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Public Advocates Office	:	<u>Anthony Andrade</u>
Witness		



REPORT ON OPERATIONS AND MAINTENANCE EXPENSES AND ADMINISTRATIVE AND GENERAL EXPENSES

**Application 25-01-001
(San Gabriel Valley Water Company)**

Los Angeles, California
July 25, 2025

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CHAPTER 1 LA DIVISION O&M EXPENSES

I. INTRODUCTION

Operation and Maintenance (O&M) Expenses refer to the ongoing expenses that the utility incurs to produce and deliver water to customers. San Gabriel Valley Water Company's (SGVWC) O&M Expenses include costs for purchased water, groundwater assessments, purchased power, postage, and conservation program support. Forecasts for O&M Expenses based on unrealistic assumptions or that contain errors unnecessarily burden ratepayers. Cal Advocates reviewed SGVWC's testimony, sent data requests, and performed relevant research to develop the recommendations in this chapter.

II. SUMMARY OF RECOMMENDATIONS

The Commission should adjust SGVWC's Test Year 2026-2027 forecast for O&M Expenses in the Los Angeles County (LA) Division as follows:

- Increase the Main San Gabriel Basin Operating Safe Yield forecast from 140,000 to 160,000 acre-feet because the current year's Operating Safe Yield is a more reasonable forecast than the future year's determination. This adjustment reduces water supply expenses by about \$1.74 million.
- Increase the leased water forecast for the Main San Gabriel Basin from 4,000 to 5,640.8 acre-feet because the five-year average is a reasonable estimate for the variable leased water availability. This adjustment reduces water supply expenses by \$166,541.
- Reduce the cyclic storage water cost forecast from \$1,015 to \$902 per acre-foot because the Commission should use the cost that SGVWC paid for the cyclic storage water. This adjustment reduces water supply expenses by \$467,097.
- Reduce the Central Basin Municipal Water District purchased water forecast from 289.9 acre-feet to zero because SGVWC plans to place a treatment system in service in the Test Year that should eliminate the need for this purchased water. This adjustment reduces water supply expenses by \$133,934.
- Decrease Main San Gabriel Basin Water Rights in water supply mix- forecasts from 10.61% to 10.49% of the Operating Safe Yield to account for the water rights that the Commission should

disallow.¹ This adjustment increases water supply expenses by \$260,573.

- Reduce the Conservation Expense forecast from \$800,000 to \$548,920 which is based on the five-year average recorded expenses. Conservation expense depends on customer participation and the five-year average is a reasonable estimate for customer participation.
- Reduce the Test Year forecast for Postage Expense and Escalation Year forecasts based on customer growth projections because SGVWC uses an erroneous LA Division customer growth rate. This adjustment reduces postage expenses by \$7,000 for the Test Year, and it reduces Escalation Year expenses by \$155,000.

III. ANALYSIS

A. **The Commission should increase the Main San Gabriel Basin Operating Safe Yield forecast to 160,000 acre-feet from 140,000 acre-feet.**

The Commission should adopt the most reasonable forecast for the Main San Gabriel Basin Operating Safe Yield (OSY). It is reasonable to use the OSY of 160,000 acre-feet (AF) that the Main San Gabriel Basin Watermaster set for the most recent fiscal year, July 2024 to June 2025.² The OSY limits the annual volume that SGVWC can use to pump water out of the groundwater basin at the lowest cost. A higher OSY forecast increases the lowest-cost water supply and decreases overall water supply expenses as a result. Increasing the OSY forecast to 160,000 AF decreases the LA Division's Purchased Water & Assessment expense by \$1.74 million in the Test Year 2026-2027.³

¹ The precise percentage that the Commission should use in the Results of Operation model is 10.49027%.

² Attachment 1-12: Main San Gabriel Watermaster Resolution May 2024.

³ See Table 1-1: Test Year Impact of OSY Forecast.

1 **1. The Main San Gabriel Basin OSY has a major**
2 **impact on the LA Division’s water supply mix.**

3 The forecasts in Sections A, B, C, and D of this chapter represent estimates for the
4 LA Division’s water supply mix. Water supply mix describes the proportion of different
5 water supplies that a water system draws from its various supply sources. Water supplies
6 can be groundwater, surface water or water purchased from other water purveyors.
7 SGVWC supplies the LA Division with groundwater and purchased water. SGVWC’s
8 LA Division draws water from two groundwater basins: the Main San Gabriel Basin and
9 the Central Basin. Each water source charges SGVWC a different rate per unit volume of
10 water supply. For the LA Division, purchased water is more expensive than
11 groundwater.⁴ The OSY forecast only affects Main San Gabriel Basin supplies.

12 The OSY limits the annual volume of groundwater that SGVWC can extract from
13 the basin at the lowest rate.⁵ SGVWC is one of many Main San Gabriel Basin water
14 rights owners. As of December 31, 2022, SGVWC owned 20,736.7 AF out of a total of
15 197,634 prescriptive water rights in the Main San Gabriel Basin.⁶ On a percent basis,
16 SGVWC owns 10.49% of this basin’s water rights.⁷ The Main San Gabriel Basin
17 Watermaster (Watermaster) is the authority that sets the OSY. When the Watermaster
18 sets an OSY of 160,000 AF, water rights owners may collectively pump up to that
19 amount at the lowest rate. Based on SGVWC’s water rights percentage, SGVWC’s share
20 of the 160,000 AF is 16,791.4 AF.⁸ Because SGVWC and Cal Advocates both forecast
21 the company’s water demands above this amount, the Commission should forecast the

⁴ SGVWC’s Ex. SG-9 (Fealy), pages 3-7.

⁵ SGVWC’s Ex. SG-8 (Zvirbulis), page 2.

⁶ SGVWC’s Ex. SG-9 (Fealy) Attachments, Attachment A, page D-26.

⁷ Percent Share of Prescriptive Water Rights = $\frac{20,736.7}{197,634} \times 100\% = 10.49027\%$.

⁸ Volume Share of OSY = 160,000 AF \times 10.49% = 16,787. SGVWC’s RO model adds 3.4 AF to its calculation. Repeating this step, the Volume Share of OSY = 16,787 AF + 3.4 AF = 16,791.4 AF.

remaining demand to be met with the next lower-priced supplies such as leased water and cyclic storage water supplies.

A reasonable forecast for the water supply mix should maximize the lowest cost water supply. SGVWC makes up the difference between SGVWC's share of the OSY and its total water demand forecast with leased water and cyclic storage water, both of which are more expensive than OSY water. Cyclic storage water is a specific form of purchased water.² The forecast volume for cyclic storage water increases if the OSY forecast is lower. The correct unit cost of cyclic storage water for the Test Year is \$902.¹⁰ The following table shows the cost of the cyclic storage cost and summarizes the impact of the OSY forecast on Purchased Water and Assessments expenses.

Table 1-1: Test Year Impact of OSY Forecast

	(A) Forecast	(B) OSY (AF)	(C) Share of OSY (AF)	(D) Cyclic Storage Water Reduction ¹¹ (AF)	(E) Cost Difference Between Cal Advocates and SGVWC ¹²
1	Cal Advocates	160,000	16,791.4	1,931.2	\$1,741,942
2	SGVWC	140,000	14,860.2 ¹³		

The table above shows Cal Advocates' and SGVWC's OSY forecasts in column B. Then, it shows the share of OSY for each in column C. The share of OSY is based on the percent of Main San Gabriel Basin water rights that SGVWC owns. Cal Advocates uses 10.49% as the water rights percent.¹⁴ Cal Advocates' water rights percent

² SGVWC's Ex SG-9 (Fealy), page 6, lines 4-8.

¹⁰ See Cal Advocates' analysis of the cyclic storage water unit cost in Section III.C of this chapter.

¹¹ Cal Advocates' increase in the OSY forecast reduces the cyclic storage water forecast:

$16,791.3 \text{ AF} - 14,860.2 \text{ AF} = 1,931.2 \text{ AF}.$

¹² $1,931.2 \text{ AF} \times \$902/\text{AF} = \$1,741,942 \text{ AF}.$

¹³ SGVWC's Workpaper EX3, cell H18.

¹⁴ Applying the calculation format of SGVWC's Workpaper EX3, cell H18:

incorporates the adjustment to SGVWC's water rights discussed in Section III.E. of this chapter. The cyclic storage volume forecasts represent the water supply that SGVWC would draw from cyclic storage to meet its water demand after using its share of OSY. Since Cal Advocates' forecast for the share of OSY is greater than SGVWC's forecast, Cal Advocates' forecast for the higher-cost cyclic storage volume is lower than SGVWC's. This results in the reduction of \$1,741,942 in water supply expenses as shown in the table's final row.

2. The Main San Gabriel Basin Watermaster's OSY determination for future years is not a reliable estimate.

Each May the Watermaster sets the OSY for the upcoming fiscal year, which begins in July and ends the following June, and for the four subsequent future fiscal years. On May 1, 2024, the Watermaster set the OSY as 160,000 AF for fiscal year 2024-2025 and at 140,000 AF for each of the following four future fiscal years beginning with 2025-2026.¹⁵ As discussed below, the Commission should be aware that these future year determinations have consistently been set lower than the final determination OSY adopted when that year becomes current.

For each of the last ten years, the Watermaster has set the future years' OSY lower than the current year. When the Watermaster meets in May, it sets the OSY for the fiscal year beginning that July. This is the final determination before the OSY becomes effective. At the same meeting, the Watermaster also sets the OSY for the following four fiscal years. However, these future-year OSY values are subject to revision and the Watermaster has an opportunity to re-set the OSY in the next year's May. The Watermaster has increased the OSY when a previously forecasted future year becomes the current year every time in the last ten years.¹⁶ To illustrate the consistent difference

$$\text{Share of OSY} = (160,000 \text{ AF} \times 10.49027\%) + 3.4 \text{ AF} = 16,791.4 \text{ AF}.$$

¹⁵ SGVWC's Ex. SG-9 (Fealy) Attachments, Attachment D, Resolution No. 05-24-321.

