BOOK 1 – GENERAL REBUTTAL TESTIMONY

Rate Design, Sales, Water Production, Rate Design, Sales, Water Production, Payroll & Benefits, Expenses, Rate Base, Allocations, Special Requests, and Capital-Related Ratemaking Issues

2024 GENERAL RATE CASE
A.24-07-003 (for Test Year 2026)

March 2025

ERRATA VERSION MAY 2025

California Water Service

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EXECUTIVE SUMMARY

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A. INTRODUCTION

Every day, California Water Service Company ("Cal Water") delivers approximately 240 million gallons of safe drinking water through approximately half a million customer connections in approximately 100 communities throughout the state at an average cost of a penny per gallon. Cal Water has 54 different public water systems across 19 ratemaking areas[1] from Chico, through coastal and inland California, down to the Palos Verdes Peninsula. Safe drinking water is more than a service Cal Water provides; it is the company's mission and purpose to enhance the quality of life for customers and communities we proudly serve. Cal Water's 2024 General Rate Case ("GRC") represents the company's plan for continuing to carry out this mission for the next three years.

B. SUMMARY OF REQUEST (SCOPING ISSUE #9)

Cal Water's 2024 GRC was developed to meet the unique needs of each community we serve and reflects the necessary costs of providing safe and reliable service while rising to meet the challenge of changing environmental, economic, and regulatory climates. Cal Water's rebuttal challenges many of the recommendations and assertions made by Cal Advocates in its report. While Cal Water accepts some recommendations, others challenge the legitimacy of the fundamental regulatory framework. Incentivizing companies based on free market principles only works when considered with the public interest. When Cal Advocates opposes reasonable requests, Cal Water's ability to act efficiently and effectively on behalf of our customers is diminished. Ultimately, the Commission, like Cal Water, must pursue balance – a balance that considers short-term and long-term needs, keeping in mind the primacy of affordable, universal service that is always safe and reliable.

[1] This GRC addresses revenue requirements for 19 ratemaking areas. Within those ratemaking areas, there are distinct rate structures (sets of rate tariffs) for 22 geographically-separated areas that are operated as 24 districts.

Key goals of Cal Water's 2024 GRC:

Enhancing Affordability – Customers need affordable access for essential, indoor water use.

- *Stability and predictability*. Stable revenues for utilities mean stable monthly bills for customers; long-term regulatory predictability is needed to stabilize utility revenues.
- *Timing is critical*. Regulatory lag leads to a layering effect of just and reasonable rate changes, confusing and frustrating customers. Timely rates ensure customers experience accurate price signals.
- *Understanding impact*s. Revenue requirement is different from capital dollars; changes in capital budgets in one rate case typically has only a modest impact on rates.
- *Affordability is relative*. Not all utility services, customers or communities are created equal. Water is relatively affordable when measured by Affordability Metrics and costs of other essential services but relative affordability varies based on many factors.

Promoting Water Conservation – Investments and policies to support the State's goal of Making Conservation a California Way of Life should include:

- *Sensible sales forecasts.* Future usage trends must reflect future water constraints.
- *Saving water saves money.* Conservation reduces costs in the short and long term.
- *Planning, preparation, and implementation.* Using targeted strategies based on the unique needs of customers and communities.
- *Measuring and managing.* Setting budgets, monitoring progress, and tailoring our approach to manage program and use efficiency.

Protecting Customer Health – The cost of service is moot if customers feel water isn't safe to drink.

- *Water quality monitoring*. Collecting over 78,000 samples and conducting over 540,000 tests to ensure water quality meets or exceeds regulatory standards.
- *Preserving customer trust*. Ensuring water is safe to use and drink, every time customers turn on the tap.
- *Sustainable compliance*. Investing in projects and programs to ensure safe, high-quality water now and in the future.

Ensuring System Resiliency & Reliability – Providing safe and reliable service in the face of emerging trends and threats requires forward-looking investments to build and operate resilient systems by mitigating risks.

- *Wildfires*. Protecting public health through emergency preparedness and infrastructure hardening, making sure hydrants don't run dry and water quality isn't impaired.
- *Customers only pay once*. Customers pay for facilities and service, not projects — rates heavily depend on utility plant and won't increase unless Cal Water invests based on authorized budgets.
- *Commission-approved capital budgets*. Utilities require flexibility to adapt their capital budgets in response to dynamic and unpredictable environmental, economic, and regulatory factors.
- *Previously approved capital budgets*. Past capital budgets were forecasted estimates, not predictions of the future.

Public policies across these areas are often in tension with one another, requiring the delicate balancing of tradeoffs. For the 2024 GRC, this means balancing the necessary costs and investments in programs and projects to support safety and reliability, conservation, and affordability with utility financial health. Cal Water presents its proposals in good faith – with much consideration and the support of rigorous research and analysis to ensure results are accurate and comply with applicable laws, regulations, and standards, resulting in an equitably balanced outcome for customers and the company.

C. RECOMMENDATIONS (SCOPING ISSUES #1 AND #4)

Cal Water's rebuttal testimony provides the company's updated plans and proposals for the 2024 GRC period. The 2024 GRC requests represent reasonable and necessary costs of service and ratemaking treatment to safely and reliably serve customers, support co-equal affordability and conservation objectives and provide Cal Water a reasonable opportunity to timely recover authorized revenue requirements.

Specifically, Cal Water recommends that the Commission:

1. Approve an overall revenue requirement of $950.5 million for Test Year 2026.
2. Approve an operating expense **budget** of $745.9 million for Test Year 2026.
3. Approve a capital **budget** of $377.2 million in 2024, $441.0 million in 2025, 516.2 million in 2026, and $596.1 million in 2027.

4. Approve Cal Water's ratemaking proposals.
5. Approve the proposed LUWEP and associated progressive rate design.

Cal Water and the Commission share a common belief that providing a reliable supply of safe drinking water at reasonable rates is essential to the well-being Californians. The record in this proceeding provides ample evidence demonstrating Cal Water's dedication to delivering on that promise to the customers and communities we proudly serve. The Commission should timely approve Cal Water's proposals as just and reasonable in balancing the overall public interest.

CHAPTER 1. GLOBAL ISSUES

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A. REGULATION AS A SUBSTITUTE FOR COMPETITION?

Q. Since Cal Advocates mentions the Commission's role as a substitution for competition a lot, can you describe the Commission's role in utility regulation?

A. Yes. Cal Advocates leans heavily on the Commission's role as the basis for many of its arguments. Sometimes invoking the Commission's role is the only argument Cal Advocates provides in supporting its recommendations. These arguments are neither accurate nor compelling and provide a heavily skewed and overly simplistic view of utility regulation. The fact that the Commission has the authority to regulate rates and service is not a blanket justification for Cal Advocates' recommendations. That is not how effective regulation works.

The fundamental framework of utility regulation is that in exchange for an exclusive franchise over a specific service area, utilities accept regulatory oversight on rates and service standards by the Commission. This framework ensures that utilities are provided a reasonable opportunity to recover their costs of service, including a fair return on investment, and customers receive safe, reliable service at reasonable rates. How the Commission balances the overall public interest can vary, but the underlying regulatory compact principles are bedrock.

Q. Can you elaborate on how that regulatory compact framework applies to investor-owned water utilities?

A. The regulatory framework is applied to investor-owned water utilities, like Cal Water, in several key ways. Most importantly, it means the Commission authorizes the rates Cal Water charges to customers. The Commission ensures that those rates are reasonable and provide adequate funding for utilities to safely operate and maintain their systems, including prudent infrastructure investment.

The Commission ensures that water utilities uphold their obligation to provide safe and reliable service throughout their territories. This service obligation also captures the implementation and operationalization of the many regulatory and policy programs related to water systems. These include operations, maintenance and inspection, water quality and

distribution system monitoring, drought management and water supply planning, and public purpose programs, to name a few.

The Commission also ensures that utilities are able to finance investments in infrastructure by allowing recovery of those costs in customer rates. This typically allows utilities to access capital at reasonable terms given the historically relative stability of such investments. In summary, responsible regulation is a carefully calibrated balance, ensuring that customers have access to safe drinking water at reasonable rates and utilities sustain long-term financial viability.

Q. What about the characterization of the Commission as a substitute for competition?

A. Again, Cal Advocates' overly simplistic characterization fails to accurately capture the many unique aspects of utility regulation. A more nuanced characterization is that regulation is a substitute for competition in balancing the overall public interest. The goal of regulation is not to mimic the free market. Regulation and competition operate on fundamentally different sets of principles.

The main concept Cal Advocates' "Commission as substitute for competition" argument alludes to is limited customer choice. By utilities being granted an exclusive franchise for a service area, customers have only one choice of service provider. This arises out of the nature of public utility infrastructure – it is not reasonable or efficient for multiple different providers to build extensive, overlapping utility infrastructure systems throughout the same areas. This means customers accept the rates and standards of service approved by the Commission. Cal Advocates takes this morsel and expands into a broad, generalized justification. However, bad public policy is hard to undo, and the Commission should not be enticed by the simplicity of Cal Advocates' message. Responsible regulation works, and the complexities of competition and duplication of service are definitively not in the public interest.

As discussed above, in exchange for an exclusive franchise, utilities agree to regulation by the Commission. This does not mean the Commission should attempt to translate the characteristics of competition into equivalent regulatory principles. Cal Advocates only mentions how competition should restrict utilities. This one-sided approach fails to recognize the near unlimited upside companies in competitive environments can realize. There are no

authorized rates of return. There are no amortization caps. If a company operates efficiently and effectively, delivering an in-demand product or service there is no reasonable limit as to the returns that can be achieved. That is not the case for regulated utilities.

An example of the downside that investor-owned utilities face relative to competition is regulatory lag. This is a real issue that Cal Water experienced in its 2021 GRC and will continue to face if the Commission declines to approve the proposed Decoupling Program. Under competition, a company can adjust its rates in near real time in response to market dynamics and consumer demand. This is far from true for regulated utilities. Under regulation, prices can only change upon approval by the governing commission. This can lead to substantial misalignment between a utility's actual costs of service and the rates customers pay.

Regulatory lag is not just a matter of inconvenience, it can have serious financial ramifications for utilities. The substantial delay in Cal Water's 2021 GRC caused a significant drop in earnings as rates lagged behind the costs of service as shown in **Figure 10-2**. This unfortunate condition does not exist in competitive environments.

While regulation can mimic aspects of competition to make sure utilities are operating in a cost-effective manner, the goal of regulation is not to mimic all aspects of a free market. Any such comparisons (such as to a hotel) are inherently flawed and are useless when evaluating the reasonableness of utility proposals.

Q. How do capital markets tend to view the regulated environments?

A. Capital markets are dynamic and adjust to the relative perceived risks of investment opportunities. For investor-owned utilities, these risks are increasingly associated with the regulatory environment itself, rather than how a utility operates.

Increased levels of regulations, inconsistent regulatory outcomes, or conflicting public policies can all increase the level of perceived risk of utility investments for investors, creating uncertainty over principal preservation of future returns. Historically, utilities were viewed as very stable investments with predictable returns. More recently, the changing regulatory environment has led to increased uncertainty of future returns, and often the timing of those returns.

Increased perceived risk and uncertainty of future returns are realized in several ways. The two main ways are through higher costs of capital and overall reduced investment. Investors demand higher rates of return to compensate for riskier investments. If investors perceive utilities to be a riskier investment for any reason, the cost of capital increases. If investors conclude that returns do not adequately compensate for the perceived level of risk, they will simply invest elsewhere. This reduced investment can limit the utility's ability to access financing in order to make necessary infrastructure investments.

Capital markets invest in utilities' certainty and stability. This requires predictable, transparent, and balanced regulatory environments. If the regulatory environment and regulatory outcomes increase uncertainty, financing costs will go up or investors will look elsewhere. Neither outcome is good for customers or the utility. The Commission should not be persuaded by Cal Advocates' overly simplistic comparison of regulation and competition. Doing so will erode the foundational principles upon which responsible regulation was built.

B. IMPACT OF SALES AND PRICE DIFFERENCES TO REVENUES AND RATES

Cal Advocates is proposing higher sales estimates than Cal Water. Cal Water disagrees with the higher sales estimates as addressed in our sale rebuttal testimony.[2] But here, Cal Water explains how the sales differences impact annual revenues and water productions costs on Cal Water's summary of earnings at proposed rates. I'll start with water production costs since they are components of Cal Water's revenues.

Water production costs are calculated from the units of water produced (quantity) priced at the various 3rd party rates associated with each supply.[3] The water produced is primarily comprised of water sales.[4] All other things being equal, since Cal Advocates' sales estimates are higher than Cal Water's, their estimated water production costs will be higher than Cal Water's.

[2] CWS Rebuttal Book #1, Chapter 4, Section C (Sales Forecast).
[3] Includes wholesale water agencies, energy providers and groundwater management agencies.
[4] Water production also includes a minor amount of water lost in treating and distributing the water.

However, all things are not equal. Cal Advocates has also proposed lower third-party prices than what Cal Water has proposed.[5] The lower pricing results in lower production costs. The lower pricing partially negates the increase in water production cost increases from Cal Advocates' higher sales. So, while Cal Water's and Cal Advocates' proposals on sales and third-party pricing are significant, the difference between total production costs is only $3.8 million.[6]

A final element related to water sales is its impact to water rates. In its simplest form,[7] water rates are revenues divided by sales. The higher the sales, the lower the water rate and conversely, the lower the sales, the higher the water rate.

[5] Cal Water disagrees with Cal Advocates proposed production cost at CWS Rebuttal Book #1, Chapter 6.
[6] Cal Advocates Executive Summary, Appendix 2, p. 1 (2026 Proposed Rates).
[7] Water rates involve several other components such as a fixed service charge, but the principal here still applies, it would just be to the remaining revenue not collected by the service charge.

CHAPTER 2. OVERVIEW OF REBUTTAL TESTIMONY

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A. INTRODUCTION

California Water Service Company ("Cal Water") presents this rebuttal to testimony submitted by the Public Advocates Office of the California Public Utilities Commission ("Cal Advocates"), the California Water Association ("CWA") and the National Association of Water Companies ("NAWC").

1. Organization of Rebuttal Books

- **Book 1: General Rebuttal ("General Rebuttal Book")**
- **Book 1 Appendices ("Rebuttal Book #1 Appendices)**
- **Book 2: Rebuttal on Capital Projects ("General Plant Rebuttal Book")**
  - Common Plant Issues
  - CSS Capital Projects
  -
- **Book 3: Rebuttal on Capital Projects ("District Plant Rebuttal AV-HR")**
  - Plant Issues for Antelope Valley through Hermosa-Redondo
- **Book 4: Rebuttal on Capital Projects ("District Plant Rebuttal KC-WIL")**
  - Plant Issues for King City through Willows
- **Book 5: Rebuttal Book Confidential Material ("Confidential Rebuttal Book")**
- **Book 5A: Confidential Dominguez Attachments**
- **Book 5B: Other Confidential Attachments**

2. Cal Water Witnesses for Rebuttal Testimony

An updated list of Cal Water Witnesses appears in the **Rebuttal Book #1 Appendices**

3. Referencing Cal Advocates Testimony

Cal Water refers to the reports submitted by Cal Advocates using the following short names.

Cal Advocates Report Title	Witness	Short Title
Executive Summary and Results of Operations Tables	Edward Scher, Susana Nasserie	Executive Summary
Report on California Water Service Company's Administrative & General Expenses and Special Requests #7	Roy Keowen	Keowen Testimony
Report On Production Expenses, Operations and Maintenance Expenses, and Special Request #3 (Confidential)	Chris Ronco	Ronco Testimony
Report And Recommendations on Plant for Bakersfield, Kern River Valley, King City, Salinas, Selma, and Visalia Districts, Rate Base, and Taxes	Chris Ronco	Ronco Testimony
Report And Recommendations on Plant for Bakersfield, Kern River Valley, King City, Salinas, Selma, and Visalia Districts, Rate Base, and Taxes	Chandrika Sharma	Sharma Testimony
Report on Plant for Bayshore, Bear Gulch, Los Altos, Redwood Valley Districts, and Multiple Common Plant Issues	Justin Menda	Menda Testimony
Report on Balancing and Memorandum Accounts, and Special Requests #8, #9, and #10	Kerrie Evans	Evans Testimony
Report on Customer Service, ESJ Plan, Plant for Chico, Oroville, Marysville, Willows and Dixon, and Common Plant Issues	Kat Nguyen	Do Testimony
Report on Sales Forecast, Conservation Budgets, Rate Design, and Special Requests #1, #2, #4, and #5	Sam Lam	Lam Testimony
Report And Recommendations on Percentage Cost Adders, Previously Funded Incomplete Projects, Common Plant, Customer Support Services and Rancho Dominguez, Four Factor Allocation, Livermore District, Stockton District, and Travis District (CONFIDENTIAL)	Sari Ibrahim	Ibrahim Testimony
Report on Common Plant and Special Request #11	Courtney Sorensen	Sorenson Testimony
Report On Capital Projects Forecast for the East Los Angeles, Los Angeles County, and South Bay Regions	Courtney Sorensen	Sorenson Testimony
Report on Common Plant Well Renewal Program and Tank Improvement Program	Courtney Sorensen	Sorenson Testimony

1. Scoping Issues

A discussion of specific Scoping Issues not addressed elsewhere in this rebuttal testimony appears below, as well as reference tables identifying the sections of direct and rebuttal testimony relevant to each Scoping Issue.

a) Scoping Issue #8: Water Rights Leases

With regard to whether Cal Water's water rights leases comply with Commission orders, Cal Water is not aware of any concerns about its water rights leases expressed by any interested parties or Commission staff.

b) Scoping Issue #10: Water Quality

Cal Water submitted its Report on Water Quality as Chapter 6 of Testimony Book #3 along with its application. This contained a summary of water quality by operating district as well as reports, program updates and current regulatory impacts. Cal Advocates included a Chapter in Sorensen's Testimony labelled Water Quality, in which they claim to present an analysis and recommendations on water quality for Cal Water. However, this chapter was almost solely focused on compelling Cal Water to increase its frequency of flushing. Mr. Sorensen proceeds to refer back to this Chapter several times in his recommendations for denial of tank mixing projects Cal Water proposed in two districts. Cal Water responds to Cal Advocates' recommendations in Rebuttal Book #3, Chapter 2, Nitrification Remediation and System Flushing.

2. Scoping Issues Reference List

	Executive Summary	Overview of Rebuttal Testimony	Capital Related Ratemaking Issues	Rate Design, Sales, and Water Production	Payroll and Benefits	Other Expenses (O&M, A&G)	Rate Base - All Components	Allocations	Special Requests	Other Rebuttal Books	Direct Testimony[1]
General Issue 1: Whether Cal Water's proposed rate increases for the Test and Escalation Years are just and reasonable.	X	X	X	X	X	X	X	X	X	X	TB #1, TB #2, TB #3, RO Books, PJ Books, MDR Book, Books 5A and 5B
General Issue 2: Whether Cal Water's estimates of its operation and maintenance, and administrative and general expenses are reasonable.		X	X		X	X					TB #1, Ch 5, 8 & 9, RO Books
General Issue 3: Whether Cal Water's proposed plant additions are accurate, reasonable, and justified.		X	X				X	X			TB #1, Ch 7 & PJ Books
General Issue 4: Whether Cal Water's proposed revenue requirement is just and reasonable.	X	X	X	X	X	X	X	X	X	X	TB #1, TB #2, TB #3, RO Books, PJ Books, MDR Book, Books 5A and 5B
General Issue 5: Whether Cal Water's proposed rate designs are just and reasonable.	X	X		X							TB #2, Ch 5
General Issue 6: Whether Cal Water has complied with prior Commission orders, including but not limited to those in the decision that resolved Cal Water's last General Rate Case (GRC), Decision (D.)20-12-007.		X	X		X	X	X	X		X	TB #1, TB #2, TB #3, RO Books, and MDR Book
General Issue 7: Whether Cal Water's proposal for the Low Use Water Equity Program (LUWEP) is just and reasonable.				X						X	TB #2, Ch 2-4
General Issue 8: Whether Cal Water's Water Rights Leases comply with prior Commission orders.		X									TB #3, Ch 2
General Issue 9: Whether Cal Water is in compliance with California's regulatory requirements for the provision of safe and reliable water service, including but not limited to adequate Emergency Preparedness Plans, the Low-Income Rate Assistance (LIRA) program, and any other conservation, accessibility, and water equity safeguards.	X	X	X	X		X	X	X	X	X	TB #1, Ch 5 TB #2, Ch 1 & Att H TB #3, Ch 3 & 6 MDR Book
General Issue 10: Whether Cal Water's water quality meets all applicable local, state and federal drinking water standards and other provisions of General Order 103-A.	X	X	X						X	X	TB #3, Ch 6, MDR Book
General Issue 11: Whether Cal Water's Application supports the goals and objectives of the Commission's Environmental and Social Justice Action Plan.	X	X									TB #3, Ch 5
General Issue 12: Whether Cal Water's proposed balancing and memorandum accounts are reasonable and in the public interest.							X	X			TB #1, Ch 9 TB #3, Ch 1
General Issue 13, Special Request 1: Enhancing Affordability Through Consolidation, which would remove the Rate Support Fund subsidy that is currently embedded in the rates for Dixon customers, and to instead address affordability concerns of the area by consolidating Dixon's revenue the requirements with that of the Livermore Districts.				X					X	X	TB #2, Ch 1
General Issue 14, Special Request 2: Updating the Rate Support Fund (RSF), which would retain the RSF subsidies for the Kern River Valley and Willows Districts, eliminate the annual subsidy currently provided to the Dixon District, and apply an annual RSF subsidy to decrease the revenue requirement and mitigate bill impacts for customers in the small, economically disadvantaged Selma District.				X					X	X	TB #2, Ch 1
General Issue 15, Special Request 3: Authorizing Decoupling and Sales Reconciliation Mechanism, which includes 1) a Safe Infrastructure Balancing Account (SIBA) to track the difference between actual and adopted revenues; 2) a Supply Cost Balancing Account (SCBA) to track the difference between actual and adopted production expenses; 3) a proposal to amortize net decoupling program balances in base rates using the adopted rate design (as opposed to separate surcharges or surcredits); and 4) reinstating and modifying the Sales Reconciliation Mechanism (SRM).									X		TB #2, Ch 2

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	Executive Summary	Overview of Rebuttal Testimony	Capital Related Ratemaking Issues	Rate Design, Sales, and Water Production	Payroll and Benefits	Other Expenses (O&M, A&G)	Rate Base - All Components	Allocations	Special Requests	Other Rebuttal Books	Direct Testimony[1]
General Issue 16, Special Request 4: Authorizing Annual Sales and Services Forecasts, which would provide discrete annual sales and services forecasts over the GRC period.				X					X		
General Issue 17, Special Request 5: Incorporating Subsequent Rate Changes into Final Rates, which would incorporate rate changes due to other proceedings or the advice letter process into the calculations of final rates in this proceeding.									X		
General Issue 18, Special Request 6: Updating Escalation Factors for Final Rates, which would require the Water Division to use the most current Commission escalation rates for expenses and capital when calculating the final revenue requirement and rates for the final decision in this proceeding.									X		
General Issue 19, Special Request 7: Payroll Escalation Based on Union Contract, which would calculate the labor expenses for Cal Water's escalation and attrition year step filings using the company's actual union contract annual wage increases.									X		
General Issue 20, Special Request 8: Amortizing Balancing Accounts, which would allow balancing and memo accounts within 90 days or more of a final decision: Conservation Expense Balancing Account (CEBA 5), Pension Cost Balancing Account (PCBA 5), Healthcare Cost Balancing Account (HCBA 5), General District Balancing Account (District BA), Catastrophic Event Memorandum Account (CEMA), Asbestos Litigation Memorandum Account (ALMA), Public Safety Shut-Off Memorandum Account (PSPS MA), and Drinking Water Fees Balancing Account (DWFBA).									X		
General Issue 21, Special Request 9: Reauthorizing Balancing Accounts, which would re-authorize the Conservation Expense Balancing Account (CEBA), Pension Cost Balancing Account (PCBA), and Health Cost Balancing Account (HCBA).									X		
General Issue 22, Special Request 10: Request for Liability Insurance Account, which would establish a two-way balancing account for liability insurance costs (Liability Insurance Balancing Account). The Liability Insurance Balancing Account would track the difference between the liability insurance expense (third party premium amounts for general liability, excess liability and umbrella policies) included in the revenue requirement and the actual liability insurance expense Cal Water incurs.									X		
General Issue 23, Special Request 11: Request for Water Contamination Remediation Memo Account, which would establish a Contamination Remediation Memorandum Account in place of multiple, contaminant-specific memo accounts.									X		
General Issue 24, Special Request 14: Attrition Year Normalization, which would authorize Cal Water to deviate from the Rate Case Plan to update its practice for applying deferred taxes during the attrition year (i.e., third year) of the GRC cycle to avoid a normalization violation.							X		X		
General Issue 25, Special Request 15: Deferred Tax Liability with Current Year Capital Additions, which authorize Cal Water to modify its practice for prorating deferred tax liabilities for current year capital additions to conform with the normalization proration rules.							X		X		

B. "RATEMAKING AREAS" AND OPERATING "DISTRICTS"

Cal Water's General Rebuttal Book #1 addresses what can be referred to as all "non-plant" issues, while General Plant Rebuttal Book #2 through Rebuttal Book #4 address proposed capital projects ("plant" issues).

"Ratemaking areas," "operating districts," and other terminology have been used throughout this proceeding that may be confusing. A "ratemaking area" has a fixed definition and consists of the geographic areas that have a common revenue requirement, as historically approved by the Commission. The term, "district," however, no longer has a fixed definition, but is generally used to refer to the group of water systems whose operations are overseen by one management group. Lines have blurred because what was historically referred to as "a district" may now be consolidated at one level for ratemaking purposes, and at another level for operational management purposes.

Historical cost information and other data are usually maintained at disaggregated levels that are below the "ratemaking area" or "operating district" level. At what is likely the most disaggregated level, there are "water systems," which are generally discussed in terms of systems that are physically independent (although, even this can change over time when systems become physically interconnected). This variability will likely continue – partially because different regulating entities require reporting at different aggregated levels that will be slow to change over time.

For the purposes of this proceeding, rebuttal testimony has been organized as follows:

- <u>Ratemaking areas:</u>
    - **Expenses in Cal Water's rebuttal testimony are generally aggregated at the ratemaking level,** with the primary exceptions being Customer Support Services and Rancho Dominguez.[8] Expenses can also discussed at the operating district level as needed.
    - Costs incurred outside of a ratemaking area, like those from CSS and RDOM, are allocated to ratemaking areas for cost recovery.

[8] For a detailed description of Customer Support Services and Rancho Dominguez, see Rebuttal Book #2.

- The revenue requirement for each ratemaking area is used to calculate the rates needed to collect the revenue requirement from customers in that area.[9]

- Operating Districts:
  - **Capital projects in Cal Water's rebuttal testimony are generally organized by operating district,** with the exception that CSS and RDOM each have capital projects, the costs for which are subsequently allocated to the ratemaking areas.
  - The term "district" is somewhat fluid, but is usually used to designate how operations have historically been managed.[10]

C. UPDATES ON OUTSTANDING PROCEEDINGS

1. Revocation of CPCN for the Millerton District

Cal Water filed A.25-01-008 on January 28, 2025, requesting authority to voluntarily revoke its certificate of public convenience and necessity ("CPCN") for constructing and operating a public utility water and wastewater systems in its Millerton District located near Friant, CA in Madera County and to be relieved of any public utility responsibilities to that district. The Commission previously granted Cal Water a CPCN for the new Millerton District in D.21-08-007. Cal Water's 2021 GRC included Millerton in its four factor allocations. As a result of this pending application, the four factor allocations in the 2024 GRC do not include the district in its calculations.

2. Defluoridation of Oroville Water System

Cal Water filed A.24-10-003 on October 9, 2024 with an amendment filed on March 3, 2025. Based on the desire of the City of Oroville, the proceeding requests the Commission eliminate the requirement for the Company to fluoridate the water in the Oroville system that was originally set forth in Decision ("D.") 54444 issued in 1957. Cal Water sought and has obtained authorization from the Water Board to cease fluoridation in the Oroville system. No capital cost will be impacted by ceasing fluoridation as it does not require dismantling a facility

[9] Note that, within a ratemaking area, there may be multiple tariffs organized by customer class (*e.g.,* residential, non-residential, recycled) or by geography.
[10] Within some "districts," however, capital projects may be grouped at a more disaggregated level.

or removing a capital asset. However, there are modest expense changes that result from this request. Therefore, Cal Water proposes to recalculate the Oroville District's 2026 rates to exclude fluoride-related expenses in this rebuttal.

3. PFAS

Cal Water's necessary investment to comply with per- and polyfluoroalkyl substances ("PFAS") drinking water regulations is clearly excluded from the 2024 GRC scope. Cal Advocates has made numerous attempts to use PFAS as leverage against the 2024 GRC—attempts that have been continuously rejected by the Commission. Despite this, Cal Advocates' brings up PFAS yet again in an attempt to influence the outcome of the 2024 GRC.[11] Cal Advocates' comments on PFAS include multiple mischaracterizations, flawed analyses, and baseless claims. The Commission should maintain its focus on the items actually included in the 2024 GRC scope and reject Cal Advocates' attempts to sidetrack the 2024 GRC with the clearly out of scope PFAS issue. Uncertain future costs should not be used as a lever to reduce current infrastructure investment needs.

a) Background

Cal Water initially filed Application ("A.") 23-09-002 on September 5, 2023, requesting, among other things, to modify its existing PFAS memo account to track capital costs incurred to comply with PFAS drinking water regulations. On April 19, 2024, the Commission issued Decision ("D.") 24-04-012, denying Cal Water's requests in A.23-09-002, without prejudice. In issuing D.24-04-012, the Commission noted that as capital costs were not yet formalized, any attempts to adequately review or evaluate for reasonableness were premature.[12] The Commission also directed Cal Water to submit its PFAS capital request in the next GRC ***or a separate application*** (emphasis added).[13]

Despite the Commission's clear directive in D.24-04-012, Cal Advocates attempted to claim Cal Water's 2024 GRC was deficient for not including PFAS projects in the proposed

[11] Cal Advocates Executive Summary, pp. 5-6.
[12] D.24-04-012, p. 7.
[13] D.24-04-012, p. 10, Conclusion of Law No. 4.

capital budgets. Upon appeal by Cal Water, the deficiency claim was swiftly rejected by the Commission's Executive Director.[14] When rejecting Cal Advocates' deficiency claim, reiterating the Commission's directive from D.24-04-012, the Executive Director also directed Cal Water to file its PFAS application by December 2, 2024. Cal Water subsequently requested, and was granted an extension to file the PFAS application no later than June 2, 2025, which the Company intends to do.

b) Discussion

PFAS is out of scope for the 2024 GRC proceeding. Cal Advocates continued to discuss PFAS in their protest to Cal Water's 2024 GRC. Essentially all relevant discussion of issues in Cal Advocates' Protest focused on PFAS, including placing PFAS at the top of the list of general issues.[15] The Assigned Commissioner's Scoping Memo and Ruling ("Scoping Memo") was issued on November 8, 2024, setting out the issues to be resolved during the 2024 GRC. The Scoping Memo contains no mention of PFAS, clearly indicating that the issue is out of scope for the 2024 GRC.[16]

Despite the exclusion of PFAS from the 2024 GRC scope, Cal Advocates continues to discuss the issue in its report. However, when doing so Cal Advocates mischaracterizes the situation and supports its misguided claims with flawed analyses.

Cal Advocates mischaracterizes the Commission's directive to Cal Water on PFAS. Cal Advocates states "Cal Water *failed* to include the PFAS investments in its budget for this GRC…" (emphasis added).[17] However, as clearly stated in D.24-04-012, Cal Water has the option to include PFAS in either the 2024 GRC *or a separate application* (emphasis added).[18] This point was reiterated by the Executive Director when denying Cal Advocates' attempt to use PFAS to delay the filing of Cal Water's 2024 GRC.[19] Cal Advocates' attempt to frame Cal Water rightfully opting to not include PFAS in the proposed 2024 GRC capital budgets as a failure is inappropriate and should be rejected.

[14] *See* July 3, 2024, Executive Director's Response to Cal Water Deficiency Appeal.
[15] Cal Advocates' Protest, pp. 1-5.
[16] Scoping Memo, pp. 2-6.
[17] Cal Advocates Executive Summary, pp. 5-6.
[18] D.24-04-012, p. 10, Conclusion of Law No. 4.
[19] Executive Director Response to Cal Water Deficiency Appeal, p. 1.

Cal Advocates remarks discount the adequacy of CPUC regulatory processes. Cal Advocates asserts "Cal Water's deliberate attempt to avoid including these costs in the current GRC fragments the rate impacts of this large expense and results in a lack of transparency on cumulative bill impacts, which will likely cause customer confusion and frustration."[20] This assertion is both baseless and incorrect.

The Commission explicitly allowed Cal Water to submit its PFAS capital program in a separate application. Cal Advocates' assertion seemingly implies that it believes the Commission's regulatory process for evaluating utility applications is somehow inadequate unless included in a GRC. Cal Advocates asserts that submitting the PFAS capital program in a separate application somehow lacks transparency. The Commission's Rules of Practice and Procedure ("Rules") provide guidance on the type of information required for various application types. The Rules also clearly specify when customers should be notified of proposed rate increases, the information to be included in those notices, and how those notices are provided to customers and other interested stakeholders.[21] These requirements apply equally for a GRC or a separate application requesting an increase in rates. Both standalone applications and GRCs get an assigned Commissioner and administrative law judge ("ALJ") to oversee and guide the proceeding. The procedural requirements are also largely the same. Furthermore, the assigned Commissioner and ALJ have the discretion to include any additional procedural elements they believe are necessary to justly and reasonably resolve the proceeding. There is nothing unfair, opaque, or otherwise insufficient about the Commission's longstanding application process. Rather, as the following paragraphs demonstrate, if there is cause for concern regarding transparency, customer confusion and frustration, Cal Advocates is likely the culprit.

Cal Advocates' financial analysis doesn't tell the whole story. Cal Advocates recognizes costs to comply with PFAS drinking water regulations as necessary,[22] but presents its analysis in a way that inflates the estimated impacts of the necessary PFAS investments.[23] Cal Advocates

[20] Cal Advocates Executive Summary, p. 6.
[21] Rule 3.2(b) through (d).
[22] Cal Advocates Executive Summary, p. 1.
[23] Cal Advocates Executive Summary, p. 5.

states Cal Water's estimated PFAS capital cost of $215 million as approximately an additional 25% to the 2024 GRC proposed capital budget.[24] Cal Advocates further claims that PFAS "could increase bills by approximately 10% over and above the rate increase that Cal Water is seeking in this GRC."[25]

In the 2024 GRC, Cal Water requests a capital budget of $1.6 billion, a test year revenue requirement of $964 million, and a total revenue increase of approximately $300 million. When compared to the proposed 2024 GRC capital budget, the estimated PFAS capital cost only represents an additional 13%, or roughly half of what Cal Advocates states. From a revenue requirement standpoint, Cal Advocates estimated PFAS first year revenue requirement of $30 million is only 3% of the proposed Test Year 2026 revenue requirement of $964 million. Finally, as Cal Advocates' estimate of $30M additional revenue is 10% of the proposed three-year revenue increase of $300 million, Cal Advocates estimated 10% increase should also be spread over three years, or roughly a 3% increase per year.

Additionally, Cal Advocates' estimates assume that all PFAS projects will close in year one and do not reflect any offsetting revenues from grants or legal settlements. The PFAS capital program will be completed over multiple years and longer lead time well replacement projects will extend beyond the 2024 GRC cycle. Grant awards and settlement proceeds will be applied against the PFAS capital costs, which would further reduce the overall revenue impact claims by Cal Advocates to the 2024 GRC.

The Commission should reject any recommendation which will obviously contribute to regulatory lag. Cal Advocates recommends that the Commission should retain the possibility of consolidating the 2024 GRC with the upcoming PFAS application.[26] The Commission should disregard any such recommendation. Consolidating the 2024 GRC with the future PFAS application would do nothing but cause substantial delay in resolving the 2024 GRC. The Scoping Memo allows for a Proposed Decision in the 2024 GRC proceeding to be issued by early in the fourth quarter of 2025. This timing is crucial if final rates are to be implemented by the first day of the 2026 Test Year. As the PFAS application is not due until early June, consolidation

[24] *Id*.
[25] *Id*.
[26] Cal Advocates Executive Summary, p. 6.

would obviously cause significant delay in resolving the 2024 GRC. Such regulatory lag benefits no one.

The Commission need look no further than Cal Water's 2021 GRC to see the effects of regulatory lag on customers, the Company, and the Commission. In fact, it was customers that ultimately suffered the most from the 15-month delay in resolving the 2021 GRC. Once finally implemented, customers faced two years of rate increases plus surcharges to collect interim rate memo account balances all at once. Cal Advocates' suggestion here would clearly result in considerable regulatory lag, contrary to the overall public interest and the Commission's desire for timely disposition of regulatory proceedings. As the Commission has clearly and consistently declined to include PFAS in the 2024 GRC scope, it should continue to do so here to avoid the obvious regulatory lag implications.

CHAPTER 3. CAPITAL RELATED RATEMAKING ISSUES

A. AN EXAMPLE: DO CUSTOMERS PAY TWICE FOR DEFERRED PROJECTS

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Cal Water presents a simple example to help illustrate why customers do not "pay twice" for a deferred project. In reality, with a capital budget containing *thousands* of projects over multiple years, there are several nuances as to why customers are not paying twice for projects. These nuances have to do with the many checks and balances built into the Commission's complex ratemaking process, and are explained following this simple example.

Q: Do customers pay twice for deferred projects as Cal Advocates contends?

A: No, they do not, as shown in this simple example:

Let's assume a water company with only one customer filed a forward-looking General Rate Case (GRC) every year.

- For future Year 1, the company proposes a single capital project – one to replace a section of a water main line at a cost of $100.
- Before the company can start the main replacement, however, the company's only well fails, and the company determines the best course of action is to drill a new well at a cost of $100.
- The company spends its entire capital budget of $100 for the well, and is unable to perform the main replacement.

So in Year 1, the water company's sole customer paid for a new well in their water rates.[27]

- At the end of Year 1, the company comes in again with a GRC for Year 2. The company again asks for $100 for the same main line replacement that it was unable to complete during the previous year.

Q. If the Commission grants the company's request for the same $100 main line replacement in Year 2, will the customer be paying twice for the same $100 main line project?

A. The answer is clearly no, but Cal Advocates' mantra is that they are paying twice. This is a very simplified example to demonstrate how a request for a deferred project does not

[27] Note that the customer only pays for small portions of capital assets each year, plus a return on those portions.

automatically mean that customers are paying twice for that project. In the rebuttal testimony that follows, Cal Water will elaborate on the nuances that will allow the Commission to conduct a more robust investigation on this topic than that proffered by Cal Advocates.

B. CAPITAL RATEMAKING FUNDAMENTALS

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Q. Cal Advocates repeats its claim that Cal Water has included in its capital budget for this GRC projects that customers have already paid for in the past. Is this true?

A. Not at all. While Cal Advocates continues to reiterate this, repetition does not make it true. In fact, as Cal Advocates should be aware, the GRC process simply does not allow Cal Water to grossly benefit from being a regulated utility as Cal Advocates alleges at every turn. What makes ratemaking so complicated is that it is replete with checks and balances.

Q. Why is Cal Water addressing an absurdity like "customers pay twice" in reference to a deferred capital project?

A. Looking at the capital process as a whole shows that Cal Advocates' statement is simply untrue. This is an important issue, and Cal Advocates' attempts to mislead the Commission distract us all from the crucial purpose of this proceeding – to ensure that Cal Water's customers have access to safe, reliable, and affordable drinking water. Keeping water in hydrants, providing tap water that customers know is safe to drink, and making sure that water is available during emergencies and natural disasters are all part of Cal Water's capital plan. Healthy water systems provide healthy water. Barely adequate infrastructure results in barely adequate service (or worse).

To explain how the Commission's rules prevent customers from "paying twice," it is important to understand the interrelationship between capital budget years, rate base calculations, and the three-year GRC cycle.

Q. How do capital budgets line up with the three-year GRC cycle for large water companies?

A. Each GRC has a capital budget cycle that starts with a recorded or "beginning" plant balance. Plant consists of the assets Cal Water has constructed and is currently using to provide water service to its customers. In the 2024 GRC, the beginning plant balance is the sum of all plant that has been constructed, used, and useful as of December 31, 2023.

Next, Cal Water estimates the capital budgets it will be building to while the GRC proceeding is still open. For this GRC, based on the schedule in the Rate Case Plan those capital budget years are 2024 and 2025.[28] 2024 was the last capital test year for Cal Water's previous GRC (A.21-07-002), and 2025 was the attrition year for that GRC.[29]

But things have changed, of course, since Cal Water started developing its capital forecast for calendar year 2024 to submit in its 2021 GRC. That forecast would have begun in late 2020 and early 2021. To provide the best estimate in this 2024 GRC, Cal Water re-analyzed what is necessary to ensure that its customers have access to safe, reliable, and affordable water service, which included looking at the status of projects that Cal Water previously forecasted in its 2021 GRC, and then reexamining priorities based on the most recent developments. Cal Water then develops its capital budgets for the two test years in the 2024 GRC, 2026 and 2027.

To clarify, for Class A water utilities, **capital budget years** are *one year ahead* of the **rate years** (the years for which the Commission is approving customer rates in the GRC). For example, the capital budget years in Cal Water's 2021 GRC were 2021-2024, but the rate years were 2023-2025. (Capital is not forecasted for 2025 because it is an attrition year.) When Cal Water received its overdue 2021 GRC decision in March 2024, it was already 27 months into a 36-month capital cycle. Under the Rate Case Plan, a decision is normally expected approximately 15 months into the 36-month capital cycle.

[28] To make the explanation more relatable to its current GRC, actual years and the filed GRC references are used instead of terms such as year 1, 2, 3, prior rate case or current rate case.

[29] The rate case plan refers to Years 1 and 2 for capital as test years, and Year 3 for capital as the attrition year.

Q. What is an annual capital budget for Cal Water?

A. An annual capital budget is Cal Water's estimate of the total dollars that it expects to spend on capital projects and programs that will be completed, in service, and recorded in plant ledgers by the end of that calendar year. But not all projects can begin on January 1,st or be completed within twelve months of their start days. That means Cal Water is usually managing more than a thousand capital projects a year across its nineteen ratemaking areas. Cal Water identifies the need for specific projects, develops individual estimates of how much each project will cost, and forecasts when they will be used and useful. These forecasts all roll up into "rate base," which is an aggregated representation of the current value of all of the water system's assets.

Q. Is Cal Water expected to adhere to its capital budgets estimates exactly?

A. The Commission uses the rate base amount for each year to develop the rates that Cal Water should charge its customers for safe and reliable water service. Additionally, while Cal Water proposes specific projects to develop and justify its forecasted rate base amounts, *this does not (and cannot) mean that Cal Water will be able to complete them exactly as forecasted*.

- **First**, the Commission generally does not approve 100% of the budget that Cal Water requests in its GRC application. It would be unreasonable to expect Cal Water to complete each project included in an application when the Commission did not approve a budget sufficient to cover all of the projects.

- **Second**, some of the forecasted projects will cost more than estimated and some will cost less than estimated (this being the very nature of estimates). Some of the projects will be completed earlier than forecasted and some will experience delays – both of which will impact what is recorded in plant ledgers at the end of the calendar year.

- **Third**, the timing of a Commission GRC decision can have an impact on capital projects. For example, the Commission did not issue its decision in Cal Water's 2021 GRC until March 2024[30]. While that rate case was pending, Cal Water put certain projects on hold, waiting for the Commission's determination.

- **Fourth**, and significantly, Cal Water will likely have to embark on projects that it did not foresee when it filed its last GRC application to address new or newly critical issues.

[30] As explained earlier, this decision was into the second test year. It was issued 15 months into a 36-month GRC cycle.

This is why customers don't actually pay for capital projects until they are completed and being used to provide service. (Actually, under the Commission's depreciation rules, Cal Water's recovery of its investment does not actually begin until the year after capital asset is placed in service.) And when they do, they pay a little amount for each recorded asset each year for the number of total years that Cal Water uses the asset to provide safe and reliable water service. These capital additions are further reduced by the estimated accelerated income tax depreciation reflected as deferred tax liabilities, which are rate base reduction.[31] Customers also pay for a small amount of forecasted rate base. This is the temporary aggregation of forecasted projects. It is important to remember, however, that the forecasted amount is only a fraction of the rate base. The majority of rate base is the value of the water facilities that Cal Water is currently using to provide service to customers.

Q. What ratemaking mechanisms protect customers from significant under-investment by a water company?

A. The Commission's Rate Case Plan includes protection for customers to make sure that a water utility does not increase rates without investing in capital projects. (Remember, this is what Cal Advocates misleadingly accuses Cal Water of doing.) Due to what is known as the "earnings test," if a water utility does not invest in capital projects, it will not be able to implement rate increases. The earnings test is applied at the end of each test year for the upcoming year. So for this GRC, Cal Water will be subject to an earnings test at the end of 2026 to determine whether it can increase rates and revenues to the level the Commission may have authorized for 2027. If Cal Water did not invest in capital projects at the level authorized by the Commission in its decision, it will not be able increase rates and revenues for 2027. The Commission adopted the earnings test because, if the water utility is investing in capital at the

[31] Cal Advocates' repeated false claim that customers somehow pay twice also fails to capture the fact that actual amount included in rate base is less than the full capital project cost. There are also other elements of expenses that reduce the cost of service. The year a capital project is added to rate base its cost is weighted as if it was installed evenly over the course of the year, so roughly half of the capital project is included in the first year it is placed in service. Only a return on weighted capital project is included in rates the first year a project is placed in service. The return of the investment in capital projects does not start until the second year the capital is in service. The accelerated depreciation expense available for federal income taxes generates a deferred income tax liability that is a rate base reduction starting the first year the project is placed in service. Finally, the accelerated depreciation expense for state income taxes reduces taxable income and state income taxes recovered in rates. As can be seen, this issue covers more than the simple cost of capital projects.

approved level, there is no need to increase rates because the current rates are sufficient to cover its current cost of service. The earnings test ensures that, before revenue and rate increases are implemented for 2027, Cal Water has made investments that equal or exceed the capital budget adopted by the Commission. Since the timing and cost of projects can change, as just discussed, it is not based on whether specific projects were completed, but instead based on a comparison of the recorded weighted average rate base to rate base adopted by the Commission in the GRC decision.

Q. Can Cal Water increase rates if it has not invested to the level required by the Commission?

A. No. Customers will not see a rate increase in year 2 unless Cal Water invests as authorized by the Commission. Further, if Cal Water fails the earnings test in year 2, it will likely fail the earnings test in year 3. This is because the earnings test uses a cumulative investment in rate base, similar to how miles are tracked in an odometer. To pass the test in year 3, Cal Water would need to complete its capital budget for year 2, plus all under-spent capital budget from year 1. Passing the earnings test is proof to the Commission and customers that Cal Water's investments are on track.

That is why saying that customers have "already paid for" certain projects that were forecasted in the last GRC but not completed, as Cal Advocates does, defies reality. What actually happened is that Cal Water spent money on other more pressing projects, and Cal Water has the burden to justify the recovery of the completed projects that are now in rate base instead of the deferred projects. And consider this: if Cal Water installs treatment on a well that was not identified as one of the capital projects listed in the prior GRC, are customers then receiving the benefits of that water treatment for free? This would be the logical corollary to Cal Advocates' "customers pay twice" argument if the argument was sound. But the answer is "no," as long as the water treatment project costs are within the overall approved capital budget.[32] Customers pay for what Cal Water constructs to provide them with safe and reliable service.

[32] There can be situations where customers are receiving the benefits of constructed capital assets for free or at a "discount," however. This would occur if Cal Water were to be overambitious in its capital investments, expending more that the authorized capital budget; then customers will receive the benefits but won't pay more until the

Customers are paying for water on demand, and delivering water on demand is a complex process. Cal Advocates' rhetoric is a dangerous distraction, and its attempt to cloud the issues do Cal Water's customers a serious disservice.

C. CAPITAL PROJECTS IN PROGRESS

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In each GRC, Cal Water proposes capital additions to utility plant over multiple years as part of GRC filings. Due to the cyclical nature of our GRC proceedings, every three years Cal Water proposes four years of capital additions – in the 2021 GRC, those years were 2021, 2022, 2023, and 2024.[33] In this proceeding,[34] projects scheduled for 2024 are forecasted again. In addition, projects budgeted for previous years that weren't completed and booked to Cal Water's Utility Plant in Service by the end of 2023 are also included in the forecast.

As discussed below, apart from projects that were budgeted for 2024 in the prior rate case, there are many reasons as to why other projects are still in progress. The value in which our customer rates are to be measured must consider not just an examination of individual projects whose schedules may have changed but must also assess the overall rate base. These include projects that were not forecasted in a previous GRC, but are in Cal Water's Utility Plant in Service, and thus are currently benefiting customers.[35] Cal Advocates' overly simplistic assessment and broad-brush recommendation to eliminate <u>all</u> projects in progress not completed as of the end of 2024 mischaracterizes Cal Water's performance for delivering capital and fails to properly account for the complexities associated with the budgeting and management of thousands of capital projects in a three-to-four-year timeframe. Cal Water has taken, and continues to take, creative approaches to addressing this issue both through

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next GRC.

[33] The Rate Case Plan requires Cal Water to file every three years in July. Cal Water's base year for plant balances is the year prior to filing. The first-year additions were largely approved in the previous GRC, and Cal Water proposes new capital budgets for the next three years.

[34] The four capital years in this proceeding are 2024, 2025, 2026, and 2027.

[35] For instance, as noted later in this section Cal Water completed several dozen projects in response to emerging wildfire hardening and Public Safety Power Shutoff events prior to 2024 that have not yet been incorporated into our customers' rates even though our customers are benefitting from these capital projects.

ratemaking mechanisms as well as through various improvements in expanded project schedule timelines and project execution.

1. Cal Advocates Position on Projects in Progress

In evaluating Cal Water's proposed Advance Capital Budgets for 2024-2027, Cal Advocates has appropriately spread their evaluations across multiple witnesses by district and, where applicable, by program, which will presumably allow them to form a coherent assessment. With respect to Cal Water's projects in progress, outside of a handful of projects in Dominguez and East Los Angeles,[36] Cal Advocates largely relies on a single witness who draws misleading conclusions on planning and historical performance based on inaccurate calculations. The remaining "analysis" provided by Cal Advocates consists of inconsistent arguments regarding Cal Water's capital planning and execution, an inaccurate, repetitive statement about profit seeking and comparisons between utility ratemaking with competitive markets, and an apparent attempt to promote historical ratemaking. In its workpapers, Cal Advocates removes dollars for any capital project that was not identified as being complete by Cal Water in a data request response provided prior to the end of 2024.[37]

Cal Advocates does make a statement that Cal Water concurs with: "CWS has the responsibility for managing its budget and choosing which projects to complete with the Commission-approved funding."[38]

2. Cal Water Rebuttal on Projects in Progress

Due to a variety of circumstances, project schedules will extend at any combination of its phases, often due to local bureaucratic or site-specific complications, and the delays should largely be assessed for reasonableness on a case-by-case basis. Cal Advocates' simplistic

[36] Cal Advocates challenges four GAC changeout projects in East Los Angeles (Sorensen Testimony, p. 1-11.) and a number of treatment projects in Dominguez (Sorensen Testimony, ps. 3-9 to 3-15). Rebuttal for these projects can be found in the East Los Angeles and Dominguez chapters of Rebuttal Book #3.
[37] Cal Advocates does not expressly state their recommendation for which projects should be disallowed in their testimony. However, Cal Advocates' inputs to Budget (ACB) Adjustments WS-2.1 in CH07_RO_RB_PLT of their RO Model reflect inclusion of all projects identified as complete in Attachment #1 of CWS' Response to DR SIH-005. Cal Advocates includes this as Attachment 2-1 in Ibrahim's Testimony.
[38] Ibrahim Testimony, p. 2-2.

approach to address a complex issue illustrates a lack of willingness to do the necessary work to understand the complications involved with forecasting and managing projects with long lead times, particularly when those projects are compressed into a narrow schedule to meet the GRC cycle. Furthermore, Cal Advocates generalizes the impact to customers on funding projects not yet complete by focusing merely on the projects with adjusted schedules, instead of taking into account the entirety of Cal Water's plant additions, and without regard to the ratemaking mechanisms in place to protect customers. As explained below, Cal Water has explored, and continues to explore, many different approaches to address these constraints, including improvements to its capital execution, ramping up the capital program, implementing phased delivery, and expanding project schedules across multiple GRCs, in order to balance the timing of capital plant additions and the appropriate recovery for those additions.

a) Cal Advocates' calculations and conclusions regarding projects in progress are flawed

Cal Advocates asserts that Cal Water forecasted "$618M for incomplete capital projects that CWS estimates will be in service by 2025."[39] Contrary to Cal Advocates' assertions, Cal Water forecasted $323.4M for projects to be completed in 2024.[40] In fact, much of this budget includes the projects that were forecasted for 2024 in the 2021 GRC. Cal Advocates proceeds to evaluate Cal Water's performance of these projects, in some instances based on dollars forecasted with completed projects (not the actual costs associated with these projects) and in others based on number of projects completed, in an attempt to reach the conclusion that ultimately Cal Water only spent 20.4% of our forecasted budget for 2024. Cal Advocates references Cal Water's response to Data Request SIH-005, Attachment #1 as proof of 2024 performance. This response was provided to Cal Advocates in November for capital project completions through the end of October 2024. Cal Advocates is assessing Cal Water's performance based on approximately 80% of the performance period. Furthermore, Cal Water identified many of its programmatic projects as in progress, on the premise that these are

[39] Ibrahim Testimony, p. 2-1.
[40] Cal Water forecasts $107,461,831 in 2025, $124,739,599 in 2026, and $63,563,092 in 2027. The four-year forecast is $618,137,631.

annual programs that last the whole year.[41] Through these programs, Cal Water contributes assets to our water systems throughout the year but are often not formally completed until the end of the year or when the last asset is installed, and all costs have been accounted for in our accounting systems. Additionally, Cal Water has completed work on a number of projects that are used and useful and serving our customers but have not been administratively booked to our property records.[42]

Table 1 below provides an update to Cal Advocates' analysis taking into account projects and programs serving our customers by the end of 2024.

Table 1 - Update to Projects in Progress for 2024 (Direct Cost)

Projects/Programs complete as of 12/31/24 from 2021 GRC	$ 249,336,677
Additional used and useful projects benefitting customers	$ 34,564,522
Total Projects/Programs in use by end of 2024	**$ 283,901,200**

Furthermore, Cal Water includes in its 2024 GRC forecasted budgets projects that were not included in 2021 GRC rates. These are projects that Cal Water initiated to address emergent issues such as wildfire hardening, PSPS, and mandatory main relocation projects or design projects proposed in the 2021 GRC that are associated with construction projects in the 2024 GRC, or projects that were given Tier 2 advice letter status in the 2021 GRC. These projects do not fall under Cal Advocates' definition of previously funded but incomplete projects as of 2025.

Table 2 provides the total forecasted dollars for projects that are not applicable to Cal Advocates' definition and therefore should not be challenged by Cal Advocates based on their assertion of removing projects they feel customers have already paid for.

[41] These include Cal Water's Main Replacement Programs. Unscheduled, Non-specifics, Meter Replacement Programs (0900s), Physical Security Upgrades, Flowmeter Replacements, Control Valve replacements, and Analyzer replacements.

[42] On average it takes roughly 60 days for a project that is in service and providing benefit to our customer to be recorded on Cal Water's company property records. During this time any outstanding invoices and time card entries are processed, an as built is created, and our Accounting department moves the charges to our continuing property records.

Table 2 - Projects not applicable to Cal Advocates' methodology (Direct Cost)

Projects/Programs in use by end of 2024	$ 283,901,200
Projects not included in 2021 GRC rates	$ 94,182,950
Tier 2 advice letter projects in progress	$ 32,917,859
Total Projects	**$ 411,002,009**

Cal Water includes an updated attachment, which updates the completion status, investment with these projects as of the end of 2024.[43] This is a more appropriate time period to base Cal Advocates' analysis. Accounting for the update, this brings the forecasted $618.1M for projects in progress that Cal Advocates should be reviewing down just to $207.1M.[44]

Forecasted numbers presented in the tables and narrative thus far have been presented in terms of Direct Costs. Actual investment includes construction overhead and AFUDC. While the tables above contain forecasted direct costs, Cal Water's total investment, including construction overhead and AFUDC, for the projects and programs identified in the filing as complete equals $372.3M.[45] There is an additional $40.1M in projects that were in service and waiting to post to Cal Water's property records the end of 2024 included as part of the $94.2M in Table 2. Cal Water notes that for many of its programs (such as non-specifics, unscheduled and MRP) multiple work orders are performed off of a single project. In summary, the numbers discussed above are a more accurate representation of Cal Water's projects in process for 2024 that should be included in capital additions than the $129.7M presented in Cal Advocates' analysis. However, even with updated numbers, Cal Water still objects Cal Advocates' assertions, regarding our customers paying "the full cost of financing and depreciation on these projects"[46] over the span of a single GRC cycle. The sections below provide more context to the role of capital and rate base in our customer rates.

[43] **Rebuttal Book #1, Appendix F** Updates to SIH-005 Attachment #1.
[44] $618.1M - $411.0M = $207.1M
[45] The $372.3M is comprised of the $283.9M and $94.2M in Table 2, less approximately $6M of capital not included in the filing.
[46] Ibrahim Testimony, p. 2-3.

b) Cal Advocates' consideration of currently authorized used and useful projects is too narrow

Cal Advocates forms their opinion that Cal Water's customers are funding incomplete projects based on changes to the timing of closing for certain projects since they were originally forecasted 5 years ago for the prior GRC. However, Cal Advocates fails to take into account the other capital-related impacts to rate base on which customers' rates are based. For each forecasted capital project, there are also forecasted rate base reductions via accumulated depreciation and deferred income tax liabilities ("DTL"). Further, Cal Advocates fails to recognize the other projects Cal Water has completed during this timeframe that are benefiting our customers. All of these capital-related items are netted against each other into Cal Water's rate base. Cal Water's customers "fund" rate base through their water rates. They do not simply fund capital additions. Therefore, to properly consider Cal Advocates argument on "funding" the Commission needs to look at recorded versus adopted rate base. In fact, in 2023, the sum of Cal Water's recorded rate base and additional plant in service was 96.3% of 2023 last adopted.[47] For further discussion on capital projects and ratemaking, please refer to the Capital Ratemaking Fundamentals in section this chapter

Furthermore, when performing its evaluation on forecasted project closing discrepancies, Cal Advocates' sweeping assertions that customers have already funded these projects completely discounts $32.9M (Table 2) in projects that were not part of the annual capital budget included in customer rates, such as projects that were advice letter status or projects Cal Water completed as a result of emerging issues.[48] Furthermore, $46M in wildfire hardening and $4.7M in PSPS-related capital that has been serving our customers going back to 2021 has yet to be included in customer rates.[49] In taking into account authorized rate base reductions from accumulated depreciation and DTL, the total level of recorded plant additions, plus the dollar amount of projects that were benefitting Cal Water customers that haven't yet

[47] CWS Testimony Book #1, Chapter 3, p. 35. [2023 Recorded Rate Base ($1,823,670,058) + Additional plant that was used and useful but not yet booked to plant ($68,715,496)] / 2023 Authorized Rate Base ($1,964,751,063) = 96.3%. Put another way, 2020 Authorized Rate Base exceeded 2020 Recorded by $39,862,668.

[48] A listing of the 2021 GRC Advice Letter Projects is found in Appendix W of D.24-03-042. The costs for these projects were not in rates and will not be in rates until they are completed and a rate base offset or other Commission approval is given.

[49] **Attachment 3-1** – Wildfire and PSPS Projects not included in adopted rate base.

been added to utility plant in service, and the level of requested projects in progress that haven't been included in customer rates, we see a very different picture than was painted by Cal Advocates.

c) Ratemaking mechanisms are in place to mitigate recovery for plant not yet used and useful

Contrary to Cal Advocates' historical ratemaking recommendations, in California, rates are appropriately based on forward-looking projections that are proposed by the company, are evaluated by Cal Advocates, and then are ultimately approved by the Commission. As a result, there will never be a perfect correlation between the levels of capital authorized and completed. However, there are mechanisms in place to ensure that customers are appropriately paying for the utility plant investment benefits they are receiving. One such mechanism is through the earnings test. In a given GRC proceeding, customer rates are established for the Test Year and then are adjusted for subsequent years based on a variety of factors, primarily a weighted-average rate base analysis. If the company does not close a certain level of utility plant in a timely manner, their authorized capital budget, and ultimately their rates, are not adjusted upwards for the subsequent year. Please see the "Capital Ratemaking Fundamentals" section of this chapter for further discussion on the protections in place by the Commission's rate case plan to ensure customers are paying for the commensurate level of service they receive.

Another mechanism Cal Water utilized in prior rate cases to mitigate recovery for capital budgets that haven't been completed is through its "Carryforward" adjustment that reduces the capital that goes into proposed rates. Cal Water recognized that there are many factors out of the company's control that will inevitably cause a portion of its capital program to be delayed, and for the past few GRCs, the company made a significant downward adjustment of $100M to its overall utility plant in all districts to acknowledge this delay.[50] In this GRC, Cal Water has implemented a different ratemaking adjustment that conceptually aimed to achieve a similar goal by electing to delay the inclusion of certain projects in rates.[51] This mechanism

[50] This was reflected as a reduction in the first year of the three-year capital cycle. In the 2021 GRC, it was a reduction of 2022 capital. In the 2018 GRC, it was a reduction of the 2019 capital.
[51] Testimony Book #1, Chapter 3, p 37-38.

thereby accounts for the delay in schedules that will occur with some of the projects places a larger portion of the capital budget into the test years.[52] This is a benefit that goes directly to Cal Water's customers and is intended to acknowledge that there will be factors beyond Cal Water's control that will result in delays to installing capital.

While the Earnings Test and Cal Water's proposed schedule adjustment are mechanisms to mitigate recovery for capital budgets that haven't been completed, these do not address the increasing disparity between the GRC capital budget timeline and project completion. As noted in **Section B**, below, Cal Water continues to explore and propose strategies to overcome the artificially compressed schedules for capital projects that are imposed by the GRC timeframe.

d) Reasons for Delay in Project Completion

The Commission, which relies on future test year ratemaking, is well aware that no one has a crystal ball and no one - not Cal Water, not Cal Advocates, not the construction industry or project management industry - can predict with 100% accuracy. Acting as if this is something that is attainable and is the proper standard, as Cal Advocates does, is simply unrealistic and unreasonable. In this section Cal Water provides clarity and examples on why capital projects schedules may understandably have schedule delays. Contrary to Cal Advocates' claim, unexpected schedule delays and project challenges are ubiquitous throughout the construction industry and project management in general. A Price Waterhouse Coopers survey conducted of over 10,640 projects from 200 companies across 30 countries and various industries found that only 2.5% of companies successfully completed 100% of their projects on schedule and budget.[53] Similarly, the Harvard Business Review analyzed 1,471 information technology projects and found that the average overrun was 27%, and a full one in six projects had a schedule overrun of almost 70%.[54] A similar report focused on construction and infrastructure industries found that projects typically take on average about 20 percent longer to finish than

[52] As discussed in the "Capital Ratemaking Fundamentals" section in this chapter, Cal Water is subjected to an earnings test on each of its two test years. The earnings test is largely driven by the level of plant additions that were completed and will determine whether Cal Water is able to adjust their rates.

[53] PriceWaterHouseCooper, *Boosting Business Performance through Programme and Project Management: A first global survey on the current state of project management maturity in organization across the world*, 8.

[54] Harvard Business Review, *Why Your IT Project May Be Riskier Than You Think,* https://hbr.org/2011/09/why-your-it-project-may-be-riskier-than-you-think (accessed March 28, 2022).

originally scheduled.[55] While these statistics are not to suggest that schedule delays are good practice, the presence of projects with delayed schedules in an investor-owned water utility, even one as experienced as Cal Water, should not come as a surprise. Construction projects may experience delays based on a number of factors that are outside of Cal Water's control, including extensive state and local permitting requirements, long lead-times to procure certain types of equipment, the need to acquire real property or easements, operational constraints, the limited availability of qualified contractors in the vicinity of a project, efforts to address emergent issues (e.g., recent landslides, wildfire and public safety power shutoff risks), and the requirements of, or lack of, cooperation from third-party utilities (for example, in connection with securing right-of-way or an electrical service necessary to the operation of an improvement).

Specific examples of reasons for project schedule delay, outside of Cal Water's control, and corresponding examples, are presented below. In the prior GRC, Cal Water implemented improvements such as accounting for long lead project timelines and standardizing the construction management and special inspections program. In this GRC, Cal Water continues to implement strategies such as organizational restructuring through specialization and programs, use of tools for utilization by project managers, improved cost estimating and resourcing.[56]

e) Delayed 2021 GRC Decision

Cal Water received its 2021 GRC Decision in March of 2024, more than 15 months late. Cal Water and Cal Advocates litigated almost *half a billion dollars* in capital projects, including large dollar projects such as the Water Quality Satellite Lab in East Los Angeles, many of the same Dominguez Treatment Projects at issue here, as well as much of the capital budgets organized by program, rather than individual project. This means that Cal Water did not have the benefit of policy guidance from the Commission, or a capital budget to "build to," assurance on its proposed new capital for 27 out of the 36-month GRC forecast period for capital projects.

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[55] McKinsey & Company, *Imaging Construction's Digital Future,* https://www.mckinsey.com/business-functions/operations/our-insights/imagining-constructions-digital-future# (accessed March 28, 2022).

[56] See the "Optimization of Project Delivery" section later in this chapter for an expanded discussion on strategies, such as organizational restructuring through specialization and programs, use of tools for utilization by project managers, and improved cost estimating and resourcing

Cal Water did not wait for the Commission to approve its GRC before starting on several projects. However, due to the uncertainty surrounding a large portion of its forecasted capital, the company held back on certain programs and delayed the start of specific, heavily disputed projects, such as the ELA Water Quality lab. A delayed decision not only presents uncertainty to Cal Water as to whether the work performed on controversial projects will ultimately be included in rates, but it also presents a cash flow issue to the company as customer rates at the time of construction are significantly out of sync with the current cost of service.

f) Permitting-Related Delays

Cal Water must obtain all required permits prior to commencing construction, which sometimes can result in unexpected delays and/or design changes. An example of permitting impacts to project schedules is the Bear Gulch Station 33 Rebuild project (PID 65389). It took two years to obtain the Town of Portola Valley's planning approval, which required re-negotiating and recording an easement, acquiring a signed letter from adjacent property owner, and addressing multiple rounds of permitting comments. In addition, the town required the addition of extensive design elements during the latter round of comments. This required Cal Water to complete further geotechnical analysis and structural design, resulting in supplementary foundation requirements, design plan rework, and other changes mandated in order to secure a required planning permit to complete the project. These multiple rounds and delayed reviews increased the time and labor to review and address the town's comments, ultimately resulting in a significant delay to the project.

Another example of permitting-related delays is with the Dominguez Station 300 New Well and Treatment projects (PIDs 100482, 98334 & 125762). This is a new groundwater well development project in the LA area that included property acquisition, well drilling, treatment design and overall site construction. The station is in construction now and is fortunately just a few months from completion, expected in May 2025. Prior to permitting, Cal Water searched for an appropriate property to construct a new well. This process took approximately three years, starting from property search, negotiation to the final purchase. With the property secured, the permitting process could then start. The permitting process began with a request to DDW for well location and construction approval. This permit took over two years to obtain,

due to a protracted back and forth around potential shallow contaminating sources in the vicinity of the well despite our expert analysis that showed no impact and given that at the end of the day we would treat the contaminants. DDW ultimately agreed with Cal Water's initial proposal and issued well construction approval allowing CEQA environmental permitting to then commence. The City of Compton issued an exception, but this was challenged by DDW, who then agreed to take on the role of lead agency but required an environmental review. A Mitigated Negative Declaration was issued 1 year later. This is an example of where Cal Water ultimately prevailed, but the permitting process still caused unanticipated delays.

The Well was then constructed, treatment and station design completed and building permit was applied for. The building permit process took nearly two years to complete, as there were a total of 20 individual permits required at a total cost of $200,000 in permitting fees. Unfamiliarity with utility projects and inexperience on the part of city staff were the primary drivers for this extended timeline. Overall, this project is expected to take six and a half years to complete. More than four and a half years (70%) of this time was spent directly on permitting. Cal Water is experiencing similar delays in acquiring permits for many other well and treatment projects not only in the Dominguez District but throughout the state. In fact, permitting delay is one of the most prevalent and growing program challenges we face. This challenge was triggered by the pandemic as agencies reduced work hours and sought to operate remotely and worsened coming out of the pandemic as we saw significant turnover of key permitting staff whose experience left with them. We continue to see lack of experience with utility projects and general staffing constraints as the major drivers of the delay. These delays are driving longer project schedules extending well projects, like this one, to take five plus years minimum when they used to take two to three years to complete. For further discussion on these projects, please refer to the Dominguez District Chapter of Cal Water's Rebuttal Book #3.

Unfortunately, such issues are becoming less and less isolated and more the norm as our improvements become more focused on rebuilding in established communities.

g) Material & Equipment Supply Chain Issues

Starting in late 2020, Cal Water has seen a rise in supply chain issues and delays, beginning with backup power generators and vehicles. Despite the many years that have

passed since the pandemic, delays in materials and supplies continue to pose challenges for equipment such as pumps, generators, and panelboard. A recent example of a small component's impact to a large project occurred in the East Los Angeles District at Station 12 for a Panelboard Replacement project (PID 124368). This project experienced delays due to the limited availability of the panelboard equipment. Several major electrical components within the panelboard - such as the automatic transfer switch, circuit breakers, and load center are supplied by third-party vendors and are subject to extended lead times. Additionally, the vendor's internal scheduling constraints and resource limitations have impacted the panelboard fabrication timeline. As a result, construction progress has been significantly slowed, as the contractor is unable to proceed without the panelboard equipment. This delay had a direct impact on Cal Water's ability to close out this project and was completely outside of Cal Water and the contractor's control.

The ELA-12 panelboard (MCC) took 75 weeks from purchase order issuance to delivery. Since the pandemic, the average delivery time for MCCs has increased to 45-51 weeks, according to Tesco (MCC vendor), although the actual time is often much longer. Pre-pandemic, lead times were as low as 20-28 weeks.

h) Operational Constraints

The operation of a water system is dynamic and the number of active wells, tanks, and other infrastructure appurtenances changes over time. Since projects must be scoped and budgeted up to four years in advance of the GRC filing, there are situations where the operational conditions may change such that a tank may not be able to be taken offline for repair or replacement when originally scheduled. This type of unforeseen change in operations can have a significant impact on project schedule and completion. A good example of operational constraints leading to schedule delays is a pressure vessel replacement project at Station 77 in Visalia, Pressure Tank Replacement project (PID 123797). At project initiation the well issues at the station were identified by the District while troubleshooting localized customer complaints of cloudy water. The cloudy water was a result of air entrainment caused by holes in the well casing and concerns regarding the well's casing integrity, triggering the need for a well assessment, repairs, and testing, which took approximately

12 months to complete. Final design and permitting were postponed until testing confirmed the well's stability. The well was returned to service in June 2023 to provide supply reliability for the system during the peak demand period. Construction was also deferred to the low-demand period to ensure removing the facility from service did not hinder the district's ability to reliably meet customer and emergency demands. These types of delays also severely impact pump replacements both for wells and booster pumps as the work cannot be completed until demands are low enough to allow for the source to be temporarily taken off-line, and thus relying on other sources.

i) Land Acquisition Delays

Some projects require the acquisition of property or easement to construct the proposed facilities. Cal Water's Cherokee Pipeline project (PID 00115212) in Stockton was delayed by approximately two years due to issues with acquiring a required pipeline and temporary construction easement. Cal Water began initial conversations with the private landowner regarding the proposed easements in March of 2020. The landowner was unresponsive to Cal Water's communications for long periods throughout the negotiations process, which ultimately delayed the timeline for acquiring the easements until May of 2024. While Cal Water ensures that property purchases will provide long-term benefits to customers, this can present a significant challenge to find sufficient space and appropriately suited to the project in many Districts. Cal Water's project to construct a new well and treatment in Dominguez (PID 20775) included well drilling, treatment design and overall site construction. The location originally identified for the new well took many years to negotiate lease rights starting in 2014. Ultimately, the negotiation efforts stalled in 2017 and Cal Water had to pivot to a new location. At this point, Cal Water spent another two years searching for a new property. In 2018, Cal Water found an off-market property located within the City of Long Beach. This property was located just outside of Cal Water's Dominguez service area, requiring some offsite improvements to connect to the distribution system. Since securing the property, Cal Water has been able to successfully permit the new well location with DDW, complete a Conditional Use Permits with the City of Long Beach and conducted all necessary environmental surveys. These examples underscore the process to acquire and secure land for water

infrastructure has the potential to significantly impact project schedules and timing proposed in a three-year GRC cycle.

j) Coordination Challenges with Other Utilities

One such example involved the construction of a new booster pump station in the Westlake District at an existing Station 011 (PID 119677). As no electrical service existed at this station, Cal Water applied for a new service with Southern California Edison (SCE). The application process started in 2019 after substantial completion of the design plans. It was determined that SCE did not have sufficient facilities at the location of the station. However, there was a capacitor/capacity located approximately 400 feet away from Station 011, located in the public right of way. Cal Water elected to have SCE design the new facilities. Due to the complexities, including the need for offsite improvements, existing oak tree protection, etc. this design took numerous iterations to complete. The final design was approved in 2022, then updated again in 2024 when in-field conditions were not reflective of design. This delay was outside of Cal Water's control, but is not unique to Cal Water, as it faces similar issues throughout the state with various other utilities and agencies.

k) COVID-19 Impacts

As mentioned previously, COVID-19 serves as a prime example of a completely unanticipated factor, outside of Cal Water's control, that directly impacted and prolonged construction schedules. This one factor affected numerous areas of a project, including but not limited to: permit timelines, shutdowns, delayed material deliveries, and the availability of construction crews. Additionally, some projects have experienced two or more factors that delayed the project, exacerbating the overall impact to the project's schedule. With each wave of the pandemic surge, and as Cal Water collectively learned and worked to protect its staff, increasingly stringent COVID safety protocols were implemented that impacted our ability to complete work. One such example is the Bakersfield Generator – North East Raw Water Plant (PID 99140). This project is located at one of the water treatment plants (WTP) that is a critical supply to the customers in the Bakersfield District. In accordance with DDW requirements, only certificated treatment operators are able to operate and run a WTP. In order to protect these

staff and ensure the WTP would continue to provide reliable water to customers during this time, several COVID exposure risk-reduction measures were implemented during the worst waves of the pandemic. Among these precautions, the most impactful was the effort to limit the number of non-treatment staff who could be on-site at any given time. These additional safety protocols for critical construction sites delayed the project a total of 10 months.[57] These efforts proved to be successful however, as no WTP had to be taken offline due to a lack of staff, despite the number of COVID cases that occurred in California, and even within Cal Water itself.

Despite efforts at keeping its staff safe, Cal Water did experience a wave of COVID positives internally. As of March 2022, more than 500 Cal Water employees were quarantined or isolated in response to COVID exposures, which directly or indirectly impacted all work, slowing down Cal Water's design and construction activities despite efforts to continue moving forward. In addition, throughout the COVID pandemic, several projects were subjected to extraordinary permit delay due to the difficulty in getting hold of the right staff at the permitting agency. In some cases, permit submission required a virtual appointment that took several weeks to be scheduled. Once scheduled, it was difficult to get a response back from the city/county on what type of permit was needed or what submittals were required. In one example with the Town of Portola Valley, it took about 9 months for the Town to merely inform Cal Water staff that a Conditional Use Permit (CUP) would not be needed for a project

l) The Need to Address Emerging Issues

During a GRC cycle, there are sometimes issues that emerge that are unexpected and require immediate and substantial attention. An example of an emerging issue that Cal Water could not have reasonably predicted, but had to respond to beginning in early 2023 was landslides and unusual accelerated land movement in several communities in Cal Water's Palos Verdes District resulting from record rainfall during the two prior winter seasons. Cal Water as well as the local electric and gas utilities experienced significant adverse impacts to their infrastructure due to this accelerated land movement. Cal Water dedicated significant

[57] CWS RO Report for Bakersfield, *Attachment C*, (Additional Project Justification Overbudget and Over Schedule) for PID 99140 BK Genset NE Raw Water Plant, 3-4.

resources to responding to this situation and invested a total of $14M to replace over 16,500 ft of below ground main with above ground double-swing flexible joint mains and other critical infrastructure to enable the company to continue to provide residents of these areas with potable water and support fire protection efforts by the broader community, which is a known very high severity wildfire area (per Cal Fire). Cal Water also implemented a host of operational changes to support this unprecedented, accelerated land movement. This included installation of leak detection equipment, deploying focused leak detection crews and stationing staff 24/7 in the area to monitor and promptly address leaks. Cal Water's support also included a robust communications and community outreach effort to keep the community informed as the company responded to the rapidly changing situation. This event was so severe, Governor Newsom declared a State of Emergency for the City of Rancho Palos Verdes and other utility providers disconnected certain customers from power and gas service. Cal Water continues to monitor the land movement, which has recently slowed down given the lack of significant rainfall during the past winter season. Due to the nature of the work performed in the District, Cal Water was able to fund much of the response effort through its Main Replacement and non-specific programs.

Another recent example of Cal Water's response to emerging issues is the wildfire hardening that Cal Water undertook starting in 2020 to address past fire damage and serious risk to customers and the water utility infrastructure. According to the California Department of Forestry and Fire Protection, the 2020 wildfire season was the deadliest and most destructive wildfire season on record in California, with more than 10,000 fires burning an areas of over 4.2 million acres, the largest area of burned acreage record in a fire season.[58] As frequency of drought conditions have increase in California due to climate change, so to have the frequency and severity of wildfires.[59] Several of past fires have had a direct impact on Cal Water systems, employees, and customers, including the August Complex Fire, Mendocino Complex Fire, Woosley, and the Camp Fire near Cal Water's Kern River Valley District. As a result of these incidents, Cal Water determined it was necessary to implement a number of wildfire hardening

[58] Cal Fire, 2020 Incident Archive, https://www.fire.ca.gov/incidents/2020 (accessed March 28, 2022).
[59] California Air Resource Board. Wildfires & Climate Change, https://ww2.arb.ca.gov/wildfires-climate-change (accessed April 4, 2022).

projects as both non-specifics in the 2018 GRC cycle and new projects in the 2021 GRC application. With the exception of those wildfire hardening projects also associated with the design and permitting program, Cal Advocates did not dispute the need for these wildfire projects and even recommended they be authorized, stating "Cal Water has successfully demonstrated the anticipated benefit and usefulness to California Ratepayers."[60] Ironically, while Cal Advocates also did not dispute the need for the non-specific wildfire hardening projects from the 2018 GRC, Cal Advocates nevertheless included them in their recommendation to disallow projects in progress in the 2024 GRC. As a result, $46.0M in wildfire projects have been in service and protecting our customers and following Cal Advocates' logic, "have not been paid for by our customers."

The incorporation of the additional wildfire projects as non-specifics during the 2018 GRC presented additional work that Cal Water's engineers and local Operations staff needed to address and reprioritize in the interest of customers. However, this emergent issue impacted the other projects already approved as part of the 2018 GRC Decision, resulting in unintended delays on the 2018 authorized projects. This is just one example to illustrate the challenges that Cal Water faces to address emerging water quality, regulatory, and operational issues. While these issues may result in delayed completion of previously approved projects, a lack of flexibility on Cal Water's part to respond and pivot on key issues such as wildfires during a normal 3-year rate case cycle would ultimately result in poor and degraded service to customers.

m) The Need to Address Unexpected Challenges

As discussed further in Cal Water's rebuttal on Contingency, even proper planning and design cannot predict the entire scope needed to complete a project. While these additional scope items will often add to the schedule of the project. For example, in Bear Gulch, Cal Water installed a 16" transmission main, which included crossing underneath two creeks (PID 114328). This project was delayed three years due to permitting issues, and unexpected technical issues/construction challenges. The project was put in service in 2024. Cal Water completed a

[60] Sorensen Testimony, p. 13-5.

geotechnical investigation including borings in 2021 which identified groundwater at 17-21 feet beneath ground surface. Cal Water completed design plans and permitting assuming this depth. It took longer than expected to obtain the initial permitting approval from the California Department of Fish and Wildlife and local permitting agencies. Additional potholing was completed in fall 2023 identified groundwater at 6 feet beneath ground surface in the vicinity of one of the two creek crossings which resulted in additional design to identify how to handle the groundwater that would be encountered and additional permitting requirements (CDFW, State Water Board, and local agency permitting). Ultimately this led to the re-design of one of the creek crossings and re-submittal to the permitting agencies.

3. Cal Water is taking proactive measures to address the institutional constraints of a compressed project completion cycle

In the previous GRC, Cal Water proposed two similar, but slightly different approaches to address long-lead projects: Design and Permitting Only Projects, and Multi-GRC Projects.[61] Ultimately, the goal of these proposals is to allow the Commission to review and sign off on Cal Water's longer-term capital plans. For the Design and Permitting Only Projects, Commission approval will secure initial funding in this rate case so that Cal Water can go through the process of refining scope, and performed design, while securing requisite permits. For the Multi-GRC Projects, preliminary Commission approval (without immediate funding) will enable Cal Water to proceed without delay so that it remains feasible to complete them in the next GRC. Both of these will result in more defined scopes and therefore minimize uncertainty, as well as better quality cost estimates, and finally a more manageable schedule with which the company can complete its work. This will also reduce the unrealistic expectations regarding the completion of projects with necessarily long lead-times, and the associated stigma of having projects that span multiple rate cases.

Furthermore, Cal Water is continuing to take steps to increase its productivity in terms of timely plant closings. We have implemented strategies to increase capital execution through organizational changes and role specialization, additional project management tools and

[61] Please refer to Cal Water's Rebuttal Book #2, Chapter 2, for Cal Water's rebuttal on these two issues.

processes, and other enhancements. For further discussion on this, please refer to the Optimization of Project Delivery section later in this chapter.

4. Conclusion

There will always be projects that experience a change in project schedule at any combination of its phases. This is a complex issue and should be addressed as such. With minor exceptions, Cal Advocates does not challenge any project in progress based on its own individual merit, but instead presents misleading data on Cal Water's historical performance and makes sweeping generalizations with regards to Cal Water's customers paying for projects twice, without recognizing related rate base reduction associated with adopted capital, or that there are regulatory mechanisms in place, such as the earnings test and Cal Water's proposed "ramp up" adjustment, which mitigate the rate impact of project schedule delays. Furthermore, Cal Advocates fails to see the impact is further reduced by the delay in which a project is serving our customers, and when it is officially closed and added to the company's Utility Plant in Service.

Additionally, in this GRC Cal Water continues to propose ways to phase complex projects over multiple GRCs, through Design and Permitting Only and by alerting the Commission to other projects it proposes to complete in future GRCs.[62] As noted below Cal Water has implemented strategies to increase capital execution through organizational changes and role specialization, additional project management tools and processes, and other enhancements. While there will never be 100% alignment between the cost and schedule of the forecasted projects years ahead and the actual work performed, Cal Water's projects in progress, and the value our customers are receiving are far greater than the story being told by Cal Advocates.

For all the reasons articulated in this rebuttal, the Commission should reject Cal Advocates' proposal and approve Cal Water's projects in progress as proposed in the filing.[63]

[62] For further discussion on Cal Water's Design and Permitting and Multi-GRC projects, please refer to CWS Rebuttal Book #2.

[63] The sole exception where Cal Water agrees to Cal Advocates' recommendations is to remove the projects identified by Cal Water as cancelled.

D. OPTIMIZATION OF PROJECT COMPLETION

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Approximately 10 to 15 years ago, a typical capital project took about 8 months to one year to complete. As the regulatory environment has become more stringent — with increased local permitting requirements, environmental permitting requirements, and water quality regulations — the time required to complete projects has extended to 2 to 5 years+, with variation depending on the scope of work. Overall, both project complexity and the labor effort to complete projects has increased. In parallel, the needs of our water systems continue to grow as our infrastructure ages and new regulations and challenges (PSPS, wildfire, WQ regulations) need to be addressed. Now more than ever, delivering water infrastructure projects requires a dynamic approach that consistently adapts to evolving conditions.

In the engineering department, the Capital Delivery group is responsible for timely and cost-effective execution of projects throughout California.[64] Recognizing the increasing complexity and volume of projects, Capital Delivery has undertaken a series of strategic initiatives to optimize project delivery. These efforts are designed to enhance planning, redefine how we perform our work, leverage new tools, and address key challenges, all supporting effective execution of projects. By incorporating industry best practices and implementing targeted improvements, we are positioning ourselves to continue to effectively meet our growing water system needs moving forward. Implementing these strategies has significantly enhanced our effectiveness in project delivery. This is reflected in our record capital investment for 2024, which reached $386 million—a 21% increase from 2023. Additionally, Capital Delivery achieved its highest investment year on record at $101 million, nearly doubling its 2023 investment and exceeding its previous high by over $30 million. The following strategic initiatives are discussed below:

[64] The Capital Planning group has primary responsibility for developing the capital projects that are consistent with Cal Water's long-term strategies, and those projects are turned over to Capital Delivery to design, permit and construct.

1. Enhanced estimations of project schedules
2. Role specialization and Programmatic approach
3. Application of advanced project management tools and processes
4. Project resourcing improvements
5. Mitigation of top program challenges
6. Main Replacement Program enhancements

1. Enhanced Planning for Improved Schedule Estimating and Adherence

As part of our 2024 GRC application, we refined our approach to project scheduling using near-term historical data and new tools to develop more realistic and achievable timelines that better reflect current constraints and requirements and will increase adherence to those schedules moving forward. For each of our complex projects, we took actual schedule and labor hour data from recently completed projects, developed new representative templates by project type, and used the templates to generate project-specific detailed schedules with our project management system (Microsoft Project Online, MSPO). A total of 310 project-specific resource-loaded schedules were developed using the enhanced templates and MSPO tool, with each project adjusted to reflect the specific local needs, requirements, and constraints of the project. Each resource-loaded template and the resulting project-specific schedules also identify resource requirements, allowing for enhanced planning for program resource needs. These components of Cal Water's enhanced planning strategy result in more accurate, realistic, and justified project schedules and resource needs that will in turn facilitate the ability of Capital Delivery to deliver projects on time.

2. Re-structuring to Optimize Project Delivery through Role Specialization and Programmatic Approach

To enhance project delivery, we are redefining our engineering structure, roles, and approaches, with a focus on role specialization and programmatic methods. These changes, validated by assessments from Jacobs, an engineering consultant, and Deloitte, a management consultancy firm, as well as internal piloting, aim to improve efficiency, consistency, quality, and cost-effectiveness while aligning with industry best practices as our program size grows.

Role specialization introduces dedicated positions for specialized, non-engineering, and lower-level tasks, shifting away from the traditional model where engineers handle all tasks. This change enables engineers to concentrate on high-quality design and core project objectives, leading to improved scope, schedule, and budget performance. Support specialists, in turn, develop expertise in their focus areas, delivering higher-quality outcomes at a lower overall labor cost. We have added specialists in construction that ensure high-quality facilities, focused project management, improved cost, claims and change management that supports reduced overall lifecycle costs while also better integrating lessons learned from construction to design. In the area of procurement of materials and vendors, administrative tasks such as bidding, purchasing, and vendor onboarding have been reassigned to specialized non-engineering roles, allowing engineers to focus on technical responsibilities and optimizing resources for cost savings. A Design Center team of four engineers and lead manager has also been established to develop technical standards, tools, and policies that improve design quality and efficiency. This team also provides quality assurance for project design, and directly executes routine projects, such as pressure tanks, to maximize consistency and reduce costs.

A **programmatic approach** to capital delivery involves grouping related projects based on common objectives, such as type, function, or geography so that they can be managed as a "program." This structured coordination builds efficiencies and ensures streamlined delivery as program volume increases. Cal Water has steadily increased the number of projects grouped into programs in each rate case. Programs are now executed by the new specialty roles discussed above, collectively working under the newly formed Project Support Services (PSS) group. The roles specialists and PSS Manager continue to implement a variety of programmatic support methods to optimize work, including grouping projects with similar execution requirements and developing support models for each (creating "tracks"), and developing sourcing plans per project, with consideration given to alternative delivery models like design-build, where appropriate, to support effective project completion. The PSS team also centralizes support for the project permitting and project-related property needs of the capital programs.

Through this restructuring initiative, we are transforming project delivery by building a more agile and efficient organization capable of meeting the demands of increasing program

complexity while driving higher quality and value. Many of the restructuring positions were proposed in prior rate cases, subsequently approved, and largely implemented. However, a few specialist roles under union jurisdiction have required additional reviews and approvals, which are currently in progress. To ensure continuity, we are leveraging temporary resources and consultants to fulfill these specialized roles until permanent hires can be secured following union approval.

In addition to centralizing and specializing certain functions, as the number and complexity of projects have increased, we have implemented regionalization for other functions. Historically, engineers and project managers were primarily based in our San Jose or Torrance offices. By positioning them closer to operations, we enhance their understanding of local needs and improve permitting success. Additionally, regionalization converts travel time to more productive "design" time simply by having the engineers closer to the district water systems they work on which is critical given the increased volume of work. We now have an engineering group based out of Bakersfield, and are currently staffing a new office in Chico that opened earlier this year.

3. Using Tools to Enable Advanced Project Management

Our enhanced use of Microsoft Project Online (MSPO) now supports advanced processes, including schedule management, risk and issue tracking, and resource planning. This system enables the creation of detailed Gantt chart schedules and facilitates tracking against baseline plans to ensure optimal sequencing and monitoring of progress toward plans. Risks and issues are formally logged and reported, allowing our support team (PSS) and management to mitigate potential problems proactively. Additionally, project plans incorporate resource requirements by role, allowing more detailed assessments of staffing needs to efficiently manage peak workloads. This system was initially implemented within the Capital Delivery, with plans to extend these capabilities organization-wide.

4. Implementing Improvements to Project Resourcing

Cal Water has enhanced its project resourcing strategies to address peak workloads and ensure proper staffing ahead of GRC approvals. This includes implementing Master Service

Agreements (MSAs) with negotiated rates, enabling the efficient hiring of consultants, and improving service quality through repeat engagement of consultants to capitalize on growing familiarity with our systems. Currently, we have 15 engineering services MSAs in place covering nearly all required areas of support. Additionally, we have developed a comprehensive resourcing strategy in collaboration with our union, ensuring projects are staffed through a balanced mix of internal staff, temporary personnel, and consultants. This approach minimizes resource challenges and maintains continuity while awaiting GRC decisions. Similar resourcing strategies have been implemented to support our pump and tank replacement programs where over fifteen contractors were awarded MSAs to deliver pump and well-related projects more responsively and at competitive costs. This effectively doubles the number of contractors, as Cal Water historically relied on seven contractors across the entire state for this work.

5. Addressing Top Program Challenges

We are actively addressing critical program challenges, including **permitting** and **property acquisition**, that can significantly derail project timelines. Permitting remains Cal Water's most intractable challenge for capital delivery, with extended timelines severely affecting our ability to complete projects on schedule. Typical permits, such as building and conditional use permits, now take two to three times longer—or more—to secure, causing compounding delays across projects. For instance, a well development project in Southern California nearing completion took 6.5 years, with 4.5 years—or 70% of the time—attributed to permitting delays. This trend is driving prolonged project schedules; well site developments that previously took 2–3 years now extend beyond 5 years, while generator installations have doubled from 1–1.5 years to 2–3 years. To improve permitting success, we introduced new enterprise-wide management processes, roles, and training in 2024, complemented by enhanced reporting and escalation tools. Additionally, we are collaborating with the broader water industry to address systemic permitting challenges. As part of a permitting reform team of industry representatives established through the California Water Association, we are working to identify and implement solutions to improve outcomes for water-related projects across the state.

Delays in securing property represent another significant challenge for our program. We are currently managing new property needs for nearly 50 projects a number expected to grow exponentially driven by the ongoing reforecasting of well replacement requirements. As Cal Water continues to re-forecast, the number of projects needing new property is expected to grow exponentially. To address this, we have brought in an external property professional to oversee the program and ensure comprehensive, programmatic accountability and reporting for greater visibility. Given the success of this focused management and the growing need, and as approved by our internal Hiring Committee, we are in the process of hiring a permanent program manager and expect to have this position filled by 2nd quarter of 2025. We have also implemented advanced search tools and enhanced reporting systems to improve tracking and oversight. Additionally, we are strategically engaging with developers through their service requests to proactively reserve property for our existing system needs.

6. Other Improvements

To improve change management, we are exploring new strategies to provide earlier visibility into project costs, enabling more informed decision-making on program priorities and resource allocation. Additionally, we are optimizing the main replacement program (MRP) through several initiatives, including design standardization to streamline design development efficiency across various jurisdictions statewide, enhanced potholing to minimize changes and schedule impacts during construction, and modifications to internal approval processes to expedite project timelines.

a) MRP team improvements:

Optimizing MRP Cost Estimation - In the past, we relied on historical cost estimates to calculate the cost per foot of main replacement for each district, a process that didn't fully consider the specific scope of each project according to its location and related complexities. Recognizing the limitations of this approach, we have significantly improved our methodology for this rate case. For every main replacement project identified now, we have developed cost estimates that take into account our master contractor pricing that is specifically designed to meet the unique needs, requirements, and constraints of each project.

While it's true that there is still some risk in this approach—due to potential changes in conditions or unforeseen situations like a recent large leak or a city's emergency street improvement project—our new approach is a substantial improvement. It provides more accurate and realistic cost estimates, enabling us to better meet our targeted main replacement rate within our forecasted budget.

Optimizing MRP Project Timelines - In the past, our goal was to finish the design, permitting, and construction for each year's main replacement program all in the same calendar year. It became increasingly challenging to achieve all these tasks within such a tight timeframe. Recognizing the need for a more sustainable strategy, we adopted a new approach starting in 2023.

We now initiate the design phase one year before the expected installation year. This proactive strategy ensures that our construction team can begin work at the start of the year pulling from an inventory of completed and shovel ready project designs. This did require a shift in workload, requiring us to incur costs before the year in which they were budgeted. By allowing more time for design and permitting, however, we have streamlined our processes, reduced delays, and improved overall project efficiency. The success of these changes is evident in our impressive 2024 replacement rate achieved; for 2024 we replaced 189,135 feet or 36miles of main a notable increase over 2023's replacement footage of 159,822 feet.

7. Future Improvements: Proactive Interaction with Agencies

We employ a risk-based planning approach to identify main replacement projects based on a risk matrix that we have developed that considers probability and consequence of failure. Our planning starts as early as 1.5 years before the actual installation begins. This proactive approach allows more effective risk management and ensures timely project completion. If our planned replacements need adjustment to avoid City's street improvement projects for example, it becomes challenging to hold project schedules and challenges our ability to meet our required rate of replacement within the stipulated timeline.

While Cal Water has always worked closely with our local agencies, we are now formalizing these interactions to educate the agencies about the need to notify us of street improvements much earlier than they have historically. This proactive communication will help

us implement our plans as scheduled, without making last-minute changes that could jeopardize project completions.

E. AMI – ADVANCED METERING INFRASTRUCTURE

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1. Summary

- Cal Advocates and Cal Water agree that the company should pursue its AMI initiative in 5 ratemaking areas, with a ramp-up period in 2026 and AMI meter deployment starting in 2027, but do not agree on all aspects of cost recovery.
- Cal Advocates proposes to include some costs in rates, and would require Cal Water to carry the costs of approximately $15,413,917 in direct capital dollars (approximately 50% of requested capital) until 2030, at the earliest, and only if certain performance criteria are met.
- Cal Water does not object to putting some cost recovery at risk by applying performance criteria, but urges the Commission to follow the example of San Jose Water Company ("SJWC"), who is currently being allowed to file annual advice letters to recover capital costs as deployment occurs over a four-year period.
- Cal Water should also be authorized to file annual Tier 2 advice letters. For Cal Water, the requested cost recovery would consist of the revenue requirement associated with completed capital project above the 50% that is in rates, plus adjustments of certain expenses and cost savings discussed below.
- As with SJWC, the performance standards should only be evaluated after full AMI deployment in each service area, at which time Cal Water would be subject to a potential decrease in revenue up to the approximate 50% that was not put into rates.
- The performance criteria should be clarified as discussed herein.
- To ensure continuity and facilitate planning, the Commission should authorize continuation of the AMI program into 2028 under the same terms and conditions.

2. Overview

Q. How are Cal Water's direct and rebuttal testimony on AMI structured?

A. In Cal Water's Application, regulatory policy and ratemaking issues relating to AMI program were discussed in three attachments to **Testimony Book #3.**[65] Specifics about the proposed capital projects were discussed in the **Common Plant Project Justification Book**.[66] Cal Water's rebuttal testimony is similarly divided between the testimony here in **Rebuttal Book #1** (General Rebuttal) and **Rebuttal Book #2** (Common Plant Issues and CSS/RDOM Projects).

Q. What is Cal Advocates' position on Cal Water's proposed AMI initiative?

A. Cal Advocates does not oppose Cal Water's proposal to implement AMI in five ratemaking areas over a four-year period beginning in 2026 or the specific costs of the proposed capital.[67] The five ratemaking areas are the Bear Gulch, Los Altos, and Westlake Districts, as well as the Bay Area Region (Bayshore and Redwood Valley Districts) and the Los Angeles County Region (Antelope Valley and Palos Verdes Districts).

