled expiration. At the time the relevant surcharge for each account expires, Golden State Water Company is authorized to file a Tier 1 advice letter to transfer any small residual balance in that account to the General Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement.

29. With respect to the Barstow Water Alert Memorandum Account, Preliminary Statement Part QQ, existing surcharges are authorized to continue until their scheduled expiration. At the time the relevant surcharge for each account expires, Golden State Water Company is authorized to file a Tier 1 advice letter to transfer any small residual balance in that account to the General Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement.

30. With respect to the Region 3 Rate Base Surcharge, Preliminary Statement Part VVV, existing surcharges are authorized to continue until their scheduled expiration. At the time the relevant surcharge for each account expires, Golden State Water Company is authorized to file a Tier 1 advice letter to transfer any small residual balance in that account to the General Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement.

31. With respect to the Region 1 Interim Rate Memorandum Account, Preliminary Statement Part YYY, existing surcharges are authorized to continue until their scheduled expiration. At the time the relevant surcharge for each account expires, Golden State Water Company is authorized to file a Tier 1 advice letter to transfer any small residual balance in that account to the General

Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement.

32. With respect to the Catastrophic Event Memorandum Account – Barstow Water Alert, Preliminary Statement Part BBBB, existing surcharges are authorized to continue until their scheduled expiration. At the time the relevant surcharge for each account expires, Golden State Water Company is authorized to file a Tier 1 advice letter to transfer any small residual balance in that account to the General Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement.

33. With respect to the Temporary Interest Rate Balancing Account, Preliminary Statement Part EE, the existing surcredit is authorized to continue until its scheduled expiration. At the time the relevant surcredit for each account expires, Golden State Water Company is authorized to file a Tier 1 advice letter to transfer any small residual balance in that account to the General Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement.

34. With respect to the Cost of Capital Interim Rate True-Up Memorandum Account, Preliminary Statement Part YY, the existing surcredit is authorized to continue until its scheduled expiration. At the time the relevant surcredit for each account expires, Golden State Water Company is authorized to file a Tier 1 advice letter to transfer any small residual balance in that account to the General Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement.

35. With respect to the Settlement Agreement Balancing Account, Preliminary Statement Part AAA, the existing surcredit is authorized to continue until its scheduled expiration. At the time the relevant surcredit for each account expires,

Golden State Water Company is authorized to file a Tier 1 advice letter to transfer any small residual balance in that account to the General Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement.

36. With respect to the Rule 14.1 Premium Charges, Preliminary Statement Part ZZZ, the existing surcredit is authorized to continue until its scheduled expiration. At the time the relevant surcredit for each account expires, Golden State Water Company is authorized to file a Tier 1 advice letter to transfer any small residual balance in that account to the General Ratemaking Area Balancing Account, to close the account, and to remove the reference to the account from Golden State's Preliminary Statement.

37. With respect to the Omega Chemical Corporation Superfund Site Memorandum Account, Preliminary Statement Part MM, Golden State Water Company is authorized to continue the existing surcharge until its scheduled expiration through December 31, 2021.

38. With respect to the Clearlake Supply Expense Balancing Account, Preliminary Statement Part TTT, Golden State Water Company is authorized to continue the existing surcharge until its scheduled expiration through December 31, 2021.

39. Golden State Water Company is authorized to continue the Pension and Benefits Balancing Account, Preliminary Statement Part OO through December 31, 2021.

40. Golden State Water Company shall file a tier 2 Advice Letter for the disposition of the balance accumulated in the Interim Rates Memorandum Account within 90 days of the date of adoption of this decision.

41. Golden State Water Company is authorized to continue the Contaminant Remediation Memorandum Account, Preliminary Statement Part G through December 31, 2021.

42. Golden State Water Company is authorized to continue the Water Cost of Capital Adjustment Mechanism, Preliminary Statement Part GG, through December 31, 2021.

43. Golden State Water Company is authorized to continue the Low-Income Consumer Data Sharing Memorandum Account, Preliminary Statement Part ZZ, through December 31, 2021.

44. Golden State Water Company is authorized to continue the Credit Card Payment Program Memorandum Account, Preliminary Statement Part EEE, through December 31, 2021.

45. Golden State Water Company is authorized to continue the Tangible Property Regulations Collateral Consequences Memorandum Account, Preliminary Statement Part GGG, through December 31, 2021.

46. Golden State Water Company is authorized to continue the First 5 Sacramento Memorandum Account, Preliminary Statement Part QQQ, through December 31, 2021.

47. Golden State Water Company is authorized to include recalibrated surcharges based on stipulated sales volumes and forecasted California Alternative Rates for Water Balancing Accounts (Preliminary Statement Part Q) through December 31, 2021, and to file a Tier 1 advice letter to implement the recalibrated surcharges.

48. Golden State Water Company is authorized to continue the existing surcharge for the Santa Maria Water Rights Memorandum Account (Preliminary Statement Part M), to be recalculated annually.

49. Golden State Water Company is authorized to continue the existing surcharge of the Santa Maria Steelhead Recovery Plan Memorandum Account (Preliminary Statement Part UU), until its scheduled expiration, and to continue to track ongoing litigation expenses in the account through December 31, 2021.

50. Golden State Water Company is authorized to continue the current amortization of the American Recovery and Reinvestment Act Balancing Account (Preliminary Statement Part JJJ) and to continue to monitor and adjust associated surcharges as prescribed in Resolution W-4810.