¹⁶ Attachment 1-2 to Attachment 1-12, Main San Gabriel Watermaster Resolutions May 2014 to May

1 between the current year OSY determination and a future year determination, consider
2 the Watermaster's determinations over the last three years:

Table 1-2: Watermaster's OSY Determinations on May 11, 2022¹⁷

	(A) Fiscal Year	(B) OSY (AF)
1	Current Year 2022-2023	150,000
2	Future Year 2023-2024	130,000

Table 1-3: Watermaster's OSY Determinations on May 3, 2023¹⁸

	(A) Fiscal Year	(B) OSY (AF)
1	Current Year 2023-2024	150,000
2	Future Year 2024-2025	130,000

Table 1-4: Watermaster's OSY Determinations on May 1, 2024¹⁹

	(A) Fiscal Year	(B) OSY (AF)
1	Current Year 2024-2025	160,000
2	Future Year 2025-2026	140,000

3
4 Over the past 10 years, the Watermaster has consistently set the OSY for a future
5 year 20,000 AF below the current year's OSY. In all these cases, the Watermaster
6 increased the preliminary determination from the year before in time for the current year.
7 Over the last ten years, the Watermaster has never set the current year's OSY below
8 150,000 AF despite consistently setting the future year's OSY to 130,000 AF. In fact, in
9 May of 2024 the Watermaster actually increased the current year's OSY to 160,000 AF.²⁰
10 Clearly, this recurring pattern demonstrates that the Watermaster's future year OSY

2024.

¹⁷ Attachment 1-10: Main San Gabriel Watermaster Resolution May 2022.

¹⁸ Attachment 1-11: Main San Gabriel Watermaster Resolution May 2023.

¹⁹ Attachment 1-12: Main San Gabriel Watermaster Resolution May 2024.

²⁰ Attachment 1-12 Main San Gabriel Watermaster Resolution May 2024.

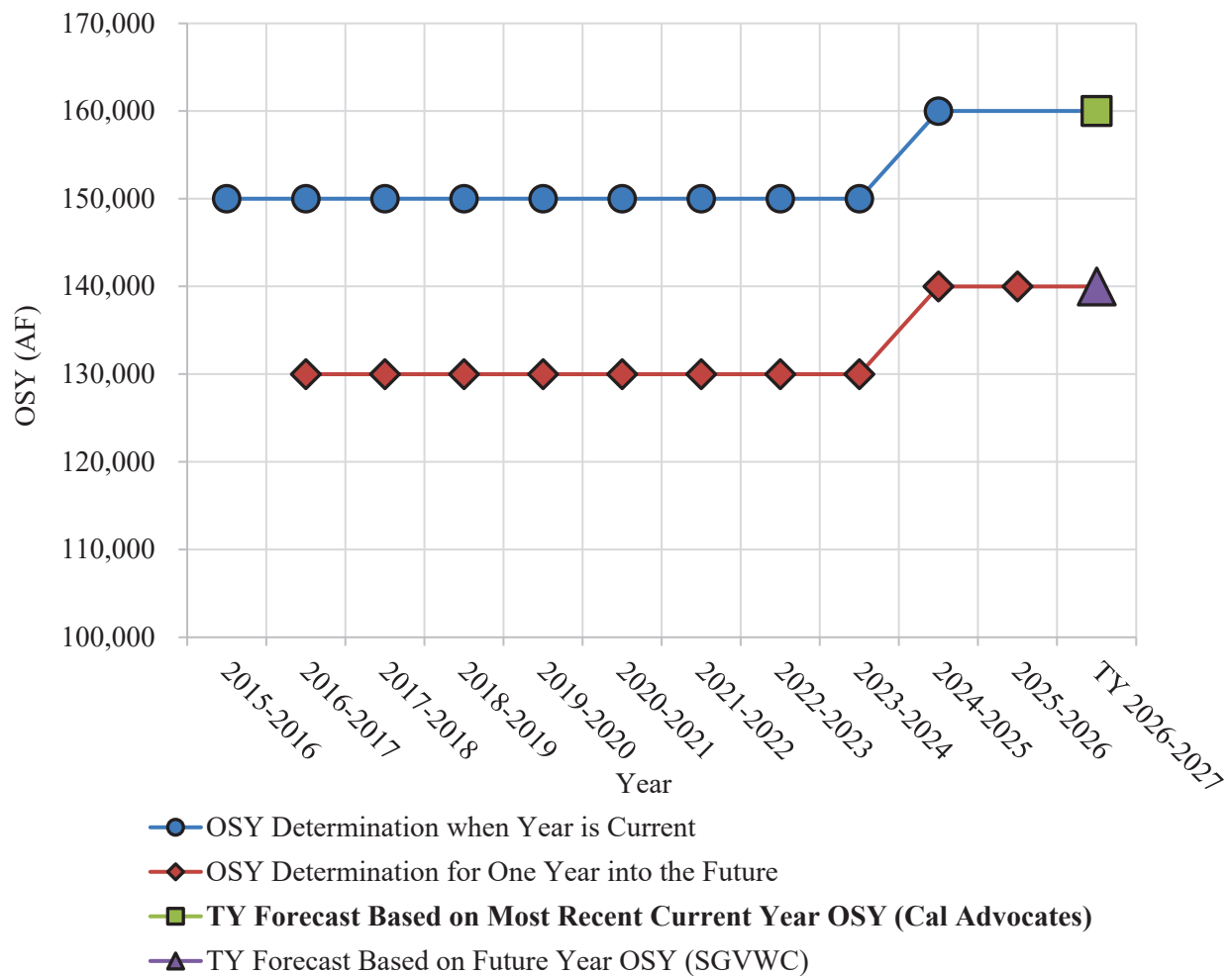
1 determinations are preliminary and have historically underestimated the final adopted
2 OSY.

3 During the last three general rate cases, SGVWC has consistently underestimated
4 its LA Division's share of OSY by relying on the Watermaster's lower future year OSY
5 projections.²¹ In the current GRC, SGVWC is once again basing its Test Year water
6 supply forecasts on the future year forecast.²² This approach has led to SGVWC ignoring
7 the final OSY that the Watermaster adopts in May before the beginning of the year in
8 July and has passed on unnecessary costs to the ratepayers. The following graph shows
9 how Cal Advocates' and SGVWC's OSY forecasts compare to the historical OSY that
10 the Watermaster adopted.

²¹ Attachment 1-13 to Attachment 1-15, SGVWC's OSY Forecasts in the 2016, 2019, and 2022 GRCs.

²² SGVWC's Ex. SG-9 (Fealy) Attachments, Attachment D, Resolution No. 05-24-321 and Workpaper EX3, line 17.

Figure 1-1: OSY Forecasts and Watermaster's OSY Determinations from 2015-2016 to 2026-2027²³



Based on this history, it is more reasonable to base the OSY on the most recent current year 2024-2025 that the Watermaster has adopted.

²³ Attachment 1-2 to Attachment 1-12, Main San Gabriel Watermaster Resolutions May 2014 to May 2024.

1 **B. The Commission should increase the Main San Gabriel**
2 **Basin leased water forecast from 4,000 to 5,640.8 acre-**
3 **feet.**

4 The Commission should authorize a leased water forecast that is consistent with
5 the quantities that SGVWC has secured during the last five years. SGVWC's forecast for
6 leased water is 4,000 AF.²⁴ The Commission should increase this forecast to the five-year
7 average leased water volume of 5,640.8 AF. This adjustment would save around
8 \$166,541.²⁵

9 SGVWC's LA Division water demands exceed SGVWC's share of OSY.²⁶
10 SGVWC serves the majority of its LA Division with groundwater from the Main San
11 Gabriel Basin. By leasing unused water rights from other rights-holders, utilities may
12 pump groundwater from the basin on top of their own water rights or share of OSY. For
13 example, if SGVWC's share of OSY for the year is 16,791.4 AF but it projects a water
14 demand of 27,085.1 AF for the Main San Gabriel Basin, then SGVWC may secure leased
15 water volumes to make up part of the difference.

16 The volume of leased water that SGVWC may use varies from year to year.
17 SGVWC states that it has a "long-established record of leasing groundwater rights from
18 other Main Basin water rights holders," but does not justify its specific leased water
19 forecast.²⁷ The five-year average expense for leased water is reasonable because it
20 considers that SGVWC has secured different volumes of leased water each year during a
21 five-year period. SGVWC uses the five-year average as the basis for several categories of
22 expenses.²⁸ For example, SGVWC uses the five-year average of recorded expenses as the

²⁴ SGVWC's Workpaper EX3, row 19.

²⁵ See Table 1-5: Test Year Impact of Leased Water Forecast.

²⁶ SGVWC's Ex. SG-8 (Zvirbulis), page 2.