The first year, 2026, is proposed as a ramp-up year that will focus on two kinds of capital projects. In CSS, PID 133646 is proposed for software design and integration of the various components that gather, store, and convey data between the meters and AMI endpoints in the field, the headend, the meter data management system, and the customer portal. At the district level, capital projects are proposed to obtain the vehicles, vac trailers, and related equipment in preparation for AMI deployment starting in 2027. Cal Water will also be obtaining and training the resources needed in the districts to install AMI meters or retrofit existing meters. Cal Water has scheduled AMI deployment so that it can occur over the three-year period of 2027-2029 in all five ratemaking areas simultaneously.

[65] Testimony Book #3, Attachments E, F, and G.
[66] Common Plant Justification Book, pp. 139 - 148.
[67] There are two exceptions. As discussed in the AMI discussion in the Common Plant rebuttal (Rebuttal Book #2), one Cal Advocates witness appears to recommend the inclusion of 50% of the CSS project, PID 133646, after contingencies are removed, while another Cal Advocates witness removes PID 133646 altogether.

Q. What capital costs does Cal Advocates propose to put into rates?

A. As discussed in Rebuttal Book #2 regarding the capital projects associated with AMI , there appears to have been confusion about the appropriate treatment of the CSS IT software project (PID 133646). Witness S. Ibrahim addressed CSS projects on behalf of Cal Advocates and excluded this project from proposed capital, ostensibly to be consistent with Witness Menda's testimony.[68] However Witness Menda does not oppose including PID 133646 in rates, and instead specifically recommends that contingency be removed from the project.[69] Cal Water explains in Rebuttal Book #2 why PID 133646 is essential for a well-functioning AMI program.

For another set of capital projects – AMI-related vehicle and equipment in the districts – there is a discrepancy between Cal Advocates' RO Model and its testimony. Cal Advocates' RO Model first removes contingency, and then removes 50% of the remaining costs. However, the Menda Testimony includes an attachment[70] that clearly identifies the specific capital dollars they propose should be contingent on the performance criteria, and the vehicle/equipment projects are not included. Taking the Menda Testimony as representative of Cal Advocates' true intentions, Cal Water assumes that the vehicle/equipment projects are intended to be in rates, less contingency. Commission should retain all of the above projects (PID 133646 and the vehicle projects) in rates, and should not remove contingency for the reasons discussed in Cal Water's rebuttal testimony on contingency provided in Rebuttal Book #2.

Finally, Cal Advocates addresses the capital budgets for AMI meters and retrofits as follows. Cal Advocates would allow into rates capital dollars equal to the annual budgets for regular meter replacements.[71] The regular meter replacement dollars are removed from the total AMI meter budgets, and half of the remaining budgets would be allowed in rates. Cal Advocates does not propose removing contingency from the AMI meter projects.

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[68] Ibrahim Testimony, p. 4-5 (lines 11-13).

[69] Neither is PID 133646 on the list of capital projects that Cal Advocates recommends as "contingent on performance standards." Menda Testimony, Attachment 7-4 (mistakenly labelled as 7-2 at the top).

[70] Menda Testimony, Attachment 7-4 (mistakenly labelled as 7-2 at the top).

[71] In the absence of this AMI initiative, the districts would have an annual budget for the replacement of standard meters. Attachment 7-4 (mistakenly labelled as 7-2 at the top) shows the annual budgets Cal Advocates calculates for each area.

Q. What capital costs does Cal Advocates propose Cal Water should recover only if performance standards are met?

A. The specific calculations for the capital costs that would be subject to meeting performance standards is provided in Attachment 7-5 of the Menda testimony.[72] For 2027, the first of AMI rollout, the first column, "Direct Costs," in Attachment 7-5 shows AMI meter budget for each area. The next column lists the estimated budget for regular meter replacement Cal Advocates calculated for in 2027 in Attachment 7-4. After the regular meter budgets are removed from the direct costs of the AMI meters, the remaining amount is reduced by 50%, which Cal Advocates identifies as the "Amount Contingent on Performance Standards." Across the 5 ratemaking areas, this amounts to approximately **$15,413,917** in capital dollars that would be at risk in 2027.

Since there are no amounts for the vehicle/equipment projects listed in Attachment 7-5, the $15,413,917 assumes that all of the vehicle/equipment projects are put into rates (without contingency, Cal Advocates recommends). If only 50% of the vehicle/equipment projects are put into rates as shown in Cal Advocates' RO Model, that amount rises to approximately **$17,859,127**.

Q. Does Cal Water oppose the application of performance criteria to cost recovery for parts of its AMI program?

A. No. Given the magnitude of the program, Cal Water does not oppose Cal Advocates' proposal to recover a portion of costs contingent on certain performance metrics. As Cal Advocates points out, this proposal follows the general structure established by Cal Advocates and San Jose Water Company for an AMI program in their settlement of A.19-12-002. There are some key differences, however, discussed below.

Q. How is cost recovery for SJWC's AMI program structured?

A. While no capital AMI costs are embedded in SJWC's rates, the company is recovering 100% of its completed capital projects through an annual advice letter. [73] Failure to meet a component of their Performance Incentive Mechanism ("PIM") could result in a revenue

[72] This table is mistakenly labelled as 7-3 at the top.
[73] This interpretation has been confirmed through discussions with SJWC staff.

decrease.[74] However, since PIM compliance requires full deployment, which is scheduled to occur over a four-year period, the PIM components for SJWC will be considered "starting in the year following one year of full deployment," with the results of the PIM analysis implemented "through either San Jose Water's Step-Rate filings or GRC filings."[75] In effect, consideration of SJWC's PIM compliance, and thus the potential loss of revenue, will start over a year after full deployment; in the meantime, SJWC is able to recover the costs of completed projects during the deployment period.

Q. What cost recovery methodology does Cal Advocates propose for capital AMI projects?

A. Cal Advocates proposes that the remainder of the AMI meter budgets not in rates would only be recoverable if certain performance criteria are met in order to ensure that the costs of the infrastructure project are shared equally between ratepayers and Cal Water. Cal Advocates does not propose a regulatory procedure for applying the performance criteria, only stating ambiguously, "This means that, beginning in 2030, when the AMI project is scheduled for [full] implementation, CWS would be able to recover up to half of the annual projects from customers if these standards are not met."[76] When taken in full, it is unclear what this sentence means. For example, under Cal Advocates' proposal, Cal Water would be recovering approximately 50% in rates since 2027, not beginning in 2030.

Cal Advocates appears to assume evaluation of the performance metrics in 2030, but there is no procedural vehicle with which to either evaluate Cal Water's performance or change Cal Water's rates in 2030. Rates for 2030 will have been established in the 2027 GRC (for rates in 2029-2031), and the July 2030 GRC will be filed to address rates in 2032-2034.

Q. Without authorization of a specific procedural vehicle, how could the performance metrics be applied to Cal Water's rollout of AMI?

A. Under Cal Water's proposed AMI initiative, Cal Water will complete the CSS IT project in 2026 and begin rollout of AMI in the five ratemaking areas over the course of 2027-2029.

[74] Sections II.B(d)-(h) of SJWC AMI Settlement, pp. A-4 to A-5.
[75] Section II.B(c) of SJWC AMI Settlement, p. A-4. As of the time of this rebuttal testimony, SJWC is still in the deployment phase of AMI, so evaluation of their compliance with the PIM has not yet occurred.
[76] Menda Testimony, p. 7-4 (lines 13-15) (emphasis added).

While Cal Advocates is not explicit, Cal Advocates appears to assume performance standards would be evaluated in 2030, a year after full deployment.[77]

This is roughly consistent with the logic used in SJWC's AMI program, except that the SJWC AMI Settlement is more explicit by stating that compliance with their PIM would occur in the year after there has been at least one year of full deployment.[78] Based on this assumption, it appears that full recovery of the remaining outstanding costs could not occur until January 1, 2035:

- In July 2027, Cal Water will file its next rate case, but will just be starting its deployment of AMI in the districts.
- In July 2030, Cal Water will file another rate case but will have had less than **6 months** to begin meeting the performance metrics if projects are completed as forecasted (and even less time if projects are delayed).
- In July 2033, Cal Water will have reached full deployment **for more than one year**, and Cal Water could demonstrate compliance with the performance metrics. This means that Cal Water would not begin recovering approximately $15,413,917 of capital, almost half of the costs of the AMI initiative, until **January 1, 2035**.[79]

Q. What process do you recommend as an alternative to Cal Advocates' proposal for cost recovery?

A. The first capital year in this rate case that will only reflect approximately 50% of capital meter costs will be in 2027. Towards the end of 2027, Cal Water should evaluate its level of completed AMI installations and retrofits. **For used and useful capital that exceeds the 50% already in rates, Cal Water should be authorized to file a Tier 2 advice letter demonstrating completion and proposing an increase in rates for the following year.**

Q. When should the performance criteria be applied for each ratemaking area?

A. After full deployment has been in place for at least 12 months, it would be appropriate to apply the performance criteria to each ratemaking area. This parallels the Commission's approach for SJWC, in which revenue will be put at risk only after the company has the

[77] Menda Testimony, p. 7-4 (lines 11-15).
[78] Section II.B(b)-(c) of SJWC AMI Settlement, p. A-4.
[79] As discussed above, according to Cal Advocates RO Model, this amount is approximately $17,859,127.

opportunity to meet its performance criteria after having fully deployed AMI throughout the service area.

3. Additional Expenses and Savings

Q. What are the additional expenses and cost savings associated with AMI?

A. On the expense side of the revenue requirement, Cal Water estimates both additional costs and cost savings (hereinafter referred to generally as "expenses and savings.")[80] Cal Advocates does not oppose Cal Water's estimates for expenses and savings, but is inconsistent in how they are treated in their RO Model.

The additional expenses associated with AMI are at the district level and are recurring costs such as cellular service fees, and software hosting and maintenance fees. Cal Advocates' RO Model reflects 50% of these expenses in rates,[81] suggesting Cal Advocates proposes that full cost recovery of the expenses be contingent upon meeting the performance criteria. Cal Water does not oppose this approach.

Cal Water also forecasted significant savings on the expense side, and reflected them as credits in different O&M accounts.[82] In Cal Advocates' RO Model, however, 100% of the savings are reflected in rates, rather than only 50% to be consistent with the framework for limited cost recovery proposed by Cal Advocates.

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[80] For expenses, there is only one forecasted Test Year, in this case 2026, to adopt expenses that will occur over 2026-2028. The expenses and savings will not start until 2027, however, when rollout of AMI facilities in the districts will begin. For operational purposes, Cal Water assumes that in 2027 only 50% of the expenses and savings will occur, and that in 2028 100% of the expenses and savings will occur. For ratemaking purposes, however, the figures must be normalized over the three-year period to generate the appropriate amounts for Test Year 2026. In this case, this is done by adding the amounts for 2027 and 2028 together in each cost category, and then dividing them by three. The attachments provided in Cal Water's direct testimony (Testimony Book #3, Attachment G-1) and Cal Advocates' testimony (Attachment Table 7-3, mistakenly identified as Table 7-1), reflect the normalized expenses, rather than the years in which the forecasted expenses and cost savings are anticipated to occur.

[81] Note that the Attachment Tables for Chapter 7 of the Menda Testimony are mislabeled. Attachment Table 7-3 is mistakenly labelled as Attachment Table 7-1, for example. Also note that the second table that appears in Attachment Table 7-3 provides the wrong SOE description and provides the dollar values as negative amounts. The dollars in the second table reflect the different software license each ratemaking area will incur each year for data management, and therefore represent additional expenses that should be presented as positive amounts.

[82] To minimize confusion and enhance transparency, cost savings associated with lower meter reading labor are applied as a credit in SOE Key 01-14 in the RO Model, rather than as a decrease to payroll dollars. Pumping cost savings are reflected in the RO Model in SOE Key 01-11. Cost savings related to fewer leak adjustments to customer bills are applied in SOE Key 01-14.

Q. Should 100% of anticipated cost savings be reflected in rates if only 50% of capital costs are in rates?

A. No. There should be symmetry in how expenses and savings are treated in the RO Model, so Cal Water proposes the removal of 50% of the forecasted savings so that they are not in rates, and instead are addressed through the performance criteria discussed below.

4. Clarification on Performance Criteria

Q. What performance criteria does Cal Advocates recommend?

A. The performance criteria Cal Advocates recommends address operations and maintenance ("O&M") savings due to AMI, customer engagement with AMI, and using AMI to reduce water loss. Cal Advocates emphasizes the importance of these criteria to ensure that Cal Water completes the projects as scheduled and achieves the stated customer benefits. For the reasons discussed below, however, Cal Water proposes clarification of these criteria.

Q. Why is clarification of the performance criteria needed?

A. The performance metrics Cal Advocates recommends for Cal Water differ somewhat from the PIMs applied to SJWC. If the Commission approves Cal Water's AMI initiative with performance criteria, there should be transparency in how they should be calculated because cost recovery for almost 50% of the program (AMI meters and retrofits are the largest capital costs in the initiative) are contingent upon them.

Q. What is the performance criterion related to O&M expenses?

A. Cal Advocates proposes that the O&M savings Cal Water has identified be treated as a "baseline for this rate case."[83] This criterion makes more sense in the context of SJWC's AMI program. SJWC's rates do not reflect an immediate adjustment for expense savings; instead, it appears that their level of expense savings will be evaluated after full deployment, with certain revenues at risk if the forecasted savings have not been achieved.

For Cal Water, however, the partial savings in expenses will be embedded in rates. Cal Water proposes to address this performance criterion by considering both the additional

[83] Menda Testimony, p. 7-5 (lines 2-4).

expenses and the cost savings in the annual advice letter process.[84] When Cal Water submits its Tier 2 advice letter, Cal Water can also include the 50% of the forecasted expenses and savings that are not in rates.

Q. What is the performance criterion relating to the "Customer Adoption Rate"?

A. Cal Advocates states that "Active customer engagement with AMI is important to maximize any potential benefits related to AMI," so "Customer enrollment [in the AMI portal] should be used as a metric to motivate Cal Water to encourage as many customers as possible to enroll in the customer portal."[85] Cal Water does not oppose this criterion. Approximately 33% of customers signed up to access the portal in the AMI pilot project in the Dominguez District despite "minimal outreach," as Cal Advocates notes.[86] While Cal Advocates does not specify a specific metric for this performance standards related to this AMI proposal, a customer education and outreach plan is included in this AMI initiative, and Cal Water agrees to report on customer enrollment in the portal and customer engagement.

Q. What is the performance criterion relating to "system-side" water loss?

A. Cal Advocates states that Cal Water "should be able to achieve a 5% reduction in system-side water loss [] after implementing AMI in the five proposed ratemaking areas."[87] System-side water loss refers to the water that is lost on Cal Water's side of the customer meter. As discussed in the Direct Testimony of Ms. Anklan, Cal Water can use AMI to better identify leaks in its underground water system so that they can be repaired or otherwise addressed more promptly.[88] In this AMI initiative, Cal Water estimates that AMI will be able to decrease system-side water loss by 5% "*on average*."[89]

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[84] As discussed earlier, Cal Advocates and Cal Water agree to only put 50% of the additional expenses in rates. Cal Water assumes that it is Cal Advocates' intent to recover the remaining 50% if the performance criteria are met. Cal Water does not oppose this approach.
[85] Menda Testimony, p. 7-5 (lines 9-10 and 16-17).
[86] Menda Testimony, p. 7-5 (lines 12-14) (citing Attachment 1 to Cal Water's Response to Data Request JMI-002 (note that Attachment 1 is not among the attachments included in the Menda Testimony)).
[87] Menda Testimony, p. 7-6 (lines 9-10).
[88] CWS Testimony Book #3, Attachment E (Ankler Testimony), p. 8.
[89] CWS Testimony Book #3, Attachment E (Ankler Testimony), p. 9.

"Water loss" can be defined and referenced in many ways.[90] Calculation of this criterion should be based on the water loss audits mandated by the State Water Board that considers different kinds of water losses, breaking them down into "real" water losses and "apparent" water losses.[91] "Real" water losses are those over which Cal Water has the greatest operational control and include occurrences such as main leaks, service connection leaks, and storage tank leaks or overflows. **The approximate 5% metric should apply to the "real" water losses identified in the annual water loss audits of Cal Water's ratemaking areas before and after full AMI deployment.**[92]

In addition, given that ratemaking areas can include more than one water system, and that each system will vary according to the age and materials of its pipes, its soil, and system design, Cal Water recommends that the performance criterion for system-wide water loss should be **an approximate 5% reduction, on average.**[93]

Q. What is the performance criterion relating to "customer-side" or "consumed" water loss?

A. Cal Advocates states that Cal Water "should be able to achieve less than 10% consumed water lost due to leaks after implementing AMI in the five proposed ratemaking areas."[94] Cal Advocates basis this metric on the calculation by the U.S. Environmental Protection Agency that "10% of all indoor water consumption in the United States is lost due to leaks."[95] With Cal Water's proposed AMI, customers can receive alerts when a leak on their side of the meter is suspected, enabling them to take immediate action to avoid high bills and potential property damage.[96] Cal Water believes that AMI will significantly reduce customer-side leaks and that it

[90] Some examples are "unaccounted-for" water and "non-revenue" water that can be calculated in different ways.
[91] For example, "apparent" water losses can be attributable to what are described as "unauthorized consumption," "customer meter inaccuracies," and "systematic data handling errors."
[92] In particular, "real" water losses should be distinguished from the "unaccounted-for water" percentages shown in workpapers that are calculated for ratemaking purposes.
[93] The 5% figure is a round-number estimate based on reasonable assumptions and forecasts, and does not take into account the unique characteristics of the water systems in a given ratemaking area.
[94] Menda Testimony, p. 7-6 (lines 5-7).
[95] *Id*., p. 7-6 (lines 3-5) (citing Smart Water Meters and Data Analytics Decreased Wasted Water due to Leaks. Journal AWWA, Volume 110, Number 11 at E.24-30. http://awwa.onlinelibrary.wiley.com/doi/10.1002/awwa.1124. Accessed 11/26/2024.)
[96] CWS Testimony Book #3, Attachment E (Anklan Testimony), p. 9.

is feasible to decrease such leaks to a level that is **less than approximately 10% of consumed water**.

5. Completion of the AMI Program

Q. How should the Commission address the transition of the AMI program into the next rate case period?

A. Cal Water discusses in **Chapter 3** (Capital-Related Ratemaking) of this Rebuttal Book how the construction of capital projects cannot be scheduled to stop and start within each the designated 3-year rate case cycle, and so the Commission must do its best to facilitate smooth transitions across rate case periods by recognizing that decisions in one rate case can, and should, affect future rate case periods.

For this AMI initiative, only the capital costs for 2026 and 2027 are within this rate case period. Cal Advocates does not address how AMI costs should be treated in Cal Water's 2027 GRC capital budgets for 2028 and 2029, or for Cal Water's expense budget for Test Year 2029. However, Cal Advocates implies support for continuing deployment through 2028 and 2029 by stating that, "beginning in 2030, when the AMI project is scheduled for [full] implementation, CWS would be able to recover up to half of the annual projects from customers if [the performance] standards are not met."[97]

Cal Water's next rate case will be filed in July 2027, but a decision in that case cannot become effective until January 1, 2029, so in the absence of explicit Commission direction in this rate case, there will be no clear ratemaking process to address the continuation of AMI deployment past 2027. Assuming Cal Water passes the earnings test in the proposed ratemaking areas for 2027 and 2028 rates, approximately 50% of the costs for AMI meters and retrofits will continue to be in rates, so it is appropriate to also continue the Tier 2 advice letter process for projects completed in 2028 above the 50% threshold.

Deployment of AMI capital throughout an entire service area should be completed so that the full benefits of the investment are experienced, and customers throughout a service area can have equal access to monitor and control their water usage through the AMI portal.

[97] Menda Testimony, p. 7-4 (lines 13-15) (emphasis added).

Since there is no benefit to pausing an AMI program once rollout begins in a ratemaking area, the Commission should authorize Cal Water to submit annual advice letters for completed AMI projects for the duration of the program.

6. Conclusion

Q. Please summarize your recommendations.

A. Cal Water recommends that the Commission's advice letter process be used to implement an AMI program that balances the interests of customers and the shareholders. Given the large dollars at risk and the potential benefits of the program to customers, it makes sense to ensure equity between rate cases by allowing Cal Water to recover additional revenue as long as Cal Water can demonstrate compliance with the performance metrics.

During AMI deployment, Cal Water proposes that revenues requested in annual Tier 2 advice letters address all of the components discussed above to reflect (a) the completed capital projects that exceed 50% of authorized for capital for the year; (b) the forecasted expenses that will exceed 50% going forward, and (c) the forecasted expense savings that will exceed 50% going forward.

Cal Water also recommends clarifications of the performance criteria as discussed above. Finally, Cal Water requests that the Commission ensure continuity for the AMI program by allowing use of the Tier 2 advice letter process for the duration of the program.

CHAPTER 4. RATE DESIGN, SERVICES, AND SALES

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A. RATE DESIGN (SCOPING ISSUE #5)

Q. Do you support the rate design recommended by Cal Advocates?

A. No. Cal Advocates' recommended rate design does not make sense and should be completely disregarded by the Commission. Cal Advocates' proposed rate design is incomplete, fails to follow a cogent methodology, and would result in rates that could unfairly threaten the financial stability of Cal Water by not providing an opportunity for the company to earn its authorized rate of return. Cal Advocates disregards the link between decoupling and rate design, and completely misrepresents Cal Water's proposal.

Cal Advocates' recommendations are based upon incomplete analysis that violates revenue neutrality, ignores service charge revenue, and incorrectly calculates quantity charge revenues. Furthermore, Cal Advocates misapplies the State Water Resources Control Board Water Use Standards and CPUC Decisions when attempting to justify the tier structure recommendation in their proposed rate design.

In contrast, Cal Water's rate design proposals are well-reasoned, analytically sound, and compliant with relevant standards and guidance. A complete discussion on the invalidity of Cal Advocates' recommendations and the reasonableness of Cal Water's proposed rate design can be found in M.Cubed's rebuttal testimony on rate design.[98]

Q. Has your rate design recommendation changed since the Application was filed?

A. Yes, Cal Water has updated its proposed M-WRAM rate design if the Commission chooses not to approve the Company's proposed decoupling program. If the Commission approves the proposed decoupling program, the Company maintains its rate design as proposed in the Application.

[98] CWS Rebuttal Book #1, **Appendix A** (M.Cubed Rate Design Rebuttal).

Q. If an M-WRAM is adopted, what is the modified rate design you recommend?

A. Should the Commission reject Cal Water's decoupling proposal in favor of the M-WRAM, Cal Water recommends the currently adopted 2021 GRC rate design remain in effect, with a slight modification. Specifically, Cal Water proposes to slightly increase the amount of total revenues recovered through the service charge by 5%, not to exceed 50% total for each ratemaking area, consistent with D.16-12-026.[99] Please see the table below for a comparison of the two rate designs.[100]

Rate Design Element	2021 GRC (Current)	Rebuttal M-WRAM
Total Revenues Recovered through Service Charges	27% - 47% (~34%)	Increase by 5% (up to a 50% cap)
Tier Differentials	T1: 25% T2: 100% T3: 125% T4: 187%	No Change from 2021 GRC
Tier Breakpoints	T1: 6 Ccf T2: 70th Percentile T3: 85th Percentile T4: all usage above T3	No Change from 2021 GRC

Q. Are there any other modifications to the M-WRAM rate design?

A. Yes, there is one more. If the M-WRAM is approved, in re-evaluating the rate design proposal for rebuttal, including customer feedback, Cal Water recommends a change to the breakpoints for Bay Area Region. The recommendation updates the second and third tier breakpoints to reflect the 85th percentile of the region's single-family residential usage and Bayshore's summer usage for the period 2018-2021, respectively. The modification results in the single-family residential tiered breakpoints shifting from 6, 9, 13, and over 13 ccfs to 6, 13, 19, and over 19 ccfs for quantity rates. This update helps balance affordability for the consolidated region where majority of customers are in a warmer climate.

[99] D.16-12-026, Ordering Paragraph No. 13.

[100] Details on the total revenue recovered from service charges by rate area can be found in M.Cubed's Rate Design Rebuttal at p. 22, Table 7.

Q. Why are you modifying your M-WRAM rate design recommendation?

A. Cal Water is updating its recommended M-WRAM rate design as a result of recent outcomes in the general rate cases for other Class A water utilities. Cal Water's modified M-WRAM rate design proposal is consistent with the recent GRC decisions for both California American Water Company ("Cal Am") and Golden State Water Company ("Golden State").

Q. Is Cal Water's proposed M-WRAM rate design consistent with recent Commission precedent?

A. Yes. In the recent GRCs for both Cal Am (D.24-12-025) and Golden State (D.25-01-036) the Commission proposed a suite of mechanisms they believe creates a framework that balances the overall public interest. This suite of mechanisms included a transition to the M-WRAM, increasing the percentage of revenues recovered from fixed service charges, and authorizing an annual sales forecasting mechanism (ACAM and SRM, respectively).[101] In doing so the Commission emphasized the need to balance financial stability with overall public interest. Cal Water's modified M-WRAM proposal is similar to those approved by the Commission for Cal Am and Golden State. If the Commission decides to deny the proposed decoupling program in favor of the M-WRAM, the Commission should similarly approve Cal Water's M-WRAM proposals, including the SRM as discussed in section Special Requests – Sales Reconciliation Mechanism of its decoupling testimony.

Q. The 2021 GRC was implemented in May of 2024. What effect does this have on your proposed rate case?

A. As noted by both Cal Water[102] and Cal Advocates,[103] the Company's 2021 GRC was substantially delayed, and the resulting rate design has only been in effect since May 31, 2024.Cal Water's 2021 GRC added a fourth quantity rate tier for most areas and adjusted the

[101] An Annual Cost Adjustment Mechanism ("ACAM") is a ratemaking tool which becomes relevant when evaluating the percentage of revenues recovered from fixed service charges versus volumetric charges, thus affording a degree of financial stability for the utility and its customers within the context of sales fluctuations resulting from conservation, drought, climate, or other factors. A Sales Reconciliation Mechanism ("SRM") allows for small sales forecast and rate adjustments to keep rates in close alignment with the authorized revenue requirement, thus mitigating the potential for larger, cumulative sales differences during the escalation years.
[102] CWS Testimony Book #2, pp. 104-106.
[103] Lam testimony, p.3-15.

amount of revenue recovered through the service charge. The 2021 GRC rate design was adopted in concert with an M-WRAM.[104] Additionally, Cal Water recognized that changing from a decoupled WRAM rate design to a non-decoupled MWRAM rate design could result in rate shock related to service charges if not made gradually over 2 to 3 rate cases. To that end, in the 2021 GRC, Cal Water implemented the first of these service charge increases. Rate design changes from the 2021 GRC have been in effect for less than a year and customers need time to adjust. Therefore, Cal Water's recommendation of an updated M-WRAM rate design in this rebuttal only slightly modifies the current adopted rate design. The new recommendation reduces the requested increase in service charge recovery from the Application. This will more gradually achieve the appropriate amount of service charge revenue but at a pace that is equitable to customers given the delayed implementation of the 2021 GRC.

Q. Do you still support the "decoupling" rate design in the application if the Commission grants decoupling?

A. Yes. Should the Commission approve Cal Water's proposed decoupling program they should also adopt the rate design as proposed by Cal Water in its Application.[105]

Q. Do you propose any additional changes to your rate design that were not included in the application?

A. Yes, Cal Water notes that based on recent developments, a single recycled service connection will be added to the Bay Area Region (BAR).[106] Recycled water consumption at this service connection will replace potable water consumption. Given this, overall BAR consumption is not expected to change. To incentivize the use of recycled water, Cal Water implemented a recycled water quantity rate that is 80% of the potable non-residential quantity rate that the Commission approved in late 2024.[107] Since this occurred after the filing of A.24-

[104] D.24-03-042, p.111.
[105] CWS Testimony Book #2, pp. 8-10.
[106] Caltrans requested a recycled water connection in the City of San Carlos on Caltrans property along Highway 101. The new connection is to provide approximately 2 acre-feet per year of non-potable, tertiary treated, recycled water for landscaping of Caltrans property along Highway 101 in the City of San Carlos. Because there is no other source of recycled water available in the area currently, recycled water will be sourced from the existing Redwood City transmission pipeline. Cal Water filed AL 2529-A with an effective date of 12/15/2024 to provide approximately 2 acre-feet of recycled water via this new service connection.
[107] Monthly service charges would be the applicable non-residential meter size without a discount.

07-003, this additional recycled water service will need to be incorporated into the BAR rate design and tariff to reflect the final decision in this rate case.

Q. Are there issues noted in Cal Water's application which Cal Advocates does not address?

A. In the 2021 GRC, Cal Water initiated a process to convert Palos Verdes Private Fire Hydrant customers from Schedule No. PV-4A, Service to Private Fire Hydrants on Private Property, onto Cal Water's tariff Schedule No. AA-4A for Private Fire Protection Service. Cal Water requests to continue this progression by increasing the Palos Verdes Private Fire Hydrant (Schedule No. PV-4A) rate by another 50%, putting the rate in line with that of Schedule No. AA-4. Given Cal Advocates has not addressed this request in its report, Cal Water requests that the Commission approve.

B. SERVICES FORECAST (SR #4) (SCOPING ISSUE #16)

No dispute. Cal Advocates does not oppose Cal Water's proposed services forecast and methodology, recommending that Cal Water's proposed customer counts be adopted.[108]

Since filing the Application, Cal Water has made two slight modifications to its services forecast, as discussed below in **Section D** of this chapter**.**

C. SALES FORECAST (SR #4) (SCOPING ISSUE #16)

Disputed. In its Report, Cal Advocates recommends the Commission deny Cal Water's Expected sales forecast and instead approve an Unrestricted sales forecast as described in the **M.Cubed Sales Forecast Report**.[109] However, the long-term trend of declining water use is clear. Droughts, recent legislation aimed at ongoing efforts towards "Making Conservation a California Way of Life," and the State Water Resources Control Board water use efficiency mandates all point to the trend of declining usage continuing in the future.[110] Cal Advocates

[108] Lam Testimony, p. 2-3.
[109] CWS Testimony Book #2, Attachment G, pp. 46-84.
[110] State Water Board Water Efficiency Legislation Fact Sheet. Accessed at: https://www.waterboards.ca.gov/publications_forms/publications/factsheets/docs/6.7.18_water_efficiency_bill_fact_sheet_FNL_updated_5.21.20.pdf.

does not give these critical factors appropriate consideration, while also mischaracterizing Cal Water's proposed sales forecast.[111] See **Appendix B** for detailed discussion on these matters.

The Commission should reject Cal Advocates' recommendations and conclude that Cal Water's proposed sales forecast is analytically sound, fully transparent, and consistent with regulatory standards and guidance.

Q. Can you briefly explain how Cal Advocates failed to incorporate relevant regulatory guidance and standards?

A. Yes. In D.16-12-026 the Commission directed utilities to incorporate drought risk in their forecast. Additionally, in D.20-08-047 the Commission required sales forecasts to incorporate historic consumption trends, the impact of conservation programs, and trends in demographics, and climate, among other factors. Cal Advocates' sales forecast neither incorporates nor controls for any of these variables. By not adhering to the relevant guidance on incorporating conservation, drought, and climate considerations, Cal Advocates' recommended sales forecast is likely too high. Cal Advocates' recommendation is contrary to long-term usage trends and would expose Cal Water and its customers to unnecessary risk and financial instability. See **Appendix B** for detailed discussion on this matter.

Q. Do you agree with the Cal Advocates' characterization of Cal Water's expected sales forecast?

A. No. Cal Advocates mischaracterizes Cal Water's consideration of drought risk as forecasting imposed drought restrictions, notwithstanding the fact that the Company's methodology is consistent with the Commission's regulatory guidance. Cal Advocates then incorrectly labels its recommended forecast as "Normal" and Cal Water's expected sales as "Drought-Restricted."[112] Framing the sales forecast recommendations in this manner is inappropriate because it introduces a bias against Cal Water's sales forecast before decisionmakers have even begun their deliberations. Cal Advocates' mischaracterized labeling incorrectly implies that Cal Water's expected sales forecast is a forecast necessary only during a drought and is thus lower than it should be. This is clearly not the case as we have clearly

[111] CWS Rebuttal Book #1, **Appendix B,** pp. 7-9.
[112] Lam Testimony, p. 2-7.

articulated in our original filing[113] and further clarified in this rebuttal. [114] Cal Advocate's mischaracterization introduces an inappropriate bias against Cal Water's expected sales forecast in two ways: more restrictive usage conditions and higher quantity rates imposed on customers. Cal Advocates introduces this mischaracterization despite acknowledging that Cal Water's expected sales forecast methodology is proven to be more accurate.[115] See M.Cubed Sales Forecast Rebuttal at pages 7-9 for detailed discussion on this matter.

Cal Advocates extends its mischaracterizations to drought protections as well. Cal Advocates asserts that "in the event of drought, the Commission has specific ratemaking procedures and allowances afforded to water utilities to avoid perilous plunges in revenue."[116] What this alludes to are Lost Revenue Memorandum Accounts ("LRMAs"). LRMAs allow utilities with Commission-approved conservation and rationing plans to track lost revenues resulting from implementing those plans in response to declared droughts.[117] The LRMA is only applicable 1) after a drought is declared by the state or public agency, 2) after a utility activates its Commission-approved conservation and rationing programs and 3) ends when the drought is declared over by the state or public agency. Not only do drought periods not align with GRC forecast periods, but they also do not align with changes in customer use as shown in **Figure 10-1**. Consider for instance when a drought is declared over. Customers do not return to their predrought consumption patterns immediately after a drought is declared over, but rather over time.[118] Furthermore, even if some behavioral drought related water use patterns creep up over time, modifications to landscape or fixtures are permanent reductions in sales. The water utility will have to absorb the lost sales revenue until its next general rate case.

Mischaracterizing of the Commission's mechanisms such as the LRMA to address droughts in this way intends to downplay or disguise the risks inherent in Cal Advocates' forecast recommendation. Cal Advocates' motivating reasoning to recommend a higher (less accurate) sales forecast is simply to achieve lower quantity rates. This strategy is misguided.

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[113] CWS Testimony Book #2, Attachment G, p. 55.
[114] CWS Rebuttal Book #1, **Appendix B**, p.8.
[115] Lam Testimony, pp. 2-5 to 2-6.
[116] Scher Testimony, p. 4.
[117] Standard Practice U-40-W, Section I.
[118] Mitchell, D. (2018 June). *Building Drought Resilience in California's Cities and Suburbs*. Public Policy Institute of California. https://www.ppic.org/publication/building-drought-resilience-californias-cities-suburbs/.pdf. .

Such recommendations directly contribute to the sales forecast inaccuracies and belies Cal Advocates' mandate to work in the public's best interest. At the same time Cal Advocates accepts no accountability for their own sales forecast.

D. SERVICES AND SALES FIGURE UPDATES

Q. Has Cal Water made any updates to its services forecast since filing the Application?

A. Yes. Since filing the Application Cal Water has made two updates to its services forecast. First, a recycled water service connection was added to the City of San Carlos in the Bayshore District of the Bay Area Region. This service connection for Caltrans replaces their potable water consumption by 2 acre-feet per year, resulting in a reallocation of consumption rather than increased consumption for the Bayshore Bay Area Region.[119]

Second, in the Dominguez District, a Phillips 66 refinery closure resulted in a decrease of three industrial service connections and a decrease in industrial consumption by approximately 665 acre-feet per year.[120]

These minor updates do not have a material effect on rates or customer bills in their respective service areas.

[119] Advice Letter 2529-A approved December 15, 2024 adding Schedule No. BAR-BAY-6 (Recycled Metered Service) to the tariff for the Bay Area Region.

[120] Phillips 66 News Releases (2024 October),"Phillips 66 provides notice of its plan to cease operations at Los Angeles-area refinery." Accessed at https://investor.phillips66.com/financial-information/news-releases/news-release-details/2024/Phillips-66-provides-notice-of-its-plan-to-cease-operations-at-Los-Angeles-area-refinery/default.aspx.

CHAPTER 5. PAYROLL & BENEFITS (SCOPING ISSUE #2)

A. PAYROLL

SPONSORED BY GREG MILLEMAN

1. Cal Water Payroll Expense Forecast

Cal Water collectively estimates payroll costs for operations, maintenance, and administrative purposes. As discussed in Cal Water's **Testimony Book #1**, Cal Water uses the last recorded year as its base for estimating labor costs with adjustments. Chapter 1 Section III.D of Cal Advocates' Report on A&G discusses several payroll-related recommendations. Cal Water's responses to Cal Advocates' payroll-related recommendations are discussed below.

a) Summary of Cal Advocates' payroll-related recommendations

In its report, Cal Advocates makes a number of recommendations related to Cal Water's payroll expense forecast based upon flawed arguments and incorrect interpretations of how Cal Water calculated its payroll expense forecast. Specifically, Cal Advocates argues that the Commission should reduce Cal Water's payroll expense forecast by excluding expenses associated with unfilled positions and that the Commission should not authorize any new positions until the unfilled positions are filled. Cal Advocates recommendations (including their other recommendations relating to at-risk pay programs) result in a $28,778,025 reduction to Cal Water's total payroll expense forecast, resulting in Cal Advocates' forecast of $89,726,865.[121] Cal Advocates' report does not present any arguments regarding specific

[121] For your information, the payroll in Table 1-1 Summary of Recommendations in Cal Advocates Report on A&G breaks out executive compensation recommended expense separately from payroll expense. However, Cal Advocates does not similarly reduce Cal Water's payroll expense. Removing base executive compensation expense from the payroll expense category reduces it by $9,980,217 from $122,108,891 to $112,128,672. Cal Water's forecasted executive compensation is $14,746,199. Therefore, in Cal Advocates' Table 1-1 the difference between Cal Advocates' and Cal Water's payroll and executive compensation recommendation should actually be $32,772,021, instead of the $42,752,240 shown. While this table isn't used, this information is provided to assist the Commission in understanding Public Advocates Report if necessary. Our rebuttal addresses the payroll pieces individually.

positions requested nor does Cal Advocates refute the need for hiring them set forth in Cal Water's position-by-position justifications in **Testimony Book #1**. For the reasons set forth below, the Commission should reject Cal Advocates' recommendations on Cal Water's payroll expense forecast and should instead adopt the Company's original forecast.

b) Subsequent corrections to Cal Advocates' payroll related recommendations

Following receipt of Cal Advocates' report, Cal Water sent a data request to Cal Advocates asking how Cal Advocates reached its proposed $28,778,025 reduction to Cal Water's total payroll expense forecast. In response, Cal Advocates found errors in their calculations and corrected their recommended reduction to $27,931,945 instead. A copy of Cal Advocates' Response to Cal Water Data Request CWS-005 acknowledging that correction is attached here as **Attachment 5-2**. Additionally, Cal Water also met with Cal Advocates further to discuss the corrected amount and Cal Advocates explained that they also made reductions to the Company-wide at-risk pay expenses, but did not expressly discuss that in their report or otherwise present testimony on that topic.

The table below correctly identifies Cal Water and Cal Advocates' payroll and executive compensation request using support from **Chapter 8 of Testimony Book #1**, Cal Advocates' response to Data Request CWS-005, and Cal Advocates' report. The Cal Advocates Corrected by CWS column incorporates Company-wide-at-risk pay expenses into Cal Advocates' recommendation. Lastly, the executive compensation line totals executive base pay, ST ARP and LTI ARP. Executive compensation is discussed in the following section of this chapter.

Table 5-1 (Corrected)

	CWS Recommendation[1]	Cal Advocates Recommendation	Cal Advocates Corrected by CWS[4]
Company Payroll Excluding Execs	112,128,672	85,350,898	92,925,504
Executive Base (Payroll)	6,966,535	3,635,781[2]	**6,838,851**
Executive ST ARP (Payroll)	3,013,682	740,186[2]	**887,534**
Total	122,108,890	8,9726,865[3]	**100,651,889**
Executive LT ARP (A&G Non-Specifics)	4,765,982	0	0
Executive Compensation (Base + ST ARP + LT ARP)	14,746,199	4,375,967	**7,726,385**

(1) Testimony Book #1, Chapter 8.
(2) Cal Advocates Report on A&G, Table 1-22.
(3) Cal Advocates Report on A&G, Table 1-5.
(4) Please see Attachment 5-3.

Therefore, the Commission should ignore those further reductions relating to company-wide-at-risk pay expense that lack evidentiary support. Factoring these corrections to Cal Advocates' recommendations results in a $ **21,457,001** reduction to Cal Water's proposed test year total payroll expense forecast, resulting in Cal Advocates' forecast of $ **100,651,889**.[122] While the Commission should reject all of Cal Advocates' proposed reductions for the reasons set forth further below, if it chooses to adopt Cal Advocates position, then it should only adopt the $ **21,457,001** reduction factoring in these corrections.

c) Recap of Cal Water methodology to calculate payroll expense forecast

Cal Advocates' payroll-related recommendations are based in part upon a misunderstanding of how Cal Water has calculated its payroll expense forecast. Before addressing the specific arguments made by Cal Advocates on this issue, it is helpful to recap the methodology that Cal Water used to forecast its payroll expense in this GRC. Further details on this methodology were previously provided in **Chapter 8 of Testimony Book #1**.

[122] *See* CWS Rebuttal Book #1, Attachment 5-3.

Cal Water's payroll expense forecast is based on the cost of total labor using the average of recorded payroll distributions. Specifically, Cal Water used the last recorded year (2023) as its base year for estimating labor costs, adjusted for known quantifiable or projected changes in employees and escalated using the last agreed union rate increases (which were summarized in Cal Water's direct testimony). As relevant to Cal Advocates' arguments here, Cal Water assumes a constant level of vacancies and overtime when forecasting the test year payroll expense based upon the last record year data. In other words, the total forecasted payroll expense already **excludes** expenses for vacant positions. The last recorded year data also only accounts for Cal Water employees – it does **not** include expenses that have been allocated elsewhere for California Water Services Group ("Group").[123] Another key aspect to keep in mind is that the expenses associated with positions that are filled or will be filled are normalized for the year. Normalization includes annualizing positions that were filled for a portion of 2023, adjusting for hires in between cases that are not part of the base year expense, and lastly, adjusting salaries for proposed complements to start in the middle of the Test Year[124].

Cal Water's proposed total headcount for Test Year 2026 is 1,167.[125] Furthermore, Cal Water's request in this proceeding is for 31 new positions, not the 50 positions discussed in Cal Advocates' report – the remaining 19 positions in dispute include employees that Cal Water has already hired between GRCs and those that were authorized in the prior 2021 GRC proceeding (A.21-07-002). It is critical to keep in mind that while the 2021 GRC proceeding addressed a Test Year beginning on January 1, 2023, the final decision for that proceeding was not issued until March 2024. The proposed new positions in the 2021 GRC were disputed by Cal Advocates in that proceeding, so there was significant uncertainty on whether the Commission would approve such positions. Even once the final Decision D.24-03-042 was issued, Cal Water had little time to fill these positions before it submitted the current GRC Application and direct

[123] Group does not have employees directly and therefore the time and benefits for Group have been allocated out. Recorded expenses for Group are allocated to the affiliates and districts within Cal Water.
[124] Assuming proposed complements start in the middle of the Test Year reduces projected 2026 payroll expenses by $516,369.
[125] The 1,167 starts with the 1,118 employees that were reporting as of December 31, 2023 on page 21 of Cal Water's 10K filing and layers on positions that are hires between GRCs and proposed complements. https://www.calwatergroup.com/investors/financials-filings-reports/sec-filings/content/0001035201-24-000004/cwt-20231231.htm#i192d1af84302419a96359b1dfab7b4a8_64.

testimony in July 2024. Additionally, there were several positions filled that Cal Water felt were too important to wait until the 2024 GRC proceeding as well – such positions were not encompassed in the payroll expenses forecasted in the 2021 GRC proceeding and thus the expenses associated with filling those positions will be borne solely by Cal Water's shareholders through 2025 until the Commission is able to adopt a decision in this GRC proceeding for Test Year 2026.

d) Responses to specific Cal Advocates arguments on payroll expense forecast

In its report, Cal Advocates makes a number of flawed arguments regarding Cal Water's payroll expense forecast. Cal Water addresses the specific arguments herein.

Group Expenses were Not Included in Cal Water's Forecast. Cal Advocates suggests that Cal Water's payroll expense forecast included expenses for Group and that it is based on a "company-wide payroll" covering Group and other Cal Water affiliates.[126] This is incorrect. The forecasted payroll expense is based solely on Cal Water employees time and benefits allocated to Cal Water. Group does not have its own direct employees – time and benefits spent by employees for Group are allocated to Group and are not included in the forecasted payroll expense for Cal Water. Additionally, Cal Water applies an affiliate allocation factor to its projected Customer Support Service ("CSS") payroll expenses for 2026 to 2028. The affiliate allocation factor is calculated based on a four-factor adjustment and allocates a portion of CSS payroll to the affiliates.

Cal Advocates' Recommendation to Reduce the Payroll Expense Forecast Based Upon the Number of Unfilled Positions is Flawed. Cal Advocates recommends that the Commission reduce Cal Water's forecasted payroll expense to remove "recorded unfilled positions." Specifically, Cal Advocates attempts to apply the percentage of purported unfilled positions as a proportional reduction to Cal Water's payroll expense forecast. This argument is flawed for multiple reasons. First, as explained above, the forecasted payroll expense assumes a constant level of vacancies and overtime. Therefore, Cal Water's total forecasted payroll expense already **excludes** expenses for vacant positions. The further disallowance recommended by Cal

[126] Lam Testimony, p. 1-13.

Advocates results in double-counting the impact of vacancies. Second, Cal Advocates' adjustment incorrectly assumes that all positions are expensed. However, certain positions are calculated as expense whereas payroll costs for other positions have been capitalized as part of the costs to construct capital projects. Salaries for positions that are 100% capitalized are not reflected in the payroll expense, yet Cal Advocates treats all positions as fully expensed in their calculation.

Additionally, Cal Advocates' assertion that Cal Water has historically failed to fill positions authorized by the Commission is not true. In the 2015 GRC settlement, the parties agreed to the addition of only one new employee position that was hired, and all other complements in the settlement were for positions that had been filled between the 2012 and 2015 GRCs. Nineteen positions were settled on in the 2018 GRC and twenty-eight positions were hired before the 2021 GRC. Twenty-five positions were approved in the 2021 GRC[127] and Cal Water has hired 44 positions within the span of the 2021 GRC cycle. As mentioned above, the 44 positions hired in between GRCs that were critical to provision of safe and clean water service – these costs are being borne solely by Cal Water shareholders until they can be incorporate into rates in subsequent GRCs. The Company needs to have the flexibility to adapt to evolving conditions and new circumstances that arise in between GRCs and the positions deemed important at the time a GRC is being prepared may change due to unforeseen circumstance such as new state mandates.

Cal Advocates' Recommendation to Deny Proposed New Positions is Flawed. Cal Advocates asserts that Cal Water has not demonstrated the need in this GRC for 50 new positions. Specifically, Cal Advocates attempts to use a novel methodology in which it ties the number of employees directly to Cal Water's California operations customer growth rate.[128] As a preliminary matter, this number does not accurately reflect the number of new positions that Cal Water has proposed in this GRC – this point is addressed above. Cal Advocates recommends a blanket denial of Cal Water's request and attempts to rely on a passage from a generic

[127] Three of the positions approved in the 2021 GRC were for the East LA Water Quality lab. The lab, along with the hiring of these positions, had to be postponed because of the delayed 2021 GRC decision received in March 2024. The East LA water Quality lab is now planned to be completed and operating in 2026, possibly sooner, when these positions will be filled.

[128] Lam Testimony, p. 1-17.

editorial submitted on Indeed, a job-seeking platform, regarding measurement of the economic growth of emerging businesses in a competitive environment.[129]

More substantively, Cal Advocates' methodology is highly flawed because the amount of employee expenses for Cal Water does not have a linear relationship with the number of customers served. As discussed elsewhere in Cal Water's testimony, the Company must constantly meet increasing demands and new challenges to continue providing customers with the same level of safe, clean, and reliable water service that it has always done. For example, regarding just water quality issues, Cal Water must comply with new cross connection control rules, new water use reduction standards, updated lead service line regulations, and more. In particular, the proposed Regional Cross-Connection Control Specialist positions are necessary to comply with the new cross connection control rules as a result of a new State mandate that was not in place at the time when Cal Water submitted its last GRC Application in A.21-07-002. As relevant here, these new cross connection control requirements have nothing to do with customer growth – they are new requirement and tasks that Cal Water must perform <u>on its existing customers</u> that did not previously exist. The testimony provided by Cal Water in **Attachment A**, pp. 12-16 of **Chapter 8 of Testimony Book #1** provides an in-depth discussion of the compelling justification of these positions, which Cal Advocates fails to address entirely. There are other examples where new complement are needed such as the Company needing to increase its wildfire preparation and resiliency efforts. Each of these new developments requires additional personnel resources to meet these new requirements and challenges.

Notably, every one of the project justifications for each new proposed complement details the specific new need for that individual position and not one of them is for customer growth.[130] As mentioned above, Cal Advocates does not substantively address why any of the new proposed complement are not prudent or reasonable. For these reasons, the Commission should reject Cal Advocates' highly flawed argument.

[129] As of March 5, 2025, the Related Articles section at the bottom of this article boast additional relevant topics such as 10 Types of Circus Jobs (with Salaries and Duties), How to Stop Excel from Rounding (With Multiple Methods), and How to nail an Interview.
[130] CWS Testimony Book #1, Attachment A.

Cal Water Already Adjusted its Payroll Expense Forecast to Anticipate a Delay in the GRC Decision and Hiring – Cal Advocates argues that the Commission should apply certain "ratemaking adjustments" that are "needed to correctly set rates in TY 2026 to account for attrition years."[131] As explained above, Cal Water already made certain adjustments to its forecasted payroll expenses to account for the anticipated delay between when a decision is issued in this GRC and when hiring will occur. Cal Water adjusted salaries for proposed complements to start in the middle of the Test Year, to account for a potential delayed decision and with the understanding that some positions may be hired sooner than others. Further detail on these adjustments were already included in Chapter 8 of Cal Water's Testimony Book #1.

e) AMI Adjustment to Payroll

As part of the AMI initiative in the Bay Area Region, Bear Gulch, Los Altos, Los Angeles County Region and Westlake, Cal Water included expenses of $10,096 for payroll. Cal Advocates proposes modifications to the program, but did not make any changes in the results of operations model to reflect their position. Cal Water's position on Cal Advocates AMI modifications are discussed in **Chapter 1 of Rebuttal Book #2**. Cal Water position results in reducing the AMI related savings for payroll expenses by 50%. However, if the Commission accepts Cal Water's AMI proposal in its entirety, then 100% of the expenses included in Cal Water's original 2024 GRC filing need to remain in the Results of Operations model. Conversely, if the Commission rejects Cal Water's proposed AMI project in its entirety, then 100% of the expenses should be removed from the Results of Operations model.

[131] Lam Testimony, p. 1-19.

B. EXECUTIVE COMPENSATION

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1. Cal Water's Executive Compensation

Cal Advocates' proposal to deny expense recovery of a significant portion of executive compensation should be rejected because it is based on erroneous data, fails to acknowledge the importance of competitive executive compensation to attract and retain qualified executives, and ignores the benefit Cal Water's customers receive from qualified executives. As has been previously explained in Cal Water's application, the primary purpose of designing an effective executive compensation structure is to support the company's need to attract, retain, and motivate its required high caliber of leadership. Thoughtfully designed executive compensation programs help motivate and retain key officers focused on the goals of building an enduring, community-based water utility capable of providing safe and reliable water service across generations, and creating long-term alignment with all of Cal Water's stakeholders, including our customers.

There are a number of considerations that go into setting executive compensation, the proxy peer group being only one of them. To attract and retain executives, compensation packages must be competitive. Cal Water's executives have wide-ranging expertise, which is a considerable benefit to Cal Water and our customers. Should Cal Water not be able to provide a total compensation structure that is competitive to those of other companies competing for the same executive resources, Cal Water will be forced to recruit from a less competitive talent pool, sacrificing quality of leadership, depth of experience, and breadth of expertise. A less experienced individual may be willing to accept an executive position within the organization for less compensation, even compensation that is under market for the position, but with that individual comes the significant risk that they may not have the experience or aptitude to effect strategic thought or respond appropriately to customer concerns or field emergencies, or that they lack awareness of unintended consequences to decisions that are made in the leadership role. All of these would put our customers at risk.

Customers rightfully have high expectations of their water service provider; to receive reliable delivery of safe drinking water, excellent customer service, and adequate fire protection. Inadequate leadership from Cal Water's executives would negatively impact Cal Water's ability to meet these customers' needs and expectations.

Cal Water's executive team has repeatedly demonstrated the benefit of their expertise to its customers. The following are a few examples.

Cal Water developed and executed its enterprise risk management, safety, and security programs, including the development and implementation of a robust emergency response management program which includes conducting numerous community and internal Emergency Operations Center ("EOC") training events across our operating districts. The EOC training events better prepare us and the communities we serve with enhanced coordination and resilience during emergency events, such as wildfires. Because of this program, Cal Water has successfully responded to several emergency events, helping to minimize loss and benefiting our customers and the communities we serve.

Another example of how customers have benefited from Cal Water's executive leadership and experience was Cal Water's application for and receipt of Coronavirus State Fiscal Recovery Fund ("CSFRF") proceeds through the California Extended Water and Wastewater Arrearage Payment Program which were applied to the accounts of eligible customers with past-due balances. To be eligible, the past-due balances had to have accrued during the pandemic. Eligible Cal Water customers received over $57.7 million of relief from past-due balance obligations under the CSFRF award program.

Additionally, Cal Water's Senior Vice President, General Counsel has taken an industry leading position in pursuing cost recovery against PFAS manufacturers during his time as Deputy General Counsel of American Water Works Company, Inc., and more recently, with California Water Service Group. Mr. Bunting was successful in having Cal Water named as a Class Representative in all four approved class action settlements (i.e., 3M, DuPont, Tyco and BASF), which positioned Cal Water to influence and inform the terms of each settlement. Furthermore, Mr. Bunting was personally selected by the U.S. Bankruptcy Trustee to serve on the unsecured creditors committee ("UCC") for the bankruptcy of Kidde-Fenwal, Inc., a former PFAS manufacturer, and has served as the co-chair of the UCC. Mr. Bunting, while acting as a

fiduciary for all unsecured creditors, has zealously advocated for the interests of all public water systems. Any financial recoveries by Cal Water from the approved class action settlements and any court-approved Kidde bankruptcy resolution, after accounting for legal fees and costs, will be used to offset the cost of capital investments[132] and related operational costs to remove PFAS from ground water in compliance with the recently enacted U.S. EPA PFAS MCLs.

These examples are all representative of Cal Water's experienced leadership team from which the Company's customers benefit. In 2024 alone, Cal Water earned the following awards and acknowledgements: Excellence in promoting Water Sense labeled products award; Excellence in Community Grants and Scholarships award from NAACP, Butte County Chapter; Newsweek one of "America's Greenest Companies"; Newsweek one of "America's Most Responsible Companies" fourth year in a row; Cal Water was named a Great Place to Work for the ninth consecutive year; and San Franciscos Chronicle named Cal Water a Top Workplace in the Bay Area for the 12th year. And in 2025, Cal Water earned the Top Workplaces designation by *USA Today* and Energage; and Newsweek one of the "World's Most Trustworthy Companies" for the third year in a row . Cal Water customers benefit from the experience and activities that earned these awards, whether it be in exceptional water quality and reliability, excellent customer service, or acts of service in the communities we serve.

Cal Advocates argues that the Commission should reject allowing Cal Water to recover 2026 executive compensation totaling $14.7 million necessary to attract, motivate, and retain our talented and capable executive team, repeatedly stating that this request represented a 31% annual increase.[133] Cal Advocates based their calculation on incomplete data, erroneously assuming that the executive compensation totals stated in Cal Water's 2024 Proxy are inclusive of Cal Water's entire 17 member officer team when in fact it was only seven named executive

[132] Settlement and grant proceeds are recorded as contributions in aid of construction as a rate base reduction.
[133] Keowen Testimony, pp. 1-23 and 1-24. The 31% is calculated by (($14,746,200 - $7,581,671)/$7,581,671) = 94% change. 94% over the 3 years 2023 to 2026 averages 31% annual increase.

officers (NEOs).[134] Correcting for Cal Advocates' error in their Table 1-14[135] of their report, Cal Water's 2023 direct executive compensation for the entire officer team would be as follows:

Cal Advocates 2023 executive compensation with only 7 NEOs	Cal Advocates **corrected** 2023 executive compensation with the entire (17) Officer team
$7,581,671	$12,669,031

Revising table 1-15: Comparison of CWS Recorded 2023 and Forecasted Test Year 2026 Executive Compensation, the annual change is 5.2%.[136]

2023 Total Direct Compensation Earned	**Proposed TY 2026 Total Direct Compensation** [137]	**Total Difference for the Four Years 2023-2026**	**Total Percent Change for the Years 2023-2026**	**Annual Percent Change Per Year**
$12,669,031	$14,746,200	$2,077,169	16.4%	5.2%

This 5.2% is significantly less than the inaccurate and miscalculated 31% annual increase included in Cal Advocate's report.

Cal Advocates referenced in their report that Equilar published data that CEO pay increased 12.6% in 2023 as well as a Harvard Business Forum post that stated CEO compensation increased 11.3% annually from 2022 to 2023.[138] The proposed annual increase for Cal Water's CEO is 3.2%, which is significantly less than either of the two reference points provided by Cal Advocates.

a) Proxy Peer Group Selection

Cal Advocates' comments and observations regarding Cal Water's proxy peers, which is used to help benchmark Cal Water's executive compensation and pay practices, is selective,

[134] Proxy disclosures are mandated by the Securities and Exchange Commission's (SEC) Item 402 of Regulation S-K (Reg. S-K) only include specific NEO's, not all officers, of a Company. The SEC rules require listing the CEO, CFO, and three other officers with the highest compensation. In 2023 Cal Water's CFO and another named officer retired and thus disclosure for seven officers was required. California Water Service Group 2024 Proxy and 2023 10-k - 2024 GRC Application, Attachment B, p. 55.
[135] Keowen Testimony, p. 1-23.
[136] Keowen Testimony, p. 1-23.
[137] CWS Testimony Book #1, p. 160.
[138] Keowen Testimony, p. 1-24.

overly simplified, and misinformed. In an ideal situation, selecting a competitive proxy peer group should be straightforward, basing it on a group of similar companies with similar business characteristics, such as size and complexity. Often times, these proxy peers are also competitors for the same executive talent.

In actuality, identifying a statistically relevant number of peers with enough shared business characteristics is challenging. In addition to well established comparative factors, such as revenue and market capitalization, there are many other factors that must be taken into consideration, including that companies must operate in similar market or similar regulatory environments. Additionally, the number of peers within the proxy peer group must be enough to ensure there is meaningful data to be representative, with a balance of larger and smaller companies, so that no one peer can materially impact the peer data.

Institutional Shareholder Services ("ISS"), one of the most prominent proxy advisory firms in the world, generally aims to select at least 14 peers, although in exceptional cases a peer group may have 12 or 13 members when the standard methodology fails to identify a sufficient number of acceptable peers. A company's peer group will never have fewer than 12 members.[139] Pearl Meyer, a leading compensation consulting firm, provides guidance that a proxy peer group should include between 10 and 20 companies with a company's positioning falling near the median of the revenue or market capitalization of the peer group.[140]

Cal Water follows a robust process annually to appropriately assess the relevance of companies selected for the proxy peer group in the context of making competitive compensation comparisons. As part of the robust process, the Organization and Compensation Committee ("Committee") of Cal Water's Board of Directors engaged Meridian Compensation Partners ("Meridian"), an independent, third-party executive compensation consultant. Annually, Meridian conducts a review of Cal Water's proxy peer group and will make recommendations for changes to the proxy peer group as appropriate. Cal Water considers the following factors when selecting peers for its proxy peer group:

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[139] *See* https://www.issgovernance.com/file/policy/active/americas/US-Peer-Group-FAQ.pdf?v=3

[140] *See* https://pearlmeyer.com/sites/default/files/knowledge-share/presentation/compensation-peer-groups-everything-you-need-to-know-right-now.pdf

- Companies that are regulated public water, gas, or multi-utility-based organizations
- Companies that operate in geographically similar areas, requiring similar skills and experiences from their executive talent, and are subject to similar market forces
- Companies of a broadly relevant size as an indicator of complexity and scope for executive roles; companies that are of a reasonable size for making market comparisons

Cal Advocates falsely describes Cal Water as selecting comparison companies to achieve the goal of bolstering executive pay by selecting a peer group with revenues more than double Cal Water's annual revenue.[141] Cal Advocates also states that Cal Water's peer group is not reasonable at all because it uses a proxy peer group with revenues between 0.5 and 2 times annual revenue.[142] This statement is based solely on Cal Advocates' opinion and completely unsupported by any facts. Pearl Meyer describes a qualifying revenue range for peer group selection as 0.5 times to 2.0 times and market capitalization of 0.25 times to 3.0 times.[143] Institutional Shareholder Services (ISS) applies two size guidelines to qualify potential peers:[144]

1. Revenue (or assets for certain financial companies)- in general companies should fall in the range 0.4 to 2.5 times the company's revenue (or assets).
2. Market capitalization- a potential peer must have a market cap that falls between 0.25 times the low end and 4 times the high end of the subject's market capitalization.

Cal Advocates' statement that peer group analysis is easily manipulated by cherry-picking the peer group for a desirable outcome is also false.[145] While companies, with the assistance of their consultants, select their peer group companies, Cal Advocates' statement neglects the safeguards in place to prevent a Company from peer group "cherry-picking." Proxy peer groups are heavily scrutinized by proxy advisory firms, including both Glass Lewis and ISS. Both issue analysis annually that evaluate executive compensation and will recommend to stockholders to vote against executive compensation if they conclude from their independent

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[141] Keowen Testimony, p. 1-25.
[142] *Id.*
[143] https://pearlmeyer.com/sites/default/files/knowledge-share/presentation/compensation-peer-groups-everything-you-need-to-know-right-now.pdf.
[144] https://www.issgovernance.com/file/policy/active/americas/US-Peer-Group-FAQ.pdf?v=3.
[145] Keowen Testimony, p. 1-24.

analysis that is excessive. They make this determination using their own respective peer groups, and not the peer group selected by the Company. Just as customers don't want to compensate executives excessively, neither do stockholders. Institutional stockholders frequently will use the recommendations from Glass Lewis and ISS as part of their own analysis to determine if executives are overpaid and, if such a determination is made, they will recommend a vote against the executive compensation program of the company at the annual stockholders meeting (referred to as a negative "say-on-pay" vote).[146] The say-on-pay vote is a vote by the Company shareholders on the reasonableness of compensation packages offered to NEOs. The vote occurs on an annual basis. If the company does not take corrective action after receiving a negative say-on-pay-vote, stockholders may vote out corporate board members at the next annual meeting. In the 2024 say-on-pay-proposal for Company's named executives, both ISS and Glass Lewis recommended a yes vote on the Company's say-on-pay proposal. In addition, on the 2024 say-on-pay proxy vote, 96% of stockholders approved the executive officers compensation packages.

If a Company "cherry-picks" its peers, it is taking a significant risk of receiving a negative say-on-pay vote, risking not only their executive compensation structure, but also the continuation of some or all of their board members. It is, therefore, never in the best interest of Cal Water, or any publicly traded company regulated by the SEC, to select inappropriate proxy peers as this can put the company at significant governance risk.

Cal Advocates' analysis using only 2023 revenue for Cal Water as a basis for proxy peer selection is misrepresentative as Cal Water's 2023 revenue was heavily and negatively impacted by the 15-month delay of Cal Water's 2021 GRC decision.[147] In addition, Cal Advocates' analysis does not consider other factors such as Cal Water's relative market capitalization to the proxy peer group.

Had Cal Water's 2023 revenue been normalized with 2023 interim rate relief revenue that was subsequently recorded in 2024, its 2023 revenue would have been $882M. The chart below lists Cal Water's proxy peer group's revenue and market capitalization, as well as Cal Water's revenue (adjusted for the impact of the delayed 2021 GRC decision). Per best practice

[146] California Water Service Group 2024 Proxy and 2023 10-k - 2024 GRC Application, Attachment B, p. 55.
[147] Keowen Testimony, p. 1-25.

guidelines of 0.4 to 2.5 times revenue and 0.25 to 4.0 times market capitalization, as previously described and consistent with Pearl Meyer and ISS guidelines, Cal Water's proxy peers of 0.63 to 2.6 times revenue and 0.30 to 1.30 times market capitalization are within the guidelines, except Black Hills Corporation which is negligibly (0.1 times) above the high-end revenue guideline. Black Hills met the other proxy requirements and allowed for a more complete set (14) of proxy companies.

Company Name	**Revenues (Full Year - $M)**	**Market Cap 7/15/2024 ($M)**
Black Hills Corporation	$2,331	$3,944
Essential Utilities	$2,054	$10,812
Avista Corporation	$1,752	$2,798
PNM Resources, Inc.	$1,939	$3,482
IDACORP, Inc.	$1,766	$4,738
Allete, Inc.	$1,880	$3,661
NorthWestern Energy Group,	$1,422	$3,156
Otter Tail Corporation	$1,349	$3,709
Northwest Natural Holding Company	$1,197	$1,441
Chesapeake Utilities Corporation	$671	$2,533
SJW Group	$670	$1,849
MGE Energy, Inc.	$674	$2,892
American States Water Company	$596	$2,870
Until Corporation	$557	$884
Median	$1,386	$3,024
California Water Service Group (Revenue Adjusted for Rate Case Delay)	$883	$2,983

The complexities of establishing appropriate executive compensation include additional analysis on top of proxy peer group comparisons. Executive compensation decisions must be made using proxy peer group data as available, but must also consider a number of other data points including compensation survey data, sector specific-compensation, market data, and industry averages. Cal Water follows a robust process to appropriately assess and establish its executive compensation structure and executive compensation packages as described in testimony.[148] Its structure is designed to reward excellent job performance, overall leadership,

[148] CWS Testimony Book #1 Chapter 8 pp. 161 - 164

deliver long-term results, and provide fair, reasonable, and competitive total compensation to the executives. Cal Water's executive compensation reflects the roles and responsibilities of each of its executive positions. It considers the overall financial and operating performance of Cal Water, changes in market conditions, cost of living differences, market trends, and inflation. It also considers each executive's performance and contributions, level of experience, and expertise. All of this with the goal to attract and retain superior company leaders.

2. Cal Water's At-Risk Pay Program

Total executive compensation includes base salary plus at-risk compensation and benefits. At-risk compensation is variable in nature and target based. The purpose of variable compensation is to focus work activity on high priority areas. At Cal Water, high priority areas include water quality, customer service, safety, and financial management, all of which are part of the Cal Water at-risk compensation program. If Cal Water's performance does not meet the targets in these priority areas, then executives' compensation will not be paid at market levels. In fact, market compensation for executives can only be achieved when in combination with the base pay, and benefits, the targets established for the high priority areas (variable compensation) are achieved. In the event the Company performs better in these areas than the target objective, the variable component of compensation can be increased above the target level this is the portion of variable compensation that can be considered a bonus.

Cal Advocates is misguided and misleading by referring to all variable compensation as "a bonus."[149] The only portion of variable compensation that could be considered "a bonus" is the amount, if any, paid out for performance that is better than the target.[150] The variable component of compensation, including the goals and the targets, is included in the review of total compensation described previously, including compensation consultant and board review, scrutiny by ISS and Glass Lewis, and by stockholders thorough the say-on-pay vote. Because base salary is only a fractional component of compensation, the variable component at target also needs to be included to provide competitive compensation packages needed to recruit and

[149] Keowen Testimony, pp. 1-26 and 1-28.

[150] Cal Water has proposed that only the target amount be included in customer rates. Any amount above the target would be funded by stockholders.

retain experienced executive leaders that can manage the complexities of a regulated utility and successfully meet quality standards, customer needs, and service expectations. If the variable component is sharply reduced, then base compensation or benefits will have to increase to achieve competitive market compensation. Cal Water's request for executive compensation is only the target amount, removing the possibility of customers paying for performance bonuses.

Cal Advocates' opinion that customers only receive a fraction of the benefit from short-term and long-term variable compensation is short-sighted and flawed. For example:

1. The water quality performance metric encourages performance that exceeds, not merely meets, the minimum standards set by the Safe Drinking Water Act. Having no violations of primary and secondary drinking water standards consistently over an extended amount of time is extremely difficult to achieve and performance well beyond meeting basic legal standards, greatly benefits Cal Water's customers.[151]
2. The customer service metric similarly exceeds the basic legal requirements, encouraging performance that exceeds customer expectations, thereby delivering benefit to Cal Water's customers. Customers have vocalized their appreciation of the exceptional customer service they benefit from through the multiple awards previously listed that Cal Water has received. Many of these awards are based upon the feedback and survey data provided by our customers.[152]
3. The utility plant investment metric challenges the company to make infrastructure improvements, to place projects into service that are necessary to sustain the utility system and improve service quality for our customers.[153]
4. The safety metric incentivizes behaviors that protect the communities in which Cal Water's employees work and where its customers live. Additionally, it encourages employee preparedness for emergencies in the communities Cal Water serves. Customers benefit from this readiness, improving customer satisfaction during times of crisis.[154]
5. The Earnings per Share Budget to Actual performance metric provides long-term benefits to customers as it drives Cal Water to control expenses and operate as efficiently as possible. These long-term savings are effectively passed on to customers in subsequent rate cases through reduced operating expenses requested in rates.[155]

[151] CWS Testimony Book #1, p. 170
[152] *Id*.
[153] *Id*.
[154] *Id*.
[155] *Id*.

Cal Advocates is misguided in its assertion that short-term and long-term financial management targets do not benefit customers. In order to support the level of capital investment needed to ensure reliable delivery of safe, high-quality water service, Cal Water must be able to attract the capital needed to fund those investments. Affordability is a significant concern for customers, and by having strong financial stability with predictable cash flows, Cal Water can maintain a high-quality credit rating to attract and build trust with investors. By doing so, Cal Water can achieve a lower cost of capital and reduce the cost of infrastructure investments that is ultimately borne by customers. In addition, strong financial performance results in the increased availability of internally generated funds that can be used for capital investment, avoiding new debt and equity issuance fees that would also ultimately be borne by customers.

Variable pay tied to financial performance helps encourage and motivate responsible financial management, not to just drive earnings or to solely benefit stockholders, but to help finance the cost of operations which provides direct benefits to customers. For this reason, it is unreasonable to argue that financial metrics only benefit stockholders and therefore there should be no variable compensation cost recovery by the Company.

Cal Advocates' opinion that customers will only receive enough benefit from at-risk pay to warrant 30% of just 3 of the 5 of Cal Water's proposed short-term at-risk pay targets, and none of the long-term at-risk pay is a gross underestimation of the value customers receive from executive performance and contribution to Cal Water, and the benefits provided by at-risk compensation.

The full requested value of Cal Water's executive compensation is fair and reasonable. It supports recruitment and retention of the high level of experience, expertise, and quality of strategic leadership that Cal Water's customers need and deserve. There is extensive risk in Cal Advocates' disregard for many of the considerations that go into determining competitive executive compensation, and these risks are shouldered by all of Cal Water's stakeholders, including its customers.

C. BENEFITS

SPONSORED BY MELODY SINGH (EXCEPT HCBA, PCBA, PENSION AND SERP)

Cal Water collectively estimates benefits costs for operations, maintenance, and administrative purposes. Cal Water uses actuarial reports as its basis for estimating the following benefit components: Retirement Savings Plan (401k), Retirement Fund (Pension and SERP), Group Insurance (including medical, dental and vision), Retirees' Group Health costs, and Post-retirement Benefits Other Than Pension ("PBOP") costs.

Cal Advocates Report on Administrative & General Expenses and Special Requests #7 includes recommendations regarding benefits. Cal Water's response to Cal Advocates' benefits-related recommendations are discussed below.

a) Ernst & Young Actuarial Forecast

Cal Advocates does not oppose the use of the calculations provided by Ernst & Young's actuarial forecast for the pension plan, PBOP, or medical expenses. Cal Water agrees with Cal Advocates' recommendation to use the actuarial reports and makes adjustments to reflect the number of positions approved in this proceeding.

b) Employee count used for calculating healthcare.

Cal Water uses a calculation based on the number of participants and positions to derive a per employee healthcare cost. The calculation multiplies the ratio of enrolled participants[156] from the actuarial report by the 2026 proposed headcount (with new complements since the actuarial report excludes the new complements). Then, we divide the total 2026 expense by the 2026 participant count from the actuarial report for a "per participant cost." Finally, multiply this amount by the ratio of enrolled participants from the first step of the calculation.

Cal Advocates does not oppose Cal Water's methodology of calculating healthcare, PBOP, and pension. However, Cal Advocates recommends using the 1,118 positions from Cal Water's SEC 10-K as the base, rather than 1,294 which is the total number of positions. Cal

[156] This varies from employee count because not all employees are vested in the pension plan and employee dependents are included in healthcare plans.

Water is amenable to updating the employee count to 1,118 to reflect the positions as of December 31, 2023.[157] Though, Cal Water also requests that any positions approved as part of this proceeding be included in the overall base to calculate healthcare expenses.

Cal Advocates does not address the other components of the benefits expenses, which include the retirement savings plan, widow's benefits, employee welfare administration, benefits transferred to unregulated and capital, off-duty time – sick leave, disability benefits received, off-duty time – all other, and synergy adjustments. Since the methodology used to calculate benefits is not in dispute, Cal Water requests that the calculation used to forecast benefits be updated with the 1,118 employees as of December 31, 2023 plus any hires between cases and proposed complements that are approved in this proceeding. Cal Water provided testimony and evidence in its original filing supporting these other benefit expenses as reasonable and necessary; therefore, the Commission should approve Cal Water's updated request of $27,134,154.[158]

D. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN ("SERP")

SPONSORED BY JIM LYNCH

Q. The rate case plan allows Cal Water to use any reasonable method to arrive at test year estimates. Do you agree with Cal Advocate's assertion that the pension expense forecast prepared by Cal Water's expert Ernst and Young LLP is unreasonable.

A. No, I do not. The expense forecast used by our expert Ernst & Young LLP ("E&Y") to determine our 2026 Pension and SERP expense is based on accepted actuary models used in the calculation of pension benefits. The census information provided to E&Y is sourced from the Cal Water human resources and payroll systems that are subject to the system of internal controls implemented by the Company to ensure accurate and timely reporting. Similarly, the assumptions used by E&Y are the same as those included in our December 31, 2023, disclosure

[157] California Water Service Group (2023). *California Water Service Group Annual Report 2023, Form 10-K*. https://www.calwatergroup.com/investors/financials-filings-reports/sec-filings/content/0001035201-24-000004/cwt-20231231.htm#i192d1af84302419a96359b1dfab7b4a8_64.p. 21.

[158] Using the undisputed methodology to calculate benefits results in a slight benefits increase because of the change in the ratio between participants and employees that is used to calculate the dollars associated with healthcare, PBOP, pension and SERP.

report ASC 715 which served as the basis for our pension footnote disclosures included in our financial statements filed on Securities and Exchange Commission Form 10-K ("10-K").

The internal controls over census and payroll information and pension footnote disclosures were subject to audit in both 2023 and 2024 by Deloitte & Touche, LLP ("D&T"), the Company's independent auditor. As part of its audit procedures, D&T actuaries review the census information and assumptions used by E&Y to calculate the pension expense. They also review the adequacy and accuracy of our footnote disclosure information. We received an unqualified opinion from D&T on their audits of our internal controls and our financial statements in both 2023 and 2024. Notable, E&Y did not adjust the assumptions included in their pension expense forecast for escalation factors from 2023 to 2026 such that those used in the test year are the same as those that were subject to audit in 2023 and 2024.

Q. Was any evidence provided by Cal Advocates to support their assertion that the pension forecast is based on unreasonable expenses?

A. No, Cal Advocates presents no evidence to support their unfounded statement that the pension expense forecasts prepared by Cal Water's expert E&Y are unreasonable.

Q. Cal Advocates includes a calculation of SERP expense benefits by participant that divides the test year cost of the SERP by seven officers and asserts that those seven officers benefit $749,000 each annually from their SERP participation, describing it as a monthly bonus of $62,000. Do you agree with this calculation and the characterization of SERP expenses as a bonus?

A. No, I do not. The math of dividing the SERP cost of $5.2 million by seven participants is approximately $749,000, but the participant count is off. Cal Advocates mistakenly based a majority of its comments on the seven named executive officers in 2023 proxy, but Cal Water has seventeen corporate officers, as listed in the 2023 annual report,[159] that participate in the SERP. Accordingly, in 2026 there are projected to be seventeen SERP active participants and not seven. Further these costs are not payments to SERP participants, as Cal Advocates alleges, and misleadingly refers to them as bonuses and additional officer compensation. The plan's

[159] California Water Service Group 2023 Annual Report, pp. 46-47

participants do not receive this funding. Rather, this is the current cost paid by Cal Water to true-up the SERP liability to provide future retirement benefits to these officers. The future benefit liability is based on the current SERP liability balance, the census information, and the plan assumptions. The assumptions are described in the E&Y actuary report and are used to estimate both the future benefits to be paid under the plan and the current cost to fund such benefits. Assumptions will vary over the years and so each year, the amount necessary to true up the liability will also vary. The SERP liability is calculated in a manner consistent with the qualified pension liability with the one exception being the SERP is unfunded and so there are no asset returns to offset future pension costs.

Q. In Cal Water's last GRC, recovery of SERP costs was denied because Cal Water allegedly did not define the purpose, the size of the fund, or the proposed recovery rate associated with the SERP. Do you agree with Cal Advocates that "some" additional testimony has been provided?

A. No, I do not. In this GRC, Cal Water not only presents "some" additional testimony on the SERP but provides substantial and detailed evidence on all of the aspects of the SERP mentioned in the decision for the prior GRC proceeding, D.24-03-042. Thus, all of the alleged deficiencies from the last GRC have been fully addressed in Cal Water's direct testimony in this proceeding.

Cal Water clearly states in its testimony that the SERP is a top-hat plan that sits on top of the pension plan. The plan is intended to allow participants to earn non-qualified pension benefits similar to those provided by the qualified pension plan on earnings (compensation) not covered by the basic pension plan. Cal Water clearly states, "the purpose of the SERP is to provide additional retirement income for those whose income exceeds IRS qualified pension maximums and to provide pension benefits to attract mid-career candidates to join Cal Water's executive team."[160]

[160] CWS Testimony Book #1, p. 184.

Further, Cal Water clearly states, "the SERP is an unfunded, unsecured obligation of the Group and is designed to assist in attracting and retaining key officers while providing a competitive, total compensation program."[161]

Lastly, the proposed recovery rate of $5,242,000 for 2026 is included in **Testimony Book #1**[162] and in the Results of Operations model.[163]

Each of the testimony elements alleged to have been missing in Cal Water's last GRC have been provided and add to the justification of Cal Water's request for recovery of SERP expenses in the current rate case.

Q. Do you agree with Cal Advocate's statement that Cal Water says the purpose of the SERP is to circumvent IRS qualified pension limits?

A. No, I do not. This statement is not included anywhere in Cal Water's testimony. Cal Advocate's statement is entirely inaccurate. It is simply an attempt by Cal Advocates to portray a negative view of the SERP and mislead the Commission. In Cal Water's testimony, the SERP is described as a "top-hat" plan, which sits on top of the qualified pension plan and allows for higher compensated employees to receive the same proportional retirement plan benefits as lower compensated employees. The IRS encourages the use of pension plans as retirement vehicles through tax incentives (immediate tax deductions), but it is only willing to do so up to certain dollar limits, as defined.

Under the qualified plan, the Company receives an up-front tax deduction for contributions made to fund plan benefits which results in lower income tax expense (an immediate customer benefit). The IRS limits the amount of benefits paid to plan participants to qualified earnings in order to manage the size of the upfront tax deduction taken by companies. The SERP provides for continuation of retirement benefits for earnings above the IRS limits. Because SERP benefits are provided under a non-qualified plan, the Company cannot take a tax deduction for plan contributions until the benefits are withdrawn by the participant. This is why the plan is not funded.

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[161] CWS Testimony Book #1, p. 178.
[162] CWS Testimony Book #1, p. 179 and CWS Testimony Book #1, Attachment B, p. 52.
[163] CWS Results of Operations Model, CH05_OM_FDR_Benefits_Payroll_WorkersComp, tab name Benefits Forecast WS-1.

Customers receive the benefit of the tax deduction in the future when the SERP benefit is paid. The SERP does not "circumvent" IRS rules. On the contrary, the SERP is fully in accordance with IRS rules. Through its use of the SERP, Cal Water is prudently conducting its business affairs by adopting a benefit that has been commonly used for total executive-compensation packages and whose benefit expense is commonly allowed as a prudent, necessary, and therefore, recoverable.

Q. Do you agree with Cal Advocates that there is no benefit from SERP expenses for customers who would be funding the program?

A. No, I do not. The SERP is part of the total compensation package used to attract and retain key Cal Water employees and officers. Cal Water has discussed the importance of providing market-based executive compensation in direct testimony[164] and rebuttal testimony.[165] In rebuttal testimony, specific examples are given where the strength of our leadership team is providing direct benefits to Cal Water customers, benefits that are in addition to the daily provision of safe and reliable drinking water service. The SERP is an important component of the total compensation package paid to key Cal Water employees and officers that allows the company to achieve such benefits. Also, as discussed in the previous question, the Company's contributions to the plan are a tax deduction at the time the participant benefits are paid.

Q. Do you agree with Cal Advocate that you have not provided evidence the SERP is necessary to be competitive with peers.

A. No, I do not. SERP benefits are part of market compensation and must be offered by Cal Water to attract and retain qualified officers. As described in original testimony,[166] the Company engaged Meridian Compensation Partners ("Meridian") to assist in the determination of market compensation for Cal Water Officers.

Meridian uses compensation data from peer group company proxies and company surveys to evaluate the adequacy of officer total compensation. With the current mix of base

[164] CWS Testimony Book #1, pp. 161-177 and pp. 163-164.
[165] CWS Rebuttal Book #1, Chapter 5, Section B (Executive Compensation).
[166] CWS Testimony Book #1, pp. 161-163.

cash, equity, and benefits, officer total compensation is approximately at the mid-range target level. Without the SERP benefits, either base cash, equity compensation, or another benefit would need to be increased to attract and retain key officers and employees.

The robust process to identify peers by Meridian, which serves as the basis of Meridian's Named Executive Officer ("NEO") recommendations, is described in original testimony[167] and in rebuttal testimony.[168] Total compensation recommendations made by Meridian (which considers SERP benefits) are subject to Group Board approval, review by ISS and Glass Lewis, and subject to a shareholder say-on-pay vote.[169] As described in rebuttal testimony,[170] these reviews and the shareholder say-on-pay vote affirming officer compensation provide strong evidence that officer total compensation, including SERP benefits, is at market and therefore necessary for Cal Water to be competitive with its peers.

Q. Do you agree with Cal Advocate that Cal Water uses a "faulty peer-group comparison" for purposes of forecasting executive compensation expenses?

A. No, I do not. Please refer to the discussion of our proxy group in Cal Waters original executive compensation testimony,[171] and Cal Water's executive compensation rebuttal Testimony.[172]

Q. Has the Commission authorized SERP or similar types of expenses for other utilities to be included in customer rates?

A. Yes. There are numerous examples, particularly for energy utilities, who have been authorized to include some or all of the expense for such programs in customer rates.

For Southwest Gas Corporation ("Southwest Gas") in D.14-06-028, the Commission examined their SERP benefits and found that it was an "essential components of Southwest Gas's overall compensation package that not only provided important tools for the Company to competitively attract and retain qualified executives, but to maintain a level of parity in

[167] *Id.*
[168] CWS Rebuttal Book #1, Chapter 5, Section B (Executive Compensation).
[169] CWS Testimony Book #1, p. 165.
[170] CWS Rebuttal Book #1, Chapter 5, Section B (Executive Compensation).
[171] CWS Testimony Book #1, pp. 161-163.
[172] CWS Rebuttal Book #1, Chapter 5, Section B.1.a (Proxy Peer Group Selection).

benefits."[173] Specifically, the Commission examined unopposed testimony showing that by excluding such benefits, this would place the company at the bottom of the market for executive compensation.[174] Thus, the Commission held, "Based on the foregoing, we find that Southwest Gas's request for 100 percent recovery of its SERP and EDCP expenses is reasonable and supported by the evidence, and we approve this request."[175]

For Southern California Edison Company ("Edison"), the Commission previously authorized Edison in D.19-05-020 to include 50% of the expenses for its non-qualified Executive Retirement Plan in customer rates.[176] In that decision, the Commission only authorized 50% rate recovery of such expenses because for Edison the executive benefits at issue were based in part on "bonuses received by the executive."[177] The Commission reached a similar result for Edison in D.21-08-036, again authorizing 50% of Edison's Executive Retirement Plan on the same basis.[178] This is different from how Cal Water structures its SERP. In contrast, as Cal Water previously explained, the SERP here is intended as part of the at-market compensation package intended to attract and retain executives. It is not a bonus and therefore a 50% disallowance that the Commission applied to Edison would not be appropriate. Notwithstanding the 50% disallowance, this example from Edison reflects the Commission's practice of authorizing and including these types of expenses in customer rates.

The Commission has also previously authorized other water utilities to include the costs of their SERP programs in rates, albeit as part of settlement agreements. Cal Water recognizes that these settlements may **not** be used as precedent and the Company does **not** intend to present them here as such. In D.24-12-077, the Commission recently adopted a settlement agreement resolving the GRC for San Jose Water Company. As part of that approved settlement agreement, the parties "agreed to include SERP in pension expenses and correct the qualified

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[173] D.14-06-028, p. 56.
[174] *Id.*, p. 57.
[175] *Id.*
[176] D.19-05-020, pp. 192-193.
[177] *Id.*, p. 193.
[178] D.21-08-036, pp. 421-422. The Commission also excluded SERP for certain executive officers entirely pursuant to Pub. Util. Code § 706(b) ("An electrical corporation or gas corporation shall not recover expenses for compensation from ratepayers. Compensation shall be paid solely by shareholders of the electrical corporation or gas corporation."). However, those prohibitions are only applicable to electric and gas utilities and are not applicable to Cal Water or other water utilities.

retirement plan to $4,560,000" (i.e., including the full amount of SERP expense as corrected for a data entry error).[179] In D.25-01-036, the Commission also recently adopted a settlement agreement resolving the GRC for Golden State Water Company. As part of that approved settlement agreement, the parties agreed that "SERP expense in 2025 will be funded at GSWC's requested level."[180] Again, Cal Water does **not** present these examples as precedent, but merely to provide a full context of what the Commission in other water utilities' rate cases.

These examples show that the Commission has authorized other utilities to include costs for similar types of benefits in rates where they are a component of the overall market compensation for executives. For the reasons set forth above, Cal Water has demonstrated that it should be authorized to include 100% of its SERP expenses in rates, consistent with the treatment that the Commission has afforded in other instances.[181]

Q. Would you like to summarize your testimony?

A. Yes, I would. The stated reason why recovery of SERP expenses was not allowed in our last GRC was due to alleged documentation deficiencies and not the necessity of the SERP to attract and retain key Cal Water employees and officers, or the benefit derived by customers by having these key employees and officers in place. As explained above, Cal Water has fully addressed the documentation deficiencies, provided further support for the necessity of the SERP to provide proportional and similar benefits to key employees and officers as to participants in the qualified benefit plan, and the customer benefits from having key employees and officers in place.

The SERP is a top-hat plan to the qualified benefit plan and thus can be thought of as an extension of that plan required to provide benefits on earnings in excess of IRS qualified plan limits. When added with salary, short and long-term variable compensation, and benefits (which includes the SERP), Cal Water's key employee and officer compensation packages are competitive with those paid by members of the Cal Water peer group. If SERP recovery is not

[179] D.24-12-077, Attachment B, pp. 9-10.
[180] D.25-01-035, Attachment A, p. 103.
[181] At a minimum, the Commission should authorize at least 50% of SERP expenses to be included in rates consistent with its treatment for Edison. As explained above, the structure and intent of Cal Water's SERP program as part of the overall compensation package differentiate it from Edison's Executive Pay Program such that 100% of Cal Water's SERP expenses should be authorized to be included in rates.

allowed, another element of the compensation package would need to be increased to achieve competitive levels. I have presented testimony on the strength of the peer group selection process, both in testimony and rebuttal testimony, the value received by Cal Water customers as a result of the strength of our key employee and officer team and examples of where the Commission has allowed similar types of retirement benefits is rates. Cal Advocates has presented no evidence that contradicts the evidence presented here, either in testimony or in rebuttal testimony.

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

CHAPTER 6. EXPENSES (O&M, A&G) (SCOPING ISSUE #2)

SPONSORED BY MELODY SINGH (EXCEPT APPRENTICESHIP PROGRAM AND CONSERVATION)

A. INTRODUCTION

Operation expenses are expenditures incurred in operating the water system. These expenses include purchased water, purchased power for pumping and boosting water, pump taxes, materials and supplies, postage, and transportation costs.

Maintenance expenses include the cost of repairing and maintaining the water system to keep it in good operating condition. Payroll, maintenance materials, and payments to contractors comprise most of these expenses.

Administrative and general expenses ("A&G") are expenses related to the day-to-day operations of a business rather than expenses that can be directly related to the production of water and services. A&G expenses include dues and donations, administrative payroll, benefits, rents, administrative charges transferred, workers' compensation, non-specifics, and amortization of limited-term investment.

The tables discussed in this chapter are provided at the end of the chapter as **Attachment 6-1**. Cal Water's rebuttal testimony on payroll and benefits expenses is discussed in **Chapter 5** of Rebuttal Book #1.

B. PRODUCTION RELATED EXPENSES

Water production related expenses are based on a fixed cost component and a variable component cost component. The variable component is based on a price/units and the number of units produced. The number of units produced is based on the number of units sold and units lost in production (referred to as unaccounted for water). In 2023, Cal Water's actual water sales were 94% of adopted sales. With actual water sales down, water production will be lower and water production costs will also be lower. This is an important point that Cal Advocates failed to address in their testimony and when it's an obvious reason why Cal Water's

2023 production costs are lower than adopted 2023 water production costs. Table 6-1 shows that historically, recorded sales have been lower than adopted sales.

Table 6-1

	2022	2023	2024
Adopted Sales	129,334,881	116,382,484	116,109,254
Actual Sales	115,011,070	109,974,745	114,334,753
Actuals of Adopted %	89%	94%	98%

1. Purchased Water

Cal Water projects purchased water expenses by taking the most recent (at the time of the filing) variable wholesaler rate and applying it to projected purchased water production plus the most recent fixed rate. Cal Advocates suggests that the methodology used by Cal Water led to a lower recorded purchased water expense than what was adopted and that using "an average of recent wholesaler rates, rather than the most recent rate, more accurately reflects Cal Water's annual expenses for purchased water."[182]

a) Increasing purchased water rates

Cal Advocates claims that purchased water rates do not increase consistently and that "eleven of the rates have even decreased at some point over the past two years."[183] This is completely incorrect. Cal Advocates does not provide an analysis to show that when variable rates decrease, it's matched with an offsetting, if not higher, increase in the fixed rate and vice versa. At a high level, Table 6-2 shows that purchased water costs have in fact increased annually. Table 6-2 shows an annual unit cost calculated by taking recorded purchased water expenses divided by recorded purchased water production. The unit cost blends fixed and variable rates together, but shows the overall direction purchased water rates have taken in the last three years. Clearly purchased water rates are increasing year over year. With the only exception being Bakersfield between 2022 and 2023, where 2021 and 2022 had dry year surcharges and a delay in the PG&E Ocele sharing costs that are driving the unit costs to appear higher than 2023.

[182] Ronco Testimony p. 1-3.
[183] Ronco Testimony p. 1-4.

Table 6-2			
Ratemaking Area	**2021**	**2022**	**2023**
Bakersfield	$1.57	$1.72	$1.47
Bay Area Region	$4.31	$4.78	$5.16
Bear Gulch	$4.64	$5.12	$5.55
Dominguez	$4.26	$4.51	$5.06
East Los Angeles	$2.95	$2.98	$3.33
Hermosa Redondo	$3.57	$3.72	$3.94
Livermore	$3.54	$4.21	$4.38
Los Altos	$3.80	$4.17	$4.70
Los Angeles County Region	$3.34	$3.62	$3.95
Oroville	$0.19	$0.20	$0.36
Stockton	$1.79	$1.25	$1.56
Westlake	$4.16	$4.54	$4.78

Cal Advocates also ignores the Commission's Industry Rule 8.4 in General Order 96-B which states, "[w]hen a Utility knows that an expense subject to offset is likely to change in the future, it shall file an advice letter for a concurrent change in rates." Cal Water has frequently filed tier 1 advice letters for purchased water and pump tax offsets using the latest wholesaler rates and the adopted purchased water.[184]

b) Production

Cal Advocates completely disregards the role that production, the total amount of water distributed, has in projecting purchased water. As explained above, lower sales equal lower production equals lower purchased water expenses.

c) Corrections

Cal Water's purchased water expense for rebuttal has two corrections. The first is a correction to Westlake's readiness to serve charge to use the Calleguas rate that was in effect in July 2024. The second is a calculation correction for Los Altos. The results of operations model used at the time of the filing used the contract cap amount as the production for purchased water, but should have used the projected purchased water amount because it is lower than the contract cap. Other differences in purchased water rates are due to differences

[184] *See also* PUC Code 792.5 related to reserve accounts to reflect the difference between actual costs and revenue collected through the offset rate for pass through costs.

in production. Cal Water's request in its Application was $217,140,705, however the new cost should reflect the updated sales forecast as well as the minor revisions. The Commission should approve a purchased water forecast of $214,774,570, which incorporates Cal Water's methodology, proposed production based of proposed sales, and the above mentioned corrections.

2. Pump Taxes

Pump taxes are groundwater replenishment assessment fees. Cal Water estimates pump taxes by using the most recent assessment rate applied to the projected pumped water, resulting in a projected Test Year expense of $19,670,984. Cal Water also uses the surface water production when estimating pump taxes for Bakersfield because that is how the district is assessed pump tax fees by the local agency. Cal Advocates agrees with Cal Water's methodology with the exception of Bakersfield, and any variations in other pump taxes is due to a difference in sales.

The second issue of disagreement relates to the Bakersfield district. The Bakersfield district pays pump tax fees to the Kern Company Water Agency as previously described in the opening paragraph of this section. This is not an issue with Cal Advocates. However, the Bakersfield district also pays a water replenishment fee to Kern Delta Water District ("KDWD"). The calculation of the annual fee to KDWD is an issues for Cal Advocates. Cal Advocates recommends that the surface water production is removed for Bakersfield in the calculation of pump taxes.[185] Cal Advocates references an invoice from Kern Delta Water Agency that shows the replenishment fee was based on surface water. On its face, Cal Advocates argument makes sense, why pay a pump tax fee on surface water? Ground water pump taxes should be based on ground water pumped. But not in this case and here is why.

KDWD has several unlined dirt canals that meander through the Bakersfield districts service territory. A certain amount of water in the canals naturally percolates into the groundwater basins from which the Bakersfield district pumps groundwater. KDWD was going to cement lined its canals which would have preserved their lost water but would have stopped

[185] Ronco Testimony, p. 1-14.

the replenishment of the groundwater basin from percolation. To prevent this, the Bakersfield district entered into an agreement with KDWD in 2003 to leave their canals unlined in exchange for an annual replenishment fee. The amount of water conveyed through their canals varies year to year based on the flows from the Kern River and the rain/snow in the river's watershed. The replenishment fee in the agreement was set based on the surface flows through the canals as seepage would be less during low surface flows and greater during high surface flows. Given this, Cal Advocates argument that surface water production is excluded from the Bakersfield pump tax calculation is a misunderstanding of how surface water comes into the equation and should be disregarded.

The Commission should approve a pump tax forecast of $19,670,984, which incorporates Cal Water's methodology, ground water production based of proposed sales and the special BK replenishment fee of $423,138 paid to KDWD.

a) Purchased Chemicals

Cal Water purchases chemicals to treat groundwater, surface water, raw purchased water and to maintain the water quality throughout its distribution system. Cal Water utilizes the standard methodology for forecasting purchased chemical expenses which is to calculate the unit cost ($/ccf) and multiply it by the estimated groundwater and surface water treatment production quantities. Cal Water forecasted $3,948,720 in its Application.

Antelope Valley and Coast Springs

Cal Advocates notes that Antelope Valley and Coast Springs "have no recorded chemical expenses for the past three and four years, respectively" and therefore should not have a chemical budget for years 2026-2028.[186] Cal Water agrees that projected purchased chemical expenses for Coast Springs and Antelope Valley should be zero given that they have not had recorded chemical expenses for the last few years and is unaware of any changes to the water mix that would require purchased chemicals going forward.

[186] Ronco Testimony p. 1-11.

Oroville Fluoride

Cal Water filed Application 24-10-003 to request elimination of the requirement in D.54444 for the Company to fluoridate the water in its Oroville System. Cal Water estimates an expense saving of $11,833 annually from this request that will be reduced from Oroville's chemical costs. The saving is based on the three-year average of fluoride related expenses.

