

Docket	:	<u>A.22-07-001</u>
Exhibit Number	:	<u>Cal Adv - #</u>
Commissioner	:	<u>Genevieve Shiroma</u>
Administrative Law Judge	:	<u>Jacob Rambo</u>
Public Advocates Office	:	
Witness	:	<u>Kerrie Evans</u>



PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION

**REPORT ON GENERAL OFFICE, AFFILIATE
TRANSACTIONS AND NON-TARIFF PRODUCTS
& SERVICES**

CALIFORNIA AMERICAN WATER COMPANY

General Rate Case Application 22-07-001

Test Year 2024

San Francisco, California
April 13, 2023

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1 **MEMORANDUM**

2 The Public Advocates Office at the California Public Utilities Commission (“Cal
3 Advocates”) examined application material, data request responses, and other
4 information presented by California American Water Company (“Cal Am”) in
5 Application (“A.”) 22-07-001 to provide the California Public Utilities Commission
6 (“Commission” or “CPUC”) with recommendations in the interests of ratepayers for safe
7 and reliable service at the lowest cost. Mr. Cortney Sorensen is Cal Advocates’ project
8 lead for this proceeding. This Report is prepared by Ms. Kerrie Evans. Mr. Mukunda
9 Dawadi is the oversight supervisor, and Ms. Angela Wuerth and Ms. Emily Fisher are
10 legal counsel.

11 Although every effort was made to comprehensively review, analyze, and provide
12 the Commission with recommendations on each ratemaking and policy aspect presented
13 in the Application, the absence from Cal Advocates’ testimony of any particular issue
14 does not necessarily constitute its endorsement or acceptance of the underlying request,
15 methodology, or policy position related to that issue.

1 **GENERAL OFFICE - SERVICE COMPANY**
2

3 **I. INTRODUCTION**

4 Cal Am requests a \$15,295,341 revenue requirement (budget) for its
5 affiliate, American Water Works Service Company (Service Company) for Test
6 Year (TY) 2024.^{1,2} As an American Water Works Company (American Water)
7 subsidiary,³ the reasonableness of its expenses is evaluated as a company that
8 provides services for companies in addition to Cal Am.

9 **II. SUMMARY OF RECOMMENDATIONS**

10 The Commission should reduce the Service Company labor budget, based
11 solely on the requested 14.3% reduction in labor, by \$1,242,344. Other Cal
12 Advocate witnesses' recommendations further decrease the Service Company
13 budget.

14 **III. DISCUSSION**

15 General Office costs are comprised of two categories: Service Company
16 costs and Cal Corp costs.⁴ Service Company costs are addressed in this testimony
17 and Cal Corp (General Office) costs are evaluated by Cal Advocates' witness Mr.
18 Andrew Sweeney. The Commission should make an adjustment to Cal Am's TY
19 2024 budget for Service Company to account for the Service Company's labor
20 reduction.

¹ Minimum Data Requirements, Vol. 3, Section II.I.1.

² Direct Testimony of John M. Watkins, July 7, 2022 (Watkins Direct Testimony), at 6, lns. 1-2;
ALL_CH04_O&M_RO_Service Co.xlsb, .tab: Ser Co Costs W-Spec Adj WS7; SUM cells (Q25:Q100)

³ <https://www.sec.gov/Archives/edgar/data/1410636/000119312511047938/dex211.htm>

⁴ Direct Testimony of Stephen (Wes) Owens, July 1, 2022 (Owens Direct Testimony) at 17, ln. 1.

1 Cal Am requests a 14.3% reduction in Service Company labor, from the
2 last authorized full-time equivalent employees of 60.1 down to 51.5 in Test Year
3 2024.⁵ Cal Am’s requested Service Company budget does not consider its
4 requested reductions in labor. It is not reasonable to merely inflate the past
5 authorized revenue without considering the reduction in requested labor.⁶
6 Therefore, the Commission should reduce the Service Company labor budget by
7 14.3% to reflect reduction in Service Company labor. This recommendation
8 reduces Cal Am’s requested Service Company budget by \$1,242,344. Any other
9 differences in Cal Am’s requested Service Company budget are the result of Cal
10 Advocates’ other witnesses’ recommendations.⁷

11 IV. CONCLUSION

12 The Commission should reduce Cal Am’s requested Service Company
13 labor budget for TY 2024 by \$1,242,344. Other Cal Advocate witnesses’
14 recommendations further reduce Cal Am’s requested Service Company budget.

⁵ Minimum Data Requirements, Vol. 1, Section II.A.6 (Last Authorized = 60.1; Projected Test Year = 51.5).

⁶ A 14.3% reduction applied to Service Company’s labor budget: workbook “ALL_CH04_O&M_RO_Service Co.xlsb”, tab “Ser Co Costs W-Spec Adj WS7”, lines 25-28 & 38; column Q.

⁷ See Adjustment on Service Quality Budget in Isaac Gendler’s Testimony and inflation related adjustment in Prashanta Adhikari’s Testimony.

Attachment 1: Statement of Qualifications

QUALIFICATIONS AND PREPARED TESTIMONY
OF
KERRIE EVANS

Q.1 Please state your name and address.

A.1 My name is Kerrie Evans, and my business address is 505 Van Ness Ave, San Francisco, CA 94102.

Q.2 By whom are you employed and what is your job title?

A.2 I am employed by the Public Advocates Office of the California Public Utilities Commission as a Utilities Engineer.

Q.3 Please describe your educational and professional experience.

A.3 I obtained an undergraduate degree in Civil Engineering from University of California, Davis in 1990 and my work experience since that time here at the Commission includes advocate work in energy and water, energy regulations at the Safety Branch and regulation of small water utilities at the Division of Water. Recent applications include A.21-07-002, A.18-04-025, A.18-04-025 and A.17-04-024.

Q.4 What is your area of responsibility in this proceeding?

A.4 My areas of responsibility are Non-Tariff Products and Services, Affiliate Transactions and General Office.

Q.5 Does that complete your prepared testimony?

A.5 Yes, it does.