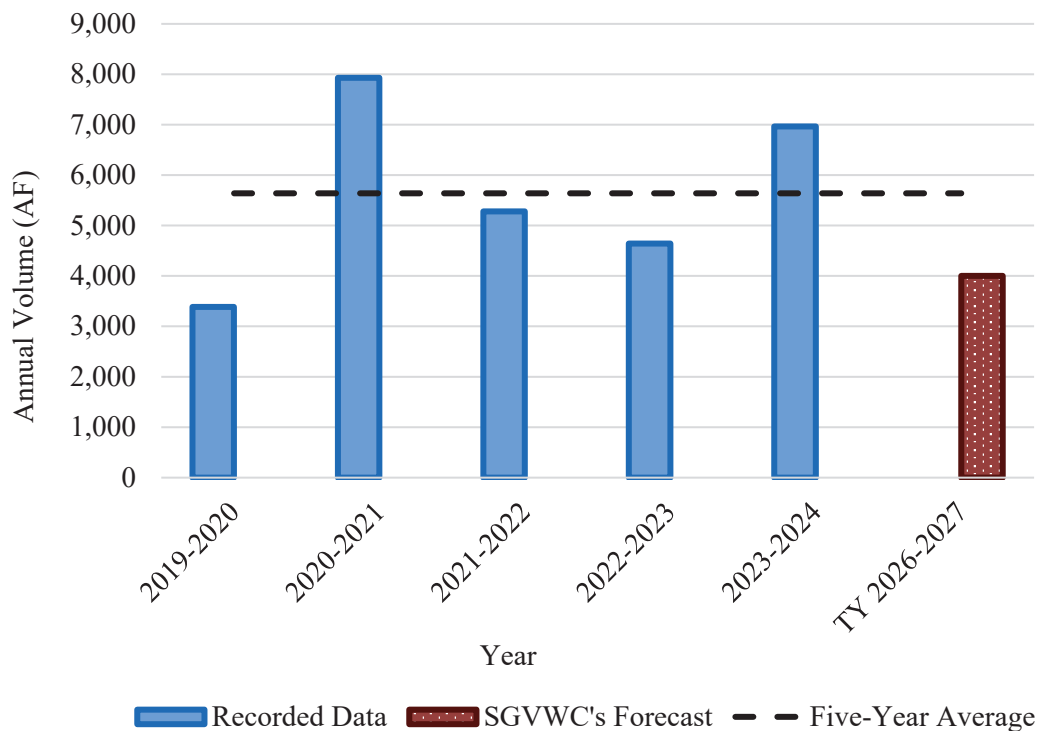
²⁷ SGVWC's Ex. SG-9 (Fealy), page 6, lines 10-12.

²⁸ SGVWC's Ex. SG-4 (Reiker), page 8.

basis for its Materials & Supplies, Outside Services, Insurance, Postage, and Miscellaneous Expenses.²⁹

In response to discovery, SGVWC identified the leased water volumes from recent fiscal years.³⁰ From the fiscal years of 2019-2020 to 2023-2024, SGVWC has secured an average annual volume of 5,640.8 AF. SGVWC's 4,000 AF leased water forecast represents a 30% reduction from the five-year average. The following figure shows these historical leased water volumes, the average, and SGVWC's forecast:

Figure 1-2: Leased Water Recorded Data and Forecasts



The cost savings of increasing the leased water forecast result from the avoided cost of purchasing further cyclic storage water. Cyclic storage water is SGVWC's third

²⁹ SGVWC's Ex. SG-4 (Reiker), pages 31, 32, 37, 38, and 39.

³⁰ Attachment 1-16: Email Communication between Joel Reiker of SGVWC and Anthony Andrade of Cal Advocates on July 7, 2025.

typical water supply for its Main San Gabriel Basin after using its share of OSY and leased water. The increased leased water forecast decreases the cyclic storage water forecast. Therefore, this adjustment's impact on proposed rates can be shown by comparing the cost of cyclic storage water that should be forecasted as leased water.

Table 1-5: Test Year Impact of Leased Water Forecast

	(A) Forecast	(B) Volume (AF)	(C) Base Unit Cost	(D) Test Year Forecast Cost
1	Cal Advocates' Leased Water Adjustment	1,640.8 ³¹	\$913.50 ³²	\$1,498,871
2	SGVWC's Cyclic Storage Water	1,640.8	\$1,015 ³³	\$1,665,412
3	Difference Between SGVWC and Cal Advocates			\$166,541

C. The Commission should decrease the Cyclic Storage base cost forecast to \$902 per acre-foot.

It is reasonable for the Commission to forecast the expense for the cyclic storage water purchase that is effective in the GRC cycle. Cyclic storage water must be purchased a year or more before it is used.³⁴ The appropriate cyclic storage water cost should be based on the year in which SGVWC purchased the water, not the current year's market rate. The Commission should reduce the base cost of cyclic storage water from

³¹ To show the reduction to expenses, Cal Advocates uses the difference between Cal Advocates' and SGVWC's forecasts: 5,640.8 AF – 4,000 AF = 1,640.8 AF.

³² SGVWC's Workpaper EX3, row 19.

³³ SGVWC's Workpaper EX3, row 20. Cal Advocates recommends a lower rate for cyclic storage water, however, Cal Advocates shows the expenses reduction of its leased water recommendation compared to SGVWC's request in Table 1-5.

³⁴ SGVWC's Ex. SG-9 (Fealy), p. 6.

1 \$1,015 to \$902 per acre-foot, which is the purchase cost of the cyclic storage water that
2 will be used in the Test Year.³⁵

3 Cyclic storage water is a form of purchased water. SGVWC may purchase cyclic
4 storage water to increase the amount of water that SGVWC may pump from the Main
5 San Gabriel Basin beyond its share of the OSY.³⁶ After pumping groundwater out of the
6 Main San Gabirel Basin equal to its share of OSY for the year, SGVWC should draw
7 from the next lowest-priced water supplies to meet its remaining demands. Cyclic storage
8 water is typically the next lowest-cost option after leased water.

9 The cost of cyclic storage water depends on the year that SGVWC purchased it.
10 For example, SGVWC purchased 15,000 AF, increasing the balance of its cyclic storage
11 account, in the year 2021.³⁷ In the subsequent years, SGVWC withdrew from this
12 balance. In the year 2022, SGVWC purchased 10,000 AF for its cyclic storage account
13 but did not purchase more in year 2023.³⁸ As of December 31, 2024, SGVWC had a
14 balance of 13,610.81 AF.³⁹ Based on Cal Advocates' forecasts for cyclic storage
15 withdrawals, SGVWC will likely need to purchase more cyclic storage water in 2025 or
16 2026. The following table summarizes Cal Advocates' forecast for purchases and
17 withdrawals over years 2025 to 2027 as well as Cal Advocates' determination of the \$902
18 per AF base cost for the Test Year:
19

³⁵ See Table 1-6: Test Year Impact of Cyclic Storage Expense.

³⁶ SGVWC's Ex. SG-9 (Fealy), page 6.

³⁷ Cal Advocates' Report on Capital Projects, Historic Rate Base, Utility Plant, Depreciation, and Rate Base, Attachment 2: SGVWC's Response to DR MTN-014, Question (Q). 4.b.

³⁸ Cal Advocates' Report on Capital Projects, Historic Rate Base, Utility Plant, Depreciation, and Rate Base, Attachment 2: SGVWC's Response to DR MTN-014, Q. 4.b.

³⁹ Attachment 1-17: Chart from Email Communication from Joel Reiker of SGVWC to Mehboob Aslam of Cal Advocates on April 28, 2025.

Table 1-6: Cyclic Storage Balance and Unit Cost

	(A) Description	(B) Purchase (AF)	(C) Base Unit Cost⁴⁰	(D) Withdrawal (AF)	(E) Balance (AF)
1	Balance from Previous Years				6,588.31
2	June 2021 Purchase	15,000.0	\$880		21,588.31
3	Fiscal Year 2021-2022			7,936.55	13,651.76
4	December 2022 Purchase	10,000.0	\$902		23,651.76
5	Fiscal Year 2022-2023			6,161.31	17,490.45
6	Fiscal Year 2023-2024			3,879.64	13,610.81
7	Cal Advocates' Year 2025 Withdrawal Forecast			4,652.96	8,957.85
8	Cal Advocates' Year 2026 Withdrawal Forecast			4,404.22	4,553.63
9	Cal Advocates' Year 2027 Withdrawal Forecast			3,863.03	690.60
10	Test Year Unit Cost⁴¹		\$902		

The Commission should base the cost of the cyclic storage water on the cost that SGVWC paid for the water that will be used. The forecast should reflect the actual cost incurred and reflect both historical cyclic storage water purchases and any anticipated purchases necessary for the Test Year. However, as shown in Table 1-6 above, SGVWC's current balance in its cyclic storage account is sufficient to meet its demand through 2027. Therefore, SGVWC would not need to apply any anticipated cyclic storage

⁴⁰ Cal Advocates' Report on Capital Projects, Historic Rate Base, Utility Plant, Depreciation, and Rate Base, Attachment 2: SGVWC's Response to DR MTN-014, Q. 4.b.

⁴¹ After 2025, SGVWC should have 8,957.85 AF in its cyclic storage balance, all of which is from its December 2022 purchase of 10,000 AF. SGVWC purchased this cyclic storage water volume at \$902/AF.

water purchases from 2025, when the base cost is \$1,015 per AF. The Test Year forecast for the cyclic storage base cost should be the actual cost that SGVWC paid for the cyclic storage water, which is \$902 per AF.

The table below shows the difference between Cal Advocates' and SGVWC's forecast for cyclic storage water:

Table 1-7: Test Year Impact of Cyclic Storage Expense

	(A) Forecast	(B) Volume (AF)	(C) Base Unit Cost	(D) Test Year Forecast Cost
1	Cal Advocates	4,133.6	\$902	\$3,728,507
2	SGVWC (using Cal Advocates' Volume Forecast)	4,133.6	\$1,015	\$4,195,604
3	Difference Between SGVWC and Cal Advocates			\$467,097

D. Remove forecasted Central Basin Municipal Water District (CBMWD) purchased water.

The Commission should not forecast any water supply expenses for Central Basin purchased water because SGVWC plans to return to service a Central Basin groundwater well, Well M11A, in the current GRC. This well's water production will eliminate the need for the higher-cost purchased water from Central Basin.