Purchased Water in Chemical Cost Calculations

Cal Advocates believes that the projected production used to calculate chemical costs should include purchased water. While Cal Water does purchase some untreated water, it also purchases treated water which doesn't require additional chemicals upon entering our water systems. Cal Water believes that it should base its projection on the most reasonable production estimate by using only pumped and surface water amounts. Cal Water's Bakersfield, Kern River Valley, Lucerne and Oroville have purchased raw water[187] and Bear Gulch uses raw water collected via its river rights. All this water is treated in surface water treatment plants owned and operated by Cal Water. Cal Advocates fails to acknowledge that the raw purchased water is categorized as surface water for production purposes and are already included in the calculation of purchased chemicals for Bakersfield and Kern River Valley. The MDR book describes water sources by region and states that there is both potable purchased and surface water in Redwood Valley for Clear Lake.[188] Oroville has surface water, however classifies it as purchased water because of the water supply contract with County of Butte.[189] Cal Water is amenable to including purchased water production into the chemical calculation for Lucerne and Oroville because of their unique circumstances. Lastly, and really most importantly, it doesn't make sense to extrapolate this information to the purchased treated water in other districts. The Commission should continue to approve Cal Water's methodology of forecasting purchased chemicals to treat groundwater, surface water, raw purchased water and to maintain the water quality throughout its distribution system, which results in a Test Year expense of $3,498,690.

[187] Cal Water Response to Cal Advocates DR CR8-001.
[188] MDR Book page 79. The various sources of supply for each district is also described in CWS Testimony Book #1, pp. 48-52.
[189] MDR Book, p. 82

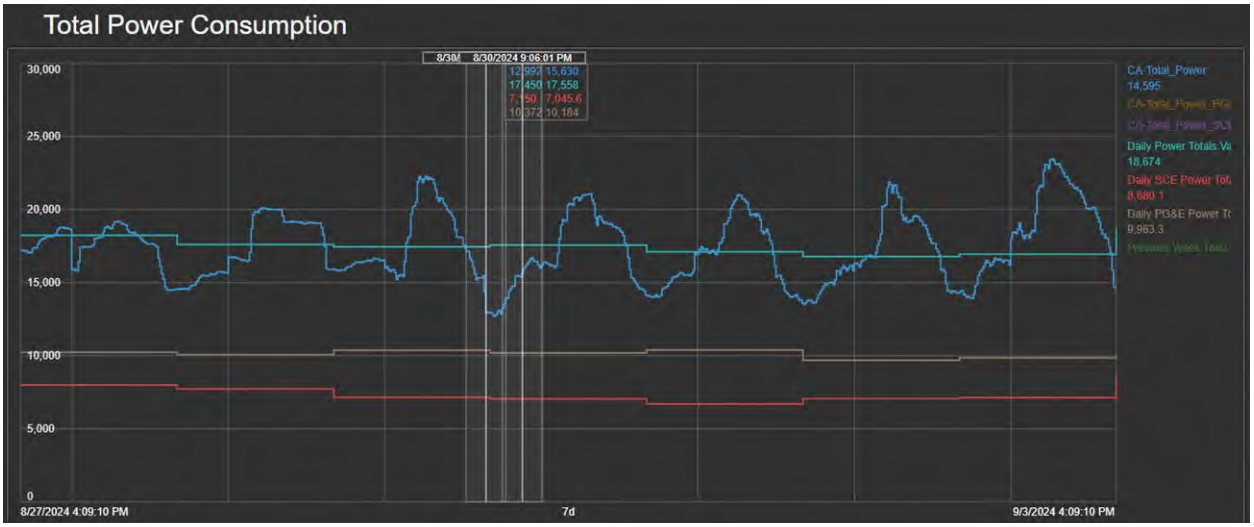
b) Purchased Power

Cal Water uses the recorded 2023 purchased power unit cost, calculated by taking total purchased power expenses divided by recorded KwH, and applies the unit cost to projected production to estimate purchased power expenses. Cal Water used 2023 data specifically because it was the latest year of available data at the time of filing. Paired with its original sales and production units the forecast resulted in a Test Year expense of $30,778,501 in the Application. Cal Advocates declares that 2023 is atypically high-power cost year. There are major flaws in their rationale. Cal Advocates disregard the power requirements from different sources of supply such as pumped ground water from wells versus purchased treated water generally already at water pressure levels comparable to Cal Water's systems. The associated pumping costs for these varied sources of supply in this production-related expense are quite different. In addition, Cal Advocates tries to negate the impacts of increasing power costs that the Commission has and is dealing with now.[190]

Table 1-3 of the Ronco Testimony shows decreasing KwH from 2021 to 2023 and increasing purchased power expenses, which is clearly a result of increasing power costs. Cal Advocates even states "Cal Water produced the least amount of water company wide of the past five years, and recorded its highest purchased power costs."[191] Cal Advocates fails to acknowledge that purchased power costs are increasing faster than Cal Water's power consumption. Instead, Cal Advocates attributes higher purchased power costs to inefficient power use during peak times. **Figure 6-1** below shows Cal Water's company-wide energy usage during the week of August 27, 2024, a typically hot period, from the Energy Management System. The graph shows the high and low daily usage and that usage during the peak period of 4pm to 9pm, when energy rates are at their highest, is lower than other times throughout the day. This can be seen for August 30th in the middle of the chart at 9:06 pm as the low point on the chart. This week is reflective of normal operations.

[190] The 2021/22 CPUC Affordability report states "Forecasted analysis indicates that electric bills started becoming much less affordable in 2022 and will continue on that trend until at least 2026, driven by forecasted increases in electricity rates."
[191] Ronco Testimony p.1-8.

Figure 6-1



The year 2023 is not atypically high. It is reflective of the increasing costs of electricity. The Commission should approve Cal Water's unit cost based on 2023 since it most accurately reflects purchased power rates from the last recorded year and its updated sales forecast, which results in a Test Year expense of $30,825,370.

Solar Project Adjustments

Cal Water is making adjustments for its proposed CSS Solar project (PID 133533) and Bakersfield Solar Project (PID 133577) as discussed in **Chapter 2 of Rebuttal Book #2** and **Chapter 4 of Rebuttal Book #3**, respectively.[192] Cal Advocates does not discuss solar project related savings and expenses in its O&M report.

Since filing this GRC Application, there has been a change in the CSS model that was submitted by the developer with refined utility specific assumptions. The power expenses are updated to reflect 2027 and 2028 savings of approximately $80,000 annually, normalized over the 2024 GRC cycle. These savings will be passed on to all the various ratemaking areas based on the four-factor allocation. Additionally, the Bakersfield project has had a change in vendor and we anticipate a minor increase in the final Purchased Power Agreement ("PPA") rate compared to what was originally provided, which reduces the savings from $412,402 to $389,379 annually.

[192] The expense implications of the CSS Solar project are discussed under the Transmission & Distribution section of this chapter.

C. PURCHASED SERVICES

Purchased services include non-labor expenses incurred in the operation of pumping, water treatment, transmission and distribution lines, customer records maintenance, and the operation of source of supply facilities. Unusual items with each one of these expense categories are discussed in the applicable headings below. Additionally, Cal Advocates makes two arguments in the majority of purchased service expense categories that are discussed in the next two paragraphs.

Cal Advocates makes recommendations for each of the following purchased services: source of supply, pumping, water treatment, transmission and distribution and customer accounting. Cal Advocates cherry picks from their analysis and indicates that the 2023 recorded expenses for source of supply and pumping expenses were higher than adopted. Cal Advocates fails to acknowledge that the recorded 2023 expenses for all purchased services was $43 million while only $24 million was adopted in rates. In fact, Cal Water has consistently spent more than adopted every year since 2020.[193]

Cal Advocates incorrectly determines non-recurring expenses by using general ledger entries.[194] Some of the adjustments included in Cal Advocates' list of non-recurring expenses are accruals. Accruals are made to record expenses in the period they are incurred and not paid. They are reversed out in the following month and net to zero, which means they do not have an impact on the five-year expense average. There are other items on the Cal Advocates list of non-recurring expenses, most of which are in fact recurring expenses. Attachment 6-3 shows all expense items that were listed in Cal Advocates Tables of nonrecurring items (Tables 2-4, 2-5, 2-6, 2-7, 2-8, 2-9, 2-10, 2-11 and Attachment 2-11) above $1,000 dollars.[195] There are items that Cal Advocates lists as nonrecurring expenses such as landscaping, surveying, and lab samples, but all of these are expenses that are part of normal operations. The Commission should approve $37,544,981 for 2026 purchased services expense and disregards Cal Advocates incorrect non-recurring expense claims.

[193] CWS Rebuttal Book #1, Attachment 6-2.
[194] Ronco Testimony, pp. 2-10, "Certain GL entries do not have a recurring journal identification or reference number in the same year, while some entries contained no reference number at all."
[195] Ronco Testimony, pp. 2-10 to 2-23.

1. Source of Supply

a) Overall Issue: SGMA General Support

Cal Water forecasts additional costs associated with the Sustainable Groundwater Management Act ("SGMA") in Test Year 2026 source of supply expenses to Customer Support Services ("CSS"). The total costs are $732,457 per year and consist of multiple components.

b) Issue 1: SGMA General Support

Cal Water forecasts $150,000 per year for SGMA general support

Cal Advocates Position on Issue 1. Cal Advocates position is that this is a one-time expense because the supporting invoice provided in response to data request CR8-006 was for a year.[196] It should be amortized over three years. Thus the Commission should adopt a forecast for SGMA general support of $50,000 per year.

Cal Water Rebuttal. Cal Water's districts fall within multiple Groundwater Sustainability Agencies ("GSA's") within the State, and under multiple Groundwater Sustainable Plans ("GSP's"). These plans are still being finalized in some areas, and in other areas are now being updated on a five-year schedule. Due to these evolving plans, there is a need to constantly monitor the activities of the GSA's, and any changes to the GSP's that could affect Cal Water. This often results in a need to conduct analyses to understand the impact to Cal Water based on changing water levels and project management actions, including reduced pumping.

There is an annual need for these analyses. Cal Advocates recommendations are inconsistent with understanding the current GSA conditions and requirements. Cal Advocates is making their recommendation based on a proposal Cal Water provided in response to a data request, but the proposal was for a one-year project and provided as a comparable annual cost, not a three-year cost. There will always be a need to do yearly analysis, and therefore the full $150,000 per year amount is needed.

[196] Ronco Testimony, Attachment 2-4.

c) Issue 2: SGMA Technical Advisory Committee

Cal Water forecasts $99,308 per year for SGMA technical advisory committee support. The forecast consists of three different districts: 2024 costs for support in the Salinas district, 2024 costs for support in the Visalia district, and an estimate of 2024 support for another district based on the Salinas costs.

Cal Advocates Position on Issue 2. Cal Advocates states that Cal Water overestimates the costs of SGMA technical advisory committee support by using the more expensive consultants and then using these costs to estimate additional costs. The Commission should adopt a forecast of support using the most affordable consultant costs. To account for travel expenses that were not incurred for Visalia, $1,100 should be added to the $12,600 consultant costs. The resulting $13,700 should be multiplied by 3 districts for a total cost which amounts to $41,100 per year. The Commission should adopt a forecast of $41,100 per year for SGMA technical advisor support.

Cal Water Rebuttal. It is Cal Water's intent to use the most affordable consultants with the best knowledge and qualifications in each of its service territories to properly represent Cal Water in the GSA Meetings. Cal Water is not actively seeking to hire more expensive consultants, but has needed to utilize certain consultants to continue to fulfill their position with the GSA Committees.

In the case of the consultant for Visalia, the GSA Advisory Committee requires a local, qualified representative to serve on the Committee. The Advisory Committee rejected other Cal Water staff not local to the area, and therefore Cal Water sought out a local consultant to help serve on the Committee, to represent Cal Water, and to report back on the activities of the Committee. In this case, Cal Water is utilizing an affordable, local consultant with the proper qualifications to fulfill the position.

In the case of Salinas, this same option of a less costly consultant was not available given the requirements of the positions with the GSA Committees. For the Committees in Salinas, specialized groundwater basin technical expertise was required, and the position had to be appointed by the GSA. In order to have Cal Water representation in these Committees, Cal Water recommended a qualified consultant, who was appointed and accepted. This consultant does come at a more expensive cost, but has properly represented Cal Water and is fulfilling a

muti-year term with the Committee. Had other lower cost consultants with the proper qualifications been available, like in Visalia, Cal Water would have pursued those options.

In order to properly estimate the maximum cost that could be incurred in a third region for SGMA support, Cal Water applied the Salinas consultants costs as a proxy to ensure we'd have the funding to engage a qualified consultant. However, when the time comes to hire this consultant, Cal Water will be following its purchasing policy and engage the lowest cost responsible consultant.

Cal Advocates recommendations are not reasonable to allow Cal Water to be properly represented in these Committees, and their recommendations add additional costs to regions where it is not needed. The $13,700 per region is not enough to properly cover the costs in the Salinas region given the qualifications and expertise needed to fulfill the Committee seats. Additionally, adding an additional $1,100 for travel costs in Visalia is not required, and only add costs to our Visalia customers. The total costs allowed should consider the needs in each region and be appropriate to the technical expertise and local qualifications required. Accordingly, the Commission should approve Cal Water's forecast of $99,308 per year for SGMA technical advisory committee support.

d) Issue 3: Alternative Water/Groundwater Banking

Cal Water forecasts $300,000 to complete two water supply and demand assessments per year.

Cal Advocates Position. Cal Water drastically overestimates these costs and fails to provide substantial evidence that these costs will likely be incurred. The Commission should disallow the full requested amount and adopt a forecast of $0 per year for alternative water/ groundwater banking.

Cal Water Rebuttal. Multiple water supply studies for Cal Water's districts in the Central Valley region recommend further investigation into alternative water sources including groundwater banking to fulfill projected water supply gaps in the next 25 years. In order to understand the feasibility of this alternative source, further study is needed to identify

potential locations and partners, to understand the soil conditions in those locations, and to identify the infrastructure needed to utilize groundwater recharge and banking.

In the absence of a specific consultant quotation for groundwater banking investigation work, Cal Water utilized a similar work type study to establish an estimated cost. Consistently the costs for this type of study are more based on the duration of the study, as much as the technical content included. In this case, the groundwater banking investigation work is estimated to take 3-6 months, and therefore the cost of one study is estimated to be the $111,000 cost provided in a proposal increased to $150,000 included in our filing. Cal Water understands that the $39,000 increase was not as specifically defined, but rather to account for costs of justifiable expenditures that the consultant may encounter when completing their investigations and studies.

Cal Advocates' recommendations misunderstand the intent of the cost justification provided, and Cal Water requests to complete two studies per year at the full $300,000 per year.

2. Pumping

a) AMI

As part of the AMI initiative in the Bay Area Region, Bear Gulch, Los Altos, Los Angeles County Region and Westlake, Cal Water included expense savings of $111,544 for the reduction of pumping resulting from improved leak analysis. Cal Advocates proposes modifications to the program, acknowledging that approval "will result in changes to the AMI savings included in the TY pumping forecast,"[197] but did not make any changes in the results of operations model to reflect their position. Cal Water's position on Cal Advocates AMI modifications is discussed in **Chapter 1 of Rebuttal Book #2**. Cal Water's position results in reducing the AMI related savings for pumping expenses by 50%. However, if the Commission accepts Cal Water's AMI proposal in its entirety, then 100% of the savings included in Cal Water's original 2024 GRC filing need to remain in the Results of Operations model. Conversely, if the Commission rejects Cal Water's

[197] Ronco Testimony, pp. 2-16 to 2-17.

proposed AMI project in its entirety, then 100% of the savings should be removed from the Results of Operations model.

3. Water Treatment

a) AMI

As part of the AMI initiative in the Bay Area Region, Bear Gulch, Los Altos, Los Angeles County Region and Westlake, Cal Water included expenses of $131,415 for the software required to integrate AMI data with other systems. Cal Advocates proposes modifications to the program, acknowledging that approval "will result in changes to the AMI savings included in the TY water treatment forecast,"[198] but did not make any changes in the results of operations model to reflect their position. Cal Water's position on Cal Advocates AMI modifications is discussed in **Chapter 1 of Rebuttal Book #2**. Cal Water's position results in reducing the AMI related expenses for water treatment expenses by 50%. However, if the Commission accepts Cal Water's AMI proposal in its entirety, then 100% of the expenses included in Cal Water's original 2024 GRC filing need to remain in the Results of Operations model. Conversely, if the Commission rejects Cal Water's proposed AMI project in its entirety, then 100% of the expenses should be removed from the Results of Operations model.

b) East LA Water Quality Lab

Cal Water originally estimated the completion of the East LA Water Quality in 2027 which resulted in an annual savings of $534,667, but has since revised its completion date to 2025. In response to data request CR8-007 question 2.a.iii, Cal Water acknowledges that the savings should be set to start in 2026, the first full year of the lab.[199] Cal Water agrees with Cal Advocates that the Commission should adopt the changes resulting from the lab starting in 2026 with $802,000 in savings each year.

[198] Ronco Testimony, pp. 2-19.
[199] Ronco Testimony, Attachment 2-9.

4. Transmission and Distribution

Cal Advocates did not have any recommendations to transmission and distribution expenses except for their suggested nonrecurring expenses.

a) Solar Project Adjustment

As discussed above in the purchased power section, Cal Water has made a change to its CSS solar project model which results in a decrease in expenses from its July Application. The July expense estimate was $23,266 annual and it should be decreased to $5,669 in the final decision.

5. Customer Accounting

a) AMI

As part of the AMI initiative in the Bay Area Region, Bear Gulch, Los Altos, Los Angeles County Region and Westlake, Cal Water included expense savings of $1,638,234 for reduced meter reading expenses. Cal Advocates proposes modifications to the program, acknowledging that approval "will result in changes to the AMI savings included in the TY customer accounting forecast,"[200] but did not make any changes in the results of operations model to reflect their position. Cal Water's position on Cal Advocates AMI modifications is discussed in **Chapter 1 of Rebuttal Book #2**. Cal Water's position results in reducing the AMI related savings for customer accounting expenses by 50%. However, if the Commission accepts Cal Water's AMI proposal in its entirety, then 100% of the savings included in Cal Water's original 2024 GRC filing need to remain in the Results of Operations model. Conversely, if the Commission rejects Cal Water's proposed AMI project in its entirety, then 100% of the savings should be removed from the Results of Operations model.

[200] Ronco Testimony, pp. 2-24.

b) Hyperion and Enterprise

The results of operations model had two lingering adjustments that made it into Cal Water's testimony.[201] The adjustments were for the Hyperion Upgrade (PID 100031) and Enterprise Reporting and Analysis (PID 99346) that were used to adjust the customer accounting expense in the 2021 GRC.[202] As explained in response to question 2 of data request CR8-008, these savings are already built into the recorded expenses.[203] The Hyperion project closed in 2017 and the Enterprise project closed in 2019. The Hyperion project's first full year of savings would have been 2018. Cal Water uses an inflation adjusted five-year average (2019-2023) for estimating expenses in accordance with the rate case plan, therefore the savings are already realized.[204] Similarly, the first full year of the benefits from the Enterprise project would be 2020. In order for the full savings to be captured in the five-year inflation adjusted average, Cal Water will reflect the savings in 2019 so that a full five-years of savings is reflected in the 5 the 2024 GRC Results of Operations model.

c) East LA Water Quality Lab

Cal Water originally estimated the completion of the East LA Water Quality in 2027, which resulted in an annual savings of $43,333, but has since revised its completion date to 2025. In response to data request CR8-007 question 2.a.iii, Cal Water acknowledges that the savings should be set to start in 2026, the first full year of the lab.[205] Cal Water agrees with Cal Advocates that the Commission should adopt the changes resulting from the lab starting in 2026 with $65,000 in savings each year.

d) Software Expenses

Cal Water requests a three-year inflation adjusted average for software expenses to reflect the most recent licensing fees. Cal Advocates recommends using the five-year average but does not acknowledge the latest licensing fee expenses. One of the main reasons for the

[201] CWS Testimony Book #1, p.74.
[202] The expenses in 2021 GRC were based on a 5-year inflation adjusted average using the years 2016-2020.
[203][203] Ronco Testimony, Attachment 2-12.
[204] D.07-05-062, p. A-24.
[205] Ronco Testimony, Attachment 2-9.

recent increase is that we have more license fees now with more cloud based services that didn't exist four or five years ago, therefore a five year average would be skewed because several license fees did not exist four to five years ago. In this case, averaging would only work if we had the same number of licenses and only the fees where increasing.

Attachment 6-4 shows support for Cal Water's recommendation and demonstrates that even a three-year inflation-adjusted average is still not the full expense that Cal Water anticipates in the Test Year. The attachment shows that Cal Water anticipates spending $8,849,104 annually on software licenses while the three-year average results in $7,667,548. While we would like the Commission to approve the full anticipated expense, Cal Water recommends that the Commission approve at least a three-year inflation adjusted average of software expenses.

e) CAD Licenses

Cal Water requested $198,000 annually for CAD licenses. Cal Advocates recommends $69,284 a year based on their calculation of using an average cost per license of $855.36 multiplied by 109 licenses.[206] Cal Advocates methodology of using an average cost per license results in an expense less than the most recent invoice received for CAD licenses. Cal Water would like to update its request to $93,234 annually to reflect the last invoice it received for the 109 licenses. Attachment 6-5 is an invoice from 2024 for the 109 licenses.

f) Twin Digital Data Analytics

Cal Water originally requested $200,000 for implementation of the Digital Twin data analytics system across major Cal Water treatment plants to support production optimization of production facilities. While responding to Cal Advocates Data Request CR8-008, Cal Water notices that it inadvertently overestimated the implementation expense and will adjust the expense to $80,000 annually starting in 2027.[207] Cal Advocates recommends that the "Commission should [therefore] adopt the correct forecast of $80,000 per year for the Digital

[206] Ronco Testimony, Attachment 2-12 (Cal Water Response to Cal Advocates DR CR8-008).
[207] *Id*.

Twin data analytics."[208] However, since this expense starts in the second year of the GRC cycle, Cal Water will normalize the expense of two years, $160,000, over the three-year period, resulting in $53,333 annually. This expense is associated with capital project PID 132815. If this project is disallowed in the final decision, Cal Water will remove this expense, otherwise Cal Water recommends that the Commission should allow $53,333 annually.

g) VR Technology

Cal Water requests $18,000 a year for virtual reality technology to support water system equipment operation training. Cal Advocates recommendation for VR technology is $0 because Cal Water "already implements and incurs expenses for in-person training for employees."[209] This expense is associated with capital project PID 132809, if this project is disallowed in the final decision, Cal Water will remove this expense otherwise Cal Water recommends that the Commission should allow $18,000 annually. The benefits of Virtual Reality ("VR") Technology are described below.

VR offers a safe and immersive environment for water utility safety training, allowing trainees to practice complex scenarios and procedures in a controlled setting, improving skills and decision-making abilities, and ultimately enhancing workplace safety.

Specific benefits of VR in Water Utility Safety Training

- VR can simulate real-world scenarios, including hazardous situations, allowing trainees to practice.
- VR provides a hands-on learning experience, allowing trainees to manipulate controls, troubleshoot issues, and experience emergency scenarios, which are crucial for developing practical skills.
- By allowing trainees to practice in a safe environment, VR can reduce the risk of accidents and injuries in the field.
- VR can be used for remote training, allowing employees to access training materials and practice scenarios from anywhere.

Examples of VR Training Scenarios in Water Utilities:

- Simulating scenarios like equipment malfunctions, leaks, or spills, allowing trainees to practice emergency response procedures. Cal Water envisions starting by implementing a fire extinguisher training module that would allow

[208] Ronco Testimony p. 2-27.
[209] Ronco Testimony p. 2-28.

our employees to train on appropriate fire suppression equipment use, while avoiding creating an actual real-world scenario that would be unsafe and impractical. Cal Water also envisions creating a station treatment plant or water disinfection chemical leak mitigation training module that would allow operators to train on addressing per regulations any chemical leak events. Again, it would be hazardous and impractical to create a real-world chemical leak event for training purposes.

- Simulating water treatment processes and infrastructure, enabling managers and engineers to visualize workflows, system malfunctions, and data flows in real-time.
- Simulating the operation of pumps, valves, and other equipment, allowing trainees to practice safe operating procedures.
- In a digital environment, training and practicing on CPR techniques and AED use.

In conclusion, VR offers a powerful and effective tool for enhancing safety training in the water utility sector, providing a safe, immersive, and engaging learning environment that can improve skills, retention, and ultimately workplace safety. Cal Water intends to focus the VR technology on the following training topics:

- Fire extinguisher / fire suppression.
- Chemical spill mitigation.
- Construction site hazard identification and mitigation.
- CPR techniques and AED use.
- Ergonomics (lifting and avoiding strains and sprains).

In addition, Cal Water is planning to implement the 51-100 concurrent users licensing structure. Under this structure, each individual license would be tied to an individual VR headset device. Cal Water plans to have a number of VR headsets allocated to each CA district and CSS office, depending on the number of employees at those locations. The VR headsets (and licenses tied to them) would be rotated amongst the employees with up to 100 users concurrently using them. We don't expect the VR headsets (and licenses tied to them) to increase significantly over time, as we don't plan to provide an individual VR headset for each existing and incoming new employee.

h) Replace Mitel Phone System

Cal Water requested $330,000 annually for an annual licensing subscription fee associated with the Mitel phone system moving to service in the cloud. Cal Advocates

recommends reducing the request to $220,994. Cal Advocates includes savings identified by Cal Water in response to Data Request CR8-008 question 6. g. and nets it against Cal Water's original request.[210] However, Cal Water realized that its original request includes the savings and therefore Cal Advocates recommendation has effectively already been implemented. **Attachment 6-6** shows the ongoing licensing fee starting in 2026 as $471,000. The current annual license fee of $148,000 will be superseded and no longer incurred. The net request between the new fee and the superseded fee is $323,000.

It is important to recognize the critical role that the continuous vendor support and service play in ensuring the ongoing success and smooth operation of the newly implemented solution. The renewal of the software maintenance agreement is not merely an expense, but a necessity for system reliability, performance, and customer satisfaction. The Importance of this maintenance expenses includes ongoing support and service, Service Level Agreement ("SLA") Compliance, critical updates and security patches, proactive issue prevention, and long-term value. The annual software maintenance renewal is a critical element in ensuring the success of our new application, safeguarding the system's stability, and upholding our commitment to excellent customer service.

Cal Water recommends that the Commission approve $323,000 annually for the cloud based Mitel phone system licensing fee.

i) Service Desk Upgrade

Cal Water requests $280,000 annually for a service desk upgrade cloud license fee. Cal Water inadvertently stated in its response to Cal Advocates data request CR8-008 question 6.h. that the "frequency and amount of the actual service upgrade license is a one-time fee just during the implementation for the first year."[211] Cal Water mistakenly interpreted the $280,000 as an annual amount when it is actually the three-year budget. The request annualized results in $93,000 expense per year.

However, as a result of the data request response, Cal Advocates recommended amortizing a quote for the fee of $141,460 over the three-year cycle, resulting in an annual

[210] Ronco Testimony, Attachments 2-12, 2-14, and 2-15.
[211] Ronco Testimony, Attachment 2-12.

expense of $47,153. In fact, both Cal Water and Cal Advocates recommendations are not the right amount. Cal Water recommends that the Commission recognize that the licensing fee is recurring annually and adjust Cal Water's request down from $280,000 to $93,000 annually. **Attachment 6-7** supports Cal Water's request.

6. Purchased Services Conclusion

The Commission should approve Cal Water's recommendations discussed above. Additionally, there was an inadvertent error to the escalation rates that results in a variance in majority of the expenses filed in Cal Water's application. The Commission should approve the following expenses which include a correction to the escalation rates.[212]

Purchased Service	Test Year
Source of Supply	$1,441,712
Pumping	$2,702,682
Water Treatment	$8,190,142
Transmission & Distribution	$6,492,491
Customer Accounting	$18,717,955

D. CONTRACTED MAINTENANCE

Cal Water and Cal Advocates agreed in a prior rate case to treat tank coating costs as prepaid expenses to be amortized over ten years with the unamortized portion to be included in working cash. There is no methodological difference in calculating the unamortized portion of tank-coating expenses from the 2021 GRC and prior approved tank coating projects.

In this GRC, Cal Water proposed new tank painting projects as Capital Additions to plants to eliminate current inefficient and unnecessary manual processes to treat them as prepaid expense projects.[213] Mr. Ronco, Cal Advocates' Operations and Maintenance Expense Witness, erroneously recommends to remove all recorded and previously authorized tank painting expenses from contracted maintenance.[214] Mr. Ronco defers to the testimony of Mr. Sorensen, Cal Advocates' Plant Witness for Cal Water's Tank Improvement Program, who

[212] These expenses are subject to change based on the outcome of Special Request #6, which requests use of the most current escalation factors in the final decision of this proceeding.
[213] CWS Testimony Book #1, p. 134.
[214] Ronco Testimony pp. 2-29 to 2-30.

recommends a forecast for Cal Water's proposed capital program based on his analysis of historical performance. As Cal Advocates does not offer an argument as to why Cal Water shouldn't continue to amortize recorded and previously authorized coatings in progress, the Commission should approve Cal Water's forecasted expenses for this category as proposed.

1. Nonrecurring Expenses

As discussed above in the purchased water services, Cal Advocates incorrectly determines non-recurring expenses by using general ledger entries.[215] Some of the adjustments included in Cal Advocates' list of non-recurring expenses are accruals. Accruals are made to record expenses in the period they are incurred and not paid. They are reversed out in the following month and net to zero, which means they do not have an impact on the five-year expense average. There are other items on the Cal Advocates list of non-recurring expenses, most of which are in fact recurring expenses. **Attachment 6-8** shows all expense items that were listed in Cal Advocates **Attachment 2-17** above $1,000. The Commission should approve $13,850,583 for 2026 contracted maintenance expenses and disregards Cal Advocates incorrect non-recurring expense claims.

E. MAINTENANCE EXPENSE – STORES

Cal Advocates does not discuss Cal Water's recommendation for Maintenance Expense Stores, therefore the Commission should approve Cal Water's recommendation with the corrected escalation rate for a Test Year expense of $1,255,543.

F. UNCOLLECTIBLES

Cal Water's methodology for forecasting test year uncollectible expenses is to use a two-year (2022 and 2023) average of the annual uncollectible rate. To calculate uncollectible expenses for the test year, the uncollectible rate is multiplied by forecasted revenues. Cal Advocates disagrees with Cal Water's forecast methodology and recommends including 2018 and 2019 into the average while at the same time excluding years 2020 and 2021.[216]

[215] Ronco Testimony p. 2-29.
[216] Ronco Testimony p. 2-21.

Cal Water disagrees with using 2018 data for the purpose of forecasting the uncollectible rate as it is outside of the five-year scope that is generally used for forecasting expenses. While 2018 data is in the Results of Operations model, it's not used for expense calculations. While Cal Advocates is correct in that 2019 did not have any "outstanding events that increased uncollectibles to an abnormal level," Cal Water argues that 2022 and 2023 reflect the new norm in uncollectibles post the COVID-19 pandemic. The Commission should approve Cal Water's methodology of using 2022 and 2023 annual averages to calculate the uncollectible rate.

G. TRANSPORTATION

Cal Water projects operation, maintenance and administrative transportation expenses for expenses related to the company's fleet of vehicles. Cal Water uses a five-year inflation adjusted average as well as projected maintenance for new fleet additions associated with proposed complements and capital projects. Cal Advocates disagrees with the methodology used by Cal Water.

1. Five-Year Inflation Adjusted Average

Cal Advocates states "[u]sing an average of total transportation expenses fails to account for the decrease in the number of vehicles in Cal Water's total fleet."[217] This argument is intrinsically incorrect. The transportation expenses are direct costs incurred with the fleet for any given year and using the average accounts for fluctuations in expenses as well as number of vehicles in the fleet. The five-year inflation adjusted average is an industry standard for forecasting expenses.

2. Additional Vehicle Costs

Cal Advocates also recommends removing expenses associated with proposed complements and capital projects. Cal Advocates recommends an alternate methodology for estimating transportation expenses. Cal Advocates suggests using an average of the per vehicle

[217] Ronco Testimony p. 2-3.

costs for 2019-2023 multiplied by the number of vehicles in 2024."[218] The proposed methodology does not explain how to forecast Test Year transportation expenses given Cal Water's request for proposed complements and projects.

Cal Water estimates vehicle expenses associated with proposed complements and new vehicle additions by using the 2023 recorded expenses and the number of vehicles. This methodology yields a more accurate representation of anticipated vehicle expenses because it uses the last recorded year of data and applies to the number of requested vehicles. Cal Water originally requested maintenance expenses associated with 22 new vehicles but would like to amend its request to 24 new vehicles to include an additional fire hydrant maintenance truck and truck in East LA and Livermore, respectively. Cal Water will adjust its transportation expense based on new vehicles pending the outcome of the proposed complements that require vehicles and the aforementioned two additional vehicle requests.

3. Cal Advocates Response to Data Request CWS-007

Cal Water requested the supporting calculations used to generate Cal Advocates' transportation expense recommendation in Cal Water data request CWS-007.[219] In its response, Cal Advocates noted errors in their original estimate and sent a revision to their proposal as part of their response.[220] As described in their report, Cal Advocates takes the recorded transportation expenses divided by the number of vehicles per year and calculates a five-year average. Cal Advocates, however, makes an error when compiling the recorded expenses by excluding A&G transportation expense.[221] Cal Advocates did not escalate expenses in their analysis, which is contrary to the standard inflation adjusted average prescribed in the rate case plan, and we excluded escalation as well in our correction of their recommendation. With this assumption, Cal Advocates' actual transportation expense recommendation including A&G transportation expense, should have been $8,895,660, which is slightly higher than Cal Water's

[218] Ronco Testimony p. 2-4.
[219] CWS Rebuttal Book #1, Attachment 6-9.
[220] Cal Advocates Response to Cal Water DR CWS-007.
[221] This expense can be found in the Results of Operations model by Summary of Earnings (SOE) key 03-03.

original request.[222] Had Cal Advocates properly used the inflation adjusted expenses for 2019-2023, their recommendation would have been $10,034,188.[223]

The Commission should approve Cal Water's request which uses a five-year inflation adjusted average and incremental expenses associated with vehicles for proposed complements and projects, which results in a Test Year expense of $7,797,034.

4. Vehicle Expenses Allocated as Operations, Maintenance and Administrative Expenses

As discussed in **Testimony Book #1**, Cal Water uses the 2023 recorded expense distribution ratio to allocation the Test Year expense between the operation, maintenance, and A&G categories.[224] Cal Advocates states that "Cal Water does not provide a compelling reason to separate its transportation forecast into operations, maintenance, and A&G."[225] As described in the Commission's Uniform System of Accounts ("UsoA") for Class A Water Utilities, Standard Practice U-38-W, all transportation expenses are charged to clearing account 903 and then allocated to the various expense accounts.[226] The Commission should disregard Cal Advocates' neglect of the USoA for Class A Water Utilities.

H. POSTAGE

Cal Water estimates postage expense by calculating postage cost per service. The cost per service is calculated by taking the last recorded (2023) postage expense divided by the number of services in the last recorded year (2023), which is increased by the percent increase of the postage rate. Cal Water used 5.43% as the percent increase for its July 2024 Application. The postage rates were $0.63 January 2023, $0.66 July 2023, and $0.68 January 2024. Cal Water uses the January 2024 and average 2023 rate to calculate the percent increase.[227] Cal Advocates does not contest Cal Water's methodology, however, they recommend a percent

[222] CWS Testimony Book #1, p. 62 (Cal Water requests $8,755,620).
[223] CWS Rebuttal Book #1, Attachment 6-10.
[224] CWS Testimony Book #1, p. 62.
[225] Ronco Testimony, p. 2-6.
[226] Commission's Uniform System of Accounts for Class A Water Utilities, Standard Practice U-38-W, pp. A101, A107 and A132-A133. These pages reference the first occurrence of transportation expenses as part of operations, however in various expense accounts throughout the document.
[227] Ronco Testimony, Attachment 2-3.

increase of 3.0303%, which is the postage rate increase between July 2023 and January 2024. Cal Advocates claims that "Cal Water's postal rate increase is not in line with the trend of historical data" and indicates that the increase is an outlier.[228] However, the postage rate has consistently increased in the last five years, with the latest increase of 7.35% from January 2024 to July 2024.[229] Cal Water's projection is reasonable given the latest increase. The Commission should adopt a postage rate increase of 5.43%.

I. A&G NON-SPECIFICS

Cal Advocates recommended two adjustments that affect the A&G non-specific expense line. The first adjustment was made in Nguyen's capital testimony to remove certain land assets from ratebase, along with an estimated amount to reduce operating expenses by $339,549.[230] Cal Water does not agree with this recommendation and discusses its position in Chapter 7 of this book where removal of land from rate base is discussed.

The second adjustment Cal Advocates made to A&G non-specifics is for the removal of LTI, which is addressed in **Chapter 5**.

The Commission should approve Cal Water's forecast of $44,439,975 for A&G non-specifics based on the merits discussed in the referenced sections above.[231]

J. APPRENTICE PROGRAM

SPONSORED BY DARIN DUNCAN

Cal Water has proposed an apprenticeship program to benefit the customer by formalizing and enhancing the current employee training to quickly transition less-experienced, potential employees into effective resources. These trained apprentices will be capable of servicing all customer needs and will fill a critical need. This is especially true in areas where Cal Water has experienced challenges hiring skilled employees. An apprenticeship program is a

[228] Ronco Testimony p. 2-6.
[229] USPS Postal History (2025 February). *Rates for Domestic Letters Since 1863*. United States Postal Service. https://about.usps.com/who/profile/history/domestic-letter-rates-since-1863.htm.
[230] Do Testimony, p. 12-1.
[231] This expense is subject to change based on the outcome of Special Request #6 which requests updating the escalation factors in the final decision of this proceeding.

cost-effective way to provide service and invest in the local community by providing accessible vocational long-term career paths, consistent with the State of California's stated priority of workforce development. In fact, The State of California's Workforce Development Board lists, "fostering demand-driven skills attainment," as one of its three primary objectives.[232]

Cal Advocates states, "Ratepayers should not pay for this additional expense without receiving a corresponding additional tangible benefit."[233] Cal Water contends that this extensive and broad-based training program at the start of a new employee's career will create employees with wide ranging fundamentals, who will be better prepared to handle a large variety of emergencies and potential disasters. Additionally, having more highly trained employees can lead to more availability of employees to meet customer demands and resolve issues faster, benefiting customers.

Cal Advocates is trying to use customer growth as a proxy for employee needs. Cal Water contends that customer growth is not always a good proxy for employee needs. Employees are needed to run ever more complicated operations. There can be many cases where customer growth alone is not sophisticated enough to account for new State and Federal water quality requirements. From increased monitoring requirements for Chromium VI wellhead treatment plants, to TCP granular activated carbon treatment, Cal Water's workload to meet water quality requirements has been increasing and is independent of service growth. Likewise, there are increased demands on employees for enhanced safety, more restrictive environmental compliance, additional required training, mobile workforce work order tracking, wildfire risk, and increased complexity of water systems. Additionally, customer growth alone can be distorted by redevelopment of high density, multi-family units, when customer population grows, but service count remains fixed.

Cal Advocates states, "If employee growth is tied to customer growth, as suggested by the Commission's Rate Case Plan ("RCP"), then there is little need for an apprenticeship program… A new apprenticeship program is not necessary if new employees are not needed.

[232] California Workforce Development Board. (2025). *About Us*. Official Website of the State of California. https://cwdb.ca.gov/about_us/.
[233] Keowen Testimony, p. 1-2.

Cal Advocates misunderstands the RCP decision.[234] The RCP does not mandate that employee growth must be tied to customer growth. Rather, the only reference to customer growth provided in the RCP is regarding escalation year increase instructions where labor inflation factors are referenced for escalation increases. In bullet 7, reference is made to "Escalation year expenses may also be increased by the most recent five-year average customer growth or other growth adopted by the Commission." The RCP does not restrict or disallow increases in employees based on customer growth.

Cal Advocates is opposed to this program in part, because they claim, the apprentice program will not reduce attrition. Cal Advocates offers no support for this argument and they do not appear to understand the idea of an employee life cycle. They are correct in saying that for the most part, longer service employees who retire won't be directly replaced by an apprentice. What they fail to understand is that the most senior/experienced employees who retire are replaced, with slightly less senior/experienced employees, who then are replaced by slightly less senior/experienced employees, etc. that eventually creates an opening for entry level positions. Having an individual who has completed the Cal Water apprenticeship program will provide individuals who have been trained in the proper and efficient way of doing things, who will have a much shortened learning curve than someone hired off of the street.

Cal Water also contends that apprentice employees hired from the local community and provided skills-based training may be more willing to stay in the area with family and not leave. Many of the current employees that ultimately seek transfers to lower cost areas are already living in those remote communities. Relying on more local workforce makes sense and can solve problems.

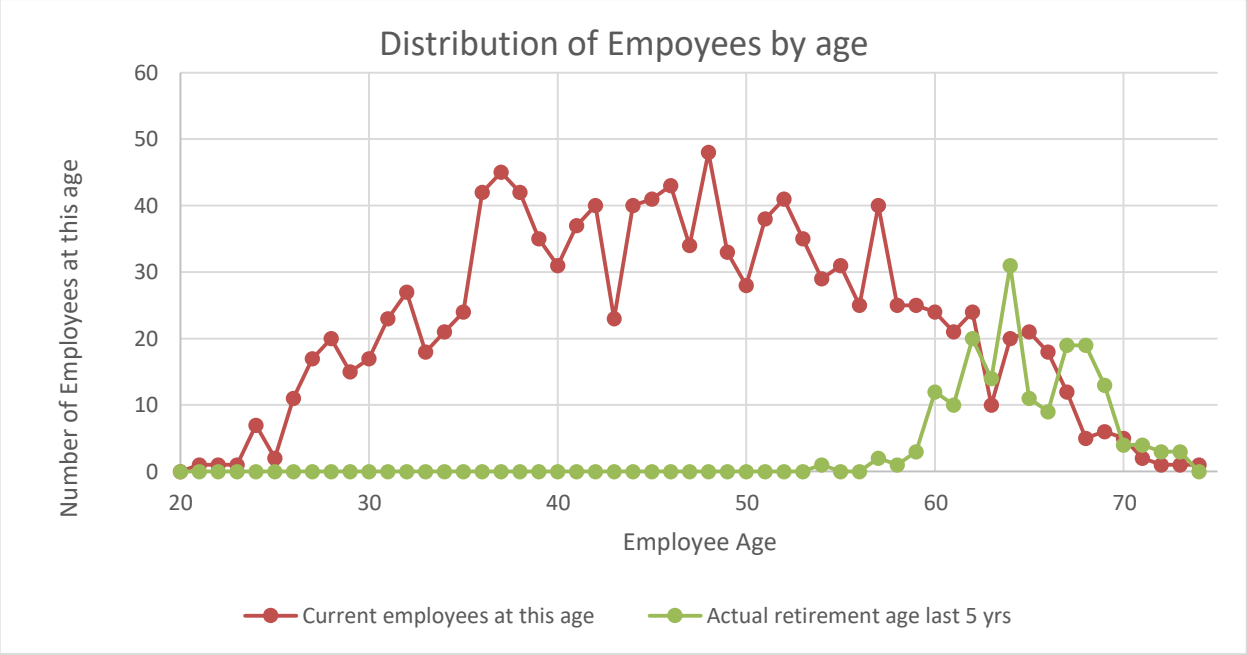
Cal Advocates claims this is not a replacement for experienced employees. Cal Water agrees with this, but also points out that with such large numbers of employees approaching retirement, Cal Water needs to improve the pipeline of people ready to move into higher responsibility positions. Without a training program, this anticipated large employee turnover can cause higher level foremen positions to be filled by less qualified replacements, leading to increased risk of problems not being solved or prevented.

[234] D.07-05-062, p. A-20.

Cal Advocates indicated that this will not address the turnover problem, with Cal Water facing the same problems with employees moving to lower cost areas. This is not necessarily true, as the utility industry is often characterized by employees with long tenures and long on-the job-training paths. With different dynamics impacting the utility workforce, today's utilities must plan to utilize employees for shorter careers, but need to expect to have them more highly trained at the start of their career, so that they are optimized to operate and maintain our water systems. An apprentice program will help with this change in dynamics.

Cal Advocates questions Cal Water's statement about 35% of the workforce will be eligible to retire within 5 years. They raise the point of, "being eligible" for retirement is not the same as "retiring." The following chart shows the current distribution of employee age. It also shows the number and age of employees at retirement over the last 5 years. The actual average retirement age has been 62.8 years over the last 5 years. Using age 62.8 as the likely retirement age, approximately 15% of the company employees will likely retire in the next 5 years. With approximately 600 field positions in the Utility Workers Union of America ("Union"), 15% of this number is 90. Cal Water requested authorization for only 10 apprentice positions as part of this program. Using the eligible age of 55, 35% are still eligible to retire. While Cal Advocates is correct in that eligible is not the same as actually retiring, the point here is that at an average employee age of 44.5, the workforce is aging and the company needs to continue to look toward innovative solutions and implement cost effective programs to be sure to continuously supply a dependable supply of safe drinking water to our customers.

Figure 6-2



This program is efficient, and the training curriculum has been built using very cost-effective solutions. It is one more way to innovatively serve our customers. The Commission should approve the Cal Water apprenticeship program as proposed. This program is a joint labor/management developed and administered program. On March 20, 2025, the Company and Union fully executed a Letter of Understanding ("LOU") regarding the curriculum for the program and agreed to a piloting of this program in the Bay Area with three positions. The curriculum can also be used across the company to ensure consistency and tracking of training and competencies. The LOU is attached as **Attachment 6-11**.

K. CONSERVATION

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The conservation expenses are addressed in **Appendix C**. Cal Water recommends that the Commission approve $16,715,695 in annual conservation expense for each of the three years in this GRC cycle.

L. RENT, ADMINISTRATIVE CHARGES TRANSFERRED, WORKERS COMPENSATION AND DUES & DONATIONS

Cal Advocates' testimony did not address Cal Water's expense requests for rent, administrative charges transferred, workers compensation and dues and donations for this proceeding. Details about Cal Water's methodology to forecast these expenses can be found in **Testimony Book #1** in the chapters on expenses. Additionally, the methodology to calculate these expenses is also discussed and not disputed. Cal Water recommends that the Commission approve Cal Water's request for these expenses as listed below or adjusted using Cal Water's methodology as appropriate.[235]

	Test Year
Rent	$1,702,822
Admin Charges Transfers	$(3,605,775)
Workers Comp	$1,359,947
Dues & Donations	$(440,949)

[235] These expenses are subject to change based on the outcome of Special Request #6 which requests updating the escalation factors in the final decision of this proceeding.

CHAPTER 7. RATE BASE – ALL COMPONENTS (SCOPING ISSUE #3)

SPONSORED BY PATRICK ALEXANDER (EXCEPT AFUDC AND TAXES)

A. INTRODUCTION

Rate base is the company's net investment in facilities, equipment, and other property to provide utility service to customers. The utility earns a rate of return on its rate base. Rate base is multiplied by the adopted rate of return to determine allowable earnings recovered in the utility's overall revenue requirement.

Rate base components are utility plant in service, less accumulated depreciation reserve and reserve for amortization of limited term investment, working capital, net contributions in aid of construction, advances in aid of construction, deferred income taxes, unamortized investment tax credit ("ITC"), and impact of taxing contributions and advances. Below is a detailed discussion of each component. ROM Tables of each component are included in **Attachment 7-1**..

B. UTILITY PLANT IN SERVICE ("UPIS")[236]

This account includes the cost of utility plant owned and used by the utility in its utility operations. The major difference between Cal Water's and Cal Advocates' estimates is due to the respective parties' positions on recommended plant additions. Rebuttal testimony for proposed district and CSS capital projects are in the **Rebuttal Books #2 through #4**. This rebuttal on UPIS addresses only capital additions in beginning plant balance.

1. Adjustment to Recorded plant Balances

In its testimony, Cal Advocates proposed recorded plant adjustments in various districts. Cal Water disagrees with Cal Advocates' recommendations for the following reasons:

[236] CWS Testimony Book # 1, pp. 115-122.

a) *Removal of land from rate base*

Cal Advocates recommends removal of $1,021,385 from the beginning plant balances for Land currently not in use or useful but held for future use.[237] Cal Advocates supports their argument with an unfounded claim that Cal Water's customers have paid multiple millions of dollars in rates for this land and have not benefitted from it. Cal Advocates does not provide any support for the calculation and therefore their calculation should be disregarded. However, given the dollar amounts of the parcels of land it is probable that any calculation that Cal Advocates assumed that all parcels of land were owned by Cal Water since the time that they were purchased[238] and Cal Advocates also assumed that the land was never in use. These assumptions result in a highly dubious calculation. Cal Advocates bases their recommendation on our response to their data request KN3-008 where we requested to provide a list of all land properties currently not in use or held for future use. The information to respond to the data request was not readily available, but Cal Water collected this information to the best of its ability and provide a timely response during discovery.[239] Therefore, Cal Water concedes that for this GRC cycle an adjustment should be made in this proceeding to remove the land identified in KN3-008 from rate base. However, this should only be a temporary adjustment until the Company is able to validate that these properties are in fact not used and useful. Once Cal Water is able to verify this information, it will take the appropriate steps to transfer the properties into non-operating land or land held for future use.

Furthermore, Cal Advocates recommends to reduce operating expenses by $339,549 for corresponding maintenance expenses for the land at issue. Cal Advocates calculates this amount by prorating the Cal Water's 2023 recorded Operations Expenses based on the value of the land in question to the total value of Cal Water's recorded rate base in 2023.[240] This

[237] Do Testimony, p. 12-1 to 12-4.
[238] It is possible that some of these parcels were included in an acquisition and therefore was not owned by Cal Water since it was purchased by the former owner.
[239] Cal Water still needs to perform a due diligence effort on each of the 214 parcels of land to confirm whether they in fact are not housing assets that are used and useful and that there are no plans in the immediate future to place them in the appropriate account (Land Held for Future Use or Non-Operating). Due diligence will include field checking each property to make sure there are no unmapped existing underground facilities, clearing the properties of easements, and verifying they are not needed for access requirements to neighboring water production facilities.
[240] Do Testimony, p. 12-3.

calculation is unreasonable, as landscaping and security monitoring are a small percentage of Cal Water's operating costs. As Cal Water explained to Cal Advocates in response to KN3-008, vegetation management (for wildfire prevention) and security are minor portion of operations expense charged to many different expense accounts.[241] Should the Commission choose to make an adjustment to Cal Water's expenses, a more appropriate calculation would be to apply the same percentage calculated by Cal Advocates to the recorded expenses for only these accounts for the districts in which the land in question resides. This results in an annual adjustment to operating expenses of $3,652.[242]

b) Removal Of Other Assets From Rate Base

Two of Cal Advocates plant witnesses recommend removal of certain assets from Cal Water's recorded plant balances[243] and in many other areas, Cal Advocates refers to removing forecasted plant additions "from rate base." With regards to the latter recommendations, Cal Water believes Cal Advocates to mean that they recommend the Commission defer these projects out of the current proceeding, as opposed to making some sort of removal from recorded rate base.[244] Cal Water does not agree with Cal Advocates' recommendations by the two plant witnesses to remove recorded rate base for the reasons discussed below. In Cal Advocates testimony, Ms. Sharma recommends a removal of a list of assets from rate base that Cal Water indicated would be out of service during the rate years for this proceeding (2026-2028).[245] These assets are grouped into three buckets: A) not to be returned to service, B) to be returned to service, and C) to be determined. Ms. Sharma calculates the total rate base reduction from removing the assets to be $2,599,213.[246] Cal Advocates' rudimentary calculations are grossly inaccurate, did not take into account cost of removal and are not consistent with group accounting standards including the Commission's own Standard Practice U-4-W. Like the issue pertaining to land in the previous section, Cal Water collected this information to the best of its ability to provide a timely response during discovery. In compiling

[241] Do Testimony, Attachment 12-1 (Cal Water Response to Cal Advocates DR KN3-008)).
[242] *See* CWS Rebuttal Book #1, Attachment 7-2 for the calculations for this adjustment.
[243] Sharma Testimony, pp. 7-5 to 7-7 and Sorenson Testimony pp. 3-12 to 3-14.
[244] Removal of the proposed projects are addressed in CWS Rebuttal Books #2, 3 and 4.
[245] Sharma Testimony, Attachment 7-8 (Cal Water Response to Cal Advocates DR CHA-011).
[246] Sharma Testimony, Table 7-4, p. 7-6.

the response provided to Cal Advocates for Data Request CHA-011, Cal Water realized that most of these capital assets have a useful life of several decades and that the future cost of removal was almost two times the capitalized cost of the asset. Further, these older assets still need to be taken offline from time to time for a variety of reasons. As it turns out, removal of these capital assets from rate base in a manner prescribed by Cal Advocates, but properly including cost of removal, would result in a net increase in rate base of $339,328. Please refer to the testimony of Dane Watson included as **Appendix D** of this book, Cal Water's expert witness on depreciation, for a detailed explanation on plant retirements, the appropriate calculations for the removal of the assets and how properly including cost of removal would result in a rate base increase if these capital assets removed from rate base.

Given the rate impacts described above and the need to investigate the assets further, the Commission should not remove these capital assets out of rate base. Cal Water proposes to take a further review of these assets outside of this GRC proceeding and properly retire the applicable assets that will not be returned to service in accordance with Commission retirement policy for group depreciation. Once Cal Water has completed its review of these assets, the Company intends to present additional information regarding the assets and the appropriate ratemaking treatment for each asset in its next GRC. However, should the Commission nonetheless agree with Cal Advocates' proposal regarding these assets, then it must apply all of the necessary ratemaking adjustments described in Mr. Watson's rebuttal testimony for purposes of the result of the RO operations mModel for this GRC. Cal Advocates' proposed ratemaking adjustment is erroneous because it is incomplete, focusing in that it focuses on only on a single aspect of those assets without properly accounting for other ratemaking impacts, such as those associated with accumulated depreciation relating to the cost of removal of these assets..

Cal Advocates witness Mr. Sorensen recommends removal of $4,793,000 associated with a well and treatment system at Station 275 and $1,277,819 associated with a UV treatment system at Station 294 in Cal Water's Dominguez District from Cal Water's utility plant in service.[247] Cal Water disagrees with Cal Advocates' recommendations as these assets were

[247] Cal Water assumes that Cal Advocates witness Mr. Sorensen meant to recommend removal of $1,894,951 associated with the UV system at Station 294 as this is the adjustment that was made in their model.

approved in a prior GRC,[248] Cal Water proceeded in good faith to construct these capital assets, these capital assets are in service and waiting on approval to operate from DDW that will easily be received prior to 2026 (first year of new rates) and it is inappropriate for Cal Advocates to now take a position contrary to the regulatory compact to disallow these capital projects.[249] Please see The Dominguez District Chapter in Rebuttal Book #3 for a full explanation as to why the Commission should dismiss Cal Advocates' recommendation.

c) Erroneous recommendation for removal of a project in progress (not closed to plant) cost from recorded plant balances

Cal Advocates inadvertently removed $88,342 from recorded plant balances for a project in progress that was not included in the company's beginning plant balance for this proceeding.[250] Cal Advocates also removed this project from Cal Water's forecasted capital budget, essentially double counting their adjustment. Cal Water addresses removal of this project in Rebuttal testimony.[251] Regardless of the Commission's final position on this project, the redundant adjustment to Cal Water's recorded plant balance for this is inappropriate and should therefore be disregarded.

2. Allowance for Funds Used During Construction ("AFUDC")

Cal Water utilizes AFUDC instead of Construction Work In Progress ("CWIP") in order to finance the cost of projects while they are under construction. Cal Advocates recommends to include an interest rate equal to Cal Water's short term debt rate, instead of Cal Water's proposed AFUDC rate or CWIP, the latter of which wasn't even discussed by Cal Water in this GRC. Cal Advocates has challenged the use of AFUDC in Cal Water's last few GRC's citing many

[248] In fact, the asset at Station 275 closed for $6,757,769 in 2014. As noted in Chapter 12 of the RO Book for South Bay Region, the asset at Station 294 closed for $3,786,959 in 2023. The justification for the cost overage for this asset was provided in Ch 13 of the same book.
[249] The "regulatory compact" is summarized as utilities receiving an exclusive franchise over a specific area, agreeing to provide service to that area and accepting regulatory oversight by the Commission on rates and standards of service. In exchange, the Commission is required to set rates that allow the utility a reasonable opportunity to recover its costs of service, including a fair return on investment. Additional discussion on the role of regulation is provided in **Chapter 1**.
[250] Sorenson Testimony, p. 3-12.
[251] Dominguez District Chapter in Rebuttal Book #3.

of the same arguments that Cal Advocates presents in the 2024 GRC. This issue was litigated in the past and each time the Commission dismissed Cal Advocates arguments and approved Cal Water's use of AFUDC. There is nothing new here, just recycling old arguments and trying again. The Commission should dismiss this repetitive request on its face as an issue already decided.

Regarding the appropriate interest rate, Cal Water disagrees with Cal Advocates' recommendation to set the interest rate at the short-term interest rate. For complete rebuttal of this issue, please see Stan Ferraro's Rebuttal Testimony in **Section O** this chapter. Additional support for AFUDC as an appropriate vehicle to finance construction is presented in the direct testimonies of the David Stephenson (on behalf of California Water Association)[252] and Normand Kennard (on behalf of the National Association of Water Companies).[253]

A comparison of Cal Water's and Cal Advocates' UPIS estimates is provided in **Attachment 7-1, Table 1**.

C. ACCUMULATED DEPRECIATION RESERVE[254]

Cal Water uses an outside consultant to perform a detailed depreciation study for the GRC. As part of the filing, Cal Water provided two depreciation studies representing the two geographic area groups, namely:

- Metro, which includes Bay Area Region, Bear Gulch, East Los Angeles, Livermore, Los Altos, Los Angeles County Region, Rancho Dominguez, South Bay Region, Westlake rate making areas and Customer Support Services (GO).
- Valley, which includes Bakersfield, Dixon, Kern River Valley, Marysville, North Valley Region, Selma, Stockton, Salinas Valley Region, Visalia, and Willows rate making areas.

Cal Advocates does not express an opinion on Cal Water's methodology of calculating depreciation accruals using depreciation rates from the studies[255]. The major difference between Cal Water's and Cal Advocates' depreciation reserve estimates is due to the respective

[252] CWA Opening Testimony, p. 24.
[253] NAWC Opening Testimony, pp. 24-27.
[254] CWS Testimony Book # 1, p. 122.
[255] The depreciation rates not challenged by Cal Advocates are a composite depreciation rate = depreciation expense + cost of removal - salvage. The components of the composite depreciation rate are relevant to the rebuttal of the Sharma Testimony in **Section 1.b**. above.

parties' positions on recommended plant additions. Therefore, the Commission should adopt Cal Water's proposed depreciation rates for this proceeding.

A comparison of Cal Water's and Cal Advocates' accumulated depreciation reserve estimates is provided in **Attachment 7-1, Table 2**.

D. RESERVE FOR AMORTIZATION OF INTANGIBLES[256]

Reserve for amortization of intangibles includes any amounts accumulated for the purpose of amortizing the cost of franchises and other intangible plants over their estimated life. Cal Advocates does not express any opinion on Cal Water's methodology in estimating reserve for amortization of intangibles. Therefore, the Commission should adopt Cal Water's unopposed methodology for this proceeding.

A comparison of Cal Water's and Cal Advocates' estimates for depreciation reserve for amortization of intangibles is provided in **Attachment 7-1, Table 3**.

E. CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC")[256]

This account includes contributions in cash, services or property, including donations and grants from developers, individuals, states, municipalities or other governmental agencies, and others for construction purposes.

There are no methodological differences between Cal Water and Cal Advocates in estimating CIAC. The difference between Cal Water's and Cal Advocates' estimates is discussed below:

CIAC – Coast Springs Grants for PALL Unit Extension (PID#124862)

In its 2024 GRC Application, Cal Water adjusted its Coast Springs district (Bay Area Region RMA) CIAC balances to include an estimated $19,500 in grants to be received for the Coast Spring – PALL Unit Extension project from the Department of Water Resources under the "Small Community Drought Relief Grant.[257]" Cal Advocates recommends to should adjust Coast Springs CIAC balances to reflect the actual project cost of $12,347 as reimbursement of grant funds instead of estimated amount of $19,500[257] Cal Water agrees with Cal Advocates'

[256] CWS Testimony Book # 1, p. 125.
[257] Sharma Testimony, p. 7-4.

recommendation to adjust its CIAC to reflect the final project cost $12,347 in grants authorized and receivable from the Department of Water Resources.

A comparison of Cal Water's and Cal Advocates' net CIAC estimates is provided in **Attachment 7-1, Table 4**.

F. ADVANCES IN AID OF CONSTRUCTION[258]

Advances in aid of construction represent the net deposits made by developers, individuals or others in accordance with Cal Water's extension rules as prescribed by the Commission and are subject to refund. One component of extension deposits, special facilities fees, does not add directly to plant. Water supply special facilities fees, which are collected on a per-lot basis, are used to offset other Company-funded water supply plant but do not have specific plant additions associated with them.

There are no methodological differences between Cal Water and Cal Advocates in estimating advances in aid of construction.

A comparison of Cal Water's and Cal Advocates' advances in aid of construction estimates is provided in **Attachment 7-1, Table 5**.

G. DEFERRED INCOME TAXES[259]

SPONSORED BY GREG MILLEMAN

Cal Advocates did not express any opinion on Cal Water's methodology in estimating deferred tax, including accelerated depreciation and the repairs deduction[260]. The difference between Cal Water's and Cal Advocates' estimates is due to differences in recommended plant additions for capital projects.

Repairs deduction impact to revenue requirement

Cal Advocates has taken a position to reduce the amount of Cal Water's Main Replacement Program ("MRP"). In doing so, the current year revenue requirement will actually increase when tax consequences are accounted for, which is not intuitive. Reducing capital

[258] CWS Testimony Book # 1, p. 127.
[259] CWS Testimony Book # 1, p. 129.
[260] CWS Testimony Book # 1, p. 112-114, and p. 129..

additions will generally reduce the revenue requirement, but not when reducing MRP related capital additions that are treated as a repairs deduction for ratemaking income tax purposes. Cal Water considers 80% of its MRP will qualify for the repairs deduction and has included the benefits from the repairs deduction in its revenue requirement calculation[261].

It does this for federal income tax purposes by creating a deferred tax liability (DTL) that reduces rate base.[262] It also does this for state income tax purposed by reducing taxable income and state income tax expense. The federal benefit is passed to customers as reduced rates over the life of the capital addition resulting in a minor benefit over a long period. The entire state benefit is passed to customers in the year the asset is placed in service resulting in a large benefit over a short one-year period. The current year state income tax benefit from the repair deduction has a bigger reduction in the current year revenue requirement than the increase to the revenue requirement from the current year MRP capital additions! The net result is a first-year revenue reduction from the repairs deduction and MRP capital additions.

As stated, Cal Water reflected the benefits of the repairs deduction in the revenue requirement filed in its 2021 GRC application for the years 2025 to 2027. So if that is reversed, as Cal Advocates proposed with reductions to Cal Water's MRP, then current year revenues will do just the opposite and increase. The primary driver will be a lower amount of repairs deduction to reduce state taxable income. If state taxable income is higher, than state income rate expense will be higher which will increase the revenue requirement.

A comparison of Cal Water's and Cal Advocates' accumulated deferred income taxes estimates is provided in **Attachment 7-1, Table 6**.

[261] CWS Testimony Book # 1, p. 114.
[262] CWS Testimony Book # 1, p. 129.

H. INVESTMENT TAX CREDIT[263]

SPONSORED BY GREG MILLEMAN

The ITC was passed by Congress in 1962 as an incentive for utilities to improve infrastructure, but was repealed by the Tax Reform Act of 1986. ITC that was already claimed in tax returns is still being amortized for ratemaking as a deduction from rate base.

1. ITC adjustment for the Bakersfield Onsite Solar Project (PID#133577)

In our application, Cal Water included an ITC adjustment of $3,665,757 for solar tax credit receivable for the Bakersfield Onsite Solar Project based on the preliminary data available at the time of filing the 2024 GRC. However, after filing the application, Cal Water completed its assessment of the various options to install solar at the Bakersfield facility. Based on the assessment, Cal Water decided to pursue a Purchase Power Agreement (PPA) for solar in Bakersfield in lieu of constructing the solar project because the PPA is a more cost-effective, long-term alternative for its customers. As a result, Cal Advocates recommends to remove this ITC adjustment.[264] Cal Water agrees with Cal Advocates' recommendation to remove this ITC adjustment for Bakersfield.[265]

In our 2024 GRC Application, Cal Water also proposed a project to construct Solar at its corporate office in San Jose.[266] As part of this proposal, Cal Water included an ITC adjustment for Solar tax credits of $1,661,539 as a rate base reduction. However, the project was not finalized at the time of filing the 2024 GRC. Since then it has been finalized and downsized. The ITC has been recalculated to be $353,660. Therefore, the $1,661,539 ITC needs to be reduced by $1,307,879to $$353,660. This is fully discussed under CSS capital in **Rebuttal Book # 2**.

Cal Advocates did not express any opinion on Cal Water's methodology in estimating ITC. Therefore, if the Commission does not approve Cal Water's proposed solar project in San

[263] CWS Testimony Book # 1, p.130.
[264] Sharma Testimony, p. 7-5.
[265] Cal Water also removed the Solar project from Capital additions in the Bakersfield District Chapter of CWS Rebuttal Book #3.
[266] CWS Testimony Book # 1, p.131.

Jose, the Commission should also remove Cal Water's proposed ITC adjustment for the San Jose solar project.

A comparison of Cal Water's and Cal Advocates' ITC estimates is provided in **Attachment 7-1, Table 7**.

I. WORKING CAPITAL[266]

The Commission has established a policy of providing utilities an allowance for working capital in the determination of rate base. Working capital is comprised of three main items: materials and supplies, an allowance for working cash, and the unamortized portion of tank painting expenses for the recorded and previously authorized tank painting projects in progress from the 2021 GRC.

1. Materials

Materials and supplies reflects only the inventory items stored in the district necessary for utility's ongoing operations. Cal Water estimates Materials and Supplies based on a five-year historical average. Cal Advocates does not offer an opinion on Cal Water's methodology and estimates. Therefore, the Commission should adopt Cal Water's unopposed methodology for this proceeding.

A comparison of Cal Water's and Cal Advocates' Materials estimates is provided in **Attachment 7-1, Table 8**.

2. Working Cash Allowance Based on Lead-Lag Study

Working cash allowance is developed from the Commissions' Standard Practice U-16-W lead/lag method. Cal Water submitted a 2022 lead-lag study to estimate working cash allowance in this GRC.

Cal Advocates did not express any opinion on Cal Water's methodology in estimating working cash allowances or lead-lag days. The difference between Cal Water's and Cal Advocates' estimates is due to differences in recommended plant additions and expenses and revenues adjustments.

A comparison of Cal Water's and Cal Advocates' working cash allowance estimates is provided in **Attachment 7-1, Table 9**.

3. Tank Coating

Cal Water and Cal Advocates agreed in a prior GRC to treat tank coating costs as prepaid expenses to be amortized over ten years with the unamortized portion to be included in working cash.[267] In this GRC, Cal Water proposed to treat any newly proposed tank coatings in a more traditional manner as capital[268]. There is no methodological difference in calculating the unamortized portion of tank-coating expenses for tank projects treated as prepaid expense in the Working Capital calculations. Cal Advocates did not challenge this methodology in their testimony. Therefore, the Commission should approve Cal Water's unamortized coating balances in working cash as proposed.

Attachment 7-1, Table 10 shows a comparison of Cal Water's and Cal Advocates' working capital estimates. The differences in the numbers are due to varying estimates between Cal Water and Cal Advocates for revenue and expenses, which is discussed in the immediately preceding **Section I**.

J. EFFECT OF TAXES ON CONTRIBUTIONS AND ADVANCES[269]

The Tax Reform Act of 1986 ("TRA 86") requires advances for construction and contributions in aid of construction to be treated as taxable income for federal income tax purposes. In I.86-11-019, the Commission adopted a procedure in D.87-09-026[270] that allows utilities to include in rate base the difference between the additional taxes it pays and the additional amounts it collects from the applicants for service. Over the years since the 1987 decision, there have been several changes to federal and state tax laws regarding the taxability,

[267] D.14-08-011, Exhibit A (Settlement Agreement), p. 107.
[268] CWS Testimony Book #1, p. 134, Common Plant Justification Book, p. 244.
[269] CWS Testimony Book # 1, p.135.
[270] There are other Commission decisions on this matter, each providing additional guidance (D.87-12-028 and D.88-01-061).

or non-taxability of advances and contributions, and how Cal Water reflects these changes in rate base, that is more fully discussed in **Chapter 7 of Testimony Book #1**.[271]

Cal Advocates did not express opposition to Cal Water's methodology in calculating the estimates for taxes on advances and contributions.

A comparison of Cal Water's and Cal Advocates' estimates on the effect of taxes on contributions and advances is provided in **Attachment 7-1, Table 11**.

K. SPECIAL REQUEST #14[272] – CONSISTENCY NORMALIZATION[273] (SR# 14) (SCOPING ISSUE #24)

SPONSORED BY GREG MILLEMAN

Cal Water proposed Special Request #14 to deviate from the Commission's Rate Case Plan ("RCP") to calculate certain rate base items for the attrition year (3rd year of the GRC) to avoid a normalization violation per IRS Private Letter Ruling ("PLR" - 202417002).[274] As this PLR ruled on April 26, 2024, Cal Water requested to change the necessary rate making formulas for adhering to IRS - PLR guidelines in its rebuttal Results of Operations Model ("ROM"). Cal Water presents that it has made updates to its rebuttal ROM[275] for the calculation of the rate base items of depreciation reserve and deferred income taxes for the attrition year (3rd year) of the GRC cycle. Cal Advocates did not address this special request in their testimony. This new method should be incorporated into the ROM used to generate the final decision to avoid a normalization violation.

[271] CWS Testimony Book #1, pp. 135-136.
[272] CWS Testimony Book # 1, p. 136-142.
[273] Commission approved similar request in Golden State Water Company 2023 GRC D.25-01-036, Attachment A – Settlement, p.148-150.
[274] CWS Testimony Book # 1, pp. 140-146.
[275] Specifically, Cal Water updated the worksheets in its CH_07RO_RB_Book Depr and CH_07_RO_RB_Tax Depr files to include a field for 2028 so that the tax depreciation and tax repair deductions are based on including 2028 capital additions as opposed to the methodology prescribed in the RCP for the attrition year, in this case, 2028 ratebase = [(2027ratebase – 2026 ratebase) + 2027 ratebase].

L. SPECIAL REQUEST #15[276] – INCOME TAXES – PRORATION NORMALIZATION (SR #15) (SCOPING ISSUE #25)

SPONSORED BY GREG MILLEMAN

In this GRC, Cal Water also requested to change its current methodology to prorate deferred tax liabilities for current GRC capital additions as that was not complying with prescribed IRS normalization rule. Cal Advocates did not address or express any concerns in their testimony regarding this Cal Water special request (Special Request #15). Cal Water presents that it updated the calculation methodology of prorating deferred tax liabilities in its rebuttal RO model to modify its tax schedules to avoid an IRS normalization rule violation.[277] This new method should be incorporated into the ROM used to generate the final decision to avoid a normalization violation.

In total, the changes from Special Requests 14 and 15 result in a three-year rate base decrease of 0.04%.

M. INCOME TAXES

SPONSORED BY GREG MILLEMAN

Cal Water includes total income tax expense, which is the sum of federal and state income taxes, as a single line item in its summary of earnings. Although federal income taxes (FIT) and California corporation franchise taxes (CCFT, or state taxes) are paid on a corporate basis, these taxes are estimated based on district taxable earnings for ratemaking purposes. The computation also includes prorated expenses and allowances from general operations.

There are no methodological differences between Cal Advocates and Cal Water in calculating estimates for regulated income tax expense. The difference is due to only variance in calculated revenue requirement between Cal Water and Cal Advocates.

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[276] CWS Testimony Book # 1, pp. 142-147.

[277] Cal Water added a worksheet to the CH_07_RO_RB_Tax Depr (Gross Adds Qtrly WS-4.1) to calculate the proration factors based on gross addition close and to CH07_RO_RB_Deferred Tax (IN_Gross Adds Qtrly) to bring the calculated factors and additions into the file to prorate monthly the deferred tax liability associated with current year capital additions based on the month of close for all capital except MRP and UNSCH. The MRP and UNSCH are distributed evenly over the 12 months as these programs are broken into smaller projects that that are projected to close in the current year but the specific close date for each of the smaller projects is unknown.

A comparison of Cal Water's and Cal Advocates' estimated total income tax expense for the test year is provided in **Attachment 7-1, Table 12**.

N. TOTAL TAXES OTHER THAN INCOME ("TOTI")

SPONSORED BY GREG MILLEMAN

Total taxes other than income taxes includes ad-valorem taxes, local franchise fees, business license fees, and property taxes.[278] There are no methodological differences between Cal Advocates and Cal Water in computing income taxes or taxes other than income taxes. The difference in the tax amounts are due to the differences in revenue, plant, and other rate base estimates due to differences in related inputs. Therefore, the TOTI and federal and state income taxes will need to be recalculated following the agreed-upon methodology in the final Commission decision.

1. Ad-Valorem Taxes

Cal Water applied the County Assessor's methodology to estimate ad valorem taxes. In general, the amount of tax is based on a calculated effective rate applied to net company-funded plant investments. Cal Advocates agrees with Cal Water's methodology of applying the calculated effective tax rate to forecasted net plant investment. Cal Advocates also recommends ad valorem taxes should be based on Plant balances adopted in this GRC.[279] Cal Water agrees with Cal Advocates that the ad valorum taxes should be based on the Plant approved in the final Commission decision. Presently, the differences in ad valorem tax estimates are solely due to the differences in net plant estimates.

A comparison of Cal Water's and Cal Advocates' effective tax rates for ad valorem taxes is provided in **Attachment 7-1, Table 22**.

[278] Collectively known as taxes other than income taxes, or TOTI.
[279] Keowen Testimony, p. 1-10.

2. Local Franchise Taxes

These are taxes imposed by local government based on revenue and miles of main. Each district does not necessarily have local franchise taxes. There are no methodological differences between Cal Advocates and Cal Water for this item. The difference in estimates is due to the differences in revenue and uncollectible expenses estimates.

A comparison of Cal Water's and Cal Advocates' effective tax rates for local franchise taxes is provided in **Attachment 7-1, Table 13**.

3. Business License Fees

Business license fee is a fee paid to a government entity for the privilege of doing business in the local City or County. Some of the business license fees are based on a percent of revenue and others are a fixed amount. Each district does not necessarily have business license fees. There is no methodological difference between Cal Advocates and Cal Water in estimating business license fees. The difference in estimates is due to the differences in revenue estimates.

shows a comparison of Cal Water's and Cal Advocates' effective rates for business license fees is provided in **Attachment 7-1, Table 14**.

4. Payroll Taxes

Payroll taxes include Federal Insurance Contributions Act (FICA, which includes both Social Security and Medicare), State Unemployment Insurance (SUI) and Federal Unemployment Insurance (FUI) taxes. Cal Water estimates payroll taxes based on the last year's recorded payroll taxes. There is no methodological difference between Cal Advocates and Cal Water in estimating payroll taxes. The difference between Cal Advocates' and Cal Water's estimates is due to difference in payroll estimates stemming from the differences between Cal Advocates and Cal Water for the number of employees and certain executive compensation discussed in **Chapter 5** of Rebuttal Book #1.

A comparison of Cal Water's and Cal Advocates' effective rates for payroll taxes is provided in **Attachment 7-1, Table 15**.

O. ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION

SPONSORED BY STAN FERRARO

Q. Please state your name and business address.

A. My name is Francis S. Ferraro. My business address is 1720 N. First Street, San Jose, CA 95112.

Q. By whom are you employed and in what capacity?

A 2. I am employed by California Water Service Company (Cal Water) as a Manager of Special Projects.

Q. What testimony are you sponsoring?

A. I am sponsoring rebuttal testimony regarding Allowance for Funds Used During Construction (AFUDC).

Q. What are your qualifications regarding this testimony?

A. I have been involved with water and energy rate matters before the California Public Utilities Commission (Commission) for over forty years. From 1973 to 1985 I held various positions at the Commission in the water and energy industries, including Project Manager for water and energy general rate cases and Program Manager for Electric and Gas Rate Design. From 1985 to 1989 I was an Administrative Law Judge at the Commission. From 1989 to 2016, I was employed as a Vice President at California Water Service Company, including over 20 years as its Vice President of Regulatory Matters. Since 2016 I have been employed by Cal Water as a Manager of Special Projects. Additionally, I sponsored rebuttal testimony regarding AFUDC in Cal Water's prior general rate proceedings.

Q. Do you have anything else to add regarding your qualifications?

A. Not at this time

Q. What is the purpose of your testimony?

A. My testimony is in response to Cal Advocates' proposal to re-litigate for the fourth Cal Water GRC in a row the proper interest rate used to capitalize carrying costs for construction

work in progress (CWIP). Carrying costs for CWIP often are referred to as an allowance for funds used during construction (AFUDC). In its 10-K Security and Exchange Commission (SEC) filing for the year 2024[280] Cal Water described AFUDC in more detail.

> **Allowance for Funds Used During Construction (AFUDC)**
>
> AFUDC represents the capitalized cost of funds used to finance the construction of the utility plant. In general, AFUDC is applied to Cal Water construction projects requiring more than one month to complete. No AFUDC is applied to projects funded by customer advances for construction, contributions in aid of construction, or state revolving fund loans. AFUDC includes the cost of the authorized return on equity and long-term debt, and is recovered through water rates as the utility plant is depreciated." (p.65)

In Decision (D.) 20-12-007 for Cal Water's 2018 GRC (test year 2021), the Commission clearly rejected Cal Advocates proposal and approved Cal Water's methodology and the use of its adopted rate of return as its AFUDC rate.

> The Public Advocates Office's request to order California Water Service Company to use short term financing for calculating the cost of construction work in progress is denied. (D.20-12-007 Ordering Paragraph 19.)

Additionally, in D.20-12-007 the Commission referenced the CPUC Uniform System of Accounts (USOA), stating that it "expressly provides for a 'reasonable rate upon the utility's own funds when used' to finance CWIP, terminology that is commonly understood to refer to a utility's authorized rate of return, not its short-term borrowing rates."[281] The Commission went on to state that "The Uniform System of Accounts, as interpreted and applied by the Commission, does not mandate that Cal Water use short-term financing options first before utilizing any longer-term or higher-priced financing for construction work in progress."[282]

In Cal Water's 2021 GRC for test year 2024 Cal Advocates again unsuccessfully litigated the issue of using short-term interest to finance CWIP. On page 32 of D.24-03-042 it states:

> While these costs may be significant, the utility records the financing costs of CWIP through its Allowance for Funds Used During Construction[283] (AFUDC).

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[280] California Water Service Group Annual Report 2024 (CWSG 10-K filing for the year 2024). https://www.calwatergroup.com/investors/financials-filings-reports/sec-filings/content/0001035201-25-000003/cwt-20241231.htm.

[281] D.20-12-007, p.32.

[282] D.20-12-007, Conclusion of Law No. 17.

[283] D.24-03-042, p. 32 (stating "AFUDC compensates a utility for the financing costs it incurs during construction of

Additionally, the following Findings of Facts are from D.24-03-042:

> 24. CWIP in the Uniform System of Accounts provides for tracking construction costs, including AFUDC, before these costs are placed in service and before these costs may be included in rate base.
>
> 25. AFUDC compensates a utility for the financing costs it incurs during construction of new facilities.[284]

Now in Cal Water's 2024 GRC Cal Advocates repackages its argument that Cal Water should use its short-term borrowing rate; however, it is the same basic argument that the Commission dismissed in Cal Water prior GRCs, most recently in D.24-03-042. Nonetheless, Cal Water provides this testimony to rebut Cal Advocates' AFUDC testimony.

Q. Do you agree with Cal Advocates' position that Cal Water's short-term interest rate should replace Cal Water's Commission-approved rate of return (calculated using its long-term interest rate and its adopted return on equity) for financing CWIP?

A. No, I do not agree with Cal Advocates' adjustment and recommendation.

Q. What is your position regarding Cal Water's AFUDC rate?

A. For ratemaking, the appropriate AFUDC rate for capitalizing interest on CWIP is Cal Water's adopted rate of return, which includes both equity and long-term debt components. Capitalized interest refers to the financing cost associated with CWIP that is booked (added) to plant. To avoid any confusion, the terms AFUDC and interest during construction (IDC) are interchangeable for the purposes of my testimony and refer to the rate that applies to CWIP to calculate capitalized construction financing costs.

Q. Does Cal Advocates agree that the terms AFUDC and IDC are interchangeable?

A. No. Cal Advocates claims that IDC does not contain what it calls a profit component, which Cal Advocates acknowledges is an equity component (return on equity). However, Cal Advocates definition of IDC is not consistent with the USOA definition referenced in D.20-12-007 and shown below:

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new facilities before the facilities are included in plant in service and thus in the utility's rate base.").

[284] D.24-03-042.

> (17) —Interest during construction includes the net cost of borrowed funds used for construction purposes and a reasonable rate upon the utility's own funds when so used. Interest during construction may be charged to the individual job upon which the funds are expended and, if so charged, shall be credited to Account 536, Interest Charged to Construction-Cr. (USOA, p. A54)

Q. Do you agree with the following statement of Cal Advocates?

> ***"In a competitive environment, a business would generally be unable to collect profit on a capital investment that provides no service to customers. For example, a hotel under construction could not recognize profit while it is under construction because it does not provide a service to customers."***

A. If Cal Advocates is stating that a business during the period of construction is unable to collect a return on the equity it has invested at that time because it does not receive revenue until construction is completed and there are revenues from customers, I agree. However, if Cal Advocates is claiming that the revenue a business receives from customers after construction is completed does not include a return on the equity invested during the construction period, I do not agree. Cal Advocates does not provide data supporting the proposition that companies in a competitive environment do not recover a return on equity investments for the period during construction.

In a competitive market investors/stockholders expect to receive a return on their investment, including for the time of construction. And, investors realize that any return they receive will not occur until revenue is generated. Furthermore, investors know that any return on their equity is subject to market conditions. Since pricing is a function of what the competitive market will bear, investors may receive a low return, no return, or a high return on equity. Additionally, investors may expect that returns will initially be low or nonexistent but increase over time. This is the risk investors face in a competitive market.

Q. Does the Commission allow utilities to recover a return on equity on plant before it is placed in service?

A. For some water companies the Commission allows CWIP to be included in rate base. As a result, those companies can earn a return on the equity associated with CWIP during the construction period. For Cal Water and energy companies, the Commission allows the return

on CWIP to be capitalized and included in rate base for recovery over the life of the asset as opposed to recovering it during construction.

Q. How do companies in a competitive market finance CWIP?

A. Companies finance CWIP with whatever resources are available, which often includes a combination of debt and equity. For example, Apple Inc. uses both debt and equity to finance its projects.[285]

Q. Since Cal Advocates mentions hotels, how is hotel construction financed?

A. After researching that question apparently there are many different approaches employed in financing hotel construction, including the use of equity. The Funding Company (a lending company) has a Complete Guide to Hotel Financing dated July 30, 2024. The Guide provides a list of hotel financing, including debt, equity, and mezzanine (debt and equity). F2H Capital Group (a real estate investment firm) has a document titled Equity Financing Options for Hotel and Hospitality Properties, which lists various equity financing options, including private equity, angel investors (wealthy investors), venture capital, crowdfunding, and real estate investment trusts (REITs). Furthermore, Ramsfield Hospitality Finance (a hotel real estate lender, owner and asset manager) states on its website, ramsfieldrealestate.com, "Through both debt and equity investments, we create value for our borrowers and investors."

Based on this research, financing construction with equity is not unique to utilities and appears to be an accepted financing tool in a competitive environment. It is only reasonable to assume that in a competitive environment investors expect, sooner or later, to receive a return on the equity they invested for the construction period. While companies in a competitive environment can set their own prices for the products and/or services they provide subject to the competitive market, market prices can yield returns that far exceed the returns the

[285] *Advances in Economics, Business and Management Research, volume 219* Proceedings of the 2022 2nd International Conference on Enterprise Management and Economic Development (ICEMED 2022) Analysis of Business Model and Financial Operation: Xiwen Zhang Faculty of Social Science, Western University, London, N6A 3K7, Canada Proceedings of the 2022 2nd International Conference on Enterprise Management and Economic Development (ICEMED 2022) Analysis of Business Model and Financial Operation: Xiwen Zhang Faculty of Social Science, Western University, London, N6A 3K7, Canada.

Commission adopts or returns that are lower and even losses. Depending on the success of the project and the market these returns may include an equity component for CWIP financing.

Q. How does Cal Water finance CWIP?

A. Cal Water's SEC 10-K filings for the years 2023[286] and 2024 under the section Utility Plant Construction provide an explanation:

> We have continually extended, enlarged, and replaced our facilities as required to meet increasing demands and to maintain our water systems. We obtain construction financing using funds from operations, long-term financing, advances for construction and contributions in aid of construction that are funded by developers. Advances for construction are cash deposits from developers for construction of water facilities or water facilities deeded from developers.[287]

Q. What funds does Cal Water use for long-term financing?

A. In Cal Water's 10-K SEC filing for the year 2024 under the section Long-Term Financing it states:

> Long-term financing is accomplished using both debt and equity. Cal Water was authorized to issue $1.3 billion of new debt and equity to finance capital projects and operations by a CPUC decision dated August 2, 2024. (p.48)

> Long-term financing, which includes First Mortgage Bonds, senior notes, other debt securities, and common stock, has typically been used to replace short-term borrowings and fund capital expenditures. Internally generated funds, after making dividend payments, provide positive cash flow, but have not been at a level to meet the needs of our capital expenditure requirements. Management expects this trend to continue given our capital expenditures plan for the next five years. (p.48)

Q. How does Cal Water use its short-term borrowing?

A. Cal Water finances its regulatory asset balances (Interim Rates Memorandum Account (IRMA) Water Revenue Adjustment Mechanism (WRAM), Monterey-Style Water Revenue Adjustment Mechanism (MWRAM), and Modified Cost Balancing Account (MCBA)) with short-

[286] Cal Water has included its California Water Service Group 2023 10-K and 2024 Proxy Statement ("2023 10-K/Proxy") as Attachment B to A.24-07-003. The number of pages in the 2023 10-K/Proxy document for the 10-K piece is 109 pages whereas the standalone 2023 is 96 pages. References for Cal PA testimony and Cal Water rebuttal reference the standalone Cal Water 10-K for 2023 and 2024 as applicable.

[287] 2023 10-K p.18; 2024 10-K p.19.

term financing.[288] Additionally, reductions in water usage, typically in winter months, reduces cash flow from operations and increases the need for short-term bank borrowings.[289] Moreover, customer payment habits have not recovered from the "COVID-19 no shut-off" policy, resulting in approximately $8.5 million 90 days past due. As of December 31, 2024, Cal Water had $165 million in short-term borrowing[290] and net IRMA, MWRAM, WRAM, MCBA and other regulatory asset balances of $113.4 million.[291] The receivable balances were primarily financed by Cal Water using short-term financing arrangements to meet operational cash requirements. Interest on the receivable balances, which represents the interest recoverable from customers, is limited to the then-current 90-day commercial paper rates, which typically are significantly lower than Cal Water's short-term financing rates.[292]

Q. What was Cal Water's CWIP balance as of December 31, 2024?

A. Cal Water had a CWIP balance of $260.8[293] million as of December 31, 2024, but the CWIP balance varies during the year and the September 30, 2024 balance was $336 million. Construction activity is generally seasonal in nature such that more activity takes place during the dryer months with longer days and less activity during the wetter months with shorter days.

Q. Does Cal Water include recovery of the cost of its short-term borrowing in its rate cases?

A. No. Cal Water is reimbursed a portion of its short-term borrowing costs from the interest the Commission authorizes on balancing and memorandum accounts. When the Commission authorizes the recovery of funds in balancing and memorandum accounts it allows water utilities to include short-term interest at the Federal Reserve 90-Day Commercial Paper Interest Rate. As of December 31, 2024, the 90-Day Commercial Paper Interest Rate was 4.37%. "The average borrowing rate for borrowings on the Company and Cal Water lines of credit during 2024 was 6.27% compared to 6.09% for the same period during the prior year."[294]

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[288] CWSG 10-K filing for the year 2024, page 47.
[289] CWSG 10-K filing for the year 2024, pages 18, 19 and 47.
[290] CWSG 10-K filing for the year 2024, page 73.
[291] CWSG 10-K filing for the year 2024, p.47.
[292] *Id.*
[293] CWSG 10-K filing for the year 2024, p.51.
[294] CWSG 10-K filing for the year 2024, p.73.

Q. What AFUDC rate has the Commission authorized for energy utilities?

A. In D.14-08-032 the Commission rejected the Division of Ratepayer Advocates' (now Cal Advocates) proposal to include short-term debt and exclude common equity in calculating Pacific Gas & Electric Company's (PG&E) AFUDC interest rate. The Commission decision adopted PG&E's use of its adopted cost of capital as the AFUDC interest rate stating:

> We accept PG&E's existing AFUDC methodology as reasonable, which is based on the approved FERC formula. We find no valid basis to deviate from the FERC formula or to require a new AFUDC methodology based on DRA's arguments. (P.614)

In Cal Advocates' Report on the Results of Operations for Pacific Gas and Electric Company Test Year 2020 General Rate Case it states that:

> The monthly rates that are used to compute AFUDC reflect PG&Es weighted average cost of capital for both debt and equity.
>
> PG&E used an AFUDC rate of 7.69% for GRC forecast years 2018-2020 which uses the authorized cost of capital rate established in Decision 17-07-005. Based on Public Advocates Office's review, PG&E's AFUDC approach and methodology is in accordance with the FERC formula included in the FERC Uniform System of Accounts.[295]

In D.19-09-051, the Commission addressed the AFUDC rate for Southern California Gas Company (SoCal Gas} and San Diego Gas & Electric Company (SDG&E) in response to The Utility Reform Network proposal to use short-term debt as the AFUDC rate. In D.19-09-051, the Commission defined AFUDC as follows:

> **"Allowance for Funds Used During Construction (AFUDC)**
>
> The term used for debt and equity funds used to finance capital additions. These amounts are applied to CWIP and the regulatory practice is to capitalize these costs to allow the utility to earn a fair return for the funds used." (p.609)

For SoCal Gas the Commission found as follows:

> "However, we find that this instance is not one of such cases and use of the authorized rate of return for estimating AFUDC as applied to construction work in progress is a practice that has been generally accepted and applied by the Commission in previous GRCs." (p.612, 613)

[295] A.18-12-009, Exhibit Cal Advocates-22, pp. 16-17.

Additionally, the Commission addressed SDG&E as follows:

> "Our conclusion here is the same which is that we find it reasonable to apply the authorized rate of return for AFUDC as applied to construction work in progress for 2017, 2018, and 2019." (p.616)

Q. What AFUDC rate should the Commission authorize?

A. Consistent with Cal Water's past general rate case decisions and general rate case decisions for energy utilities, the Commission should authorize Cal Water to continue using its latest adopted rate of return as the AFUDC rate.

Q. Is there anything else you care to comment on Cal Advocates' testimony before your conclusion?

A. Yes. Cal Advocates states that lower cost short-term debt is acknowledged to be a source of funding capital projects and then cites D.24-08-011 in footnote 100 and Cal Water's 10-K for the year 2023 in footnote 101.[296] After reviewing the references cited in Cal Advocates' footnotes no such acknowledgment was identified.

Footnote 100 of Cal Advocates' report references D.24-08-011 Conclusion of Law (COL) 14. COL 14 reads:

> Cal Water should not use the proceeds from the new securities authorized by this order to fund its capital projects until Cal Water has obtained all required approvals for the projects, including any required environmental review under CEQA. (D.24-08-011 p. 18)

Not only is there no mention of short-term debt in COL 14, but that interpretation flies in the face of Ordering Paragraph (OP) 8 in D.24-08-011, which only authorizes the use of short-term debt for short-term purposes.

> "…California Water Service Company is authorized to issue new short-term debt securities under its revolving credit arrangements for short-term purposes for a term of up to 24 months." (D.24-08-011 OP 8 p. 19)

The authorization above is the only one mentioned for short-term debt in D.24-08-011.

In Footnote 101 Cal Advocates references Cal Water's 10-K SEC filing for the fiscal year ended December 31, 2023, at pages 49 and 75 to support its statement that short-term debt is

[296] Sharma Testimony, p. 7-9.

a source of funding capital projects. Short-term debt is mentioned once as a source of funding on page 49 in the 2023 10-K and there is no mention of short-term debt as a funding source for capital projects on page 75. On page 49 in the section titled Short-Term Financing it states:

> "The proceeds from the Company and Cal Water facilities may be used for working capital purposes." (2023 10-K p.49)

"Working capital" is a widely used term defined on the Investopedia and Merriam-Webster websites as follows:

> **Investopedia Website**
>
> *Working capital, also called net working capital (NWC), is the difference between a company's current assets and current liabilities.*
>
> **Merriam-Webster Website**
>
> ***noun:*** *capital actively turned over in or available for use in the course of business activity:*
>
> *a: the excess of current assets over current liabilities*
>
> *b: all capital of a business except that invested in capital assets*

The above definitions for "working capital" do not support Cal Advocates' reference to short-term debt "as a source of funding capital projects." Cal Advocates' claim that short-term debt is a source of funding capital projects is misleading and not supported by its citations and should be given no weight.

Q. Does that complete your testimony?

A. Yes, it does.

CHAPTER 8. ALLOCATIONS

A. UNREGULATED REVENUE ALLOCATIONS

SPONSORED BY NATALIE WALES

Cal Water collects other miscellaneous revenue due to customer reconnection charges, returned check charges, job orders, and other services provided at cost. In addition, Cal Water provides several other entities with services, *e.g.*, water operations, billing, customer service contracts, and water quality testing, that are not associated with a tariff. Cal Water uses the excess capacity of its regulated assets to provide these non-tariffed products and services (NTP&S), which are also described as unregulated or non-regulated.[297] Cal Water allocates these unregulated activity costs to various accounts in accordance with Rule X of Appendix A in D.10-10-019. Rule X(c) requires revenue sharing for *active* projects at a 90/10 split between shareholders and customers, and for *passive* activities at a 70/30 split between shareholders and customers. Rule X(c) further allows postage, power, taxes, and purchased water to be removed from the calculation from the gross revenues shared with customers. Revenues are "shared" through a reduction in expenses. Cal Water forecasts the shared revenues by using UWUA escalation factors to inflate 2023 recorded amounts to the GRC cycle (2026-2028). Cal Advocates did not address Cal Water's unregulated revenue allocations in their testimony. Therefore, the Commission should approve Cal Water's proposed allocations for unregulated activities.

B. AFFILIATE ALLOCATIONS FACTOR

SPONSORED BY PATRICK ALEXANDER

Due to the unique characteristics of Cal Water's out-of-state affiliates ("affiliates"), Cal Water uses a modified four-factor methodology to allocate a portion of its Customer Support Services ("CSS") common expenses and rate base to its the affiliates. Every year, Cal Water identifies the CSS departments who provides shared services to Cal Water and its affiliates and

[297] CWS Testimony Book #1, pp. 194-195.

then uses the modified four-factor to allocate their expenses to the affiliates. Cal Water also allocates a portion of its CSS rate base to the affiliates that is utilized by the allocable departments that support them.[298] This is the same methodology Cal Water has proposed in several previous GRCs and was litigated and Cal Water's methodology was adopted in its most recent GRC.299 Cal Water then uses a standard four-factor methodology to allocate the remaining portion of common expenses and rate base among its in-state operating districts. [300]

As further discussed below, Cal Advocates implies that there are potential issues with not using the standard factors included in Standard Practice U-6-W but ignores that the SP U-6-W allows for modification of the factors to address these issues, and similarly ignores the Commission agreed with Cal Water's modified four-factors in the 2021 GRC. Cal Advocates instead recommends that Cal Water should adjust its out-of-state affiliate allocation methodology to use the factors prescribed by the Standard Practice.[301] Additionally, and without any explanation or basis, Cal Advocates also recommends to apply the allocation percentage calculated for the allocable departments' expenses to all Cal Water departments (allocable and non-allocable) expenses. Cal Advocates also inexplicably recommends application of the same affiliate factor allocations for both CSS expenses and rate base. Cal Water disagrees with Cal Advocates' three recommendations as they are erroneous and are not supported by any testimony. The Commission should approve Cal Water's proposed modified four-factor for allocation of allocable expenses and rate base to its affiliates with updated 2024 data.

Finally, Cal Advocates does not recommend any adjustments to Cal Water's standard four-factor methodology for applying Cal Water's portion of CSS expenses and rate base to ratemaking areas within California. Therefore, the Commission should adopt the standard methodology used to calculate the four-factor allocation to apply Cal Water's portion of CSS expenses and rate base to its rate making areas within California.

[298] CWS Testimony Book #1, p. 191.
[299] D.24-03-042, pp. 97-99.
[300] Cal Water's standard four-factor methodology is described in Standard Practice U-6-W, p. 11.
[301] Ibrahim Testimony, p. 5-1.