51. Golden State Water Company is authorized to continue the existing surcharges of the 2016 Interim Rates Memorandum Account (Preliminary Statement Part KKK) as established in the Advice Letters 1713-W through 1720-W, until their respective expirations.

52. The 2016 Interim Rates Memorandum Account shall be reviewed in Golden State Water Company's next General Rate Case.

53. Golden State Water Company (Golden State) is authorized to maintain the Conservation Expenses One-Way Balancing Account-2016 (Preliminary Statement Part PPP) through December 31, 2018 and shall file a Tier 2 advice letter to refund any unspent monies to ratepayers. Golden State is then authorized to close the Conservation Expenses One-Way Balancing Account-2016 at the earlier of the time at which (i) its balance is zero and there are no funds remaining to be refunded to ratepayers, or (ii) it is determined that there is no refund to be distributed.

54. Golden State Water Company is authorized to file a Tier 1 advice letter to establish a surcharge of \$0.296 per Ccf for metered services and a surcharge of \$9.03 for each flat rate service for years 2019, 2020, and 2021, both for the Aerojet Water Litigation Memorandum Account (Preliminary Statement RRR). These

surcharges are to be effective concurrent with or as part of the revised tariff schedules adopted in this proceeding.

55. Golden State Water Company is authorized to (i) transfer the La Serena Refund residual balance to the General Ratemaking Area Balancing Account, and (ii) close the associated account.

56. Golden State Water Company is authorized to (i) transfer The Utility Reform Network Intervenor residual balance to the General Ratemaking Area Balancing Account, and (ii) close the associated account.

57. Golden State Water Company is authorized to maintain its Catastrophic Event Memorandum Account (Preliminary Statement Part HHH) as an open umbrella account.

58. Golden State Water Company is authorized to maintain its School Lead Testing Memorandum Account (Preliminary Statement Part OOO) with its current, unamortized balance as an open account.

59. Golden State Water Company is authorized to file a Tier 1 advice letter to close its Conservation Expenses One-Way Balancing Account (preliminary Statement Part FFF) and to remove the reference to the account from Golden State's Preliminary Statement.

60. Golden State Water Company is authorized to open a Conservation Expenses One-Way Balancing Account-2019 to record the differences between actual conservation expenses and total authorized conservation expenses on a triennial basis in each ratemaking area.

61. Golden State Water Company (Golden State) is authorized to establish the San Luis Obispo Valley Groundwater Basin Memorandum Account with an effective date of January 1, 2018 and to include a Preliminary Statement for the account in the Tier 1 advice letter implementing this decision, provided that (i) if

Golden State elects to request recovery of costs tracked in the account, Golden State shall provide detailed justification clearly demonstrating that costs tracked are necessary for the protection of ratepayers' interest and are not already funded in base rates, and (ii) for expense forecasting purposes in the next General Rate Case, Golden State shall exclude all recorded costs associated with Golden State's activities related to the development of any associated joint powers authority.

62. Golden State Water Company is authorized to file a Tier 2 advice letter no later than 30 days after the adoption of this decision to dispose of the Tax Cuts and Jobs Act Memorandum Account balance via a one-time refund to its ratepayers, and to close the account upon completing the refund.

63. Golden State Water Company's (Golden State) Certificate of Public Convenience and Necessity is amended to relieve Golden State of its responsibilities to provide public utility service in the Ojai District.

64. Golden State Water Company shall file a Tier 2 advice letter to amend its tariff sheets by removing reference to the Ojai system.

65. The determination made in Resolution ALJ 176-3402 that "hearings are necessary" is changed to "no hearings necessary."

66. The prepared testimony of Golden State Water Company (Golden State) consisting of the public and confidential versions of Golden State's Exhibits -1 through 116, are received into evidence.

67. The prepared testimony of the Office of Ratepayer Advocates (ORA), consisting of the public and confidential versions of ORA Exhibit-1 through Exhibit-11, are received into evidence.

68. The prepared testimony of the City of Carson, consisting of Exhibit 1, is received into evidence.

69. The prepared testimony of the City of Lawndale, consisting of Exhibit 1, is received into evidence.

70. Golden State Water Company (Golden State) and the Office of Ratepayer Advocates (ORA) filed motions for leave to file Exhibit GSW-27(C), GSW-28(C), GSW-94(C), GSW-107(C), GSW-108(C), GSW-111(C), GSW-114(C), ORA-1(C), ORA-3(C), ORA-5(C), and ORA-6(C), as confidential materials under seal. The motions are granted for a period of three years from the date of this order. During this three-year period, the information in Exhibits GSW-27(C), GSW-28(C), GSW-94(C) and GSW-107(C), GSW-108(C), GSW-111(C), GSW-114(C), ORA-1(C), ORA-3(C), ORA-5(C), and ORA-6(C) shall not be publicly disclosed except on further Commission order or Administrative Law Judge ruling. If Golden State or ORA believes that it is necessary for this information to remain under seal for longer than three years, Golden State or ORA may file a new motion showing good cause for extending this order by no later than 30 days before expiration of this order.

71. Today's decision is effective immediately.

72. Application 17-07-010 is closed.

This order is effective today.

Dated May 30, 2019, at San Francisco, California.

MICHAEL PICKER

President

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

Commissioners