Groundwater basins are physically limited to specific areas. Although SGVWC serves the majority of its LA Division with water originating from the Main San Gabriel Basin, the LA Division has areas that are served with water from the neighboring Central Basin. Historically, SGVWC has served its customers near the City of Whittier with groundwater wells that draw water from the Central Basin. SGVWC's Whittier areas are interconnected with the majority of its LA Division water system. As a result, SGVWC has the option to deliver Main San Gabriel Basin water supplies to its Whittier areas with existing pipelines.

1 In 2023, SGVWC acquired the City of Montebello Water System.⁴² The former
2 Montebello Water System itself has two separate areas. The northern area is connected to
3 the rest of SGVWC's LA Division and receives Main San Gabriel Basin water supplies.⁴³
4 The southern area is isolated from the rest of the LA Division and relies on two water
5 sources. One water source is Well M11A, which draws water from the Central Basin, and
6 the other is a purchased water interconnection with the CBMWD.⁴⁴

7 Since 2023, when SGVWC acquired the Montebello Water System, SGVWC has
8 kept Well M11A inactive due to detection of per- and polyfluoroalkyl substances
9 (PFAS). SGVWC has been supplying the southern area of the former Montebello Water
10 System with purchased water from CBMWD as a substitute while Well M11A is out of
11 service. However, SGVWC is proposing a PFAS treatment system for Well M11A with a
12 scheduled completion year of 2026.

13 Once the treatment system is in service, there will be no need for CBMWD
14 purchased water. As SGVWC states, SGVWC is only purchasing water from CBMWD
15 for its southern Montebello system.⁴⁵ SGVWC's Test Year forecast of 289.9 AF from
16 CBMWD can be replaced with Well M11A's water production. Well M11A with the
17 proposed treatment system will have a 1,250-gallon per minute capacity, which is equal
18 to 2,018 AF per year capacity.⁴⁶ This capacity is sufficient to replace 289.9 AF per year
19 purchase water from CBMWD.⁴⁷

⁴² SGVWC's Ex. SG-6 (Swift), page 14.

⁴³ SGVWC's Ex. SG-9 (Fealy), page 7.

⁴⁴ SGVWC's Ex. SG-9 (Fealy), page 7.

⁴⁵ SGVWC's Ex. SG-9 (Fealy), page 4. SGVWC states its other connections with CBMWD are backup supply connections.

⁴⁶ SGVWC's Ex. SG-6 (Swift), pages 15-16.

⁴⁷ At 289.9 AF, the southern Montebello demand represents just 18% of Well 11A and the proposed treatment system: $289.9 \text{ AFY} \times \frac{1}{1,000 \text{ gpm}} \times \frac{1 \text{ gpm}}{1.613 \text{ AFY}} \times 100\% = 18\%$.

The Commission should forecast zero purchases from CBMWD. Removing the CBMWD purchases from the water supply mix should increase the cyclic storage water forecast. With Well M11A drawing from SGVWC's annual volume of Central Basin water rights, the LA Division will require additional cyclic storage water to serve the LA Division's Whittier area. This is because the LA Division's Whittier area can be served by either Central Basin or Main San Gabriel Basin water supplies.

Replacing CBMWD purchased water with cyclic storage water benefits customers because CBMWD purchases are more expensive than cyclic storage water. SGVWC's Results of Operations model is set up to automatically increase the cyclic storage water forecast when the CBMWD forecast is set to zero. The following table summarizes the impact to expenses when CBMWD forecast is set to zero:

Table 1-8: Test Year Impact of CBMWD Purchased Water Forecast

	(A) Forecast	(B) Volume (AF)	(C) Unit Cost	(D) Test Year Forecast Cost
1	Cal Advocates (Cyclic Storage Water)	289.9	\$1,103 ⁴⁸	\$319,760
2	SGVWC (CBMWD purchased water)	289.9	\$1,565 ⁴⁹	\$453,694
3	Difference Between SGVWC and Cal Advocates			\$133,934

The Commission should expect and apply expense savings from SGVWC's operation of Well M11A and the proposed treatment system. SGVWC plans to complete the proposed treatment system over the years 2025 and 2026.⁵⁰ Because SGVWC plans to place the treatment system in service in 2026, SGVWC will be recovering the

⁴⁸ The cyclic storage water rate is \$902 plus Main San Gabriel Basin assessments of \$201 = \$1,103.

⁴⁹ SGVWC's Ex. SG-9 (Fealy), Table 1 and SGVWC's Workpaper EX3, row 39.

⁵⁰ SGVWC's Ex. SG-14 (Marroquin), pp. 7-8.

1 treatment system's costs, including depreciation expense and a return on investment, by
2 July 2026.

3 **E. Decrease Water Rights in water supply mix forecasts to**
4 **account for Water Rights disallowance.**

5 The Commission should forecast a water supply mix that accounts for an accurate
6 volume of SGVWC's owned water rights in rate base. The Commission should remove
7 recently purchased water rights that are not cost effective, thereby increasing cyclic
8 storage water.

9 In the prior GRC, SGVWC reported owned annual water rights total of 20,736.73
10 AF in the Main San Gabriel Basin. This is an equivalent of 10.49% of the prescriptive
11 water rights for that groundwater basin.⁵¹ Since the prior GRC, SGVWC acquired 236.24
12 AF of new water rights for the same basin.⁵² SGVWC's addition of water rights increases
13 its percent share of the total to 10.61%. SGVWC's workpapers use this second
14 percentage.⁵³

15 The Commission should use the prior GRC's 10.49% share of Main San Gabriel
16 Basin rights for its water supply mix forecast. As explained in Cal Advocates' testimony
17 on Utility Plant-in-Service, the Commission should disallow SGVWC's recent water
18 rights purchases because they are not cost effective for ratepayers.⁵⁴ As a result, the
19 Commission should revert SGVWC's percent share to 10.49%. The change in percent
20 share of prescriptive water rights in SGVWC's Results of Operation Model automatically
21 recalculates the forecast for cyclic storage water.

22 An increase to the cyclic storage water forecast to offset the Commission's
23 removal of 236.24 AF in owned water rights is reasonable. Due to Cal Advocates'

⁵¹ The precise percentage that the Commission should use in the Results of Operation model is 10.49027%.

⁵² SGVWC's Ex. SG-8 (Zvirbulis), Attachment A, Analysis of Water Rights Purchases.

⁵³ SGVWC's Workpaper EX3, cell D18 formula.

⁵⁴ See Cal Advocates' Report on Capital Projects, Historic Rate Base, Utility Plant, Depreciation, and Rate Base, pp. 12-3 to 12-6.

adjustments to the OSY forecast and leased water forecasts, Cal Advocates' forecast for cyclic storage water, 4,133.6 AF for the Test Year, is still well below SGVWC's cyclic storage water forecast of 7,306.6 AF.

Table 1-9: Test Year Impact of Expenses Replacing Disallowed Water Rights

	(A) Forecast	(B) Volume (AF)	(C) Unit Cost	(D) Test Year Forecast Cost
1	Cal Advocates (Cyclic Storage Water)	236.24	\$1,103 ⁵⁵	\$260,573

F. Authorize a Conservation Expense forecast based on the inflation-adjusted five-year recorded expense.

The Commission should forecast a conservation budget that reflects actual customer participation in the conservation programs. Conservation budgets largely consist of programs providing customer education or incentives, such as rebates for water-efficient fixtures or appliances. SGVWC is generally continuing the same conservation programs from the prior GRC. Therefore, recorded year expenses should represent expenses after SGVWC's actual customer participation in those programs.

The inflation-adjusted five-year average is a reasonable estimate for the costs of SGVWC's conservation programs. SGVWC's testimony describes seven programs in the LA Division's conservation budget, that have a total cost estimate of \$800,000.⁵⁶ SGVWC's proposal is more than 50% of the inflation-adjusted five-year average of \$524,747. SGVWC's seven conservation programs for the LA Division include two education programs and five programs providing incentives or assistance for customers who install water-efficient upgrades. SGVWC describes its K-12 Education program as consisting of twelve 30-minute live theatre performances annually about education for

⁵⁵ The cyclic storage water rate is \$902 plus Main San Gabriel Basin assessments of \$201 = \$1,103.

⁵⁶ SGVWC's Ex. SG-9 (Fealy), Table 3.

1 school audiences.⁵⁷ This is consistent with the description provided in the prior GRC.⁵⁸
2 Since the scope and frequency of the program remain unchanged, it is reasonable that the
3 K-12 Education program's costs are represented by recorded year's costs.

4 SGVWC's five water-efficient incentive programs' costs depend on customer
5 participation. These programs include: the Create Your Garden, Residential Irrigation
6 Controller/Nozzles Retrofit, High Efficiency Toilet Distribution, Commercial, Industrial
7 & Institutional (CII) Water Efficient Fixtures and Devices/Turf Removal, and Recycle
8 Water Retrofit.⁵⁹ The Create Your Garden program assists customers who are interested
9 in converting their yards to drought-tolerant gardens. The Residential Irrigation
10 Controller/Nozzles Retrofit program installs smart irrigation controllers and nozzles and
11 related instruction to interested customers. The High Efficiency Toilet Distribution
12 replaces interested customers' high-volume water toilets with new efficient high
13 efficiency toilets. The CII Water Efficient Fixtures and Devices/Turf Removal does all of
14 the above for customers such as businesses, municipalities and others. Finally, the
15 Recycled Water Retrofit program provides rebates to CII customers who have converted
16 potable water irrigation systems to recycled water irrigation systems.⁶⁰ Since these five
17 programs all involve providing customers who apply for them with benefits such as turf
18 removal, irrigation controllers, or water efficient fixtures, the variable costs depend on
19 customers participation.