1. Four-Factor Allocation

SP -U-6-W recommends use of direct operating costs, gross plant, number of employees, and number of customers when calculating the allocation of shared costs. Instead of using the generally recommended factors in Standard Practice U-6-W, Cal Water uses direct operating expenses, net plant, meter size equivalents, and operating revenues. Cal Advocates asserts that Cal Water uses these factors "seemingly for no other reason than to allocate a bigger portion of its operating expenses to its California ratepayers." On the contrary, Cal Water has chosen factors that are more representative of how its shared costs should be allocated amongst its affiliates. For instance, instead of number of customers, Cal Water uses customer meter size equivalents and operating revenues to account for different affiliate customer mixes (Hawaii has several large commercial resort and golf course customers that would potentially skew its allocation downwards). Furthermore, the number of employees was omitted because direct operating costs include employee wages and benefits, vehicle costs, material, engineering and outside service expenses to support its customers and their unique logistic characteristics. Supporting unique customer logistics drives direct operating costs and the number of employees is a result of such support. This methodology has been consistently applied and adopted in Cal Water's prior rate cases. In fact, the Commission agreed with Cal Water in its most recent GRC when this issue was litigated, stating "We find that while the Commission does encourage adherence to standard practices when they fit the circumstances, we have and will continue to adapt to unique circumstances. We will again depart from S.P. U-6-W Four Factor Allocation in recognition of prior departures and because we believe the facts and evidence at hand favor the decision. We therefore adopt Cal Water's estimates"[302] and "the exercise of judgement must always prevail when there is good cause for departing from any deference to a standard practice."[303] Cal Advocates has not provided a legitimate reason as to why these factors are no longer valid.

Therefore, the Commission should adopt Cal Water modified four-factor methodology, which is prudent, consistently used, and adopted in the past GRCs.

[302] D.24-03-042, p. 98.
[303] D.24-03-042, p. 98.

2. Allocable CSS Expenses

Cal Advocates recommends applying the four-factor allocation across all CSS expenses, regardless of whether they contribute or not to the activities of the affiliates. Cal Water disagrees with Cal Advocates' position. For ratemaking purposes, Cal Water applies an allocation of its entire allocable CSS expenses to its affiliates. The share of the allocable CSS department costs only includes Cal Water's CSS departments that assist the affiliates. The non-allocable department costs should fully be included in California's share of expenses. Cal Water evaluates each CSS department's time spent on activities involving out-of-state operations to determine the CSS expenses that are appropriate to allocate. Cal Water then uses the affiliate allocation factor calculated based on a modified four-factor methodology to allocate the allocable expenses among the affiliates. Cal Water's allocable expense percentage for 2024 was 55%[304] of total CCS expenses. As shown in **Figure 8-1** below, Cal Water's updated modified four-factor percentage based on 2024 recorded data for allocable CSS expenses to California is 92.0%.[305] Assuming a total CSS expense of $138,617,865 (2024 recorded CSS expenses), this results in an allocable expense of $70,780,875 for Cal Water and a reallocation of 4.46% of total CSS expenses to the affiliates.[306]

[304] Total expenses for Allocable departments in 2024 were $76,962,864. This is 55.5% of Total CSS Expenses of $138,617,865.

[305] The updated modified four-factor percentage of 92.0% is then applied to the 55.5% defined as the total allocable CSS expense. This amount is then assessed to Cal Water's California districts.

[306] Allocable Expense: $70,743,685 = ($138,617,865 * 55.5%) * 91.96%
Non-Allocable Expense: $61,684,950 =$138,617,865 * (1 – 55.5%)
Allocation Factor: 4.46% = 1 - (($70,743,685 + $61,684,950) / $138,617,865) * 100

Figure 8-1

Modified Four Factor Calculation by CWS Method						
	Total	**CWSCO**	**WWSCO**	**NMWSCO**	**HWSCO**	**TWSCO (Only 75% of BVRT)**
Active Meter Size Equivalence	100%	92.33%	4.36%	1.30%	1.56%	0.44%
Per Business Unit count	957,045	883,687	41,706	12,482	14,970	4,200
2023 Operating Revenues	100%	92.25%	2.32%	0.72%	4.30%	0.41%
Per Ops Statement 12/31/2023	1,036,806,181	956,447,222	24,092,658	7,438,238	44,582,232	4,245,830
Net Utility Plant	100%	91.87%	2.44%	0.69%	2.81%	2.18%
Per Balance Sheet 12/31/2023	4,154,368,611	3,816,513,279	101,535,101	28,712,831	116,907,701	90,699,700
2023 Direct Operating Expenses	100%	91.37%	2.39%	0.60%	4.40%	1.25%
Per Ops Statement 12/31/2023	655,696,711	599,099,135	15,671,145	3,910,018	28,834,349	8,182,064
		91.96%	2.88%	0.83%	3.27%	1.07%
Total CSS Expense	138,617,865	2024 Total CSS Expense				
Allocable Expense to Cal Water	76,932,915					
Non-Allocable Expense	61,684,950					
ocable Expense of CWS portion	70,743,685					
		4.46%				
Allocable Expenses to Cal Water and Affiliates						
Total CSS Expense 12/31/2024	138,617,865	A				
PUBCO Allocation (allocated to affiliates+CWS from total CSS Expenses)	**76,962,864**	B				
	Allocable (B/A) C = B/A	**Non-Allocable D = 1 - C**				
PUBCO Allocation of total CSS Expenses	**55.5%**	**44.5%**				

Cal Water recommends that the Commission authorize removal of 4.46% of total CSS expenses to allocate to its affiliates.[307]

3. Allocable CSS Rate base

Cal Advocates recommends the same Affiliate Allocation factor to be applied to CSS rate base without considering difference in between expenses and capital. The plants included in CSS rate base will have little or no operational use for affiliate entities. CPUC SP U-6-W

[307] If the Commission approves Cal Advocates' proposed factors for allocation calculation, the employee counts need to be replaced with operating payroll, which is consistent with Standard Practice U-6-W guidelines. Using 2024 recorded data along with these adjustments, Cal Water's prorated factor will increase from 90.37% to 90.54% and affiliate allocation factor will change from 9.63% to 5.65%.

acknowledges this and recommends that CSS (GO) expenses and plants allocation should be made on use basis.[308]

For instance, CSS Water Quality lab equipment only provides lab testing services to the service areas of Cal Water and CSS vehicles will not be used for out-of-state operations. However, because some vehicles are allotted employees from allocable departments, Cal Water includes a percentage of CSS vehicles to calculate the rate base affiliate allocation factor. Another example is the affiliates have their own administrative and field operational facilities, therefore it would not be appropriate to allocate the CCS facilities to the affiliates. For these reasons, Cal Water believes it is fair to calculate affiliate factors for CSS rate base on only allocable plants. Therefore, Cal Water requests the Commission to adopt an affiliate allocation factor for CSS rate base calculated based on allocable basis for the CSS plants. This factor was filed as 1.4% in the 2024 GRC application in July 2024 based on 2023 data and remains at 1.4% in rebuttal based on 2024 data.[309]

[308] Standard Practice U-06-W, p.3.
[309] Cal Water has updated the rate base calculations to reflect 2024 data.

Table 8-1
Affiliate Allocation Factor Calculations

AFFILIATE ALLOCATION FACTOR CALCULATION - RATEBASE
ALLOCABLE PLANTS FOR THE YEAR 2024

DESCRIPTION	GROSS PLANT (end. year)	DEPREC. RESERVE (end. year)	NET PLANT	ALLOCABLE POOL	NON-ALLOCABLE POOL	DISCUSSION
STRUCTURES AND IMPROVEMENTS	0	0	0	0		
COLLECTING AND IMPOUNDING RESERVOIRS	0	0	0	0		
LAKE, RIVER AND OTHER INTAKES	0	0	0	0		
WELLS	0	0	0	0		
SUPPLY MAINS	0	0	0	0		
STRUCTURES AND IMPROVEMENTS	0	0	0	0		
PUMPING EQUIPMENT	10,277,916	1,560,159	8,717,757	0	10,277,916	LOCAL CAL WATER EQUIPMENT, NO WAY TO TRANSPORT OUT OF STATE
OTHER PUMPING PLANT	3,238,851	835,461	2,403,390	0	3,238,851	LOCAL CAL WATER EQUIPMENT, NO WAY TO TRANSPORT OUT OF STATE
STRUCTURES AND IMPROVEMENTS	0	0	0	0	0	
WATER TREATMENT EQUIPMENT	18,831	18,732	99	0	18,831	LOCAL CAL WATER EQUIPMENT, NO WAY TO TRANSPORT OUT OF STATE
STRUCTURES AND IMPROVEMENTS	0	0	0	0		
RESERVOIRS AND TANKS	0	0	0	0		
TRANSMISSION AND DISTRIBUTION MAINS	1,307,768	0	1,307,768	1,307,768		
FIRE MAINS	0	0	0	0		
SERVICES	0	0	0	0		
METERS	0	0	0	0		
HYDRANTS	0	0	0	0		
STRUCTURES AND IMPROVEMENTS	39,167,948	17,022,604	22,145,344	4,465,146	34,702,802	BASED ON COMPOSITE BUCKET 11.4%
OFFICE FURNITURE AND EQUIPMENT	4,801,524	-1,392,332	6,193,856	720,229	4,081,295	BASED ON INFORMATION SYSTEMS BUCKET PERCENT OF 15%
OFFICE EQUIPMENT - COMPUTERS	14,960,025	6,185,503	8,774,522	2,244,004	12,716,022	
OFFICE EQUIPMENT - SOFTWARE	101,206,362	67,942,521	33,263,842	15,180,954	86,025,408	
TRANSPORTATION	7,443,980	4,491,485	2,952,495	320,000	7,123,980	VEHICLES NOT USED OUT OF STATE. PROVISION FOR OFFICER GENERAL COMPENSATION (Ratio of estimated $320,000 gross value of officer vehicles overall category)
STORES EQUIPMENT	36,741	28,521	8,220		36,741	
LABORATORY EQUIPMENT	1,126,836	91	1,126,745		1,126,836	CSS DOES NOT PERFORM WATER TESTING OUT OF STATE
COMMUNICATION EQUIPMENT	1,964,742	94,264	1,870,478	1,964,742		
POWER OPERATED EQUIPMENT	258,504	166,082	92,422		258,504	
TOOLS, SHOP AND GARAGE EQUIPMENT	6,673,070	983,196	5,689,874		6,673,070	
OTHER GENERAL PLANT	16,336	-16,105	32,440	16,336		
OTHER TANGIBLE PLANT	0	0	0	0		
UTILITY PLANT PURCHASED	0	-996	996	996		
G.O. PLANT ALLOCATION	0	0	0			
TOTAL	192,499,433	97,919,184	94,580,249	26,220,174	166,280,255	
	192,499,433	97,919,184		13.62%		
				10.51%	Gross 4-Factor	
				1.4%	Weighted 4-Factor	
				0.00%	Unregulated full allocation	
				1.4% Total Ratebase Allocation		

4. Summary

The Commission should adopt Cal Water's proposed modified four-factor for affiliate allocations of 4.46% for CSS expenses and 1.4% for CSS rate base for the reasons provided above. This is consistent with the methodology approved by the Commission in previous rate cases and results in the equitable distribution of CSS costs across Cal Water and to all its affiliates.

CHAPTER 9. SPECIAL REQUESTS

A. ENHANCING AFFORDABILITY THROUGH CONSOLIDATION (SR #1) (SCOPING ISSUE #13)

SPONSORED BY GREG MILLEMAN

No dispute. Cal Advocates does not oppose Cal Water's proposal to consolidate the Dixon and Livermore Districts into the Diablo Ranch Region ("DRR") to improve overall affordability and maximize operational efficiencies in these districts. Similarly, Cal Advocates does not oppose Cal Water's proposal to modify the existing transitional assessment within the North Valley Region ("NVR") and establish a new transitional assessment within the proposed DRR. The Commission should approve Cal Water's requests to enhance affordability through consolidation as described below.

Summary of proposals. The NVR was established in Cal Water's 2021 GRC, consolidating the Chico and Oroville Districts. The consolidation included a transitional assessment on Oroville customers to partially mitigate the rate impacts of the consolidation on Chico customers. In this case, Cal Water proposes to decrease the current NVR transitional assessment according to a declining percentage methodology from 5.7% of the 2023 adopted consolidated revenue requirement ($2 million) to 5.2% in 2026 and 4.7% in 2027.

In the proposed DRR, Cal Water would also establish a transitional assessment on Dixon customers to partially mitigate the rate impacts of the consolidation on Livermore customers. The DRR transitional assessment would use the same declining percentage-based methodology proposed for NVR. The DRR transitional assessment would start at 4% of the 2026 adopted consolidated revenue requirement, reducing to 3.5% and 3.0% of the adopted consolidated revenue requirements for escalation years 2027 and 2028, respectively.

Cal Water provided full support for the proposed consolidations and transitional assessments, including benefits for customers and justifying rationales in Chapter 1 (Enhancing Affordability through Consolidation (SR #1)) of Cal Water's Testimony Book #2.[310]

[310] CWS Testimony Book #2, pp. 12-17.

B. UPDATING THE RATE SUPPORT FUND (SR #2) (SCOPING ISSUE #13)

SPONSORED BY GREG MILLEMAN

No dispute. Cal Advocates does not oppose Cal Water's proposed changes to the beneficiaries of the Rate Support Fund ("RSF") program, which lowers rates in certain high-cost districts through a surcharge on all non-CAP customers, except for those in RSF districts, throughout Cal Water's Class A ratemaking areas.

The RSF currently provides benefits to the Kern River Valley ("KRV"), Willows ("WIL"), and Dixon ("DIX") Districts. In its 2024 GRC Application, Cal Water proposes to retain the subsidy for Willows, provide a modified subsidy to KRV, and begin providing RSF to the Selma ("SEL") District. (The affordability concerns of the Dixon District are addressed through the consolidation proposal discussed in SR #1.) The proposed modifications will help mitigate the rate effects of the 2024 GRC and support overall affordability in those districts. Cal Advocates similarly does not oppose the usual updates to the RSF Index Rate, and to the RSF surcharge itself based on the final rates in this case.

Cal Water provided full support for the proposed modifications to the RSF program in Chapter 1.B (Rate Support Fund (SR #2)) of Cal Water's Testimony Book #2.[311] The Commission should adopt Cal Water's modified RSF as being fair and reasonable.

C. INCORPORATING SUBSEQUENT RATE CHANGES INTO FINAL RATES (SR #5) (SCOPING ISSUE #17)

SPONSORED BY PATRICK ALEXANDER

Special Request #5 calls attention to the rate and revenue changes the Commission approves in other proceedings or through advice letter filings during the pendency of this proceeding. For those that will become effective prior to, or concurrently with, revenue changes adopted in this proceeding, Cal Water requests approval to incorporate such rate and revenue changes into the calculations of the final rates adopted in this proceeding. This special request has been successfully implemented in previous Cal Water GRCs. Given that Cal

[311] CWS Testimony Book #2, pp. 17-21.

Advocates does not object to or address this issue in their testimony, Cal Water requests that the Commission approve Special Request #5.

D. MOST CURRENT ESCALATION FACTORS (SR#6) (SCOPING ISSUE #18)

SPONSORED BY MELODY SINGH

Cal Advocates' testimony did not address Cal Water's Special Request #6 to use the most current escalation factors in the final Commission decision for this proceeding. This component of rates is particularly important given the unpredictable impacts on inflation resulting from the current federal government's unpredictable actions. The Commission should therefore use the most current Commission escalation rates in the final decision to most accurately reflect the cost of service in Cal Water's 2026 revenue requirement.

E. PAYROLL ESCALATION BASED ON UNION CONTRACTS (SR #7) (SCOPING ISSUE #19)

SPONSORED BY GREG MILLEMAN

Cal Advocates' testimony opposes Cal Water's Special Request #7 to calculate the escalation year labor expenses for its escalation and attrition year advice letter filings using the Company's actual annual wage increases in the contracts[312] with Cal Water's unions, as opposed to the Commission's labor inflation factors. Cal Advocates defers to the rate case plan which refers to use of the most recent Commission memo inflation factors for escalation in the escalation and attrition years.

Cal Water noted in its application that roughly 68% of its workforce is unionized, and that in 2021 and 2022, its actual union wage increases have exceeded the Commission's labor inflation factors.[313] Cal Water also notes that this pattern is likely to continue, as its contract with the Utility Workers Union of America implies an annual wage increase target of 2.5% to

[312] The unions at Cal Water consist of the International Federation of Professionals and Technical Engineers, Local 26 (IFPTE) and the Utility Workers Union of America (UWUA).
[313] CWS Testimony Book #1, p. 100.

3.5%,[314] which exceeds the Federal Reserve's annual inflation target of 2%.[315] The December 2023 CPI triggered the language where either party could request to reopen wage negotiations. Both unions did request to reopen wage negotiations. However, Cal Water did not agree to increasing the wages beyond the CPI of 3.6%. Cal Water also noted the value of fair wages to its union employees and importance of including those wages in its revenue requirement.

Since Cal Advocates did not oppose this special request in Cal Water's 2021 GRC, it was identified as an undisputed issue in that case.[316] There have not been any significant changes since then. In fact, as shown below, the Commission's escalation memo had higher labor inflation rates than the union increases for 2023 and 2024. If the Commission's escalation had been used, our customers rates would have included higher payroll expense than that paid by Cal Water to its employees.

	2021	**2022**	**2023**	**2024**
Union Rate	3.60%	4.33%	3.33%	3.60%
CPUC Memo(1)	1.20%	4.20%	8.10%	4.10%

(1) Used the CPUC escalation memo from the September prior to the year shown as the advice letters to implement Step Rates increases is filed in the 4th quarter of the proceeding year.

The union contracts are collectively bargained agreements that provide fair wages to union employees and it is important that these wages are reflected in the revenue requirement given that they represent a significant majority of Cal Water's employees. To more accurately reflect the impact of wage increases in rates, Cal Water recommends that the Commission approve the use of actual union wage increases instead of the Commission's labor escalation factors in Cal Water's step increase filings.

[314] "In the event the CPI-U Western US for December 2023 and each December through the end of the contract, is below 2.5% or above 3.5% either party may request to re-open negotiations for wages only." Cal Water Collective Bargaining Agreement with Utility Workers Union of America for the years 2021 through 2027, page 28.
[315] *See* https://www.federalreserve.gov/faqs/economy_14400.htm.
[316] D.24-03-042, Attachment 1, Appendix 3.

F. AMORTIZATION OF BAMAS (SR #8) (SCOPING ISSUE #20)

SPONSORED BY NATALIE WALES

Cal Advocates and Cal Water agree in principle with amortizing the eight (8) memorandum and balancing accounts through temporary surcharges and credits,[317] but disagree on some specifics. For the memorandum accounts at issue, the amounts to be amortized have been identified and are not in dispute. These consist of the CEMA, PSPS MA, and the Asbestos Litigation MA. Cal Advocates did not oppose continuation of the Asbestos Litigation MA (the only one of the three with a specific termination date) until December 31, 2028 (the end of the rate case period).

For the balancing accounts at issue, however, Cal Advocates provides some recommendations that are problematic and should not be adopted. Before turning to specific accounts, Cal Water first addresses a broader issue applicable to all of the balancing and memo accounts raised in Special Request #8 – the appropriate timing of and method for amortizations.

1. Timing and Method of Amortizations

In its application, Cal Water requested a grace period of at least 90 days after a final decision is issued to file advice letters amortizing its balancing and memo accounts.[318] Cal Water's first priority after a decision is to implement new rates based on the decision. This usually requires additional calculations after a decision is adopted so that past revenue offsets ("subsequent offsets") previously approved by the Commission during the pendency of the rate case, as well as to layer on any new offsets (such as for purchased water and power) that will go into effect with the beginning of the Test Year. As shown in Cal Water's response to a data request from Cal Advocates (provided as Attachment KKE-002 to the Evans Testimony), the

[317] In regulatory parlance, "sur-credit" is usually used to characterize customer refunds applied to utility bills. Cal Water now refers to them simply as "credits" when communicating with customers, and will use this simpler term in this rebuttal testimony.
[318] CWS Testimony Book #3, p. 4.

amortization advice letters after the last two GRC decisions were filed between 82 and 152 days after the decisions.[319]

However, these time periods would be cut down dramatically if Cal Water had the flexibility to begin aggregating some balancing and memo account dollars to calculate fewer surcharges/credits per ratemaking area. It was Cal Advocates' repeated focus on the amortization of "net amounts" across multiple balancing and memo accounts, coupled with the recollection that Great Oaks was allowed a similar aggregation, that gives rise to this proposal. To the extent that balances from multiple accounts apply to the same customer group within a ratemaking area, the process of implementing amortizations of memo and balancing accounts could be considerably streamlined if Cal Water is allowed to "net" balances against one another. This would need to be applied selectively so that, for financial accounting purposes, short-term and long-term regulatory assets and liabilities could be properly tracked and reported upon over time. Applying a smaller number of surcharges or credits, however, has potential benefits for the Company, Commission staff, and customers. As proposed below, this approach would simplify bills for the majority of customers who are only interested in a high-level understanding of their water bills, and need not sacrifice transparency for those customers who want to understand individual components on their bills.

2. Reducing Customer Confusion By Netting Balances

In discussing the amortization of Cal Water's various balancing and memorandum accounts, Cal Advocates frequently emphasizes net amounts - aggregates of customer refunds (presented as negative numbers by Cal Advocates) and customer under-collections (presented as positive numbers) across multiple accounts. Cal Advocates addresses Special Request #8 with the following recommendation, repeated in different ways: "The Commission should order a net over-collected amount of $6,430,388, consisting of the three over-collected BAMAs totaling $16,610,415, offset by Cal Water's requested amortization of $10,180,751 from four BAMAs, as

[319] Evans Testimony, Attachment 1-2, electronic page 73. [page 11 of Partial Response #3]

shown in Table 1-3 below."[320] Cal Advocates has a responsibility to review individual memo and balancing accounts. Once completed, however, Cal Advocates' focuses on the bottom line – just as most customers do, in Cal Water's experience.

Cal Advocates' choice of aggregating these specific balances in this manner is problematic for several reasons discussed below, but there is merit in netting balances across multiple balancing and memorandum accounts, when (1) they apply to a common set of customers, (2) amortization can be timed together, and (3) financial accounting requirements can be met. The Commission expressed support for this concept when it adopted a resolution allowing Great Oaks to combine the balances of multiple accounts.[321] With the acknowledgement that settlements are not precedential, the Commission references two previous settlements in which Cal Advocates and Great Oaks agreed to amortize net balances.[322] The Commission went on to observe that, "By applying [over-collected] surcharges in this manner, it would reduce the number of surcharges and or sur-credits that appear on customer bills and may reduce customer confusion regarding bill calculations."[323]

This reasoning is equally applicable to the multiple balancing and memorandum account amortizations being addressed in this proceeding, and is not inconsistent with Cal Advocates' focus on addressing Cal Water's outstanding balances as a whole, rather than as individual surcharges and credits applied to customer bills. From the perspective of customers, any change in the charges on their water bill is experienced as a "rate change," so even the application of a temporary surcharge or credit is an undesirable development that is best handled simultaneously with other rate changes.

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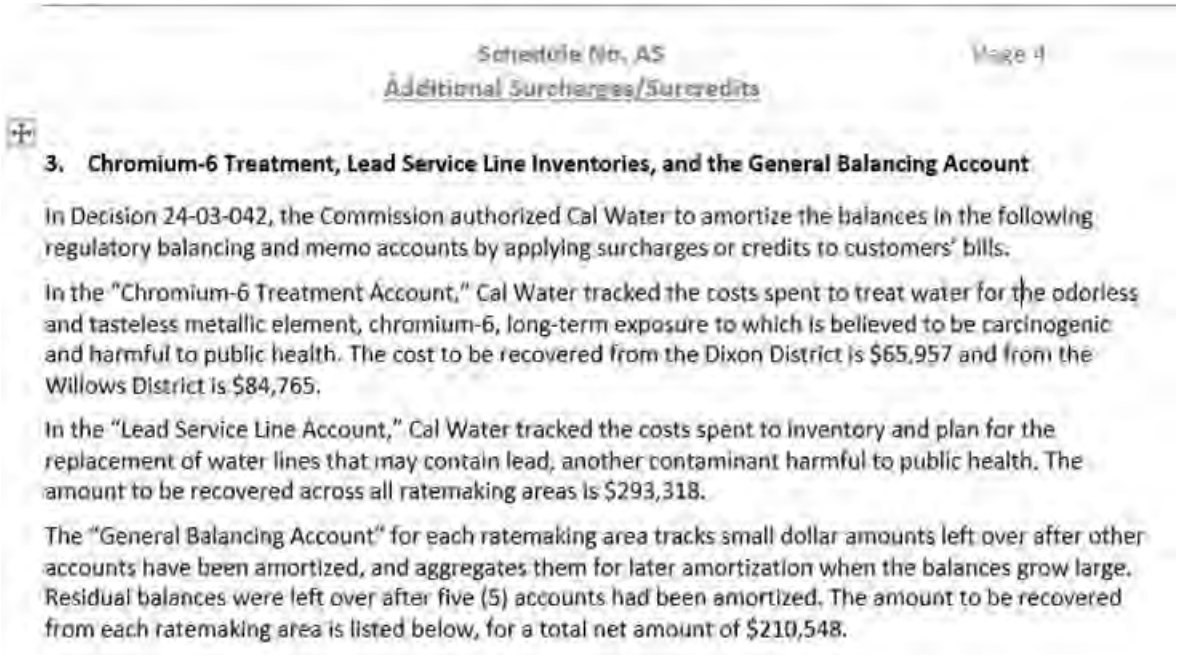
[320] Evans Testimony, p. 1-10 (lines 9-10). For reasons discussed below, this recommendation would result in premature amortizations in three accounts, which are specifically intended to last the duration of the 2021 GRC rate case period of 2023-2025.

[321] Resolution W-5267. Great Oaks Water Company, Inc. Order Authorizing The Offset Of The Balance In Its Conservation Lost Revenue Memorandum Account With The Balance Of Its Excess Usage Surcharge And Conservation Expense Balancing Account; The Application Of The Remaining Balance Of Excess Usage Surcharges To Amortize The Under-Collected Balances Of Memorandum And Balancing Accounts; And The Application Of The Remaining Balance, If Any, Towards A Deduction From Authorized Revenues For Attrition Year 2024-2025. (November 16, 2023). https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M520/K884/520884173.pdf.

[322] *Id.,* pp. 5-7.

[323] *Id.,* p. 7. This is consistent with Commission's statement in a decision adopting one of the settlements that "We find this combined amortization reasonable to avoid multiple surcharges/credits." D.23-04-004, p. 70.

For customers who want to understand the individual components of their bills and Cal Water's authority to charge them, tariffs could still contain narrative explanations like the following, which addresses the recent amortization of 3 accounts:



Schedule No. AS Page 4
Additional Surcharges/Surcredits

3. Chromium-6 Treatment, Lead Service Line Inventories, and the General Balancing Account

In Decision 24-03-042, the Commission authorized Cal Water to amortize the balances in the following regulatory balancing and memo accounts by applying surcharges or credits to customers' bills.

In the "Chromium-6 Treatment Account," Cal Water tracked the costs spent to treat water for the odorless and tasteless metallic element, chromium-6, long-term exposure to which is believed to be carcinogenic and harmful to public health. The cost to be recovered from the Dixon District is $65,957 and from the Willows District is $84,765.

In the "Lead Service Line Account," Cal Water tracked the costs spent to inventory and plan for the replacement of water lines that may contain lead, another contaminant harmful to public health. The amount to be recovered across all ratemaking areas is $293,318.

The "General Balancing Account" for each ratemaking area tracks small dollar amounts left over after other accounts have been amortized, and aggregates them for later amortization when the balances grow large. Residual balances were left over after five (5) accounts had been amortized. The amount to be recovered from each ratemaking area is listed below, for a total net amount of $210,548.

3. Streamlining Amortizations By Netting Balances

While a deadline extended to 90 or more from a final decision may seem excessive, the sheer number of ratemaking areas and tariffs Cal Water must update to implement a GRC decision is considerable. For the vast majority of ratemaking areas, Cal Water is generally unable to update its tariffs and billing system simply using the rates contained in a final GRC decision. Revenue changes approved since the GRC application was filed must be incorporated into the new GRC-approved revenues (referred to as "subsequent rate changes" in Special Request #5). There are also new revenue changes - several districts with purchased water have wholesale rates that change every January 1st. Making these adjustments requires either re-running the RO Model, or "layering" revenue changes on top of the new GRC-approved revenue.

It is important to note that most of Cal Water's balancing and memo accounts are tracked at the district or ratemaking area level.[324] For example, while Cal Water reports a

[324] As districts are combined into regions, amortizations of pre-existing balances in memorandum and balancing

company-wide balance for a given balancing or memo account, the magnitude of the balance at the ratemaking area level can vary dramatically. Because of this, surcharges and credits often must be calculated at the district or ratemaking level. Amortizing one account can result in 20+ surcharges or credits that must be calculated and validated. Depending on the nature of the account, a single balancing or memo account can also result in surcharges for customers in some districts and credits for customers in other districts, adding to the complexity of properly applying a billing component,[325] and disguising the true nature of the amounts because they are netted together.[326] Finally, customer groups within an area may be subject to different surcharges and credits.[327]

Any change in a bill component requires Cal Water to adhere to specific procedures to comply with the Sarbanes-Oxley Act of 2002 (commonly known as "SOX"), a federal law intended to ensure appropriate financial practices for publicly-traded companies like Cal Water.[328] External auditors regularly test compliance with SOX controls that must be followed when tariffs are generated and bill components are entered into the customer billing system.[329] Implementing a separate surcharge or credit for each balancing or memo account at the same time, and for each ratemaking area, is a burdensome process that is part of doing business. Amortizing 3 accounts that apply to each ratemaking area, for example, means calculating 57 surcharges or credits (3 accounts x 19 ratemaking areas). But if Cal Water was able to aggregate the balances in those accounts and only calculate *19 surcharges or credits*, submitting an advice letter to do so within a shorter time period from a final GRC decision becomes much more feasible.

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accounts may be applied at the old "district" level, rather than to an entire ratemaking area, for equity purposes.

[325] Surcharges are generally applied as a dollar amount per CCF, while a credit is generally applied as a fixed amount per customer line. When amortization of an account results in both surcharges and credits, there are more opportunities for miscalculations because total CCFs must be used to calculate the former, while total customer lines must be used to calculate the latter.

[326] For example, if there is a large balance that must be collected from Bear Gulch customers, but Bakersfield customers will be receiving a large credit, the total amount reported for that account could be small because the amounts cancel each other out.

[327] For example, due to the California Water and Wastewater Arrearage Payment Program administered by the State Water Resources Control Board, WRAM surcharges for Cal Water's residential and commercial customers have been forgiven, but the surcharges still apply to Cal Water's industrial and recycled water customers.

[328] Sarbanes-Oxley Act of 2002, Public Law 107-204, 116 Stat. 745 (2002).

[329] For example, each surcharge or credit must be entered into the customer billing system and then tested in a sandbox environment before the bill components can "go live" and be applied to customer bills.

The Commission's Water Division and interested parties like Cal Advocates would also benefit from the aggregation of balancing and memo account funds for amortization purposes. While the workpapers for the individual account totals are still subject to review for reasonableness and accuracy, the smaller number of surcharges and credits to be calculated would still mean fewer workpapers. And of course, the fewer calculations that are needed, the lower the likelihood of errors.

4. October 1, 2024 Surcharges and Credits

October 1, 2024 is an example of how a confluence of events can result in numerous individual surcharges and credits requiring approval and implementation at the same time, to the detriment of resources within the company, the Commission's Water Division, interested parties who review Cal Water's advice letters, and any customers trying to track all the changes on their water bills. Cal Water's 2021 GRC decision was approved in March 2024, triggering authorization to amortize several balancing and memo accounts. Because the decision was over 15 months late, there were also considerable balances in an Interim Rate Memorandum Account that affected numerous customer classes in different ways.

On October 1, 2024, Cal Water implemented four different kinds of surcharges/credits to true up interim rates and final rates as tracked in its "IRMA" account: a different surcharge for regular customers in each district, a credit for CAP customers that varied by district, a surcharge for all private fire protection customers to true up their rates, and a surcharge for all private fire protection customers to CAP funding that was not collected during the interim period.

Also on October 1, 2024, Cal Water implemented surcharges and credits for three new amortizations authorized in the 2021 GRC decision, as well as M-WRAM surcharges and ICBA surcharges and credits for balances incurred in 2023 that could not have been calculated in the absence of a GRC decision that approved revenue requirements for 2023. In fact, the ICBA surcharges and credits were themselves a combination of the balances for purchased water, purchased power, and pump taxes incurred in 2023 – a precursor to what Cal Water now proposes – aggregation of all balancing and memo account amounts authorized for amortization.

5. Interest While Amortization Advice Letters Are Pending

As discussed above, Cal Water requests a deadline of at least 90 days from a final decision in this case, and preferably up to 180 days, to submit amortization advice letters due to the potential complexity of implementing multiple rate changes and surcharges/credits pursuant to a final decision, and customers' preference for synchronizing bill component changes so that they occur as infrequently as possible. If Cal Water's proposal is adopted, Cal Advocates urges the Commission to limit interest in the accounts to 30 days. Such a limitation has the potential to hurt both customers and shareholders because, as discussed above, many balances could result in refunds, as well as surcharges. All of Cal Water's preliminary statements provide for interested at the 90-day commercial paper rate for the duration of the accounts. Limiting interest to just 30 days is rather arbitrary – Cal Advocates does not claim that Cal Water should be able to submit *all* of its advice letters to amortize amounts approved in a final decision within 30 days of that decision. Neither does Cal Advocates claim that a delay in amortization, for the specific reasons Cal Water has discussed herein, hurts customers or somehow benefits the company. Since allowing a maximum of only 30 days of interest to be accrued in balancing and memorandum accounts, pending submission of advice letters to amortize them after a final GRC decision, is an unnecessary complication in a process that is already complicated, and should not be adopted.

6. Prompt Amortization of Accounts

In Special Request #8, Cal Water specified the available balances to be amortized due to the nature of each account. Cal Water did not provide specific balances for the three balancing accounts that are still tracking costs for the 2023-2025 rate case period – the CEBA5, PCBA5, and HCBA5. Cal Advocates also urges the Commission to require "prompt amortization" according to specific amounts in those accounts as of [look up date in DR response].[330] As shown in Cal Advocates' Table 1-3, all three accounts happen to reflect customer refunds totaling $16,610,415 as of that date.[331] Unlike the other accounts addressed in Special Request

[330] Evans Testimony, pp. 1-10 to 1-11.
[331] *Id.*, p. 1-11.

#8, these are balancing accounts specifically tied to a rate case period. Cal Water does not oppose prompt amortization of any balancing or memorandum account when it is reasonable and feasible. Cal Water has historically amortized such accounts after the relevant rate case periods closes, and should continue to be allowed to do so for the reasons discussed below.

For the PCBA5 and HCBA5, this is because balances may fluctuate (negatively and positively) throughout the 3-year period – the variability being the reason for having the balancing account. Unless there is a reason to amortize on a specific date during the 3-year period,[332] amortizing both accounts for all ratemaking areas at the end of the rate case period makes logical and administrative sense. While the preliminary statements for these accounts specifically allow for amortization if a balance exceeds 2% of actual revenues, this provision is unlikely to be triggered because two percent of Cal Water's revenues in 2024 was approximately $ 18,776,000.[333]

For the CEBA5, the conservation budget is specifically adopted for the three-year period, and the balance starts out containing the full budget as balance to be returned to customers. It has been designed so that, as the company engages in conservation activities and incurs costs, the balance in the CEBA decreases. The preliminary statement for the CEBA5 explicitly provides for amortization of refunds owed to customers as of December 31, 2025.[334] In fact, the CEBA is a *one-way* balancing account, meaning that any expenses for conservation activities that the company incurs that are *above* the authorized budget cannot be recovered from customers. As a result, the balance in the CEBA will always reflect an "over-collection," as Cal Advocates disparagingly refers to any balance with a refund owed to customers.

Because a Commission decision in this case will be adopted right before the 2023-2025 rate case period ends, a Commission requirement to "promptly" amortize these accounts will coincide with the end dates for the current CEBA, PCBA, and HCBA. This recommendation therefore has little relevance for the current accounts.

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[332] These accounts are tracked at the ratemaking area level, so monitoring the balances for all of Cal Water's 19 relevant ratemaking areas each month, and filing an advice letter as soon as an account for a ratemaking area shows a refund, rather than a surcharge, is not reasonable.

[333] Cal Water's regulated revenues for calendar year 2024 were approximately $ 938,879,000.

[334] https://www.calwater.com/docs/rates/statements/preliminary_statement_z5.pdf.

However Cal Advocates also seeks to apply this requirement to *the CEBA requested for re-authorization in this GRC,* stating*:*

> The Commission should grant Cal Water's request to reauthorize its CEBA6; however, the Commission should require Cal Water to add the GO 96-B language mandating a prompt refund of any unspent budget to the CEBA6 preliminary statement. GO 96-B requires an overcollection to be promptly refunded to the ratepayers. To prevent this situation from recurring in future GRCs, the associated Preliminary Statement (Z6) for CEBA6 should include language that reflects the requirement to promptly refund over-collections every year for the account duration. [335]

For the reasons discussed above, it would not make sense to "mandate a prompt refund" of a one-way conservation balancing account. As with the preliminary statement for the current CEBA5, the preliminary statement for the CEBA6 should specify that amortization should occur for the balance as of the last date of the relevant rate case period. Accordingly, the date provided in the proposed tariffs included as Attachment F to the Application is December 31, 2028.[336]

7. Conclusion

Cal Water requests the flexibility to consider combining the under- and over-collected balances of the memorandum and balancing accounts for which amortization is authorized in a final decision. While Water Division and interested parties like Cal Advocates would still want to evaluate the workpapers for each account to verify each balance, there would be fewer workpapers associated with the *calculations* of the surcharges or credits because there would be fewer surcharges/credits. Cal Water would then be able to prepare fewer tariffs for Commission staff review, enter fewer rate components into Cal Water's billing system, etc. Finally, customers would need to consider fewer surcharges (usually applied as a dollar amount per CCF) to their usage, and/or credits (usually applied as a dollar amount per line, per month) to determine the accuracy of their water bills.

[335] Evans Testimony, p. 1-14 (footnote omitted).
[336] Application, Attachment F, p. 61.

Cal Water also requests at least 90 days from a final decision to file advice letters amortizing the balances as proposed herein, with no special limitation on interest in the accounts.

G. DRINKING WATER FEES BALANCING ACCOUNT (DWFBA) (SR #8) (SCOPING ISSUE #12)

SPONSORED BY NATALIE WALES

Due to significant increase in the "drinking water fees" that the State Water Resources Control Board started charging water providers in 2021, the water industry and the Commission grappled with the appropriate ratemaking mechanism to employ given that the fees were beyond the control of the utility, difficult to forecast because they kept increasing, and there was no question of their legitimacy. The Commission had approved balancing accounts for these fees for Class B, C, and D water companies in 2008 in Resolution W-4698.[337] Ultimately, the Commission suggested that the large water companies submit "me-too" advice letters asking for the same treatment – authorization of a drinking water fees balancing account. Cal Water did so in Advice Letter 2497 in place of its existing Drinking Water Fees Memorandum Account.

Cal Advocates protested AL 2497 on the grounds that the advice letter request was "unjust, unreasonable, and discriminatory,"[338] a claim that the Water Division determined to be without merit. The Water Division denied Cal Advocates' protest and stated that, in granting the balancing accounts to the smaller water companies, the Commission had found the nature of the costs tracked in a DWFBAs to be "akin to costs in purchased water, purchased power, and pump tax balancing accounts, which have been approved for recovery."[339] Water Division found it appropriate to extend the DWFBAs to large water companies.

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[337] Resolution W-4698*, Order Establishing Water Quality and User Fee Balancing Accounts for Class B, C, and D Water Utilities* (July 31, 2008).

[338] Protest to California Water Service Advice Letter 2497-W from the Public Advocates Office to Water Division (November 20, 2023). Cal Advocates submitted similar protests to the advice letters of all large water companies.

[339] Letter from Bruce DeBerry, Program Manager, Water Division to Richard Rauschmeier, Program Manager, Cal Advocates' Water Branch (December 20, 2023), p. 2, addressing the DWFBA advice letters of all the large water utilities, and referring to the Commission's actions in Resolution W-4698 on July 31, 2008.

1. Amortization of the DWFBA

Cal Advocates indicates that the balance in the DWFBA should be amortized through surcharges, rather than being included in the revenue requirement as proposed by Cal Water. Cal Advocates provides no basis for the use of surcharges alone, and as discussed in Cal Water's direct testimony, the Commission has indicated that amortization can be addressed through "adjustments to rates."[340] Cal Water has no control over the drinking water fees levied on all public water systems by the State Water Resource Control Board, which is a key reason for why the Commission has now authorized DWFBAs for all water utilities. In fact, the Commission has likened the DWFBA to "purchased water, purchased power, and pump tax balancing accounts," all variable costs that are put into rates, and can be adjusted through changes in the revenue requirement in between rate cases. There is no requirement for *those* variable costs to be recovered solely through surcharges. As discussed earlier, customers appear to consider any change of a bill component, including the addition of a surcharge, to be a "rate change." In that respect, a surcharge will be less welcome than having the costs embedded in GRC rates.

In the event the Commission adopts Cal Advocates' proposal to amortize the DWFBA through surcharges, however, Cal Water urges the Commission to include the DWFBA balances in an aggregated "net balance" that addresses all of the balancing and memo accounts being amortized, as discussed earlier in this chapter.

[340] CWS Testimony Book #3, p. 22 (referring to Ordering Paragraph 3 of D.06-04-037).

2. The DWFBA Should Remain Open

While Cal Advocates recommends closure of this account, all the large water companies regulated by the Commission now have this account. In fact, when Cal Water first submitted AL 2497, the company *initially proposed that the account terminate when new GRC rate go into effect* – December 31, 2025. However, the purchased water, purchased power, and pump tax balancing accounts the Commission has equated with the DWFBA have no end date, and therefore exist in perpetuity. At the request of Water Division, Cal Water then submitted a supplemental advice letter to AL 2497 that removed the end date for Cal Water's proposed DWFBA.

Requiring Cal Water to now close the DWFBA in this GRC would not only be contrary to the Water Division's recent guidance, it would also impact only one company - Cal Water; any reconsideration of the merits of the DWFBA should be raised in a forum that addresses this account for all large water utilities. The DWFBA should remain open.

3. DWFBA Amount to be Amortized

Cal Advocates recommends that the Commission authorize a more recent balance in the DWFBA – an amount of $1,653,180 as of June 30, 2024, rather than the December 31, 2023 balance of $1,334,220. Cal Water does not oppose amortization of the more recent balance, but notes that Cal Water's Rebuttal RO Model currently reflects the original $1,334,220 (normalized for the test year) in rates.

H. GENERAL DISTRICT BALANCING ACCOUNTS (DISTRICT BAS) (SCOPING ISSUE #12)

SPONSORED BY NATALIE WALES

For the General District Balancing Accounts (District BAs), Cal Advocates does not dispute the balance identified in the account as of December 31, 2023. This kind of account (one for each district[341]) is unique in that, after amortization of other balancing and memo

[341] Technically, there is one account for each "ratemaking area," however "district" is still commonly used for ease of communication.

accounts ends, the residual dollar amounts are "rolled over" into each district's "general balancing account."[342] The District BAs therefore consist of amounts the Commission has already approved for amortization.

Instead of seeking recovery of (or credits for) specific dollar amounts, Cal Water asks for amortization of the amount in each District BA when Cal Water at the time an advice letter is filed. This process would allow the District BA balances to be addressed as expeditiously as is possible, given our procedural regulatory constraints.

While emphasizing that allowing amortization of an unknown balance is generally inappropriate, Cal Advocates acknowledges that an exception should be made for these District BAs, and does not oppose Cal Water's request. Therefore, Cal Water requests that the Commission's final decision include *an ordering paragraph allowing Cal Water to amortize whatever balances are in the District BAs at the time when Cal Water files the appropriate advice letter to do so.*

Given the unusual nature of this account, Cal Water had asked to streamline processing further by using a Tier 1 advice letter for amortization.[343] A Tier 1 advice letter allows a requested surcharge or credit (or rate change) to go into effect immediately, subject to refund in case Water Division finds an error. Cal Water is currently required to file a Tier 2 advice letter, which cannot go into effect until final "disposition" of the advice letter, and therefore creates complications when the company is trying to time customer bill changes so that they occur on the same date. Cal Advocates opposes the use of a Tier 1 advice letter instead of a Tier 2 advice letter. *While Cal Water continues to believe a Tier 1 advice letter is more appropriate, Cal Water withdraws its request and is willing to continue use of the Tier 2 advice letter process to amortize District BAs.*

[342] More specifically, each ratemaking area has its own "general balancing account" to capture the residual dollar amounts left over after the amortization period for a balancing or memo account has reached its end (there are always residual amounts, whether negative or positive). The residual dollar amounts are then aggregated so that the net amount for each ratemaking area can be amortized as needed.
[343] CWS Testimony Book #3, pp. 14-15.

I. HEALTH COST BALANCING ACCOUNT (HCBA6) (SR #9) (SCOPING ISSUE #21)

SPONSORED BY JIM LYNCH

In Special Request #9, Cal Water requests re-authorization of certain balancing accounts, including the Health Cost Balancing Account (HCBA6). Cal Water previously presented testimony in support of this account in Testimony Book #1 (Chapter 9, Section F) and Testimony Book #3 (Chapter 1, Section I).

1. Cal Advocates' Recommendation

Cal Advocates argues that the Commission should deny the request to re-authorize the Health Cost Balancing Account "because healthcare costs are foreseeable and can be reasonably forecasted in rates, so a balancing account is no longer an appropriate mechanism for tracking employee healthcare costs."[344] In particular, Cal Advocates cites to a *memorandum account*, the Health Care Expenses Memorandum Account, that was authorized in Cal Water's 2009 GRC and is entirely different from proposed Health Cost Balancing Account at issue here.[345]

Cal Advocates also argues that "Healthcare costs are reasonably known and do not require a balancing account," asserting that the conditions in the healthcare insurance marketplace following the passage of the 2010 Affordable Care Act are no longer applicable today.[346] This argument ignores the reality of today's volatile healthcare insurance market.

2. The Health Care Expenses Memorandum Account (HCMA) Is Not Relevant to the HCBA

Cal Advocates first seems to imply that the proposed Health Cost Balancing Account is a continuation of sorts of the earlier Health Care Expenses Memorandum Account (HCMA), which was meant solely to track costs associated with the passage of the federal Affordable Care Act

[344] Evans Testimony, pp. 1-17 to 1-19.
[345] *Id.*
[346] *Id.*

in 2010.[347] Cal Advocates then goes on to emphasize the difference between the two accounts, stating that the conditions under which "the Commission authorized the HCMA are no longer present and the HCBA does not have the same rationale or justification."[348] Cal Water agrees that the basis for, and intent of, the HCMA is different from the HCBA. More importantly, the relevant issue is not the circumstances in 2010, but rather the volatile healthcare insurance market conditions that are present today.

3. Current Volatile Healthcare Costs Justify Continuation Of HCBA

Well after the passage of the federal Affordable Care Act in 2010, the Commission has recognized the ongoing volatility and unpredictability in the healthcare insurance market. In 2020, over the objections of Cal Advocates, the Commission reauthorized the health cost balancing account that had been created and maintained through settlements for the two previous GRC cycles.[349] In the last GRC, Cal Advocates supported continuation of the HCBA.[350] Cal Advocates now argues that Cal Water's request to continue the Health Cost Balancing Account should be denied because such "Costs are no longer unforeseeable."[351]

This argument should be rejected because Cal Advocates provides no evidence supporting this contention, and no explanation between the last rate case and this rate case. Furthermore, the notion that healthcare costs can be readily forecasted is easily dispelled by examining Cal Water's own variations in healthcare costs as shown below:

Recorded Healthcare Costs Tracked in HCBA

	2014	2015	2016	2017	2018	2019
$$ Incurred	$ 19,451,720	$ 21,889,228	$ 17,718,846	$ 17,058,051	$ 19,795,025	$ 19,658,908
% Change		12.5%	-19.1%	-3.7%	16.0%	-0.7%
	2020	2021	2022	2023	2024	2025
$$ Incurred	$ 14,069,719	$ 12,259,856	$ 13,374,738	$ 10,425,288	$ 13,716,911	TBD
% Change	-28.4%	-12.9%	9.1%	-22.1%	31.6%	

[347] Evans Testimony, p. 1-18 (lines 3-4) ("Ultimately, the Commission approved a settlement that closed the HCMA with no recovery of costs and opened the HCBA" (citing to D.14-08-011, pp. 45-46.)).
[348] Evans Testimony, p. 1-18 (lines 13-14).
[349] D.20-12-007, Ordering Paragraph 16.
[350] Cal Adv-3 (Report And Recommendations on Balancing and Memorandum Accounts, Special Requests #11, #12, And #13) in A.21-07-002, pp. 2-10 to 2-11.
[351] Evans Testimony, p. 1-19.

The table above shows the Cal Water's recorded healthcare costs that have been tracked in the HCBA between 2014 and 2024, almost four rate case periods.[352] The table clearly demonstrates the continuing year-over-year variability in the Company's healthcare costs. Cal Advocates presents no specific evidence to rebut this – only broad and conclusory assertions regarding the predictability of Cal Water's healthcare costs.

Further, Cal Advocates entirely ignores the unpredictable nature of the healthcare insurance industry today. There are a number of nationwide trends that will certainly impact healthcare claims in the near future, including the GRC period at issue in this case. Provided as **Appendix G** is a presentation by Marsh & McLennan Agency describing anticipated 2025 employee health and benefits trends. Marsh & McLennan Agency is a leading professional services firm that specializes in risk and employee health & benefits.[353] In particular, Part 4 of the presentation highlights a number of difference factors that are anticipated to influence healthcare costs for employers like Cal Water in the coming year.

Cal Advocates also ignores the significant changes at the federal level with the new Presidential administration and the potential impacts that such changes will likely have on the Company's healthcare costs. Attached as **Attachment 9-1** is an article by PwC that is intended to address the current Presidential administration's "strategic agenda for healthcare."[354] As shown in the article, the options and implications are potentially broad and wide-ranging, making any certainty about healthcare forecasts for 2026-2028 virtually impossible. From a different perspective, **Attachment 9-2** is an article from the Los Angeles Times providing a mix of data and anecdotes about the more immediate concerns of businesses and consumers regarding the uncertainty of healthcare costs.[355]

Furthermore, the Commission has previously rejected the specific argument by Cal Advocates that healthcare costs are easily forecasted when, as in this case, Cal Advocates offers

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[352] These recorded costs represent what was in the HCBAs and therefore exclude the benefits associated with capitalized labor as well as the amounts allocated to water company affiliates regulated in other states.
[353] "2025 Employee Health & Benefits Trends," MarshMcLennan Agency (undated). https://www.marshmma.com/us/insights/details/employee-health-and-benefits-trends.html.
[354] "President Donald J. Trump's healthcare agenda: flexibility and choice, fiscal conservatism, public health reform and deregulation" (February 10, 2005) by PwC. https://www.pwc.com/us/en/industries/health-industries/library/election-2024-trump-health-agenda.html.
[355] "Thought inflation was bad? Health insurance premiums are rising even faster" (March 10, 2025), Los Angeles Times. https://www.latimes.com/business/story/2025-03-10/kaiser-health-insurance.

no evidence. When the renewal of the HCBA was litigated in the company's 2018 GRC decision, the Commission explained:

> Cal PA closes its reply brief on this matter with the assertion that pension and health care costs are not difficult to forecast and therefore they do not qualify for balancing account treatment. No evidence is offered for such a sweeping statement. We reject the argument.[356]

In light of all of the significant uncertainties currently in the healthcare benefits industry, it is unreasonable for Cal Advocates to assert that such costs are "no longer unforeseeable" and once again offer no evidence to support this claim.

4. The HCBA Does Not Create Perverse Incentives

Cal Advocates argues that re-authorizing this balancing account would remove incentives for Cal Water to control costs, stating that Cal Water should "shop around" for competitive healthcare insurance.[357] In fact, as discussed in direct testimony, Cal Water "self-funds the majority of its healthcare benefits,"[358] and has taken effective steps to reduce medical insurance costs.[359] Despite the general trend in increasing medical costs ("medical inflation"),[360] Cal Water's own medical costs have trended downward, resulting recently in *over-collections* of healthcare costs and the application of sur-credits on customers' bills. These outcomes should alleviate Cal Advocates' concerns that having an HCBA causes Cal Water to be less vigilant in lowering healthcare costs.

In Cal Water's 2018 GRC, Cal Advocates made a starkly different argument, asserting that having an HCBA would cause Cal Water to *underestimate* its costs so that amortization of the account could be later used to recover higher actual costs. As with Cal Advocates' other argument above, the Commission rejected this argument, finding "no indication in the record evidence of any intention to underestimate costs and then fall back on a true-up process, when amortizing the balancing accounts, to recover under-collections."[361] There is no basis for Cal

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[356] D.20-12-007, p. 26 (footnote omitted).
[357] Evans Testimony, p. 1-19 (lines 9-11).
[358] CWS Testimony Book #1, p. 189 (lines 22-23).
[359] CWS Testimony Book #1, p. 189 (lines 3-16).
[360] The presentation attached as **Appendix G** by Marsh & McLennan Agency shows on page 144 that the rate of increase for healthcare costs has outpaced the general CPI-U index over the past two decades.
[361] D.20-12-007, p. 26.

Advocates' arguments that having an HCBA discourages Cal Water from pursuing lower cost options, on the one hand, or encouraging Cal Water to low-ball its healthcare costs, on the other.[362]

Lastly, Cal Advocates ignores the fact that the expenses recorded in this proposed balancing account will be subject to further Commission review when Cal Water seeks to amortize such costs – any expenses that are not prudent and reasonable risk being disallowed. Cal Water has amortized its HCBA after each of the last three GRCs without any concerns expressed by Cal Advocates or the Water Division.[363]

5. Conclusion

Cal Advocates presents no new evidence or arguments about the HCBA that were not addressed when continuance of the account was litigated in A.18-07-001, resulting in D.20-12-007. For reasons set forth above, the Commission should re-authorize Cal Water to implement the Health Cost Balancing Account for this GRC cycle.

J. PENSION COST BALANCING ACCOUNT (PCBA6) (SR #9) (SCOPING ISSUE #21)

SPONSORED BY JIM LYNCH

In Special Request #9, Cal Water requests re-authorization of certain balancing accounts, including the Pension Cost Balancing Account (PCBA6). Cal Water previously presented testimony in support of Special Request #10 in Testimony Book #3 (Chapter 1, Section I). Specifically, Cal Water requests that the Commission re-authorize the Pension Cost Balancing Account with the proposed tariff language included with Attachment F, which would include costs associated with the Supplemental Executive Retirement Plan ("SERP").

1. Cal Advocates' Recommendation

[362] As discussed in direct testimony, Cal Water relies on calculations by its actuary, EY. CWS Testimony Book #1, pp. 188-190.
[363] AL 2259 (April 14, 2017), AL 2406-A (May 27, 2021), and AL 2482 (June 9, 2023).

Cal Advocates recommends that the Commission should authorize the proposed Pension Cost Balancing Account for this GRC cycle, but argues that the Commission should exclude SERP expenses from this account.[364] Cal Advocates argues that the Commission previously excluded SERP expenses from the previous iteration of the Pension Cost Balancing Account in Cal Water's last GRC in D.24-03-042 and also argues that the SERP expenses benefit shareholders rather than ratepayers.[365] Lastly, Cal Advocates argues that the Commission should not authorize normal advice letter recovery for this account, but should direct Cal Water to specifically submit a Tier 2 advice letter for approval beginning in January 2029.[366]

For the reasons set forth below, the Commission should reject Cal Advocates' arguments and instead reauthorize the Pension Cost Balancing Account with tariff language allowing SERP expense to be tracked in the account. Cal Water addresses SERP expenses more broadly elsewhere in its rebuttal testimony and the Commission should also reject Cal Advocates' arguments regarding SERP expenses for the reasons set forth therein.

2. Cal Water has presented substantial evidence in this case regarding SERP expenses

Cal Advocates first argues that the Commission should exclude SERP expenses from the re-authorized Pension Cost Balancing Account because the Commission previously excluded SERP expense from the account in the last GRC proceeding in D.24-03-042. In that decision, the Commission specifically excluded SERP expenses from the account in part because it agreed with Cal Advocates' argument in this case that "neither the purpose, the size of the fund, nor the proposed rate recovery associated with SERP are defined in Cal Water's Application."[367]

While Cal Water disagrees with that contention from the last GRC, the circumstances in this proceeding are clearly different because in this GRC Cal Water has presented specific testimony on the SERP found in Testimony Book #1 (Chapter 8, Section F, Part 5), satisfying each of the documentation deficiencies alleged in the last GRC and providing a third-party actuarial report substantiating the proposed SERP expense in Test Year 2026 of $5,242,000.

[364] Evans Testimony, pp. 1-14 to 1-17.
[365] *Id.*
[366] *Id.*, p. 1-17.
[367] D.24-03-042, p. 107.

Contrary to what Cal Advocates asserts, the SERP is simply part of the market compensation for executive officers of the Company and the purpose of this program is to compensate for limitations imposed by the Internal Revenue Code on allocations and benefits that may be paid to officers under the Group's tax-qualified plan.[368] Cal Water has included such SERP expenses within the overall payroll and benefit expenses for revenue requirement associated with the at-risk pay elements of payroll.

Cal Water also notes that in its 2018 GRC proceeding (A.18-07-001), the Pension Cost Balancing Account was a litigated issue and in D.20-12-007 for that proceeding, the tariff adopted by the Commission for that account (PCBA4) did **not** exclude SERP expenses.[369] Earlier iterations (PCBA1 and PCBA2) likewise did not exclude SERP expenses.[370]

In summary, Cal Water has more than sufficiently substantiated the reasonableness of including SERP expenses in rates in this GRC. The Commission should reject Cal Advocates' argument that SERP expenses should be excluded simply because they were excluded in D.24-03-042.

3. Cal Advocates' argument that SERP costs should be funded by shareholders is misplaced

Cal Advocates argues that the Commission should exclude SERP costs from the Pension Cost Balancing Account because "SERP should continue to be a shareholder expense."[371] Cal Water presents more detailed testimony elsewhere in its rebuttal[372] as to why Cal Advocates' argument should be rejected – Cal Water does not repeat those arguments here. Moreover, as relevant here, Cal Advocates fails to acknowledge that the proposed re-authorization of the Pension Cost Balancing Account in this proceeding would be for a two-way balancing account mechanism. That is, the Pension Cost Balancing Account protects both customers from paying

[368] As explained in Testimony Book #1 (Chapter 8, Section F, Part 5), the SERP accounts for limitations of the Pension Plan to provide retirement benefits to executive officers that are proportional to the benefits received by employees. The SERP benefits are also reduced by the limited benefits accrued from executive officers under the company-wide Pension Plan.
[369] D.20-12-007, pp. 24-26.
[370] While PCBA3 excluded inclusion of SERP expenses, the language adopted for PCBA3 was reached as part of a settlement agreement and therefore has no precedential value.
[371] Evans Testimony, p. 1-15.
[372] CWS Rebuttal Book # 1, Chapter 5.

more than necessary if actual SERP expenses are lower than those adopted, while also allowing Cal Water to recover its costs if the actual SERP costs are more than those adopted. The SERP program is subject to the same actuarial difficulties as the pension program and changes in discount rate assumptions that drive changes in the annual costs of the programs. These discount rates are outside the company's control and can move either up or down. Thus, the Commission should authorize Cal Water to track such SERP costs in the Pension Cost Balancing Account in order to evenly protect both customers and the Company.

4. Conclusion

For the reasons set forth above, the Commission should re-authorize Cal Water to implement the Pension Cost Balancing Account for this GRC cycle using the tariff language proposed in its original Application. The Commission should reject Cal Advocates' arguments to exclude SERP expense from the Pension Cost Balancing Account.

K. LIABILITY INSURANCE BALANCING ACCOUNT (SR #10) (SCOPING ISSUE #22)

SPONSORED BY JIM LYNCH

In Special Request #10, Cal Water requests authorization of a two-way balancing account for liability insurance costs (Liability Insurance Balancing Account) that will track the difference between the liability insurance expense included in the revenue requirement and the actual liability insurance expense Cal Water incurs.[373] Cal Water previously presented testimony in support of Special Request #10 in Testimony Book #3 (Chapter 1, Section JJ).

As discussed further below, Cal Water now proposes in this rebuttal testimony to modify the proposed Liability Insurance Balancing Account so that only 85% of any balance is amortized as a surcharge or sur-credit. If actual liability insurance costs are higher than

[373] Cal Water acknowledges that Special Request #10 has been identified inconsistently as both a "General Insurance Balancing Account" (Testimony Book #3, pp. 26-28) and a "Liability Insurance Balancing Account" (Application, p. 15; Testimony Book #1, p. 11). Cal Water now uses "Liability Insurance Balancing Account" because Cal Water's request relates solely to the liability insurance costs in Account 794400 (a subset of Administrative and General Expenses) of Cal Water's Chart of Accounts.

adopted, Cal Water would only recover 85% of the balance; if actual costs are lower than adopted, Cal Water would return 85% of the balance to customers.

1. Cal Advocates' Recommendation

Cal Advocates recommends that the Commission deny Cal Water's request and "instead require Cal Water to forecast insurance rates for the test years that anticipate attrition year value."[374] In support, Cal Advocates argues that the proposed balancing account "would create an item-specific escalation rate within a GRC, which is specifically denied in the [Rate Case Plan]," and further that this account would eliminate incentives for Cal Water to prudently manage costs. As discussed below, Cal Advocates is erroneous on both accounts.

2. The Liability Insurance Balancing Account is Not Inconsistent with the Rate Case Plan

Cal Advocates argues that establishment of the proposed account "to record Cal Water's insurance costs would create an item-specific escalation rate within a GRC, which is specifically denied in the [Rate Case Plan]."[375] In support of this argument, Cal Advocates cites to certain language in D.04-06-018 out of context.[376] In that decision, the Commission adopted the original Rate Case Plan for Class A water utilities, which was later revised in D.07-05-062. As part of the Rate Case Plan, the Commission established procedures for escalating certain labor and non-labor costs for escalation and attrition years.[377] As part of that process, the Commission denied the request in that proceeding to derive "item-specific escalation rates in each GRC."[378]

However, that is not relevant here – Cal Water is **not** seeking to create an item-specific escalation rate for liability insurance costs. Instead, Cal Water indicates that the non-labor CPI-U escalation rate provided for under the Rate Case Plan is insufficient to account for the anticipated increases in liability insurance costs over the rate case period. Cal Advocates

[374] Evans Testimony, pp. 1-9, 1-19 to 1-20.
[375] *Id.*, p. 1-20.
[376] *Id.,* note 107.
[377] D.04-06-018, p. 10.
[378] *Id.*

notably fails to provide any evidence rebutting Cal Water's direct testimony indicating that the anticipated liability insurance costs exceed CPI-U,[379] and that such costs are volatile[380] such that they cannot be reasonably forecasted. For example, despite the marketing efforts of our insurance broker described elsewhere in this testimony, the cost of excess liability coverage increased (in total) by $570,000 or 19.8% in 2025 for less covered risks than 2024. This follows a $304,000 or 11.8% increase in 2024. Events like the devastating wildfires in the Los Angeles metropolitan area that occurred in January of this year add even greater uncertainty regarding the future of the California insurance market.[381]

Rather than proposing to create a separate escalation rate for insurance costs as Cal Advocates appears to claim, Cal Water is instead proposing to record the actual expenses recorded to its account 794400, including insurance costs and uninsured claims cost, against the adopted costs. The Commission has routinely authorized Class A water utilities to establish memorandum and balancing account to track similar costs. There is an entire Standard Practice U-27-W that sets forth procedures for establishment and amortization of memorandum and balancing accounts.[382]

Cal Water further notes that the revised Rate Case Plan adopted in D.07-05-062 states in the context of escalation and attrition advice letter procedures that "Revenue requirement amounts otherwise subject to rate recovery, e.g., through balancing or memorandum accounts, shall not be subject to escalation."[383] The fact that there is a specific provision for such accounts means that such balancing or memorandum accounts are otherwise permitted under and are consistent with the Rate Case Plan.

More recently, in Golden State Water Company's ("Golden State") GRC proceeding A.20-07-012, the Commission authorized Golden State to establish a memorandum account to track its liability insurance costs (discussed further below). Clearly, the Commission did not find there or in any other memorandum/balancing account request that authorizing a water utility

[379] Testimony Book #3, p. 26 (lines 8-16).
[380] *Id.,* pp. 27 (lines 9-26) – 28 (lines 1-2).
[381] https://www.epa.gov/california-wildfires.
[382] https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M090/K002/90002198.PDF.
[383] D.07-05-062, Appendix A, p. A-19.

to do so would violate the Rate Case Plan as Cal Advocates claims here. The Commission should reject this unfounded argument by Cal Advocates.

3. There is No Basis for Claiming that Cal Water Will Be Less Prudent with a Liability Insurance Balancing Account.

Cal Advocates argues that the proposed balancing account "provides Cal Water with excessive guarantees against risk in accounts for which the [Rate Case Plan] provides attrition year escalation, eliminating the incentive to prudently manage costs."[384][385] There is no basis for Cal Advocates' assertion that Cal Water has not prudently managed its costs for liability insurance and Cal Advocates presents no actual evidence in support of that argument. As a preliminary matter, any costs that are tracked in the liability insurance balancing account are subject to the Commission's review at the time when Cal Water seeks recovery of such costs. To the extent that any costs are unreasonable or imprudently incurred, then the Commission can disallow such costs. Thus, Cal Water has an incentive to prudently manage its costs even with the Liability Insurance Balancing Account.

Cal Water engages in an extensive process with its insurance broker Aon Risk Insurance Services West, Inc. ("Aon") that ensures it is able to obtain the best value in its insurance policies. Attached as **Confidential Attachment 1** is a copy of a presentation made by Aon in September 2024 regarding the renewal strategy for Cal Water's insurance policies. This presentation reflects the extensive and in-depth process that Cal Water engaged in with Aon to analyze the insurance markets and obtain the appropriate level of coverage. As part of the strategy discussion, Aon discusses proposed coverage changes based on current market

[384] Cal Advocates Report on Balancing and Memorandum Accounts, Special Requests #8, #9, and #10, p. 1-20.
[385] Cal Advocates' rhetoric about Cal Water not prudently managing its cost implies Cal Water is oblivious to the Commission's publicly stated concerns regarding affordability in its Rulemaking to Establish a Framework and Process for Assessing the Affordability of Utility Service R.18-07-006 (Affordability Proceeding). Cal Water is keenly aware of all actions it takes and seeks recovery in rates as more fully described in the direct testimony in **CWS Testimony Book #2, Chapter 1**, and in this **Rebuttal Book #1, Chapter 10, Section E**. Further, as required by D.22-08-023 in the Affordability Proceeding, for requested revenue increases greater than 1% of consolidated revenues, water companies are required to include calculations of monthly residential bill impacts reflecting the impacts of the increased revenue requirements requested in the filing. While it is Cal Advocates' responsibility to customers to review Cal Water's GRC filings to ensure the Company's requests are necessary and prudent, implying any utility, including Cal Water, would not be cost-conscience does not have a place in the current world of the naturally increasing costs of service from new regulations, advances in science and technology, aging infrastructure, and inflation.

conditions, newly identified risks, and existing and anticipated coverage gaps. Once the strategy is agreed upon, Aon markets our policies across numerous insurers in each coverage area with the objective to obtain the optimal level of coverage with reputable insurers at the most economical rate. Cal Water has engaged in a similar process with Aon each year for the past few years and plans to continue working to obtain appropriate, cost efficient insurance policies moving forward.[386] These activities reflect that Cal Water has acted prudently in obtaining insurance coverage, and there is no evidence suggesting that Cal Water would not prudently manage such costs prudently moving forward.

Despite Aon's efforts, available coverages and costs can be unpredictable year over year. For example, in the 2024 policy year, our excess liability policy insurance company (AEGIS) proposed to remove loss from wildfire from the definition of covered events. This was previously a covered loss under the policy. AGEIS only agreed to add it back after Cal Water provided details of the wildfire hardening investments performed in Cal Water's service districts over the past five years. We were fortunate to maintain coverage for wildfire losses in 2025. However in the 2025 policy year, AGEIS again proposed to remove coverages, this time for any new losses in certain designated high-risk areas and losses incurred relating to certain new water contamination MCLs. Only this time, Cal Water was unable to get the coverage reinstated.

In addition, as a result of the 2025 Los Angeles wildfires, loss from wildfire risk will likely make it difficult to maintain the language exclusion in 2026. This underscores the uncertainty in obtaining insurance coverages for identified risks, and the uncertainty and escalation of the cost to acquire such coverages each year, despite the work of Aon.

Cal Advocates raised this same argument previously in Golden State's GRC proceeding A.20-07-012 referenced above, where Golden State requested authority to establish an account to track liability insurance costs. As the Commission recently summarized in D.23-06-024, "Cal Advocates simply asserted, without citing any evidence, that granting GSW a balancing account for liability insurance costs will tempt GSW to act carelessly about buying liability insurance to

[386] Attached as **Confidential Attachment 2** and **Confidential Attachment 3** are copies of similar presentations made by Aon regarding the renewal strategy for Cal Water's insurance policies in 2023 and 2022, respectively.

the detriment of its ratepayers."[387] The Commission rejected this argument, explaining that "There is no evidence in the record that GSW has ever behaved in this way, as we have pointed out with respect to the purchase of group health insurance."[388] The Commission also found that "GSW's liability insurance premiums will be recorded in the memorandum account we authorize today and the entries in the account will be scrutinized for reasonableness and prudence in GSW's next GRC."[389] Accordingly, the Commission authorized Golden State to establish an account to track its liability insurance costs.

Here, Cal Advocates similarly has failed to present any evidence that Cal Water has failed to act prudently in purchasing liability insurance. The evidence summarized above demonstrates that Cal Water has followed and will continue to follow a "multi-step process for projecting liability premiums and selecting liability policies..."[390] as the Commission advocated for Golden State in D.23-06-024.

4. Risk Re-Balancing Proposal

To address concerns about the appropriate balance between risks to customers and risks to shareholders, Cal Water proposes to modify its request to only allow 85% of the balance in this account to be amortized. This mirrors the structure of Cal Water's Health Cost Balancing Account (HCBA), which Cal Water has had for four GRCs. Under this approach, Cal Water has an incentive to keep costs lower because 15% of any savings may be retained by the company. If actual costs exceed recorded, Cal Water could only recover 85% of the balance. The Preliminary Statement for the HCBA5 states as follows:

Eighty-five percent (85%) of the reasonable cost difference will be flowed through to customers, and fifteen percent (15%) of the reasonable cost difference will be at the company's risk. The difference may be either positive or negative depending upon how actual health care expenses compare to those included in rates.[391]

[387] D.23-06-024, p. 33.
[388] *Id.*
[389] *Id.*, p. 32.
[390] *Id.*, p. 33.
[391] https://www.calwater.com/docs/rates/statements/preliminary_statement_ab5.pdf.

As discussed above with regard to Cal Water's proposal to re-initialize the HCBA in this GRC, Cal Water has had an HCBA with this risk-sharing component since Test Year 2014 as healthcare costs continue to be volatile. Amortization of the HCBA at the end of each rate case period has gone smoothly, and has tended to result in credits rather than surcharges. Applying this 85%/15% cost-sharing mechanism to the proposed Liability Insurance Balancing Account further enhances the benefits such an account can offer to both customers and shareholders.

5. Conclusion

For the reasons set forth above, the Commission should reject Cal Advocates' unfounded arguments regarding Special Request #10 for a Liability Insurance Balancing Account. Instead, the Commission should authorize a modified Liability Insurance Balancing Account that provides for amortization of only 85% of a given balance to further enhance the customer benefits outlined in Cal Water's direct testimony.

L. CONTAMINANT REMEDIATION MEMORANDUM ACCOUNT (SR #11) (SCOPING ISSUE #23)

SPONSORED BY NATALIE WALES

In Special Request #11, Cal Water requests authorization to establish a Contaminant Remediation Memorandum Account[392] ("CREMA")[393] that would track and record incremental costs, previously not included in rates, incurred for new contaminants and changes to contaminant levels as established by federal and state agencies responsible for drinking water standards. Cal Water previously presented testimony in support of Special Request #11 in Testimony Book #3 (Chapter 1, Section KK).

1. Cal Advocates' Recommendation

[392] Cal Water acknowledges that Special Request #11 has been identified inconsistently as both a "Contamination Remediation Memorandum Account" (Testimony Book #3, p. 28, (lines 5-6) and a "Contaminant Remediation Account"(*id.*, line 8). Cal Water now uses "Contaminant Remediation Memorandum Account" to mirror the name of Golden State Water Company's (Golden State's) account.

[393] While Golden State uses the acronym "CRMA" for their account, Cal Water already has a "Conservation Regulation Memorandum Account" with that acronym. Cal Water proposes the acronym "CREMA" for the account requested here.

Cal Advocates recommends that the Commission deny Cal Water's Special Request #11 "because it contradicts Commission precedent and would harm ratepayers."[394] Specifically, Cal Advocates asserts that there is no need for the CREMA, that the request does not meet the requirements of Standard Practice U-27-W for memorandum accounts, that the CREMA is inconsistent with Commission precedent, and that the CREMA differs from the Contaminant Remediation Memorandum Account ("CRMA") authorized for Golden State Water Company ("Golden State").

2. The CREMA Would Fulfill Compelling Needs

Cal Advocates argues that "There is no need for [CREMA] because Cal Water has the operational flexibility to undertake urgent projects as necessary."[395] Specifically, Cal Advocates argues that "Cal Water can exercise this flexibility and request to include any completed projects that are used and useful in rates during a subsequent GRC." While Cal Water agrees that it has operational flexibility to focus on urgent projects, this argument is misplaced. The establishment of the CREMA not only addresses the capital projects cited by Cal Advocates, but also operation and maintenance, administration and general, monitoring, and consultant expenses associated with activities to mitigate the effects of any new or changed rule or contaminant level. These expenses can add up quickly and, given the variety of responses from regulatory agencies for what is required of the company, are also difficult to predict. Without a memorandum account mechanism in place, Cal Water may not be able to seek future recovery of such expenses until they are incorporated into rates without violating principles of retroactive ratemaking. Even for capital projects, the presence of a specific memorandum account for this purpose provides greater certainty for such projects and provides a specific mechanism for such costs to be tracked and reviewed by the Commission. These benefits of the CREMA will go towards protecting the health and safety of customers.

[394] Sorensen Testimony, pp. 10-1 to 10-4.
[395] Sorensen Testimony, p. 10-1.

3. The CREMA meets the criteria set forth for memorandum accounts in Standard Practice U-27-W

Cal Advocates argues that the proposed CREMA would not be consistent with Standard Practice U-27-W because it would reduce transparency and hinder the Commission's ability to properly review expensive capital projects.[396] Cal Advocates repeatedly makes these same general arguments regarding memorandum and balancing accounts, and the Commission should reject them for the same reasons that Cal Water has addressed elsewhere in this rebuttal testimony. In particular, this argument overlooks the fact that costs tracked in a memorandum account must be reviewed and approved by the Commission before such costs may be recovered by Cal Water. The proposed tariff language from the CREMA expressly states that "Cal Water will request Commission approval for recovery of the costs recorded in the CREMA in a proceeding authorized by the Commission."[397] The Commission will have a full opportunity to review such costs before they are recovered from customers.

Cal Advocates does not address any of the other criteria for memorandum accounts set forth in Standard Practice U-27-W. As detailed in Cal Water's direct testimony, the proposed CREMA meets each of those criteria.

4. The proposed CREMA is consistent with Commission precedent

Cal Advocates argues that the proposed CREMA is inconsistent with Commission precedent.[398] Specifically, Cal Advocates points to language found in Resolution W-5226, which authorized memorandum accounts to track certain PFAS expenses. Cal Advocates asserts that "Cal Water is required to request increases in rate base through the application process after a new MCL is established and appropriate levels of treatment can be determined."[399] Cal Advocates argues that, based upon this language, the Commission should deny Cal Water's request to establish the CREMA.

[396] Sorenson Testimony, pp. 10-1 to 10-2.
[397] Application, Attachment F, p. 65.
[398] Sorensen Testimony, pp. 10-2 to 10-3.
[399] *Id.*, p. 10-3.

These arguments misunderstand the intended purpose of the CREMA. As explained above, the CREMA merely tracks the expenses therein for potential future recovery once the Commission has reviewed and approved each of the costs recorded. The language in the proposed tariff (which mirrors the language approved for Golden State, as discussed below), expressly states that "Cal Water will request Commission approval for recovery of the costs recorded in the CREMA in a proceeding authorized by the Commission.[400] Furthermore, Cal Advocates fails to appreciate the overall purpose of this account, which is to record expenses for new and emerging contaminants, reducing the administrative burden for both the Commission and itself. As Cal Water explained in its direct testimony, with an established CREMA, Cal Water will be able to address expenses associated with new or emerging water quality standards as they occur, ensuring that its customers receive water that meets all applicable health and safety standards.[401] The regulations addressing emerging contaminants imposed by the U.S. Environmental Protection Agency and the State Water Resources Control Board do not neatly follow the Commission's GRC cycle; it is critical that Cal Water be able to respond quickly and nimbly to ensure that all customers continue to receive safe and clean drinking water.

5. Cal Water's Proposal is Substantially Similar to Golden State's CRMA

The proposed preliminary statement language for the CREMA found in Cal Water's current Application (see Attachment F of the Application) was modelled after Golden State's CRMA and contains substantially the same language as that found in Golden State's CRMA. For example, the "Purpose" set forth in Preliminary Statement G for Golden State's CRMA that has been approved by the Commission reads:

> The purpose of the CRMA is to record all incremental costs to comply with any new or revised Federal Environmental Protection Agency and/or California's State Water Resources Control Board, Division of Drinking Water rules, including, but not limited to, Maximum Contamination Levels (MCL) and contamination remediation requirements, pursuant to Decision No. 04-08-053.

[400] Application, Attachment F, p. 67.
[401] CWS Testimony Book #3, Chapter 1, p. 29.

The CRMA shall track incremental expenses related to capital, operation and maintenance, administration and general, monitoring, legal, and consultant expenses associated with activities to mitigate the effects of any new or changed rule or contaminant level.

Cal Advocates argues that "Cal Water misleadingly compares its request for a [CREMA] with Golden State Water Company's CRMA."[402] In support, Cal Advocates provides what appears to be testimony from a Golden State witness in separate proceeding who is not being presented as a witness in this proceeding.[403] Notwithstanding Cal Advocates' attachment, the tariff language found in Golden State's preliminary statements that has been approved by the Commission speaks for itself, and is what Cal Water modelled its proposal on. Provided as Attachment X is a full copy of Preliminary Statement G from Golden State's tariff.[404]

6. Conclusion

For the reasons set forth above, the Commission should reject Cal Advocates' arguments regarding Special Request #11 for the CREMA. Instead, the Commission should grant Special Request #11 to authorize Cal Water establish the CREMA in order to provide the customer benefits outlined in Cal Water's direct testimony.

M. ENVIRONMENTAL AND SOCIAL JUSTICE (SCOPING ISSUE #11)

SPONSORED BY GREG MILLEMAN

The Environmental & Social Justice ("ESJ") Action Plan version 2.0 ("Updated ESJ Action Plan") lays out the Commission's ongoing efforts to integrate ESJ principles throughout its work.[405] Cal Water is similarly committed to being a responsible steward of ESJ principles in the communities we proudly serve. Cal Water's commitment to these principles are detailed in the Company's annual Environmental, Social, and Governance ("ESG") reports.[406]

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[402] Sorensen Testimony, p. 10-3.
[403] *Id.,* Attachment 7-1.
[404] Also available at https://www.gswater.com/sites/main/files/file-attachments/preliminary-statements-2019-december.pdf?1741814608.
[405] ESJ Action Plan 2.0, p. 9.
[406] *Available at* https://www.calwatergroup.com/esg/reports-disclosures.

Cal Water provided a robust testimony summarizing the Company's many beneficial projects and programs impacting ESJ Communities in this GRC.[407] These projects and programs were summarized into following seven categories:

1. Affordability and Access
2. Water Quality and Compliance
3. Service Quality, Reliability, and Resiliency
4. Climate Adaptation and Readiness
5. Customer Service, Education, and Engagement
6. Workforce Engagement and Development
7. Corporate Governance

Across these seven categories Cal Water described dozens of ways ESJ Principles are applied on a daily basis across the company.

1. Cal Advocates Misrepresents the Purpose of the Commission's ESJ Action Plan

The Commission monitors its progress on implementing its Updated Action Plan by considering the experiences of and impacts on ESJ Communities. To help evaluate the implementation of ESJ principles, the Commission established a broad and inclusive definition of ESJ Communities.[408] Cal Water operates 24 districts throughout the state. These operating districts can cover vast areas encompassing many census blocks. This also means a single operating district can include diverse demographic and socioeconomic populations.

For this GRC, Cal Water identified 14 operating districts containing ESJ Communities.[409] Cal Advocates largely agrees with this determination, with a single noted exception.[410] Cal Advocates excludes the Palos Verdes ("PV") area of Cal Water's Los Angeles County Region from its list of ESJ Districts. However, PV is a prime example of an individual operating district serving broad and diverse populations. A review of Cal Water's service area map[411] and

[407] CWS Testimony Book #3, Chapter 5, Section C.
[408] ESJ Action Plan 1.0, pp. 9-10.
[409] CWS Testimony Book #3, pp. 60-61.
[410] Do Testimony, p. 2-2, Footnote 24.
[411] The service area map for the PV area is available at https://www.calwater.com/wp-content/uploads/2025/01/20240302-Palos-Verdes_LAR_SAM.pdf.

CalEnviroScreen ("CES") 4.0[412] data confirms the Company's classification of PV as an ESJ District.

In its ESJ Report, Cal Advocates includes a limited discussion on the impacts of this GRC on ESJ Communities, choosing only to focus on location-based capital investments. Cal Advocates claims that Cal Water "submitted numerous capital projects and measures that it claims meet the Commission's Action Plan for ESJ Communities."[413] This statement is an inaccurate representation of the Commission's principles-based ESJ Action Plan and a mischaracterization of Cal Water's ESJ testimony. As explained in a data request response, the purpose of the ESJ Action Plan is to lay out the goals, objectives, vision, and steps *the Commission will take* (emphasis added) to ensure equity in its programs and services.[414] While the Commission expects utilities to support the principles in the ESJ action plan, the goals and objectives are not defined as specific requirements for water utilities to meet.

2. Cal Advocates Mischaracterizes the Nature of Cal Water's ESJ Testimony

Cal Advocates incorrectly characterizes Cal Water's ESJ testimony as submitting projects specifically designed for ESJ Communities and that proposed measures and projects target ESJ Action Plan goals. Cal Water's ESJ testimony clearly lays out its purpose "to highlight Cal Water's commitment to quality, service, and value to customers, communities, employees, and the environment in providing safe and reliable service" and how "Cal Water has considered the potential impacts—both positive and negative—of the 2024 GRC on ESJ Communities."[415] Cal Water further explained how its programs, projects, and activities align with the Commission's ESJ Action Plan goals.[416] Cal Water's commitment to advancing ESJ principles throughout its service is well documented, both in this GRC and through public recognition.

Rather than acknowledge Cal Water's many projects and programs benefiting ESJ Communities, Cal Advocates focuses only on the capital projects and programs highlighted by

[412] *See* https://oehha.ca.gov/calenviroscreen/maps-data.
[413] Do Testimony, p. 2-1.
[414] Do Testimony, Attachment 2-1.
[415] CWS Testimony Book #3, p. 60.
[416] CWS Testimony Book #3, pp. 62-63.

Cal Water and seeks to minimize the beneficial impacts of those projects and programs. Cal Advocates argues that Cal Water's mention of these projects and programs in its ESJ testimony should not be viewed as a justification for cost recovery.[417] Nowhere did Cal Water ever suggest this was its intent. In fact, Cal Water did not identify any individual projects or proposed budgets in its ESJ testimony to indicate a justification for cost recovery.

3. Cal Advocates' Incomplete Definition of ESJ Communities Based on Limited Analysis

The Commission defined ESJ Communities in Version 1.0 of the ESJ Action Plan and subsequently updated Version 2.0 to acknowledge that some priority communities are not specifically named, but should be considered. Notably, these can include communities with medical vulnerabilities, unhoused individuals, tribal land residents, and those who disproportionately experience challenges affording utility costs.[418]

In response to a Cal Advocates data request, Cal Water provided a list of 1,492 capital projects the Company identified as impacting ESJ Communities, referencing the Committee's broad definition.[419] In its Report, Cal Advocates claims that only 548 of these projects "intended to meet ESJ Goals are within ESJ Communities."[420] Cal Advocates subsequently updated this number to 751 projects in response to a data request from Cal Water. Regardless of the specific number, Cal Advocates' limited analysis focuses on projects "located within" ESJ Communities and not projects that *serve* ESJ Communities.

Cal Advocates explains that it used census tracts with an CES 4.0 score in the top 25% (75th percentile) to identify ESJ Communities.[421] However, only considering CES scores in the top 25% could easily miss populations that fall within the Commission's broad definition of ESJ Communities. Cal Advocates' limited analysis of a single criteria also does not consider that ESJ Communities can exist within *any* community. Census tracts are defined boundaries, but not

[417] Do Testimony, p. 2-2.
[418] ESJ Action Plan Version 2.0, pp. 21-22.
[419] Do Testimony, Attachment 2-1.
[420] Do Testimony, p. 2-1.
[421] Do Testimony, pp. 2-2 to 2-3.

ones that perfectly contain all ESJ Communities, especially when considering the Commission's broad definition and priority populations.

Cal Advocates' methodology also fails to consider the boundary of Cal Water's operating districts and the broad benefits of projects and programs within those districts. Cal Water's operating districts serve diverse demographic and socioeconomic populations, and its service area boundaries are not defined by census tract, which is the basis of CES 4.0. There are instances where a service area is comprised of a single census tract, but in most instances, a service area is comprised of dozens of census tracts. In addition, some of Cal Water's operating districts are not contiguous, allowing for even more diversity and variation. The impacts to ESJ Communities requires looking at broader demographic data, not just individual census tracts within a certain percentile of CES.

Evaluating our projects by physical location and top percentile of a census tract does not consider the communities Cal Water serves. For example, an elevated storage tank could be located on a hill in a more affluent census tract but provide numerous service quality, reliability, and fire suppression benefits to ESJ Communities defined by census tracts at a lower elevation. Other simple examples include water sources, pump stations, and treatment systems. A water source, pump station, or treatment system could be located in a non-ESJ Community census tract, but positively support an ESJ Community's access to clean, safe drinking water. Not all of Cal Water's projects and programs impacting ESJ Communities have a precise GPS location, such as portable assets and equipment or software and other technology tools. For these projects, the identified physical location is the district office, which might not be located within an ESJ Community or even within the boundaries of a specific operating district.

CES 4.0 is an inherently useful tool in using environmental, health, and socioeconomic information to understand the impacts of the 2024 GRC to ESJ Communities. However, as authors of the CES 4.0 Report acknowledge, methodologies are based on averages, and there may be data gaps and inherent uncertainties when using census tract data.[422] Cal Advocates' limited assessment of our capital projects based solely on the top quartile of ESJ Communities' census tract data fails to consider the broad demographics that comprise ESJ Communities and

[422] *See* https://oehha.ca.gov/media/downloads/calenviroscreen/report/calenviroscreen40reportf2021.pdf.

how Cal Water's projects serve at-risk and under-represented populations across its districts, who are not limited to neatly defined census tract areas and percentiles.

Cal Water's commitment to supporting ESJ principles throughout its service areas is thoroughly described in direct testimony.[423] While not specifically designed to address the Updated ESJ Action Plan's goals and objectives, many of Cal Water's projects and programs align with multiple goal areas—even those not directly related to water service.[424] The Commission should not be swayed by Cal Advocates' simplistic analysis designed to minimize the beneficial impacts of the 2024 GRC on ESJ Communities. The complexities of our operations, communities we serve, and district boundaries highlight Cal Advocates' misguided and simplistic approach to assessing the impacts of the 2024 GRC to ESJ Communities. Cal Water respectfully requests the Commission include a Finding of Fact and/or Conclusion of Law recognizing the Company's commitment to ESJ compliance when issuing a Final Decision in this Application.

[423] CWS Testimony Book #3, Chapter 5.

[424] Only a single goal in the Updated ESJ Action Plan specifically mentions water. Other goals discuss topics such as investments in clean energy, enforcement and consumer protection, and training and development for CPUC staff.

CHAPTER 10. DECOUPLING & SALES RECONCILIATION MECHANISM (SR #3) (SCOPING ISSUES #7 and #15)

SPONSORED BY COOPER CAMERON (EXCEPT WRAM EXPERIENCE)

A. INTRODUCTION

Disputed. The Commission should approve Cal Water's proposed Low Use Water Equity Program ("LUWEP" or "Decoupling Program") and Sales Reconciliation Mechanism ("SRM") as just, reasonable, and in the overall public interest. The policy of decoupling is not at issue in this GRC. Senate Bill ("SB") 1469 resolved any policy dispute on decoupling for water utilities. The only question at issue is whether Cal Water's proposed decoupling and sales reconciliation mechanisms are reasonable.[425]

Cal Water's LUWEP and SRM proposals include novel features and are supported by novel evidence. Cal Water has provided extensive direct and rebuttal testimony and supporting analysis to sufficiently justify its requests. On the other hand, Cal Advocates' limited analysis largely consists of recycled arguments from other proceedings. Cal Advocates assumes consideration of Cal Water's LUWEP and SRM is a foregone conclusion. However, as noted by one Commissioner when denying a recent request for decoupling by California American Water Company ("Cal Am"), "Future proceedings will have different records that may lead to different outcomes."[426] Such is the case for this proceeding. Cal Water's unique LUWEP and SRM proposals should be evaluated through an objective, rational lens and the outcome should be based on the evidentiary record in *this* proceeding.

Cal Water's proposed Decoupling Program supports the co-equal beneficial goals of affordability and conservation, while preserving Cal Water's rightful opportunity to timely recover its authorized revenue requirements. Specifically, Cal Water is proposing to:

1. Establish a Safe Infrastructure Balancing Account ("SIBA") to track the difference between actual and adopted quantity revenues,

[425] Assigned Commissioner's Scoping Memo and Ruling ("Scoping Memo"), pp. 3-4.
[426] CPUC Voting Meeting, December 5, 2024, video recording at 2:29:06-2:29:30. *Available at* https://www.adminmonitor.com/ca/cpuc/voting_meeting/20241205/.

2. Establish a Supply Cost Balancing Account ("SCBA") to track the difference between actual and adopted water production expenses,
3. Recover or refund Decoupling Program balances as a component of quantity base rates, and
4. Reinstate the Sales Reconciliation Mechanism ("SRM") with slight modification.[427]

Cal Water's proposed LUWEP creates a balanced and viable regulatory framework, benefiting both customers and the Company. The proposed Decoupling Program supports affordability and strengthens conservation price signals while also stabilizing revenues. If the Commission declines to adopt Cal Water's proposed LUWEP, it should authorize the Rebuttal Rate Design[428] and SRM, consistent with recent Commission decisions.[429]

Q. Please provide a brief background of SB 1469.

A. SB 1469 was signed into law by Governor Newsom in September 2022 and went into effect on January 1, 2023. SB 1469 modified Section 727.5 of the Public Utilities Code ("PUC"), requiring the Commission to consider, and authorizing the Commission to authorize, revenue decoupling mechanisms for Class A water utilities.

Additionally, SB 1469 set forth limited criteria for the Commission to consider when evaluating decoupling proposals:

(A) Upon application by a water corporation with more than 10,000 service connections, the commission shall consider, and may authorize, the implementation of a mechanism that separates the water corporation's revenues and its water sales, commonly referred to as a "decoupling mechanism."

(B) An authorized decoupling mechanism shall be designed to ensure that the differences between actual and authorized water sales do not result in the over recovery or under recovery of the water corporation's authorized water sales revenue.

(C) An authorized decoupling mechanism shall not enable the water corporation to earn a revenue windfall by encouraging higher sales.

(D) The water corporation may only submit an application to the commission pursuant to this paragraph as part of its triennial general rate case application

[427] CWS Testimony Book #2, pp. 27-28.
[428] *See* CWS Rebuttal Book #1, pp. 136-140 and M.Cubed Rate Design Rebuttal.
[429] *See* D.24-12-025 and D.25-01-036 resolving the GRCs for Cal Am and Golden State Water Company ("GSWC" or "Golden State"), respectively.

described in Section 455.2, unless the commission and the water corporation mutually agree for the application to be otherwise submitted.[430]

Q. How do these criteria apply to Cal Water's request in this proceeding?

A. These are the limited criteria the Commission is legislatively mandated to apply when considering water utility decoupling proposals. As shown in Table 10-1 below, Cal Water's proposed Decoupling Program satisfies these limited criteria. The Monterey-Style Water Revenue Adjustment Mechanism ("M-WRAM")does not.

Table 10-1
SB 1469 Evaluation Criteria
LUWEP and M-WRAM Comparison

SB 1469 Criteria	LUWEP	M-WRAM
(A) Upon application by a water corporation with more than 10,000 service connections, the commission shall consider, and may authorize, the implementation of a mechanism that separates the water corporation's revenues and its water sales, commonly referred to as a "decoupling mechanism."	Yes	No
(B) An authorized decoupling mechanism shall be designed to ensure that the differences between actual and authorized water sales do not result in the over recovery or under recovery of the water corporation's authorized water sales revenue.	Yes	No
(C) An authorized decoupling mechanism shall not enable the water corporation to earn a revenue windfall by encouraging higher sales.	Yes	No
(D) The water corporation may only submit an application to the commission pursuant to this paragraph as part of its triennial general rate case application described in Section 455.2, unless the commission and the water corporation mutually agree for the application to be otherwise submitted."	Yes	Not Applicable

Table 10-1 simply and clearly demonstrates that not only does Cal Water's proposed LUWEP satisfy the SB 1469 criteria, but that the M-WRAM does not. While Cal Advocates has attempted to argue for a broad definition of decoupling in a futile attempt to qualify the M-WRAM, they acknowledge that the M-WRAM is not a full decoupling mechanism.[431]

[430] PUC Section 727.5(d)(2).
[431] Cal Advocates Response to Cal Am's Application for Rehearing of D.24-12-025, p. 6.

Complete explanations as to how the proposed LUWEP satisfies these criteria are included in the following sections.

Q. Can you provide a brief overview of how SB 1469 relates to the Commission's prior policy on decoupling?

A. Long before the passing of SB 1469, the Commission's 2005 Water Action Plan stated a policy objective to "strengthen conservation programs to a level comparable to those of energy utilities"[432] and "set rates that balance investment, conservation, and affordability."[433] Specifically, the Commission "will consider decoupling water utility sales from earnings in order to eliminate current disincentives associated with conservation" and "establish utility financial incentives for greater conservation."[434] This policy objective led to the initial implementation of decoupling for water utilities and developing guidance for water utility rate designs.

Energy utility policy has evolved at a far greater rate than that of water utilities, which has failed to keep pace. As noted by the National Association of Water Companies ("NAWC"), decoupling was first adopted for the energy utilities in the early 1980s.[435] The circumstances that led to revenue decoupling for the energy utilities are consistent with those water utilities face today. Decoupling was not implemented solely for conservation. In addition to the energy crises necessitating demand-side management and resource efficiency programs, energy utilities also faced considerable financial volatility and economic uncertainty when decoupling was first adopted.[436] It was the combination of promoting vigorous conservation *and* the need for financial stability that led the Commission to implement decoupling. When similar circumstances emerged in the 2000-2001 energy crisis, the policy of decoupling was codified in state law.[437] The recent CPUC Response to Executive Order N-5-24 effectively summarized the beneficial role decoupling has played in energy utility regulation:

> "Observers often believe that utilities are seeking to sell more electricity to customers. This is an inaccurate viewpoint. Utilities are indifferent to how much electricity they sell to customers, because of an important energy policy that

[432] 2005 Water Action Plan, p. 4.
[433] 2005 Water Action Plan, p. 5.
[434] 2005 Water Action Plan, p .9.
[435] NAWC Opening Testimony, p. 15.
[436] D.93887, p. 55.
[437] PUC Section 739.10.

> California adopted in the 1990s that breaks apart electricity sales from utility budgets. Numerous states have followed California's pathbreaking approach, and it has been foundational to the success of programs like energy efficiency and net energy metering. This "decoupled" approach means that if a utility sells more or less electricity in one year, any revenue over-collection or shortfall will either be returned to customers (in the case of over-collection) or collected (in the case of shortfall) the next year. Utilities' revenues are not linked to the amount of electricity they sell, so they have no incentive to sell more or less electricity to any group of customers or to ratepayers as a whole.
>
> Because most operational and capital costs are fixed in advance and allocated on an annual basis, any program that provides rate relief for one customer group results in a shift of operational and fixed costs to another. The second group gets a rate increase, while the first group gets a rate or bill decrease."[438]

Recurrent drought, water resource scarcity, financial volatility, and economic uncertainty have placed similar strain on water utilities. Water utility decoupling was adopted in the midst of a major drought and global economic recession. While decoupling was in effect California experienced historic drought conditions and a pandemic that severely impacted the global economy. Recent trade policies are introducing another significant element of economic turmoil and uncertainty.

The policies on conservation, affordability, and financial stability are often in tension. Utilities are implementing programs to comply with conservation regulations. The Governor and Commission are rightly focused on the affordability crisis in the state. However, there is continued resistance to providing water utilities with a reasonable mechanism to account for the inherent volatility in implementing vigorous affordability and conservation programs. The Commission should not wait for another crisis to strike before taking action to restore the viable regulatory framework decoupling provides.

[438] CPUC Response to Executive Order N-5-24, p. 10. *Available at* https://www.cpuc.ca.gov/-/media/cpuc-website/industries-and-topics/reports/cpuc-response-to-executive-order-n-5-24.pdf.

B. CAL WATER'S PROPOSED DECOUPLING PROGRAM SUPPORTS AFFORDABILITY AND EQUITY THROUGH PROGRESSIVE RATE DESIGNS

Q. How does Cal Water's proposed Decoupling Program support affordability?

A. The proposed Decoupling Program supports affordability by allowing for more aggressive rate designs to be implemented than are otherwise feasible.[439] In breaking the link between sales and revenues, utilities are able to propose more aggressive tiered rate designs. Such rate designs provide water for essential needs while encouraging efficient use among higher water users.[440] The concept behind tiered rate structures is simple: the more you use the more you pay. However, not all rate designs are created equal, and the aggressiveness of a tiered rate structure depends on numerous factors.[441]

One important rate design factor is the amount of revenue recovered through fixed service charges. Lower service charges support affordability by reducing the first-gallon cost of water, providing customers with more control over their monthly bill.[442] This is particularly relevant for low-use, low-income customers and other vulnerable populations on fixed incomes.

Data shows that usage positively correlates with income.[443] This means that in general, lower-income households use less water and higher-income households use more water. Income also positively correlates with household size. This means that lower-income households generally have fewer people and higher-income households generally have more people. The key takeaway is that the lower service charges and more aggressive rate tier structures feasible with decoupling support affordability for low use and low-income households. These progressive pricing structures provide this affordability benefit with little to no additional administrative cost.[444]

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[439] For the purposes of this rebuttal, Cal Water uses the terms "aggressive" and "progressive" interchangeably when discussing rate designs and pricing structures. Conservation based rates and pricing structures are considered aggressive and/or progressive rate designs.
[440] CWS Rebuttal Book #1, Appendix A, Section 2.2.
[441] CWS Testimony Book #2, Attachment F, pp. 3-5.
[442] CWS Testimony Book #2, Attachment D, p. 20.
[443] CWS Testimony Book #2, Attachment D, Section 2.
[444] CWS Testimony Book #2, Attachment D, p. 20.

Q. What are the recent trends in service charges?

A. Recent Commission decisions have approved more balanced rate structures as utilities transition to the M-WRAM regulatory framework.[445] Without full decoupling to break the link between revenues and sales, utilities need to adopt more balanced rate designs. One way of doing this is by increasing recovery through service charges. The Commission recognized this trend when recently approving Golden State's proposed rate design along with the transition to an M-WRAM.[446] Cal Water has proposed a similar rate design proposal in this rebuttal.[447]

Q. How are other rate design features impacted without decoupling?

A. In addition to increasing recovery through service charges, the structure of quantity rate tiers is adjusted to reduce volatility. The differing structures between decoupled and M-WRAM rate designs are provided in the M.Cubed Rate Design Report.[448] Cal Water has also updated its rate design recommendation if the LUWEP is not approved to continue the transition to an M-WRAM framework initiated in the 2021 GRC.[449]

Q. How does that impact affordability?

A. The less aggressive rate designs (which would be necessitated without decoupling) shift revenue burden from more affluent higher water users to lower-income, lower water users. As previously demonstrated, higher water users are generally more affluent. Less aggressive rate designs shift revenues out of the higher usage tiers both into the fixed service charges and lower usage tiers. Relatively, higher water users will see a bill decrease and lower water users will see a bill increase. This raises an important equity issue among customers and is contrary to affordability objectives.

Q. How do Cal Water's proposed amortization procedures apply progressive rate structures to further support affordability?

[445] *See* D.24-12025 and D.25-01-036 resolving the GRCs for Cal Am and Golden State, respectively.
[446] D.25-01-036, pp. 67-68.
[447] CWS Rebuttal Book #1, Appendix A, Section 5.
[448] CWS Testimony Book #2, Attachment H, pp.3-6.
[449] CWS Rebuttal Book #1, pp. 9-10.

A. Cal Water is proposing to amortize (recover or refund) any Decoupling Program balances through quantity base rates rather than separate surcharges or surcredits.[450] This means decoupling balances flow through the adopted tier rates, which is a significant improvement from the prior decoupling program. Recovery in quantity base rates accounts for the inequities between customer groups as discussed above. It is important to recognize the impact within customer groups, not just customers as a whole.

Traditional amortization of balancing accounts occurs via surcharges for under-collections and fixed surcredits for over-collections.[451] The idea is that customers who use more water should be charged more for under-collections and should not disproportionately benefit from over-collections. Cal Water's proposal takes this basic concept and amplifies it by using the tiered rate structure. This reinforces the concept that higher water users should pay a higher price for using more water. Recovery of decoupling program balances is no different. Decoupling balances are just under- or over-collected authorized quantity revenues from a prior period. There is nothing mystical or unique about them. They are not additional or extra revenue beyond what the Commission has authorized. They should be recovered as all other authorized quantity revenues are—through the adopted rate design.

An illustrative example of the affordability benefits of Cal Water's quantity base rate recovery proposal is provided in Attachment 10-1.

Q. What are the other customer benefits of Cal Water's proposed amortization procedures?

A. In addition to the affordability benefits mentioned above, recovery through quantity base rates will reduce customer confusion and frustration. Specifically, it eliminates the need for additional line items with confusing names and acronyms on billing statements Many individual components go into the rates customers pay. There is no need to separately identify decoupling balances. The simplified bill messaging helps customers better understand the rates they are paying for the water that they use.

Q. How is decoupling more balanced than other mechanisms?

[450] CWS Testimony Book #2, pp. 48-49.
[451] Standard Practice U-27-W, No. 44.

A. Decoupling preserves the utility's reasonable opportunity to recover its authorized revenue requirements, no more and no less. In truing up to the authorized quantity revenues, it ensures the utilities only collect those amounts. If the utility over-collects its quantity revenues, those amounts are credited back to customers. Alternatively, if the under-collects its quantity revenues, those amounts are recovered from customers.

All utility revenues are authorized by the Commission, that is how regulation works. Revenue decoupling does not change that. Decoupling balances are authorized revenues that have previously been approved by the Commission as just and reasonable, not additional revenues. The only difference is when those authorized revenues are recovered or refunded.

C. CAL WATER'S PROPOSED DECOUPLING PROGRAM SUPPORTS CONSERVATION

Q. Does the proposed Decoupling Program support conservation? If so, how?

A. Yes. Similar to affordability, decoupling supports conservation by facilitating the use of more aggressive rate designs. More aggressive rate designs and pricing structures send stronger price signals to high water users to conserve.

Rate design and pricing structures are an effective and efficient tool in encouraging conservation. Features of more aggressive rate designs include larger tier differentials, higher tier breakpoints, more revenue recovered in the upper usage tiers, and less revenue recovered in fixed service charges.[452] The downside is that such aggressive rate designs increase revenue volatility for the utility. Decoupling provides the necessary stability by preserving the recoverability of any under- or over-collections resulting from the more aggressive rate design.

Q. Can you talk more about how decoupling allows for these more aggressive conservation rate structures?

A. Yes. As explained by the NAWC, under traditional regulation utilities have a "throughput incentive" to sell more water to generate more revenues.[453] Decoupling eliminates the throughput incentive, thereby eliminating the utility's disincentive to pursue more aggressive

[452] CWS Rebuttal Book #1, Appendix A, Section 2.2.
[453] NAWC Opening Testimony, pp. 7-8.

rate designs to promote conservation programs. While decoupling does not actively incent conservation, the Commission should not minimize the importance of removing the disincentive encourage conservation.

Without an appropriate true-up mechanism, utilities will either under-collect or over-collect their authorized revenues based on changes in sales. An accurate sales forecast is always preferred, but forecasts are never perfectly accurate. Simply put, by allowing utilities to true-up to the authorized quantity revenues, decoupling eliminates the disincentive to sell less water.

As discussed in the **M.Cubed Rate Design Report**, decoupled rate designs increase the marginal price for water as usage increases.[454] While there is no added incentive for utilities to promote conservation, the disincentive to promote conservation is clearly removed.[455] Decoupling clears the way for utilities to enthusiastically promote conservation programs. Denying decoupling throws the regulatory program out of balance by imposing policies which introduce revenue volatility without the necessary true-up mechanism to provide financial stability.[456]

Q. How do these incentives relate to the M-WRAM?

A. The M-WRAM is a rate design adjustment that only accounts for the difference between revenues collected under a tiered rate structure and the revenues that would have been collected under a uniform rate structure at an equivalent level of sales. This means that under M-WRAM revenues still depend on the level of water sales. The M-WRAM *does not* sever the link between sales and revenues and thus *is not* a decoupling mechanism. So, M-WRAM utilities still experience the throughput incentive to not take actions that reduce water sales, contrary to conservation objectives.

By only adjusting for rate design, the M-WRAM could result in material revenue under- or over-collections, after truing-up for use of a tiered rate design, if sales substantially differ

[454] CWS Testimony Book #2, Attachment F, pp. 5-6.
[455] *See* State Energy and Environment Guide to Action: Electric Utility Regulatory Frameworks and Financial Incentives, United States Environmental Protection Agency, 2022, pp. 11-12. *Available at* https://www.epa.gov/system/files/documents/2022-08/Electric%20Utility%20Regulatory%20Frameworks%20and%20Financial%20Incentives_508_1.pdf.
[456] *See* CWS Rebuttal Book #1, Attachment 10-2 providing illustrative examples of how the M-WRAM can yield material revenue losses for utilities after truing up for the tiered rate design.

from forecast levels. The M-WRAM does not account for this, meaning utilities would be prevented from seeking recovery of the remaining under-collection and forced to incur the loss. On the other hand, if a sales increase results in an over-collection, after truing-up for use of a tiered rate design, the utility would keep those excess revenues, not return them to customers. This brings the incentives under M-WRAM into focus. There is a clear disincentive to promote conservation programs which reduce sales.

A full explanation of the sales forecast implications is included in the rebuttal testimony of M.Cubed.[457] An illustrative example of how this can play out in practice is provided in Attachment 10-2.

Q. What about Cal Advocates' statement that WRAM is not effective at achieving conservation?

A. Cal Advocates argues against the effectiveness of decoupling at achieving conservation by contrasting performance of the WRAM and M-WRAM, respectively. The WRAM was originally implemented in 2008 and discontinued at the end of 2022 ("WRAM Period"). During the WRAM Period the state experienced multiple droughts (2007-2009 and 2012-2016) and dry periods (2020-2022).[458] When regulated water utilities implement their Commission approved water rationing plans, those utilities without a WRAM are authorized to establish a lost revenue memorandum account ("LRMA").[459] These LRMAs track lost revenues from lost sales due to activating water conservation and rationing plans. These LRMAs are a form of decoupling as utilities have the opportunity to seek recovery of the revenue under-collections. So, M-WRAM utilities that activated water conservation and rationing plans were effectively decoupled during the drought periods. Those M-WRAM companies were thus able to enthusiastically promote conservation and rationing due to the financial stability decoupling LRMAs afford. This also means contrasting conservation effectiveness between WRAM and M-WRAM companies during those periods is not representative.

In denying a recent request to reinstate decoupling, the Commission found that "the WRAM neither encourages nor discourages conservation efforts on the part of the utility," but

[457] CWS Rebuttal Book #1, Appendix B, Section 3.
[458] *See generally* https://water.ca.gov/Water-Basics/Drought.
[459] Standard Practice U-40-W, Nos. 36 and 37.

that "the M-WRAM encourages conservation through tiered rates."[460] However, if the Commission believes that the M-WRAM encourages conservation through tiered rates, then it is true that decoupling also encourages conservation through tiered rates, particularly since more aggressive tiered rates only work with decoupling. When evaluating utility decoupling proposals, the Commission should evaluate both mechanisms objectively through the same critical lens based on the evidence on the record in this proceeding.

Q. How effective was Cal Water at achieving conservation goals while the WRAM was in effect?

A. Cal Water was able to achieve substantial sales reductions over the WRAM Period. In 2008, usage was at 360 CCF per metered connection. By 2022, usage had dropped to 243 CCF per metered connection, a decrease of 117 CCF per metered connection or roughly 33%. This reduction translates to nearly 56 million gallons in annual water savings based on the number of metered connections in 2023.

Expanding the analysis to include the pre-and post-WRAM Period yields similar results. In 2007, usage was 367 CCF per metered connection. By 2023, usage had dropped to 231 CCF per metered connection, a reduction of 136 CCF per metered connection or roughly 37%. This reduction equates to nearly 65 million gallons in annual water savings based on the number of metered connections in 2023.

Cal Advocates uses a similar analysis to argue that the single lowest year in per capita consumption occurred as a result of the M-WRAM.[461] This assertion is incorrect. Cal Advocates is right that 2023 had the lowest level of sales per capita. However, Cal Advocates failed to recognize that the more aggressive WRAM rate design was still in effect in 2023, so the reductions cannot be attributed to the M-WRAM. Due to substantial delay, a final decision resolving Cal Water's 2021 GRC was not issued until March 2024.[462] The 2021 GRC rates and rate design, reflective of the newly authorized M-WRAM, did not go into effect until May 31, 2024. So, any reductions in usage per metered connection in 2023 are appropriately attributable to the WRAM, not to the M-WRAM.

[460] D.25-01-036, Findings of Fact Nos. 13 and 15-16.
[461] Ronco Testimony, pp. 3-8 to 3-9.
[462] D.24-03-042 was issued on March 15, 2024.

The conclusion that 2023 reductions are a continuation of the WRAM's conservation effectiveness is further demonstrated by Figure 10-1 below, showing the long-term trend in declining usage.

Figure 10-1
Usage Per Metered Connection
2006-2023
(CCF per Customer)

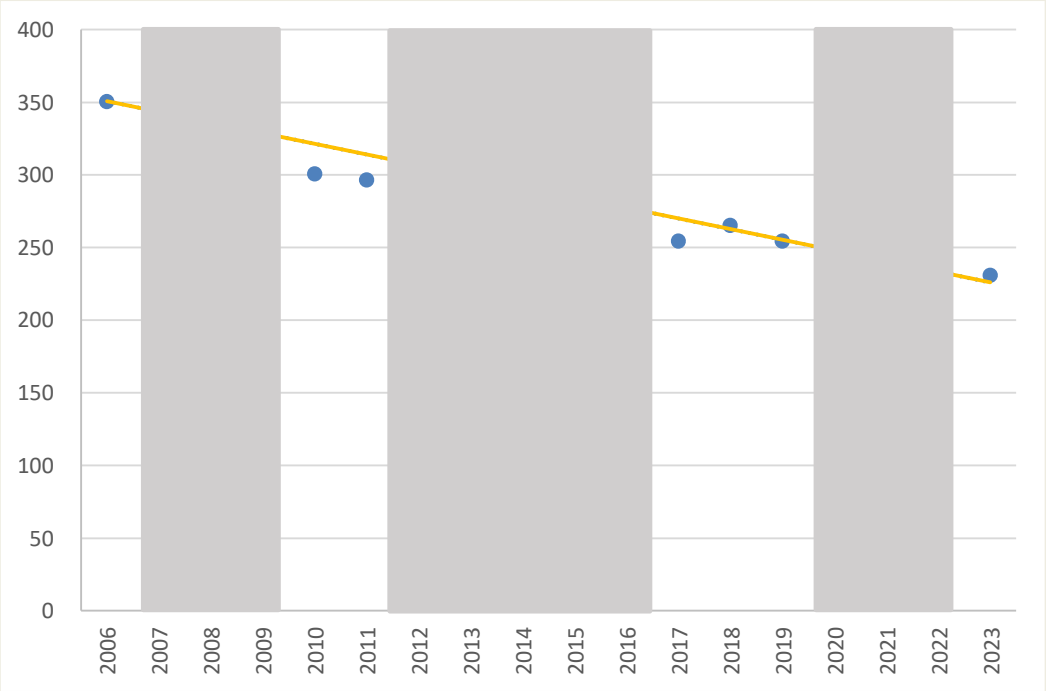


Figure 10-1 clearly shows the long-term sales decline utilities are facing. This is a financial and affordability challenge for utilities with rising fixed costs yet lower sales to recover said fixed costs. Sales also follow a cyclical trend with a lagged customer response of roughly two years following periods of drought. [463] This means that per capita usage can be in rebound as a new drought is beginning. When combined with increasing costs of necessary infrastructure investment, regulatory compliance requirements, and general inflation, water utilities can become financially strained without stable revenues. Analysis by the Alliance for Water Efficiency ("AWE") shows that effective conservation programming reduces costs for

[463] Periods of drought or dryness are indicated by the grey shaded areas.

customers both in the short- and long-term.[464] True-up mechanisms like the proposed LUWEP can help strike an equitable balance in the overall public interest.

Comparing Cal Water's usage reductions since 2006 clearly demonstrates the effectiveness of achieving conservation objectives with decoupling. Additional information on Cal Water's effectiveness at achieving conservation goals over the WRAM Period is provided in the following section.

Q. Do you have any concluding remarks on decoupling's effectiveness at supporting conservation?

A. Cal Water is committed to both conservation programming and infrastructure investments to ensure an adequate and reliable supply of high-quality drinking water for customers, now and in the future. Revenue decoupling is a recognized best practice as a key tool at supporting conservation objectives.[465] There is broad support for decoupling in conservation and resource efficiency programs across regulatory agencies, industry and environmental organizations, and even municipal utilities.[466] The Commission should reject Cal Advocates' arguments regarding conservation with decoupling and recognize Cal Water's effectiveness at achieving conservation goals over the WRAM Period.

D. CAL WATER'S WRAM EXPERIENCE

This Rebuttal Testimony is in response to certain issues addressing the revenue decoupling request, found on pages 3-2 to 3-12 of the Ronco Testimony.

Cal Advocates' recommendation that the Commission reject the proposed decoupling LUWEP and instead adopt an M-WRAM type of mechanism does not represent the most favorable opportunity to achieve and maintain conservation savings by Cal Water's customers. As clearly demonstrated in Section A above, the M-WRAM is not a revenue decoupling mechanism and does not satisfy the limited criteria set forth in SB 1469. The M-WRAM does not

[464] CWS Testimony Book #2, Attachment E.
[465] NAWC Opening Testimony, p. 5.
[466] Included among these entities are the United States Environmental Protection Agency, the United States Department of Energy, Natural Resources Defense Council, National Association of Regulatory Utility Commissioners, and Los Angeles Department of Water and Power.

sever the link between sales and revenues in the same manner as the LUWEP does. As a result, water utilities with an M-WRAM will still have a financial incentive to achieve sales in excess of the adopted level. Put differently, the M-WRAM utilities have less incentive to promote conservation.

The historical record on sales data since the implementation of the WRAM in 2008 confirms this point. As shown on Table 4 in my Direct Testimony, the WRAM companies experienced 12 percent greater reductions in per capita usage than the M-WRAM companies since the implementation of the WRAM.[467] As shown on Table 5, those incremental reductions resulted in savings of 315,000 Acre Feet of water since that time.[468] Cal Advocates does not refute these results.

Cal Advocates raised a number of issues to support their recommendation to reject Cal Water's requested decoupling mechanism. This Rebuttal will respond to two of those issues: 1) Cal Advocates' comparison of production data for WRAM and M-WRAM companies, and 2) Cal Advocates' analysis of Cal Water's Pre- and Post-WRAM sales data. As shown below, Cal Advocates' limited analysis in both instances is flawed, further undermining their recommendation that the Commission reject Cal Water's decoupling proposal.

1. Comparison of Production between WRAM and M-WRAM

Cal Advocates' analysis includes Figure 3-1 plotting annual production per connection amounts for WRAM companies as a group and the M-WRAM companies as a group.[469] The data points plotted on the graph are based primarily on production and customer data from the individual utilities' annual reports filed with the Commission. Cal Advocates asserts that the graph shows 1) that WRAM companies produce more water per connection than M-WRAM companies, and 2) the pattern of changes over time are similar for WRAM and M-WRAM companies. Cal Advocates implies that its analysis of the production data is evidence of how little effect WRAM had on water sales.

[467] CWS Testimony Book #2, p. 86, Table 4.
[468] CWS Testimony Book #2, p. 88, Table 5.
[469] Ronco Testimony, p. 3-7, Figure 3-1.

There are technical and logical flaws to Cal Advocates analysis which are described below. These flaws render Cal Advocates comparison of production data meaningless and their resulting recommendation to reject decoupling baseless.

a) Production is Not the Same as Sales

The production per connection measure calculated by Cal Advocates is not an appropriate measure for comparing the effectiveness of the WRAM and the M-WRAM in promoting conservation. The WRAM and the M-WRAM promote conservation by facilitating the utility's ability to implement tiered rates. Those tiered rates provide pricing incentives to the utility's customers to reduce water consumption. The rate structures are what directly lead to conservation savings, not the decoupling mechanisms themselves. Because decoupling with the WRAM mechanism removes the throughput incentive inherent in the M-WRAM, it enables WRAM utilities to implement more aggressive tiered rate structures and achieve greater conservation savings. The effectiveness of the utility's tiered rate structure is its impact on reducing customer usage. Changes in customer usage is best measured by data measuring sales to metered customer, not production data.

Production data includes customer usage, but it also includes non-metered usage that is not subject to conservation pricing. This non-metered use would therefore not be expected to change in response to the implementation of a WRAM. Production data reported in the Annual Reports includes water used to supply both metered and non-metered use. For example, production data includes water used in operations for activities such as flushing or refilling storage tanks, domestic fire service, and system losses. Production data also includes water to provide non-metered domestic water service. Including non-metered domestic customers is particularly an issue for the WRAM companies who collectively have had as many as 90,000 such customers in some years. Cal Advocates calculation includes the usage of non-metered customers in the production amounts but does not include the non-metered customers in the customer count. As a result, Cal Advocates has overstated its production amounts. All of these issues are easily remedied.

Cal Advocates previously used data on changes in per capita sales to compare the conservation results for the WRAM and the M-WRAM companies. That comparison made sense

as a means to measure the relative effectiveness of the two mechanisms since the conservation rates implemented with each mechanism were designed to induce conservation by metered customers. Using production data makes no sense.

Cal Advocates does not explain why it now chooses to use production data instead of sales data as the appropriate measure for comparing the relative effectiveness of the WRAM and the M-WRAM to promote conservation. The decision to rely on production data is certainly questionable, given that the WRAM and the associated conservation rates were designed to incentivize metered customers to reduce water usage, and the metered customer sales data is readily available from the same Annual Reports that Cal Advocates relied upon for the production data. Clearly the change in sales per customer over time is a much better indicator of the effectiveness in promoting conservation than the change in production. Cal Water presented extensive evidence demonstrating the company's effectiveness at reducing sales while WRAM was in effect.[470]

b) Cal Advocates' Improper Math

Cal Advocates' decision to use production data to compare the effectiveness of the WRAM and the M-WRAM to promote conservation is confounding, especially in light of the fact that customer sales data from the same data source is relied upon elsewhere by Cal Advocates.[471]

The questionable use of production data is not, however, the only problem with Cal Advocates analysis. Cal Advocates' analysis is mathematically flawed. The production per connection values that Cal Advocates calculates for the WRAM and the M-WRAM companies and then compares against one another are not comparable. Their methodology is technically flawed and the results are worthless.

Cal Advocates' analysis is a two-step procedure. First, Cal Advocates calculates the production per connection for each of the five WRAM companies and each of the four M-WRAM companies separately. The second step is to combine the results for the WRAM companies and the M-WRAM companies to derive a single annual value for each group.

[470] CWS Testimony Book #2, p. 72, Table 1.
[471] Ronco Testimony, p. 3-8, Figure 3-2.

The flaw in the analysis is the way that Cal Advocates combined the data from the individual companies. The WRAM value for each year derived by Cal Advocates and plotted on Figure 3-1 is the sum of the production per connection values for the five WRAM companies. Similarly, the value for the M-WRAM companies is the sum for the four M-WRAM companies.

Cal Advocates' methodology ignores the fact that there are five WRAM companies but only four M-WRAM companies. As a result, the fact that the sum for the five WRAM companies exceeded the sum of the four M-WRAM companies is not surprising. Cal Advocates' comparison of the two sums is meaningless.

To do such a comparison properly, Cal Advocates should have calculated an average, preferably a weighted average, of the companies in each group. Calculating an average enables comparisons across different size groups and for groups with different size companies within the group.

Cal Advocates' analysis also fails to adjust for size differences for the companies within the WRAM and M-WRAM group. Cal Advocates simply adds the results for each company in the group. As it is, Cal Advocates' methodology weights the results for each of the five WRAM companies equally. That means that the results for Apple Valley Ranchos with approximately 24,000 customers are equally weighted with the results for Cal Water Service and its 475,000 customers in the calculation of the WRAM total. This is another example where a weighted average is needed to allow for meaningful comparison.

The fact that Cal Advocates analysis is worthless is evident by their results. Cal Advocates Figure 3-1 indicates that the WRAM companies produced more than 1,400 CCF per connection in 2010, dropping to about 1,200 CCF per connection in 2021. Without context those numbers might appear reasonable. However, context clearly shows those are unbelievably high.

Table 3 in my Direct Testimony calculates that the average sales per metered connection in 2010 for the WRAM companies was 272 CCF and in 2021 was 231 CCF.[472] Cal Advocates did not challenge the amounts shown on that table and presented similar data in Figure 3-2. If Cal Advocates production calculation is correct, then the WRAM companies

[472] CWS Testimony Book #2, p. 75, Table 3.

produced over 5 CCF for every 1 CCF of sales in 2010. The ratio is even greater for 2021 (roughly 5.2 CCF of production per 1 CCF of sales in 2021).

It is illogical for production amounts to be four- or five-times sales amounts in the same year. Such results would imply a system-wide loss factor around 75% to 80% annually. A loss factor of that magnitude cannot be correct. Clearly, Cal Advocates' analysis is wrong. Their results should not be accepted.

c) Composition of Customer Base Can Affect Production

Cal Advocates calculated that the WRAM companies produce more water per connection than the M-WRAM companies, which they seem to imply is evidence that the WRAM companies are either less efficient, or less efficient in promoting conservation, than the M-WRAM companies. Either interpretation of the data is unjustified.

The prior section demonstrates the mathematical error in Cal Advocates' analysis comparing production per connection. This section addresses a logical flaw of Cal Advocates' analysis.

Differences in the amount of production per connection may have nothing to do with relative efficiency as Cal Advocates implies. In fact, there are a number of simple explanations for observed differences in per capita production amounts.

Differences in the composition of each utility's customer base will result in differences in per capita production amounts. For example, utilities with larger industrial customers or a larger percentage of industrial customers in their service territory could be expected to have more production per connection than utilities with fewer industrial customers.

Another variable that can affect the amount of production per connection is the mix of single-family residential units versus multi-family residential units in the customer base. Typically, residential customers in single family housing units use more water than customers in multi-family dwelling units. The relative amount of landscaping can also vary substantially between single- and multi-family residential customers. The residential mix of the customer base could impact production comparisons.

Another variable that could affect the amount of production per connection between utilities is weather. Water utilities that provide service in warmer, drier climates would be

expected to produce more water per connection than those utilities in more temperate climates.

There is no indication in the Ronco Testimony that they took any of these factors into consideration in their simple analysis comparing WRAM and M-WRAM utilities production figures. Without taking these variables into consideration and accounting for them somehow, Cal Advocates analysis does not demonstrate anything about the relative efficiency of the WRAM or the M-WRAM companies.

2. Cal Water's Pre and Post WRAM Sales

Figure 3-2 of the Ronco Testimony is apparently intended to demonstrate that the WRAM had very little impact on water sales to Cal Water's customers.[473] I disagree. In fact, Figure 3-2 actually shows the opposite of what Cal Advocates asserts. Namely, that the WRAM had a significant impact on water sales.[474]

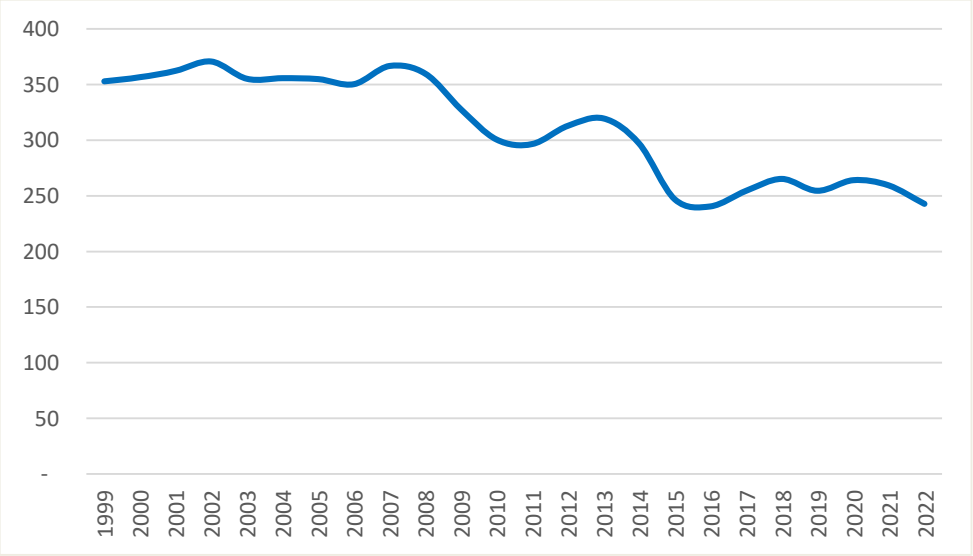
Cal Advocates Figure 3-2 plots the annual sales per metered customer for the years 2006 to 2023. Cal Advocates states that "a look at Cal Water's sales data shows just how little WRAM had on water sales." Cal Advocates couldn't be more wrong.

Figure 1 below is a slightly reformatted re-creation of Cal Advocates Figure 3-2 for reference. Figure 10-2 includes more years of data prior to the WRAM implementation for comparison. Whereas Cal Advocates had a starting point of 2006, I have added data back to 1999.

[473] Ronco Testimony, p. 3-8.

[474] It is important to clarify that it is not the WRAM specifically that contributes to sales reductions. The more aggressive tiered rate structures feasible with a WRAM, or comparable revenue decoupling mechanism, are what drives down water use.

Figure 10-2
Usage Per Metered Connection
1999-2022
(CCF per Customer)



Casual observation of Cal Advocates Figure 3-2 or my Figure 1 shows that per metered sales decline steadily after 2008 when the WRAM was implemented. In fact, sales per metered customer declined by 117 CCF or 33% between 2008 and 2022.[475] It's inconceivable that Cal Advocates would claim such data shows how little effect the WRAM had on water sales. The Ronco Testimony made no attempt to refute the evidence on declining sales presented in my Direct Testimony.

Rather than refute the historical sales data from my Direct Testimony as evidence of the effectiveness of the WRAM, Cal Advocates offers a slightly different perspective on this historical data. Namely, that Cal Water hasn't provided evidence that the decrease in sales would not have existed without the WRAM. But again, Cal Advocates is wrong. The explanation is in Cal Advocates' own report.

Cal Advocates makes the following comment regarding the WRAM:

> "The Commission adopted WRAM as a pilot program, originally intended to address concerns that water utilities have a financial disincentive to promote water conservation……The pilot program involved a natural experiment in which five of the nine Class A water Investor-Owned Utilities (IOUs) implemented a full

[475] CWS Testimony Book #2, p. 74, Table 2.

decoupling WRAM and the other four implemented a conservation targeted mechanism called the M-WRAM."[476]

In this passage, Cal Advocates actually identifies the "evidence" that they contend is missing (i.e., the evidence that the observed decrease in Cal Water's metered sales would not have existed without the WRAM). That evidence is the comparison of historical sales data from the "natural experiment" involving the five WRAM companies and the four M-WRAM companies. To summarize the evidence reported in my Direct Testimony:

- Companies as a group have experienced a 33.2% reduction in per capita usage since the implementation of the WRAM in 2008 compared to the 29.8% reduction in per capita usage for the M-WRAM companies over the same time frame.[477]
- WRAM companies achieved a greater cumulative decrease in per capita consumption than the M-WRAM companies since 2008.[478]
- The larger percentage reductions in per capita usage by the five WRAM companies resulted in incremental water savings of nearly 103 billion gallons (or 315,000 Acre Feet) since the implementation of the WRAM in 2008.[479]

Again, the Ronco Testimony does not address any of these findings. Instead, Cal Advocates offers an unsupported claim that "In a period of over ten years, the natural experiment demonstrated that decreases in water use between the WRAM and the M-WRAM utilities were roughly identical…."[480] Cal Advocates does not provide any data to support this claim. Their Report simply references D.24-12-025 in support of its claim. However, a review of D.24-12-025 finds that the decision actually implies the opposite of what Cal Advocates claims.

The Commission did not find that the decreases in water use were roughly identical in D.24-12-025. The Commission actually conceded the superior conservation gains of the WRAM companies:

"WRSP/WRAM is promoted as a conservation measure, incentivizing water utilities to promote conservation. To that end, Cal Am and CWA point to the record of conservation improvements during the WRAM era as evidence of

[476] Ronco Testimony, p. 3-2.
[477] CWS Testimony Book #2, p. 86, Table 4.
[478] CWS Testimony Book #2, p. 87, Figure 1.
[479] CWS Testimony Book #2, p. 88, Table 5.
[480] Ronco Testimony, p. 3-3.

WRSP/WRAM's conservation benefits. We do not dispute the conservation gains of the WRAM era."[481]

Cal Advocates has not refuted the evidence presented in my Direct Testimony demonstrating the superior the conservation achievements of the WRAM companies, nor have they presented any evidence of their own to the contrary. The Commission should disregard their finding that the WRAM has not resulted in increased conservation.

There is one final point from this section of the Cal Advocates Report that I would like to mention in closing.

Cal Advocates states that "Figure 3-2 shows that usage was on a downward trajectory even prior to WRAM implementation, as sales decreased from 2007 to 2008."[482] Cal Advocates' claim that sales were already on a "downward trajectory" prior to 2008 based on the change in one year is a bid of a stretch. While it is true that sales per customer declined from 2007 to 2008 (from 366 CCF per customer in 2007 to 359 CCF per customer in 2008), it is also true that the 2008 sales figure is still more than the amount in 2006 (359 CCF in 2008 compared to 350 CCF in 2006). The two-year view suggests the opposite of Cal Advocates observation.

Figure 10-3 and Figure 10-4 below plot the usage data for the years prior to the WRAM (Figure 10-3) and after the implementation of the WRAM (Figure 10-4). In addition, each graph includes a time trend line to show the direction of the trend in sales.

[481] D.24-12-025, p. 41.
[482] Ronco Testimony, p. 3-9.

Figure 10-3
Usage Prior to WRAM Implementation
1999-2008
(CCF per Customer)

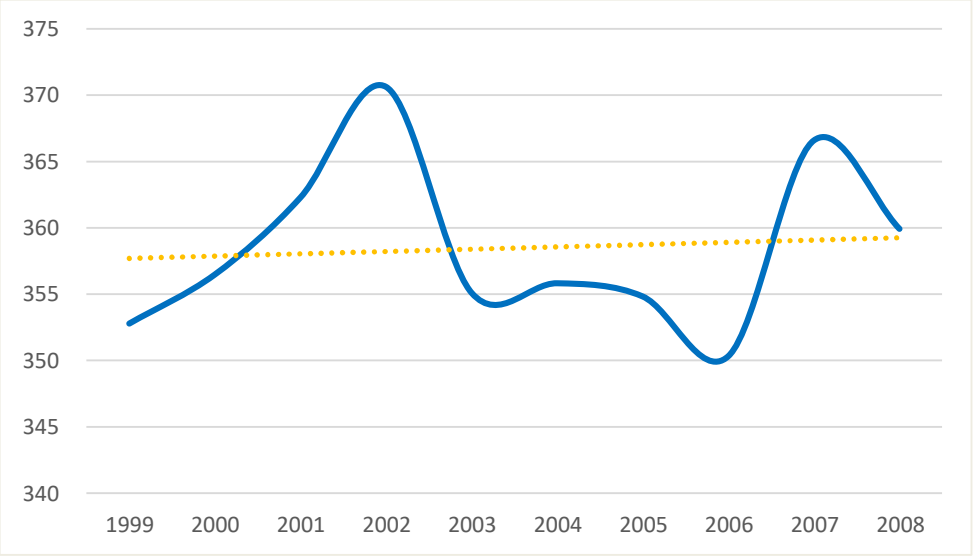
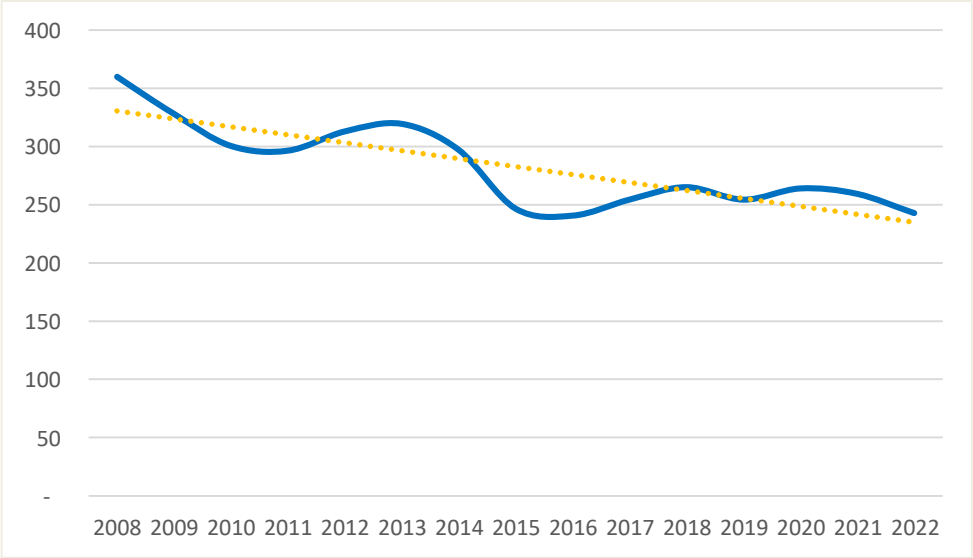


Figure 10-4
Usage Per Meter WRAM Implementation
2008-2022
(CCF per Customer)



As shown on Figure 10-3, customer usage between 1999 and 2008 (prior to the WRAM) fluctuated but the trend was slightly upward. Figure 10-4 on the other hand shows that for the years after the implementation of the WRAM, the trend is definitely downward.

While not definitive, these graphs certainly cast doubt on Cal Advocates' claim that sales were on a downward trajectory prior to the implementation of the WRAM. Moreover, as shown on Figure 10-4, the trend after the implementation of the WRAM was clearly downward.

E. CAL WATER'S PROPOSED DECOUPLING PROGRAM SUPPORTS FINANCIAL STABILITY AND EQUITABLY BALANCES RISK

Q. What does Cal Advocates argue regarding the impact of decoupling on risk?

A. Cal Advocates incorrectly argues that a full decoupling mechanism shifts risk from the Company to customers.[483] This argument is not supported by the data and is otherwise inappropriately addressed in this GRC proceeding.

Cal Advocates argues that decoupling shifts sales forecast risk from shareholders to customers and guarantees utilities revenues.[484] The following section will demonstrate that neither of those arguments are true. Decoupling neither eliminates sales forecast risk nor guarantees revenues for the utility. Instead, it is an effective ratemaking tool for balancing co-equal affordability and conservation goals with timely opportunity of revenue requirements.

Q. Is this GRC proceeding otherwise the proper place for the Commission to evaluate the impacts of decoupling on Company risk?

A. No, the issue of business risk associated with decoupling or lack of decoupling is more appropriately addressed in Cal Water's cost of capital proceeding, where the Commission has previously evaluated that issue in the past. In the cost of capital proceeding, the Commission looks at the company-specific risks among other factors in setting the authorized return on equity ("ROE") for the utility. Additionally, the Commission jointly litigates cost of capital for both decoupled (previously or proposed) and non-decoupled utilities. By law regulated utilities are entitled to a fair return on investment. These investments carry a degree of risk. Thus, the ROE is intended to reflect the risk presented to the utility.

[483] Ronco Testimony, p. 3-6.
[484] *Id*.

Q. Does decoupling shift risk between water utility shareholders and customers?

A. No. This is a common misconception with decoupling. Recovery of authorized costs of service always occurs in customer rates. Stated differently, customers bear the revenue burden of utility service. Decoupling only seeks to true-up to the authorized revenue requirement, so there is no change to the fundamental risk structure. Decoupling only preserves the utility's reasonable opportunity to timely recover its authorized revenue requirements, it does not provide the revenue and profit guarantees that Cal Advocates alleges.

Sales forecast risk is essentially constant, resetting each ratemaking period. An under-collection from the current period is still subject to risk of non-recovery in the subsequent year. Without a true-up mechanism like decoupling, utilities would be precluded from seeking recovery of those amounts. This is akin to an unjust disallowance of authorized fixed costs of service and a retroactive ratemaking double standard. Retroactively denying recovery of authorized fixed costs—in large part due to implementing programs to support of state and CPUC policy objectives—reflects the asymmetric risks utilities face without decoupling. Does the reasonableness of previously authorized fixed costs suddenly (and retroactively) change based on changes in sales? The answer is a definitive "no."

Water utilities face many risks beyond those associated with sales forecasts. For example, the utility must still efficiently manage its capital expenditure programs, its operations (*e.g.*, salaries and wages, benefits, overtime, maintenance programs, uncollectibles, outside services, etc.), and tax payments in order to have the opportunity to realize its authorized rate of return.

In each GRC proceeding, the Commission authorizes the just and reasonable revenue requirement it finds is necessary for the utility to provide safe and reliable water service. Customers are the primary revenue source for recovering the authorized costs of service. Allowing Cal Water a reasonable opportunity to recover its authorized costs for providing safe and reliable service is not a risk to customers, it is fundamental to the utility regulatory framework. The Commission regulates the rates and utilities are afforded a reasonable opportunity to recover their authorized revenue requirements, including a fair return on investment. When or how authorized costs of service are collected does not change the nature of those costs or the fact that they are authorized for recovery by the Commission. Under the

Commission's longstanding cost-of-service framework, customers bear the revenue burden of a utility recovering its authorized fixed costs in rates. Those just and reasonable fixed costs do not suddenly (and retroactively) become unreasonable if a utility's sales are less than projected.

Q. Did the Commission adjust ROEs for water utilities when decoupling was first authorized?

A. No. The Commission specifically looked at this issue in Phase 1B of the original proceeding authorizing the WRAM/MCBA. Following the authorization of the first decoupling mechanism for water utilities (including Cal Water) in D.08-02-036, the Commission specifically evaluated the impact of decoupling on risk and ROE in the Phase 1B decision (D.08-08-030) in the same proceeding. There, the Commission declined to make an ROE adjustment due to the authorization of the WRAM/MCBA, explaining that "We conclude that the adoption of WRAMs cannot be used, in isolation, to adjust a previously authorized ROE."[485]

In the following cost of capital proceeding for companies that were authorized to implement a WRAM/MCBA, the Commission again declined to make any such adjustment in ROE due to the fact that Cal Water, California-American Water Company, and Golden State Water Company now had decoupling. Specifically, in D.09-05-019, Cal Advocates' predecessor, the Division of Ratepayer Advocates ("DRA"), proposed that there should be "a uniform 25 basis point reduction to the otherwise reasonable return on equity to account for the new WRAM and MCBA."[486] The Commission rejected DRA's proposal in D.09-05-019, declining to impose any adjustment to ROE for the WRAM/MCBA.

Q. Did the Commission adjust ROEs for water utilities more recently when it tried to prohibit decoupling in D.20-08-047?

A. No. In D.20-08-047, the Commission prohibited Cal Water and other water utilities from proposing to continue implementing the WRAM/MCBA. The elements of that decision relating to decoupling were later nullified and voided by the California Supreme Court.[487] While that appeal was still pending the Commission did evaluate the impact of the elimination of the

[485] D.08-08-030, p. 31.
[486] D.09-05-019, p. 39.
[487] *See* Golden State Water Co. v. Pub. Utilities Com., 16 Cal. 5th 380 (2024).

WRAM on utility ROEs in a cost of capital decision, D.23-06-025. In that decision, the Commission found: "We are not persuaded that the end of the pilot WRAM program presents any additional risk to the Applicants for the purposes of this proceeding."[488] Thus, as with when the WRAM was first implemented, the Commission did not adjust ROE when the Commission was anticipating that the WRAM would be eliminated as a result of D.20-08-047. The Commission has had ample opportunity to consider adjusting utility ROEs downward on the basis of decoupling and has declined to do so on all occasions.

Q. What about utilities with an M-WRAM, did the Commission adjust the ROE for those companies without decoupling?

A. No. San Jose Water Company ("SJWC") previously requested a risk premium adjustment in their consolidated cost of capital proceeding with Cal Water, Cal Am, and Golden State.[489] Those three companies had full decoupling WRAMs while SJWC had the non-decoupling M-WRAM. In that proceeding, the Commission denied SJWC's risk premium adjustment, despite SJWC not having a full decoupling WRAM.[490]

Q. Why is the Commission's decision regarding the risk premium important?

A. The Commission's decision not to authorize the risk premium adjustment is important because it reaffirms the conclusion that decoupling does not significantly impact risk, one way or the other. Under Cal Advocates' logic, utilities with decoupling should have their ROEs adjusted downward, but if those same utilities were to lose decoupling, the utilities should not have their ROEs adjusted upward. As explained above, the Commission has consistently declined to adjust ROEs downward for utilities with full decoupling. In D.18-03-035, the Commission similarly declined to adjust the ROE upward for a utility with an M-WRAM on the basis of not having a decoupling mechanism. By neither adjusting ROEs downward nor upward based on a utility having or not having decoupling, respectively, the Commission conclusively

[488] D.23-06-025, p. 27.
[489] *See* Prepared Directly Testimonies of Pauline M. Ahern, pp. 20-21 and James P. Lynch, pp. 4-5 in A.17-04-001. A.17-04-001 was subsequently consolidated with the cost of capital applications for Cal Water, Cal Am, and Golden State and collectively resolved in D.18-03-035.
[490] D.18-03-035, pp. 20-21. When discussing the factors considered in authorizing SJWC's ROE, the Commission did not list the lack of WRAM/MCBA.

determined that decoupling did not have a significant enough impact on risk to warrant an adjustment to the cost of capital.

Q. Aren't these determinations inconsistent with claims that decoupling shifts risks from the utility to the customer?

A. Yes, Cal Advocates' arguments are completely counter to the Commission's determination in numerous Cost of Capital proceedings. Cal Advocates has made the risk shifting arguments before and hasn't presented any new evidence to support those claims here. Further, Cal Advocates fails to consider the flip side of their arguments. In D.23-06-025 the Commission determined the lack of decoupling provides no additional risk. Just as with other recommendations in its report, this is simply another case of Cal Advocates not applying the symmetrical logic that should occur in effective regulation. Furthermore, as stated above, matters addressing risk should be litigated in a cost of capital proceeding.

Q. Should the Commission adjust Cal Water's adopted ROE if the proposed Decoupling Program is authorized?

A. No. Decoupling preserves the utility's right to seek recovery of under-collected authorized revenues, that is all. As decoupling merely adjusts prices to recover the authorized revenues, there is no change to the underlying risk framework. This is consistent with the Commission's prior decisions declining to adjust ROEs based on decoupling being in place, or not. As explained above, customers bear the revenue burden for utility service. Utilities face a wide array of risks beyond just sales forecast risk. Decoupling does not change the revenue burden for customers or mitigate the many risks utilities face. The utility is still at risk for inflation, unions, supply chain, new regulations, environmental, and other factors that can affect actual costs. The utility must still manage its actual costs effectively to ensure the financial viability necessary ensure safe and reliable service to customers.

Q. What about arguments that with decoupling utilities will modify their operations to generate windfall profits?

A. These outdated arguments fail to accurately recognize the regulatory framework in place. Eliminating the throughput incentive neutralizes any focus on profit maximization. With

decoupling, any revenue over-collection would be returned to customers. This eliminates the potential for utilities to realize windfall profits. Utilities are still encouraged to operate efficiently to earn the authorized return, but there is no incentive for maximization as over-collections are given back to customers.

The number of operational and regulatory requirements imposed on utilities has increased substantially over the years. Water quality, conservation, and system reliability and resiliency all require the utility to prudently manage its operations to mitigate the risks of non-compliance or operational failure. The trade-off Cal Advocates suggests—higher short-term marginal return for increased risk of non-compliance or operational failure—is not one Cal Water is willing to make. This fact is embedded in the Company's core values and demonstrated by its reputation as trustworthy and responsible.[491] Any assertion or concern of drastically cutting costs and operating irresponsibly in attempt to increase short-term returns are paranoid and entirely unfounded.

Capital markets are dynamic and will adjust to the risk conditions it perceives utilities face. If the market perceives water utilities to be a riskier investment due to revenue volatility and cost recovery uncertainty, investors will demand higher returns. So, if the Commission reduces ROE and the market responds by demanding higher returns, we end up in the same place. The only difference is taking a more direct line in getting there. If the end result—balanced rates and a financially stable utility—is just and reasonable, the outcome can be considered in the public interest.

Q. What about arguments that decoupling guarantees utility profits?

A. Similar to windfalls, claims that decoupling guarantees utility profits are baseless pleas rather than fact-based arguments. Utilities face many risks, including sales forecast risk. Cal Advocates incorrectly argues that decoupling somehow eliminates risk and guarantees not only revenues, but profits. Preserving the utility's lawful *opportunity* for recovery is not the same as *guarantee* of recovery or profit generation.

[491] *See* https://www.calwatergroup.com/news/press-releases/detail/622/newsweek-names-california-water-service-group-one-of-worlds-most-trustworthy-companies.

Profits are different from revenues. Revenues are the gross amounts collected from customers, prior to accounting for the utility's costs. Profits represent net income (positive or negative) once all operating and capital costs are accounted for. If a water utility wants to earn a profit, it needs to operate efficiently and manage its costs. Decoupling does not change that. Even if revenues increase there is no guarantee the utility will generate a profit. Decoupling provides for the utility to collect the adopted fixed costs approved by the Commission as reasonable, but it does not remove the risk and/or incentive for the utility to ensure actual fixed costs do not exceed the adopted fixed costs.

Oddly enough, this is a rare occasion when Cal Advocates does not echo its "substitute for competition" tagline. That is because regulation does not allow for unlimited profit generation, with or without decoupling, but competitive markets do.

Profits fluctuate, sometimes up and sometimes down as shown below. Decoupling is symmetrically balanced as rates are adjusted—up or down—to collect the necessary revenues to recover the authorized fixed costs. A simple recalculation to zero out any balance over the ratemaking period.

Q. How does Cal Advocates' Figure 3-1 fail to tell a complete story on Cal Water's WRAM balances?

A. Analysis of Cal Water's historical WRAM balances demonstrates the point that even with decoupling, recovery is not guaranteed. Figure 3-1 from the Ronco Testimony presents information on Cal Water's under-collected WRAM balances.[492] Cal Advocates includes this data to illustrate the accumulation of WRAM balances over time. However, in pulling the data from different CPUC Annual Reports, Cal Advocates did not place all the numbers in the table on the same basis. The 2008-2011 amounts from Schedule B-1 reflect the net WRAM/MCBA balance only. The 2012-2022 amounts from Schedule E-1 include the net WRAM/MCBA balance, offsetting revenues and expenses, interest, and surcharges and sur-credits. What Figure 3-1 also fails to consider is the composition of the year end WRAM balances. Figure 10-5 below clearly shows that WRAM balances can include substantial amounts from prior periods.[493]

[492] Ronco Testimony, p. 3-5.

[493] For example, in 2016, Ronco Testimony Figure 3-1 provides a single amount of $37,131,000. Cal Water Figure 10-5 above demonstrates that in 2016 the Company's WRAM amount was comprised of approximately 71% of

Figure 10-5
Composition of WRAM Balances
2008-2022

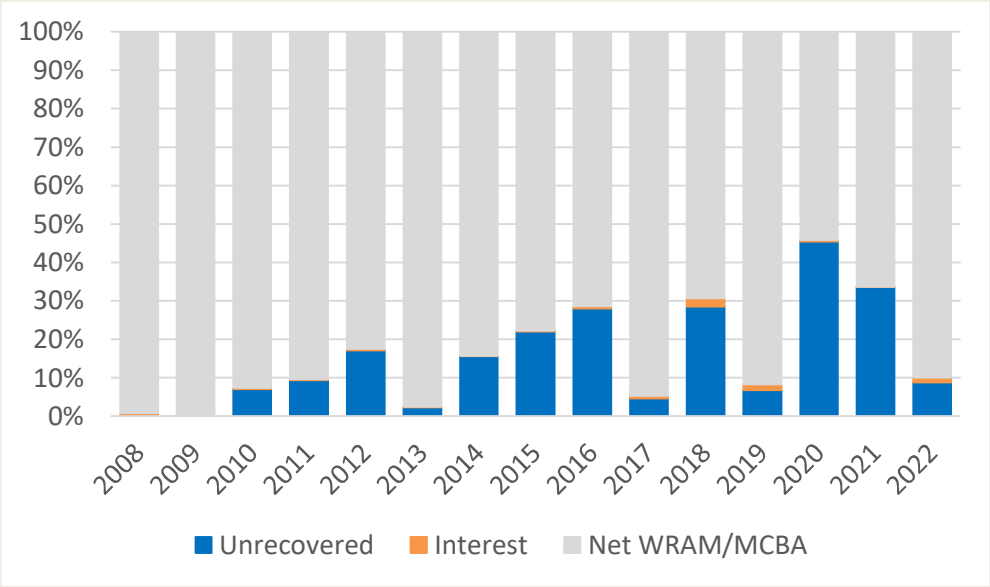


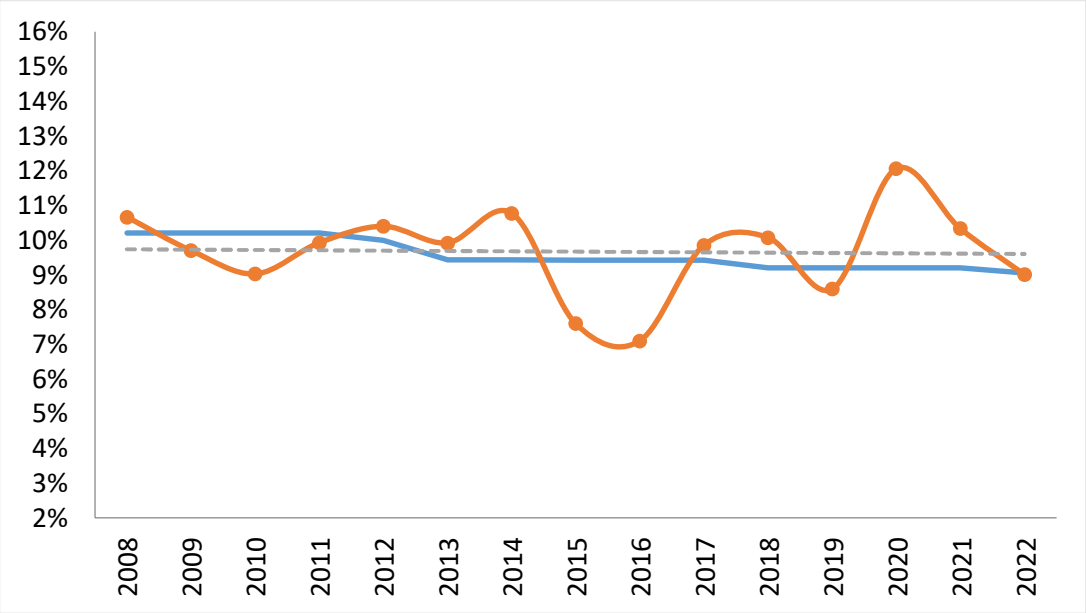
Figure 10-5 should refute any claim that decoupling somehow guarantees recovery. The data tells a different story from Cal Advocates' one-sided tale.

Q. How did Cal Water's profits change over the period its prior WRAM decoupling mechanism was in place?

A. Cal Water's profits have fluctuated over time, reflecting the complex risk landscape water utilities face. Figure 10-6 below shows how Cal Water's earned ROE compares to the authorized amount for the period of 2008-2022.

current year net WRAM/MCBA balance (gray), 1% of interest (orange), and 28% of unrecovered amounts from prior periods (blue).

Figure 10-6
Cal Water's Actual and Earned Return on Equity
2008-2022



This figure tells a very compelling story. The blue line represents the adopted ROE, the orange markers (connected by a smoothed orange line) represented the actual earned ROE for each year, and the gray dotted line represents the trend of actual earned ROE from 2008 through 2022. Figure 10-6 offers several key takeaways.

There is a notable balance between under- and over-earning ROE since 2008, indicating the symmetry of a decoupled framework. The deviations from authorized levels are also of similar magnitudes, above or below, with the cumulative amount totaling only 1%. Both of these points are further illustrated by the trend line, the slope of which is essentially zero over the observation period. This balance and symmetry summon another word: fairness. While Cal Water managed to essentially earn its ROE over the long term, no rational person could look at this figure and conclude that the Company did not face considerable earnings volatility and uncertainty in doing so. These swings can occur when sales fluctuate with the aggressive tiered rate structures associated with decoupling. Decoupling provides the necessary stability for utilities to implement such aggressive rate designs in support of public policy objectives while not exposing them to excessive financial risk. The Commission should conclude that decoupling is a reasonable and effective mechanism for balancing affordability and conservation with utility financial stability in the overall public interest.

Q. Are there any studies that have examined the impact of decoupling on systematic risk?

A. Yes. There have been multiple empirical studies and reports that have examined the impact of decoupling on systematic risks for utilities.[494]

Joe Wharton and Michael Vilbert of The Brattle Group wrote an article titled *Decoupling and the Cost of Capital* that was published in The Electricity Journal in 2015.[495] The Electricity Journal is the leading journal in electric power policy. In that article, the authors examined the relationship between decoupling and the cost of capital for electric utilities across the country for the period from 2005 to 2014. Based on an empirical evaluation of the data from those utilities, the authors did **not** find that decoupling reduced the utility risk reflected in the cost of capital for those companies. The authors explained, "we developed an extensive data set of decoupled companies in the electric industry, tested and found no statistically significant effect of decoupling on the cost of capital."[496]

The same two authors and their colleagues at The Brattle Group authored an earlier report for The Energy Foundation in 2014 titled *The Impact of Revenue Decoupling on the Cost of Capital for Electric Utilities: An Empirical Investigation*.[497] That report featured a similar empirical analysis of data from electric utilities across the country between 2005 and 2013. The report concludes: "The results of our empirical analysis of decoupling in the electric industry do not support the hypothesis that utilities with decoupling have a lower cost of capital than utilities without decoupling. Our study finds that decoupling is not associated with a statistically significant decrease in the estimated cost of capital."[498]

More recently, Richard Michelfelder, Pauline Ahern, and Dylan D'Ascendis wrote a similar article titled *Decoupling, risk impacts and the cost of capital* that was published in The Electricity Journal in March 2020.[499] In addition to the electric and gas utilities evaluated in

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[494] Systemic risks are those that cannot be eliminated through diversification and are measured with the beta coefficient of the capital asset pricing model.
[495] *Available at* https://www.sciencedirect.com/science/article/abs/pii/S1040619015001591.
[496] J. Wharton & M. Vilbert, The Electricity Journal, Volume 28, Issue 7, Decoupling and the Cost of Capital (2015), p. 26.
[497] *Available at* https://www.brattle.com/wp-content/uploads/2017/10/6081_effect_of_electric_decoupling_on_the_cost_of_capital.pdf.
[498] M. Vilbert *et al.*, *The Impact of Revenue Decoupling on the Cost of Capital for Electric Utilities: An Empirical Investigation* (March 2014), p. 3 (emphasis in original).
[499] *Available at* https://www.sciencedirect.com/science/article/abs/pii/S1040619019303021.

previous studies, this study also specifically examined common stock data from water utilities across the country that had decoupling. Their analysis found that "Empirical testing consistently demonstrates that decoupling has no statistically measurable impact on risk and the cost of common equity"[500] and that "We conclude that decoupling has no statistically measurable impact on the cost of common equity or business risk based on our empirical analysis for electric, electric and gas, and water utility common stocks."[501]

These academic studies confirm through empirical analysis of the data that decoupling does not have a statistically significant impact on the cost of capital for utilities, thereby refuting Cal Advocates' argument.

Q. How does decoupling provide a more stable regulatory environment?

A. There is currently a misalignment between utility rate structures and utility cost structures. This imbalance is a result of designing rates to support policy objectives such as affordability and conservation. Two relevant rate design examples are the amount of fixed costs recovered through monthly service charges and shifting of revenues for recovery in the upper quantity rate tiers. While beneficial for achieving affordability and conservation policy goals, these features increase revenue volatility for the utility.

As more revenues (comprised of fixed and variable costs) are shifted into the upper tiers for recovery, more revenue is exposed to reductions in usage. As usage in the upper tiers is largely discretionary, that is likely where the usage reductions will occur. This has an outsized impact on revenue collection, as explained in the M.Cubed Rate Design Rebuttal.[502]

The use of "conservation" rate designs goes beyond how the quantity rate tiers are constructed. There is also an imbalance between a utility's rate structure (fixed charges versus quantity charges) and cost structure (fixed costs versus variable costs). This misalignment is illustrated in Figure 10-7 below.

[500] R. Michelfelder *et al.*, The Electricity Journal, Volume 33, Issue 2, *Decoupling, risk impacts and the cost of capital* (March 2020), p. 6.
[501] *Id*.
[502] CWS Rebuttal Book #1, Appendix A, pp. 6-7.

Figure 10-7
Comparison of Cal Water's Cost and Rate Structures

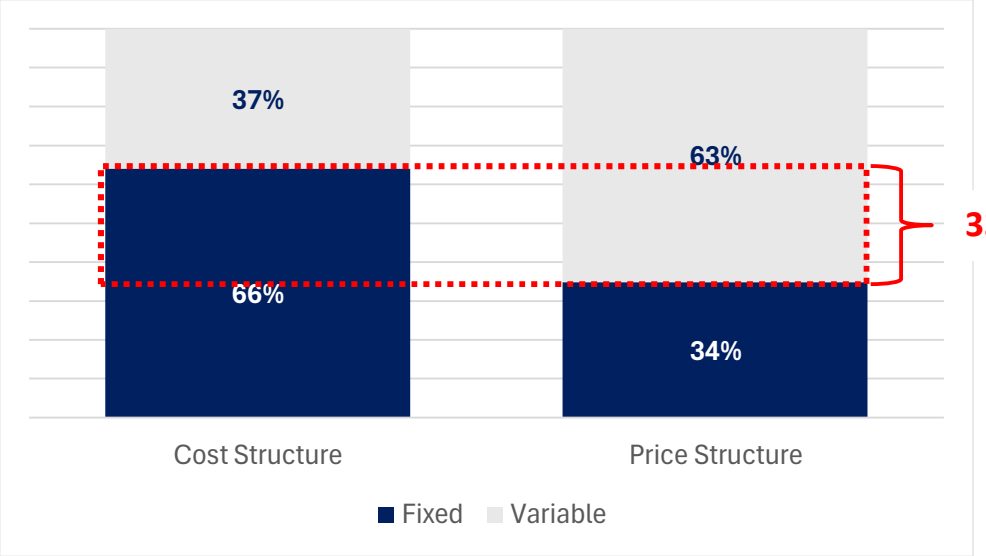

Figure 10-7 shows an overall gap of 33% between Cal Water's fixed costs and the amount of fixed costs it is authorized to recover in monthly service charges. This means roughly half of Cal Water's fixed costs—those which do not fluctuate with changes in sales—are at risk of non-recovery if actual sales fall below forecast levels. This is particularly true under M-WRAM, which only adjusts for the use of tiered rates and does not true-up the amount of unrecovered fixed costs in quantity rates lost because of lower sales.

Decoupling helps mitigate the revenue volatility inherent in progressive rate designs and pricing structures by allowing for periodic true ups to authorized amounts. Absent decoupling, utilities need to seek the necessary revenue stability elsewhere, including through the rate design. Cal Water includes such a rate design proposal in this rebuttal.[503]

Q. What are your thoughts on the recommendation to change the name of the M-WRAM if the proposed LUWEP is not approved?

A. If the Commission declines to adopt the proposed Decoupling Program in favor of the M-WRAM, Cal Water is not opposed to renaming the mechanism. If renamed, Cal Water recommends the Commission adopt a name that more accurately characterizes the M-WRAM as a rate adjustment mechanism while also addressing any geographic confusion. Recently the

[503] CWS Rebuttal Book #1, pp. 9-10.

Commission has renamed comparable mechanisms as Conservation Adjustment for Rate Tier Design ("CART") for Cal Am and Conservation Pricing Adjustment Mechanism ("CPAM").[504]

Q. Do you have any final remarks on Cal Water's proposed Decoupling Program?

A. Cal Water has presented extensive evidence in its direct and rebuttal testimonies successfully demonstrating the justness and reasonableness of the proposed LUWEP. The proposed Decoupling Program represents the company's continuing commitment to providing high quality and reliable water service at rates our customers can afford. Cal Water's proposed Decoupling Program satisfies the limited criteria set forth by SB 1469 and aligns with regulatory best practices that have been in place for energy utilities for decades. The proposed LUWEP creates a viable regulatory framework which equitably balances affordability and conservation objectives while preserving the utility's opportunity to timely recover its authorized revenue requirements in the overall public interest.

F. REAUTHORIZING THE SALES RECONCILIATION MECHANISM

Summary of Proposals. Cal Water proposes to reinstate the Sales Reconciliation Mechanism ("SRM"), with slight modifications.[505] Specifically, Cal Water is requesting to 1) update the method for calculating the SRM adjustment in the escalation years, 2) restrict the SRM to a one-way adjustment, and 3) make the SRM an ongoing component of Cal Water's regulatory program.[506]

Cal Advocates recommends that the Commission deny Cal Water's request to reinstate SRM. Cal Advocates does not argue against Cal Water's specific SRM proposals as listed above, just the mechanism in general. Cal Advocates argues that the SRM remains unchanged from its initial form and purpose.[507] Cal Advocates also incorrectly asserts that the SRM functions like Cal Water's proposed decoupling mechanism.[508]

[504] The Ronco Testimony includes both CART and CPAM as alternative names for the M-WRAM.
[505] CWS Testimony Book #2, pp. 51-52.
[506] CWS Testimony Book #2, pp. 55-56.
[507] Ronco Testimony, p. 3-2.
[508] Ronco Testimony, p. 3-12.

Cal Advocates acknowledges the origins of the SRM but fails to recognize the broader benefits the SRM provides. Cal Advocates' sole argument is that since the SRM was originally intended to reduce decoupling balances, the Commission should reject decoupling and thus eliminate the need for the SRM.[509] This lone argument against the SRM is neither compelling nor consistent with recent Commission precedent.

The rebuttal testimony below clearly demonstrates that Cal Water's SRM proposals provide numerous benefits to customers and the utility and align with recent Commission precedent. Cal Advocates has not produced any evidence or analysis to dispute the reasonableness of Cal Water's proposed modifications if the SRM is reinstated. The Commission should reject Cal Advocates' recommendation and approve Cal Water's proposal to reinstate the SRM, with modification, and make the mechanism a permanent feature in balancing the overall public interest.

1. Cal Water's Proposed SRM Provides Numerous Benefits

Q. What benefits does the SRM provide?

A. The SRM provides numerous benefits, to both customers and the utility. The SRM provides for timely sales forecast and rate adjustments, increases the transparency and accuracy of price signals, and helps to stabilize rates for customers and revenues for the utility.[510] The Commission has also noted the SRM's benefits of "increasing immediately the accuracy of price signals, and providing more transparency to the customer about the cost of water service."[511] If customers don't receive accurate price signals on the current cost of delivering water, it can affect customer behavior when attempting to achieve affordability and conservation objectives.

[509] Ronco Testimony, p. 3-13.
[510] CWS Testimony Book #2, p. 57.
[511] D.16-12-026, p. 28.

Q. Do those benefits apply to both decoupled and non-decoupled environments?

A. Yes. The benefits and value of the SRM stand on their own and are not dependent on having a decoupling mechanism. Cal Advocates' narrow perspective on the SRM's purpose fails to recognize the mechanism's broader benefits in balancing the overall public interest.

The SRM makes small sales forecast and rate adjustments to keep rates in close alignment with the authorized revenue requirement, mitigating the potential for cumulative sales differences during the escalation years. Smaller sales differences benefit both decoupled and non-decoupled environments. Regardless of the mechanism in place, smaller sales forecast variances will lead to smaller balances for recovery or refund. The SRM can also help keep program balances below amortization triggers, indicating the mechanism's value in stabilizing customer bills and utility revenues. The balance and stability are further improved by the more accurate and transparent price signals to customers on the costs of utility service.

The SRM's effectiveness in a decoupled environment was demonstrated when the mechanism was previously in effect.[512] The Commission confirmed the SRM's benefits for non-decoupled environments by recently approving similar mechanisms for peer utilities alongside their M-WRAMs.[513]

Q. Is Cal Advocates' statement that the SRM functions like the proposed SIBA correct?

A. No. In fact, the SRM functions nothing like the proposed SIBA revenue decoupling mechanism. The SRM and SIBA are discrete mechanisms that operate independently of one another. The SRM updates the adopted sales forecast for an escalation year if the actual sales for the prior year differed from adopted levels by more than 5%.[514] The SIBA tracks the difference between authorized and actual decoupling eligible revenues due to changes in sales.[515] If these descriptions for the SRM and SIBA sound nothing alike, that is because they are nothing alike. The Commission should not be confused or persuaded by Cal Advocates' attempt to paint the SRM with the same brush as the SIBA.

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[512] CWS Testimony Book #2, pp. 54-55.
[513] *See* D.24-12-025, pp. 47-48 and D.25-01-036, p. 76. The M-WRAMs were renamed to Conservation Adjustment for Rate Tier Designs ("CART") and Conservation Pricing Adjustment Mechanism ("CPAM") for Cal Am and Golden State, respectively.
[514] CWS Testimony Book #2, pp. 53-54.
[515] CWS Testimony Book #2, pp. 45-46.

2. Cal Water's Proposed SRM is Consistent with Recent Commission Precedent

Q. How is Cal Water's proposed SRM similar other sales adjustment mechanisms recently approved by the Commission?

A. In resolving the recent general rate cases for Cal Am and Golden State, the Commission authorized sales forecast update mechanisms as part of each company's regulatory program in balancing the overall public interest.[516] In authorizing the sales adjustment mechanisms, the Commission recognized the importance of aligning rates with sales,[517] just as Cal Water has demonstrated in this GRC.[518] The Commission's limiting of sales forecast adjustments to once per year[519] is also consistent with Cal Water's proposed SRM.[520]

The benefits of aligning rates with sales, including sending accurate price signals and mitigating the impact of changes in consumption, are true whether or not a utility has a decoupling mechanism. While consideration of Cal Water's proposed SRM is included in Special Request #3 along with the proposed LUWEP, the Commission should recognize the standalone benefits of the SRM. Cal Water's SRM proposals in the 2024 GRC represent a regulatory best practice irrespective of other regulatory mechanisms.

Q. What about Cal Advocates' arguments that annual rate adjustments aren't allowed under the Rate Case Plan and create administrative burdens?

A. Cal Advocates raised these same arguments in Golden State's recent GRC which the Commission rightly rejected.[521] The Commission should justly reject Cal Advocates' same arguments in this GRC.

The SRM previously operated alongside the Rate Case Plan ("RCP") for many years, clearly indicating the incorrectness of Cal Advocates' argument. The RCP also explicitly contemplates annual rate adjustments. For instance, the RCP includes guidance on the

[516] *See* D.24-12-025, Conclusion of Law No. 22 and Ordering Paragraph No. 6, and D.25-01-036, Ordering Paragraph No. 7 for Cal Am and Golden State, respectively.
[517] D.24-12-025, p. 47.
[518] CWS Testimony Book #2, pp. 57-58.
[519] D.24-12-025, Ordering Paragraph No. 8 and D.25-01-036, Ordering Paragraph No. 8.
[520] CWS Testimony Book #2, pp. 55-56.
[521] D.25-01-036, p. 75.

escalation and attrition advice letter procedures.[522] The Commission also rightly rejects Cal Advocates' claims of increased administrative burden.[523] Beyond not giving credence to Commission's ability to carry out its duties effectively, Cal Advocates' argument fails to acknowledge the adequacy of the Commission's regulatory process in general. Cal Water's proposed SRM aligns with both of the Commission's conclusions here. The proposed SRM operates along with the existing escalation year procedures, so there is no validity to claims that the changes are somehow not allowed by the Rate Case Plan or create additional administrative burden.[524]

3. The SRM is a Necessary Feature of a Balanced Regulatory Program

Q. Why should the SRM be permanently reinstated?

A. The SRM supports a more balanced regulatory framework in the overall public interest. It prevents accumulating large sales differences due to outdated forecasts, ensuring the correct price signals are sent to customers. The SRM is a proven method for adjusting sales when significant differences occur and providing timely updates to customers. The SRM is an important ratemaking tool needed to address state mandates, drought uncertainty, and the long-term trend of declining water use. The SRM helps ensure customers receive accurate and transparent price signals of the true cost of water. The Commission should recognize the value the SRM provides and approve Cal Water's improved SRM proposals, including making the mechanism a permanent feature. At a minimum the Commission should allow Cal Water to resume the SRM, similar to the recent authorizations for Cal Am and Golden State.

[522] D.07-05-062, Appendix A, A-18 to A-20.
[523] D.25-01-036, p. 75.
[524] If the SRM is triggered, Cal Water proposes to update the adopted sales forecast regardless of the results of the earnings test for a given ratemaking area. *See* Testimony Book #2, pp. 55-56.

CHAPTER 3 ATTACHMENTS

ATTACHMENT 3-1

WILDFIRE AND PSPS PROJECTS NOT INCLUDED

IN ADOPTED RATE BASE

Effort	District	PID	Description	Status	Amount	Close Date
Wildfire	102	00123121	MENLO PARK INTERCONNECT	posted to CPR	2,415,351.85	5/10/2022
Wildfire	104	00122984	CH Notre Dame Main & ARV-Wildfire	posted to CPR	1,271,594.17	3/9/2023
Wildfire	123	00122998	WLK 1500/1315 Zone PRV	posted to CPR	155,244.85	8/8/2022
Wildfire	104	00122982	CH Whispering Winds New Main	posted to CPR	203,985.88	7/8/2022
Wildfire	111	00122989	LAS Eastbrook Ave Main & Chck Valve	posted to CPR	880,339.76	8/8/2022
Wildfire	102	00123111	BG Willbrook/Apline New Main & FH	posted to CPR	210,112.76	4/6/2022
Wildfire	102	00123113	BG Patrol/Sta 025 New Main	posted to CPR	3,040,717.63	4/6/2023
Wildfire	109	00122987	KC San Antonio New Main	posted to CPR	1,459,484.45	7/6/2023
Wildfire	102	00123112	BG Buck Meadow Dr New Main	posted to CPR	849,369.14	6/7/2023
Wildfire	118	00122976	SSF Hillside Blvd PRV	posted to CPR	371,137.95	2/14/2024
Wildfire	123	00119566	Install new fire pump at Sta #11	posted to CPR	3,687,857.19	1/8/2024
Wildfire	123	00122859	Install Backup Generator WLK 006	completed	1,149,051.45	2025
Wildfire	114	00123004	SLNH Zonal Interconnections Study	posted to CPR	21,878.48	5/4/2023
Wildfire	122	00123008	PV Narcissa Drive New Main	posted to CPR	1,619,488.84	1/7/2025
Wildfire	122	00123009	PV 4" Main Replacement	posted to CPR	5,254,613.70	1/7/2025
Wildfire	122	00123010	PV Via Del Monte New Main	posted to CPR	1,801,968.92	10/6/2023
Wildfire	123	00124149	WLK Wildfire New CV Golf Course Ct	posted to CPR	248,139.75	4/6/2023
Wildfire	110	00123505	LIV Wildfire PBC 690/760 Zone	posted to CPR	116,693.94	9/7/2023
Wildfire	102	00124156	BG Wildfire Control Valves 2022	posted to CPR	491,337.81	1/8/2024
Wildfire	102	00124380	BG Wildfire New Main &CV Wayside Rd	posted to CPR	685,017.40	12/6/2023
Wildfire	102	00125628	BG Wildfire - New Main Morrow Vista	posted to CPR	890,030.68	12/6/2024
Wildfire	104	00124068	CH Wildfire 475 Zone Bruce Rd Main	posted to CPR	664,601.88	8/4/2023
Wildfire	111	00123893	LAS Wildfire Control Valves 2022	posted to CPR	290,297.36	1/8/2024
Wildfire	111	00124363	LAS Wildfire New Main&CV Granger Av	posted to CPR	384,564.09	12/6/2023
Wildfire	116	00124313	SC Wildfire New Main 460 Zone	posted to CPR	515,477.09	9/11/2024
Wildfire	116	00124369	SC Wildfire New Main 850 Zone	posted to CPR	2,011,014.90	12/6/2023
Wildfire	116	00124372	SC Wildfire New Main 345 Zone	posted to CPR	2,258,220.78	12/6/2024
Wildfire	116	00124396	SM Wildfire New Main 465 Zone	posted to CPR	2,273,722.35	12/6/2024
Wildfire	122	00125640	PV Wildfire Zone C-635 New Main We	posted to CPR	1,428,476.06	12/6/2024
Wildfire	122	00125644	PV Wildfire Zone H-1300 NewMain-PRV	posted to CPR	369,157.06	4/5/2024
Wildfire	118	00124417	SSF Wildfire New Main 390 Zone	posted to CPR	2,437,552.68	4/5/2024
PSPS	102	00121245	BG-007 PSPS Genset	posted to CPR	423,577.40	11/7/2023
PSPS	116	00121261	SC-118 PSPS Genset	posted to CPR	696,094.13	1/7/2025
PSPS	102	00121347	BG-026 PSPS Genset	posted to CPR	815,078.99	4/5/2024
PSPS	122	00123198	PSPS PV-49 SCADA Site Backup Power	posted to CPR	106,708.91	4/6/2022

CHAPTER 4 ATTACHMENTS

ATTACHMENT 4-1

Table 1

Consumption per Service (CCF)		CWS Application			Public Advocates Office Report			CWS Rebuttal		
District ID	District/Region	Residential	Business	Multi-family	Residential	Business	Multi-family	Residential	Business	Multi-family
101	Bakersfield	203	664	1,168	208	674	1,183	203	664	1,168
170	Bay Area Region	85	432	1,012	85	432	1,013	85	432	1,012
102	Bear Gulch	221	342	627	227	347	636	221	342	627
105	Diablo Ranch Region - DIX	104	205	1,361	107	209	1,379	104	205	1,361
106	East Los Angeles	123	379	453	126	385	459	123	379	453
134	Kern River Valley	47	200	245	48	203	249	47	200	245
110	Diablo Ranch Region - LIV	134	503	1,433	138	511	1,453	134	503	1,433
111	Los Altos	168	755	1,506	172	767	1,527	168	755	1,506
172	Los Angeles Co. Region	208	1,148	974	213	1,170	987	208	1,148	974
112	Marysville	102	325	843	105	330	855	102	325	843
996	North Valley Region	157	532	1,083	161	541	1,099	157	532	1,083
171	Salinas Valley Region	111	641	1,321	114	651	1,338	111	641	1,321
117	Selma	174	455	1,959	178	462	1,985	174	455	1,959
997	South Bay Region	105	766	696	107	778	705	105	766	696
119	Stockton	110	512	1,479	113	520	1,500	110	512	1,479
157	Travis	0	0	0	0	0	0	0	0	0
120	Visalia	182	719	617	186	730	624	182	719	617
123	Westlake	256	1,170	528	262	1,190	535	256	1,170	528
121	Willows	129	339	1,205	133	345	1,222	129	339	1,205

CHAPTER 4 ATTACHMENTS

ATTACHMENT 4-2

Table 2
Total Sales Forecast (KCCF) - Test Year

District ID	District/Region	Business Class	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	Industrial	21,937	21,937	21,937	0
101	Bakersfield	Public Authority	2,089,627	2,148,997	2,089,627	-59,370
101	Bakersfield	Other	93,329	93,329	93,329	0
170	Bay Area Region	Industrial	219,771	219,771	219,771	0
170	Bay Area Region	Public Authority	398,776	410,205	398,776	-11,429
170	Bay Area Region	Other	48,024	48,024	48,024	0
102	Bear Gulch	Industrial	897	897	897	0
102	Bear Gulch	Public Authority	136,381	140,323	136,381	-3,942
102	Bear Gulch	Other	16,001	16,001	16,001	0
105	Diablo Ranch Region - DIX	Industrial	86	86	86	0
105	Diablo Ranch Region - DIX	Public Authority	15,984	16,294	15,984	-310
105	Diablo Ranch Region - DIX	Other	324	324	324	0
106	East Los Angeles	Industrial	367,396	367,396	367,396	0
106	East Los Angeles	Public Authority	400,928	412,657	400,928	-11,729
106	East Los Angeles	Other	3,823	3,823	3,823	0
106	East Los Angeles	Recycled	13,314	13,314	13,314	0
134	Kern River Valley	Public Authority	7,587	7,803	7,587	-215
134	Kern River Valley	Other	978	978	978	0
110	Diablo Ranch Region - LIV	Public Authority	305,817	314,574	305,817	-8,758
110	Diablo Ranch Region - LIV	Other	11,346	11,346	11,346	0
111	Los Altos	Industrial	1,265	1,265	1,265	0
111	Los Altos	Public Authority	185,146	190,503	185,146	-5,356
111	Los Altos	Other	2,356	2,356	2,356	0
111	Los Altos	Recycled	56,601	56,601	56,601	0
172	Los Angeles Co. Region	Public Authority	287,821	296,338	287,821	-8,517
172	Los Angeles Co. Region	Other	4,258	4,258	4,258	0
112	Marysville	Industrial	769	769	769	0
112	Marysville	Public Authority	88,713	91,096	88,713	-2,383
112	Marysville	Other	12,168	12,168	12,168	0
996	North Valley Region	Industrial	283,889	283,889	283,889	0
996	North Valley Region	Public Authority	445,733	459,049	445,733	-13,316
996	North Valley Region	Other	21,678	21,678	21,678	0
996	North Valley Region	Irrigation	0	0	0	0
171	Salinas Valley Region	Industrial	782,938	782,938	782,938	0
171	Salinas Valley Region	Public Authority	425,450	437,765	425,450	-12,316
171	Salinas Valley Region	Other	23,414	23,414	23,414	0
117	Selma	Industrial	17,162	17,162	17,162	0

Table 2
Total Sales Forecast (KCCF) - Test Year

District ID	District/Region	Business Class	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
117	Selma	Public Authority	112,548	115,696	112,548	-3,148
117	Selma	Other	7,082	7,082	7,082	0
997	South Bay Region	Industrial	2,904,801	2,904,801	2,596,860	-307,941
997	South Bay Region	Public Authority	695,677	715,408	695,677	-19,731
997	South Bay Region	Other	21,115	21,115	21,115	0
997	South Bay Region	Recycled	2,183,497	2,183,497	2,183,497	0
119	Stockton	Industrial	619,513	619,513	619,513	0
119	Stockton	Public Authority	737,763	760,207	737,763	-22,444
119	Stockton	Other	60,793	60,793	60,793	0
120	Visalia	Industrial	154,637	154,637	154,637	0
120	Visalia	Public Authority	1,004,011	1,031,926	1,004,011	-27,915
120	Visalia	Other	73,840	73,840	73,840	0
123	Westlake	Public Authority	61,259	63,120	61,259	-1,860
123	Westlake	Other	1,173	1,173	1,173	0
123	Westlake	Recycled	210,041	210,041	210,041	0
121	Willows	Public Authority	20,449	21,071	20,449	-622
121	Willows	Other	2,105	2,105	2,105	0

CHAPTER 4 ATTACHMENTS

ATTACHMENT 4-3

Table 3
Metered Services

District ID	District Name	Business Class	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	Residential	66,703	66,703	66,703	-
101	Bakersfield	Business	6,253	6,253	6,253	-
101	Bakersfield	Multiple Family	1,204	1,204	1,204	-
101	Bakersfield	Industrial	29	29	29	-
101	Bakersfield	Public Authority	755	755	755	-
101	Bakersfield	Other	103	103	103	-
170	Bay Area Region	Residential	47,375	47,375	47,375	-
170	Bay Area Region	Business	5,409	5,409	5,408	(1)
170	Bay Area Region	Multiple Family	981	981	981	-
170	Bay Area Region	Industrial	128	128	128	-
170	Bay Area Region	Public Authority	524	524	524	-
170	Bay Area Region	Other	61	61	61	-
102	Bear Gulch	Residential	17,055	17,055	17,055	-
102	Bear Gulch	Business	1,252	1,252	1,252	-
102	Bear Gulch	Multiple Family	189	189	189	-
102	Bear Gulch	Industrial	1	1	1	-
102	Bear Gulch	Public Authority	149	149	149	-
102	Bear Gulch	Other	27	27	27	-
105	Diablo Ranch Region - DIX	Residential	2,963	2,963	2,963	-
105	Diablo Ranch Region - DIX	Business	157	157	157	-
105	Diablo Ranch Region - DIX	Multiple Family	27	27	27	-
105	Diablo Ranch Region - DIX	Industrial	3	3	3	-
105	Diablo Ranch Region - DIX	Public Authority	32	32	32	-
105	Diablo Ranch Region - DIX	Other	(3)	(3)	(3)	-
106	East Los Angeles	Residential	20,577	20,577	20,577	-
106	East Los Angeles	Business	4,597	4,597	4,597	-
106	East Los Angeles	Multiple Family	733	733	733	-
106	East Los Angeles	Industrial	102	102	102	-
106	East Los Angeles	Public Authority	358	358	358	-
106	East Los Angeles	Other	7	7	7	-
106	East Los Angeles	Recycled	2	2	2	-
134	Kern River Valley	Residential	3,992	3,992	3,992	-
134	Kern River Valley	Business	107	107	107	-
134	Kern River Valley	Multiple Family	7	7	7	-
134	Kern River Valley	Public Authority	17	17	17	-
134	Kern River Valley	Other	6	6	6	-

Table 3
Metered Services

District ID	District Name	Business Class	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
110	Diablo Ranch Region - LIV	Residential	17,410	17,410	17,410	-
110	Diablo Ranch Region - LIV	Business	990	990	990	-
110	Diablo Ranch Region - LIV	Multiple Family	106	106	106	-
110	Diablo Ranch Region - LIV	Industrial	-	-	-	-
110	Diablo Ranch Region - LIV	Public Authority	222	222	222	-
110	Diablo Ranch Region - LIV	Other	14	14	14	-
111	Los Altos	Residential	17,010	17,010	17,010	-
111	Los Altos	Business	1,126	1,126	1,126	-
111	Los Altos	Multiple Family	171	171	171	-
111	Los Altos	Industrial	3	3	3	-
111	Los Altos	Public Authority	197	197	197	-
111	Los Altos	Other	22	22	22	-
111	Los Altos	Recycled	1	1	1	-
172	Los Angeles Co. Region	Residential	24,758	24,758	24,758	-
172	Los Angeles Co. Region	Business	712	712	712	-
172	Los Angeles Co. Region	Multiple Family	232	232	232	-
172	Los Angeles Co. Region	Public Authority	265	265	265	-
172	Los Angeles Co. Region	Other	11	11	11	-
112	Marysville	Residential	3,067	3,067	3,067	-
112	Marysville	Business	469	469	469	-
112	Marysville	Multiple Family	137	137	137	-
112	Marysville	Industrial	2	2	2	-
112	Marysville	Public Authority	55	55	55	-
112	Marysville	Other	13	13	13	-
996	North Valley Region	Residential	29,572	29,572	29,572	-
996	North Valley Region	Business	3,927	3,927	3,927	-
996	North Valley Region	Multiple Family	1,232	1,232	1,232	-
996	North Valley Region	Industrial	40	40	40	-
996	North Valley Region	Public Authority	545	545	545	-
996	North Valley Region	Other	47	47	47	-
996	North Valley Region	Irrigation	-	-	-	-
171	Salinas Valley Region	Residential	27,218	27,218	27,218	-
171	Salinas Valley Region	Business	2,953	2,953	2,953	-
171	Salinas Valley Region	Multiple Family	473	473	473	-
171	Salinas Valley Region	Industrial	53	53	53	-
171	Salinas Valley Region	Public Authority	357	357	357	-
171	Salinas Valley Region	Other	57	57	57	-
117	Selma	Residential	5,929	5,929	5,929	-
117	Selma	Business	468	468	468	-
117	Selma	Multiple Family	66	66	66	-

Table 3
Metered Services

District ID	District Name	Business Class	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
117	Selma	Industrial	19	19	19	-
117	Selma	Public Authority	120	120	120	-
117	Selma	Other	28	28	28	-
997	South Bay Region	Residential	52,234	52,234	52,234	-
997	South Bay Region	Business	4,597	4,597	4,597	-
997	South Bay Region	Multiple Family	2,597	2,597	2,597	-
997	South Bay Region	Industrial	158	158	155	(3)
997	South Bay Region	Public Authority	606	606	606	-
997	South Bay Region	Other	59	59	59	-
997	South Bay Region	Recycled	122	122	122	-
119	Stockton	Residential	40,146	40,146	40,146	-
119	Stockton	Business	3,910	3,910	3,910	-
119	Stockton	Multiple Family	416	416	416	-
119	Stockton	Industrial	77	77	77	-
119	Stockton	Public Authority	317	317	317	-
119	Stockton	Other	36	36	36	-
120	Visalia	Residential	44,253	44,253	44,253	-
120	Visalia	Business	3,308	3,308	3,308	-
120	Visalia	Multiple Family	925	925	925	-
120	Visalia	Industrial	63	63	63	-
120	Visalia	Public Authority	946	946	946	-
120	Visalia	Other	88	88	88	-
123	Westlake	Residential	6,214	6,214	6,214	-
123	Westlake	Business	504	504	504	-
123	Westlake	Multiple Family	125	125	125	-
123	Westlake	Public Authority	89	89	89	-
123	Westlake	Other	4	4	4	-
123	Westlake	Recycled	18	18	18	-
121	Willows	Residential	2,038	2,038	2,038	-
121	Willows	Business	276	276	276	-
121	Willows	Multiple Family	37	37	37	-
121	Willows	Industrial	-	-	-	-
121	Willows	Public Authority	49	49	49	-
121	Willows	Other	12	12	12	-

CHAPTER 4 ATTACHMENTS

ATTACHMENT 4-4

Table 4
Flat Rate Services

District ID	District Name	Business Class	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
157	Travis	Residential Flat	1	1	1	-

CHAPTER 4 ATTACHMENTS

ATTACHMENT 4-5

Table 5
Total Water Production (CCF)

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	22,978,351	23,445,054	22,978,351	-466,703
170	Bay Area Region	8,361,220	8,375,165	8,361,790	-13,375
102	Bear Gulch	4,612,855	4,719,776	4,612,855	-106,921
105	Diablo Ranch Region - DIX	491,212	500,620	491,212	-9,408
106	East Los Angeles	5,563,938	5,666,749	5,563,938	-102,811
134	Kern River Valley	289,917	294,970	289,917	-5,054
110	Diablo Ranch Region - LIV	3,479,504	3,555,681	3,479,504	-76,177
111	Los Altos	4,411,801	4,506,283	4,411,801	-94,483
172	Los Angeles Co. Region	6,803,574	6,957,683	6,803,574	-154,109
112	Marysville	705,257	719,524	705,257	-14,267
996	North Valley Region	9,386,321	9,575,428	9,386,321	-189,107
171	Salinas Valley Region	7,040,152	7,163,003	7,040,152	-122,851
117	Selma	1,597,903	1,631,132	1,597,903	-33,228
997	South Bay Region	16,975,648	17,205,415	16,667,686	-537,729
119	Stockton	9,096,310	9,269,304	9,096,310	-172,994
157	Travis	0	0	0	0
120	Visalia	12,312,955	12,571,332	12,312,955	-258,377
123	Westlake	2,634,849	2,687,505	2,634,849	-52,656
121	Willows	461,502	471,383	461,502	-9,881

CHAPTER 4 ATTACHMENTS

ATTACHMENT 4-6

Table 6
Unaccounted for Water Percentages

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal*	Difference (Advocates minus CWS)
101	Bakersfield	7.27%	7.13%	7.27%	0.14%
170	Bay Area Region	3.94%	3.94%	3.94%	0.01%
102	Bear Gulch	3.09%	3.02%	3.09%	0.07%
105	Diablo Ranch Region - DIX	19.68%	19.31%	19.68%	0.37%
106	East Los Angeles	3.09%	3.03%	3.09%	0.06%
134	Kern River Valley	24.62%	24.20%	24.62%	0.42%
110	Diablo Ranch Region - LIV	5.00%	4.89%	5.00%	0.11%
111	Los Altos	4.49%	4.39%	4.49%	0.09%
172	Los Angeles Co. Region	3.19%	3.12%	3.19%	0.07%
112	Marysville	3.14%	3.08%	3.14%	0.06%
996	North Valley Region	5.98%	5.86%	5.98%	0.12%
171	Salinas Valley Region	3.79%	3.73%	3.79%	0.07%
117	Selma	5.42%	5.31%	5.42%	0.11%
997	South Bay Region	2.21%	2.18%	2.26%	0.07%
119	Stockton	6.98%	6.85%	6.98%	0.13%
157	Travis	0.00%	0.00%	0.00%	0.00%
120	Visalia	0.76%	0.74%	0.76%	0.02%
123	Westlake	4.53%	4.44%	4.53%	0.09%
121	Willows	8.15%	7.98%	8.15%	0.17%

CHAPTER 5 ATTACHMENTS

ATTACHMENT 5-1

Table
Payroll Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 10,945,392	$ 10,945,392	$ 10,945,392	$ -
170	Bay Area Region	$ 6,640,516	$ 6,640,516	$ 6,639,739	$ 777
102	Bear Gulch	$ 3,135,626	$ 3,135,626	$ 3,131,811	$ 3,815
105	Diablo Ranch Region - DIX	$ 688,487	$ 688,487	$ 688,487	$ -
106	East Los Angeles	$ 4,213,110	$ 4,213,110	$ 4,213,110	$ -
134	Kern River Valley	$ 1,230,067	$ 1,230,067	$ 1,230,067	$ -
110	Diablo Ranch Region - LIV	$ 1,839,631	$ 1,839,631	$ 1,839,631	$ -
111	Los Altos	$ 2,563,610	$ 2,563,610	$ 2,563,424	$ 186
172	Los Angeles Co. Region	$ 4,190,571	$ 4,190,259	$ 4,190,863	$ (604)
112	Marysville	$ 766,828	$ 766,828	$ 766,828	$ -
996	North Valley Region	$ 5,062,716	$ 5,062,716	$ 5,062,716	$ -
171	Salinas Valley Region	$ 5,927,069	$ 5,927,069	$ 5,927,069	$ -
117	Selma	$ 807,670	$ 807,670	$ 807,670	$ -
997	South Bay Region	$ 6,507,738	$ 6,508,051	$ 6,507,219	$ 832
119	Stockton	$ 5,522,968	$ 5,522,968	$ 5,522,968	$ -
157	Travis	$ 746,713	$ 746,713	$ 746,713	$ -
120	Visalia	$ 5,173,011	$ 5,173,011	$ 5,173,011	$ -
123	Westlake	$ 1,626,362	$ 1,626,362	$ 1,626,319	$ 43
121	Willows	$ 593,480	$ 593,480	$ 593,480	$ -
330	Customer Support Services	$ 53,927,326	$ 25,995,381	$ 53,927,326	$ (27,931,945)
Total		$ 122,108,891	$ 94,176,946	$ 122,103,843	$ (27,926,897)

**** While the Cal Advocates numbers are pulled from their workpapers, they appear to be inconsistent with the text of Cal Advocates' testimony. Cal Water assumes the numbers in the tables to be inadvertent errors.***

Table
Benefit Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 2,398,657	$ 2,195,692	$ 2,403,933	$ (208,241)
170	Bay Area Region	$ 1,453,399	$ 1,330,536	$ 1,456,509	$ (125,973)
102	Bear Gulch	$ 698,320	$ 638,518	$ 699,432	$ (60,914)
105	Diablo Ranch Region - DIX	$ 154,419	$ 141,126	$ 154,758	$ (13,632)
106	East Los Angeles	$ 944,946	$ 863,605	$ 947,024	$ (83,419)
134	Kern River Valley	$ 267,471	$ 244,973	$ 268,060	$ (23,087)
110	Diablo Ranch Region - LIV	$ 407,933	$ 373,109	$ 408,830	$ (35,720)
111	Los Altos	$ 559,216	$ 512,063	$ 560,425	$ (48,362)
172	Los Angeles Co. Region	$ 940,714	$ 859,622	$ 942,874	$ (83,252)
112	Marysville	$ 171,990	$ 157,185	$ 172,368	$ (15,183)
996	North Valley Region	$ 1,118,591	$ 1,023,358	$ 1,121,051	$ (97,693)
171	Salinas Valley Region	$ 1,329,365	$ 1,214,933	$ 1,332,288	$ (117,355)
117	Selma	$ 181,150	$ 165,557	$ 181,548	$ (15,992)
997	South Bay Region	$ 1,461,533	$ 1,335,667	$ 1,464,630	$ (128,962)
119	Stockton	$ 1,238,730	$ 1,132,100	$ 1,241,454	$ (109,354)
157	Travis	$ 167,478	$ 153,061	$ 167,846	$ (14,785)
120	Visalia	$ 1,154,927	$ 1,055,842	$ 1,157,467	$ (101,624)
123	Westlake	$ 364,762	$ 333,364	$ 365,559	$ (32,195)
121	Willows	$ 133,110	$ 121,652	$ 133,402	$ (11,751)
330	Customer Support Services	$ 11,928,463	$ 6,159,349	$ 11,954,696	$ (5,795,347)
Total		$ 27,075,172	$ 20,011,310	$ 27,134,154	$ (7,122,843)

**** While the Cal Advocates numbers are pulled from their workpapers, they appear to be inconsistent with the text of Cal Advocates' testimony. Cal Water assumes the numbers in the tables to be inadvertent errors.***

CHAPTER 5 ATTACHMENTS

ATTACHMENT 5-2

Public Advocates Office
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102
Tel: 415-703-1584
www.publicadvocates.cpuc.ca.gov

Public Advocates Office DATA REQUEST
A.24-07-003: California Water Service Company
Test Year 2025-26 General Rate Case

Date: February 21, 2025
Responses Due: February 20, 2024

To:

California Water Service	2024GRCDataRequest@calwater.com
Natalie D. Wales Director, Rates	408-367-8566 nwales@calwater.com
Patrick Alexander General Rate Case Manager	408-367-8230 palexander@calwater.com
Melody Singh Manager, Revenue	916-329-1856 msingh@calwater.com

From:

Public Advocates Office	
Edward Scher Project Lead	(415) 815-7027 edward.scher@cpuc.ca.gov
Emily Fisher Attorney	(415) 703-1327 emily.fisher@cpuc.ca.gov
Megan Delaporta Attorney	(415) 703-1319 megan.delaporta@cpuc.ca.gov
Syreeta Gibbs Project Oversight Supervisor	(415) 703-1622 syreeta.gibbs@cpuc.ca.gov
Roy Keowen Financial Analyst	(213) 372-1369 roy.keowen@cpuc.ca.gov

Re: Cal Advocates Response to A2407003 Cal Water DR CWS-005 (Payroll)

DATA REQUEST RESPONSE

1. Cal Advocates report on Administrative and General Expenses and Special Requests #7 page 1-11 shows a payroll difference of $28,778,025 on Table 1-5 between Cal Water and Cal Advocates recommendation.

   a. Please provide any supporting calculations, including an Excel workbook with formulas, supporting the $28,778,025 difference broken out by recommendation.