20 In its Workpapers, SGVWC's conservation expense forecast consists of four sub-
21 accounts: materials & supplies, outside services, dues & subscriptions, and
22 miscellaneous. SGVWC forecasts a combined budget for the four sub-accounts.⁶¹

⁵⁷ SGVWC's Ex. SG-9 (Fealy), pp. 39-40.

⁵⁸ Attachment 1-18: A.22-01-003 Ex. SG-9 (Zvirbulis) Excerpt, p. 22.

⁵⁹ SGVWC's Ex. SG-9 (Fealy), Table 3.

⁶⁰ SGVWC's Ex. SG-9 (Fealy), pp. 38-40.

⁶¹ SGVWC's Workpaper EX2, rows 339, 341, 342, and 344.

Table 1-10: Cal Advocates and SGVWC's Conservation Expense Forecasts

	(A) Expense Sub-account	(B) Inflation- Adjusted to 2024 Five-Year Average	(C) Cal Advocates' Test Year 2026-2027 Forecast⁶²	(D) SGVWC's Test Year 2026-2027 Forecast⁶³
1	Materials & Supplies ⁶⁴	\$412,634	N/A	N/A
2	Outside Services ⁶⁵	\$91,445	N/A	N/A
3	Dues & Subscriptions ⁶⁶	\$1,576	N/A	N/A
4	Miscellaneous ⁶⁷	\$19,092	N/A	N/A
5	Combined Budget	\$524,747	\$548,920	\$800,000

According to SGVWC's Workpapers, SGVWC uses the historical non-labor composite rate to adjust conservation expenses.⁶⁸ Over the last five years 2020 to 2024, the inflation adjusted five-year average for the combined conservation budget has been \$524,747 per year.⁶⁹ Using the non-labor composite escalation rates for the upcoming years, the Test Year 2026-2027 forecast should be \$548,920.

Although SGVWC's conservation expenses have historically varied from year to year, it is most reasonable to use the average as the estimate for an expense which relies on variable customer participation.

⁶² Cal Advocates escalated the Inflation-Adjusted to 2024 Five-Year Average using the Non-Labor Composite in SGVWC's Workpaper GI1, cells L29, L30, and L31.

⁶³ SGVWC's Workpaper EX2, cell X339.

⁶⁴ SGVWC's Workpaper EX2, cell M341.

⁶⁵ SGVWC's Workpaper EX2, cell M342.

⁶⁶ SGVWC's Workpaper EX2, cell M344.

⁶⁷ SGVWC's Workpaper EX2, cell M339.

⁶⁸ See the cell formula in SGVWC's Workpaper EX2, cell M339, for example.

⁶⁹ SGVWC's Workpaper EX2, sum of cells M339, M341, M342, and M344.

**G. Reduce Test Year forecasts for Postage and Escalation
Year forecasts that use customer growth projections.**

SGVWC uses customer growth projections to increase expenses in two ways. First, SGVWC's Results of Operations model applies customer growth increases to specific postage expense accounts in the LA Division and the General Office (GO) Division for its Test Year 2026-2027 forecast.⁷⁰ Second, SGVWC's Results of Operations model applies customer growth increases to several categories of expenses in Escalation Years 2027-2028 and 2028-2029.⁷¹

**1. Correct Postage Expense Test Year forecast for the
LA Division and GO Division.**

The customer growth projection estimates the number of customers that SGVWC may have in the future. This projection assumes that the number of customers will continue to increase according to historical trends. However, this projection should exclude the increase resulting from SGVWC's acquisition of the City of Montebello Water System during the last GRC cycle. There is no reason to expect that a similar number of customer increase will occur in this GRC cycle.

SGVWC does exclude the customers added when SGVWC acquired the Montebello water system when it forecasts customer growth for its water sales projections. However, SGVWC's Workpapers include the added Montebello water system customers when forecasting customer growth for expenses.⁷² For the Test Year, the affected expenses are LA and General Office (GO) Division postage.⁷³ The accurate customer growth rate for the LA Division should be 0.18%. The effect on the GO Division postage also results from this same estimate. SGVWC's Workpapers show this

⁷⁰ SGVWC's Workpaper EX2, columns T, U, and V in rows 86, 327, and 514.

⁷¹ SGVWC's Workpaper SOE1, columns X and AC in rows 18-22, and 26-29.

⁷² SGVWC's Workpaper RV1, cell K29.

⁷³ Attachment 1-19: Email from Joel Reiker of San Gabriel Valley Water Company to Anthony Andrade of Cal Advocates on May 14, 2025.

1 expense customer growth rate as 0.83%.⁷⁴ In response to Cal Advocates' discovery,
2 SGVWC stated that "[u]pon review, it appears that the calculated 0.83% 5-year average
3 annual customer growth rate does bypass the adjustments to customer growth that we
4 made on lines 11 – 18, and is therefore erroneous."⁷⁵ Replacing SGVWC's customer
5 growth rate with 0.18% decreases Test Year postage expense by about \$7,000 in the LA
6 Division and \$100 in the GO Division.

7 **2. Correct Escalation Year expense forecasts that**
8 **SGVWC calculates with a customer growth rate.**

9 The main impact of SGVWC's customer growth rate on expenses is during the
10 Escalation Years. During the Escalation Years, SGVWC applies the customer growth rate
11 to Payroll, Materials & Supplies, Transportation, Insurance, Pensions & Benefits, Outside
12 Services, Utilities & Rents, Miscellaneous, Administrative Expense Transferred,
13 Allocated Common Expenses, and Payroll Taxes.⁷⁶ Accordingly, using the LA Division
14 customer growth rate of 0.18% decreases SGVWC's Escalation Year forecasts of these
15 expenses by a total of about \$155,000.

16 **IV. CONCLUSION**

17 For the reasons explained in this chapter, the Commission should adjust
18 SGVWC's Test Year forecast for O&M Expenses in the LA Division. The Commission
19 should increase the Main San Gabriel Basin's OSY forecast to 160,000 AF from
20 SGVWC's 140,000 AF. Through this adjustment, SGVWC's expenses would reduce by
21 \$1,741,942, and would end SGVWC's incorrect forecast methodology that has been in
22 practice over the last ten years. The Commission should increase the leased water
23 forecast from 4,000 AF to 5,640.8 AF because a five-year average is a reasonable
24 estimate for available leased water which varies year to year. The Commission should

⁷⁴ SGVWC's Workpaper RV1, cell K29.

⁷⁵ Attachment 1-19: Email from Joel Reiker of San Gabriel Valley Water Company to Anthony Andrade of Cal Advocates on May 14, 2025.

⁷⁶ SGVWC's Workpaper SOE1, cells X18 to X22, X26 to X29, X32 and X37.

1 decrease the cyclic storage base cost forecast to \$902 per AF to ensure customers pay for
2 expenses from the appropriate year.

3 The Commission should remove any forecast for Central Basin Municipal Water
4 District purchased water to save customers from paying for an expensive water supply
5 alternative while they will be paying for an additional water treatment system at the same
6 time. The Commission should decrease water rights in the water supply mix forecast to
7 10.49% to account for a water rights disallowance. This adjustment allows the
8 Commission to be consistent by removing water rights' effect on expenses when the
9 Commission removes them from Utility Plant-in-Service.

10 The Commission should authorize a conservation expense forecast of \$548,920
11 based on the inflation-adjusted five-year recorded expenses. This budget is a better
12 estimate for costs that depend on customer participation in conservation programs. The
13 Commission should reduce the Test Year forecasts for Postage and Escalation Year
14 forecasts for other expenses by correcting the customer growth projection to 0.18%. This
15 change avoids unnecessary expense increases for customers that are based on unjustified
16 and erroneously high customer growth.

LIST OF ATTACHMENTS FOR CHAPTER 1

#	Attachment #	Description
1	1-1	Qualifications of Witness
2	1-2	Main San Gabriel Basin Watermaster, May 2014
3	1-3	Main San Gabriel Basin Watermaster, May 2015
4	1-4	Main San Gabriel Basin Watermaster, May 2016
5	1-5	Main San Gabriel Basin Watermaster, May 2017
6	1-6	Main San Gabriel Basin Watermaster, May 2018
7	1-7	Main San Gabriel Basin Watermaster, May 2019
8	1-8	Main San Gabriel Basin Watermaster, May 2020
9	1-9	Main San Gabriel Basin Watermaster, May 2021
10	1-10	Main San Gabriel Basin Watermaster, May 2022
11	1-11	Main San Gabriel Basin Watermaster, May 2023
12	1-12	Main San Gabriel Basin Watermaster, May 2024
13	1-13	A.16-01-002 SGVWC Osy Forecast
14	1-14	A.19-01-001 SGVWC Osy Forecast
15	1-15	A.22-01-003 SGVWC Osy Forecast
16	1-16	Email COMMUNICATION BETWEEN JOEL
17	1-17	Chart From Email Communication from Joel Reiker of SGVWC To Mehboob Aslam of Cal Advocates on April 28, 2025.
18	1-18	A.22-01-003 SGVWC'S Ex. Sg-9 (ZVIRBULIS) Excerpt
19	1-19	Email Communication from Joel Reikero of SGVWC to Anthony Andrade of Cal Advocates on May 14, 2025

CHAPTER 2 LA DIVISION A&G EXPENSES

I. INTRODUCTION

Administrative and General (A&G) Expenses refer to the ongoing expenses that the utility incurs to support its business operations. SGVWC's A&G Expenses include costs for office supplies, property insurance, regulatory expense, and Administrative Expense Transferred. Forecasts based on unlikely scenarios or unreasonable risks unnecessarily burden ratepayers. Cal Advocates reviewed SGVWC's testimony, issued data requests, and performed relevant research to develop the recommendations presented in this chapter.