RESPONSE: Please see Data Request CWS-005 Attachment 1.xlsx. for the step-by-step calculations of Cal Advocates' TY2026 payroll estimates. Cal Advocates has determined that the $28,778,025 amount indicated in testimony was in error. The correct amount of the payroll difference between Cal Water and Cal Advocates is $27,931,945, shown in cell F26 of the attachment.[1]

End Request

[1] CWS projects $122,108,891 in 2026, Cal Advocates recommends $94,176,946, a difference of $27,931,945.

CALIFORNIA WATER SERVICE COMPANY
DATA REQUEST RK2-006 (PAYROLL2)
QUESTION 2

Description	**CWS Amount**	**Notes**	Cal Advocates Updated With 30% STI for RO Model	
		<-- excluding exec base salary & short-term ARP		
2023 Recorded Payroll	90,520,372		$	81,156,196
2023 Annualize Positions	2,602,721		$	-
2023 Hires Between GRCs	56,500		$	-
Escalation to 2024	96,534,059		$	83,509,726
2024 Hires Between GRCs	538,350		$	-
2024 ARP Adjustment	5,448,764		$	740,168
2024 Exec Base Salary	6,541,200		$	3,516,229
2024 Pending Hires from the 2021 GRC Decision	563,841		$	-
Escalation to 2025	113,134,253		$	89,609,212
Escalation to 2026	116,754,549		$	91,759,833
2026 ARP Adjustment for Company	455,333		$	-
2026 Hires Between GRCs	405,702		$	-
2026 AMI Expenses	10,096		$	-
2026 Proposed Complements	1,918,097		$	-
2026 Pending Hires from the 2021 GRC Decision	148,000		$	-
2026 Synergy Adjustments	2,417,113		$	2,417,113
Proposed 2026 Payroll	122,108,891		$	94,176,946

$	27,931,945

CHAPTER 5 ATTACHMENTS

ATTACHMENT 5-3

CALIFORNIA WATER SERVICE
ATTACHMENT 5-3 (Corrected)

Description	CWS Amount	Notes	Cal Advocates DR Response[(1)]	Cal Water's Correction of Cal Advocates' DR Response
2023 Recorded Payroll	90,520,372	<-- excluding exec base salary & short-term ARP. Added in below.	81,156,196	81,156,196
2023 Annualize Positions	2,602,721		0	0
2023 Hires Between GRCs	56,500		0	0
Escalation to 2024	96,534,059		83,509,726	83,509,726
2024 Hires Between GRCs	538,350		0	0
2024 Exec ARP	2,829,685		740,168	**848,906**
2024 Company-wide ARP Adjustment	2,619,079		0	2,619,079
2024 Exec Base Salary	6,541,200		3,516,229	**6,541,200**
2024 Pending Hires from the 2021 GRC Decision	563,841		0	0
Escalation to 2025	113,134,253		89,609,212	**95,482,807**
Escalation to 2026	116,754,549		91,759,833	**97,774,395**
2026 ARP Adjustment for Company	455,333		0	455,333
2026 Hires Between GRCs	405,702		0	0
2026 AMI Expenses	10,096		0	5,048
2026 Proposed Complements	1,918,097		0	0
2026 Pending Hires from the 2021 GRC Decision	148,000		0	0
2026 Synergy Adjustments	2,417,113		2,417,113	2,417,113
Proposed 2026 Payroll	122,108,890		94,176,946	**100,651,889**
Difference from Cal Water's TY Expense			-27,931,944	**-21,457,001**

(1) Cal Advocates response to CWS-007.

CHAPTER 6 ATTACHMENTS

ATTACHMENT 6-1

Table 1
Transportation Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 1,068,722	$ 1,055,910	$ 959,586	$ 96,324
170	Bay Area Region	$ 602,929	$ 635,570	$ 536,604	$ 98,966
102	Bear Gulch	$ 319,086	$ 328,435	$ 283,985	$ 44,450
105	Diablo Ranch Region - DIX	$ 72,752	$ 110,562	$ 64,749	$ 45,813
106	East Los Angeles	$ 593,386	$ 629,765	$ 531,800	$ 97,965
134	Kern River Valley	$ 129,644	$ 111,970	$ 115,383	$ (3,413)
110	Diablo Ranch Region - LIV	$ 229,690	$ 234,167	$ 208,529	$ 25,638
111	Los Altos	$ 289,457	$ 234,654	$ 257,615	$ (22,961)
172	Los Angeles Co. Region	$ 474,044	$ 481,818	$ 421,898	$ 59,920
112	Marysville	$ 87,013	$ 114,737	$ 77,441	$ 37,296
996	North Valley Region	$ 534,865	$ 527,320	$ 476,642	$ 50,678
171	Salinas Valley Region	$ 567,433	$ 535,329	$ 505,013	$ 30,316
117	Selma	$ 70,292	$ 61,308	$ 62,560	$ (1,252)
997	South Bay Region	$ 889,709	$ 938,898	$ 791,835	$ 147,063
119	Stockton	$ 627,802	$ 590,535	$ 558,740	$ 31,795
157	Travis	$ 34,777	$ 161,900	$ 30,951	$ 130,949
120	Visalia	$ 629,087	$ 644,026	$ 559,884	$ 84,142
123	Westlake	$ 149,478	$ 158,553	$ 133,034	$ 25,519
121	Willows	$ 38,825	$ 49,094	$ 34,554	$ 14,540
330	Customer Support Services	$ 1,346,628	$ 133,032	$ 1,186,231	$ (1,053,199)
Total		$ 8,755,620	$ 7,737,583	$ 7,797,034	$ (59,451)

**** The numbers from Cal Advocates' workpapers appeared to be inconsistent with the text of Cal Advocates' testimony. Cal Water updated the table above to reflect Cal Advocates' testimony.***

Table 2
Purchased Water

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 13,015,242	$ 13,015,242	$ 13,015,242	$ (0)
170	Bay Area Region	$ 47,271,399	$ 43,722,515	$ 47,269,813	$ (3,547,298)
102	Bear Gulch	$ 26,127,458	$ 23,409,968	$ 26,127,458	$ (2,717,490)
105	Diablo Ranch Region - DIX	$ -	$ -	$ -	$ -
106	East Los Angeles	$ 6,057,944	$ 5,989,405	$ 6,057,944	$ (68,539)
134	Kern River Valley	$ 11,601	$ 11,601	$ 11,601	$ (0)
110	Diablo Ranch Region - LIV	$ 11,421,344	$ 10,849,606	$ 11,421,344	$ (571,738)
111	Los Altos	$ 12,309,185	$ 11,371,146	$ 12,449,627	$ (1,078,481)
172	Los Angeles Co. Region	$ 26,526,796	$ 24,981,670	$ 26,526,796	$ (1,545,126)
112	Marysville	$ -	$ -	$ -	$ -
996	North Valley Region	$ 243,444	$ 243,444	$ 243,444	$ (0)
171	Salinas Valley Region	$ -	$ -	$ -	$ -
117	Selma	$ -	$ -	$ -	$ -
997	South Bay Region	$ 48,409,852	$ 45,679,565	$ 47,224,232	$ (1,544,667)
119	Stockton	$ 13,796,028	$ 12,406,886	$ 13,796,028	$ (1,389,142)
157	Travis	$ -	$ -	$ -	$ -
120	Visalia	$ -	$ -	$ -	$ -
123	Westlake	$ 11,950,412	$ 11,395,244	$ 12,012,176	$ (616,932)
121	Willows	$ -	$ -	$ -	$ -
330	Customer Support Services	$ -	$ -	$ -	$ -
Total		$ 217,140,705	$ 203,076,292	$ 216,155,705	$ (13,079,413)

**** The numbers from Cal Advocates' workpapers appeared to be inconsistent with the text of Cal Advocates' testimony. Cal Water updated the table above to reflect Cal Advocates' testimony.***

Table 3
Purchased Power

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 7,102,225	$ 6,570,691	$ 7,125,248	$ (554,557)
170	Bay Area Region	$ 1,181,113	$ 1,021,982	$ 1,181,184	$ (159,202)
102	Bear Gulch	$ 1,463,001	$ 1,284,644	$ 1,463,001	$ (178,357)
105	Diablo Ranch Region - DIX	$ 260,657	$ 205,067	$ 260,657	$ (55,590)
106	East Los Angeles	$ 1,908,287	$ 1,383,211	$ 1,908,287	$ (525,076)
134	Kern River Valley	$ 254,854	$ 229,187	$ 254,854	$ (25,667)
110	Diablo Ranch Region - LIV	$ 861,936	$ 544,630	$ 861,936	$ (317,306)
111	Los Altos	$ 1,261,824	$ 992,254	$ 1,261,824	$ (269,570)
172	Los Angeles Co. Region	$ 4,868,370	$ 3,493,143	$ 4,868,370	$ (1,375,227)
112	Marysville	$ 228,764	$ 170,014	$ 228,764	$ (58,750)
996	North Valley Region	$ 3,564,428	$ 2,717,814	$ 3,564,428	$ (846,614)
171	Salinas Valley Region	$ 2,291,042	$ 2,283,529	$ 2,291,042	$ (7,513)
117	Selma	$ 639,483	$ 555,017	$ 639,483	$ (84,466)
997	South Bay Region	$ 1,899,731	$ 1,455,761	$ 1,866,162	$ (410,401)
119	Stockton	$ 534,830	$ 445,605	$ 534,830	$ (89,225)
157	Travis	$ -	$ -	$ -	$ -
120	Visalia	$ 2,127,274	$ 1,988,347	$ 2,127,274	$ (138,927)
123	Westlake	$ 438,068	$ 344,051	$ 438,068	$ (94,017)
121	Willows	$ 122,432	$ 98,052	$ 122,432	$ (24,380)
330	Customer Support Services	$ (229,819)	$ -	$ (139,299)	$ 139,299
Total		$ 30,778,501	$ 25,782,999	$ 30,858,546	$ (5,075,547)

**** The numbers from Cal Advocates' workpapers appeared to be inconsistent with the text of Cal Advocates' testimony. Cal Water updated the table above to reflect Cal Advocates' testimony.***

Table 4
Pump Tax

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 1,648,633	$ 629,610	$ 1,648,633	$ (1,019,023)
170	Bay Area Region	$ -	$ -	$ -	$ -
102	Bear Gulch	$ -	$ -	$ -	$ -
105	Diablo Ranch Region - DIX	$ -	$ -	$ -	$ -
106	East Los Angeles	$ 3,670,999	$ 3,670,999	$ 3,670,999	$ 0
134	Kern River Valley	$ -	$ -	$ -	$ -
110	Diablo Ranch Region - LIV	$ -	$ -	$ -	$ -
111	Los Altos	$ 8,198,976	$ 8,198,976	$ 8,198,976	$ (0)
172	Los Angeles Co. Region	$ -	$ -	$ -	$ -
112	Marysville	$ -	$ -	$ -	$ -
996	North Valley Region	$ -	$ -	$ -	$ -
171	Salinas Valley Region	$ 53,650	$ 53,650	$ 53,650	$ (0)
117	Selma	$ -	$ -	$ -	$ -
997	South Bay Region	$ 4,456,471	$ 4,456,470	$ 4,456,471	$ (1)
119	Stockton	$ 1,089,921	$ 1,089,921	$ 1,089,921	$ (0)
157	Travis	$ -	$ -	$ -	$ -
120	Visalia	$ 552,334	$ 552,334	$ 552,334	$ (0)
123	Westlake	$ -	$ -	$ -	$ -
121	Willows	$ -	$ -	$ -	$ -
330	Customer Support Services	$ -	$ -	$ -	$ -
Total		$ 19,670,984	$ 18,651,960	$ 19,670,984	$ (1,019,024)

**** The numbers from Cal Advocates' workpapers appeared to be inconsistent with the text of Cal Advocates' testimony. Cal Water updated the table above to reflect Cal Advocates' testimony.***

Table 5
Purchased Chemicals

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 1,364,138	$ 1,571,165	$ 1,214,076	$ 357,089
170	Bay Area Region	$ 33,139	$ 144,567	$ 29,250	$ 115,317
102	Bear Gulch	$ 6,979	$ 82,880	$ 6,211	$ 76,669
105	Diablo Ranch Region - DIX	$ 15,968	$ 15,968	$ 14,212	$ 1,756
106	East Los Angeles	$ 382,954	$ 424,228	$ 340,827	$ 83,401
134	Kern River Valley	$ 119,090	$ 119,090	$ 105,990	$ 13,100
110	Diablo Ranch Region - LIV	$ 152,183	$ 83,866	$ 135,442	$ (51,576)
111	Los Altos	$ 196,906	$ 146,079	$ 175,245	$ (29,166)
172	Los Angeles Co. Region	$ 2,948	$ -	$ -	$ -
112	Marysville	$ 31,567	$ 31,567	$ 28,094	$ 3,473
996	North Valley Region	$ 521,802	$ 254,823	$ 452,568	$ (197,745)
171	Salinas Valley Region	$ 279,334	$ 279,334	$ 248,606	$ 30,728
117	Selma	$ 27,111	$ 27,111	$ 24,129	$ 2,982
997	South Bay Region	$ 502,504	$ 257,604	$ 447,226	$ (189,622)
119	Stockton	$ 55,566	$ 35,935	$ 49,453	$ (13,518)
157	Travis	$ -	$ -	$ -	$ -
120	Visalia	$ 245,843	$ 245,840	$ 218,799	$ 27,041
123	Westlake	$ -	$ -	$ -	$ -
121	Willows	$ 10,688	$ 10,688	$ 9,512	$ 1,176
330	Customer Support Services	$ -	$ -	$ -	$ -
Total		$ 3,948,720	$ 3,730,745	$ 3,499,640	$ 231,105

**** While the Cal Advocates numbers are pulled from their workpapers, they appear to be inconsistent with the text of Cal Advocates' testimony. Cal Water assumes the numbers in the tables to be inadvertent errors.***

Table 6
Postage Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 290,385	$ 283,785	$ 290,385	$ (6,600)
170	Bay Area Region	$ 218,851	$ 213,261	$ 218,851	$ (5,590)
102	Bear Gulch	$ 73,434	$ 71,765	$ 73,434	$ (1,669)
105	Diablo Ranch Region - DIX	$ 11,963	$ 11,691	$ 11,963	$ (272)
106	East Los Angeles	$ 105,561	$ 103,162	$ 105,561	$ (2,399)
134	Kern River Valley	$ 16,145	$ 15,778	$ 16,145	$ (367)
110	Diablo Ranch Region - LIV	$ 73,681	$ 72,006	$ 73,681	$ (1,675)
111	Los Altos	$ 74,080	$ 72,397	$ 74,080	$ (1,684)
172	Los Angeles Co. Region	$ 100,514	$ 98,229	$ 100,514	$ (2,284)
112	Marysville	$ 15,539	$ 15,186	$ 15,539	$ (353)
996	North Valley Region	$ 134,652	$ 131,591	$ 134,652	$ (3,060)
171	Salinas Valley Region	$ 124,469	$ 121,640	$ 124,469	$ (2,829)
117	Selma	$ 25,817	$ 25,230	$ 25,817	$ (587)
997	South Bay Region	$ 242,438	$ 236,928	$ 242,415	$ (5,486)
119	Stockton	$ 173,969	$ 170,016	$ 173,969	$ (3,954)
157	Travis	$ 325	$ 1,642	$ 325	$ 1,317
120	Visalia	$ 181,889	$ 177,755	$ 181,889	$ (4,134)
123	Westlake	$ 27,959	$ 27,323	$ 27,959	$ (635)
121	Willows	$ 9,467	$ 9,252	$ 9,467	$ (215)
330	Customer Support Services	$ -	$ -	$ -	$ -
Total		$ 1,901,137	$ 1,858,638	$ 1,901,113	$ (42,476)

**** While the Cal Advocates numbers are pulled from their workpapers, they appear to be inconsistent with the text of Cal Advocates' testimony. Cal Water assumes the numbers in the tables to be inadvertent errors.***

Table 7
Uncollectible Rate Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	1.120%	0.888%	1.120%	$ (0)
170	Bay Area Region	0.155%	0.155%	0.155%	$ -
102	Bear Gulch	0.048%	0.050%	0.048%	$ 0
105	Diablo Ranch Region - DIX	0.080%	0.144%	0.080%	$ 0
106	East Los Angeles	0.388%	0.278%	0.388%	$ (0)
134	Kern River Valley	3.256%	2.338%	3.256%	$ (0)
110	Diablo Ranch Region - LIV	0.082%	0.076%	0.082%	$ (0)
111	Los Altos	0.009%	0.014%	0.009%	$ 0
172	Los Angeles Co. Region	0.114%	0.114%	0.114%	$ -
112	Marysville	0.982%	0.663%	0.982%	$ (0)
996	North Valley Region	0.570%	0.570%	0.570%	$ -
171	Salinas Valley Region	0.353%	0.353%	0.353%	$ -
117	Selma	0.678%	0.532%	0.678%	$ (0)
997	South Bay Region	0.241%	0.241%	0.241%	$ -
119	Stockton	1.236%	0.921%	1.236%	$ (0)
157	Travis	0.000%	0.000%	0.000%	$ -
120	Visalia	0.546%	0.409%	0.546%	$ (0)
123	Westlake	0.024%	0.063%	0.024%	$ 0
121	Willows	0.492%	0.519%	0.492%	$ 0

Table 8
Source of Supply Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 1,071	$ 685	$ 953	$ (268)
170	Bay Area Region	$ 90,067	$ 77,769	$ 80,159	$ (2,390)
		$ -	$ -	$ -	
105	Diablo Ranch Region - DIX	$ -	$ -	$ -	$ -
106	East Los Angeles	$ 328,574	$ 325,124	$ 325,431	$ (307)
134	Kern River Valley	$ -	$ -	$ -	$ -
110	Diablo Ranch Region - LIV	$ 4,711	$ 4,193	$ 4,193	$ -
111	Los Altos	$ 83	$ 74	$ 74	$ -
172	Los Angeles Co. Region	$ 295	$ 263	$ 263	$ -
112	Marysville	$ 374	$ 333	$ 333	$ -
996	North Valley Region	$ 105,386	$ 103,263	$ 104,115	$ (852)
171	Salinas Valley Region	$ 1,095	$ 974	$ 974	$ -
117	Selma	$ 2,021	$ 1,799	$ 1,799	$ -
997	South Bay Region	$ 45,294	$ 40,136	$ 40,311	$ (175)
119	Stockton	$ 10,996	$ (646)	$ 9,786	$ (10,432)
157	Travis	$ -	$ -	$ -	$ -
120	Visalia	$ 7	$ 6	$ 6	$ -
123	Westlake	$ 173	$ 154	$ 154	$ -
121	Willows	$ 261	$ 233	$ 233	$ -
330	Customer Support Services	$ 775,682	$ 312,360	$ 769,937	$ (457,577)
Total		$ 1,366,091	$ 866,720	$ 1,338,721	$ (472,001)

**** While the Cal Advocates numbers are pulled from their workpapers, they appear to be inconsistent with the text of Cal Advocates' testimony. Cal Water assumes the numbers in the tables to be inadvertent errors.***

Table 9
Pumping Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 515,492	$ 458,785	$ 458,785	$ -
170	Bay Area Region	$ 129,562	$ 97,088	$ 130,313	$ (33,225)
102	Bear Gulch	$ 309,091	$ 276,979	$ 287,435	$ (10,456)
105	Diablo Ranch Region - DIX	$ 16,738	$ 14,896	$ 14,896	$ -
106	East Los Angeles	$ 109,689	$ 97,623	$ 97,623	$ -
134	Kern River Valley	$ 38,988	$ 34,699	$ 34,699	$ -
110	Diablo Ranch Region - LIV	$ 63,361	$ 37,842	$ 56,391	$ (18,549)
111	Los Altos	$ 46,063	$ 38,837	$ 48,373	$ (9,537)
172	Los Angeles Co. Region	$ 168,654	$ 147,255	$ 160,194	$ (12,939)
112	Marysville	$ 5,193	$ 4,622	$ 4,622	$ -
996	North Valley Region	$ 241,865	$ 189,304	$ 215,259	$ (25,955)
171	Salinas Valley Region	$ 259,029	$ 227,507	$ 230,535	$ (3,028)
117	Selma	$ 119,288	$ 104,310	$ 106,165	$ (1,855)
997	South Bay Region	$ 367,024	$ 342,624	$ 342,624	$ (0)
119	Stockton	$ 130,481	$ 116,128	$ 116,128	$ -
157	Travis	$ 19,244	$ 17,127	$ 17,127	$ -
120	Visalia	$ 258,005	$ 229,059	$ 229,623	$ (564)
123	Westlake	$ 91,893	$ 80,698	$ 85,635	$ (4,937)
121	Willows	$ 2,809	$ 2,500	$ 2,500	$ -
330	Customer Support Services	$ 71,636	$ 63,756	$ 63,756	$ -
Total		$ 2,964,105	$ 2,581,637	$ 2,702,682	$ (121,044)

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Table 10
Water Treatment Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 1,265,383	$ 1,169,824	$ 1,170,590	$ (766)
170	Bay Area Region	$ 746,398	$ 670,833	$ 670,936	$ (103)
102	Bear Gulch	$ 308,257	$ 277,557	$ 277,557	$ -
105	Diablo Ranch Region - DIX	$ 427,996	$ 384,342	$ 384,342	$ -
106	East Los Angeles	$ 1,132,759	$ 890,239	$ 1,043,790	$ (153,551)
134	Kern River Valley	$ 376,842	$ 342,223	$ 342,223	$ -
110	Diablo Ranch Region - LIV	$ 212,155	$ 201,039	$ 201,039	$ -
111	Los Altos	$ 304,310	$ 274,360	$ 274,360	$ -
172	Los Angeles Co. Region	$ 376,453	$ 336,185	$ 339,107	$ (2,922)
112	Marysville	$ 103,364	$ 97,274	$ 97,274	$ -
996	North Valley Region	$ 482,547	$ 451,853	$ 453,892	$ (2,038)
171	Salinas Valley Region	$ 1,551,304	$ 1,397,397	$ 1,400,541	$ (3,144)
117	Selma	$ 92,964	$ 87,491	$ 87,491	$ -
997	South Bay Region	$ 591,203	$ 507,166	$ 555,326	$ (48,159)
119	Stockton	$ 365,538	$ 346,201	$ 346,201	$ -
157	Travis	$ 31,095	$ 27,776	$ 27,776	$ -
120	Visalia	$ 471,445	$ 446,719	$ 446,719	$ -
123	Westlake	$ 106,970	$ 96,984	$ 97,968	$ (985)
121	Willows	$ 312,358	$ 281,290	$ 281,290	$ -
330	Customer Support Services	$ 20,077	$ (40,947)	$ (308,281)	$ 267,333
Total		$ 9,279,419	$ 8,245,806	$ 8,190,142	$ 55,665

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Table 11
Transmission & Distribution Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 922,333	$ 794,487	$ 820,871	$ (26,384)
170	Bay Area Region	$ 706,875	$ 629,115	$ 629,115	$ -
102	Bear Gulch	$ 740,611	$ 659,140	$ 659,140	$ -
105	Diablo Ranch Region - DIX	$ 77,937	$ 64,563	$ 69,364	$ (4,800)
106	East Los Angeles	$ 258,400	$ 212,530	$ 229,975	$ (17,445)
134	Kern River Valley	$ 166,039	$ 147,774	$ 147,774	$ -
110	Diablo Ranch Region - LIV	$ 214,904	$ 189,342	$ 191,263	$ (1,921)
111	Los Altos	$ 511,249	$ 455,009	$ 455,009	$ -
172	Los Angeles Co. Region	$ 389,110	$ 334,014	$ 341,635	$ (7,620)
112	Marysville	$ 53,608	$ 47,711	$ 47,711	$ -
996	North Valley Region	$ 412,340	$ 366,980	$ 366,980	$ -
171	Salinas Valley Region	$ 662,021	$ 589,195	$ 589,195	$ -
117	Selma	$ 49,416	$ 43,651	$ 43,980	$ (329)
997	South Bay Region	$ 463,983	$ 412,931	$ 412,962	$ (31)
119	Stockton	$ 852,303	$ 758,545	$ 758,545	$ -
157	Travis	$ 89,790	$ 79,913	$ 79,913	$ -
120	Visalia	$ 241,969	$ 215,351	$ 215,351	$ -
123	Westlake	$ 56,549	$ 48,959	$ 50,328	$ (1,369)
121	Willows	$ 37,779	$ 33,624	$ 33,624	$ -
330	Customer Support Services	$ 409,883	$ 367,353	$ 349,756	$ 17,597
Total		$ 7,317,100	$ 6,450,187	$ 6,492,491	$ (42,304)

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Table 12
Customer Accounting Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 1,389,913	$ 1,241,666	$ 1,242,593	$ (927)
170	Bay Area Region	$ 941,241	$ 760,375	$ 1,104,206	$ (343,832)
102	Bear Gulch	$ 83,550	$ 40,052	$ 191,923	$ (151,870)
105	Diablo Ranch Region - DIX	$ 129,640	$ 120,868	$ 120,956	$ (88)
106	East Los Angeles	$ 636,553	$ 566,204	$ 566,529	$ (326)
134	Kern River Valley	$ 362,656	$ 331,960	$ 332,668	$ (708)
110	Diablo Ranch Region - LIV	$ 509,344	$ 459,137	$ 459,502	$ (365)
111	Los Altos	$ 297,716	$ 230,938	$ 383,458	$ (152,520)
172	Los Angeles Co. Region	$ 412,894	$ 339,862	$ 507,054	$ (167,192)
112	Marysville	$ 123,357	$ 109,773	$ 109,787	$ (14)
996	North Valley Region	$ 797,173	$ 717,035	$ 717,450	$ (415)
171	Salinas Valley Region	$ 152,640	$ 132,762	$ 141,085	$ (8,323)
117	Selma	$ 228,114	$ 208,862	$ 208,862	$ -
997	South Bay Region	$ 1,550,929	$ 1,379,576	$ 1,386,584	$ (7,007)
119	Stockton	$ 722,965	$ 634,103	$ 643,435	$ (9,332)
157	Travis	$ 19,349	$ 15,722	$ 17,221	$ (1,499)
120	Visalia	$ 989,279	$ 886,703	$ 886,707	$ (4)
123	Westlake	$ (87,638)	$ (80,568)	$ (41,586)	$ (38,981)
121	Willows	$ 59,207	$ 52,635	$ 52,694	$ (59)
330	Customer Support Services	$ 11,137,707	$ 9,035,374	$ 9,686,828	$ (651,454)
Total		$ 20,456,590	$ 17,181,156	$ 18,717,955	$ (1,536,798)

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Table 13
Conservation Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 3,756,409	$ 990,385	$ 3,155,503	$ (2,165,118)
170	Bay Area Region	$ 1,669,148	$ 751,411	$ 1,528,299	$ (776,888)
102	Bear Gulch	$ 913,002	$ 427,996	$ 803,650	$ (375,654)
105	Diablo Ranch Region - DIX	$ 40,405	$ 26,024	$ 33,695	$ (7,671)
106	East Los Angeles	$ 531,098	$ 220,001	$ 504,677	$ (284,676)
134	Kern River Valley	$ 47,224	$ 30,528	$ 39,599	$ (9,071)
110	Diablo Ranch Region - LIV	$ 727,114	$ 324,700	$ 666,418	$ (341,718)
111	Los Altos	$ 480,808	$ 203,844	$ 452,476	$ (248,632)
172	Los Angeles Co. Region	$ 1,653,631	$ 390,396	$ 1,600,424	$ (1,210,028)
112	Marysville	$ 55,058	$ 36,236	$ 45,504	$ (9,269)
996	North Valley Region	$ 474,215	$ 209,954	$ 442,111	$ (232,157)
171	Salinas Valley Region	$ 991,355	$ 447,180	$ 908,538	$ (461,359)
117	Selma	$ 286,671	$ 55,077	$ 279,443	$ (224,366)
997	South Bay Region	$ 2,604,241	$ 924,722	$ 2,454,553	$ (1,529,831)
119	Stockton	$ 808,266	$ 372,953	$ 722,994	$ (350,040)
157	Travis	$ 32,922	$ 18,523	$ 33,746	$ (15,222)
120	Visalia	$ 2,325,919	$ 618,578	$ 1,946,928	$ (1,328,350)
123	Westlake	$ 871,194	$ (80,839)	$ 1,084,579	$ (1,165,418)
121	Willows	$ 11,111	$ 2,586	$ 12,559	$ (9,972)
330	Customer Support Services	$ -	$ -	$ -	$ -
Total		$ 18,279,791	$ 5,970,255	$ 16,715,695	$ (10,745,440)

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Table 14
Maintenance Stores Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 165,842	$ 147,599	$ 147,599	$ -
170	Bay Area Region	$ 96,773	$ 86,127	$ 86,127	$ 0
102	Bear Gulch	$ 115,161	$ 102,493	$ 102,493	$ -
105	Diablo Ranch Region - DIX	$ 2,281	$ 2,030	$ 2,030	$ -
106	East Los Angeles	$ 68,015	$ 60,533	$ 60,533	$ -
134	Kern River Valley	$ -	$ -	$ -	$ -
110	Diablo Ranch Region - LIV	$ 42,632	$ 37,942	$ 37,942	$ -
111	Los Altos	$ 85,209	$ 75,836	$ 75,836	$ -
172	Los Angeles Co. Region	$ 152,163	$ 135,417	$ 135,427	$ (11)
112	Marysville	$ 10,768	$ 9,583	$ 9,583	$ -
996	North Valley Region	$ 111,192	$ 98,960	$ 98,960	$ -
171	Salinas Valley Region	$ 53,045	$ 47,210	$ 47,210	$ -
117	Selma	$ 9,434	$ 8,396	$ 8,396	$ -
997	South Bay Region	$ 193,073	$ 171,835	$ 171,831	$ 5
119	Stockton	$ 188,563	$ 167,820	$ 167,820	$ -
157	Travis	$ -	$ -	$ -	$ -
120	Visalia	$ 87,844	$ 78,181	$ 78,181	$ -
123	Westlake	$ 17,897	$ 15,928	$ 15,928	$ -
121	Willows	$ 10,840	$ 9,648	$ 9,648	$ -
330	Customer Support Services	$ -	$ -	$ -	$ -
Total		$ 1,410,730	$ 1,255,537	$ 1,255,543	$ (6)

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Table 15
Contracted Maintenance Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 1,978,924	$ 1,735,994	$ 1,795,733	$ (59,739)
170	Bay Area Region	$ 2,532,178	$ 2,300,283	$ 2,329,236	$ (28,953)
102	Bear Gulch	$ 2,027,569	$ 1,821,210	$ 1,821,210	$ -
105	Diablo Ranch Region - DIX	$ 101,397	$ 86,029	$ 90,243	$ (4,214)
106	East Los Angeles	$ 725,757	$ 670,316	$ 670,316	$ -
134	Kern River Valley	$ 296,517	$ 273,358	$ 273,358	$ -
110	Diablo Ranch Region - LIV	$ 420,537	$ 392,378	$ 392,378	$ -
111	Los Altos	$ 1,123,548	$ 1,029,379	$ 1,029,379	$ -
172	Los Angeles Co. Region	$ 1,029,985	$ 900,914	$ 930,747	$ (29,833)
112	Marysville	$ 94,778	$ 85,490	$ 85,490	$ -
996	North Valley Region	$ 575,037	$ 529,114	$ 529,889	$ (775)
171	Salinas Valley Region	$ 1,126,252	$ 1,027,610	$ 1,037,129	$ (9,519)
117	Selma	$ 210,407	$ 191,096	$ 191,945	$ (849)
997	South Bay Region	$ 1,115,672	$ 1,045,261	$ 1,046,398	$ (1,137)
119	Stockton	$ 1,036,299	$ 925,193	$ 925,836	$ (643)
157	Travis	$ 223,892	$ 207,454	$ 207,454	$ -
120	Visalia	$ 451,155	$ 401,525	$ 401,525	$ -
123	Westlake	$ 159,257	$ 143,860	$ 144,102	$ (241)
121	Willows	$ 136,605	$ 121,578	$ 121,578	$ -
330	Customer Support Services	$ (170,935)	$ (173,362)	$ (173,362)	$ -
Total		$ 15,194,833	$ 13,714,679	$ 13,850,583	$ (135,903)

**** While the Cal Advocates numbers are pulled from their workpapers, they appear to be inconsistent with the text of Cal Advocates' testimony. Cal Water assumes the numbers in the tables to be inadvertent errors.***

Table 16
Rent Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 2,783	$ 2,783	$ 2,783	$ -
170	Bay Area Region	$ 81,282	$ 81,282	$ 81,282	$ -
102	Bear Gulch	$ 322,580	$ 322,580	$ 322,580	$ -
105	Diablo Ranch Region - DIX	$ -	$ -	$ -	$ -
106	East Los Angeles	$ -	$ -	$ -	$ -
134	Kern River Valley	$ 48,306	$ 48,306	$ 48,306	$ -
110	Diablo Ranch Region - LIV	$ 48,148	$ 48,148	$ 48,148	$ -
111	Los Altos	$ 102,787	$ 102,787	$ 102,787	$ -
172	Los Angeles Co. Region	$ 83,501	$ 83,501	$ 83,501	$ -
112	Marysville	$ 16,375	$ 16,375	$ 16,375	$ -
996	North Valley Region	$ 37,763	$ 37,763	$ 37,763	$ -
171	Salinas Valley Region	$ 130,639	$ 130,639	$ 130,639	$ -
117	Selma	$ 42,295	$ 42,295	$ 42,295	$ -
997	South Bay Region	$ 213,442	$ 213,442	$ 213,442	$ -
119	Stockton	$ 15,350	$ 15,350	$ 15,350	$ -
157	Travis	$ 41,748	$ 41,748	$ 41,748	$ -
120	Visalia	$ 69,557	$ 69,557	$ 69,557	$ -
123	Westlake	$ 96,504	$ 96,504	$ 96,504	$ -
121	Willows	$ 34,020	$ 34,020	$ 34,020	$ -
330	Customer Support Services	$ 315,741	$ 315,741	$ 315,741	$ -
Total		$ 1,702,822	$ 1,702,822	$ 1,702,822	$ -

Table 17
Workers Compensation Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 109,254	$ 117,450	$ 109,256	$ 8,194
170	Bay Area Region	$ 66,199	$ 71,172	$ 66,197	$ 4,975
102	Bear Gulch	$ 31,807	$ 34,155	$ 31,788	$ 2,367
105	Diablo Ranch Region - DIX	$ 7,033	$ 7,549	$ 7,034	$ 515
106	East Los Angeles	$ 43,040	$ 46,195	$ 43,041	$ 3,154
134	Kern River Valley	$ 12,183	$ 13,104	$ 12,183	$ 921
110	Diablo Ranch Region - LIV	$ 18,581	$ 19,958	$ 18,581	$ 1,377
111	Los Altos	$ 25,471	$ 27,391	$ 25,471	$ 1,920
172	Los Angeles Co. Region	$ 42,848	$ 45,982	$ 42,853	$ 3,130
112	Marysville	$ 7,834	$ 8,408	$ 7,834	$ 574
996	North Valley Region	$ 50,950	$ 54,741	$ 50,951	$ 3,790
171	Salinas Valley Region	$ 60,550	$ 64,988	$ 60,551	$ 4,437
117	Selma	$ 8,251	$ 8,856	$ 8,251	$ 605
997	South Bay Region	$ 66,570	$ 71,447	$ 66,566	$ 4,881
119	Stockton	$ 56,422	$ 60,557	$ 56,423	$ 4,135
157	Travis	$ 7,628	$ 8,187	$ 7,628	$ 559
120	Visalia	$ 52,605	$ 56,478	$ 52,606	$ 3,873
123	Westlake	$ 16,614	$ 17,832	$ 16,614	$ 1,218
121	Willows	$ 6,063	$ 6,507	$ 6,063	$ 444
330	Customer Support Services	$ 670,045	$ 618,988	$ 670,056	$ (51,068)
Total		$ 1,359,947	$ 1,359,947	$ 1,359,947	$ -

Table 18
A&G Non-Specifics Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ (448,333)	$ (521,310)	$ (399,785)	$ (121,525)
170	Bay Area Region	$ 324,876	$ 288,419	$ 288,937	$ (519)
102	Bear Gulch	$ 108,256	$ 96,311	$ 95,960	$ 351
105	Diablo Ranch Region - DIX	$ 19,704	$ 16,817	$ 17,340	$ (523)
106	East Los Angeles	$ 138,610	$ 116,168	$ 123,152	$ (6,983)
134	Kern River Valley	$ 8,277	$ 7,366	$ 7,366	$ -
110	Diablo Ranch Region - LIV	$ 61,788	$ 53,229	$ 54,879	$ (1,651)
111	Los Altos	$ 93,856	$ 69,863	$ 83,261	$ (13,398)
172	Los Angeles Co. Region	$ 419,335	$ 379,377	$ 377,808	$ 1,570
112	Marysville	$ 19,155	$ 11,292	$ 17,018	$ (5,725)
996	North Valley Region	$ 115,859	$ 59,857	$ 102,845	$ (42,988)
171	Salinas Valley Region	$ 125,536	$ 58,923	$ 111,299	$ (52,376)
117	Selma	$ 25,952	$ (20,067)	$ 23,020	$ (43,087)
997	South Bay Region	$ 1,469,101	$ 1,379,707	$ 1,381,227	$ (1,520)
119	Stockton	$ 157,277	$ 114,797	$ 139,570	$ (24,773)
157	Travis	$ 29,065	$ 25,868	$ 25,868	$ -
120	Visalia	$ 185,785	$ 122,184	$ 165,120	$ (42,936)
123	Westlake	$ 31,748	$ 28,255	$ 28,255	$ -
121	Willows	$ 15,438	$ 13,739	$ 13,739	$ -
330	Customer Support Services	$ 45,001,017	$ 32,383,506	$ 41,779,442	$ (9,395,936)
Total		$ 47,902,303	$ 34,684,303	$ 44,436,323	$ (9,752,020)

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Table 19
Administrative Charges Expenses

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ (1,415,914)	$ (1,260,156)	$ (1,260,156)	$ -
170	Bay Area Region	$ (320,350)	$ (285,110)	$ (285,110)	$ -
102	Bear Gulch	$ (9,057)	$ (8,061)	$ (8,061)	$ -
105	Diablo Ranch Region - DIX	$ (20,995)	$ (18,685)	$ (18,685)	$ -
106	East Los Angeles	$ (313,505)	$ (279,017)	$ (279,017)	$ -
134	Kern River Valley	$ (3,660)	$ (3,258)	$ (3,258)	$ -
110	Diablo Ranch Region - LIV	$ (197,767)	$ (176,012)	$ (176,012)	$ -
111	Los Altos	$ (144,830)	$ (128,898)	$ (128,898)	$ -
172	Los Angeles Co. Region	$ (313,720)	$ (279,630)	$ (279,668)	$ 37
112	Marysville	$ (2,382)	$ (2,120)	$ (2,120)	$ -
996	North Valley Region	$ (104,693)	$ (93,176)	$ (93,176)	$ -
171	Salinas Valley Region	$ (64,734)	$ (57,613)	$ (57,613)	$ -
117	Selma	$ (317,592)	$ (282,655)	$ (282,655)	$ -
997	South Bay Region	$ (572,388)	$ (510,311)	$ (510,273)	$ (37)
119	Stockton	$ (110,486)	$ (98,332)	$ (98,332)	$ -
157	Travis	$ (1,744)	$ (1,552)	$ (1,552)	$ -
120	Visalia	$ (107,727)	$ (95,876)	$ (95,876)	$ -
123	Westlake	$ (10,950)	$ (9,745)	$ (9,745)	$ -
121	Willows	$ (2,074)	$ (1,846)	$ (1,846)	$ -
330	Customer Support Services	$ (15,417)	$ (13,721)	$ (13,721)	$ -
Total		$ (4,049,985)	$ (3,605,775)	$ (3,605,775)	$ (0)

Table 20
Amortization of Limited Term Investment

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 36,905	$ 5,898	$ 36,940	$ (31,043)
170	Bay Area Region	$ 135,133	$ 121,893	$ 135,182	$ (13,289)
102	Bear Gulch	$ 170,633	$ 150,421	$ 170,668	$ (20,246)
105	Diablo Ranch Region - DIX	$ 43,919	$ 26,276	$ 43,977	$ (17,701)
106	East Los Angeles	$ 19,853	$ 3,555	$ 19,870	$ (16,315)
134	Kern River Valley	$ 35,779	$ 32,442	$ 35,817	$ (3,375)
110	Diablo Ranch Region - LIV	$ 63,664	$ 35,094	$ 63,754	$ (28,661)
111	Los Altos	$ 63,071	$ 58,233	$ 63,076	$ (4,843)
172	Los Angeles Co. Region	$ 84,907	$ 53,457	$ 84,951	$ (31,494)
112	Marysville	$ 2,539	$ -	$ 2,542	$ (2,542)
996	North Valley Region	$ 149,076	$ 56,590	$ 149,223	$ (92,632)
171	Salinas Valley Region	$ 112,523	$ 106,650	$ 112,531	$ (5,881)
117	Selma	$ 3,561	$ 3,561	$ 3,561	$ -
997	South Bay Region	$ 60,112	$ 12,798	$ 60,163	$ (47,365)
119	Stockton	$ -	$ -	$ -	$ -
157	Travis	$ 25,752	$ 11,918	$ 25,773	$ (13,855)
120	Visalia	$ 113,610	$ 57,169	$ 113,733	$ (56,565)
123	Westlake	$ 35,668	$ 9,016	$ 35,696	$ (26,680)
121	Willows	$ 54,166	$ 53,596	$ 54,167	$ (570)
330	Customer Support Services	$ -	$ -	$ -	$ -
Total		$ 1,210,871	$ 798,568	$ 1,211,625	$ (413,057)

Table 21
Dues and Donations Adjustments

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ (6,505)	$ (5,790)	$ (5,790)	$ -
170	Bay Area Region	$ (22,880)	$ (20,363)	$ (20,363)	$ -
102	Bear Gulch	$ -	$ -	$ -	$ -
105	Diablo Ranch Region - DIX	$ (939)	$ (836)	$ (836)	$ -
106	East Los Angeles	$ (1,135)	$ (1,010)	$ (1,010)	$ -
134	Kern River Valley	$ (301)	$ (268)	$ (268)	$ -
110	Diablo Ranch Region - LIV	$ (73)	$ (65)	$ (65)	$ -
111	Los Altos	$ (3,777)	$ (3,361)	$ (3,361)	$ -
172	Los Angeles Co. Region	$ (6,460)	$ (5,738)	$ (5,768)	$ 30
112	Marysville	$ (3,951)	$ (3,516)	$ (3,516)	$ -
996	North Valley Region	$ (6,265)	$ (5,576)	$ (5,576)	$ -
171	Salinas Valley Region	$ (3,195)	$ (2,844)	$ (2,844)	$ -
117	Selma	$ (42)	$ (38)	$ (38)	$ -
997	South Bay Region	$ (13,747)	$ (12,246)	$ (12,216)	$ (30)
119	Stockton	$ (14,061)	$ (12,514)	$ (12,514)	$ -
157	Travis	$ (1,211)	$ (1,078)	$ (1,078)	$ -
120	Visalia	$ (67,362)	$ (59,952)	$ (59,952)	$ -
123	Westlake	$ (1,509)	$ (1,343)	$ (1,343)	$ -
121	Willows	$ (271)	$ (241)	$ (241)	$ -
330	Customer Support Services	$ (341,765)	$ (304,169)	$ (304,169)	$ -
Total		$ (495,451)	$ (440,949)	$ (440,949)	$ -

CHAPTER 6 ATTACHMENTS

ATTACHMENT 6-2

CALIFORNIA WATER SERVICE
ATTACHMENT 6-2

		2020		2021		2022		2023	
SOE Key	**Description**	**Recorded[(1)]**	**Adopted[(2)]**	**Recorded**	**Adopted[(2)]**	**Recorded**	**Adopted[(2)]**	**Recorded**	**Adopted[(3)]**
SOE01-10	Oper Exp-Purch Services - SS	341,745	887,712	311,475	892,119	353,528	896,878	237,739	912,574
SOE01-11	Oper Exp-Purch Services - PU	2,142,686	2,198,209	2,235,370	2,242,551	2,607,729	2,290,407	2,326,505	3,032,426
SOE01-12	Oper Exp-Purch Services - WT	5,799,405	6,203,915	5,377,493	6,297,240	5,250,789	6,364,102	5,966,163	7,085,273
SOE01-13	Oper Exp-Purch Services - TD	5,395,318	3,714,671	5,830,204	3,791,281	6,790,319	3,873,905	6,637,047	5,838,924
SOE01-14	Oper Exp-Purch Services - CA	13,642,040	5,435,544	16,757,427	5,547,855	19,253,680	5,668,699	18,975,198	7,613,797
Total		27,321,194	18,440,050	30,511,969	18,771,046	34,256,046	19,093,991	34,142,653	24,482,994

(1) Recorded data is from Y_CH05_OM_SD_Rec OM Exp.
(2) Final 2018 GRC Results of Operations Model.
(3) Final 2021 GRC Results of Operations Model.

CHAPTER 6 ATTACHMENTS

ATTACHMENT 6-3

Cal Advocates' O&M Report Pg. Number	Purchased Service	Journal ID	Year	Dept	District	Amount	Should be allowed?	Notes
2-10	Source of Supply	AP00193599	2019	119	Stockton	$ 10,840.00	Y	STK tree trimming/care at a station-2019. Total for Stockton 2019 should have been $25,540. It looks like $2,000 from 2022 was included in 2019 and the 4 and 5 in 540 were transposed.
2-10	Source of Supply	AP00191962	2019	119	Stockton	$ 2,000.00	Y	STK tree trimming/care at a station-2019
2-10	Source of Supply	AP00191962	2019	119	Stockton	$ 3,500.00	Y	STK tree trimming/care at a station-2019
2-10	Source of Supply	AP00191962	2019	119	Stockton	$ 2,500.00	Y	STK tree trimming/care at a station-2019
2-10	Source of Supply	AP00191933	2019	119	Stockton	$ 700.00	Y	STK tree trimming/care at a station-2019
2-10	Source of Supply	AP00191933	2019	119	Stockton	$ 6,000.00	Y	STK tree trimming/care at a station-2019
2-10	Source of Supply	AP00201861	2020	119	Stockton	$ 2,040.00	Y	Landscaping services.
2-10	Source of Supply	AP00199284	2020	119	Stockton	$ 700.00	Y	Landscaping services.
2-10	Source of Supply	AP00199284	2020	119	Stockton	$ 700.00	Y	Landscaping services.
2-10	Source of Supply	AP00199151	2020	119	Stockton	$ 600.00	Y	Landscaping services.
2-10	Source of Supply	AP00199151	2020	119	Stockton	$ 2,500.00	Y	Landscaping services.
2-10	Source of Supply	AP00199151	2020	119	Stockton	$ 2,000.00	Y	Landscaping services.
2-10	Source of Supply	AP00199151	2020	119	Stockton	$ 800.00	Y	Landscaping services.
2-10	Source of Supply	AP00199151	2020	119	Stockton	$ 2,000.00	Y	Landscaping services.
2-10	Source of Supply	AP00199151	2020	119	Stockton	$ 1,200.00	Y	Landscaping services.
2-10	Source of Supply	AP00247009	2022	346	CSS	$ 1,487.40	Y	Cotton, Shires, and Associates geotechnical services
2-10	Source of Supply	AP00247009	2022	392	CSS	$ 2,730.00	Y	Cotton, Shires, and Associates geotechnical services
2-10	Source of Supply	AP00217248	2020	149	Coast Springs	$ 2,394.15	Y	Biologist support for SGS well for PO 0000156848
2-10	Source of Supply	AP00223551	2021	149	Coast Springs	$ 1,717.50	Y	Biologist support for SGS well for PO 0000156848
2-10	Source of Supply	AP00222375	2021	149	Coast Springs	$ 2,911.25	Y	Biologist support for SGS well for PO 0000156848
2-10	Source of Supply	AP00220315	2021	149	Coast Springs	$ 342.50	Y	Biologist support for SGS well for PO 0000156848
2-10	Source of Supply	EXP0214181	2020	106	East Los Angeles	$ (31.23)	Y	Cal Advocates' O&M Report Table 2-4 likely has a typo and should say $507.2, not $5,071. Employee expense report.
2-10	Source of Supply	EXP0214053	2020	106	East Los Angeles	$ 132.63	Y	Cal Advocates' O&M Report Table 2-4 likely has a typo and should say $507.2, not $5,071. Employee expense report.
2-10	Source of Supply	EXP0214053	2020	106	East Los Angeles	$ 163.00	Y	Cal Advocates' O&M Report Table 2-4 likely has a typo and should say $507.2, not $5,071. Employee expense report.
2-10	Source of Supply	EXP0214053	2020	106	East Los Angeles	$ 6.90	Y	Cal Advocates' O&M Report Table 2-4 likely has a typo and should say $507.2, not $5,071. Employee expense report.
2-10	Source of Supply	EXP0214053	2020	106	East Los Angeles	$ 6.90	Y	Cal Advocates' O&M Report Table 2-4 likely has a typo and should say $507.2, not $5,071. Employee expense report.
2-10	Source of Supply	EXP0210104	2020	106	East Los Angeles	$ 150.00	Y	Cal Advocates' O&M Report Table 2-4 likely has a typo and should say $507.2, not $5,071. Employee expense report.
2-10	Source of Supply	EXP0210104	2020	106	East Los Angeles	$ 79.00	Y	Cal Advocates' O&M Report Table 2-4 likely has a typo and should say $507.2, not $5,071. Employee expense report.
2-11	Source of Supply	51NA	2022	342	CSS	$ 1,200.00	Y	Powerplant journal entries - expenses associated with capital projects
2-11	Source of Supply	AC_EST2	2022	102	Bear Gulch	$ 4,373.00	Y	Reupload of a rolling 5 month average monthly accrual. This entry is routine in nature and should be allowed. This was mistakenly accrued in the January AC_EST JE, AC_EST2 is simply removing all West Valley related expenses, which nets everything to 0.
2-11	Source of Supply	AP00246518	2022	102	Bear Gulch	$ 2,313.00	Y	Silt removal at Diversion Intake Sump
2-15	Pumping	AP00181129	2019	102	Bear Gulch	$ 1,155.78	Y	SC Fuels
2-15	Pumping	AP00272047	2023	102	Bear Gulch	$ 4,182.68	Y	Southern Counties Lubricants PO 0000167719
2-15	Pumping	AP00202452	2020	104	Chico	$ 1,969.71	Y	Cummins Sales and Service, replacement of control board on transformer
2-15	Pumping	EXP0200282	2020	104	Chico	$ 2,559.55	Y	Employee expense report
2-15	Pumping	51NA	2022	104	Chico	$ 53,708.24	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	51NA	2022	104	Chico	$ 85.77	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	51NA	2022	104	Chico	$ 40,923.00	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2022	104	Chico	$ 6,954.39	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2022	104	Chico	$ 106.06	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2022	104	Chico	$ (1,222.16)	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	04NA	2022	104	Chico	$ 8,191.48	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	51NA	2022	110	Livermore	$ 13,519.25	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	51NA	2022	110	Livermore	$ 3,620.00	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	51NA	2022	110	Livermore	$ 20,060.00	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2022	110	Livermore	$ 1,302.77	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2022	110	Livermore	$ 20.67	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2022	110	Livermore	$ 101.04	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2022	110	Livermore	$ 4,195.70	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2022	110	Livermore	$ (732.61)	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2022	110	Livermore	$ 64.14	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	20	2022	110	Livermore	$ (2,500.00)	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	04NA	2022	110	Livermore	$ 1,530.87	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	04NA	2022	110	Livermore	$ 4,945.30	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	EXP0231314	2021	113	Oroville	$ 1,654.38	Y	Employee expense report
2-15	Pumping	51NA	2021	116	Bayshore	$ 84.31	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2021	116	Bayshore	$ 195.95	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2021	116	Bayshore	$ 7,379.26	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	04NA	2021	116	Bayshore	$ 105.84	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	04NA	2021	116	Bayshore	$ 7,476.39	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2022	118	Bayshore	$ 1,761.05	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2022	118	Bayshore	$ (314.45)	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2022	118	Bayshore	$ 26.30	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	04NA	2022	118	Bayshore	$ 2,038.32	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	51NA	2019	114	Salinas	$ 12.10	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	51NA	2019	114	Salinas	$ 4,980.00	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2019	114	Salinas	$ 54.87	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2019	114	Salinas	$ 675.53	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2019	114	Salinas	$ 10.31	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	04NA	2019	114	Salinas	$ 818.84	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2020	114	Salinas	$ 2,054.41	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2020	114	Salinas	$ 196.53	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	24NA	2020	114	Salinas	$ 42.37	Y	Powerplant journal entries - expenses associated with capital projects
2-15	Pumping	04NA	2020	114	Salinas	$ 2,249.35	Y	Powerplant journal entries - expenses associated with capital projects
2-16	Pumping	AP00196737	2019	152	Bayshore	$ 17,423.00	Y	Station refuelings, PO X000127119
2-16	Pumping	AP00178559	2019	152	Bayshore	$ 15,305.00	Y	Install 6" Meters for station 27
2-16	Pumping	AP00194360	2019	117	Selma	$ 12,220.00	Y	PG&E, SELLIGHTS Meter Station
2-16	Pumping	AP00192748	2019	117	Selma	$ 12,220.00	Y	PG&E, SELLIGHTS Meter Station
2-16	Pumping	EXP0180651	2019	117	Selma	$ 1,509.00	Y	Fire extinguisher for a pumping station
2-16	Pumping	AP00179740	2019	149	Coast Springs	$ 1,011.00	Y	Recurring AT&T Bill
2-18	Water Treatment	AP00252907	2019	108	Hermosa Redondo	$ 2,000.00	Y	HR Tree trimming/care.
2-18	Water Treatment	AP00249333	2021	108	Hermosa Redondo	$ 2,500.00	Y	HR Tree trimming/care 2021
2-18	Water Treatment	AP00245985	2021	108	Hermosa Redondo	$ 28,500.00	Y	HR Tree trimming/care 2021
2-18	Water Treatment	AP00242772	2021	108	Hermosa Redondo	$ 17,000.00	Y	HR Tree trimming/care 2021
2-18	Water Treatment	AP00283018	2023	108	Hermosa Redondo	$ 8,800.00	Y	HR Tree trimming/care 2022

Cal Advocates' O&M Report Pg. Number	Purchased Service	Journal ID	Year	Dept	District	Amount	Should be allowed?	Notes
2-18	Water Treatment	AP00281754	2023	108	Hermosa Redondo	$ 1,500.00	Y	HR Tree trimming/care 2022
2-18	Water Treatment	AP00272830	2023	108	Hermosa Redondo	$ 3,120.00	Y	HR Tree trimming/care 2022
2-18	Water Treatment	AP00271220	2023	108	Hermosa Redondo	$ 2,015.00	Y	HR Tree trimming/care 2022
2-18	Water Treatment	AP00268007	2023	108	Hermosa Redondo	$ 5,140.00	Y	HR Tree trimming/care 2022
2-18	Water Treatment	AP00268007	2023	108	Hermosa Redondo	$ 11,665.00	Y	HR Tree trimming/care 2022
2-18	Water Treatment	AP00267106	2023	108	Hermosa Redondo	$ 19,100.00	Y	HR Tree trimming/care 2022
2-18	Water Treatment	AP00266911	2023	108	Hermosa Redondo	$ 6,300.00	Y	HR Tree trimming/care 2022
2-18	Water Treatment	AP00266371	2023	108	Hermosa Redondo	$ 1,800.00	Y	HR Tree trimming/care 2022
2-18	Water Treatment	AP00265406	2023	108	Hermosa Redondo	$ 475.00	Y	HR Tree trimming/care 2022
2-18	Water Treatment	AP00265328	2023	108	Hermosa Redondo	$ 1,250.00	Y	HR Tree trimming/care 2022
2-18	Water Treatment	AP00237596	2021	108	Hermosa Redondo	$ 18,890.00	Y	HR Tree trimming/care 2023
2-18	Water Treatment	AP00237086	2021	108	Hermosa Redondo	$ 14,110.00	Y	HR Tree trimming/care 2023
2-18	Water Treatment	AP00230481	2021	108	Hermosa Redondo	$ 2,335.00	Y	HR Tree trimming/care 2023
2-18	Water Treatment	AP00229482	2021	108	Hermosa Redondo	$ 12,950.00	Y	HR Tree trimming/care 2023
2-18	Water Treatment	AP00273187	2023	128	Dominguez	$ 3,225.00	Y	2023 DOM 294 ANNUAL TREE TRIMM
2-18	Water Treatment	AP00272830	2023	128	Dominguez	$ 7,400.00	Y	2023 DOM 290 ANNUAL TREE TRIMM
2-18	Water Treatment	AP00271531	2023	128	Dominguez	$ 4,100.00	Y	2023 DOM 215 ANNUAL TREE TRIMM
2-18	Water Treatment	AP00271220	2023	128	Dominguez	$ 770.00	Y	2023 DOM 232 ANNUAL TREE TRIMM
2-18	Water Treatment	AP00271220	2023	128	Dominguez	$ 1,000.00	Y	2023 DOM 219 ANNUAL TREE TRIMM
2-18	Water Treatment	AP00271220	2023	128	Dominguez	$ 3,250.00	Y	2023 DOM 277 ANNUAL TREE TRIMM
2-18	Water Treatment	AP00271220	2023	128	Dominguez	$ 800.00	Y	2023 DOM 297 ANNUAL TREE TRIMM
2-18	Water Treatment	AP00270474	2023	128	Dominguez	$ 13,500.00	Y	2023 DOM 203 ANNUAL TREE TRIMM
2-18	Water Treatment	AP00268361	2023	128	Dominguez	$ 4,000.00	Y	DOM 300 EUCALYPTUS TREES
2-18	Water Treatment	AP00268361	2023	128	Dominguez	$ 3,220.00	Y	DOM 300 EMERGENCY SHRUB REMOVAL
2-19	Water Treatment	AP00285302	2023	101	Bakersfield	$ 3,425.00	Y	BSK Associates Samples for project UCMR5 (BK and LIV)
2-19	Water Treatment	AA00272708	2023	104	Chico	$ 4,785.00	Y	BSK Associates Samples at various districts
2-19	Water Treatment	AP00278836	2023	104	Chico	$ 4,330.00	Y	BSK Associates samples for PFAS
2-19	Water Treatment	27NA	2019	106	East Los Angeles	$ 518,572.00	Y	Powerplant journal entries - expenses associated with capital projects
2-19	Water Treatment	AP00215203	2020	122	Palos Verdes	$ 6,963.00	Y	Roux Associates, sampling for PO#0000137771
2-19	Water Treatment	EXP0213047	2020	122	Palos Verdes	$ 2,923.00	Y	Employee expense report
2-21	Transmission & Distribution	AP00194433	2019	101	Bakersfield	$ 17,652.24	Y	County of Kern 2018-2019 quarterly cross connections
2-21	Transmission & Distribution	AP00187887	2019	101	Bakersfield	$ 17,652.24	Y	County of Kern 2018-2019 quarterly cross connections
2-21	Transmission & Distribution	AP00183729	2019	101	Bakersfield	$ 17,652.24	Y	County of Kern 2018-2019 quarterly cross connections
2-21	Transmission & Distribution	AP00178624	2019	101	Bakersfield	$ 17,652.24	Y	County of Kern 2018-2019 quarterly cross connections
2-21	Transmission & Distribution	RA00195670	2019	101	Bakersfield	$ 950.00	Y	Accrual
2-21	Transmission & Distribution	RA00195671	2019	101	Bakersfield	$ (950.00)	Y	Accrual
2-21	Transmission & Distribution	RA00197309	2019	101	Bakersfield	$ 950.00	Y	Accrual
2-21	Transmission & Distribution	EXP0178632	2019	101	Bakersfield	$ 137.25	Y	Employee expense report
2-21	Transmission & Distribution	AP00195856	2019	101	Bakersfield	$ 950.00	Y	Monthly landscaping at BK, PO 117092
2-21	Transmission & Distribution	AP00193083	2019	101	Bakersfield	$ 3,275.00	Y	Total Landscape Maintenance - Weed control in BK
2-21	Transmission & Distribution	AP00193083	2019	101	Bakersfield	$ 950.00	Y	Monthly landscaping at BK tank sites
2-21	Transmission & Distribution	AP00191493	2019	101	Bakersfield	$ 950.00	Y	Monthly landscaping at BK tank sites
2-21	Transmission & Distribution	AP00189572	2019	101	Bakersfield	$ 950.00	Y	Monthly landscaping at BK tank sites
2-21	Transmission & Distribution	AP00187603	2019	101	Bakersfield	$ 950.00	Y	Monthly landscaping at BK tank sites
2-21	Transmission & Distribution	AP00187603	2019	101	Bakersfield	$ 3,275.00	Y	Quarterly weed control and cleanup
2-21	Transmission & Distribution	AP00186091	2019	101	Bakersfield	$ 950.00	Y	Monthly landscaping at BK tank sites
2-21	Transmission & Distribution	AP00184310	2019	101	Bakersfield	$ 950.00	Y	Monthly landscaping at BK tank sites
2-21	Transmission & Distribution	AP00182515	2019	101	Bakersfield	$ 3,275.00	Y	Quarterly weed control and cleanup
2-21	Transmission & Distribution	AP00182515	2019	101	Bakersfield	$ 950.00	Y	Monthly landscaping at BK tank sites
2-21	Transmission & Distribution	AP00180853	2019	101	Bakersfield	$ 950.00	Y	Monthly landscaping at BK tank sites
2-21	Transmission & Distribution	AP00179464	2019	101	Bakersfield	$ 950.00	Y	Monthly landscaping at BK tank sites
2-21	Transmission & Distribution	AP00177502	2019	101	Bakersfield	$ 950.00	Y	Monthly landscaping at BK tank sites
2-21	Transmission & Distribution	EXP0285724	2023	105	Dixon	$ 142.15	Y	Employee expense report
2-21	Transmission & Distribution	EXP0205264	2020	122	Palos Verdes	$ 6,621.02	Y	Employee expense report
2-21	Transmission & Distribution	EXP0203388	2020	122	Palos Verdes	$ 18.58	Y	Employee expense report
2-21	Transmission & Distribution	AP00210233	2020	122	Palos Verdes	$ 1,500.00	Y	First American Title title Guarantee
2-21	Transmission & Distribution	EXP0208293	2020	123	Westlake	$ 2,946.14	Y	Employee expense report
2-21	Transmission & Distribution	EXP0285621	2023	123	Westlake	$ 398.40	Y	Employee expense report
2-21	Transmission & Distribution	EXP0281262	2023	123	Westlake	$ 829.64	Y	Employee expense report
2-21	Transmission & Distribution	EXP0271952	2023	123	Westlake	$ 1,361.97	Y	Employee expense report
2-21	Transmission & Distribution	RA00239561	2021	110	Livermore	$ 1,313.93	Y	Accrual
2-21	Transmission & Distribution	RA00222721	2021	110	Livermore	$ (56.00)	Y	Accrual
2-21	Transmission & Distribution	RA00222720	2021	110	Livermore	$ 56.00	Y	Accrual
2-21	Transmission & Distribution	RA00220795	2021	110	Livermore	$ (56.00)	Y	Accrual
2-21	Transmission & Distribution	RA00220794	2021	110	Livermore	$ 56.00	Y	Accrual
2-21	Transmission & Distribution	RA00219105	2021	110	Livermore	$ (56.00)	Y	Accrual
2-21	Transmission & Distribution	RA00219104	2021	110	Livermore	$ 56.00	Y	Accrual
2-21	Transmission & Distribution	AP00238526	2021	110	Livermore	$ 450.00	Y	Regular HVAC maintenance
2-21	Transmission & Distribution	AP00220730	2021	110	Livermore	$ 147.50	Y	HVAC Repair
2-21	Transmission & Distribution	AP00218687	2021	110	Livermore	$ 1,363.67	Y	HVAC Repair
2-21	Transmission & Distribution	AP00218586	2021	110	Livermore	$ 56.00	Y	Regular pest control services
2-21	Transmission & Distribution	AC_EST	2021	110	Livermore	$ (11.20)	Y	Accrual
2-21	Transmission & Distribution	AC_EST	2021	110	Livermore	$ 11.20	Y	Accrual
2-21	Transmission & Distribution	AC_EST	2021	110	Livermore	$ (11.20)	Y	Accrual
2-21	Transmission & Distribution	AC_EST	2021	110	Livermore	$ 11.20	Y	Accrual
2-21	Transmission & Distribution	AC_EST	2021	110	Livermore	$ (11.20)	Y	Accrual
2-21	Transmission & Distribution	AC_EST	2021	110	Livermore	$ 11.20	Y	Accrual
2-21	Transmission & Distribution	AC_EST	2021	110	Livermore	$ (11.20)	Y	Accrual
2-21	Transmission & Distribution	AC_EST	2021	110	Livermore	$ 11.20	Y	Accrual
2-21	Transmission & Distribution	AC_EST	2021	110	Livermore	$ (11.20)	Y	Accrual
2-21	Transmission & Distribution	AC_EST	2021	110	Livermore	$ 11.20	Y	Accrual
2-21	Transmission & Distribution	ACAP113021	2021	110	Livermore	$ (450.00)	Y	Accrual
2-21	Transmission & Distribution	ACAP113021	2021	110	Livermore	$ 450.00	Y	Accrual
2-23	Transmission & Distribution	AP00217161	2020	105	Dixon	$ 9,293.00	Y	West Valley - Locating Dixon facilities
2-23	Transmission & Distribution	AP00211090	2020	105	Dixon	$ 7,216.42	Y	West Valley - Locating Dixon facilities PO X000137141
2-23	Transmission & Distribution	12	2022	106	East Los Angeles	$ 73,014.00	Y	Powerplant journal entries - expenses associated with capital projects
2-23	Transmission & Distribution	AP00243482	2022	106	East Los Angeles	$ 1,056.10	Y	Underground Service Alert of Southern CA- Monthly fee and ticket charges
2-23	Transmission & Distribution	AP00210092	2022	122	Palos Verdes	$ 23,375.00	Y	American Arbor Care - hillside installations for a station
2-23	Transmission & Distribution	AP00213159	2022	122	Palos Verdes	$ 21,125.00	Y	American Arbor Care - product code WILDFI, tree/brush removal
2-24 and Attachment 2-11	Customer Accounting	AP00180196	2019	152	Bayshore	$ 522.48	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00180286	2019	152	Bayshore	$ 658.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00182458	2019	152	Bayshore	$ 895.68	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00178046	2019	152	Bayshore	$ 1,002.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00176891	2019	152	Bayshore	$ 1,015.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190465	2019	152	Bayshore	$ 1,099.12	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00187729	2019	152	Bayshore	$ 1,264.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00177753	2019	152	Bayshore	$ 1,269.20	Y	Ursus invoice/timesheet

Cal Advocates' O&M Report Pg. Number	Purchased Service	Journal ID	Year	Dept	District	Amount	Should be allowed?	Notes
2-24 and Attachment 2-11	Customer Accounting	AP00191670	2019	152	Bayshore	$ 1,280.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00191670	2019	152	Bayshore	$ 1,280.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00195336	2019	152	Bayshore	$ 1,280.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00180063	2019	152	Bayshore	$ 1,326.20	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00177371	2019	152	Bayshore	$ 1,332.20	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00181975	2019	152	Bayshore	$ 1,343.52	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00193830	2019	152	Bayshore	$ 1,400.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00189572	2019	152	Bayshore	$ 1,480.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00180354	2019	152	Bayshore	$ 1,492.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00180710	2019	152	Bayshore	$ 1,492.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00181239	2019	152	Bayshore	$ 1,492.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00181380	2019	152	Bayshore	$ 1,492.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190881	2019	152	Bayshore	$ 1,504.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00179114	2019	152	Bayshore	$ 1,540.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00186523	2019	152	Bayshore	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00187816	2019	152	Bayshore	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00188117	2019	152	Bayshore	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00189572	2019	152	Bayshore	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190881	2019	152	Bayshore	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00191670	2019	152	Bayshore	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00192545	2019	152	Bayshore	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00192545	2019	152	Bayshore	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00192880	2019	152	Bayshore	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00193350	2019	152	Bayshore	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00194505	2019	152	Bayshore	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00195044	2019	152	Bayshore	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00186167	2019	152	Bayshore	$ 1,606.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190881	2019	152	Bayshore	$ 1,610.20	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00187459	2019	152	Bayshore	$ 1,615.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00177371	2019	152	Bayshore	$ 1,625.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00186523	2019	152	Bayshore	$ 1,627.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00195044	2019	152	Bayshore	$ 1,630.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	152	Bayshore	$ 1,630.60	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00178769	2019	152	Bayshore	$ 1,648.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00179464	2019	152	Bayshore	$ 1,664.20	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	APA123119	2019	152	Bayshore	$ 320.00	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AC_EST	2019	152	Bayshore	$ 795.82	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	APA123119	2019	152	Bayshore	$ 1,280.00	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AC_EST	2020	152	Bayshore	$ (795.82)	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	APA123119	2020	152	Bayshore	$ (1,280.00)	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	APA123119	2020	152	Bayshore	$ (320.00)	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AP00198387	2020	152	Bayshore	$ 320.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00199874	2020	152	Bayshore	$ 672.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00203052	2020	152	Bayshore	$ 1,100.22	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00198387	2020	152	Bayshore	$ 1,280.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00201275	2020	152	Bayshore	$ 1,354.08	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00199874	2020	152	Bayshore	$ 1,365.42	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00199874	2020	152	Bayshore	$ 1,375.50	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00201584	2020	152	Bayshore	$ 1,375.50	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00199874	2020	152	Bayshore	$ 1,529.64	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00201275	2020	152	Bayshore	$ 1,680.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00202452	2020	152	Bayshore	$ 1,680.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00202726	2020	152	Bayshore	$ 1,680.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00201861	2020	152	Bayshore	$ 1,690.08	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00199874	2020	152	Bayshore	$ 1,697.43	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00201275	2020	152	Bayshore	$ 1,705.20	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00199874	2020	152	Bayshore	$ 1,705.83	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00199874	2020	152	Bayshore	$ 1,732.29	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00202726	2020	152	Bayshore	$ 1,853.06	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	RA00197309	2019	152	Bayshore	$ 9.41	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AC_RICOH	2019	128	Dominguez	$ (2,022.71)	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AC_RICOH	2019	128	Dominguez	$ 140.99	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AC_RICOH	2019	128	Dominguez	$ 2,127.40	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 0.10	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	128	Dominguez	$ 0.30	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 0.50	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	128	Dominguez	$ 1.04	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	128	Dominguez	$ 1.18	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	128	Dominguez	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 1.54	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	128	Dominguez	$ 1.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 1.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 1.72	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 1.75	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 1.79	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	128	Dominguez	$ 1.83	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	128	Dominguez	$ 1.85	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 1.90	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 1.90	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	128	Dominguez	$ 1.91	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 2.08	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	128	Dominguez	$ 2.19	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	128	Dominguez	$ 2.39	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	128	Dominguez	$ 2.43	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 2.44	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 2.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 2.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 2.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 2.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 2.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 2.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 2.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 2.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 2.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 2.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 2.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 2.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 2.68	Y	Ricoh (copiers)

Cal Advocates' O&M Report Pg. Number	Purchased Service	Journal ID	Year	Dept	District	Amount	Should be allowed?	Notes
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 2.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	128	Dominguez	$ 2.77	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	128	Dominguez	$ 3.09	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 3.24	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	128	Dominguez	$ 3.35	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	128	Dominguez	$ 3.47	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	128	Dominguez	$ 3.49	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	128	Dominguez	$ 3.63	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	128	Dominguez	$ 3.80	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	128	Dominguez	$ 3.83	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	128	Dominguez	$ 3.84	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	128	Dominguez	$ 3.95	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 3.97	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	128	Dominguez	$ 4.16	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	128	Dominguez	$ 4.21	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 4.69	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	128	Dominguez	$ 4.69	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	128	Dominguez	$ 5.14	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 5.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 5.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 5.65	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	128	Dominguez	$ 5.76	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	128	Dominguez	$ 6.05	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 6.47	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	128	Dominguez	$ 7.33	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	128	Dominguez	$ 7.87	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	128	Dominguez	$ 8.26	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 8.26	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	128	Dominguez	$ 8.27	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	128	Dominguez	$ 8.34	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	128	Dominguez	$ 8.64	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 9.00	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	128	Dominguez	$ 9.51	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 9.51	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	128	Dominguez	$ 9.65	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 9.67	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 10.15	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 10.75	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 10.96	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 11.06	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	128	Dominguez	$ 11.07	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	128	Dominguez	$ 11.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	128	Dominguez	$ 11.75	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	128	Dominguez	$ 12.22	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	128	Dominguez	$ 12.34	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189760	2019	128	Dominguez	$ 12.51	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	128	Dominguez	$ 12.76	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	128	Dominguez	$ 13.16	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	128	Dominguez	$ 13.20	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	128	Dominguez	$ 13.27	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	128	Dominguez	$ 13.35	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	128	Dominguez	$ 13.58	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	128	Dominguez	$ 13.74	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	128	Dominguez	$ 14.41	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 14.51	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 14.60	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	128	Dominguez	$ 15.00	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	128	Dominguez	$ 15.26	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183580	2019	128	Dominguez	$ 15.40	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	128	Dominguez	$ 16.27	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	128	Dominguez	$ 16.30	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 16.61	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	128	Dominguez	$ 16.86	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	128	Dominguez	$ 17.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	128	Dominguez	$ 17.50	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	128	Dominguez	$ 17.62	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 17.66	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	128	Dominguez	$ 17.92	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	128	Dominguez	$ 18.20	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 18.31	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	128	Dominguez	$ 18.62	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	128	Dominguez	$ 18.84	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	128	Dominguez	$ 18.87	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	128	Dominguez	$ 19.13	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 19.40	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	128	Dominguez	$ 20.85	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	128	Dominguez	$ 21.13	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 21.95	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	128	Dominguez	$ 22.51	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 22.71	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 23.91	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 23.95	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	128	Dominguez	$ 24.32	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 24.92	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181272	2019	128	Dominguez	$ 25.46	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	128	Dominguez	$ 25.58	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 27.16	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 27.20	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183580	2019	128	Dominguez	$ 27.42	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	128	Dominguez	$ 28.12	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	128	Dominguez	$ 29.24	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 30.14	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	128	Dominguez	$ 30.70	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 30.86	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 31.61	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 31.81	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	128	Dominguez	$ 31.89	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	128	Dominguez	$ 32.91	Y	Ricoh (copiers)

Cal Advocates' O&M Report Pg. Number	Purchased Service	Journal ID	Year	Dept	District	Amount	Should be allowed?	Notes
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	128	Dominguez	$ 37.93	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	128	Dominguez	$ 39.95	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	128	Dominguez	$ 41.85	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	128	Dominguez	$ 43.74	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 45.24	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 49.57	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	128	Dominguez	$ 53.80	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 54.01	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	128	Dominguez	$ 54.17	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183580	2019	128	Dominguez	$ 58.50	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 60.83	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 61.03	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181272	2019	128	Dominguez	$ 79.71	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 81.86	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 84.23	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	128	Dominguez	$ 88.89	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 90.99	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189760	2019	128	Dominguez	$ 92.19	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189760	2019	128	Dominguez	$ 93.06	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	128	Dominguez	$ 96.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	128	Dominguez	$ 97.75	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 101.33	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	128	Dominguez	$ 117.63	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 120.05	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183580	2019	128	Dominguez	$ 123.34	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 131.99	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	128	Dominguez	$ 136.03	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 140.99	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00193350	2019	128	Dominguez	$ 146.69	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 147.52	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00193350	2019	128	Dominguez	$ 149.65	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 153.16	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	128	Dominguez	$ 156.59	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	128	Dominguez	$ 158.42	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 159.60	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 175.99	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	128	Dominguez	$ 177.88	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 218.64	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	128	Dominguez	$ 223.74	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 224.78	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181272	2019	128	Dominguez	$ 235.88	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 273.46	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 278.69	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	128	Dominguez	$ 303.51	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	128	Dominguez	$ 406.40	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	128	Dominguez	$ 485.76	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	128	Dominguez	$ 690.85	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	128	Dominguez	$ 766.01	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	128	Dominguez	$ 819.86	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	128	Dominguez	$ 978.20	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	128	Dominguez	$ 1,121.04	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	APA123119	2019	111	Los Altos	$ 640.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	APA123119	2019	111	Los Altos	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	APA123119	2019	111	Los Altos	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190572	2019	111	Los Altos	$ 37.32	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190572	2019	111	Los Altos	$ 541.14	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00191201	2019	111	Los Altos	$ 597.12	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00193292	2019	111	Los Altos	$ 1,280.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00195409	2019	111	Los Altos	$ 1,280.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190818	2019	111	Los Altos	$ 1,455.48	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190572	2019	111	Los Altos	$ 1,492.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190734	2019	111	Los Altos	$ 1,492.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190818	2019	111	Los Altos	$ 1,492.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00191063	2019	111	Los Altos	$ 1,492.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	111	Los Altos	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00192613	2019	111	Los Altos	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00192880	2019	111	Los Altos	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00193292	2019	111	Los Altos	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00193830	2019	111	Los Altos	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00194505	2019	111	Los Altos	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00195044	2019	111	Los Altos	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00195044	2019	111	Los Altos	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00195933	2019	114	Salinas	$ 70.51	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00194146	2019	114	Salinas	$ 235.13	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00195933	2019	114	Salinas	$ 564.32	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00196610	2019	114	Salinas	$ 738.98	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00195933	2019	114	Salinas	$ 1,074.88	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00195933	2019	114	Salinas	$ 1,074.88	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190818	2019	114	Salinas	$ 1,114.18	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00191201	2019	114	Salinas	$ 1,128.64	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00195181	2019	114	Salinas	$ 1,301.61	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00194908	2019	114	Salinas	$ 1,326.81	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190973	2019	114	Salinas	$ 1,331.44	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00195933	2019	114	Salinas	$ 1,340.91	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00194738	2019	114	Salinas	$ 1,343.60	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00194908	2019	114	Salinas	$ 1,343.60	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00194581	2019	114	Salinas	$ 1,357.90	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00195181	2019	114	Salinas	$ 1,375.53	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190818	2019	114	Salinas	$ 1,410.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00191933	2019	114	Salinas	$ 1,410.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00192485	2019	114	Salinas	$ 1,410.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00194581	2019	114	Salinas	$ 1,410.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00194738	2019	114	Salinas	$ 1,410.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00194738	2019	114	Salinas	$ 1,410.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00194908	2019	114	Salinas	$ 1,410.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00195933	2019	114	Salinas	$ 1,410.80	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AC_EST	2019	114	Salinas	$ 1,144.75	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AP00200066	2020	119	Stockton	$ 678.48	Y	Randstad Professionals invoice/timesheet

Cal Advocates' O&M Report Pg. Number	Purchased Service	Journal ID	Year	Dept	District	Amount	Should be allowed?	Notes
2-24 and Attachment 2-11	Customer Accounting	AP00201861	2020	119	Stockton	$ 678.48	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00206527	2020	119	Stockton	$ 678.48	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00206133	2020	119	Stockton	$ 838.77	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00202503	2020	119	Stockton	$ 904.64	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00204184	2020	119	Stockton	$ 904.64	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00205660	2020	119	Stockton	$ 904.64	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00206133	2020	119	Stockton	$ 904.64	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00201861	2020	119	Stockton	$ 1,063.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00205660	2020	119	Stockton	$ 1,088.40	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00201861	2020	119	Stockton	$ 1,116.67	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00200987	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00201861	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00201861	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00203171	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00203171	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00203171	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00203171	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00203171	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00204184	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00204184	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00204184	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00204184	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00204485	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00204485	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00204485	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00205254	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00205254	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00205272	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00205272	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00206527	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00207284	2020	119	Stockton	$ 1,130.80	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00203171	2020	119	Stockton	$ 1,134.19	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00204184	2020	119	Stockton	$ 1,137.99	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00204485	2020	119	Stockton	$ 1,137.99	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00204624	2020	119	Stockton	$ 2,261.60	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00205273	2020	119	Stockton	$ (1,130.80)	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00205273	2020	119	Stockton	$ (1,130.80)	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00206737	2020	119	Stockton	$ (1,130.80)	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00206737	2020	119	Stockton	$ (1,130.80)	Y	Randstad Professionals invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 0.06	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	108	Hermosa Redondo	$ 0.16	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 0.28	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	108	Hermosa Redondo	$ 0.58	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	108	Hermosa Redondo	$ 0.65	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	108	Hermosa Redondo	$ 0.81	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 0.84	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 0.92	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	108	Hermosa Redondo	$ 0.93	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 0.95	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 0.96	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 0.98	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	108	Hermosa Redondo	$ 1.00	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	108	Hermosa Redondo	$ 1.02	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 1.04	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	108	Hermosa Redondo	$ 1.05	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 1.05	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 1.14	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	108	Hermosa Redondo	$ 1.21	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	108	Hermosa Redondo	$ 1.32	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	108	Hermosa Redondo	$ 1.34	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 1.34	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	108	Hermosa Redondo	$ 1.53	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	108	Hermosa Redondo	$ 1.70	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 1.78	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	108	Hermosa Redondo	$ 1.84	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	108	Hermosa Redondo	$ 1.91	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	108	Hermosa Redondo	$ 1.93	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	108	Hermosa Redondo	$ 1.99	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	108	Hermosa Redondo	$ 2.10	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	108	Hermosa Redondo	$ 2.12	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	108	Hermosa Redondo	$ 2.12	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	108	Hermosa Redondo	$ 2.17	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 2.19	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	108	Hermosa Redondo	$ 2.28	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	108	Hermosa Redondo	$ 2.32	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 2.58	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	108	Hermosa Redondo	$ 2.58	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	108	Hermosa Redondo	$ 2.84	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 2.95	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 2.95	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 3.11	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	108	Hermosa Redondo	$ 3.18	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	108	Hermosa Redondo	$ 3.33	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 3.57	Y	Ricoh (copiers)

Cal Advocates' O&M Report Pg. Number	Purchased Service	Journal ID	Year	Dept	District	Amount	Should be allowed?	Notes
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	108	Hermosa Redondo	$ 4.04	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	108	Hermosa Redondo	$ 4.34	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	108	Hermosa Redondo	$ 4.55	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	108	Hermosa Redondo	$ 4.55	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 4.55	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	108	Hermosa Redondo	$ 4.59	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	108	Hermosa Redondo	$ 4.76	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 4.95	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	108	Hermosa Redondo	$ 5.23	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 5.23	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	108	Hermosa Redondo	$ 5.32	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 5.33	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 5.60	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 5.92	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 6.03	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 6.09	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	108	Hermosa Redondo	$ 6.10	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	108	Hermosa Redondo	$ 6.44	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	108	Hermosa Redondo	$ 6.47	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	108	Hermosa Redondo	$ 6.74	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	108	Hermosa Redondo	$ 6.79	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189760	2019	108	Hermosa Redondo	$ 6.89	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	108	Hermosa Redondo	$ 7.03	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	108	Hermosa Redondo	$ 7.24	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	108	Hermosa Redondo	$ 7.28	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	108	Hermosa Redondo	$ 7.31	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	108	Hermosa Redondo	$ 7.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	108	Hermosa Redondo	$ 7.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	108	Hermosa Redondo	$ 7.57	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	108	Hermosa Redondo	$ 7.94	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 7.99	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 8.04	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	108	Hermosa Redondo	$ 8.26	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	108	Hermosa Redondo	$ 8.41	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183580	2019	108	Hermosa Redondo	$ 8.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	108	Hermosa Redondo	$ 8.96	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	108	Hermosa Redondo	$ 8.98	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 9.15	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	108	Hermosa Redondo	$ 9.29	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	108	Hermosa Redondo	$ 9.63	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	108	Hermosa Redondo	$ 9.64	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	108	Hermosa Redondo	$ 9.70	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 9.72	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	108	Hermosa Redondo	$ 9.88	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	108	Hermosa Redondo	$ 10.02	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 10.09	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	108	Hermosa Redondo	$ 10.26	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	108	Hermosa Redondo	$ 10.38	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	108	Hermosa Redondo	$ 10.40	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	108	Hermosa Redondo	$ 10.54	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 10.69	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	108	Hermosa Redondo	$ 11.49	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	108	Hermosa Redondo	$ 11.64	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 12.10	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	108	Hermosa Redondo	$ 12.41	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 12.52	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 13.17	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 13.20	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	108	Hermosa Redondo	$ 13.39	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 13.73	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181272	2019	108	Hermosa Redondo	$ 14.02	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	108	Hermosa Redondo	$ 14.10	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 14.96	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 14.98	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183580	2019	108	Hermosa Redondo	$ 15.11	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	108	Hermosa Redondo	$ 15.49	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	108	Hermosa Redondo	$ 16.11	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 16.61	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	108	Hermosa Redondo	$ 16.91	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 17.00	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 17.42	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 17.52	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	108	Hermosa Redondo	$ 17.57	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	108	Hermosa Redondo	$ 18.13	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	108	Hermosa Redondo	$ 20.89	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	108	Hermosa Redondo	$ 22.01	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	108	Hermosa Redondo	$ 23.06	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	108	Hermosa Redondo	$ 24.10	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 24.93	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 27.32	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	108	Hermosa Redondo	$ 29.63	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 29.76	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	108	Hermosa Redondo	$ 29.85	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183580	2019	108	Hermosa Redondo	$ 32.23	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 33.52	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 33.63	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181272	2019	108	Hermosa Redondo	$ 43.91	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 45.11	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 46.41	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	108	Hermosa Redondo	$ 48.98	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 50.13	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189760	2019	108	Hermosa Redondo	$ 50.79	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189760	2019	108	Hermosa Redondo	$ 51.27	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	108	Hermosa Redondo	$ 53.15	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	108	Hermosa Redondo	$ 53.86	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 55.83	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	108	Hermosa Redondo	$ 64.81	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 66.14	Y	Ricoh (copiers)

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2-24 and Attachment 2-11	Customer Accounting	AP00183580	2019	108	Hermosa Redondo	$ 67.96	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 72.73	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	108	Hermosa Redondo	$ 74.95	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 77.67	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00193350	2019	108	Hermosa Redondo	$ 80.82	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 81.29	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00193350	2019	108	Hermosa Redondo	$ 82.45	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 84.39	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	108	Hermosa Redondo	$ 86.27	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	108	Hermosa Redondo	$ 87.28	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 87.93	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 96.96	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	108	Hermosa Redondo	$ 98.01	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 120.46	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	108	Hermosa Redondo	$ 123.27	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 123.85	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181272	2019	108	Hermosa Redondo	$ 129.96	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 150.67	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 153.55	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	108	Hermosa Redondo	$ 167.22	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	108	Hermosa Redondo	$ 223.91	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	108	Hermosa Redondo	$ 267.63	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	108	Hermosa Redondo	$ 380.63	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	108	Hermosa Redondo	$ 422.03	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	108	Hermosa Redondo	$ 451.70	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	108	Hermosa Redondo	$ 538.94	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	108	Hermosa Redondo	$ 617.64	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AC_RICOH	2019	108	Hermosa Redondo	$ (1,114.39)	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AC_RICOH	2019	108	Hermosa Redondo	$ 77.67	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AC_RICOH	2019	108	Hermosa Redondo	$ 1,172.13	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AP00178695	2019	101	Bakersfield	$ 421.76	Y	Robert Half invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00177160	2019	101	Bakersfield	$ 626.40	Y	Robert Half invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00177371	2019	101	Bakersfield	$ 626.40	Y	Robert Half invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00178046	2019	101	Bakersfield	$ 843.52	Y	Robert Half invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00177915	2019	101	Bakersfield	$ 1,001.68	Y	Robert Half invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190669	2019	102	Bear Gulch	$ 960.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190194	2019	102	Bear Gulch	$ 1,580.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AP00190669	2019	102	Bear Gulch	$ 1,600.00	Y	Ursus invoice/timesheet
2-24 and Attachment 2-11	Customer Accounting	AC_EST	2019	102	Bear Gulch	$ 316.00	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AP00183651	2019	122	Palos Verdes	$ 4,880.94	Y	Postage
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 0.01	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	134	Kern River Valley	$ 0.04	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 0.07	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 0.14	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	134	Kern River Valley	$ 0.16	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	134	Kern River Valley	$ 0.20	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 0.21	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	134	Kern River Valley	$ 0.23	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 0.23	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 0.23	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 0.24	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 0.24	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	134	Kern River Valley	$ 0.25	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	134	Kern River Valley	$ 0.25	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	134	Kern River Valley	$ 0.26	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 0.26	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 0.26	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 0.28	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	134	Kern River Valley	$ 0.29	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	134	Kern River Valley	$ 0.32	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	134	Kern River Valley	$ 0.32	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 0.33	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 0.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 0.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 0.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 0.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 0.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 0.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 0.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 0.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 0.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 0.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 0.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 0.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 0.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 0.36	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	134	Kern River Valley	$ 0.37	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	134	Kern River Valley	$ 0.41	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 0.43	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	134	Kern River Valley	$ 0.44	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	134	Kern River Valley	$ 0.46	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	134	Kern River Valley	$ 0.46	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	134	Kern River Valley	$ 0.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	134	Kern River Valley	$ 0.51	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	134	Kern River Valley	$ 0.51	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	134	Kern River Valley	$ 0.51	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 0.52	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 0.54	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	134	Kern River Valley	$ 0.55	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	134	Kern River Valley	$ 0.57	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 0.62	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 0.63	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	134	Kern River Valley	$ 0.68	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 0.71	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 0.71	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 0.75	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	134	Kern River Valley	$ 0.77	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	134	Kern River Valley	$ 0.80	Y	Ricoh (copiers)

Cal Advocates' O&M Report Pg. Number	Purchased Service	Journal ID	Year	Dept	District	Amount	Should be allowed?	Notes
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 0.86	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	134	Kern River Valley	$ 0.98	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 1.05	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	134	Kern River Valley	$ 1.10	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	134	Kern River Valley	$ 1.10	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 1.10	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	134	Kern River Valley	$ 1.11	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	134	Kern River Valley	$ 1.15	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 1.20	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	134	Kern River Valley	$ 1.27	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 1.27	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	134	Kern River Valley	$ 1.29	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 1.29	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 1.35	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 1.43	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 1.46	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 1.47	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 1.48	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	134	Kern River Valley	$ 1.55	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	134	Kern River Valley	$ 1.56	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	134	Kern River Valley	$ 1.63	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	134	Kern River Valley	$ 1.65	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189760	2019	134	Kern River Valley	$ 1.66	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 1.70	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	134	Kern River Valley	$ 1.76	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 1.76	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 1.77	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 1.76	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 1.77	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	134	Kern River Valley	$ 1.78	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	134	Kern River Valley	$ 1.81	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	134	Kern River Valley	$ 1.83	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	134	Kern River Valley	$ 1.92	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 1.93	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 1.94	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	134	Kern River Valley	$ 2.00	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	134	Kern River Valley	$ 2.03	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183580	2019	134	Kern River Valley	$ 2.05	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	134	Kern River Valley	$ 2.17	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	134	Kern River Valley	$ 2.17	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 2.21	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	134	Kern River Valley	$ 2.25	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	134	Kern River Valley	$ 2.33	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 2.33	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	134	Kern River Valley	$ 2.34	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 2.35	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	134	Kern River Valley	$ 2.38	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	134	Kern River Valley	$ 2.43	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 2.44	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	134	Kern River Valley	$ 2.49	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	134	Kern River Valley	$ 2.51	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	134	Kern River Valley	$ 2.52	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	134	Kern River Valley	$ 2.55	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 2.59	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	134	Kern River Valley	$ 2.78	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181010	2019	134	Kern River Valley	$ 2.81	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 2.93	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	134	Kern River Valley	$ 3.00	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 3.02	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 3.18	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 3.19	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00179255	2019	134	Kern River Valley	$ 3.24	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 3.32	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181272	2019	134	Kern River Valley	$ 3.39	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	134	Kern River Valley	$ 3.41	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 3.62	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 3.63	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183580	2019	134	Kern River Valley	$ 3.66	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	134	Kern River Valley	$ 3.75	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	134	Kern River Valley	$ 3.89	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 4.02	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 4.09	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 4.11	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 4.09	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 4.11	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 4.21	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 4.23	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	134	Kern River Valley	$ 4.25	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 4.39	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	134	Kern River Valley	$ 5.06	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	134	Kern River Valley	$ 5.32	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	134	Kern River Valley	$ 5.57	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	134	Kern River Valley	$ 5.83	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 6.02	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 6.60	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 7.17	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 7.20	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	134	Kern River Valley	$ 7.22	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183580	2019	134	Kern River Valley	$ 7.80	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 8.11	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 8.13	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181272	2019	134	Kern River Valley	$ 10.62	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 10.91	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 11.23	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	134	Kern River Valley	$ 11.85	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 12.13	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189760	2019	134	Kern River Valley	$ 12.28	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189760	2019	134	Kern River Valley	$ 12.41	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191741	2019	134	Kern River Valley	$ 12.86	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181073	2019	134	Kern River Valley	$ 13.03	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 13.51	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	134	Kern River Valley	$ 15.67	Y	Ricoh (copiers)

Cal Advocates' O&M Report Pg. Number	Purchased Service	Journal ID	Year	Dept	District	Amount	Should be allowed?	Notes
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 16.00	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183580	2019	134	Kern River Valley	$ 16.43	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 17.58	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	134	Kern River Valley	$ 18.13	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 18.79	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00193350	2019	134	Kern River Valley	$ 19.55	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 19.66	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00193350	2019	134	Kern River Valley	$ 19.94	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 20.41	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	134	Kern River Valley	$ 20.87	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	134	Kern River Valley	$ 21.11	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 21.26	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 23.45	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176813	2019	134	Kern River Valley	$ 23.70	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 29.14	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00186953	2019	134	Kern River Valley	$ 29.81	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 29.96	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00181272	2019	134	Kern River Valley	$ 31.43	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 36.44	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 37.14	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00184809	2019	134	Kern River Valley	$ 40.44	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	134	Kern River Valley	$ 54.15	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00191587	2019	134	Kern River Valley	$ 64.73	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00183520	2019	134	Kern River Valley	$ 92.06	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	134	Kern River Valley	$ 102.08	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00189693	2019	134	Kern River Valley	$ 109.25	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00180853	2019	134	Kern River Valley	$ 130.35	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00176764	2019	134	Kern River Valley	$ 149.39	Y	Ricoh (copiers)
2-24 and Attachment 2-11	Customer Accounting	AP00222248	2021	104	Chico	$ 857.01	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00235955	2021	104	Chico	$ 857.18	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00222248	2021	109	King City	$ 673.80	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00235955	2021	109	King City	$ 673.93	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00229858	2021	151	Rancho Dominguez	$ 2.37	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00228684	2021	151	Rancho Dominguez	$ 4.02	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00221655	2021	151	Rancho Dominguez	$ 14.55	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00222248	2021	151	Rancho Dominguez	$ 14.59	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00225159	2021	151	Rancho Dominguez	$ 14.71	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00220403	2021	151	Rancho Dominguez	$ 24.73	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00227946	2021	151	Rancho Dominguez	$ 265.65	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00222248	2021	151	Rancho Dominguez	$ 1,797.48	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00235955	2021	151	Rancho Dominguez	$ 1,797.84	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AC_WF	2021	151	Rancho Dominguez	$ (177.48)	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AC_WF	2021	151	Rancho Dominguez	$ (67.50)	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AP00281926	2023	146	Redwood Valley	$ 3,347.57	Y	Rockwell automation fees
2-24 and Attachment 2-11	Customer Accounting	AP00281926	2023	151	Rancho Dominguez	$ 3,347.57	Y	Rockwell automation fees
2-24 and Attachment 2-11	Customer Accounting	AP00275606	2023	157	Travis	$ 199.52	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00279867	2023	157	Travis	$ 199.52	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00281926	2023	157	Travis	$ 199.52	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00285826	2023	157	Travis	$ 199.52	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00279867	2023	157	Travis	$ 209.52	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00284121	2023	157	Travis	$ 409.04	Y	AT&T
2-24 and Attachment 2-11	Customer Accounting	AP00267815	2023	157	Travis	$ 299.38	Y	Republic Services monthly waste pickup
2-24 and Attachment 2-11	Customer Accounting	AP00273975	2023	157	Travis	$ 299.38	Y	Republic Services monthly waste pickup
2-24 and Attachment 2-11	Customer Accounting	AP00281666	2023	157	Travis	$ 299.38	Y	Republic Services monthly waste pickup
2-24 and Attachment 2-11	Customer Accounting	AP00281666	2023	157	Travis	$ 299.38	Y	Republic Services monthly waste pickup
2-24 and Attachment 2-11	Customer Accounting	AP00274997	2023	157	Travis	$ 598.76	Y	Republic Services monthly waste pickup
2-24 and Attachment 2-11	Customer Accounting	AP00284531	2023	157	Travis	$ 898.14	Y	Republic Services monthly waste pickup
2-24 and Attachment 2-11	Customer Accounting	AC_EST	2023	157	Travis	$ (166.71)	Y	Accrual
2-24 and Attachment 2-11	Customer Accounting	AC_EST	2023	157	Travis	$ 59.88	Y	Accrual