II. SUMMARY OF RECOMMENDATIONS

The Commission should adjust SGVWC's Test Year forecast for A&G Expenses in the LA Division. Specifically, the Commission should:

- Reduce the Regulatory Expense forecast from \$229,769 to \$137,159 which is based on the inflation-adjusted five-year average of recorded expenses. The five-year average fairly estimates the variable costs of Commission proceedings, which may be litigated, uncontested, or settled.
- Authorize SGVWC's original forecast of \$3,745,305 for Administrative Expenses Transferred for the LA Division and authorize the original forecast of \$1,571,739 for the GO Division. SGVWC's original Administrative Expenses Transferred is a reasonable estimate for administrative expenses that may be recorded and added to rate base in a future GRC following the Commission's approval.

III. ANALYSIS

A. Authorize a Regulatory Expense forecast based on the inflation-adjusted five-year average of recorded expenses.

The Commission should authorize \$137,159, instead of SGVWC's proposed \$229,769 for the LA Division regulatory expenses. A utility incurs regulatory expenses to represent itself during regulatory proceedings at the Commission.

1 These are variable costs that can fluctuate from year to year. The regulatory
2 expense should forecast the costs related to proceedings during the upcoming GRC cycle.
3 This includes the legal expenses and regulatory staff travel expenses during the GRC,
4 cost of capital proceedings, or other Commission proceedings such as Orders Instituting
5 Investigations (OII) or Orders Instituting Rulemakings (OIRs). Whether a proceeding is
6 fully litigated, partially settled, or fully settled may impact the actual regulatory expense.
7 The number of OII/OIRs that a utility participates in also affects the eventual total
8 regulatory expense.

9 The inflation-adjusted five-year average represents the most reasonable basis for
10 forecasting regulatory expenses. Because the Commission and the parties cannot know
11 beforehand whether the GRC and cost of capital proceedings will be fully litigated,
12 uncontested, or fully or partially settled, nor can they anticipate how many OII/OIRs the
13 utility will participate in, it is only reasonable to base the forecast on recorded expenses.
14 The recorded expenses represent the outcome of multiple proceedings. Using the inflation
15 adjustment that SGVWC uses for similar expenses,⁷⁷ Cal Advocates calculates an
16 inflation adjusted five-year average to 2024 and then further adjusts the average for its
17 Test Year 2026-2027 forecast to account for escalation.

18 SGVWC stated in response to discovery that its own estimate is based on an
19 inflation-adjusted sum of the expenses from its last fully litigated GRC plus the cost of
20 capital proceeding, and SGVWC's expectation of participating in five OII/OIRs in the
21 upcoming GRC cycle.⁷⁸ However, SGVWC has not fully litigated either a GRC or cost of
22 capital proceedings in the last ten years.⁷⁹ In the last three years, SGVWC has only
23 participated in three OII/OIRs.⁸⁰ SGVWC's regulatory expense estimate of \$229,769 is

⁷⁷ This is the non-labor composite escalation rate for 2025 to 2027 in SGVWC's Workpaper G11, rows 29-31.

⁷⁸ SGVWC's Ex. SG-4 (Reiker), pages 37-38 and Attachment 2-1: SGVWC's Response to DR AA9-003, Q. 1.b.

⁷⁹ Attachment 2-1: SGVWC's Response to DR AA9-003, Q. 1.e.

⁸⁰ Attachment 2-1: SGVWC's Response to DR AA9-003, Q. 2.c.

1 nearly 70% more than the inflation-adjusted average for the last five years, \$137,159 per
2 year.⁸¹ SGVWC's overstatement of regulatory expenses inflates customer rates without
3 justification.

4 **B. Authorize SGVWC's original forecast for Administrative**
5 **Expenses Transferred for the LA Division and GO**
6 **Division.**

7 The Commission should authorize SGVWC's proposed Administrative Expense
8 Transferred of \$3,745,305 for the Test Year. Although Cal Advocates recommends
9 adjusting SGVWC capital budget which mathematically should reduce the transferred
10 expenses, SGVWC will likely continue to transfer costs for projects being built even if
11 those projects are not forecasted as Plant-in-Service in this GRC cycle. For the same
12 reasons discussed below, the Commission should also authorize the original forecast of
13 \$1,571,739 for Administrative Expense Transferred for the GO Division.

14 The Administrative Expense Transferred amount is mostly made up of capitalized
15 labor costs. Cal Advocates recommends reductions in the amounts of capital projects but
16 no reduction in the capitalized labor expenses. Cal Advocates' recommendations would
17 not necessarily reduce the amount of typical supervisory and engineering needs for the
18 capital projects that would eventually become part of the rate base. For example, Cal
19 Advocates recommends removal of several capital projects that the Commission has
20 authorized in the past, but SGVWC failed to complete within their respective timeframe
21 and requested again in the current GRC.⁸²

22 Even though the Commission should not include previously funded capital
23 projects in the Utility Plant-in-Service forecast for this GRC, the projects would still be
24 active and have supervisory and engineering needs which drive the capitalized labor cost.
25 If SGVWC completes these projects by the time of the next GRC application, the

⁸¹ $\frac{\text{SGVWC's Proposal} - 5\text{-Year Average}}{5\text{-Year Average}} = \frac{\$229,769 - \$137,159}{\$137,159} \times 100\% = 67.5\%.$

⁸² See Cal Advocates' Report on Capital Projects, Historic Rate Base, Utility Plant, Depreciation, and Rate Base, Chapter 1.

Commission may add these projects' costs to the rate base following the Commission's approval. SGVWC could then recover costs for prudent, recorded capitalized labor costs. Therefore it is reasonable for ratemaking purposes, not to reduce Administrative Expense Transferred when the amount of capital projects is reduced.

IV. CONCLUSION

For the reasons explained in this chapter, the Commission should adjust SGVWC's Test Year forecast for A&G Expenses in the LA Division. The Commission should authorize a Regulatory Expense forecast of \$137,159 based on the inflation-adjusted five-year average of recorded expenses. This adjustment is a fair estimate based on average regulatory expenses, instead of an estimate based on more costly and select instances which may not be realized in this GRC cycle.

The Commission should authorize SGVWC's original forecast of \$3,745,305 for the LA Division Administrative Expenses Transferred before the Commission's adjustments to Utility Plant-in-Service forecast. For the same reasons, the Commission should also authorize the original forecast of \$1,571,739 for Administrative Expenses Transferred for the GO Division. These adjustments would recognize that SGVWC will still record its supervisory and engineering labor costs for previously funded capital projects that the Commission removes from this GRC's forecast and include the actual costs in rate base in a future GRC if the Commission finds them reasonable.

1

LIST OF ATTACHMENTS FOR CHAPTER 2

#	Attachment #	Description
1	2-1	GVWC'S Response to Data Request AA9-003

2

CHAPTER 3 FWC DIVISION O&M EXPENSES

I. INTRODUCTION

Operation and Maintenance (O&M) Expenses refer to the ongoing expenses that the utility incurs to produce and deliver water to customers. San Gabriel Valley Water Company's (SGVWC) O&M Expenses include costs for purchased water, groundwater assessments, purchased power, postage, and conservation program support. Forecasts for O&M Expenses based on unrealistic assumptions or that contain errors unnecessarily burden ratepayers. Cal Advocates reviewed SGVWC's testimony, sent data requests, and performed relevant research to develop the recommendations in this chapter.

II. SUMMARY OF RECOMMENDATIONS

The Commission should adjust SGVWC's Test Year forecast for O&M Expenses in the Fontana Water Company (FWC) Division. Specifically, the Commission should:

- Forecast 11,266 acre-feet for the Lytle Creek Surface and Groundwater Quantity Basis and forecast 5,292 acre-feet for Rialto and No-Man's Land Basin Quantity Basis because the five-year average is a reasonable estimate for water supplies that vary in availability each year. The Lytle Creek adjustment reduces Test Year customer rates by \$2,514,719 while the Rialto and No Man's Land adjustment reduces customer rates by \$316,168.
- Reduce the Conservation Expense forecast from \$822,000 to \$552,801 which is based on the five-year average recorded expenses. Conservation expense depends on customer participation and the five-year average is a reasonable estimate for customer participation.

III. ANALYSIS

A. **The Commission should forecast 11,266 acre-feet for the Lytle Creek Surface and Groundwater Quantity Basis and forecast 5,292 acre-feet for Rialto & No-Man's Land Basin Quantity Basis.**

The Commission should adopt the most reasonable forecast for the Lytle Creek, Rialto, and No-Man's Land's water supply Quantity Bases. The most reasonable method

is to use the five-year average for each of these water supplies. Using this method, Cal Advocates forecasts a total of \$22,504,613 for Purchased Water & Assessments expenses for the Test Year. SGVWC's forecasts, in contrast, total \$25,335,500, which is over \$2.83 million higher than Cal Advocates' estimate.

1. The combined quantity basis for the Lytle Creek Surface and Groundwater should be 11,266 acre-feet.

The forecasts in Section A of this chapter represent estimates for the FWC Division's water supply mix. Water supply mix describes the proportion of different water supplies that a water system draws from its various supply sources. Water supply sources can be groundwater, surface water or water purchased from other water purveyors. SGVWC supplies the FWC Division with water from all three of these sources. SGVWC's FWC Division draws water from four different groundwater basins and also purchases water at three different rates. It uses recycled water and has one surface water supply as well.⁸³ In particular, SGVWC's forecast uses a combined basis for the surface water supply and one groundwater supply known as the Lytle Creek Surface & Groundwater quantity basis.⁸⁴

Forecasts for Lytle Creek Surface and Groundwater are not based on adjudicated water rights. According to SGVWC, Fontana Union Water Company and the FWC Division may divert surface water and pump groundwater from the Lytle Creek Region up to a maximum of 50,400 acre-feet (AF) per year due to the Lytle Judgement of the Superior Court of the County of San Bernardino.⁸⁵ However, this amount is not a reliable indicator of actual availability. In practice, the FWC Division is limited by reductions in available Lytle Creek surface and groundwater when rainfall is low over multiple years. For example, SGVWC has explained that a well's existing depth may not be deep enough

⁸³ SGVWC's Ex. SG-9 (Fealy), page 9.

⁸⁴ SGVWC's Workpaper EX3, row 92.

⁸⁵ SGVWC's Ex. SG-9 (Fealy) Attachment B, Urban Water Management Plan 2020, page 6-11.

1 to reach the basin’s groundwater levels.⁸⁶ SGVWC states that “[b]ased on historical and
2 hydrological trends [SGVWC] plans for extended periods of drought in the coming
3 years.”⁸⁷ SGVWC accordingly forecasts 7,000 AF for the Lytle Creek quantity basis.⁸⁸

4 The five-year average for the Lytle Creek quantity basis is a reasonable forecast.
5 SGVWC’s recorded annual production per water supply shows the production of Lytle
6 Creek surface and groundwater alongside the FWC Division’s other water supplies. In
7 SGVWC’s Water Master Plan, SGVWC reports the recorded water supplies separated by
8 surface and groundwater categories.⁸⁹ To compare with SGVWC’s water supply mix
9 forecast in its Results of Operation, Cal Advocates added the surface and groundwater
10 production together. The five-year average production for the combined Lytle Creek
11 surface and groundwater (2019-2023) is 11,266 AF,⁹⁰ while SGVWC forecasts only
12 7,000 AF for this supply. The following Figure 3-1 shows the Lytle Creek’s production
13 from years 2019 to 2023, the calculated five-year average, and SGVWC’s forecast for the
14 Test Year:

⁸⁶ SGVWC’s Ex SG-6 (Swift), p. 22.

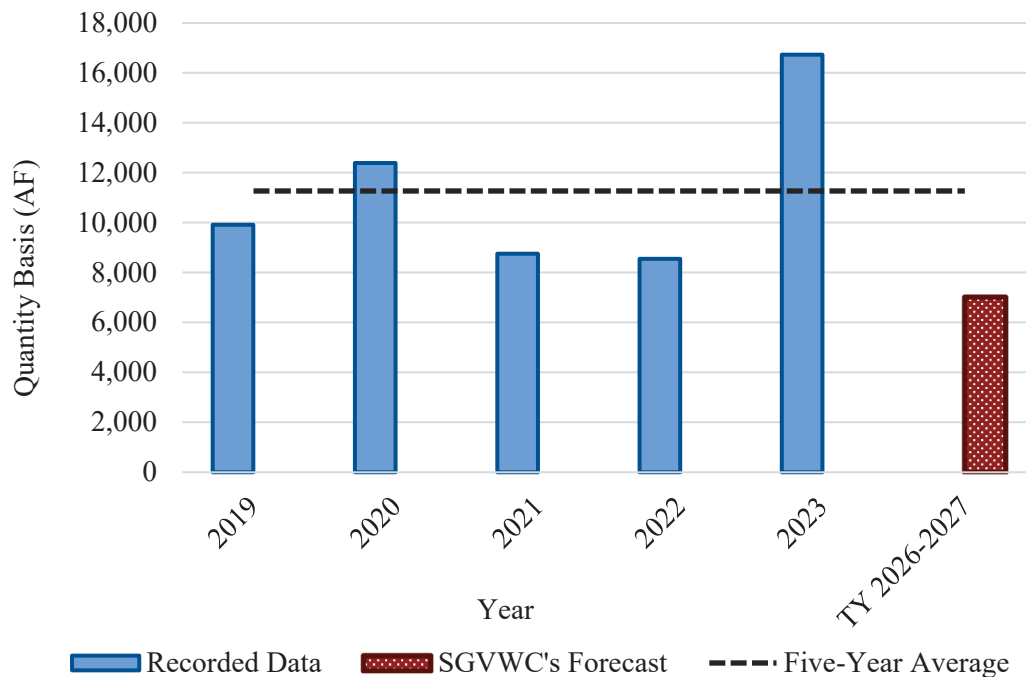
⁸⁷ SGVWC’s Ex SG-9 (Fealy), p. 14, lines 1-3.

⁸⁸ SGVWC’s Workpaper EX3, cell D92.

⁸⁹ SGVWC’s Ex. SG-13 (Yucelen), Attachment E FWC Water System Master Plan, Table 4.2 Historical Annual Potable Water Supply.

⁹⁰ SGVWC’s Ex. SG-13 (Yucelen), Attachment E FWC Water System Master Plan, Table 4.2 Historical Annual Potable Water Supply.

Figure 3-1: Lytle Creek Quantity Basis Forecasts²¹



Forecasting a Lytle Creek quantity basis of 11,266 AF reduces the Purchased Water & Assessments expense by \$2,514,719 when compared to SGVWC's forecast.²²

2. The combined quantity basis for the Rialto and No Man's Land Basins should be 5,292 acre-feet.

The forecasts for the Rialto and No Man's Land Basins are also an important component of the FWC Division's water supply mix. Besides the Lytle Creek Basin, the FWC Division draws water from Rialto, No Man's Land and Chino groundwater basins. Among these, SGVWC can pump from the Chino Basin beyond its pumping rights but

²¹ SGVWC's Ex. SG-13 (Yucelen), Attachment E FWC Water System Master Plan, Table 4.2 Historical Annual Potable Water Supply. The recorded data available is up to 2023.

²² Cal Advocates compared the Results of Operation model's estimate for Purchased Water & Assessments expense before and after adjusting the Lytle Creek Quantity Basis to 11,266 AF to calculate the \$2,514,719 impact.

1 will incur replenishment water costs.⁹³ The replenishment assessment makes Chino Basin
2 replenishment water the FWC Division's most expensive water supply.⁹⁴ Similar to the
3 Lytle Creek Surface and Groundwater, SGVWC uses a combined quantity basis to
4 forecast its water supply from the Rialto and No Man's Land groundwater basins.⁹⁵

5 Forecasts for the Rialto and No Man's Land Basins depend on groundwater rights
6 but are subject to curtailment when basin water levels are low. In 2021, SGVWC entered
7 into the Rialto Basin Groundwater Council (RBGC) Agreement, which incorporated
8 SGVWC's No Man's Land water rights into its Rialto Basin's water rights, making the
9 total subject to curtailment. SGVWC states that it has a combined 370 AF of fixed water
10 rights and adjustable water rights of 5,564.⁹⁶ Without curtailment, the total is 5,934 AF
11 for the combined Rialto and No Man's Land Basins. SGVWC states that its water rights
12 have been curtailed over the last few years, including a 2,050 AF curtailment in 2023.⁹⁷
13 SGVWC, however, states that RBGC members and other authorities are cooperating in
14 efforts to increase water levels in the Rialto Basin.⁹⁸ SGVWC forecasts 4,810 AF for the
15 combined Rialto and No Man's Land Basins' quantity basis.⁹⁹

16 The five-year average for the Rialto and No Man's Land quantity basis is a
17 reasonable forecast. Along with the FWC Division's other water supplies, SGVWC's
18 Water Master Plan reports the recorded water supplies separated by the Rialto and No
19 Man's Land Basin categories. Cal Advocates added the two basin's production together
20 to compare with SGVWC's Results of Operations model. The five-year average
21 production for the combined Rialto and No Man's Land Basins is 5,292 AF. SGVWC's

⁹³ SGVWC's Ex. SG-9 (Fealy), p. 10.

⁹⁴ SGVWC's Ex. SG-9 (Fealy), Table 2 FWC Division 2024-2025 Water Costs & Assessments.

⁹⁵ SGVWC's Workpaper EX3, cell D98.

⁹⁶ SGVWC's Ex. SG-9 (Fealy) Attachment B, Urban Water Management Plan 2020, page 6-11.

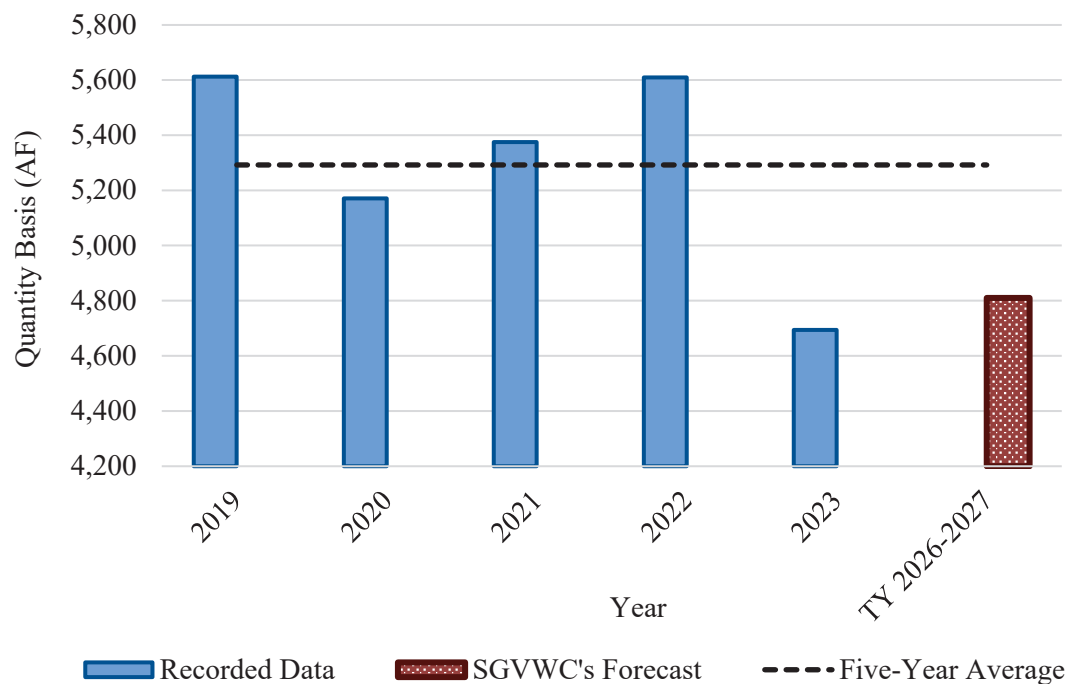
⁹⁷ SGVWC's Ex SG-9 (Fealy), page 14, lines 9-10.