CHAPTER 6 ATTACHMENTS

ATTACHMENT 6-4

Dept Code	Vendor	Description	Annual Total Price	Start Date	End Date	Contract Type	Expense Type
357-Business Tech	Agile Access Control	Agile - Fleet Commander, technical & software maintenance 2023 renewal, Term: 9/15/2023-9/14/2024	$ 13,992.97	9/15/2023	9/14/2024	Software Maintenance	OpEx
357-Business Tech	Appeon Inc.	Appeon-PowerBuilder 1yr Subscription, Licenses and support, term: 6/21/2023 - 6/20/2024.	$ 895.00	6/21/2023	6/20/2024	Software Subscription	OpEx
357-Business Tech	Avalara	Avalara tax research subscription 2023 renewal, Term: 6/25/2023 - 6/24/2024.	$ 9,500.00	6/25/2023	6/24/2024	Software Subscription	OpEx
357-Business Tech	Blackline Systems	Blackline 2024 software maintenance renewal, Term: 12/18/2023-12/17/2024.	$ 58,891.88	12/18/2023	12/17/2024	Software Maintenance	OpEx
357-Business Tech	Brightly Software Inc.	Energy Manager Subscription, Yr2 of 3yrs, 2023 annual renewal, term: 4/1/2023 - 3/31/2024.	$ 28,047.60	4/1/2023	3/31/2024	Software Subscription	OpEx
357-Business Tech	GoCanvas	GoCanvas 2023 Team License Auto Renewal, 1yr term: 1/28/2023 - 1/27/2024.	$ 48,525.00	1/28/2023	1/27/2024	Software Maintenance	OpEx
357-Business Tech	Informa Software	2023 Informa annual software maintenance renewal, term: 5/22/2023 - 5/21/2024.	$ 27,302.07	5/22/2023	5/21/2024	Software Maintenance	OpEx
357-Business Tech	Oracle America Inc.	Oracle #20774070, 2024 Cloud-Hyperion renewal, Term: 3/15/2024 - 3/14/2025.	$ 14,762.95	3/15/2024	3/14/2025	Software Maintenance	OpEx
357-Business Tech	Oracle America Inc.	2023 annual renewal for PeopleSoft FS & ePro maint., term: 11/19/2023 - 11/18/2024.	$ 6,047.74	11/19/2023	11/18/2024	Software Maintenance	OpEx
357-Business Tech	Oracle America Inc.	PS ePro, Financials, Asset Management, Billing, General Ledger, Payables Receivables, & ePay, Term: 8/30/2023 -	$ 54,090.86	8/30/2023	8/29/2024	Software Maintenance	OpEx
357-Business Tech	Oracle America Inc.	PeopleSoft FCM, HCM 2023 renewal term: 5/27/2023 - 5/26/2024	$ 320,341.90	5/27/2023	5/26/2024	Software Maintenance	OpEx
357-Business Tech	Oracle America Inc.	PeopleSoft ePro & FS, Term: 6/28/2023-6/27/2024.	$ 15,500.00	6/28/2023	6/27/2024	Software Maintenance	OpEx
357-Business Tech	Oracle America Inc.	Oracle #20774070, 2023 Cloud-Hyperion renewal, Term: 3/15/2023 - 3/14/2024.	$ 9,416.48	3/15/2023	3/14/2024	Software Maintenance	OpEx
357-Business Tech	PowerPlan	PowerPlan Software-License 3yr renewal, Term: 10/1/2023 - 9/30/2026. And additional charge	$ 603,420.59	10/1/2023	9/30/2026	Software Maintenance	OpEx
357-Business Tech	Salesforce Inc.	Tableau software service 2023 annual renewal, term: 7/29/2023 - 7/28/2024.	$ 25,560.00	7/29/2023	7/28/2024	Software Subscription	OpEx
357-Business Tech	Workday	Master Subscription Agreement (Cloud)	$ 513,678.00	10/29/2021	10/28/2024	Software Subscription	OpEx
362-Security	BitSight Technologies	Additional risk monitoring subscription 2022 renewal, term : 4/30/2022 - 11/17/2024.	$ 15,312.25	4/30/2022	11/17/2024	Software Subscription	OpEx
362-Security	BitSight Technologies	2022 Security Ratings subscription renewal, 3yr Term: 12/4/2021 - 11/7/2024	$ 10,910.05	12/4/2021	11/7/2024	Software Subscription	OpEx
362-Security	CA Technologies - A Broadcom Company	2022 renewal for CA Automic One Software Subscription, 3yr.Term: 12/1/2021 - 11/30/2024	$ 34,000.00	12/1/2021	11/30/2024	Software Subscription	OpEx
362-Security	Elevate Security	1yr Subscription to help provide additional security awareness training, term: 1/9/2023 - 1/8/2024	$ 24,995.00	1/9/2023	1/8/2024	Software Subscription	OpEx
362-Security	Fortra (wasHelpsystems)	2024 renewal for AutoMate licenses and maintenance term: 11/1/2023 - 10/31/2024.	$ 1,501.80	11/1/2023	10/31/2024	Software Maintenance	OpEx
362-Security	KnowBe4	2024 KnowBe4 Security Awareness Training Annual Subscription, Term: 1/25/2024 - 1/24/2025.	$ 30,990.00	1/25/2024	1/24/2025	Software Subscription	OpEx
362-Security	KnowBe4	2023 KnowBe4 Security Awareness Training Annual Subscription, Term: 1/25/2023 - 1/24/2024.	$ 42,240.00	1/25/2023	1/24/2024	Software Subscription	OpEx
362-Security	NINJIO	NINJIO ENGAGE Self Hosted Sub. for augmented security awareness,1yr Term: 1/1/2024 -12/31/2024.	$ 14,380.80	1/1/2024	12/31/2024	Software Subscription	OpEx
362-Security	Optiv Security	2023 annual renewal for Crowdstrike (Endpoint Protection), Term: 8/29/2023 - 8/28/2024.	$ 144,279.00	8/29/2023	8/28/2024	Software Subscription	OpEx
362-Security	Optiv Security	Purchase hardware/software/services for security	$ 149,499.25	7/13/2020	7/13/2024	Software Subscription	OpEx
362-Security	Pacific Office Automation	2024 Blanket for the publishing Konica Printer, term: 1/1/2024 - 12/31/2024.	$ 8,000.00	1/1/2024	12/31/2024	Hardware Maintenance	OpEx
362-Security	SHI International Corp.	SHI-Tenable Nessus, 2021 Subs. Renewal 3yr., Term: 6/28/2021-6/27/2024-SCADA Networks	$ 46,872.19	6/28/2021	6/27/2024	Software Subscription	OpEx
366-Architecture	ADT Commercial	2024 -2026 ADT fire detection, alarm & Hi-Fog water mist inspection for RD district, 3yr term: 12/10/2023 -	$ 9,994.00	12/10/2023	12/9/2026	Hardware Maintenance	OpEx
366-Architecture	ARIN	ARIN Registration	$ 300.00	5/31/2020	5/31/2024	Software Subscription	OpEx
366-Architecture	ATT	ProofPoint Renewal	$ 67,360.26	12/6/2023	11/1/2024	Software Subscription	OpEx
366-Architecture	Cocobolo	BatchPatch	$ 2,195.00	9/17/2018	9/9/2024	Software Subscription	OpEx
366-Architecture	Dasher Technologies	Envoy software for temporarily WiFi Guest access	$ 9,324.00	5/24/2019	5/29/2024	Software Subscription	OpEx
366-Architecture	Dasher Technologies Inc.	Aruba Wireless and ClearPass Professioinal Services	$ 17,617.18	8/15/2018	8/15/2024	Software Maintenance	OpEx
366-Architecture	Digicert	*.calwater.com Wild Card Plus Certificate	$ 2,206.40	12/9/2014	1/20/2025	Software Maintenance	OpEx
366-Architecture	Digicert	www.calwatergroup.com Cert.	$ 414.00	3/12/2015	6/14/2025	Software Maintenance	OpEx
366-Architecture	FTP Today	FTP Today	$ 3,564.00	8/12/2019	8/11/2024	Software Subscription	OpEx
366-Architecture	GDT(General Datatech) - FKA: IAS	Palo Alto Networks (PAN)-Application Firewall for SCADA Network	$ 9,563.70	11/8/2018	10/6/2024	Hardware Maintenance	OpEx
366-Architecture	GDT(General Datatech) - FKA: IAS	F5 Load Balancer, F5 (networks) Support	$ 6,271.95	2/12/2015	12/31/2024	Hardware Maintenance	OpEx
366-Architecture	IAS (Integrated Archive Ssytems)	IAS-PS (Line 1) & IAS- Cisco Nexus 9300 support 3yrs	$ 88,611.39	10/4/2019	10/4/2025	Hardware Maintenance	OpEx
366-Architecture	Insight	Veritas System Recovery	$ 12,959.85	7/2/2018	7/1/2024	Software Maintenance	OpEx
366-Architecture	Insight Software Solutions Inc.	VMWare Licensing	$ 60,950.33	12/23/2015	4/27/2024	Software Maintenance	OpEx
366-Architecture	Microsoft Corporation	Microsoft Annual Trueup - 2023-2026	$ 40,000.00	8/1/2023	7/31/2026	Software Subscription	OpEx
366-Architecture	Microsoft Corporation	Microsoft Select Agreement - SQL	$ 85,386.96	8/1/2023	7/31/2026	Software Subscription	OpEx
366-Architecture	Microsoft Corporation	Microsoft Premier Support	$ 36,311.62	12/13/2021	12/26/2026	Software Maintenance	OpEx
366-Architecture	Nite & Day Power	2022 maintenance renewal for UPS Toshiba #T500030N1, 5yr term: 5/3/2022 - 5/2/2027	$ 22,511.00	5/3/2022	5/2/2027	Hardware Maintenance	OpEx
366-Architecture	PagerDuty	PagerDuty - Standard license per user	$ 6,950.40	11/22/2018	11/21/2024	Software Subscription	OpEx
366-Architecture	PointDev	Ideal Administration Renewal	$ 382.80	9/17/2019	9/16/2025	Software Maintenance	OpEx
366-Architecture	SHI International	Solarwinds Support	$ 38,490.24	8/31/2018	8/31/2024	Software Maintenance	OpEx
366-Architecture	SHI International Corp.	RedHat Linux Server	$ 1,468.80	9/10/2021	9/9/2024	Software Subscription	OpEx
366-Architecture	Trace3	NetApp Filers	$ 36,356.00	4/30/2019	4/30/2024	Hardware Maintenance	OpEx

Dept Code	Vendor	Description	Annual Total Price	Start Date	End Date	Contract Type	Expense Type
366-Architecture	Trace3	Veeam Availability Suite Enterprise Plus licensed VM 3 yrs subscription	$ 19,076.64	1/1/2019	12/16/2026	Software Subscription	OpEx
366-Architecture	Trace3	Trace3 Consolidated Cisco Hardware Support Renewal	$ 18,387.05	1/28/2018	5/14/2024	Hardware Maintenance	OpEx
366-Architecture	Vertiv Corporation	UPS systems preventive maintenance 2023 renewals for CSS &RD, Term: 4/22/2023 - 4/21/2024.	$ 44,725.26	4/22/2023	4/21/2024	Hardware Maintenance	OpEx
366-Architecture	Western NRG	Sonicwall for WA	$ 651.60	7/14/2020	7/13/2025	Hardware Maintenance	OpEx
366-Architecture	Western NRG, Inc	Sonicwall for HI	$ 842.63	7/23/2021	7/22/2024	Hardware Maintenance	OpEx
366-Architecture	ZOHO Corporation	Manage Engine for SCADA	$ 1,345.00	10/23/2019	10/21/2024	Software Maintenance	OpEx
366-Architecture	Microsoft Corporation	Microsoft Enterprise Agreement	$ 755,123.64	8/1/2023	7/31/2026	Software Maintenance	OpEx
376-Field Tech	Aquatics Informatics (was Tokay Software)	Aquatic-Tokay Software 2023 maintenance renewal, term: 9/2/2023 - 9/1/2024.	$ 4,366.00	9/2/2023	9/1/2024	Software Maintenance	OpEx
376-Field Tech	KloudGin	KloudGin annual subscription	$ 975,000.00	1/1/2024	1/1/2025	Software Subscription	OpEx
376-Field Tech	IBM	2024 IBM Maximo annual renewal, term: 1/1/2024 - 12/31/2024.	$ 91,752.60	1/1/2024	12/31/2024	Software Maintenance	OpEx
376-Field Tech	LabVantage Solutions	2023 LIMS software maintenance renewal, term: 4/1/2023 - 3/31/2024	$ 162,306.70	4/1/2023	3/31/2024	Software Maintenance	OpEx
376-Field Tech	Medallia, Inc.	Medallia Enterprise Edition Base Platform Software Subscription	$ 80,000.00	1/4/2021	1/3/2024	Software Subscription	OpEx
376-Field Tech	Oracle America Inc.	Oracle #20993103 (Linux) 2024 annual renewal, term:12/10/2023 - 12/9/2024.	$ 51,447.51	12/10/2023	12/9/2024	Software Maintenance	OpEx
376-Field Tech	Oracle America Inc.	CC&B Applications, 2023 renewal, term: 4/30/2023 - 4/29/2024.	$ 863,000.00	4/30/2023	4/29/2024	Software Maintenance	OpEx
376-Field Tech	Promise Network Inc.	PromisePay 1yr Subscription, Integration fee, 2yr Ext, 3yr term: 8/1/2022 - 7/31/2025.	$ 200,000.00	8/1/2022	7/31/2025	Software Subscription	OpEx
376-Field Tech	Safe Software	Safe-FME DB/server software, 2023 annual maintenance renewal, term: 8/4/2023 - 10/11/2024	$ 6,640.00	8/4/2023	10/11/2024	Software Maintenance	OpEx
376-Field Tech	Salesforce Inc.	MuleSoft - AnyPoint Platform software License& Maint.3yr renewal: 2/15/2023-2/14/2026	$ 376,596.27	2/15/2023	2/14/2026	Software Maintenance	OpEx
376-Field Tech	SHI International Corp.	2023 annual Red Hat subscription renewal, Term: 9/23/2023 - 9/22/2024. Contract #12462395.	$ 14,893.56	9/23/2023	9/22/2024	Software Subscription	OpEx
379-Support	AT&T Business Local Calling Services	Business local calling-Telecom Service- 2021 ILEC Local calling, 3yr renewals increments, Contract#2313095	$ 25,000.00	8/15/2015	8/14/2024	Telecom Services	OpEx
379-Support	Bluebeam Inc.	2023 Bluebeam (new) license subscription, term: 12/9/2023 - 2/6/2025.	$ 22,000.00	12/9/2023	2/6/2025	Software Subscription	OpEx
379-Support	CDW	CDW-WinZip, 2023 maintenance annual renewal, Term: 10/7/2023 - 10/6/2024.	$ 5,950.00	10/7/2023	10/6/2024	Software Maintenance	OpEx
379-Support	CDW	CDW-Snagit, 2023 maintenance annual renewal, Term: 7/31/2023 - 7/31/2024.	$ 478.20	7/31/2023	7/31/2024	Software Maintenance	OpEx
379-Support	CDW	CDW-JAMF, 2023 annual subscription renewal, term: 3/27/2023 - 3/26/2024.	$ 68,371.89	3/27/2023	3/26/2024	Software Subscription	OpEx
379-Support	Idera	Idera software 2023 renewal for our server backup and restore tool, term: 8/20/2023 - 8/19/2024.	$ 427.35	8/20/2023	8/19/2024	Software Subscription	OpEx
379-Support	Ivanti	Ivanti (wasCherwell) CAM & CSM maintenance 2023 renewal, Term: 6/29/2023 - 6/28/2024.	$ 48,600.00	6/29/2023	6/28/2024	Software Maintenance	OpEx
379-Support	Maverick Networks	Maverick-Mitel (CWS Phones) - 2024 annual Maint renewal & Amendment No.3-software assurance, term:	$ 109,006.60	1/1/2024	12/31/2024	Software Maintenance	OpEx
379-Support	Oracle America Inc.	2024 annual renewal for PeopleSoft ePro and Financials, term: 11/30/23 - 11/29/24.	$ 68,696.76	11/30/2023	11/29/2024	Software Maintenance	OpEx
379-Support	SHI International Corp.	SHI-Smartsheet 2024 annual renewal, Term: 10/25/2023 - 10/24/2024.	$ 143,905.58	10/25/2023	10/24/2024	Software Subscription	OpEx
379-Support	Zoom Video Communications	Continued Zoom Services, 2023 Auto Renewal, Term: 5/1/2023 - 4/30/2024.	$ 58,369.53	5/1/2023	4/30/2024	Software Subscription	OpEx
		Annual total	$ 7,049,104				
5-year inflation adjusted average	**$ 7,175,744.75**	Plus CCS 2026 - Dept 376 -CCS Saas Oracle	$ 1,800,000				
3-year inflation adjusted average	**$ 7,566,809.91**	Total	$ 8,849,103.62				

CHAPTER 6 ATTACHMENTS

ATTACHMENT 6-6

AUTODESK

Autodesk Inc.
The Landmark @ One Market
1 Market Street, Suite 400
SAN FRANCISCO CA 94105
www.autodesk.com

Taxpayer ID #:94-2819853

Received on
7/08/2024
by Steve Valline
PO #0000184151
Receipt #0000541951
Line 1 = $93,234.62

INVOICE

Invoice to:

CA WATER SERVICE
1720 N 1st St
San Jose CA 95112-4598

Invoice no.:
9063893961

Invoice date:
07/08/2024

Deliver To:
California Water Service Co.
1720 N 1st St
San Jose CA 95112-4598

Sold to:
California Water Service Co.
Steve Valline
1720 N 1st St
San Jose CA 95112-4598

Sales order no.:
1000244565

Quotation no.:
Q-45471

Purchase order no.:
0000184151

Payer no.:
0070196129

Date order entered:
07/08/2024

AUTODESK

Invoice no.: 9063893961

Account no.: 0070196129

Due date: 08/07/2024

Payment terms: 30 days

Invoice total USD: 93,234.62

Amount due USD: 93,234.62

Payment Methods

ONLINE

To pay your invoice, sign in to your Autodesk Account.

WIRE DETAILS:

Citibank N.A. (New York)
388 Greenwich Street
New York NY 10013
Account no.: 40571369
SWIFT code: CITIUS33
ABA/Routing No.: 021000089
Account name: Autodesk Inc.

REMIT TO:

AUTODESK, INC.
C/O Citibank
PO BOX 894229
Los Angeles CA 90189-4229

PLEASE INCLUDE OUR INVOICE NUMBER AND CUSTOMER NUMBER WHEN PAYING.

AUTODESK

INVOICE

Autodesk Inc.
The Landmark @ One Market
1 Market Street, Suite 400
SAN FRANCISCO CA 94105
www.autodesk.com

Taxpayer ID #:94-2819853

Item	Subscription ID	Description	Qty	Seats/Tokens	Unit Price	Discount	Total Amount
1	66031739467880	AutoCAD LT Term: 3-Year Year 1	6		505.00	-303.00	2,727.00
2	57359874576340	AEC Collection Term: 3-Year Year 1	8		3,558.33	-18,026.64	10,440.00
3	57359871346674	AutoCAD - including specialized toolsets Term: 3-Year Year 1	2		2,028.35	-405.67	3,651.02
4	62636083603233	AutoCAD LT Term: 3-Year Year 1	12		505.00	-606.00	5,454.00
5	57359884279942	AutoCAD - including specialized toolsets Term: 3-Year Year 1	13		2,028.33	-17,008.29	9,360.00
6	66031739438279	Civil 3D Term: 3-Year Year 1	6		2,778.34	-1,667.00	15,003.04
7	62635500003659	AEC Collection Term: 3-Year Year 1	8		3,558.33	-23,246.64	5,220.00
8	62635500012960	AutoCAD - including specialized toolsets Term: 3-Year Year 1	8		2,028.33	-13,346.64	2,880.00
9	62636083621034	AEC Collection Term: 3-Year Year 1	5		3,558.34	-1,779.17	16,012.54
10	66031739429778	AutoCAD - including specialized toolsets Term: 3-Year Year 1	4		2,028.34	-811.33	7,302.02
11	57359881673233	AEC Collection Term: 3-Year Year 1	5		3,558.33	-11,266.65	6,525.00
12	62635499984357	AutoCAD - including specialized toolsets Term: 3-Year Year 1	10		2,028.33	-16,683.30	3,600.00
13	57359886866704	AutoCAD LT Term: 3-Year Year 1	22		505.00	-6,050.00	5,060.00

Other notes:

renewal 2024

AUTODESK

INVOICE

Autodesk Inc.
The Landmark @ One Market
1 Market Street, Suite 400
SAN FRANCISCO CA 94105
www.autodesk.com

Taxpayer ID #:94-2819853

Subtotal	93,234.62
Total tax amount	0.00
Amount due (USD)	**93,234.62**

CHAPTER 6 ATTACHMENTS

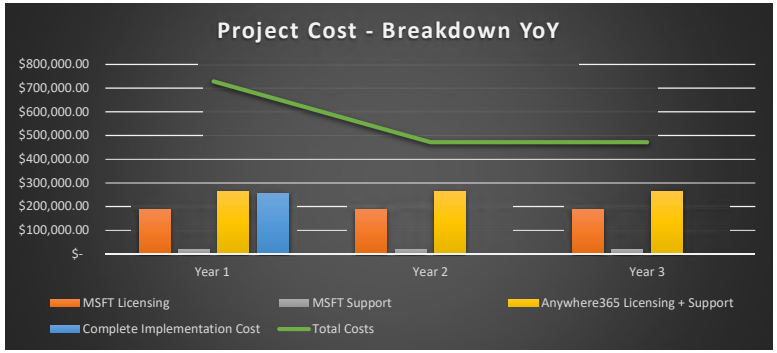
ATTACHMENT 6-6

2025 Teams Phone Project

California Water Service Company

Presented By SHI
January 18, 2024

Project Cost Summary



Scenario	Year 1	Year 2	Year 3
MSFT Licensing	$ 188,046.00	$ 188,046.00	$ 188,046.00
MSFT Support	$ 18,804.60	$ 18,804.60	$ 18,804.60
Anywhere365 Licensing + Support	$ 264,663.75	$ 264,663.75	$ 264,663.75
Complete Implementation Cost	$ 256,913.75	$ -	$ -
Total Costs	**$ 728,428.10**	**$ 471,514.35**	**$ 471,514.35**

Notes:
- Microsoft Licensing is estimated based on CSP Pricing. This may vary due to purchasing agreement and is subject to pricing changes.
- Microsoft Support is based on the current support package of Unified Support. 10% is the estimated cost for support on this contract.
- Anywhere Licensing + Support is subject to change by 2025
-Implementation Costs will need more intricately scoped as we get closer to the project, pricing may change due to any unforseen circumstances in 2025.

Teams Phone Migration

Rough Order of Magnitude (ROM)

For California Water Service Company

SHI International Corp.

SOW # 21380

January 10, 2024

Presented By
Theo Painter
Account Executive, SHI
Theo_Painter@SHI.com

Created By
Mitchell Anderson
ASG Service Advisor
Mitchell_Anderson@SHI.com

Table of Contents

1 Executive Summary

California Water Service Company ("Customer") has engaged SHI International Corp. ("SHI") to Migrate Cal Water to Microsoft Teams Phone from the current Mitel System ("Services").

2 Project Description

SHI shall provide the following Services to Customer on a fixed cost basis. These are the estimated activities to complete post initial planning and assessment engagement. This is for initial planning and budgetary purposes only.

2.1 In Scope

- Assess existing voice systems
- Work with Cal Water to document Teams Phone Design Decisions
- Work with Cal Water to evaluate, select, and deploy Teams Phone handsets
- Assess and deploy Teams Phone emergency calling
- Deploy Teams Phone
- Migrate Cal Water users to Teams phone and Microsoft Calling Plans in up to 8 phone number porting events
- Provide post-migration support and end-user quick-start guides
- Deploy Anywhere 365 Call Center solution for up to 200 agents, including assessment of existing systems and call flows and migration of all call center workloads

2.2 Deliverables

All documents included in this section will be provided to the Customer.

- Teams Phone design documentation
- End user communication plan and end-user communications
- Information workers migrated to Teams Phone
- Call Center workloads migrated to Anywhere365
    - 200 Agents
    - Voice-only workloads
    - Connector for CRM integration
    - Premium support
    - Training

2.3 Project Specific Assumptions

- SHI resources will have direct administrative access to all necessary servers, services, and systems

2.4 Project Specific Customer Responsibilities

- To be defined/developed during scoping call

2.5 Out of Scope

Any services not explicitly listed above as "In Scope" shall be considered out of scope for this project. Additionally, the areas that are out of scope for this project include, but are not limited to, the following list. If any of these items are required for your organization, they can be scoped separately.

- Unboxing and physical deployment of Teams devices and handsets

2.6 Project Duration

Project duration is defined as the entire time taken to complete the project, based on the resources allocated. The estimated project duration is **32-36 WEEKS***.

SHI and the Customer will provide the required resources to deliver this project within the estimated duration. SHI and the Customer will allow for reasonable accommodations due to holidays, vacations, and unforeseen delays in deliveries.

** Please be advised that the above timeframe is to provide a general timeline for delivery and is not a true reflection of the total man hours/effort involved for this engagement.*

2.7 Project Management

	Activities	Deliverables
Initiating	• Create preliminary schedule and high-level project plan • Conduct internal and customer kickoff • Conduct risk assessment	• Project start date and initial project schedule • Project team contact list • Meeting Notes • High Ranking Risks Identified
Engaging	• Maintain resource schedules • Manage/control risk • Maintain project plan/schedule • Manage/Control Budget • Maintain Communication • Maintain Change Control	• Weekly Status/Budget Reports • Meeting Minutes • Change Request Documents (as needed)
Closing	• Conduct internal and customer closeout meetings	• Lessons Learned Documented

2.8 Resources and Skills

SHI will provide individual resources outlined below to be participants for this effort. These resources will participate in all required steps and will be fully or partially responsible for tasks where appropriate:

Title	Role Description	Involvement
Solution Architect	Configuration, Implementation and Troubleshooting Activities	**Part-time**
Technical Author	Authoring of Technical Documentation	**Part-time**
Project Manager	Manage the successful completion of project initiatives	**Part-time**

2.9 Success Criteria

The project milestones and success criteria for each milestone are as follows:

1. **SOW Signing:**
    a. Customer and SHI sign this agreement.
2. **Project Close**
    a. Customer agrees there are no outstanding action items or tasks.
    b. Customer agrees all deliverables have been received.
    c. Customer Project Sponsor signs the *Project Close* form indicating all project objectives were accomplished.

3 Assumptions

The project scope and associated price quoted within this Statement of Work are based on the following assumptions. Should any element(s) of these assumptions be lacking during execution of services, additional time and associated fees and expenses may be required to complete this Statement of Work.

1. Minimum lead time for scheduling project kickoff meeting is fifteen (15) business days from our receipt of the signed SOW or fifteen (15) business days from the confirmed start date between SHI and Customer; whichever date is later. Should you require more aggressive scheduling, please contact SHI to determine availability.
2. Please note that the time designated for Knowledge Transfer is throughout the project. Customer is responsible for providing a resource or resources focused on this project and the extent of the knowledge transfer is dependent upon the availability of these resources. A maximum of two hours of dedicated knowledge transfer at the project's conclusion will be provided unless otherwise noted within this Statement of Work.
3. SHI is not responsible for delays caused by failures; including but not exclusive to systems, personnel or environmental causes or in receiving data from Customer.
4. Any restrictions or requirements regarding the SHI consultants' use of personal equipment must be stated in advance of the commencement of the project.
5. All hardware and/or software and licensing required to perform the above services will be provided by and is the responsibility of Customer. All wiring, hardware, and software required to perform the above services are in working order.
6. All parties agree that personnel shall not be asked to perform, nor volunteer to perform, engineering and/or consulting tasks that lie outside the skill sets and experience of personnel. Personnel have the right to decline on a service request if the request falls outside the scope of their experience and expertise.
7. Project activity will be scheduled during the hours of 8:00 AM to 5:00 PM local time. Any work performed outside these hours must be previously agreed upon by both parties and scheduled in advance.
8. All documentation will be delivered within fifteen (15) business days after the completion of the in-scope tasks or phases of the project. A standard document template will be utilized for this service delivery.

4 Customer Responsibilities

Both Customer and SHI are responsible for the successful execution of this engagement. Prior to the start of this SOW, Customer will indicate to SHI in writing a person to be the point of contact. All project communications will be addressed to such point of contact (the "Customer Contact"). The Customer Contact is responsible for the following:

1. Performing a full working backup prior to the commencement of services as SHI is not responsible for lost data.
2. Ensuring all related information and communication regarding this project is done through the Project Manager as expeditiously as possible.
3. Acting for the Customer in all aspects of the project.
4. Making the necessary administrative usernames and passwords available to the designated SHI resource, if required for the successful completion of project.
5. Providing detailed and accurate information regarding their current network environment if required for the successful completion of project. This information will include the technical configuration of the domain environment.
6. Providing the necessary workspace and network access to provide the above services.
7. Providing access to building(s) and room(s) if required for the successful completion of project.
8. Obtaining and provide project requirements, information, data, decisions and approvals within one working day of the request, unless both parties agree to a different response time.
9. Ensuring that SHI project personnel have reasonable and safe access to the project site and adequate office space, if required.
10. Providing technical points-of-contact, who have a working knowledge of the enterprise components to be considered during this project ("Technical Contacts"). SHI may request that meetings be scheduled with Technical Contacts.
11. Informing SHI of all access issues and security measures and providing access to all necessary hardware and facilities as required.
12. Having the authority to resolve conflicting requirements.
13. Helping resolve project issues and ensuring that issues are brought to the attention of the appropriate persons within SHI, if required.

Customer will provide individual resources outlined below to be participants for this project effort. These resources will participate in all required steps and will be fully or partially responsible for tasks and deliverables where appropriate:

Title	Role Description	Involvement
Sponsor / Project Manager	Project and resource coordination to support the effort as well as authority to make decisions and acceptance at project completion.	Part-time
IT Resource(s)	Provide access to workspace, building access, and general IT requests related to the effort. May also have responsibility for network, data center and project team activities.	Part-time

5 Duties of SHI

SHI shall provide the Services and the SHI Work Product during the term of this engagement in accordance with this SOW and these terms and conditions.

1. SHI will provide all resources, facilities, management, labor, expertise, skills, tools, and equipment necessary for the performance of its obligations under this SOW.
2. Without limiting the foregoing, SHI shall:
   a. keep the Customer Project Manager advised of the progress of the project and the status of the Deliverables;
   b. permit any designated representative of Customer periodically to review the work of SHI personnel performing Services and preparing Deliverables;
   c. perform the Services in a timely manner and provide the Deliverables in accordance with this Statement of Work; and
   d. keep accurate records of work performed on this Statement of Work, evidence of which SHI shall provide to Customer upon request.

6 Change Control Process

The “Change Control Process” is that process which shall govern changes to the scope, schedule or price of the Project during the life of the Project. The Change Control Process will apply to new components and to enhancements of existing components. The Change Control Process will commence at the start of the Project and will continue throughout the Project's duration.

Under the Change Control Process, a written “Change Request” will be the vehicle for communicating any desired changes to the project. It will describe the proposed change; the reason for the change and the effect the change may have on the Project. The Project Manager of the requesting party will submit a written Change Request to the Project Manager for the other parties.

SHI and Customer will review the change request. All parties must sign the approval portion of the Change Request to authorize the implementation of any change that affects the Project’s scope, schedule or price.

7 Project Initiation Process

Upon receipt of a signed SOW and Purchase Order, planning for the project will commence. A key step in the planning process is the Kickoff Meeting with Customer's Team.

In the kickoff meeting, the contents of the SOW will be reviewed. This is an opportunity for Customer's team who will be involved with the project to understand the Project's goals, tasks, deliverables, and timelines.

Upon completion of the project kickoff meeting, minutes of the Kickoff meeting will be created based on the meeting discussion and distributed to Customer. Any changes to the project will be documented in these minutes. If Change Orders are necessary due to changes, that process will be initiated after the Kick-off meeting.

8 Price and Payment Schedule

SHI proposes to deliver the Services described here for a fixed price for the fees set forth below:

Program Component	Fee
Teams Phone Migration	**$531,557.50**

The pricing demonstrated in the table above is valid until this document is fully executed or 60 days from 1/10/2024, whichever comes first. Upon becoming fully executed, the pricing shall be honored for the duration of this SOW.

Any additional work that is required outside the scope of this SOW requires written approval by SHI and Customer as described in the Change Control Process defined previously in this document and will be billed at a rate mutually agreed upon by SHI and Customer.

8.1 Payment Schedule

The following table describes the project milestones. When these are completed and approved by Customer, SHI will invoice the specified amount.

Billing Milestones	Fee
Plan and Design Phase	$31,127.50
Deploy and Pilot Phase	$42,360.00
Migration Phase	$79,440.00
Call Center Migration Phase	$29,628.75
Anywhere 365 Implementation	$74,357.50
Total - Estimated	**$ 256,913.75**

Licensing	Price	Qty	Cost
Anywhere 365 Licensing			
Enterprise License Includes Core Features, Premium Plus support up to 30 dialogues	$12,417.50	1	$12,417.50
Dialogue Studio For integration with other data sources, applications, personalization, sophisticated call flows	$3,052.50	1	$3,052.50
Custom Flexible Connector Custom Data Source based personalization and routing, screen pops and data presentation	$636.25	1	$636.25
WebAgent for Voice Communication Enhanced agent experience and productivity	$28.75	200	$5,750.00
Additional Concurrent Dialogues Peak capacity configuration	$86.25	140	$12,075.00
Subtotal Monthly: $33,931.25 Total Annually: $407,175.00 Volume Discount (35%): -$142,511.25			
License Total - Estimated			**$ 264,663.75**

Travel	Fee
Travel - estimated	$10,000.00
Travel Total - Estimated	**$ 10,000.00**

Project Total - Estimated	**$ 531,577.50**

8.2 Travel Expenses

Travel and expenses are included in the above price.

8.3 Billing Terms

SHI will request the approval of Customer when a milestone (see Payment Schedule above) has been completed. Upon receipt of Customer's approval, SHI will invoice Customer for the milestone. All invoices are due and payable within 30 calendar days of the invoice date.

Fees DO NOT include applicable taxes that must be collected. Please allow for taxes that may apply to the work outlined in your Purchase Order. Tax will be applied to the address in the "Billing Information" section unless otherwise specified in "Exception" section below.

8.3.1 Exception

Taxes will be applied to the physical addresses where work is performed.

8.4 Final Acceptance

At the completion of the work SHI will provide a "Project Acceptance Form" for execution by Customer. Customer's signature on this form signifies the Customer's Final Acceptance of the work, and agreement that all Deliverables have been completed in accordance with the SOW and the final invoice may be issued by SHI. If the Customer does not so accept the Deliverables then Customer shall, within fifteen calendar days after receipt of the Project Acceptance Form, state specifically which Deliverables were not Final Accepted and why, and return the form to SHI for resolution.

If Customer does not return the Project Acceptance Form within fifteen calendar days after the date of its transmittal, Customer shall be deemed to have Final Accepted the Deliverables, and consequently, the remainder of the Services, and SHI will invoice the Customer for the remainder of the price due to SHI.

9 Terms and Conditions

This statement of work (SOW) is subject to and governed by the terms of the Professional Services Agreement ("Agreement") shown in SHI PSA - Terms and Conditions.

In the event any terms and conditions of this SOW conflict with the Agreement, this SOW will control for the purposes of this SOW only. All terms defined in the Agreement and used herein will have the same meaning as set for in the Agreement.

10 SOW Acceptance

Please note: Authorization panels have been removed. SHI recommends Customer have a review call to ensure expectations are properly set prior to submitting an executable version

11 Confidential

The information in this document shall not be duplicated, used, or disclosed in whole or in part outside Customer's organization. If a contract is awarded to SHI as a result of or in connection with the submission of this document, Customer shall have the right to duplicate, use, or disclose the information within its organization to the extent provided by the contract between Customer and SHI. This restriction does not limit Customer's right to use information contained in this document if it is obtained from another source without restriction.

12 Billing Information

The location(s) of Services to be provided and billing contact is:

Billing Information
Company Name **California Water Service Company**
Street Address **1720 North First Street**
City, State, Zip Code **San Jose, CA, 95112**
Contact Name and Title **Tony Yu** **IT Support Manager**
Contact Phone Number and E-mail Address **408.367.8204 x78204** **tyu@calwater.com**

13 Project Location(s) & Contact Information

Site Information
Street Address **1720 North First Street** **San Jose, CA, 95112**
Contact Name & Information **Tony Yu** **408.367.8204 x78204** **tyu@calwater.com**

[redacted] [redacted]

NCE Pricing - Monthly Pricing for 1 Year Agreement

Product Number	Price List	Product Description	Monthly Cost	# Licenses Added	Monthly Total	Annual Total
CFQ7TTC0HL73:0001	NCE	Teams Phone with Calling Plan (country zone 1 - US)	$ 17.70	800	$ 14,160.00	$ 169,920.00
CFQ7TTC0LH0T:0001	NCE	Microsoft Teams Phone Standard	$ 7.55	200	$ 1,510.50	$ 18,126.00
	NCE				$ -	$ -
				PO#1 Total Costs	**$ 15,670.50**	**$ 188,046.00**
				Support (based on current plan) 10% of licensing	**$ 1,567.05**	**$ 18,804.60**
				Complete Total	**$ 17,237.55**	**$ 206,850.60**

Pricing Proposal
Quotation #: 23615932
Created On: 6/21/2023
Valid Until: 7/21/2023

California Water Service Company

Tony Yu
1720 North First Street
San Jose, CA 95112
United States
Phone: (408) 367-8204
Fax:
Email: tyu@calwater.com

Inside Account Executive

Theo Painter
1301 S MoPac Expressway
Austin, Texas 78746
Phone: 737-236-6855
Fax:
Email: theo_painter@shi.com

All Prices are in US Dollar (USD)

	Product	Qty	Your Price	Total
1	Impact Guided ServiceNow - Part#: NPN-SERVICENOW-IMPACT	1	$12,860.00	$12,860.00
2	ITSM Standard ServiceNow - Part#: NPN-SERVICENOW-ITSM	53	$1,200.00	$63,600.00
3	IntegrationHub Professional v2 ServiceNow - Part#: NPN-SERIVCENOW-INTEGRATION	1	$65,000.00	$65,000.00
			Total	$141,460.00

Additional Comments

Please note: additional manufacturer terms and conditions may apply. Your inside sales team will reach out to you with updates as needed.

The following bullets apply to all ServiceNow items on this quote:

- Your order is non-cancellable and non-refundable.
- Your subscription is undividable.
- Prepaid fees for professional services, educational services, and events shall expire if unused within one (1) year of the date of the order, with no refund or credit for unused or unperformed service hours.

The Products offered under this proposal are resold in accordance with the SHI Online Customer Resale Terms and Conditions, unless a separate resale agreement exists between SHI and the Customer.

CHAPTER 6 ATTACHMENTS

ATTACHMENT 6-7

Quote Number Q-1450070-3
Quote Expiration Date 6/15/2024

California Water Service
Tony Yu
341 N Delaware St
San Mateo, California, 94401 UNITED STATES

Ivanti, Inc.
10377 South Jordan Gateway
South Jordan, UT, 84095 US
Ph. (801) 208-1500
http://www.ivanti.com

Quote Information
Payment Terms: Net 30
Currency: USD
Billing Frequency: Paid Upfront
Prepared By: Melissa Freeman
Email: melissa.freeman@ivanti.com
Phone: (801) 727-5743

Quantity	Product Code	Product Name	Start Date	End Date	Final Unit Price	Total Price
50	CSM-CU-M	Ivanti CSM Concurrent User Maintenance	6/29/2024	6/28/2025	USD 745.35	USD 37,267.50
1,700	CAM-M	Ivanti CAM Full Device Maintenance	6/29/2024	6/28/2025	USD 8.10	USD 13,770.00
					TOTAL:	USD 51,037.50
					ESTIMATED TAX:	USD 0.00
					TOTAL WITH TAX:	USD 51,037.50

Notes and Conditions

Support and Maintenance/Subscription Renewal

By signing below or through issuance of an accepted purchase order (PO) in lieu of signature, Customer agrees it is bound by, and that such products and services are provided subject to, the current Ivanti End User License and Services Agreement found at https://www.ivanti.com/company/legal/eula or, if Customer and Ivanti have entered into a separate written and signed license and services agreement, the terms of such separate agreement(s). If

Customer is purchasing professional services under a statement of work that will be performed in 10 days or less, then the applicable terms and conditions can be found at https://www.ivanti.com/company/legal/professional-services.

All quotes and prices are contingent upon the use and acceptance of Ivanti's standard terms and agreements and all quotes and prices may be adjusted if Customer requires changes or additions to such standard terms and conditions. Except as expressly provided in the applicable license agreement, all payments made by Customer are nonrefundable and not available for credit for the purchase of other Ivanti products or services. Tax is estimated and may be subject to change at final invoice.

If any of the products and/or services quoted herein are for multiple years to be paid on an annual basis then payments for such multi-year products and/or services shall be paid no later than the start date of the relevant year to which the products and/or services apply. If Customer wishes to terminate the products and/or services listed herein, Customer must provide Ivanti with ninety (90) days' notice prior to the end of the term outlined herein.

Customer has the option to renew its license subscription and/or maintenance annually after the subscription and/or maintenance terms outlined herein at Ivanti's then prevailing license subscription and/or maintenance fee or as otherwise agreed. Ivanti reserves the right to change the maintenance and/or subscription renewal price, including the right to add reinstatement fees, for maintenance and/or subscription renewal items which are not renewed before expiration of the applicable term.

Customer may provide a purchase order (PO) for all orders. However, any terms and conditions on Customer's PO or any other ordering documents shall be null and void and shall have no effect on the products and services purchased under this quote unless specifically agreed to in writing by the parties. In any event a PO number is required for payment processing, please include the PO number below otherwise this quote number will be the default PO number placed on invoice.

Please use the following Lockbox address if prepaying by check:
Ivanti, Inc.
Dept. 0352
P.O. Box 120352
Dallas, TX 75312-0352

If Customer wishes to terminate the products and services listed in this quote, Customer must provide Ivanti with ninety (90) days notice prior to the end of the term outlined in this quote.

CHAPTER 6 ATTACHMENTS

ATTACHMENT 6-8

Ronco's Testimony Page Number	Attachment in Ronco's Testimony	Journal ID	Year	Dept	Amount	Should be allowed?	Notes
2-30	2-17	EXP0197915	2020	101	$ 19.48	Y	Expense report
2-30	2-17	EXP0198675	2020	101	$ 27.80	Y	Expense report
2-30	2-17	EXP0197915	2020	101	$ 41.41	Y	Expense report
2-30	2-17	EXP0197915	2020	101	$ 91.16	Y	Expense report
2-30	2-17	EXP0198675	2020	101	$ 404.76	Y	Expense report
2-30	2-17	EXP0197915	2020	101	$ 478.77	Y	Expense report
2-30	2-17	ACAP123123	2023	101	$ 545.60	Y	Accrual
2-30	2-17	ACAP123123	2023	101	$ 545.60	Y	Accrual
2-30	2-17	ACAP123123	2023	101	$ 545.60	Y	Accrual
2-30	2-17	ACAP123123	2023	101	$ 571.18	Y	Accrual
2-30	2-17	ACAP123123	2023	101	$ 583.97	Y	Accrual
2-30	2-17	ACAP123123	2023	101	$ 583.97	Y	Accrual
2-30	2-17	APA123123	2023	101	$ 596.75	Y	Accrual
2-30	2-17	ACAP123123	2023	101	$ 609.54	Y	Accrual
2-30	2-17	ACAP123123	2023	101	$ 635.11	Y	Accrual
2-30	2-17	ACAP123123	2023	101	$ 641.51	Y	Accrual
2-30	2-17	ACAP123123	2023	101	$ 660.69	Y	Accrual
2-30	2-17	APA123123	2023	101	$ 682.00	Y	Accrual
2-30	2-17	APA123123	2023	101	$ 682.00	Y	Accrual
2-30	2-17	APA123123	2023	101	$ 707.58	Y	Accrual
2-30	2-17	ACAP123123	2023	101	$ 726.76	Y	Accrual
2-30	2-17	APA123123	2023	101	$ 809.87	Y	Accrual
2-30	2-17	APA123123	2023	101	$ 843.98	Y	Accrual
2-30	2-17	AC_EST	2023	101	$ 2,394.96	Y	Accrual
2-30	2-17	AP00287392	2023	101	$ 136.40	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 136.40	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 204.60	Y	Aerotek timesheet
2-30	2-17	AP00285826	2023	101	$ 213.13	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 272.80	Y	Aerotek timesheet
2-30	2-17	AP00267160	2023	101	$ 272.80	Y	Aerotek timesheet
2-30	2-17	AP00279444	2023	101	$ 322.80	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 322.80	Y	Aerotek timesheet
2-30	2-17	AP00273368	2023	101	$ 327.06	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 409.20	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 409.20	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 409.20	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 409.20	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 409.20	Y	Aerotek timesheet
2-30	2-17	AP00286794	2023	101	$ 421.99	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 434.77	Y	Aerotek timesheet
2-30	2-17	AP00286794	2023	101	$ 434.77	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 434.78	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 434.78	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 453.96	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 459.20	Y	Aerotek timesheet
2-30	2-17	AP00273718	2023	101	$ 459.20	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 473.14	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 479.53	Y	Aerotek timesheet
2-30	2-17	AP00277160	2023	101	$ 484.78	Y	Aerotek timesheet
2-30	2-17	AP00282023	2023	101	$ 497.57	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 517.12	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 535.93	Y	Aerotek timesheet
2-30	2-17	AP00285826	2023	101	$ 545.60	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 545.60	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 545.60	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 545.60	Y	Aerotek timesheet
2-30	2-17	AP00282023	2023	101	$ 558.39	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 564.78	Y	Aerotek timesheet
2-30	2-17	AP00282023	2023	101	$ 571.17	Y	Aerotek timesheet
2-30	2-17	AP00285826	2023	101	$ 571.18	Y	Aerotek timesheet
2-30	2-17	AP00284338	2023	101	$ 571.18	Y	Aerotek timesheet
2-30	2-17	AP00285826	2023	101	$ 583.96	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 583.96	Y	Aerotek timesheet
2-30	2-17	AP00277160	2023	101	$ 583.96	Y	Aerotek timesheet
2-30	2-17	AP00285826	2023	101	$ 583.97	Y	Aerotek timesheet
2-30	2-17	AP00277160	2023	101	$ 583.97	Y	Aerotek timesheet

Ronco's Testimony Page Number	Attachment in Ronco's Testimony	Journal ID	Year	Dept	Amount	Should be allowed?	Notes
2-30	2-17	AP00282023	2023	101	$ 596.75	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 596.75	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 596.75	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 596.75	Y	Aerotek timesheet
2-30	2-17	AP00273368	2023	101	$ 608.39	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 609.54	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 609.54	Y	Aerotek timesheet
2-30	2-17	AP00268155	2023	101	$ 609.54	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 614.78	Y	Aerotek timesheet
2-30	2-17	AP00273718	2023	101	$ 621.17	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 626.59	Y	Aerotek timesheet
2-30	2-17	AP00282023	2023	101	$ 635.12	Y	Aerotek timesheet
2-30	2-17	AP00274300	2023	101	$ 646.75	Y	Aerotek timesheet
2-30	2-17	AP00285826	2023	101	$ 647.90	Y	Aerotek timesheet
2-30	2-17	AP00285826	2023	101	$ 647.90	Y	Aerotek timesheet
2-30	2-17	AP00285826	2023	101	$ 647.90	Y	Aerotek timesheet
2-30	2-17	AP00285826	2023	101	$ 647.90	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 660.69	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 660.69	Y	Aerotek timesheet
2-30	2-17	AP00277160	2023	101	$ 660.69	Y	Aerotek timesheet
2-30	2-17	AP00277160	2023	101	$ 673.47	Y	Aerotek timesheet
2-30	2-17	AP00287600	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00286794	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00284338	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00284338	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00283466	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00283466	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00283466	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00282023	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00279444	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00279444	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00278836	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00274116	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00273718	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00270120	2023	101	$ 682.00	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 686.27	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 688.39	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 694.79	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 694.79	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 694.79	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 694.79	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 694.79	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 694.79	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 694.79	Y	Aerotek timesheet
2-30	2-17	AP00274116	2023	101	$ 694.79	Y	Aerotek timesheet
2-30	2-17	AP00269305	2023	101	$ 694.79	Y	Aerotek timesheet
2-30	2-17	AP00268155	2023	101	$ 694.79	Y	Aerotek timesheet

Ronco's Testimony Page Number	Attachment in Ronco's Testimony	Journal ID	Year	Dept	Amount	Should be allowed?	Notes
2-30	2-17	AP00282419	2023	101	$ 699.05	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 699.05	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 701.18	Y	Aerotek timesheet
2-30	2-17	AP00284338	2023	101	$ 707.57	Y	Aerotek timesheet
2-30	2-17	AP00284338	2023	101	$ 707.57	Y	Aerotek timesheet
2-30	2-17	AP00279444	2023	101	$ 707.57	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 707.57	Y	Aerotek timesheet
2-30	2-17	AP00286794	2023	101	$ 707.58	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 707.58	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 707.58	Y	Aerotek timesheet
2-30	2-17	AP00283466	2023	101	$ 707.58	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 707.58	Y	Aerotek timesheet
2-30	2-17	AP00267345	2023	101	$ 707.58	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 711.84	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 713.97	Y	Aerotek timesheet
2-30	2-17	AP00285826	2023	101	$ 718.23	Y	Aerotek timesheet
2-30	2-17	AP00285826	2023	101	$ 720.36	Y	Aerotek timesheet
2-30	2-17	AP00279444	2023	101	$ 720.36	Y	Aerotek timesheet
2-30	2-17	AP00278836	2023	101	$ 720.36	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 720.36	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 720.37	Y	Aerotek timesheet
2-30	2-17	AP00278836	2023	101	$ 720.37	Y	Aerotek timesheet
2-30	2-17	AP00268155	2023	101	$ 720.37	Y	Aerotek timesheet
2-30	2-17	AP00280610	2023	101	$ 728.80	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 733.15	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 733.15	Y	Aerotek timesheet
2-30	2-17	AP00283466	2023	101	$ 733.15	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 733.15	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 733.15	Y	Aerotek timesheet
2-30	2-17	AP00277986	2023	101	$ 733.15	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 733.15	Y	Aerotek timesheet
2-30	2-17	AP00277160	2023	101	$ 737.41	Y	Aerotek timesheet
2-30	2-17	AP00286794	2023	101	$ 737.42	Y	Aerotek timesheet
2-30	2-17	AP00277160	2023	101	$ 737.42	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 745.94	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 745.94	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 745.94	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 745.94	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 745.94	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 745.94	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 745.94	Y	Aerotek timesheet
2-30	2-17	AP00267345	2023	101	$ 745.94	Y	Aerotek timesheet
2-30	2-17	AP00284338	2023	101	$ 750.29	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 754.47	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 758.72	Y	Aerotek timesheet
2-30	2-17	AP00283466	2023	101	$ 758.72	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 758.72	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 758.73	Y	Aerotek timesheet
2-30	2-17	AP00284338	2023	101	$ 758.73	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 758.73	Y	Aerotek timesheet
2-30	2-17	AP00280610	2023	101	$ 758.73	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 758.73	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 758.73	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 758.73	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 758.73	Y	Aerotek timesheet
2-30	2-17	AP00273718	2023	101	$ 758.73	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 760.77	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 763.07	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 763.08	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 771.51	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 771.51	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 771.52	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 771.52	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 771.52	Y	Aerotek timesheet
2-30	2-17	AP00279444	2023	101	$ 771.52	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 771.52	Y	Aerotek timesheet

Ronco's Testimony Page Number	Attachment in Ronco's Testimony	Journal ID	Year	Dept	Amount	Should be allowed?	Notes
2-30	2-17	AP00274116	2023	101	$ 771.52	Y	Aerotek timesheet
2-30	2-17	AP00273368	2023	101	$ 771.52	Y	Aerotek timesheet
2-30	2-17	AP00277160	2023	101	$ 775.78	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 777.90	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 780.21	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 784.30	Y	Aerotek timesheet
2-30	2-17	AP00282023	2023	101	$ 784.30	Y	Aerotek timesheet
2-30	2-17	AP00279444	2023	101	$ 784.30	Y	Aerotek timesheet
2-30	2-17	AP00278836	2023	101	$ 784.30	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 784.30	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 784.30	Y	Aerotek timesheet
2-30	2-17	AP00277160	2023	101	$ 784.30	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 784.30	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 784.30	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 784.30	Y	Aerotek timesheet
2-30	2-17	AP00269305	2023	101	$ 784.30	Y	Aerotek timesheet
2-30	2-17	AP00279444	2023	101	$ 792.74	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 793.00	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 797.09	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 797.09	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 797.09	Y	Aerotek timesheet
2-30	2-17	AP00284338	2023	101	$ 797.09	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 797.09	Y	Aerotek timesheet
2-30	2-17	AP00280610	2023	101	$ 797.09	Y	Aerotek timesheet
2-30	2-17	AP00278836	2023	101	$ 797.09	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 797.09	Y	Aerotek timesheet
2-30	2-17	AP00274116	2023	101	$ 797.09	Y	Aerotek timesheet
2-30	2-17	AP00273718	2023	101	$ 797.09	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 803.48	Y	Aerotek timesheet
2-30	2-17	AP00284338	2023	101	$ 803.48	Y	Aerotek timesheet
2-30	2-17	AP00278836	2023	101	$ 805.78	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 809.87	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 809.87	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 809.87	Y	Aerotek timesheet
2-30	2-17	AP00280610	2023	101	$ 809.87	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 809.87	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 809.87	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 809.88	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 809.88	Y	Aerotek timesheet
2-30	2-17	AP00272544	2023	101	$ 809.88	Y	Aerotek timesheet
2-30	2-17	AP00272544	2023	101	$ 809.88	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 822.66	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 822.67	Y	Aerotek timesheet
2-30	2-17	AP00280610	2023	101	$ 822.67	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 822.67	Y	Aerotek timesheet
2-30	2-17	AP00268155	2023	101	$ 822.67	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 826.75	Y	Aerotek timesheet
2-30	2-17	AP00286794	2023	101	$ 829.06	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 829.06	Y	Aerotek timesheet
2-30	2-17	AP00274300	2023	101	$ 832.17	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 835.45	Y	Aerotek timesheet
2-30	2-17	AP00283466	2023	101	$ 835.45	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 835.45	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 835.45	Y	Aerotek timesheet
2-30	2-17	AP00278836	2023	101	$ 835.45	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 835.45	Y	Aerotek timesheet
2-30	2-17	AP00277160	2023	101	$ 835.45	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 835.45	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 835.45	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 835.45	Y	Aerotek timesheet
2-30	2-17	AP00274116	2023	101	$ 835.45	Y	Aerotek timesheet
2-30	2-17	AP00282023	2023	101	$ 838.57	Y	Aerotek timesheet
2-30	2-17	AP00272544	2023	101	$ 848.24	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 859.88	Y	Aerotek timesheet
2-30	2-17	AP00280610	2023	101	$ 861.02	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 861.02	Y	Aerotek timesheet

Ronco's Testimony Page Number	Attachment in Ronco's Testimony	Journal ID	Year	Dept	Amount	Should be allowed?	Notes
2-30	2-17	AP00286794	2023	101	$ 861.03	Y	Aerotek timesheet
2-30	2-17	AP00284338	2023	101	$ 861.03	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 861.03	Y	Aerotek timesheet
2-30	2-17	AP00280610	2023	101	$ 861.03	Y	Aerotek timesheet
2-30	2-17	AP00279444	2023	101	$ 861.03	Y	Aerotek timesheet
2-30	2-17	AP00278836	2023	101	$ 861.03	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 861.03	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 867.42	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 873.81	Y	Aerotek timesheet
2-30	2-17	AP00272544	2023	101	$ 873.81	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 873.82	Y	Aerotek timesheet
2-30	2-17	AP00280437	2023	101	$ 878.07	Y	Aerotek timesheet
2-30	2-17	AP00278836	2023	101	$ 878.07	Y	Aerotek timesheet
2-30	2-17	AP00283466	2023	101	$ 878.16	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 880.20	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 880.21	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 882.34	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 882.51	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 886.60	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 886.60	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 886.60	Y	Aerotek timesheet
2-30	2-17	AP00279444	2023	101	$ 886.60	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 886.60	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 886.60	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 886.60	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 886.60	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 899.39	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 899.39	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 899.39	Y	Aerotek timesheet
2-30	2-17	AP00279993	2023	101	$ 899.39	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 899.39	Y	Aerotek timesheet
2-30	2-17	AP00280610	2023	101	$ 903.65	Y	Aerotek timesheet
2-30	2-17	AP00284338	2023	101	$ 912.17	Y	Aerotek timesheet
2-30	2-17	AP00282023	2023	101	$ 912.17	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 912.18	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 912.18	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 912.18	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 912.18	Y	Aerotek timesheet
2-30	2-17	AP00286794	2023	101	$ 920.70	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 924.96	Y	Aerotek timesheet
2-30	2-17	AP00282023	2023	101	$ 924.96	Y	Aerotek timesheet
2-30	2-17	AP00276262	2023	101	$ 924.96	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 927.09	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 929.22	Y	Aerotek timesheet
2-30	2-17	AP00282023	2023	101	$ 929.22	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 929.23	Y	Aerotek timesheet
2-30	2-17	AP00282023	2023	101	$ 929.31	Y	Aerotek timesheet
2-30	2-17	AP00284338	2023	101	$ 937.75	Y	Aerotek timesheet
2-30	2-17	AP00276832	2023	101	$ 937.75	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 942.02	Y	Aerotek timesheet
2-30	2-17	AP00282023	2023	101	$ 942.02	Y	Aerotek timesheet
2-30	2-17	AP00280610	2023	101	$ 946.11	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 950.54	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 956.34	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 959.06	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 959.06	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 963.33	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 971.85	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 976.11	Y	Aerotek timesheet
2-30	2-17	AP00278258	2023	101	$ 976.11	Y	Aerotek timesheet
2-30	2-17	AP00285390	2023	101	$ 997.42	Y	Aerotek timesheet
2-30	2-17	AP00273368	2023	101	$ 997.43	Y	Aerotek timesheet
2-30	2-17	AP00283466	2023	101	$ 1,001.69	Y	Aerotek timesheet
2-30	2-17	AP00283466	2023	101	$ 1,018.74	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 1,023.00	Y	Aerotek timesheet
2-30	2-17	AP00283466	2023	101	$ 1,035.79	Y	Aerotek timesheet

Ronco's Testimony Page Number	Attachment in Ronco's Testimony	Journal ID	Year	Dept	Amount	Should be allowed?	Notes
2-30	2-17	AP00272544	2023	101	$ 1,035.79	Y	Aerotek timesheet
2-30	2-17	AP00286794	2023	101	$ 1,040.05	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 1,042.18	Y	Aerotek timesheet
2-30	2-17	AP00286794	2023	101	$ 1,044.31	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 1,054.97	Y	Aerotek timesheet
2-30	2-17	AP00283167	2023	101	$ 1,057.10	Y	Aerotek timesheet
2-30	2-17	AP00282419	2023	101	$ 1,080.55	Y	Aerotek timesheet
2-30	2-17	AP00283466	2023	101	$ 1,103.99	Y	Aerotek timesheet
2-30	2-17	AP00287392	2023	101	$ 822.66	Y	Aerotek timesheet
2-30	2-17	AP00267106	2023	101	$ 895.13	Y	Aerotek timesheet
2-30	2-17	AP00267106	2023	101	$ 1,091.20	Y	Aerotek timesheet
2-30	2-17	AP00267106	2023	101	$ 1,091.20	Y	Aerotek timesheet
2-30	2-17	AP00267106	2023	101	$ 1,116.78	Y	Aerotek timesheet
2-30	2-17	AP00267106	2023	101	$ 1,116.78	Y	Aerotek timesheet
2-30	2-17	AP00267106	2023	101	$ 1,142.35	Y	Aerotek timesheet
2-30	2-17	AP00267106	2023	101	$ 1,295.80	Y	Aerotek timesheet
2-30	2-17	AP00267106	2023	101	$ 1,319.08	Y	Aerotek timesheet
2-30	2-17	AP00267106	2023	101	$ 1,321.38	Y	Aerotek timesheet
2-30	2-17	AP00267106	2023	101	$ 1,392.06	Y	Aerotek timesheet
2-30	2-17	AP00267106	2023	101	$ 1,406.45	Y	Aerotek timesheet
2-30	2-17	AP00267106	2023	101	$ 1,466.30	Y	Aerotek timesheet
2-30	2-17	AP00267106	2023	101	$ 1,466.30	Y	Aerotek timesheet
2-30	2-17	AP00267106	2023	101	$ 1,696.48	Y	Aerotek timesheet
2-30	2-17	08_AIS_TAN	2022	105	$ 42.90	Y	Amortize AIS tank bonding cost
2-30	2-17	08_AIS_TAN	2022	105	$ 42.90	Y	Amortize AIS tank bonding cost
2-30	2-17	08_AIS_TAN	2022	105	$ 42.90	Y	Amortize AIS tank bonding cost
2-30	2-17	AP00245821	2022	105	$ 4,400.00	Y	Advanced Indstrial Services, interior tank cleaning
2-30	2-17	AP00249132	2022	105	$ 6,416.01	Y	Griswold (CLA-VAL) Dixon valve rebuild
2-30	2-17	EXP0261216	2022	105	$ 30.04	Y	Expense report
2-30	2-17	EXP0261216	2022	105	$ 78.49	Y	Expense report
2-30	2-17	XPO0263079	2022	105	$ 5,000.00	Y	December accrual
2-30	2-17	08_AIS_TAN	2023	105	$ 42.90	Y	Amortization
2-30	2-17	08_AIS_TAN	2023	105	$ 42.90	Y	Amortization
2-30	2-17	08_AIS_TAN	2023	105	$ 42.90	Y	Amortization
2-30	2-17	08_AIS_TAN	2023	105	$ 42.90	Y	Amortization
2-30	2-17	08_AIS_TAN	2023	105	$ 42.90	Y	Amortization
2-30	2-17	08_AIS_TAN	2023	105	$ 42.90	Y	Amortization
2-30	2-17	08_AIS_TAN	2023	105	$ 42.90	Y	Amortization
2-30	2-17	08_AIS_TAN	2023	105	$ 42.90	Y	Amortization
2-30	2-17	08_AIS_TAN	2023	105	$ 42.90	Y	Amortization
2-30	2-17	08_AIS_TAN	2023	105	$ 42.90	Y	Amortization
2-30	2-17	08_AIS_TAN	2023	105	$ 42.90	Y	Amortization
2-30	2-17	08_AIS_TAN	2023	105	$ 42.90	Y	Amortization
2-30	2-17	AP00278340	2023	105	$ 1,400.00	Y	Reservoir inspection service (Corrpro Co., Inc.)
2-30	2-17	AC_AP_4	2022	108	$ 2,400.00	Y	Installing shrubs at sta. 9
2-30	2-17	EXP0202737	2020	109	$ 1,600.00	Y	Surveying and drafting
2-30	2-17	24NA	2023	109	$ (1,949.67)	Y	Powerplant JE
2-30	2-17	24NA	2023	109	$ 131.70	Y	Powerplant JE
2-30	2-17	24NA	2023	109	$ 8,755.48	Y	Powerplant JE
2-30	2-17	04NA	2023	109	$ 10,327.03	Y	Powerplant JE
2-30	2-17	51NA	2023	109	$ 21,389.89	Y	Powerplant JE
2-30	2-17	EXP0283647	2023	113	$ 76.22	Y	Expense report
2-30	2-17	EXP0283647	2023	113	$ 97.44	Y	Expense report
2-30	2-17	EXP0287617	2023	113	$ 456.59	Y	Expense report
2-30	2-17	EXP0283647	2023	113	$ 708.56	Y	Expense report
2-30	2-17	EXP0176693	2019	114	$ 14.23	Y	Expense report
2-30	2-17	EXP0180295	2019	114	$ 18.41	Y	Expense report
2-30	2-17	EXP0180295	2019	114	$ 100.30	Y	Expense report
2-30	2-17	EXP0180295	2019	114	$ 119.17	Y	Expense report
2-30	2-17	EXP0176693	2019	114	$ 428.71	Y	Expense report
2-30	2-17	EXP0176693	2019	114	$ 525.11	Y	Expense report
2-30	2-17	EXP0267563	2023	117	$ 189.48	Y	Expense report
2-30	2-17	AP00273546	2023	117	$ 3,040.72	Y	CDW Direct parts
2-30	2-17	EXP0224462	2021	119	$ 1,560.48	Y	Expense report
2-30	2-17	AP00182856	2019	122	$ 5,845.00	Y	Advanced Industrial Services, interior ladder for PV STA. 22

Ronco's Testimony Page Number	Attachment in Ronco's Testimony	Journal ID	Year	Dept	Amount	Should be allowed?	Notes
2-30	2-17	AP00207845	2020	122	$ 2,417.00	Y	Curtis Electrical Construction, PV37 inspection
2-30	2-17	APA123123	2023	122	$ 21,950.54	Y	December 2023 accrual, would have been reversed out in Jan 2024.
2-30	2-17	APA123123	2023	122	$ 42,058.07	Y	December 2023 accrual, would have been reversed out in Jan 2024.
2-30	2-17	ACAP123123	2023	122	$ 50,405.28	Y	December 2023 accrual, would have been reversed out in Jan 2024.
2-30	2-17	EXP0215094	2020	128	$ 151.37	Y	Expense report
2-30	2-17	EXP0207584	2020	128	$ 432.53	Y	Expense report
2-30	2-17	EXP0207584	2020	128	$ 566.01	Y	Expense report
2-30	2-17	EXP0262064	2022	129	$ 253.48	Y	Expense report
2-30	2-17	AP00251254	2022	129	$ 2,845.00	Y	Witcher Electric, installation of a lighting circuit
2-30	2-17	AP00257144	2022	129	$ 4,453.00	Y	Witcher Electric, installation of a lighting circuit
2-30	2-17	EXP0284685	2023	129	$ 56.17	Y	Expense report
2-30	2-17	EXP0284685	2023	129	$ 152.70	Y	Expense report
2-30	2-17	EXP0284685	2023	129	$ 1,238.18	Y	Expense report
2-30	2-17	AP00193350	2019	148	$ 515.43	Y	West Valley, repair water services
2-30	2-17	AP00191670	2019	148	$ 1,546.29	Y	West Valley, repair water services
2-30	2-17	AP00191670	2019	148	$ 2,061.72	Y	West Valley, repair water services
2-30	2-17	AP00182458	2019	148	$ 2,655.01	Y	West Valley, repair water services
2-30	2-17	AP00191587	2019	148	$ 3,540.58	Y	West Valley, repair water services
2-30	2-17	AP00191587	2019	148	$ 3,574.30	Y	West Valley, repair water services
2-30	2-17	146_000015	2019	148	$ (76.61)	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000016	2019	148	$ (48.31)	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000011	2019	148	$ 26.05	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000016	2019	148	$ 113.02	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000017	2019	148	$ 120.48	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000016	2019	148	$ 170.19	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000015	2019	148	$ 326.08	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000016	2019	148	$ 379.66	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000016	2019	148	$ 427.80	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000016	2019	148	$ 447.52	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000014	2019	148	$ 514.54	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000015	2019	148	$ 609.15	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000015	2019	148	$ 1,517.15	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	AC_EST	2020	149	$ 1,317.44	Y	Accrual
2-30	2-17	AP00211093	2020	149	$ (11.88)	Y	AP payment
2-30	2-17	AP00201397	2020	149	$ (3.51)	Y	AP payment
2-30	2-17	AP00200270	2020	149	$ 34.67	Y	R&B materials (box lids, caps, etc.)
2-30	2-17	EXP0197639	2020	149	$ 41.65	Y	Expense report
2-30	2-17	AP00210759	2020	149	$ 69.07	Y	R&B materials (box lids, caps, etc.)
2-30	2-17	AP00200270	2020	149	$ 155.50	Y	R&B materials (box lids, caps, etc.)
2-30	2-17	AP00210759	2020	149	$ 573.85	Y	R&B materials (box lids, caps, etc.)
2-30	2-17	AP00212654	2020	149	$ 716.30	Y	West Valley Construction, unscheduled pump/tank maint.
2-30	2-17	AP00204184	2020	149	$ 3,218.78	Y	West Valley Construction, water main repair
2-30	2-17	AP00211655	2020	149	$ 6,587.22	Y	West Valley Construction, unscheduled pump/tank maint.
2-30	2-17	AC_EST	2023	149	$ 1,349.45	Y	Accrual
2-30	2-17	AP00277986	2023	149	$ 1,379.25	Y	WRA well assessment
2-30	2-17	AP00280578	2023	149	$ 1,829.00	Y	WRA well assessment
2-30	2-17	AP00282782	2023	149	$ 2,567.25	Y	WRA well assessment
2-30	2-17	AP00284004	2023	149	$ 6,747.25	Y	WRA well assessment
2-30	2-17	146_000015	2019	150	$ (12.75)	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000016	2019	150	$ (8.04)	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000011	2019	150	$ 4.33	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000016	2019	150	$ 18.81	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000017	2019	150	$ 20.05	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000016	2019	150	$ 28.32	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000015	2019	150	$ 54.26	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000016	2019	150	$ 63.17	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000016	2019	150	$ 71.18	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000016	2019	150	$ 74.46	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000014	2019	150	$ 85.61	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000015	2019	150	$ 101.36	Y	Allocation of miscellaneous (GL 805430)
2-30	2-17	146_000015	2019	150	$ 252.44	Y	Allocation of miscellaneous (GL 805430)

Ronco's Testimony Page Number	Attachment in Ronco's Testimony	Journal ID	Year	Dept	Amount	Should be allowed?	Notes
2-30	2-17	AP00231192	2021	152	$ 180.00	Y	WaterTalent timesheet
2-30	2-17	AP00219588	2021	152	$ 270.00	Y	WaterTalent timesheet
2-30	2-17	AP00238697	2021	152	$ 360.00	Y	WaterTalent timesheet
2-30	2-17	AP00219588	2021	152	$ 480.00	Y	WaterTalent timesheet
2-30	2-17	AP00235709	2021	152	$ 1,260.00	Y	WaterTalent timesheet
2-30	2-17	AP00231192	2021	152	$ 1,680.00	Y	WaterTalent timesheet
2-30	2-17	AP00238697	2021	152	$ 3,840.00	Y	WaterTalent timesheet
2-30	2-17	AP00238697	2021	152	$ 4,200.00	Y	WaterTalent timesheet
2-30	2-17	AP00238697	2021	152	$ 4,800.00	Y	WaterTalent timesheet
2-30	2-17	AP00238697	2021	152	$ 4,800.00	Y	WaterTalent timesheet
2-30	2-17	EXP0196499	2019	650	$ 4.22	Y	Expense report
2-30	2-17	EXP0196617	2019	650	$ 17.75	Y	Expense report
2-30	2-17	EXP0182932	2019	650	$ 23.56	Y	Expense report
2-30	2-17	EXP0182385	2019	650	$ 23.98	Y	Expense report
2-30	2-17	EXP0182385	2019	650	$ 30.16	Y	Expense report
2-30	2-17	EXP0196499	2019	650	$ 31.28	Y	Expense report
2-30	2-17	EXP0196617	2019	650	$ 34.37	Y	Expense report
2-30	2-17	EXP0196617	2019	650	$ 38.07	Y	Expense report
2-30	2-17	EXP0176898	2019	650	$ 76.62	Y	Expense report
2-30	2-17	EXP0182932	2019	650	$ 124.52	Y	Expense report
2-30	2-17	EXP0195061	2019	650	$ 183.05	Y	Expense report
2-30	2-17	EXP0196617	2019	650	$ 433.00	Y	Expense report
2-30	2-17	EXP0195780	2019	650	$ 850.08	Y	Expense report
2-30	2-17	EXP0195943	2019	650	$ 1,239.56	Y	Expense report
2-30	2-17	EXP0196617	2019	650	$ 1,784.14	Y	Expense report
2-30	2-17	EXP0176898	2019	650	$ 4,719.22	Y	Expense report
2-30	2-17	EXP0243736	2022	650	$ 1,580.00	Y	Expense report
2-30	2-17	AP00241763	2022	650	$ 2,115.75	Y	Pumpman Norcal tank rental
2-30	2-17	AP00255424	2022	650	$ 2,974.64	Y	Pumpman Norcal tank rental
2-30	2-17	AP00249927	2022	650	$ 4,017.98	Y	Pumpman Norcal tank rental
2-30	2-17	AP00241523	2022	650	$ 4,231.50	Y	Pumpman Norcal tank rental
2-30	2-17	AP00245474	2022	650	$ 6,347.25	Y	Pumpman Norcal tank rental
2-30	2-17	AP00249927	2022	650	$ 13,577.08	Y	Pumpman Norcalwell remediation and tank rentals
2-30	2-17	24NA	2023	650	$ (139.04)	Y	Powerplant JE
2-30	2-17	24NA	2023	650	$ 33.18	Y	Powerplant JE
2-30	2-17	24NA	2023	650	$ 2,166.09	Y	Powerplant JE
2-30	2-17	04NA	2023	650	$ 2,503.97	Y	Powerplant JE

CHAPTER 6 ATTACHMENTS

ATTACHMENT 6-9

Public Advocates Office
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102
Tel: 415-703-1584
www.publicadvocates.cpuc.ca.gov

Public Advocates Office DATA REQUEST
A.24-07-003: California Water Service Company
Test Year 2025-26 General Rate Case

Date Received: February 20, 2025
Response Due: February 27, 2025

To:

California Water Service	2024GRCDataRequest@calwater.com
Natalie D. Wales Director, Rates	408-367-8566 nwales@calwater.com
Patrick Alexander General Rate Case Manager	408-367-8230 palexander@calwater.com
Melody Singh Manager, Revenue	916-329-1856 msingh@calwater.com

From:

Public Advocates Office	
Edward Scher Project Lead	(415) 815-7027 edward.scher@cpuc.ca.gov
Emily Fisher Attorney	(415) 703-1327 emily.fisher@cpuc.ca.gov
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Re: Cal Advocates Response to A2407003 Cal Water DR CWS-007 (Prod. And O&M Expenses)

DATA REQUEST RESPONSE

The following questions pertain to Cal Advocates' Report on Production Expenses, Operations and Maintenance Expenses, and Special Request #3.

1. Please provide the supporting calculations used to generate the average wholesaler rates used in Attachment 1-3, which is also shown in the All Purchased Water WS-1 tab of the "CH05_OM_FDR_All Production" file.

   RESPONSE: See Attachment 1 of this response for all calculations to support the average wholesaler rates in Cal Advocates' report.

   Most historical rate data used in the average calculations (columns D-G of Attachment 1 of this response) are from Attachment 1-2 of Cal Advocate's report.

   The only historical rates not from Attachment 1-2, are the additional River Water rates for Bakersfield. These rates are highlighted in blue in Attachment 1 and are from the Confidential invoice 01639513 Cal Water provided in response to Cal Advocates' DR CR8-001, Question 1f.

   The current rates used in the calculation (column H of Attachment 1) are from Cal Water's submitted RO model.

   For several rates, calculations were necessary to convert the numbers from the Attachment 1-2 to align with the number in the RO model. Those calculations are described in Column J of Attachment 1.

   Two rates contained errors in their calculations, identified in column K of Attachment 1. Additionally, the River Water rate for Bakersfield was not properly reflected in Attachment 1-3 or on page 1-5 of Cal Advocates' report. Cal Advocates will correct these errors in a future errata.

2. Please provide the supporting calculations used to generate Cal Advocates' recommendation for transportation expense.

   RESPONSE: See Attachment 2 of this response for all calculations to support Cal Advocates' trasnporation expense forecast.

   The number of vehicles in each district's fleets from 2019 to 2024 was obtained in Cal Water's responses to DRs CR8-004 and CR8-010.

   Several districts' transportation expense forecasts contain errors. Attachment 2 highlights those errors, which Cal Advocates will correct in a future errata.

3. Please provide Attachment 1-5, Purchased Power Rates, in excel.

   RESPONSE: See Attachment 3 of this response for the excel to support Attachment 1-5 of Cal Advocates' report.

   There is an error with Unified Area's purchased power forecast. The correction is included in Attachment 3 and the resulting change is highlighted in yellow. Cal Advocates will correct these errors in a future errata.

4. Please provide Attachment 1-6, Purchased Chemicals, in excel.

   RESPONSE: See Attachment 4 of this response for the excel to support Attachment 1-6 of Cal Advocates' report.

End Request

	Number of Vehicles							
	2019	2020	2021	2022	2023	2024		2019
Antelope Valley	5	5	7	7	7	6	$	47,980
Bakersfield	67	75	145	149	145	113	$	785,622
Bayshore	27	34	66	74	66	54	$	381,266
Bear Gulch	23	25	43	43	41	37	$	253,786
Chico	25	28	48	49	51	42	$	249,405
Dixon	4	4	3	3	4	6	$	76,852
Dominguez	25	21.33333	48.33333	53	48.66667	38.66667	$	456,257
East Los Angeles	30	33	46	50	52	47	$	466,343
Hermosa Redondo	25	21.33333	48.33333	53	48.66667	38.66667	$	332,724
Kern River Valley	7	10	13	15	16	11	$	87,798
King City	2	3	2	3	3	4	$	40,095
Livermore	14	12	18	21	18	18	$	182,054
Los Altos	118	22	36	35	29	30	$	277,121
Marysville	4	2	7	10	10	7	$	58,398
Oroville	9	8	11	11	11	10	$	84,157
Palos Verdes	25	21.33333	48.33333	53	48.66667	38.66667	$	331,138
Salinas	33	32	58	58	58	44	$	342,055
Selma	6	6	11	12	11	8	$	63,227
Stockton	32	39	66	61	64	50	$	513,616
Visalia	27	38	59	64	63	51	$	478,745
Westlake	5	6	13	14	14	10	$	131,263
Willows	1	2	6	6	5	4	$	21,322
Coast Springs	0.5	1	6	5	5	3	$	9,424
Lucerne	3	3	3	3	3	3	$	48,819
Unified Area	0.5	1	6	5	5	3	$	20,736
Travis	6	6	1	1	1	6	$	5,158
Customer Support	100	116	187	192	206	169	$	60,374
Rancho Dominguez	75	64	145	159	146	116		
Redwood Valley	4	5	15	13	13	9		

Recorded Transporation Expenses

	2020	2021	2022	2023
Antelope Valley	$ 49,801	$ 50,124	$ 54,794	$ 142,229
Bakersfield	$ 841,960	$ 893,864	$ 910,504	$ 849,679
Bayshore	$ 314,560	$ 322,358	$ 366,041	$ 493,907
Bear Gulch	$ 237,734	$ 244,206	$ 295,646	$ 258,659
Chico	$ 332,388	$ 375,766	$ 388,576	$ 407,986
Dixon	$ 63,989	$ 58,638	$ 61,266	$ 28,892
Dominguez	$ 459,087	$ 409,653	$ 458,744	$ 303,955
East Los Angeles	$ 493,561	$ 516,349	$ 492,482	$ 433,793
Hermosa Redondo	$ 339,012	$ 286,086	$ 324,139	$ 204,421
Kern River Valley	$ 84,569	$ 96,742	$ 122,186	$ 142,902
King City	$ 47,248	$ 44,181	$ 50,467	$ 61,969
Livermore	$ 161,567	$ 170,779	$ 198,674	$ 183,509
Los Altos	$ 210,056	$ 200,280	$ 225,697	$ 197,032
Marysville	$ 64,666	$ 70,116	$ 69,694	$ 93,779
Oroville	$ 74,641	$ 67,275	$ 80,073	$ 84,384
Palos Verdes	$ 337,539	$ 292,545	$ 361,051	$ 256,748
Salinas	$ 381,358	$ 370,405	$ 485,888	$ 504,005
Selma	$ 53,557	$ 51,371	$ 58,566	$ 57,802
Stockton	$ 472,129	$ 506,360	$ 585,034	$ 473,293
Visalia	$ 467,292	$ 481,134	$ 627,167	$ 456,605
Westlake	$ 105,410	$ 124,452	$ 137,601	$ 107,491
Willows	$ 23,769	$ 23,502	$ 27,107	$ 66,211
Coast Springs	$ 12,254	$ 9,889	$ 12,847	$ 16,851
Lucerne	$ 73,388	$ 58,377	$ 74,397	$ 92,761
Unified Area	$ 26,158	$ 21,111	$ 27,425	$ 34,318
Travis	$ 27,476	$ 35,913	$ 39,957	$ 39,353
Customer Support	$ 66,390	$ 72,223	$ 102,680	$ 125,201

Rancho Dominguez
Redwood Valley

Recorded Per Vehilce Transportation Expenses

	2019	2020	2021	2022	2023
Antelope Valley	$ 9,595.94	$ 9,960.22	$ 7,160.58	$ 7,827.65	$ 20,318.37
Bakersfield	$ 11,725.70	$ 11,226.13	$ 6,164.58	$ 6,110.76	$ 5,859.86
Bayshore	$ 14,120.97	$ 9,251.76	$ 4,884.22	$ 4,946.50	$ 7,483.43
Bear Gulch	$ 11,034.18	$ 9,509.38	$ 5,679.20	$ 6,875.49	$ 6,308.75
Chico	$ 9,976.19	$ 11,871.01	$ 7,828.46	$ 7,930.13	$ 7,999.73
Dixon	$ 19,212.99	$ 15,997.15	$ 19,545.88	$ 20,421.87	$ 7,222.98
Dominguez	$ 18,250.26	$ 21,519.71	$ 8,475.58	$ 8,655.55	$ 6,245.66
East Los Angeles	$ 15,544.78	$ 14,956.40	$ 11,224.98	$ 9,849.64	$ 8,342.18
Hermosa Redondo	$ 13,308.96	$ 15,891.20	$ 5,919.02	$ 6,115.84	$ 4,200.43
Kern River Valley	$ 12,542.64	$ 8,456.93	$ 7,441.66	$ 8,145.76	$ 8,931.38
King City	$ 20,047.26	$ 15,749.26	$ 22,090.61	$ 16,822.32	$ 20,656.27
Livermore	$ 13,003.89	$ 13,463.90	$ 9,487.71	$ 9,460.66	$ 10,194.93
Los Altos	$ 2,348.48	$ 9,548.02	$ 5,563.33	$ 6,448.50	$ 6,794.22
Marysville	$ 14,599.45	$ 32,332.76	$ 10,016.55	$ 6,969.44	$ 9,377.92
Oroville	$ 9,350.72	$ 9,330.14	$ 6,115.92	$ 7,279.39	$ 7,671.29
Palos Verdes	$ 13,245.52	$ 15,822.15	$ 6,052.66	$ 6,812.28	$ 5,275.64
Salinas	$ 10,365.32	$ 11,917.42	$ 6,386.30	$ 8,377.38	$ 8,689.74
Selma	$ 10,537.84	$ 8,926.21	$ 4,670.05	$ 4,880.47	$ 5,254.70
Stockton	$ 16,050.51	$ 12,105.88	$ 7,672.11	$ 9,590.72	$ 7,395.21
Visalia	$ 17,731.30	$ 12,297.15	$ 8,154.82	$ 9,799.48	$ 7,247.70
Westlake	$ 26,252.57	$ 17,568.41	$ 9,573.26	$ 9,828.61	$ 7,677.94
Willows	$ 21,321.86	$ 11,884.64	$ 3,916.96	$ 4,517.80	$ 13,242.15
Coast Springs	$ 18,847.22	$ 12,254.08	$ 1,648.11	$ 2,569.37	$ 3,370.28
Lucerne	$ 16,273.09	$ 24,462.59	$ 19,458.86	$ 24,799.11	$ 30,920.36
Unified Area	$ 41,471.22	$ 26,158.38	$ 3,518.54	$ 5,485.05	$ 6,863.59
Travis	$ 859.71	$ 4,579.37	$ 35,913.47	$ 39,957.35	$ 39,352.52
Customer Support	$ 603.74	$ 572.33	$ 386.22	$ 534.79	$ 607.77

Rancho Dominguez
Redwood Valley

		5 year average		Corrected Numbers
Antelope Valley	$	10,972.55	$	65,835
Bakersfield	$	8,217.41	$	928,567
Bayshore	$	8,137.37	$	439,418
Bear Gulch	$	7,881.40	$	291,612
Chico	$	9,121.10	$	383,086
Dixon	$	16,480.18	$	98,881
Dominguez	$	12,629.35	$	488,335
East Los Angeles	$	11,983.59	$	563,229
Hermosa Redondo	$	9,087.09	$	351,367
Kern River Valley	$	9,103.67	$	100,140
King City	$	19,073.14	$	76,293
Livermore	$	11,122.22	$	200,200
Los Altos	$	6,140.51	$	184,215
Marysville	$	14,659.22	$	102,615
Oroville	$	7,949.49	$	79,495
Palos Verdes	$	9,441.65	$	365,077
Salinas	$	9,147.23	$	402,478
Selma	$	6,853.85	$	54,831
Stockton	$	10,562.89	$	528,144
Visalia	$	11,046.09	$	563,351
Westlake	$	14,180.16	$	141,802
Willows	$	10,976.68	$	43,907
Coast Springs	$	7,737.81	$	23,213
Lucerne	$	23,182.80	$	69,548
Unified Area	$	16,699.36	$	50,098
Travis	$	24,132.48	$	144,795
Customer Support	$	540.97	$	91,424

Rancho Dominguez
Redwood Valley

	incorrect forecast in report	
Antelope Valley	$	65,835
Bakersfield	$	944,352
Bayshore	$	450,983
Bear Gulch	$	293,735
Chico	$	392,113
Dixon	$	98,881
Dominguez	$	488,335
East Los Angeles	$	563,229
Hermosa Redondo	$	351,367
Kern River Valley	$	100,140
King City	$	76,293
Livermore	$	209,427
Los Altos	$	197,754
Marysville	$	102,615
Oroville	$	79,495
Palos Verdes	$	365,077
Salinas	$	402,478
Selma	$	54,831
Stockton	$	528,144
Visalia	$	575,983
Westlake	$	141,802
Willows	$	43,907
Coast Springs	$	23,213
Lucerne	$	69,548
Unified Area	$	50,098
Travis	$	144,795
Customer Support	$	118,977

Inflation Factors from Cal Water Workpapers

2024	2025	2026	2027	2028
0.965	1.0116	1.1454	1.1478	1.1484

Rancho Dominguez
Redwood Valley

	Escalated Forecast				
	2024	2025	2026	2027	2028
Antelope Valley	$ 63,531.08	$ 64,268.04	$ 73,612.62	$ 84,492.56	$ 97,031.26
Bakersfield	$ 896,067.09	$ 906,461.47	$ 1,038,260.97	$ 1,191,715.94	$ 1,368,566.58
Bayshore	$ 424,038.53	$ 428,957.38	$ 491,327.78	$ 563,946.03	$ 647,635.62
Bear Gulch	$ 281,405.34	$ 284,669.64	$ 326,060.61	$ 374,252.36	$ 429,791.41
Chico	$ 369,678.31	$ 373,966.58	$ 428,341.32	$ 491,650.16	$ 564,611.05
Dixon	$ 95,420.21	$ 96,527.09	$ 110,562.13	$ 126,903.21	$ 145,735.65
Dominguez	$ 471,243.17	$ 476,709.59	$ 546,023.17	$ 626,725.39	$ 719,731.44
East Los Angeles	$ 543,515.94	$ 549,820.73	$ 629,764.66	$ 722,843.88	$ 830,113.91
Hermosa Redondo	$ 339,069.59	$ 343,002.80	$ 392,875.40	$ 450,942.39	$ 517,862.24
Kern River Valley	$ 96,635.51	$ 97,756.48	$ 111,970.27	$ 128,519.48	$ 147,591.77
King City	$ 73,622.33	$ 74,476.35	$ 85,305.22	$ 97,913.33	$ 112,443.66
Livermore	$ 193,192.95	$ 195,433.98	$ 223,850.08	$ 256,935.13	$ 295,064.30
Los Altos	$ 177,767.77	$ 179,829.88	$ 205,977.14	$ 236,420.56	$ 271,505.37
Marysville	$ 99,023.06	$ 100,171.73	$ 114,736.70	$ 131,694.78	$ 151,238.29
Oroville	$ 76,712.60	$ 77,602.47	$ 88,885.87	$ 102,023.20	$ 117,163.44
Palos Verdes	$ 352,299.54	$ 356,386.21	$ 408,204.77	$ 468,537.43	$ 538,068.39
Salinas	$ 388,391.40	$ 392,896.74	$ 450,023.93	$ 516,537.46	$ 593,191.62
Selma	$ 52,911.75	$ 53,525.53	$ 61,308.14	$ 70,369.48	$ 80,812.31
Stockton	$ 509,659.26	$ 515,571.30	$ 590,535.37	$ 677,816.50	$ 778,404.47
Visalia	$ 543,633.24	$ 549,939.39	$ 629,900.57	$ 722,999.88	$ 830,293.06
Westlake	$ 136,838.52	$ 138,425.84	$ 158,552.96	$ 181,987.09	$ 208,993.97
Willows	$ 42,369.99	$ 42,861.49	$ 49,093.55	$ 56,349.57	$ 64,711.85
Coast Springs	$ 22,400.96	$ 22,660.81	$ 25,955.70	$ 29,791.95	$ 34,213.07
Lucerne	$ 67,114.21	$ 67,892.74	$ 77,764.34	$ 89,257.91	$ 102,503.79
Unified Area	$ 48,344.63	$ 48,905.43	$ 56,016.28	$ 64,295.49	$ 73,836.94
Travis	$ 139,727.07	$ 141,347.91	$ 161,899.89	$ 185,828.70	$ 213,405.68
Customer Support	$ 88,224.14	$ 89,247.54	$ 102,224.14	$ 117,332.86	$ 134,745.06

Rancho Dominguez
Redwood Valley

	Updated Cal Advocates TY Forecast
	$ 7,639,033.56
Antelope Valley	
Bakersfield	
Bayshore	
Bear Gulch	
Chico	
Dixon	
Dominguez	
East Los Angeles	
Hermosa Redondo	
Kern River Valley	
King City	
Livermore	
Los Altos	
Marysville	
Oroville	
Palos Verdes	
Salinas	
Selma	
Stockton	
Visalia	
Westlake	
Willows	
Coast Springs	
Lucerne	
Unified Area	
Travis	
Customer Support	
Rancho Dominguez	
Redwood Valley	

CHAPTER 6 ATTACHMENTS

ATTACHMENT 6-10

CALIFORNIA WATER SERVICE
ATTACHMENT 6-10
CORRECTION TO CAL
ADVOCATES RESPONSE TO
DR CWS-007 ATTACHMENT 2
(UNESCALATED RECORDED)

	Number of Vehicles						Recorded Transporation Expenses				
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2019**	**2020**	**2021**	**2022**	**2023**
Antelope Valley	5	5	7	7	7	6	$47,980	$49,801	$50,124	$54,794	$142,229
Bakersfield	67	75	145	149	145	113	$785,622	$841,960	$893,864	$910,504	$849,679
Bayshore	27	34	66	74	66	54	$381,266	$314,560	$322,358	$366,041	$493,907
Bear Gulch	23	25	43	43	41	37	$253,786	$237,734	$244,206	$295,646	$258,659
Chico	25	28	48	49	51	42	$249,405	$332,388	$375,766	$388,576	$407,986
Dixon	4	4	3	3	4	6	$76,852	$63,989	$58,638	$61,266	$28,892
Dominguez	25	21	48	53	49	39	$456,257	$459,087	$409,653	$458,744	$303,955
East Los Angeles	30	33	46	50	52	47	$466,343	$493,561	$516,349	$492,482	$433,793
Hermosa Redondo	25	21	48	53	49	39	$332,724	$339,012	$286,086	$324,139	$204,421
Kern River Valley	7	10	13	15	16	11	$87,798	$84,569	$96,742	$122,186	$142,902
King City	2	3	2	3	3	4	$40,095	$47,248	$44,181	$50,467	$61,969
Livermore	14	12	18	21	18	18	$182,054	$161,567	$170,779	$198,674	$183,589
Los Altos	118	22	36	35	29	30	$277,121	$210,056	$200,280	$225,697	$197,032
Marysville	4	2	7	10	10	7	$58,398	$64,666	$70,116	$69,694	$93,779
Oroville	9	8	11	11	11	10	$84,157	$74,641	$67,275	$80,073	$84,384
Palos Verdes	25	21	48	53	49	39	$331,138	$337,539	$292,545	$361,051	$256,748
Salinas	33	32	58	58	58	44	$342,055	$381,358	$370,405	$485,888	$504,005
Selma	6	6	11	12	11	8	$63,227	$53,557	$51,371	$58,566	$57,802
Stockton	32	39	66	61	64	50	$513,616	$472,129	$506,360	$585,034	$473,293
Visalia	27	38	59	64	63	51	$478,745	$467,292	$481,134	$627,167	$456,605
Westlake	5	6	13	14	14	10	$131,263	$105,410	$124,452	$137,601	$107,491
Willows	1	2	6	6	5	4	$21,322	$23,769	$23,502	$27,107	$66,211
Coast Springs	1	1	6	5	5	3	$9,424	$12,254	$9,889	$12,847	$16,223
Lucerne	3	3	3	3	3	3	$48,819	$73,388	$58,377	$74,397	$93,222
Unified Area	1	1	6	5	5	3	$20,736	$26,158	$21,111	$27,425	$34,632
Travis AFB	6	6	1	1	1	6	$3,517	$27,476	$35,913	$39,957	$39,353
Customer Support Services	100	116	187	192	206	169	$958,321	$1,054,995	$1,109,705	$1,241,577	$1,006,113
Rancho Dominguez	75	64	145	159	146	116					
Redwood Valley	4	5	15	13	13	9					
Total							**$6,702,040**	**$6,810,166**	**$6,891,179**	**$7,777,599**	**$6,998,873**

CALIFORNIA WATER SERVICE
ATTACHMENT 6-10
CORRECTION TO CAL
ADVOCATES RESPONSE TO
DR CWS-007 ATTACHMENT 2
(UNESCALATED RECORDED)

	Recorded Per Vehicle Transportation Expenses						Inflation Factors from Cal Water Workpapers				
	2019	**2020**	**2021**	**2022**	**2023**	**5 year average**	**2024**	**2025**	**2026**	**2027**	**2028**
Antelope Valley	$9,596	$9,960	$7,161	$7,828	$20,318	$10,973	0.965	1.0116	1.1454	1.1478	1.1484
Bakersfield	$11,726	$11,226	$6,165	$6,111	$5,860	$8,217					
Bayshore	$14,121	$9,252	$4,884	$4,946	$7,483	$8,137					
Bear Gulch	$11,034	$9,509	$5,679	$6,875	$6,309	$7,881					
Chico	$9,976	$11,871	$7,828	$7,930	$8,000	$9,121					
Dixon	$19,213	$15,997	$19,546	$20,422	$7,223	$16,480					
Dominguez	$18,250	$21,520	$8,476	$8,656	$6,246	$12,629					
East Los Angeles	$15,545	$14,956	$11,225	$9,850	$8,342	$11,984					
Hermosa Redondo	$13,309	$15,891	$5,919	$6,116	$4,200	$9,087					
Kern River Valley	$12,543	$8,457	$7,442	$8,146	$8,931	$9,104					
King City	$20,047	$15,749	$22,091	$16,822	$20,656	$19,073					
Livermore	$13,004	$13,464	$9,488	$9,461	$10,199	$11,123					
Los Altos	$2,348	$9,548	$5,563	$6,448	$6,794	$6,141					
Marysville	$14,599	$32,333	$10,017	$6,969	$9,378	$14,659					
Oroville	$9,351	$9,330	$6,116	$7,279	$7,671	$7,949					
Palos Verdes	$13,246	$15,822	$6,053	$6,812	$5,276	$9,442					
Salinas	$10,365	$11,917	$6,386	$8,377	$8,690	$9,147					
Selma	$10,538	$8,926	$4,670	$4,880	$5,255	$6,854					
Stockton	$16,051	$12,106	$7,672	$9,591	$7,395	$10,563					
Visalia	$17,731	$12,297	$8,155	$9,799	$7,248	$11,046					
Westlake	$26,253	$17,568	$9,573	$9,829	$7,678	$14,180					
Willows	$21,322	$11,885	$3,917	$4,518	$13,242	$10,977					
Coast Springs	$18,847	$12,254	$1,648	$2,569	$3,245	$7,713					
Lucerne	$16,273	$24,463	$19,459	$24,799	$31,074	$23,214					
Unified Area	$41,471	$26,158	$3,519	$5,485	$6,926	$16,712					
Travis AFB	$586	$4,579	$35,913	$39,957	$39,353	$24,078					
Customer Support Services	$9,583	$9,095	$5,934	$6,467	$4,884	$7,193					

Rancho Dominguez
Redwood Valley
Total

CALIFORNIA WATER SERVICE
ATTACHMENT 6-10
CORRECTION TO CAL
ADVOCATES RESPONSE TO
DR CWS-007 ATTACHMENT 2
(UNESCALATED RECORDED)

Escalated Forecast

	2024	2025	2026	2027	2028
Antelope Valley	$63,531.08	$64,268.04	$73,612.62	$84,492.56	$97,031.26
Bakersfield	$896,067.09	$906,461.47	$1,038,260.97	$1,191,715.94	$1,368,566.58
Bayshore	$424,038.53	$428,957.38	$491,327.78	$563,946.03	$647,635.62
Bear Gulch	$281,405.34	$284,669.64	$326,060.61	$374,252.36	$429,791.41
Chico	$369,678.31	$373,966.58	$428,341.32	$491,650.16	$564,611.05
Dixon	$95,420.21	$96,527.09	$110,562.13	$126,903.21	$145,735.65
Dominguez	$471,243.17	$476,709.59	$546,023.17	$626,725.39	$719,731.44
East Los Angeles	$543,515.94	$549,820.73	$629,764.66	$722,843.88	$830,113.91
Hermosa Redondo	$339,069.59	$343,002.80	$392,875.40	$450,942.39	$517,862.24
Kern River Valley	$96,635.51	$97,756.48	$111,970.27	$128,519.48	$147,591.77
King City	$73,622.33	$74,476.35	$85,305.22	$97,913.33	$112,443.66
Livermore	$193,208.39	$195,449.60	$223,867.98	$256,955.66	$295,087.88
Los Altos	$177,767.77	$179,829.88	$205,977.14	$236,420.56	$271,505.37
Marysville	$99,023.06	$100,171.73	$114,736.70	$131,694.78	$151,238.29
Oroville	$76,712.60	$77,602.47	$88,885.87	$102,023.20	$117,163.44
Palos Verdes	$352,299.54	$356,386.21	$408,204.77	$468,537.43	$538,068.39
Salinas	$388,391.40	$392,896.74	$450,023.93	$516,537.46	$593,191.62
Selma	$52,911.75	$53,525.53	$61,308.14	$70,369.48	$80,812.31
Stockton	$509,659.26	$515,571.30	$590,535.37	$677,816.50	$778,404.47
Visalia	$543,633.24	$549,939.39	$629,900.57	$722,999.88	$830,293.06
Westlake	$136,838.52	$138,425.84	$158,552.96	$181,987.09	$208,993.97
Willows	$42,369.99	$42,861.49	$49,093.55	$56,349.57	$64,711.85
Coast Springs	$22,328.24	$22,587.24	$25,871.43	$29,695.23	$34,102.00
Lucerne	$67,203.17	$67,982.73	$77,867.42	$89,376.22	$102,639.65
Unified Area	$48,381.01	$48,942.23	$56,058.43	$64,343.87	$73,892.50
Travis AFB	$139,410.23	$141,027.39	$161,532.77	$185,407.31	$212,921.75
Customer Support Services	$1,172,999.60	$1,186,606.40	$1,359,138.97	$1,560,019.71	$1,791,526.64

	Cal Advocates TY Forecast <u>without</u> escalation to recorded (corrected by CWS)	
Rancho Dominguez		**$8,895,660.12**
Redwood Valley		
Total		

CALIFORNIA WATER SERVICE
ATTACHMENT 6-10
CORRECTION TO CAL ADVOCATES RESPONSE
TO DR CWS-007 ATTACHMENT 2 (ESCALATED RECORDED)

	Number of Vehicles						Recorded Transporation Expenses				
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2019**	**2020**	**2021**	**2022**	**2023**
Antelope Valley	5	5	7	7	7	6	$59,245	$59,738	$54,294	$54,794	$142,229
Bakersfield	67	75	145	149	145	113	$970,088	$1,009,961	$968,233	$910,504	$849,679
Bayshore	27	34	66	74	66	54	$470,788	$377,326	$349,178	$366,041	$493,907
Bear Gulch	23	25	43	43	41	37	$313,376	$285,171	$264,523	$295,646	$258,659
Chico	25	28	48	49	51	42	$307,966	$398,712	$407,030	$388,576	$407,986
Dixon	4	4	3	3	4	6	$94,897	$76,757	$63,516	$61,266	$28,892
Dominguez	25	21	48	53	49	39	$563,387	$550,691	$443,736	$458,744	$303,955
East Los Angeles	30	33	46	50	52	47	$575,842	$592,044	$559,309	$492,482	$433,793
Hermosa Redondo	25	21	48	53	49	39	$410,848	$406,657	$309,888	$324,139	$204,421
Kern River Valley	7	10	13	15	16	11	$108,414	$101,444	$104,790	$122,186	$142,902
King City	2	3	2	3	3	4	$49,509	$56,675	$47,857	$50,467	$61,969
Livermore	14	12	18	21	18	18	$224,801	$193,805	$184,988	$198,674	$183,589
Los Altos	118	22	36	35	29	30	$342,190	$251,970	$216,943	$225,697	$197,032
Marysville	4	2	7	10	10	7	$72,110	$77,569	$75,950	$69,694	$93,779
Oroville	9	8	11	11	11	10	$103,917	$89,535	$72,872	$80,073	$84,384
Palos Verdes	25	21	48	53	49	39	$408,890	$404,890	$316,885	$361,051	$256,748
Salinas	33	32	58	58	58	44	$422,371	$457,452	$401,223	$485,888	$504,005
Selma	6	6	11	12	11	8	$78,073	$64,244	$55,645	$58,566	$57,802
Stockton	32	39	66	61	64	50	$634,214	$566,336	$548,489	$585,034	$473,293
Visalia	27	38	59	64	63	51	$591,155	$560,533	$521,165	$627,167	$456,605
Westlake	5	6	13	14	14	10	$162,084	$126,444	$134,807	$137,601	$107,491
Willows	1	2	6	6	5	4	$26,328	$28,512	$25,457	$27,107	$66,211
Coast Springs	1	1	6	5	5	3	$11,636	$14,699	$10,711	$12,847	$16,223
Lucerne	3	3	3	3	3	3	$60,282	$88,031	$63,234	$74,397	$93,222
Unified Area	1	1	6	5	5	3	$25,604	$31,378	$22,868	$27,425	$34,632
Travis AFB	6	6	1	1	1	6	$4,342	$32,959	$38,901	$39,957	$39,353
Customer Support Services	100	116	187	192	206	169	$1,183,336	$1,265,504	$1,202,032	$1,241,577	$1,006,113
Rancho Dominguez	75	64	145	159	146	116					
Redwood Valley	4	5	15	13	13	9					
Total							**$ 8,275,693**	**$ 8,169,037**	**$ 7,464,525**	**$ 7,777,599**	**$ 6,998,873**

CALIFORNIA WATER SERVICE
ATTACHMENT 6-10
CORRECTION TO CAL ADVOCATES RESPONSE TO DR CWS-007 ATTACHMENT 2 (ESCALATED RECORDED)

	Recorded Per Vehilce Transportation Expenses						Inflation Factors from Cal Water Workpapers				
	2019	2020	2021	2022	2023	5 year average	2024	2025	2026	2027	2028
Antelope Valley	$11,849	$11,948	$7,756	$7,828	$20,318	$11,939.82	0.965	1.0116	1.1454	1.1478	$1.15
Bakersfield	$14,479	$13,466	$6,677	$6,111	$5,860	$9,318.63					
Bayshore	$17,437	$11,098	$5,291	$4,946	$7,483	$9,250.98					
Bear Gulch	$13,625	$11,407	$6,152	$6,875	$6,309	$8,873.56					
Chico	$12,319	$14,240	$8,480	$7,930	$8,000	$10,193.59					
Dixon	$23,724	$19,189	$21,172	$20,422	$7,223	$18,346.07					
Dominguez	$22,535	$25,814	$9,181	$8,656	$6,246	$14,486.21					
East Los Angeles	$19,195	$17,941	$12,159	$9,850	$8,342	$13,497.23					
Hermosa Redondo	$16,434	$19,062	$6,411	$6,116	$4,200	$10,444.75					
Kern River Valley	$15,488	$10,144	$8,061	$8,146	$8,931	$10,154.00					
King City	$24,754	$18,892	$23,929	$16,822	$20,656	$21,010.67					
Livermore	$16,057	$16,150	$10,277	$9,461	$10,199	$12,428.96					
Los Altos	$2,900	$11,453	$6,026	$6,448	$6,794	$6,724.40					
Marysville	$18,027	$38,784	$10,850	$6,969	$9,378	$16,801.80					
Oroville	$11,546	$11,192	$6,625	$7,279	$7,671	$8,862.71					
Palos Verdes	$16,356	$18,979	$6,556	$6,812	$5,276	$10,795.80					
Salinas	$12,799	$14,295	$6,918	$8,377	$8,690	$10,215.85					
Selma	$13,012	$10,707	$5,059	$4,880	$5,255	$7,782.64					
Stockton	$19,819	$14,521	$8,310	$9,591	$7,395	$11,927.40					
Visalia	$21,895	$14,751	$8,833	$9,799	$7,248	$12,505.20					
Westlake	$32,417	$21,074	$10,370	$9,829	$7,678	$16,273.39					
Willows	$26,328	$14,256	$4,243	$4,518	$13,242	$12,517.43					
Coast Springs	$23,273	$14,699	$1,785	$2,569	$3,245	$9,114.21					
Lucerne	$20,094	$29,344	$21,078	$24,799	$31,074	$25,277.75					
Unified Area	$51,209	$31,378	$3,811	$5,485	$6,926	$19,761.88					
Travis AFB	$724	$5,493	$38,901	$39,957	$39,353	$24,885.63					
Customer Support Services	$11,833	$10,910	$6,428	$6,467	$4,884	$8,104.29					
Rancho Dominguez											
Redwood Valley											
Total											

CALIFORNIA WATER SERVICE
ATTACHMENT 6-10
CORRECTION TO CAL ADVOCATES RESPONSE TO DR CWS-007 ATTACHMENT 2 (ESCALATED RECORDED)

	Escalated Forecast				
	2024	**2025**	**2026**	**2027**	**2028**
Antelope Valley	$69,132	$69,933	$80,102	$91,941	$105,585
Bakersfield	$1,016,150	$1,027,938	$1,177,400	$1,351,419	$1,551,970
Bayshore	$482,069	$487,661	$558,567	$641,123	$736,265
Bear Gulch	$316,831	$320,506	$367,107	$421,366	$483,896
Chico	$413,146	$417,939	$478,707	$549,460	$631,000
Dixon	$106,224	$107,456	$123,080	$141,271	$162,236
Dominguez	$540,529	$546,799	$626,304	$718,871	$825,552
East Los Angeles	$612,167	$619,268	$709,310	$814,146	$934,965
Hermosa Redondo	$389,728	$394,249	$451,573	$518,316	$595,234
Kern River Valley	$107,785	$109,035	$124,889	$143,347	$164,620
King City	$81,101	$82,042	$93,971	$107,860	$123,866
Livermore	$215,891	$218,395	$250,150	$287,122	$329,731
Los Altos	$194,671	$196,930	$225,563	$258,902	$297,322
Marysville	$113,496	$114,813	$131,507	$150,943	$173,343
Oroville	$85,525	$86,517	$99,097	$113,743	$130,623
Palos Verdes	$402,827	$407,500	$466,751	$535,736	$615,240
Salinas	$433,765	$438,797	$502,598	$576,882	$662,491
Selma	$60,082	$60,779	$69,616	$79,906	$91,763
Stockton	$575,497	$582,173	$666,821	$765,377	$878,959
Visalia	$615,443	$622,582	$713,106	$818,503	$939,969
Westlake	$157,038	$158,860	$181,958	$208,852	$239,845
Willows	$48,317	$48,878	$55,985	$64,259	$73,795
Coast Springs	$26,386	$26,692	$30,573	$35,091	$40,299
Lucerne	$73,179	$74,028	$84,792	$97,324	$111,767
Unified Area	$57,211	$57,874	$66,289	$76,087	$87,378
Travis AFB	$144,088	$145,759	$166,953	$191,628	$220,066
Customer Support Services	$1,321,688	$1,337,020	$1,531,422	$1,757,767	$2,018,619

	Cal Advocates TY Forecast <u>with</u> escalation to recorded (corrected by CWS)
Rancho Dominguez	**$10,034,188**
Redwood Valley	
Total	

CHAPTER 6 ATTACHMENTS

ATTACHMENT 6-11

Letter of Understanding
Between
California Water Service Company
And
Utility Workers Union of America, AFL-CIO
California Water Utility Council
Apprenticeship/Trainee Program for Bayshore, Bear Gulch, and Los Altos
March 20, 2025

The Company and Union recognize that attracting, recruiting, and retaining employees in the Bay area has been an on-going challenge and they continue to work together to address this issue. As a result, the parties entered into an agreement to partner with Power for America (P4A) to help develop the framework of an apprentice/trainee program aimed at finding individuals already living in the Bay Area that would be interested in a career with Cal Water as a water professional. The framework for this program was developed in 2019, but the program was not launched, nor were positions filled, because of challenges with additional complement for both the 2018 and 2021 GRC filings.

As part of the General Rate Case filing for 2024, the Company proposed the creation of a state wide apprenticeship program, that if approved as submitted, would create up to 10 new apprenticeship positions. Because of the ongoing challenges with filling positions in the Bay Area, the parties have agreed to launch a pilot apprenticeship program in the Bay Area to help address the ongoing recruiting challenges. The pilot will create three (3) new positions in the Bay Area.

The following represents the agreement between the Company and the Union on the framework of the apprenticeship/trainee program.

The program will consist of both classroom and on the job training. The classroom will be 50% on company time (i.e. paid), and 50% on the employees' own time (i.e. unpaid). The cost for the classes will be incurred by the Company (either through P4A, or separately). Generally speaking, the participant will learn in the classroom and then be required to successfully demonstrate the knowledge or skill on the job. Attached to this LOU is a list of knowledge/skills that must successfully be demonstrated in order to complete the program.

Employees hired into the program will be regular, full time employees and be hired and paid at the Group 3 Water System Maintenance Worker (without a WD II) if they do not have a Water Distribution 2 certification. Upon obtaining their Water Distribution 2 certification, they will be promoted to Group 5 Water System Operations Maintenance Worker. They will receive pay increases (step and/or general) as outlined in the collective bargaining agreement. The program will be for 18 months. Participants will be considered probationary employees while in the program (i.e. the probationary period for apprentices/trainees will be eighteen months). While the intent of the program is to recruit and hire individuals that already live in the Bay Area, an employee with transfer rights from other districts will be given due consideration for the apprenticeship/trainee positions. Nothing in this program will impact another employee's right to transfer into one of the Bay Area districts to fill other open positions as they arise. Should such an employee be accepted into the Program, all of the terms and conditions herein will be applicable to him/her. Upon successful completion of the program the employee will remain in a Water System Operations Maintenance Worker (Group 5) position in their respective district until they successfully bid into another job. However, if a position for which they meet the minimum qualifications comes open in their respective district within three months of completion of the program, the employee will be allowed to bid on such position, as provided for in the CBA. Participants in this program are expected to remain in their district for a minimum of five years following completion of the program. As such, they will not be able to utilize the right to transfer to another district until after completing the five years. However, if the Company and Union agree there are special circumstances, the parties can agree to allow a transfer in less than three years.

The Company intends to use recent retirees to conduct the classroom training. However, there may be times when a current employee (bargaining unit or management) may be asked to conduct such classroom training. Whenever possible, the classroom training will be scheduled well in advance with the intent of minimizing the impact on daily operations.

There will be a joint labor management Apprenticeship Steering Committee made up of An Operations Director, Human Resources, the Local 160-C Union President, and another Local 160 – C Union representative. Initially the Committee will meet monthly to discuss the performance and progression of each participant, as well as the success of the overall program. Over time it is expected that the meetings will move to every quarter. Participants who fail to complete this program will be terminated as though they were probationary employees, as provided for in the CBA

Based on current needs, recruiting for these positions is to start immediately., During the pilot, the parties will review the effectiveness of the program, pending the final outcome of the 2024 GRC. Should the Company's request for a statewide apprenticeship program not be approved by the PUC, or should

the pilot program not be successful, there will be no other apprentices/trainees hired after the three positions that were filled as part of this pilot. Upon approval of the Company's request for a statewide apprenticeship/trainee program by the PUC, and using this LOU as the foundation, the parties will meet to discuss and reach an agreement of the specifics of the state wide apprenticeship program. In addition, the Company and Union will explore the pros and cons of having this program recognized as an apprenticeship program under the state and/or federal requirements. That decision will determine whether or not the participants will be considered an apprentice or a trainee.

CALIFORNIA WATER SERVICE COMPANY

By_____

Ronald D. Webb
Vice President, Chief Human Resource Officer

UTILITY WORKERS UNION OF AMERICA

By_____

Cecil Phillips
President, CWUC

By_____

Michael Mares
Senior Vice President, Operations California

By_____

Tim Hong
Treasurer, CWUC

CHAPTER 7 ATTACHMENTS

ATTACHMENT 7-1

RATE BASE AND TAXES REBUTTAL TABLES

CHAPTER 7 ATTACHMENTS

ATTACHMENT 7-1

RATE BASE AND TAXES REBUTTAL TABLES

Table 1
Utility Plant In Service

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 722,743,320	$ 636,014,808	$ 717,606,265	$ (81,591,456)
170	Bay Area Region	$ 534,922,038	$ 465,289,599	$ 534,011,457	$ (68,721,858)
102	Bear Gulch	$ 399,409,822	$ 340,504,304	$ 398,911,169	$ (58,406,865)
105	Diablo Ranch Region - DIX	$ 43,881,974	$ 40,052,729	$ 43,852,463	$ (3,799,734)
106	East Los Angeles	$ 266,209,394	$ 240,529,745	$ 264,950,012	$ (24,420,267)
134	Kern River Valley	$ 48,740,188	$ 43,148,697	$ 48,631,943	$ (5,483,246)
110	Diablo Ranch Region - LIV	$ 172,352,447	$ 145,643,135	$ 172,293,240	$ (26,650,105)
111	Los Altos	$ 264,355,103	$ 207,489,072	$ 259,594,177	$ (52,105,105)
172	Los Angeles Co. Region	$ 228,147,086	$ 194,706,919	$ 227,955,882	$ (33,248,963)
182	Palos Verdes Pipeline	$ 118,627,306	$ 117,105,904	$ 118,629,584	$ (1,523,680)
112	Marysville	$ 36,518,749	$ 33,530,213	$ 36,495,859	$ (2,965,646)
996	North Valley Region	$ 338,715,421	$ 309,340,502	$ 337,920,205	$ (28,579,703)
171	Salinas Valley Region	$ 361,208,973	$ 308,981,076	$ 359,483,975	$ (50,502,899)
117	Selma	$ 56,207,144	$ 52,742,572	$ 56,049,423	$ (3,306,850)
997	South Bay Region	$ 458,110,123	$ 387,726,439	$ 457,570,554	$ (69,844,115)
119	Stockton	$ 434,944,016	$ 396,129,849	$ 434,716,354	$ (38,586,505)
157	Travis	$ 78,756,198	$ 74,885,329	$ 78,751,953	$ (3,866,625)
120	Visalia	$ 343,881,264	$ 299,981,575	$ 343,489,045	$ (43,507,471)
123	Westlake	$ 85,442,054	$ 76,735,110	$ 85,209,095	$ (8,473,985)
121	Willows	$ 36,634,223	$ 34,857,981	$ 36,482,348	$ (1,624,367)
330	Customer Support Services	$ 235,823,316	$ 201,116,061	$ 235,378,227	$ (34,262,166)
151	RDOM	$ 11,891,787	$ 10,863,922	$ 11,524,667	$ (660,744)
Total		$ 5,277,521,944	$ 4,617,375,539	$ 5,259,507,896	$ (642,132,357)

Table 2
Accumulated Depreciation Reserve

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 255,359,195	$ 253,695,947	$ 255,362,198	$ (1,666,251)
170	Bay Area Region	$ 150,828,462	$ 149,652,114	$ 150,760,544	$ (1,108,430)
102	Bear Gulch	$ 106,602,540	$ 105,448,444	$ 106,587,992	$ (1,139,548)
105	Diablo Ranch Region - DIX	$ 12,485,255	$ 12,432,985	$ 12,485,350	$ (52,365)
106	East Los Angeles	$ 78,147,193	$ 77,666,229	$ 78,116,089	$ (449,860)
134	Kern River Valley	$ 20,693,102	$ 20,564,737	$ 20,689,852	$ (125,115)
110	Diablo Ranch Region - LIV	$ 51,641,661	$ 50,922,174	$ 51,642,653	$ (720,480)
111	Los Altos	$ 66,240,989	$ 65,292,628	$ 66,174,334	$ (881,706)
172	Los Angeles Co. Region	$ 73,544,672	$ 73,001,417	$ 73,545,241	$ (543,824)
182	Palos Verdes Pipeline	$ 12,798,504	$ 12,783,920	$ 12,798,526	$ (14,606)
112	Marysville	$ 13,735,194	$ 13,672,399	$ 13,735,337	$ (62,938)
996	North Valley Region	$ 122,428,239	$ 121,502,499	$ 122,415,359	$ (912,860)
171	Salinas Valley Region	$ 120,472,961	$ 119,193,940	$ 120,447,424	$ (1,253,485)
117	Selma	$ 19,990,431	$ 19,904,192	$ 19,990,439	$ (86,247)
997	South Bay Region	$ 158,193,834	$ 157,027,752	$ 158,193,480	$ (1,165,728)
119	Stockton	$ 125,378,649	$ 124,111,491	$ 125,380,396	$ (1,268,904)
157	Travis	$ 65,666,684	$ 65,582,244	$ 65,666,959	$ (84,715)
120	Visalia	$ 116,122,322	$ 115,322,031	$ 116,120,468	$ (798,438)
123	Westlake	$ 29,942,500	$ 29,822,933	$ 29,930,992	$ (108,059)
121	Willows	$ 10,770,751	$ 10,716,550	$ 10,765,025	$ (48,475)
330	Customer Support Services	$ 123,820,456	$ 120,074,703	$ 123,816,445	$ (3,741,742)
151	RDOM	$ 4,154,381	$ 4,103,866	$ 4,156,781	$ (52,915)
Total		$ 1,739,017,974	$ 1,722,495,194	$ 1,738,781,883	$ (16,286,690)

Table 3

Depreciation Reserve for Amortization of Intangibles

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 807,022	$ 712,983	$ 805,166	$ (92,183)
170	Bay Area Region	$ 992,365	$ 958,616	$ 993,950	$ (35,334)
102	Bear Gulch	$ 1,715,823	$ 1,689,654	$ 1,716,327	$ (26,673)
105	Diablo Ranch Region - DIX	$ 177,105	$ 175,574	$ 177,024	$ (1,450)
106	East Los Angeles	$ 346,490	$ 306,821	$ 346,305	$ (39,484)
134	Kern River Valley	$ 99,005	$ 103,961	$ 98,828	$ 5,133
110	Diablo Ranch Region - LIV	$ 200,662	$ 174,332	$ 200,937	$ (26,605)
111	Los Altos	$ 834,936	$ 810,019	$ 835,095	$ (25,076)
172	Los Angeles Co. Region	$ 733,914	$ 680,867	$ 735,171	$ (54,304)
182	Palos Verdes Pipeline	$ -	$ -	$ -	$ -
112	Marysville	$ 32,676	$ 29,255	$ 32,613	$ (3,357)
996	North Valley Region	$ 948,979	$ 837,565	$ 948,715	$ (111,151)
171	Salinas Valley Region	$ 951,268	$ 924,445	$ 950,381	$ (25,936)
117	Selma	$ 83,509	$ 80,369	$ 83,482	$ (3,112)
997	South Bay Region	$ 825,093	$ 732,978	$ 823,160	$ (90,182)
119	Stockton	$ 336,283	$ 315,366	$ 336,310	$ (20,945)
157	Travis	$ 258,410	$ 249,997	$ 258,422	$ (8,425)
120	Visalia	$ 951,153	$ 863,430	$ 950,200	$ (86,770)
123	Westlake	$ 500,379	$ 454,863	$ 501,669	$ (46,806)
121	Willows	$ 288,479	$ 286,318	$ 288,372	$ (2,054)
330	Customer Support Services	$ -	$ -	$ -	$ -
151	RDOM	$ -	$ 2	$ -	$ 2
Total		$ 11,083,553	$ 10,387,413	$ 11,082,126	$ (694,713)

Table 4
Contribution in Aid of Construction ("CIAC")

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 63,007,192	$ 63,003,872	$ 63,007,344	$ (3,472)
170	Bay Area Region	$ 22,234,109	$ 22,223,533	$ 22,231,616	$ (8,083)
102	Bear Gulch	$ 11,284,629	$ 11,280,992	$ 11,285,122	$ (4,130)
105	Diablo Ranch Region - DIX	$ 278,716	$ 278,581	$ 278,716	$ (135)
106	East Los Angeles	$ 15,999,111	$ 15,996,117	$ 15,999,022	$ (2,905)
134	Kern River Valley	$ 469,100	$ 469,472	$ 469,103	$ 369
110	Diablo Ranch Region - LIV	$ 2,615,408	$ 2,620,324	$ 2,615,404	$ 4,920
111	Los Altos	$ 9,919,948	$ 9,916,223	$ 9,920,756	$ (4,533)
172	Los Angeles Co. Region	$ 4,114,827	$ 4,113,267	$ 4,114,832	$ (1,565)
182	Palos Verdes Pipeline	$ -	$ -	$ -	$ -
112	Marysville	$ 3,270,107	$ 3,269,743	$ 3,270,111	$ (368)
996	North Valley Region	$ 17,334,699	$ 17,338,724	$ 17,334,931	$ 3,793
171	Salinas Valley Region	$ 16,886,874	$ 16,883,149	$ 16,886,722	$ (3,573)
117	Selma	$ 8,033,627	$ 8,033,471	$ 8,033,617	$ (147)
997	South Bay Region	$ 22,292,480	$ 22,278,684	$ 22,292,490	$ (13,807)
119	Stockton	$ 6,811,836	$ 6,809,910	$ 6,811,841	$ (1,932)
157	Travis	$ 221,875	$ 220,615	$ 221,875	$ (1,260)
120	Visalia	$ 31,766,508	$ 31,768,605	$ 31,766,678	$ 1,927
123	Westlake	$ 2,125,804	$ 2,124,085	$ 2,126,455	$ (2,370)
121	Willows	$ 7,188,128	$ 7,190,286	$ 7,188,016	$ 2,270
330	Customer Support Services	$ -	$ -	$ -	$ -
151	RDOM	$ -	$ -	$ -	$ -
Total		$ 245,854,977	$ 245,819,651	$ 245,854,651	$ (34,999)

Table 5
Advances in Aid of Construction

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 55,647,388	$ 55,647,388	$ 55,647,388	$ -
170	Bay Area Region	$ 2,830,138	$ 2,830,138	$ 2,830,138	$ -
102	Bear Gulch	$ 748,023	$ 748,023	$ 748,023	$ -
105	Diablo Ranch Region - DIX	$ 2,896,892	$ 2,896,892	$ 2,896,892	$ -
106	East Los Angeles	$ 10,702	$ 10,702	$ 10,702	$ -
134	Kern River Valley	$ 3,586	$ 3,586	$ 3,586	$ -
110	Diablo Ranch Region - LIV	$ 6,069,713	$ 6,069,713	$ 6,069,713	$ -
111	Los Altos	$ 1,892,914	$ 1,892,914	$ 1,892,914	$ -
172	Los Angeles Co. Region	$ 3,121,363	$ 3,121,363	$ 3,121,363	$ -
182	Palos Verdes Pipeline	$ -	$ -	$ -	$ -
112	Marysville	$ 124,082	$ 124,082	$ 124,082	$ -
996	North Valley Region	$ 41,419,809	$ 41,419,809	$ 41,419,809	$ -
171	Salinas Valley Region	$ 8,861,036	$ 8,861,036	$ 8,861,036	$ -
117	Selma	$ 2,986,073	$ 2,986,073	$ 2,986,073	$ -
997	South Bay Region	$ 4,642,945	$ 4,642,945	$ 4,642,945	$ -
119	Stockton	$ 3,478,747	$ 3,478,747	$ 3,478,747	$ -
157	Travis	$ -	$ -	$ -	$ -
120	Visalia	$ 58,900,558	$ 58,900,558	$ 58,900,558	$ -
123	Westlake	$ 463,143	$ 463,143	$ 463,143	$ -
121	Willows	$ 961,890	$ 961,890	$ 961,890	$ -
330	Customer Support Services	$ -	$ -	$ -	$ -
151	RDOM	$ -	$ -	$ -	$ -
Total		$ 195,059,001	$ 195,059,001	$ 195,059,001	$ -

Table 6
Accumulated Deferred Income Taxes

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 60,147,962	$ 49,103,933	$ 59,292,441	$(10,188,508)
170	Bay Area Region	$ 45,492,497	$ 37,503,600	$ 44,698,050	$ (7,194,449)
102	Bear Gulch	$ 39,097,966	$ 34,174,587	$ 38,853,313	$ (4,678,726)
105	Diablo Ranch Region - DIX	$ 2,642,954	$ 2,277,657	$ 2,609,155	$ (331,498)
106	East Los Angeles	$ 21,437,971	$ 19,181,709	$ 21,266,793	$ (2,085,083)
134	Kern River Valley	$ 2,041,143	$ 1,828,424	$ 2,002,843	$ (174,419)
110	Diablo Ranch Region - LIV	$ 15,981,026	$ 14,168,651	$ 15,806,493	$ (1,637,841)
111	Los Altos	$ 21,645,823	$ 18,455,108	$ 21,166,066	$ (2,710,958)
172	Los Angeles Co. Region	$ 18,389,336	$ 15,199,213	$ 18,109,747	$ (2,910,534)
182	Palos Verdes Pipeline	$ 7,712,524	$ 7,715,362	$ 7,760,107	$ (44,745)
112	Marysville	$ 2,535,879	$ 2,236,443	$ 2,484,653	$ (248,209)
996	North Valley Region	$ 25,596,190	$ 23,186,973	$ 25,426,065	$ (2,239,091)
171	Salinas Valley Region	$ 28,411,558	$ 25,068,793	$ 28,080,061	$ (3,011,267)
117	Selma	$ 4,460,686	$ 3,992,801	$ 4,431,928	$ (439,128)
997	South Bay Region	$ 30,307,662	$ 24,659,654	$ 29,706,404	$ (5,046,750)
119	Stockton	$ 44,706,762	$ 39,477,494	$ 44,349,707	$ (4,872,213)
157	Travis	$ 261,251	$ 197,014	$ 361,404	$ (164,391)
120	Visalia	$ 23,542,786	$ 18,486,600	$ 23,229,153	$ (4,742,554)
123	Westlake	$ 6,990,494	$ 5,751,497	$ 6,890,602	$ (1,139,105)
121	Willows	$ 2,550,716	$ 2,151,114	$ 2,526,044	$ (374,930)
330	Customer Support Services	$ 11,462,211	$ 7,893,474	$ 11,680,808	$ (3,787,335)
151	RDOM	$ 403,897	$ 414,225	$ 502,227	$ (88,002)
Total		$ 415,819,296	$ 353,124,327	$ 411,234,063	$(58,109,736)

Table 7
Unamortized Investment Tax Credit (ITC)

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 3,628,796	$ 207,422	$ 207,422	$ -
170	Bay Area Region	$ 74,141	$ 74,141	$ 74,141	$ -
102	Bear Gulch	$ 44,656	$ 44,656	$ 44,656	$ -
105	Diablo Ranch Region - DIX	$ 2,533	$ 2,533	$ 2,533	$ -
106	East Los Angeles	$ 15,637	$ 15,637	$ 15,637	$ -
134	Kern River Valley	$ -	$ -	$ -	$ -
110	Diablo Ranch Region - LIV	$ 71,811	$ 71,811	$ 71,811	$ -
111	Los Altos	$ 31,598	$ 31,598	$ 31,598	$ -
172	Los Angeles Co. Region	$ 30,951	$ 30,951	$ 30,951	$ -
182	Palos Verdes Pipeline	$ -	$ -	$ -	$ -
112	Marysville	$ 4,377	$ 4,377	$ 4,377	$ -
996	North Valley Region	$ 190,103	$ 190,103	$ 190,103	$ -
171	Salinas Valley Region	$ 82,901	$ 82,901	$ 82,901	$ -
117	Selma	$ 16,536	$ 16,536	$ 16,536	$ -
997	South Bay Region	$ 57,735	$ 57,735	$ 57,735	$ -
119	Stockton	$ 43,778	$ 43,778	$ 43,778	$ -
157	Travis	$ -	$ -	$ -	$ -
120	Visalia	$ 76,882	$ 76,882	$ 76,882	$ -
123	Westlake	$ 62,337	$ 62,337	$ 62,337	$ -
121	Willows	$ 4,012	$ 4,012	$ 4,012	$ -
330	Customer Support Services	$ 1,629,789	$ 79,019	$ 409,102	$ (330,083)
151	RDOM	$ -	$ -	$ -	$ -
Total		$ 6,068,571	$ 1,096,428	$ 1,426,511	$ (330,083)

Table 8
Working Capital - Material and Supplies

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 640,630	$ 640,630	$ 640,630	$ -
170	Bay Area Region	$ 561,249	$ 561,249	$ 561,249	$ -
102	Bear Gulch	$ 575,992	$ 575,992	$ 575,992	$ -
105	Diablo Ranch Region - DIX	$ 73,638	$ 73,638	$ 73,638	$ -
106	East Los Angeles	$ 487,483	$ 487,483	$ 487,483	$ -
134	Kern River Valley	$ 22,660	$ 22,660	$ 22,660	$ -
110	Diablo Ranch Region - LIV	$ 250,544	$ 250,544	$ 250,544	$ -
111	Los Altos	$ 421,220	$ 421,220	$ 421,220	$ -
172	Los Angeles Co. Region	$ 817,382	$ 817,382	$ 817,382	$ -
182	Palos Verdes Pipeline	$ -	$ -	$ -	$ -
112	Marysville	$ 95,025	$ 95,025	$ 95,025	$ -
996	North Valley Region	$ 637,805	$ 637,805	$ 637,805	$ -
171	Salinas Valley Region	$ 669,229	$ 669,229	$ 669,229	$ -
117	Selma	$ 355,468	$ 355,468	$ 355,468	$ -
997	South Bay Region	$ 1,867,038	$ 1,867,038	$ 1,867,038	$ -
119	Stockton	$ 605,244	$ 605,244	$ 605,244	$ -
157	Travis	$ -	$ -	$ -	$ -
120	Visalia	$ 279,478	$ 279,478	$ 279,478	$ -
123	Westlake	$ 433,478	$ 433,478	$ 433,478	$ -
121	Willows	$ 59,502	$ 59,502	$ 59,502	$ -
330	Customer Support Services	$ 359,450	$ 359,450	$ 359,450	$ -
151	RDOM	$ -	$ -	$ -	$ -
Total		$ 9,212,513	$ 9,212,513	$ 9,212,513	$ -

Table 9
Working Capital from Lead-Lag

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 17,293,486	$ 14,615,132	$ 16,899,450	$ (2,284,318)
170	Bay Area Region	$ 4,735,808	$ 3,978,067	$ 4,595,393	$ (617,326)
102	Bear Gulch	$ 935,440	$ 501,671	$ 884,059	$ (382,388)
105	Diablo Ranch Region - DIX	$ 254,976	$ 214,078	$ 249,082	$ (35,005)
106	East Los Angeles	$ 2,288,090	$ 1,781,404	$ 2,219,986	$ (438,582)
134	Kern River Valley	$ 589,940	$ 489,952	$ 569,883	$ (79,931)
110	Diablo Ranch Region - LIV	$ 1,395,715	$ 1,102,971	$ 1,359,386	$ (256,415)
111	Los Altos	$ 1,232,705	$ 917,191	$ 1,170,662	$ (253,471)
172	Los Angeles Co. Region	$ 1,130,870	$ 607,090	$ 1,072,160	$ (465,071)
182	Palos Verdes Pipeline	$ 286,103	$ 281,267	$ 286,676	$ (5,409)
112	Marysville	$ 373,517	$ 310,104	$ 362,018	$ (51,914)
996	North Valley Region	$ 3,072,923	$ 2,493,440	$ 3,005,881	$ (512,441)
171	Salinas Valley Region	$ 3,670,539	$ 3,105,057	$ 3,583,718	$ (478,661)
117	Selma	$ 771,194	$ 616,323	$ 755,256	$ (138,933)
997	South Bay Region	$ 3,704,143	$ 2,740,409	$ 3,558,254	$ (817,845)
119	Stockton	$ 8,556,590	$ 7,463,805	$ 8,409,087	$ (945,283)
157	Travis	$ (617,319)	$ (467,189)	$ (600,430)	$ 133,241
120	Visalia	$ 3,176,457	$ 2,511,701	$ 3,083,628	$ (571,927)
123	Westlake	$ 671,206	$ 526,572	$ 663,969	$ (137,398)
121	Willows	$ 293,191	$ 256,440	$ 285,493	$ (29,053)
330	Customer Support Services	$ -	$ -	$ -	$ -
151	RDOM	$ -	$ 5	$ -	$ 5
Total		$ 53,815,574	$ 44,045,488	$ 52,413,613	$ (8,368,125)

Table 10
Unamortized Tank Painting

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 800,383	$ 800,383	$ 800,383	$ -
170	Bay Area Region	$ 2,126,961	$ 2,126,961	$ 2,126,961	$ -
102	Bear Gulch	$ 324,959	$ 324,959	$ 324,959	$ -
105	Diablo Ranch Region - DIX	$ -	$ -	$ -	$ -
106	East Los Angeles	$ 1,203,341	$ 1,203,341	$ 1,203,341	$ -
134	Kern River Valley	$ 262,219	$ 262,219	$ 262,219	$ -
110	Diablo Ranch Region - LIV	$ 785,639	$ 785,639	$ 785,639	$ -
111	Los Altos	$ 1,060,268	$ 1,060,268	$ 1,060,268	$ -
172	Los Angeles Co. Region	$ 315,000	$ 315,000	$ 315,000	$ -
182	Palos Verdes Pipeline	$ -	$ -	$ -	$ -
112	Marysville	$ 61,186	$ 61,186	$ 61,186	$ -
996	North Valley Region	$ 450,348	$ 450,348	$ 450,348	$ -
171	Salinas Valley Region	$ 1,470,065	$ 1,470,065	$ 1,470,065	$ -
117	Selma	$ 257,791	$ 257,791	$ 257,791	$ -
997	South Bay Region	$ 300,076	$ 300,076	$ 300,076	$ -
119	Stockton	$ -	$ -	$ -	$ -
157	Travis	$ -	$ -	$ -	$ -
120	Visalia	$ -	$ -	$ -	$ -
123	Westlake	$ 150,415	$ 150,415	$ 150,415	$ -
121	Willows	$ -	$ -	$ -	$ -
330	Customer Support Services	$ -	$ -	$ -	$ -
151	RDOM	$ -	$ -	$ -	$ -
Total		$ 9,568,649	$ 9,568,649	$ 9,568,649	$ -

Table 11
Effect of Taxes on Contributions and Advances

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 4,044,634	$ 4,044,634	$ 4,044,634	$ -
170	Bay Area Region	$ 3,241,448	$ 3,241,448	$ 3,241,448	$ -
102	Bear Gulch	$ 1,896,617	$ 1,896,617	$ 1,896,617	$ -
105	Diablo Ranch Region - DIX	$ 20,332	$ 20,332	$ 20,332	$ -
106	East Los Angeles	$ 1,075,091	$ 1,075,091	$ 1,075,091	$ -
134	Kern River Valley	$ 36,295	$ 36,295	$ 36,295	$ -
110	Diablo Ranch Region - LIV	$ 210,119	$ 210,119	$ 210,119	$ -
111	Los Altos	$ 505,093	$ 505,093	$ 505,093	$ -
172	Los Angeles Co. Region	$ 295,001	$ 295,001	$ 295,001	$ -
182	Palos Verdes Pipeline	$ -	$ -	$ -	$ -
112	Marysville	$ 77,986	$ 77,986	$ 77,986	$ -
996	North Valley Region	$ 1,009,222	$ 1,009,222	$ 1,009,222	$ -
171	Salinas Valley Region	$ 618,241	$ 618,241	$ 618,241	$ -
117	Selma	$ 194,509	$ 194,509	$ 194,509	$ -
997	South Bay Region	$ 2,191,869	$ 2,191,869	$ 2,191,869	$ -
119	Stockton	$ 757,250	$ 757,250	$ 757,250	$ -
157	Travis	$ -	$ -	$ -	$ -
120	Visalia	$ 1,749,251	$ 1,749,251	$ 1,749,251	$ -
123	Westlake	$ 49,012	$ 49,012	$ 49,012	$ -
121	Willows	$ 433,488	$ 433,488	$ 433,488	$ -
330	Customer Support Services	$ -	$ -	$ -	$ -
151	RDOM	$ -	$ -	$ -	$ -
Total		$ 18,405,459	$ 18,405,459	$ 18,405,459	$ -

Table 12
2026 Income Taxes

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
101	Bakersfield	$ 4,025,226	$ 4,380,793	$ 4,058,905	$ 321,889
170	Bay Area Region	$ 4,548,888	$ 4,792,744	$ 4,542,578	$ 250,165
102	Bear Gulch	$ 3,699,623	$ 3,235,196	$ 3,707,573	$ (472,378)
105	Diablo Ranch Region - DIX	$ 1,907,826	$ 1,544,377	$ 1,920,010	$ (375,633)
106	East Los Angeles	$ 2,543,022	$ 2,413,008	$ 2,531,784	$ (118,775)
134	Kern River Valley	$ 544,834	$ 447,726	$ 542,785	$ (95,059)
110	Diablo Ranch Region - LIV	$ 1,907,826	$ 1,544,377	$ 1,920,010	$ (375,633)
111	Los Altos	$ 2,424,314	$ 2,075,305	$ 2,346,485	$ (271,180)
172	Los Angeles Co. Region	$ 1,651,167	$ 1,826,984	$ 1,668,688	$ 158,296
182	Palos Verdes Pipeline	$ 2,008,974	$ 1,981,548	$ 2,008,016	$ (26,469)
112	Marysville	$ 269,022	$ 274,384	$ 270,766	$ 3,618
996	North Valley Region	$ 1,765,250	$ 1,451,019	$ 1,768,073	$ (317,054)
171	Salinas Valley Region	$ 3,224,088	$ 2,699,647	$ 3,210,078	$ (510,431)
117	Selma	$ 299,565	$ 292,891	$ 298,790	$ (5,899)
997	South Bay Region	$ 3,758,506	$ 3,413,514	$ 3,776,380	$ (362,866)
119	Stockton	$ 3,891,542	$ 3,394,712	$ 3,920,495	$ (525,783)
157	Travis	$ 209,192	$ 149,393	$ 207,567	$ (58,174)
120	Visalia	$ 1,265,220	$ 1,578,838	$ 1,278,162	$ 300,676
123	Westlake	$ 741,152	$ 830,055	$ 736,350	$ 93,705
121	Willows	$ 197,648	$ 250,157	$ 196,453	$ 53,704
330	Customer Support Services	$ -	$ -	$ -	$ -
151	RDOM	$ -	$ -	$ -	$ -
Total		$ 40,882,883	$ 38,576,668	$ 40,909,948	$ (2,333,280)

Table 13

Taxes Other Than Income - Ad Valorem Taxes

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
129	Antelope Valley	1.231%	1.231%	1.231%	0.000%
101	Bakersfield	1.168%	1.168%	1.168%	0.000%
152	Bayshore	1.137%	1.137%	1.137%	0.000%
149	Coast Springs	1.212%	1.212%	1.212%	0.000%
147	Lucerne	1.098%	1.098%	1.098%	0.000%
650	Unified Area	1.173%	1.173%	1.173%	0.000%
102	Bear Gulch	1.116%	1.116%	1.116%	0.000%
104	Chico	1.116%	1.116%	1.116%	0.000%
105	Dixon	1.119%	1.119%	1.119%	0.000%
128	Dominguez	1.193%	1.193%	1.193%	0.000%
106	East Los Angeles	1.233%	1.233%	1.233%	0.000%
108	Hermosa Redondo	1.116%	1.116%	1.116%	0.000%
134	Kern River Valley	1.131%	1.131%	1.131%	0.000%
109	King City	1.198%	1.198%	1.198%	0.000%
110	Livermore	1.192%	1.192%	1.192%	0.000%
111	Los Altos	1.206%	1.206%	1.206%	0.000%
112	Marysville	1.131%	1.131%	1.131%	0.000%
113	Oroville	1.122%	1.122%	1.122%	0.000%
122	Palos Verdes	1.136%	1.136%	1.136%	0.000%
182	Palos Verdes Pipeline	1.110%	1.110%	1.110%	0.000%
114	Salinas	1.145%	1.145%	1.145%	0.000%
117	Selma	1.206%	1.206%	1.206%	0.000%
119	Stockton	1.229%	1.229%	1.229%	0.000%
157	Travis	1.131%	1.131%	1.131%	0.000%
120	Visalia	1.065%	1.065%	1.065%	0.000%
123	Westlake	1.047%	1.047%	1.047%	0.000%
121	Willows	1.075%	1.075%	1.075%	0.000%
330	Customer Support Services	1.243%	1.243%	1.243%	0.000%
151	Rancho Dominguez	1.387%	1.387%	1.387%	0.000%

Table 14

Taxes Other Than Income - Local Franchise Taxes

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
129	Antelope Valley	0.716%	0.715%	0.716%	-0.001%
101	Bakersfield	1.338%	1.341%	1.338%	0.003%
152	Bayshore	0.000%	0.000%	0.000%	0.000%
149	Coast Springs	0.000%	0.000%	0.000%	0.000%
147	Lucerne	0.000%	0.000%	0.000%	0.000%
650	Unified Area	0.000%	0.000%	0.000%	0.000%
102	Bear Gulch	0.790%	0.790%	0.790%	0.000%
104	Chico	0.000%	0.000%	0.000%	0.000%
105	Dixon	0.000%	0.000%	0.000%	0.000%
128	Dominguez	0.079%	0.079%	0.079%	0.000%
106	East Los Angeles	1.388%	1.389%	1.388%	0.002%
108	Hermosa Redondo	0.040%	0.040%	0.040%	0.000%
134	Kern River Valley	0.991%	1.000%	0.991%	0.009%
109	King City	1.333%	1.334%	1.333%	0.002%
110	Livermore	0.000%	0.000%	0.000%	0.000%
111	Los Altos	1.563%	1.563%	1.563%	0.000%
112	Marysville	0.000%	0.000%	0.000%	0.000%
113	Oroville	0.000%	0.000%	0.000%	0.000%
122	Palos Verdes	1.162%	1.161%	1.162%	0.000%
182	Palos Verdes Pipeline	1.162%	1.161%	1.162%	0.000%
114	Salinas	0.286%	0.287%	0.286%	0.000%
117	Selma	1.986%	1.989%	1.986%	0.003%
119	Stockton	0.486%	0.487%	0.486%	0.002%
157	Travis	0.000%	0.000%	0.000%	0.000%
120	Visalia	0.000%	0.000%	0.000%	0.000%
123	Westlake	1.162%	1.161%	1.162%	0.000%
121	Willows	0.000%	0.000%	0.000%	0.000%
330	Customer Support Services	0.000%	0.000%	0.000%	0.000%
151	Rancho Dominguez	0.000%	0.000%	0.000%	0.000%

Table 15

Taxes Other Than Income - Business License Taxes

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
129	Antelope Valley	0.000%	0.000%	0.000%	0.000%
101	Bakersfield	0.000%	0.000%	0.000%	0.000%
152	Bayshore	0.000%	0.000%	0.000%	0.000%
149	Coast Springs	0.000%	0.000%	0.000%	0.000%
147	Lucerne	0.000%	0.000%	0.000%	0.000%
650	Unified Area	0.000%	0.000%	0.000%	0.000%
102	Bear Gulch	0.100%	0.100%	0.100%	0.000%
104	Chico	0.000%	0.000%	0.000%	0.000%
105	Dixon	0.000%	0.000%	0.000%	0.000%
128	Dominguez	0.000%	0.000%	0.000%	0.000%
106	East Los Angeles	0.000%	0.000%	0.000%	0.000%
108	Hermosa Redondo	0.000%	0.000%	0.000%	0.000%
134	Kern River Valley	0.000%	0.000%	0.000%	0.000%
109	King City	0.000%	0.000%	0.000%	0.000%
110	Livermore	1.122%	1.122%	1.122%	0.000%
111	Los Altos	0.000%	0.000%	0.000%	0.000%
112	Marysville	0.000%	0.000%	0.000%	0.000%
113	Oroville	0.000%	0.000%	0.000%	0.000%
122	Palos Verdes	0.000%	0.000%	0.000%	0.000%
182	Palos Verdes Pipeline	0.000%	0.000%	0.000%	0.000%
114	Salinas	2.688%	2.688%	2.688%	0.000%
117	Selma	0.000%	0.000%	0.000%	0.000%
119	Stockton	0.019%	0.019%	0.019%	0.000%
157	Travis	0.000%	0.000%	0.000%	0.000%
120	Visalia	0.000%	0.000%	0.000%	0.000%
123	Westlake	0.000%	0.000%	0.000%	0.000%
121	Willows	2.106%	2.106%	2.106%	0.000%
330	Customer Support Services	0.000%	0.000%	0.000%	0.000%
151	Rancho Dominguez	0.000%	0.000%	0.000%	0.000%

Table 16

Taxes Other Than Income - Payroll Taxes

District ID	District/Region	CWS Application	Public Advocates Office Report	CWS Rebuttal	Difference (Advocates minus CWS)
129	Antelope Valley	6.477%	6.477%	6.477%	0.000%
101	Bakersfield	6.910%	6.910%	6.910%	0.000%
152	Bayshore	7.265%	7.265%	7.265%	0.000%
149	Coast Springs	7.742%	7.797%	7.743%	0.054%
147	Lucerne	7.273%	7.265%	7.271%	-0.006%
650	Unified Area	7.800%	7.776%	7.802%	-0.026%
102	Bear Gulch	6.129%	6.129%	6.129%	0.000%
104	Chico	6.514%	6.514%	6.514%	0.000%
105	Dixon	6.650%	6.650%	6.650%	0.000%
128	Dominguez	7.195%	7.197%	7.187%	0.010%
106	East Los Angeles	6.697%	6.697%	6.697%	0.000%
108	Hermosa Redondo	6.574%	6.577%	6.577%	0.000%
134	Kern River Valley	7.285%	7.285%	7.285%	0.000%
109	King City	4.180%	4.180%	4.180%	0.000%
110	Livermore	7.309%	7.309%	7.309%	0.000%
111	Los Altos	7.201%	7.201%	7.201%	0.000%
112	Marysville	6.636%	6.636%	6.636%	0.000%
113	Oroville	6.596%	6.596%	6.596%	0.000%
122	Palos Verdes	6.714%	6.711%	6.721%	-0.010%
182	Palos Verdes Pipeline	0.000%	0.000%	0.000%	0.000%
114	Salinas	6.061%	6.061%	6.061%	0.000%
117	Selma	6.205%	6.205%	6.205%	0.000%
119	Stockton	6.313%	6.313%	6.313%	0.000%
157	Travis	7.268%	7.268%	7.268%	0.000%
120	Visalia	6.204%	6.204%	6.204%	0.000%
123	Westlake	5.094%	5.094%	5.094%	0.000%
121	Willows	6.764%	6.764%	6.764%	0.000%
330	Customer Support Services	9.473%	9.473%	9.473%	0.000%
151	Rancho Dominguez	0.000%	0.000%	0.000%	0.000%

CHAPTER 7 ATTACHMENTS

ATTACHMENT 7-2

EXPENSE ADJUSTMENT FOR LAND NOT IN USE

CHAPTER 7 ATTACHMENTS

ATTACHMENT 7-2

EXPENSE ADJUSTMENT FOR NOT IN USE LAND ASSETS

Summary of Expense Adjustments calculation associated with Land Assets Not in Use

Dist. ID	District Name	Sum of Accum Cost	725000	730000	743000	756000	Total	Adjusted Expense
152	BAY	$ 2,110.52	$ 57,119.72	$ 15,641.41	$ 128,695.83	$ 173,679.67	$ 375,136.63	$ 200.58
102	BG	$ 11.95	$ 219,923.51	$ 17,495.47	$ 123,305.73	$ 363,723.91	$ 724,448.61	$ 387.35
101	BK	$ 345,546.90	$ 351,720.99	$ 79,780.23	$ 379,316.69	$ 632,477.61	$ 1,443,295.51	$ 771.71
104	CH	$ 118,687.72	$ 145,387.13	$ 1,364.01	$ 49,927.59	$ 159,696.19	$ 356,374.92	$ 190.55
105	DIX	$ 2,270.34	$ 9,533.43	$ 599.72	$ 299,389.72	$ 56,983.90	$ 366,506.77	$ 195.97
128	DOM	$ 50.00	$ 55,027.99	$ 24,086.37	$ 27,026.02	$ 20,600.51	$ 126,740.89	$ 67.77
106	ELA	$ 19,872.47	$ 66,746.65	$ 1,277.90	$ 166,508.95	$ 159,377.69	$ 393,911.19	$ 210.62
109	KC	$ 6,976.00	$ 4,685.55	$ -	$ 14,043.83	$ 62,909.93	$ 81,639.32	$ 43.65
111	LAS	$ 39,295.72	$ 39,758.58	$ 4,819.96	$ 121,873.77	$ 339,474.31	$ 505,926.61	$ 270.51
110	LIV	$ 5,043.28	$ 29,286.24	$ 290.75	$ 35,510.26	$ 144,005.05	$ 209,092.30	$ 111.80
112	MRL	$ 16,212.49	$ 3,140.44	$ -	$ 14,350.58	$ 38,496.81	$ 55,987.83	$ 29.94
113	ORO	$ 267.02	$ 19,604.89	$ 32.89	$ 40,658.91	$ 85,783.50	$ 146,080.19	$ 78.11
117	SEL	$ 123,305.34	$ 90,039.65	$ 5,642.25	$ 18,816.61	$ 29,164.33	$ 143,662.84	$ 76.81
114	SLN	$ 140,654.58	$ 180,938.49	$ 17,892.56	$ 111,606.03	$ 407,845.10	$ 718,282.18	$ 384.05
119	STK	$ 75,779.68	$ 97,070.20	$ 4,887.17	$ 66,374.16	$ 590,297.99	$ 758,629.52	$ 405.63
120	VIS	$ 125,301.33	$ 189,591.49	$ 42,104.31	$ 39,106.47	$ 154,198.10	$ 425,000.37	$ 227.24
	Grand Total	**$ 1,021,385.34**	**$ 1,559,574.96**	**$ 215,914.99**	**$ 1,636,511.15**	**$ 3,418,714.58**	**$ 6,830,715.68**	**$ 3,652.28**

2023 Recorded Rate Base	**$ 1,910,254,799**
Land identified in KN3-008	**$ 1,021,385**
% of Land in Kn3-008 to RB	**0.0535%**
% of Expenses	**$ 3,652.28**

CHAPTER 9 ATTACHMENTS

ATTACHMENT 9-1

https://www.pwc.com/us/en/industries/health-industries/library/election-2024-trump-health-agenda.html

President Donald J. Trump's healthcare agenda: flexibility and choice, fiscal conservatism, public health reform and deregulation

Report | 10 minute read | February 10, 2025

President Trump's strategic agenda for healthcare is taking shape and setting the stage for a horizon of healthcare transformation. This transformation aims to shift the emphasis from treatment to prevention while enhancing personalized care and continuing to push to cut drug costs.

Looking ahead, the Trump administration and GOP are in a position to accelerate their health agenda with four key themes.

- **Flexibility and choice:** Shift decision making on healthcare from federal level to states and individuals
- **Fiscal conservatism:** Emphasize policies that reduce government spending in an effort to balance the budget and pass upcoming tax legislation
- **Public health reform:** Revaluate the current health system to "Make America Healthy Again"
- **Deregulation:** Reduce the volume of existing federal regulations

Donald Trump's second term as president marks a significant shift in the political landscape, with considerable implications for the health industry. It is important to consider how the landscape has changed since President Trump's first term. For one, the debate to repeal and replace the ACA no longer retains the level of political or public support it did in 2016 and healthcare resources and policy efforts that had been focused on the pandemic during the last term can now focus on regulatory and market reform.

Strong momentum exists for change and disruption given Republican control of Congress, a far more prepared executive transition team and cabinet nominations with packed agendas. Yet, the new Trump administration will need to work alongside a Republican Congress with very slim majorities and less ideological consensus than in past years. This may create delays or conflict as legislation is negotiated despite early political momentum.

One main focus of political energy in 2025 will be in negotiating the delicate balance of legislative policy change to offset the cost of an ambitious agenda including tax proposals, energy policy, deregulation priorities, defense funding, and border security. The key to passage will be in maintaining support of both hardliners who are concerned with national debt and centrists who are more hesitant to cut popular federal programs. Major cuts to Medicaid funding, ACA subsidy programs, and drug pricing are all on the table. Continued emphasis on trade policy and tariffs is also expected and may move swiftly as these do not require Congressional action.

On the regulatory front, President Trump's health agenda focuses on broad public health reform with the goal of making America healthier. These initiatives are triumphed by new appointees with perspectives that may resonate with consumers and align with patient centric ideals. This may create increased emphasis on preventive health, funding for chronic diseases, and scrutiny of manufacturers' role in agency decision making.

Ultimately, the Trump administration is poised to fulfill campaign promises, address unfinished business from his previous administration and potentially set the trajectory of the Republican party for the future.

What can health industry executives expect from President Trump's healthcare proposals?

Under the Trump administration, shifts toward deregulation and a market-driven system can be expected; these will alter the landscape of healthcare policy in a manner reminiscent of his first term while also addressing contemporary conservative priorities such as the "America First" agenda. The administration is likely to prioritize deregulation, fostering competition and innovation while reinvigorating efforts to tackle fraud and abuse. By decentralizing control, the administration may seek to empower states to design and implement healthcare solutions tailored to their unique needs, thereby helping reduce bureaucratic inefficiencies, and promoting localized innovation, yet potentially creating a more fragmented regulatory landscape with reduced state budgets.

Expect big announcements and headlines that catch attention but may take time to come to fruition; organizations that utilize this time to proactively prepare with scenario planning will be better positioned to capitalize on new opportunities as they arise. However, shifts in public sentiment and focus of consumer activism may occur more rapidly as they do not need to go through cumbersome regulatory processes: consumer activism and interest in reform may illicit demands for novel change.

Anticipate continued interest from the Trump administration in sweeping economic policy changes which could have profound impacts on health industries. These include tax reforms, tariff policies, AI deregulation, immigration reform and competition policies. These changes might influence the healthcare workforce, disrupt supply chains, and impose budget constraints on health systems.

By considering "no regret" actions, organizations can navigate shifts in the competitive landscape more effectively, positioning themselves for success regardless of how the regulatory landscape evolves.

Impact of economic policy shifts on health industries

Tax reform

The Trump administration aims to extend expiring provisions of the Tax Cuts and Jobs Act of 2017. With healthcare expenditures accounting for approximately 25% of the federal budget, these programs are likely to be impacted.

No regret actions

- Evaluate the potential impact of proposed tax policies and implement scenario planning and tax modeling to assess the impact of potential changes, including for tax benefits and incentives, cash flow, profitability, and compliance.
- Reevaluate existing tax strategies to ensure they align with the potential provisions. This includes examining deductions, credits, and other tax benefits that may be affected as well as tax rates and other changes that could impact overall tax exposure.

Tariff policies

Large tariffs are proposed for Mexico, China and Canada, among others. Tariffs could shift costs for essential medications and equipment, impacting shortages or introducing new strain on the supply chain.

No regret actions

- Conduct scenario analysis on current supplier dependencies and identify alternative sourcing options to mitigate potential cost increases and supply disruptions caused by tariffs. Develop contingency plans to ensure a stable flow of essential medications and medical devices.
- Work closely with suppliers and manufacturers to explore pricing adjustments, contract flexibility, and tariff mitigation strategies. Strengthen partnerships with domestic and diversified international vendors to reduce reliance on heavily impacted regions.
- Explore key Customs and Trade impact levers to reduce potential tariff exposure, such as the use of foreign trade zones, origin determination analyses, first sale for export valuation, alternative valuation options, and duty drawback.

AI deregulation

The new administration has rolled back Biden-era regulations and aims to reduce regulatory burdens on businesses. At the state level, AI regulations are rapidly evolving, potentially leading to a fragmented and complex compliance landscape.

No regret actions

- Develop a scalable AI governance framework that aligns with evolving federal policies emphasizing innovation and operational flexibility while enabling compliance with emerging state-level regulations.
- Invest in onshore AI infrastructure and strategic partnerships to gain first mover advantage in securing investment funds and accelerate adoption and operational efficiencies while proactively monitoring and adapting to the fragmented regulatory landscape to help mitigate compliance risks.

Immigration and boarder security reform

Administration plans include enhancing border security, activating mass deportation and reducing visa availability. These measures may exacerbate current workforce challenges including those which rely heavily on skilled international talent.

No regret actions

- Identify critical staffing gaps and develop targeted recruitment strategies, including domestic talent pipelines, expanded training programs, and partnerships with educational institutions to address shortages, particularly in rural healthcare settings.
- Work with legal and HR teams to assist current international employees in navigating visa challenges, while advocating for policies that maintain access to skilled foreign healthcare professionals and researchers.

Competition policy

A more favorable regulatory environment for healthcare mergers and acquisitions is expected, easing restrictions and accelerating deal approvals. Scrutiny of pharmacy benefit managers (PBMs) and private equity's influence on healthcare costs is expected to continue.

No regret actions

- Conduct dynamic, real-time scenario modeling and tracking of key developments in target markets to determine which assets and innovations to invest in versus which portfolio components should be divested.
- Monitor regulatory shifts and adjust M&A strategies and competitive positioning to capitalize on a more favorable consolidation environment while preparing for continued scrutiny on PBM practices and pricing transparency.

In addition to broader economic policy changes, the Trump administration and Republicans in Congress are pursuing several initiatives that target the health sector more directly. These policy changes are expected to reshape healthcare financing, regulation, and market dynamics, influencing key industry trends. Understanding these shifts will be crucial for stakeholders navigating the evolving healthcare landscape.

Key policy shifts impacting payers and providers

Shifts in funding, FWA | Coverage & eligibility shifts | Demand & cost drivers

Shift in funding, focus on fraud, waste and abuse (FWA)

Republican-led proposals aim to cut health program funding, with a focus on Medicaid; could shift the broader marketplace, affecting service provision, funding from federal and state sources and ACA subsidies.

No regret actions

- Evaluate funding dependencies and reimbursement models to anticipate potential Medicaid cuts and shifts in ACA subsidies, implementing cost-containment strategies and fraud prevention measures to maintain financial stability and service continuity.
- Assess your FWA capabilities, including the use of data analytics and AI, considering potential increases in regulatory scrutiny.

Key policy shifts impacting payers and providers

Shifts in funding, FWA | Coverage & eligibility shifts | Demand & cost drivers

Coverage and eligibility shifts

Policies may alter coverage scope including changes to eligibility requirements and ACA subsidies. Potential for a rollback of Medicaid expansion and shifts towards risk pools and short-term less restrictive plans.

No regret actions

- Conduct scenario analysis and financial modeling to assess the impact of rising uninsured rates, adjusting revenue cycle strategies, charity care policies, and risk-sharing arrangements to help mitigate financial risk and enable service sustainability.
- Adapt coverage strategies and patient outreach initiatives to navigate shifting eligibility requirements, enabling financial resilience through alternative plan designs, risk pool adjustments, and proactive enrollment support for impacted populations.

Shifts in funding, FWA | Coverage & eligibility shifts | Demand & cost drivers

Demand and cost drivers

Health and economic policy changes are expected to reduce healthcare consumption and potentially result in higher health system operating costs.

No regret actions

- Assess and adjust reimbursement models to account for shifting healthcare utilization patterns and rising operational costs, enabling sustainable coverage strategies.
- Enhance care delivery efficiency and cost structures by leveraging value-based care models and operational improvements to mitigate financial pressures from reduced healthcare demand and increased medical supply costs. Consider strategic cost takeout programs to prepare operations ahead of tariff impacts.

Key policy shifts impacting pharma/medtech

Advertising & agency interactions | Pricing controls & IP | Global supply chain disruption

Shifts in pharma-agency and pharma-DTC interaction

Nominations to health agency positions have sparked scrutiny of pharma-industry stakeholders and the role of external advisors in agency decisions. Interest remains in reforming promotional advertising regulations.

No regret actions

- Assess current regulatory and engagement strategies to understand potential impacts of changes to sponsor-agency interactions (e.g., ad com reforms, shifts in user fees, data transparency) on development timelines, costs and compliance requirements.
- Evaluate emerging risks associated with the use of digital platforms and social media for drug and device advertising, confirming that risk mitigation plans are in place to address changes in direct-to-consumer promotion regulations.

Advertising & agency interactions | Pricing controls & IP | Global supply chain disruption

Stricter pricing controls and IP regulations

Continued pressures on drug pricing controls, including the potential for expanded negotiation list, and potential IP or exclusivity restrictions can impact pharma's revenue and innovation cycle planning.

No regret actions

- Assess scenarios for future pricing reform and model potential Gross-to-Net impact.
- Consider reductions to SG&A and other operational costs to maintain profitability, as needed.

Advertising & agency interactions | Pricing controls & IP | Global supply chain disruption

Global supply chain disruption

Pharma and medtech companies should consider how potential tariffs and growing geopolitical tensions impact manufacturing locations and vendors.

No regret actions

- Assess total imports and the cost of potential tariffs; consider customs mitigation strategies (e.g., first sale value); understand the impact of tariffs on global operating results.
- Analyze supply chain and model various tariff scenarios to determine potential options; consider commercial, operational, tax, and customs strategies to offset tariff impacts.

Getting into the weeds: what health policy specifics are on the Trump administration and GOP agendas?

The Trump administration and the GOP have outlined a series of health policy initiatives aimed at reshaping the role of government in the health industry and realigning market incentives to focus on competition and innovation.

Flexibility and choice

- **Medicaid restructuring:** The GOP is considering various reforms to Medicaid with a strong interest in budget cutting measures. This includes establishing work requirements, altering eligibility thresholds, or limiting federal Medicaid spending with block grants or per capita cap financial systems. Interest also exists in rolling back ACAs expansion of Medicaid. These measures are estimated to save billions of dollars over the next decade and are likely to be part of a broader effort to help reduce the federal deficit and reallocate resources more efficiently. The policies would provide states with enhanced control over the program while also leading to significant coverage losses.

- **Strengthening Medicare:** President Trump has pledged to protect Medicare's financial stability without funding cuts or raising the eligibility age. His administration is focusing on shifting to Medicare Advantage (MA) while implementing policies to curb overspending, including price transparency, tackling waste and fraud, and potentially extending the $35 insulin cap to commercial plans. Plans for drug price negotiations remain under development.

- **ACA Marketplace:** The most prominent plan from the Trump campaign on ACA reform was promoted by then Vice Presidential Candidate JD Vance who expressed support for proposals to re-introduce risk pools to the marketplace, which function by dividing enrollees with higher spend and lower spend into separate plans. The Trump administration may also revive earlier efforts to offer more short-term duration health plans and promote Individual Coverage Health Reimbursement Arrangements (ICHRAs), enabling employers to reimburse employees for their healthcare expenses.

Fiscal conservatism

- **340B Drug Pricing Program:** Amidst a tangle of court cases and state level legislation, congressional interest in reassessing the 340B Drug Pricing Program continues with a goal of aligning with original program intentions. Proposed reforms aim to tighten eligibility criteria and reduce the number of contract pharmacies, potentially altering market dynamics, access to medications, financial pressures, and reporting requirements.

- **Pharmacy Benefit Managers:** President Trump has signaled Pharmacy Benefit Manager (PBM) reform as a priority, which continues to gain bipartisan support. While not included in the 2024 end-of-year package, proposed legislation, including requirements for pass-through rebates, discounts, transparency measures received bipartisan backing and may resurface in 2025 along with forced divestiture of internal pharmacies. GOP key health committee chairs, such as Senator Mike Crapo of Senate Finance, are now seeking a path forward, focusing on enhancing transparency and reducing prescription drug costs.

- **Physician payment reform:** With ongoing concerns that physician payments are failing to keep pace with inflation, the GOP reconciliation budget proposal from the House Ways and Means Committee included physician payment reform, signaling potential action. In 2024, a bill to stabilize payments by tying them to inflation in goods and services also gained strong stakeholder support. However, the GOP's specific approach to reform remains uncertain.

- **ACA subsidies:** In his second term, President Trump proposes to allow enhanced Affordable Care Act (ACA) subsidies to expire with the aim of reducing federal spending. This move could lead to increased premiums and out-of-pocket costs for millions, potentially decreasing ACA plan enrollment and increasing the uninsured population. The subsidy provisions will automatically expire in December 2025 if congressional action is not taken.

- **Site neutral payments:** Congress has shown strong support for site-neutral payment reforms in Medicare, which are scored as having one of the largest potential impacts on the federal budget. The Senate HELP Committee has released a bipartisan framework for reforming site-neutral payments, including carve-outs to protect rural hospitals. Advocates argue these reforms could lower healthcare costs and reduce unnecessary hospital-based services, though critics warn they may still impact access to care in certain communities.

- **Nonprofit tax status:** The budget proposal put forth by the House Ways and Means estimates eliminating or reforming the nonprofit tax-exempt status could save $260 billion over 10 years. While some proposals advocate for fully revoking this status, negotiations may instead lead to stricter charity care and community benefit requirements rather than a complete repeal. Organizations should scenario-plan for potential outcomes, as these changes could significantly affect financial stability and operations.

- **Fraud waste and abuse:** The Trump administration seeks to intensify efforts to combat fraud, waste, and abuse in the healthcare sector as part of the broader DOGE effort for governmental efficiency and fiscal responsibility. With a broad approach to fraud, waste and abuse, the administration is targeting eligibility as well as instances of overspending. This initiative aims to improve program integrity and reduce unnecessary expenditures, potentially leading to stricter compliance requirements for healthcare providers.

Public health reform

- **Emphasis on chronic disease/prevention:** President Trump emphasized chronic disease prevention through the "Make America Healthy Again" (MAHA) initiative, aiming to address rising rates of conditions like obesity and autoimmune disorders. This policy includes establishing a presidential commission to investigate these health issues and reforming federal health agencies. The health industry should anticipate shifts in regulatory focus toward preventive care and wellness programs.

- **Research funding shifts:** Agency nominees are expected to shift focus away from rare and infectious diseases, emphasizing grant reporting, auditing, and oversight of NIH research funding. Foreign grants and partnerships are likely to face added scrutiny as the new administration begins implementing 'America First' initiatives aimed at positioning the US as the world leader in science and technology innovation. Additionally, there may be a trimming of the number of centers at NIH and a possible split of the CDC to separate policy-making and research entities, thereby limiting their ability to influence policy.

- **Pharma advertising, IP restrictions:** Robert F. Kennedy Jr., nominated to lead the Department of Health and Human Services, has been a vocal critic of direct-to-consumer pharmaceutical advertising, citing concerns over public health and drug costs. This potential policy shift, along with increased scrutiny of the pharmaceutical IP landscape, could profoundly reshape marketing strategies and how companies communicate with consumers.

- **Vaccine safety:** The Trump administration's rhetoric regarding vaccine safety has sparked debate and raised concerns about vaccine hesitancy. Concern exists for potentially undermining public trust in immunization programs and increasing the risk of preventable disease outbreaks. As key nominations approached Senate confirmation hearings, their rhetoric has become more neutral. Potential actions may focus on adverse event reporting, liability protections, and immunization recommendations.

- **Transparency requirements:** During his first term, President Trump introduced price transparency requirements such as mandating that hospitals post standard charge information. Compliance has been inconsistent, which has prompted calls for stricter enforcement and higher penalties to enable adherence. The Trump administration is expected to build on these policies with stricter enforcement, though the approach has not been detailed.

- **Competition policy:** Changes in FTC leadership may create a more favorable M&A environment, with Andrew Ferguson replacing Lina Khan as Chair. It is likely that regulators will continue to scrutinize the role of PE in health quality, and cost of care. Bipartisan support continues for PBM scrutiny and enhancing transparency in payer and provider deals.

Deregulation

- **Reverse Biden-era policies:** President Trump acted quickly during his first days in the office to reverse or modify regulations that had been put in place by the previous administration. Policies aimed at promoting health equity, providing transgender healthcare, advancing women s health, and regulating Environmental, Social, and Governance (ESG) criteria have been revoked.

- **AI oversight and innovation:** President Trump has proposed shifting AI oversight toward industry self-governance, aiming to reduce government regulations and foster innovation. This includes rescinding key Biden-era policies focused on federal oversight and creating the "Stargate" initiative—a public-private partnership designed to position the US as a global leader in AI development by enhancing AI infrastructure and electricity generation. Agencies have been tasked with writing a new AI action plan.

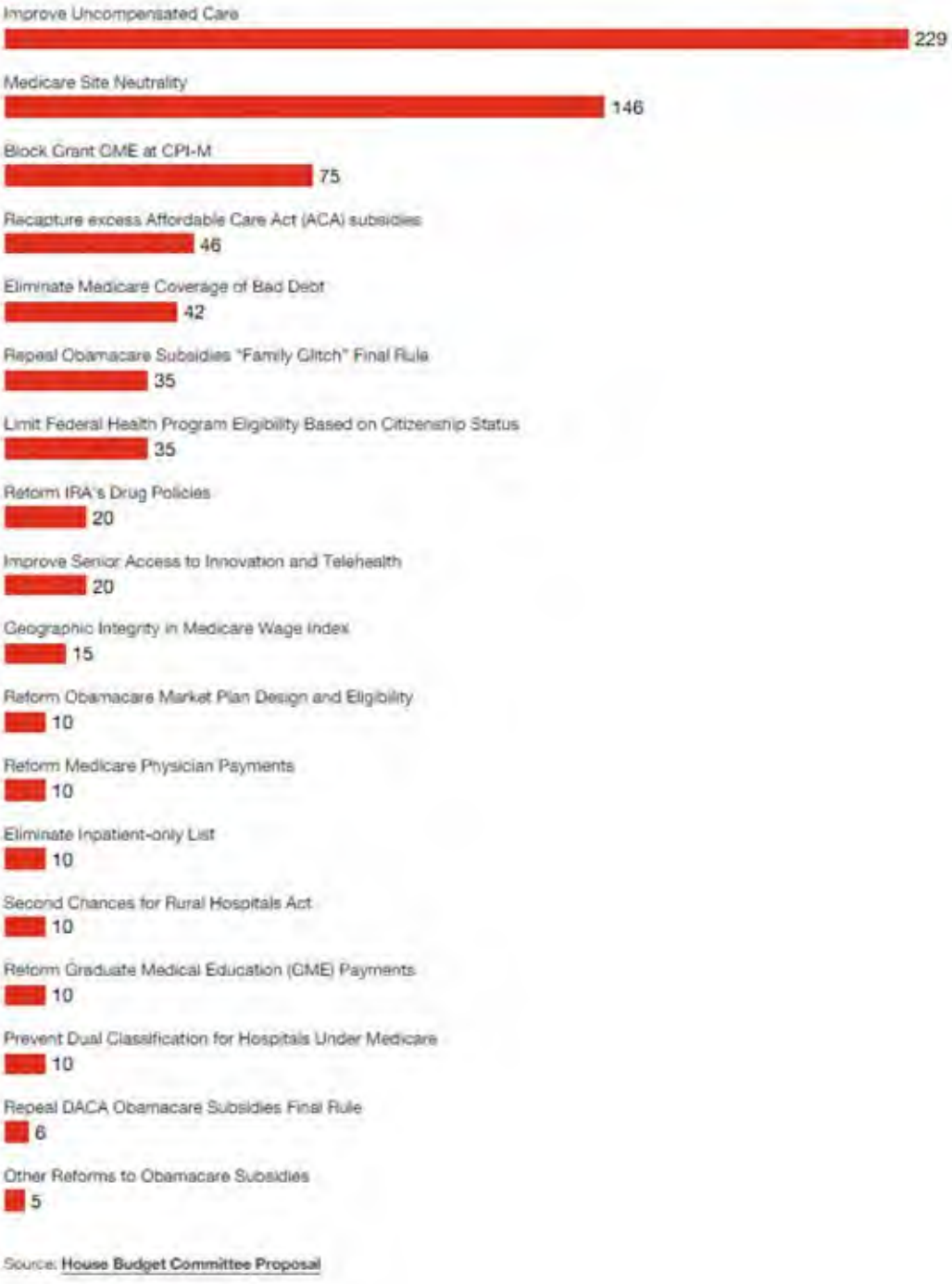
- **One-In, Two-Out expands to One-In, 10-Out:** The Trump administration has already rescinded a swath of Biden era policies across various sectors aiming to enact bold deregulatory ambitions which served as a hallmark of his campaign. Building upon the president's first term effort to deregulate, the administration is now targeting an ambitious goal of rescinding 10 regulations for each new regulation put in place. This approach aims to reduce the regulatory burden on businesses and promote a more favorable environment for economic growth.

Budget proposals clarify GOP priorities with additional detail and budget impacts

While many of the public health reform policies and those focused on deregulation may be promulgated through the executive branch, it will take Congressional action to implement fiscal policies. Given the large impact proposed cuts may have on the health sector, it is advantageous to conduct scenario planning as details of potential reforms emerge. Wish lists are being released as factions of the GOP negotiate what to include in a possible reconciliation package. These lists provide insight on GOP priorities for potential spending cuts, tax changes, and other fiscal measures aimed at reducing the federal deficit and restructuring government programs. A proposal put forth by the House Ways and Means Committee, below, details proposed healthcare saving options for the period 2025–2034, with projected savings in billions of dollars.

Proposed healthcare saving options (2025-2034)

Savings in billions of dollars



Source: **House Budget Committee Proposal**

CHAPTER 9 ATTACHMENTS

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BUSINESS

Thought inflation was bad? Health insurance premiums are rising even faster

Agents help sign people up for insurance through Covered California. Californians are struggling to keep up with rising health insurance premiums. (Nick Agro / Associated Press)

By Phillip Reese

March 10, 2025 3 AM PT

California businesses saw employees' monthly family insurance premiums rise nearly $1,000 over a 15-year period,

more than double the pace of inflation.

Kirk Vartan pays more than $2,000 a month for a high-deductible health insurance plan from Blue Shield on Covered California, the state's Affordable Care Act marketplace. He could have selected a cheaper plan from a different provider, but he wanted one that includes his wife's doctor.

"It's for the two of us, and we're not sick," said Vartan, general manager at A Slice of New York pizza shops in the Bay Area cities of San Jose and Sunnyvale. "It's ridiculous."

Vartan, who is in his late 50s, is one of millions of Californians struggling to keep up with health insurance premiums ballooning faster than inflation.

Average monthly premiums for families with employer-provided health coverage in California's private sector nearly doubled over the last 15 years, from just over $1,000 in 2008 to almost $2,000 in 2023, a KFF Health News analysis of federal data shows. That's more than twice the rate of inflation. Also, employees have had to absorb a growing share of the cost.

The spike is not confined to California. Average premiums for families with employer-provided health coverage grew as fast nationwide as they did in California from 2008 through 2023, federal data shows.

Premiums continued to grow rapidly in 2024, according to KFF.

Small-business groups warn that, for workers whose employers don't provide coverage, the problem could get worse if Congress does not extend enhanced federal subsidies that make health insurance more affordable on individual

markets such as Covered California, the public marketplace that insures more than 1.9 million Californians.

Premiums on Covered California have grown about 25% since 2022, roughly double the pace of inflation. But the exchange helps mitigate high costs nearly 90% of enrollees by offering state and federal subsidies based on income, with many families paying little or nothing.

Rising premiums also have hit government workers — and taxpayers. Premiums at CalPERS, which provides insurance to more than 1.5 million of California's active and retired public employees and family members, have risen about 31% since 2022. Public employers pay part of the cost of premiums as negotiated with labor unions; workers pay the rest.

"Insurance premiums have been going up faster than wages over the last 20 years," said Miranda Dietz, a researcher at the UC Berkeley Labor Center who focuses on health insurance. "Especially in the last couple of years, those premium increases have been pretty dramatic."

Dietz said rising hospital prices are largely to blame. Consumer costs for hospitals and nursing homes rose about 88% from 2009 through 2024, roughly double the overall inflation rate, according to data from the Department of Labor. The rising cost of administering America's massive healthcare system has also pushed premiums higher, she said.

Insurance companies remain highly profitable, but their gross margins — the amount by which premium income exceeds claims costs — were fairly steady during the last few years, KFF research shows. Under federal rules, insurers must spend a minimum percentage of premiums on medical care.

Rising insurance costs are cutting deeper into family incomes and squeezing small businesses.

The average annual cost of family health insurance offered by private sector companies was about $24,000, or roughly $2,000 a month, in California during 2023, according to the U.S. Department of Health and Human Services. Employers paid, on average, about two-thirds of the bill, with workers paying the remaining third, about $650 a month. Workers' share of premiums has grown faster in California than in the rest of the nation.

Many small-business workers whose employers don't offer healthcare turn to Covered California.

During the last three decades, the percentage of businesses nationwide with 10 to 24 workers offering health insurance fell from 65% to 52%, according to the Employee Benefit Research Institute. Coverage fell from 34% to 23% among businesses with fewer than 10 employees.

“When an employee of a small business isn’t able to access health insurance with their employer, they’re more likely to leave that employer,” said Bianca Blomquist, California director for Small Business Majority, an advocacy group representing more than 85,000 small businesses across America.

Vartan said his pizza shop employs about 25 people and operates as a worker cooperative — a business owned by its workers. The small business lacks negotiating power to demand discounts from insurance companies to cover its workers. The best the shop could do, he said, were expensive plans that would make it hard for the cooperative to operate. And those plans would not offer as much coverage as workers could find for themselves through Covered California.

“It was a lose-lose all the way around,” he said.

Mark Seelig, a spokesperson for Blue Shield of California, said rising costs for hospital stays, doctor visits, and prescription drugs put upward pressure on premiums. Blue Shield has created a new initiative that he said is designed to lower drug prices and pass on savings to consumers.

Even at California companies offering insurance, the percentage of employees enrolled in plans with a deductible has roughly doubled in 20 years, rising to 77%, federal data show. Deductibles are the amount a worker must pay for most types of care before their insurance company starts paying part of the bill. The

average annual deductible for an employer-provided family health insurance plan was about $3,200 in 2023.

During the last two decades, the cost of health insurance premiums and deductibles in California rose from about 4% of median household income to about 12%, according to the UC Berkeley Labor Center, which conducts research on labor and employment issues.

As a result, the center found, many Californians are choosing to delay or forgo healthcare, including some preventive care.

California is trying to lower healthcare costs by setting statewide spending growth caps, which state officials hope will curb premium increases. The state recently established the Office of Health Care Affordability, which set a five-year target for annual spending growth at 3.5%, dropping to 3% by 2029.

Failure to hit targets could result in hefty fines for healthcare organizations, though that probably wouldn't happen until 2030 or later.

Other states that imposed similar caps saw healthcare costs rise more slowly than states that did not, Dietz said.

"Does that mean that healthcare becomes affordable for people?" she asked. "No. It means it doesn't get worse as quickly."

This article was produced by KFF Health News, a national newsroom that produces in-depth journalism about health issues and is one of the core operating programs at KFF — an independent source for health policy research, polling and journalism.

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SEE CONFIDENTIAL REBUTTAL BOOK

CHAPTER 9 ATTACHMENTS

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SEE CONFIDENTIAL REBUTTAL BOOK

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ATTACHMENT 9-6

Preliminary Statement (T)
Contaminant Remediation Memorandum Account

G. CONTAMINANT REMEDIATION MEMORANDUM ACCOUNT ("CRMA")

1. **Purpose**
The purpose of the CRMA is to record all incremental costs to comply with any new or revised Federal Environmental Protection Agency and/or California's State Water Resources Control Board, Division of Drinking Water rules, including, but not limited to, Maximum Contamination Levels (MCL) and contamination remediation requirements, pursuant to Decision No. 04-08-053. (T) (T)

The CRMA shall track incremental expenses related to capital, operation and maintenance, administration and general, monitoring, legal, and consultant expenses associated with activities to mitigate the effects of any new or changed rule or contaminant level.

2. **Applicability**
The CRMA does not have a rate component.

GSWC shall maintain the CRMA by making entries at the end of each month as follows:

a. A debit entry shall be made to the CRMA at the end of each month to record the incremental costs.

b. A debit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entry (a.) , at a rate equal to one-twelfth of the rate on three month Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

3. **Effective Date**
The CRMA shall have the effective date of August 19, 2004, to coincide with the effective date of Decision No. 04-08-053.

4. **Disposition**
Cost recovery shall be net of any previous expenses that were authorized to comply with previous remediation requirements that have been superseded as well as any reimbursements directly related to the projects and costs being accumulated in the CRMA.

GSWC will request Commission approval for recovery of the costs recorded in the CRMA in a proceeding authorized by the Commission.

(Continued)

CHAPTER 10 ATTACHMENTS

ATTACHMENT 10-1

LUWEP BASE RATE RECOVERY EXAMPLE

Attachment 10-1
LUWEP Base Rate Recovery Example

Los Altos (LAS)

SUMMARY

Usage Level	Usage (CCF)	Surcharges	Base Rates	Difference
Median	9	$96.71	$92.05	-$4.66
75th Percentile	25	$304.93	$321.65	$16.72
95th Percentile	45	$684.15	$758.99	$74.84

INPUTS

Adopted Revenues[1]	$29,963,715	
Actual Revenues[1]	$25,216,044	
Under-Collection[1]	($4,747,671)	$34,711,386

				Surcharges	Base Rates
Tier 1 Sales (CCF)[2]	969,551	969,551	**Tier 1 Rate[2, 3]**	$2.16	$2.73
Tier 2 Sales (CCF)[2]	1,199,758	1,199,758	**Tier 2 Rate[2, 3]**	$8.65	$10.93
Tier 3 Sales (CCF)[2]	516,793	516,793	**Tier 3 Rate[2, 3]**	$17.30	$21.87
Tier 4 Sales (CCF)[2]	174,767	174,767	**Tier 4 Rate[2, 3]**	$34.60	$43.73
Total Sales (CCF)[2]	2,860,869	2,860,869			
			Service Charge[2]	$42.85	$42.85
			Surcharge ($/CCF)[4]	$1.66	$0.00

CALCULATIONS

	9 CCF (Median)		25 CCF (75th Percentile)		45 CCF (95th Percentile)	
Item	**Surcharges**	**Base Rates**	**Surcharges**	**Base Rates**	**Surcharges**	**Base Rates**
Service Charge	$42.85	$42.85	$42.85	$42.85	$42.85	$42.85
Volumetric Charge						
Tier 1	$12.98	$16.40	$12.98	$16.40	$12.98	$16.40
Tier 2	$25.95	$32.80	$121.11	$153.07	$121.11	$153.07
Tier 3	$0.00	$0.00	$86.51	$109.33	$432.53	$546.67
Tier 4	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Sub-Total	$38.93	$49.20	$220.59	$278.80	$566.62	$716.14
Decoupling Surcharge	$14.94	$0.00	$41.49	$0.00	$74.68	$0.00
Total Bill	**$96.71**	**$92.05**	**$304.93**	**$321.65**	**$684.15**	**$758.99**

Notes

1. Revenue amounts obtained from M-WRAM illustrative example in Attachment 10-2.
2. Usage levels, current rates and charges obtained from CH12_RD_RO_DRRS of July ROM.
3. Recovery base rates calculated using tier multiplier to recover adopted revenues and under-collection amount.
4. Surcharge calculated using under-collection amount and total expected sales.

CHAPTER 10 ATTACHMENTS

ATTACHMENT 10-2

M-WRAM ILLUSTRATIVE EXAMPLE

Introduction

The purpose of this appendix is to provide an illustrative example of the mechanics of the M-WRAM and clarify any confusion on the associated incentives.[1] This appendix will demonstrate that the M-WRAM is not a full decoupling mechanism and that water utilities have a financial incentive to avoid actions that would reduce sales, including promoting conservation.[2] The incentives are not just theoretical but evident in both practical operation and observed differences between fully decoupled utilities and those operating under the M-WRAM. Cal Water believes these are important points to clarify in the evidentiary record of this proceeding as recent Commission decisions have indicated otherwise.[3]

To ensure a real-world basis for this analysis, the examples provided use actual residential billing data along with the sales projections, revenue requirements, tiered rates, and single quantity rate (SQR) authorized under Advice Letter 2539 for Cal Water's Los Altos service area.[4]

The M-WRAM is not a Revenue Decoupling Mechanism and Does Not Eliminate the Utility's Throughput Incentive

The M-WRAM does not fully decouple a utility's revenue from its sales. Instead, it adjusts the utility's revenue to match what it would have collected if all water sales had been charged at the SQR rather than the actual tiered rates. This means that sales revenue fluctuates in direct proportion to sales volume. If sales decline by 10%, revenue decreases by 10%. If sales drop by 20%, revenue falls by 20%. Since a substantial portion of a utility's fixed costs are recovered through quantity charges, the utility has a strong financial incentive to minimize sales shortfalls. This creates a significant disincentive to promoting conservation.

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[1] In D.25-01-036 the Commission indicated a lack of understanding of how the M-WRAM incentivizes utilities to "*promote sales or discourage conservation*" and how they "*do not find the argument that full decoupling provides better incentives to the utility to promote conservation than the M-WRAM to be persuasive.*" *See* D.25-01-036 at pp. 72-73.

[2] Conservation can be encouraged through rate design or programs designed to reduce customer water use.

[3] *See* D.24-12-025 at pp. 42-43 and D.25-01-036 at pp. 72-73.

[4] To simplify the examples, cost balancing—where changes in variable production costs due to sales shortfalls or overages are tracked and factored into the revenue adjustment—is not included. However, this exclusion does not affect the key points illustrated in the examples.

Table 1 provides an example of this dynamic. In this example, the realized residential sales volume is 10% lower than projected. With the greatest potential for conservation being high-volume users, the 10% overall sales decline results in the following reductions by quartile:

- 13% reduction in usage for households in the highest consumption quartile,
- 9% reduction for those in the third quartile,
- 4% reduction for second-quartile users, and
- No change in usage for households in the lowest consumption quartile.

The first panel of Table 1 illustrates the changes in sales by tier and in total by CCF. Figure 1 further illustrates the nonuniform impact of sales reductions across usage tiers.[5]

The second panel of Table 1 displays the corresponding impact on sales revenue under the tiered rate structure. Due to the steep rate tiering, an overall sales decrease of 10% results in a decline in volumetric sales revenue of 16%, leading to a $4.7 million revenue shortfall.

The third panel of Table 1 calculates the M-WRAM revenue adjustment. The M-WRAM adjustment only offsets the revenue loss caused by rate tiering—reducing the shortfall by $1.7 million from $4.7 million to $3.0 million. The M-WRAM does not address the $3.0 million revenue loss caused by the overall sales decline. Under this scenario, the M-WRAM results in Cal Water incurring a significant financial impact from reduced water sales, as illustrated in Figure 1.

This example from Cal Water's Los Altos district clearly illustrates how the absence of full decoupling creates a financial disincentive to take any actions to reduce sales. Without an effective true-up mechanism to offset financial impacts, utilities face clear financial costs when encouraging aggressive conservation efforts.[6]

[5] Additional information on the revenue volatility implications of steeply tiered rate designs can be found in Section 2.2 of the M.Cubed Rate Design Rebuttal.

[6] Even when conservation is the most cost-effective supply option, as it is in certain Cal Water districts reliant on high-cost imported water, the M-WRAM creates a financial disincentive for conservation by jeopardizing fixed cost recovery.

Table 1. M-WRAM Revenue Adjustment Example

Panel 1: Sales (KCCF)

	AL 2539 Forecast	Realized	Difference	% Diff.
Tier 1	1,002	1,002	0	0%
Tier 2	1,261	1,186	-76	-6%
Tier 3	397	313	-84	-21%
Tier 4	560	398	-162	-29%
Total	3,220	2,898	-322	-10%

Panel 2: Sales Revenue (Million $)

	AL 2539 Requirement	Realized	Difference	% Diff.		Authorized Rate ($/CCF)
Tier 1	$2.5	$2.5	$0	0%		$2.4538
Tier 2	$12.4	$11.6	-$0.7	-6%		$9.7979
Tier 3	$4.9	$3.8	-$1.0	-21%		$12.2458
Tier 4	$10.3	$7.3	-$3.0	-29%		$18.3661
Total	$30.0	$25.2	-$4.7	-16%	**SQR:**	$9.3043

Panel 3: M-WRAM Adjusted Revenue (Million $)

	AL 2539 Requirement	Sales x SQR	Difference	% Diff.
Tier 1	$2.5	$9.3	$6.9	279%
Tier 2	$12.4	$11.0	-$1.3	-11%
Tier 3	$4.9	$2.9	-$2.0	-40%
Tier 4	$10.3	$3.7	-$6.6	-64%
Total	$30.0	$27.0	-$3.0	-10%

Sales revenue calculations are based on the 2022 residential bill tabulation for Cal Water's Los Altos district, adjusted to align with the total sales volume and sales distribution across the four tiers specified in AL 2539.
Note that columns may not sum exactly due to independent rounding.

Figure 1. M-WRAM Revenue Adjustment Example

Historically, utilities operating under the M-WRAM have responded to this revenue risk in three ways:

- **Higher Fixed Service Charges** – M-WRAM utilities recover significantly more revenue through fixed service charges than fully decoupled utilities. An analysis of CPUC-regulated utilities found that M-WRAM utilities collected 35% more of their revenue from fixed charges compared to fully decoupled utilities.[7] Increasing fixed charge recovery lowers the marginal

[7] Mitchell, David, Tom Chesnutt, and Gary Fiske, "Impacts on Customer Bills and Water Use of Recoupling Water Utility Revenue and Sales: Analysis of CPUC Proposed Decision to Transition all Class A Utilities to a Monterey-Style Water Revenue Adjustment Mechanism.

price of water, weakening price-based incentives that encourage conservation. This approach stabilizes revenue by reducing its dependence on sales while simultaneously diminishing an incentive that would otherwise reduce consumption.

- **Flatter Rate Tiers** – M-WRAM utilities generally adopt rate designs with fewer and less steeply inclined rate tiers than fully decoupled utilities.[8] This reduces the marginal price of water, weakening price signals that would otherwise encourage conservation, particularly among high-usage customers.
- **Lower Conservation Program Spending** – M-WRAM utilities allocate significantly less funding to conservation programs than fully decoupled utilities—spending only $8 per residential customer annually compared to $18 per customer in fully decoupled systems.[9] This reduced investment further weakens conservation efforts that would otherwise help lower water consumption.

These responses to M-WRAM-induced revenue risk are financially rational for utilities. These effects are not theoretical, as the Commission suggested in GSW's recent rate case decision. They are well-documented in the empirical record.

Conclusion

The example presented in this appendix illustrates that the M-WRAM fails to achieve true revenue decoupling, thereby undermining both conservation incentives and revenue stability. Unlike full decoupling, the M-WRAM does not break the direct link between a utility's financial performance and its sales volume, leaving utilities exposed to sales risk and incentivized to discourage efforts to reduce sales. This is not merely a theoretical concern but a documented reality based on observed differences between M-WRAM and fully decoupled utilities.

Key issues with the M-WRAM include:

- **The M-WRAM does not eliminate the throughput incentive.** Because sales revenue under the M-WRAM declines in direct proportion to reductions in sales, utilities remain financially motivated to minimize conservation-driven reductions. As a result, they rationally promote

August 2020, at p. 11.
[8] Ibid. at pp. 8-10.
[9] Ibid. at p. 13.

rate structures that help reduce the potential for sales losses. This dynamic directly conflicts with the Commission's conservation objectives.

- **The M-WRAM fails to provide comprehensive protection against revenue volatility.** While the mechanism partially offsets the revenue impact of tiered rate structures, it does not account for broader sales risks arising from drought, wet years, or unpredictable fluctuations in demand. The continued need for temporary drought memorandum accounts further underscores the M-WRAM's inadequacy as a long-term revenue stabilization tool.
- **The M-WRAM allows utilities to retain excess revenue when sales exceed projections.** Under full decoupling, overcollections are credited back to customers, ensuring revenue neutrality. In contrast, the M-WRAM enables utilities to benefit from sales that exceed projections, providing further financial disincentive to reduce sales through conservation.

In response to the question posed by the Commission in GSW's rate case decision, this appendix demonstrates exactly how "an incentive to promote sales and discourage conservation in theory … could or would be applied practically."[10] Given these deficiencies, the Commission should reject the M-WRAM in favor of full revenue decoupling, which provides a stable financial framework while aligning utility incentives with state-mandated conservation goals.

[10] D.25-01-036 at pp. 72-73.