⁹⁸ SGVWC's Ex SG-9 (Fealy), page 14, lines 10-12.

⁹⁹ SGVWC's Workpapers EX3, cell D98.

forecast for this quantity is 4,810 AF. The following Figure 3-2 shows the Rialto and No Man Land Basins’ production from years 2019 to 2023, the five-year average, and SGVWC’s forecast:

Figure 3-2: Rialto and No Man’s Land Basins’ Quantity Basis Forecasts¹⁰⁰



Forecasting a Rialto and No Man’ Land Basins’ Quantity Basis of 5,292 AF reduces the Purchased Water & Assessments expense by \$316,168 when compared to SGVWC’s forecast.¹⁰¹ The increases to lower-cost Lytle Creek and Rialto and No Man’s Land water supplies reduce expenses by reducing the forecasts for higher-cost Chino Basin replenishment and purchased water supplies.¹⁰²

¹⁰⁰ SGVWC’s Ex. SG-13 (Yucelen), Attachment E FWC Water System Master Plan, Table 4.2 Historical Annual Potable Water Supply. The recorded data available is up to 2023.

¹⁰¹ Cal Advocates compared the Results of Operation model’s estimate for Purchased Water & Assessments expense before and after adjusting the Rialto and No Man’s Land Quantity Basin to 5,292 AF to calculate the \$316,168 reduction.

¹⁰² SGVWC’s Workpaper EX3, cell D98.

1 Although SGVWC discusses curtailments to its combined water rights for these
2 two basins up to 2023, SGVWC states that there are efforts to increase these basins'
3 water levels. Using the five-year average as a forecast accounts for the range of
4 production during the five-year period. In 2023 SGVWC used more than 16,000 AF from
5 Lytle Creek Surface and Groundwater but using the five-year average as the forecast
6 reduces the impact of the high Lytle Creek production in 2023. Similarly, Cal Advocates'
7 recommended five-year average reduces the impact of the Rialto and No Man's Land
8 Basin water right curtailments in 2023.

9 **B. Adopt a Conservation Expense forecast based on the**
10 **inflation-adjusted five-year recorded expense of \$528,457.**

11 The Commission should forecast a conservation budget that reflects actual
12 customer participation in the conservation programs. Conservation budgets largely
13 consist of programs providing customer education or incentives, such as discounts for
14 water-efficient fixtures or appliances. SGVWC is generally continuing the same
15 conservation programs from the prior GRC. Therefore, recorded year expenses should
16 represent expenses after SGVWC's actual customer participation in those programs.

17 The inflation-adjusted five-year average is a reasonable estimate for the costs of
18 SGVWC's conservation programs. SGVWC's testimony describes six programs in the
19 FWC Division's conservation budget, that have a total cost estimate of \$822,000.¹⁰³
20 SGVWC's proposal is more than 50% of the inflation-adjusted five-year average of
21 \$528,457. SGVWC's six conservation programs for the FWC Division include two
22 education programs and four programs providing incentives or assistance for customers
23 who install water-efficient upgrades. SGVWC describes its Education and Public
24 Outreach as participating in local events and providing presentations, advertisements and
25 promotional items to customers.¹⁰⁴ SGVWC previously described the Education and

¹⁰³ SGVWC's Ex. SG-9 (Fealy), Table 4 Test Year 2026-2027 Conservation Budgets.

¹⁰⁴ SGVWC's Ex. SG-9 (Fealy), page 38.

1 Public Outreach program similarly in the prior GRC.¹⁰⁵ Since the scope of the program
2 remains unchanged, it is reasonable that the Education and Public Outreach program's
3 costs are represented by the recorded years' costs.

4 SGVWC's four water-efficient incentive program costs depend on customer
5 participation. These programs include: the Residential Landscape/Outdoor, Commercial,
6 Industrial & Institutional (CII) Landscape/Outdoor, Indoor Water Efficient Fixtures, and
7 Recycled Water Retrofit.¹⁰⁶ The Residential Landscape/Outdoor program assists
8 customers who are interested in converting their yards to drought-tolerant yards and
9 provides irrigation kits to interested customers. The CII Landscape/Outdoor program
10 does the above for customers such as businesses, municipalities and others. The Indoor
11 Water Fixtures program replaces interested customers' high-volume water toilets with
12 new efficient high efficiency toilets. Finally, the Recycled Water Retrofit program
13 provides rebates to CII customers who have converted potable water irrigation systems to
14 recycled water irrigation systems.¹⁰⁷ Since these four programs all involve providing
15 customers who apply for them with benefits such as turf removal, irrigation kits, or water
16 efficient fixtures, the variable costs depend on customers participation.

17 In its Workpapers, SGVWC's conservation expense forecasts consists of six sub-
18 accounts: payroll, utilities & rents, materials & supplies, outside services, dues &
19 subscriptions, and miscellaneous. Cal Advocates' recommendation in this chapter does
20 not affect payroll or the utilities & rents conservation sub-account forecasts, which
21 SGVWC forecasts on top of its main \$822,000 conservation budget. SGVWC forecasts a
22 combined budget for the remaining four accounts: materials & supplies, outside services,
23 dues & subscriptions, and miscellaneous.¹⁰⁸

¹⁰⁵ Attachment 3-1: A.22-01-003 SGVWC's Ex. SG-7 (Swift) Excerpt, page 22.

¹⁰⁶ SGVWC's Ex. SG-9 (Fealy), Table 4 Test Year 2026-2027 Conservation Budgets.

¹⁰⁷ SGVWC's Ex. SG-9 (Fealy), pages 38-41.

¹⁰⁸ SGVWC's Workpaper EX2, rows 779, 781, 782, and 784.

Table 3-1: Cal Advocates and SGVWC's Conservation Expense Forecasts

	(A) Expense Sub-account	(B) Inflation- Adjusted to 2024 Five-Year Average	(C) Cal Advocates' Test Year 2026-2027 Forecast¹⁰⁹	(D) SGVWC's Test Year 2026-2027 Forecast¹¹⁰
1	Materials & Supplies ¹¹¹	\$172,244	N/A	N/A
2	Outside Services ¹¹²	\$173,337	N/A	N/A
3	Dues & Subscriptions ¹¹³	\$1,557	N/A	N/A
4	Miscellaneous ¹¹⁴	\$181,319	N/A	N/A
5	Combined Budget	\$528,457	\$552,801	\$822,000

According to SGVWC's Workpapers, SGVWC uses the historical non-labor composite rate to adjust conservation expenses.¹¹⁵ Over the last five years 2020 to 2024, the inflation adjusted five-year average for the unified conservation budget has been \$528,457 per year.¹¹⁶ Using the non-labor composite escalation rates for the upcoming years, the Test Year 2026-2027 forecast should be \$552,801.

Although SGVWC's conservation expenses have historically varied from year to year, it is most reasonable to use the average as the estimate for an expense that depends on variable customer participation.

¹⁰⁹ Cal Advocates escalated the Inflation-Adjusted to 2024 Five-Year Average in column B using the Non-Labor Composite in SGVWC's Workpaper GI1, cells L29, L30, and L31.

¹¹⁰ SGVWC's Workpaper EX2, cell X779.

¹¹¹ SGVWC's Workpaper EX2, cell M781.

¹¹² SGVWC's Workpaper EX2, cell M782.

¹¹³ SGVWC's Workpaper EX2, cell M784.

¹¹⁴ SGVWC's Workpaper EX2, cell M779.

¹¹⁵ See the cell formula in SGVWC's Workpaper EX2, cell M779, for example.

¹¹⁶ SGVWC's Workpaper EX2, sum of cells M779, M781, M782, and M784.

1 IV. CONCLUSION

For the reasons explained in this chapter, the Commission should adjust SGVWC's Test Year forecast for O&M Expenses in the FWC Division. The Commission should forecast 11,266 acre-feet for the Lytle Creek Surface and Groundwater Quantity Basis and forecast 5,292 acre-feet for the Rialto and No-Man's Land Basin Quantity Basis. These adjustments are based on five-year averages which are a fair basis for quantities that can increase or decrease every year. The Lytle Creek adjustment reduces Test Year customer rates by \$2,514,719 while the Rialto and No Man's Land adjustment reduces customer rates by \$316,168.

0 The Commission should also authorize a Conservation Expense forecast based on
1 the inflation-adjusted five-year recorded expense of \$528,457. This budget is a better
2 estimate for costs that depend on customer participation in conservation programs,
3 making large increases in program expenses between years unpredictable.

1

LIST OF ATTACHMENTS FOR CHAPTER 3

#	Attachment #	Description
1	3-1	A.22-01-003 SGVWC'S Ex. SG-7 (SWIFT) Excerpt

2

CHAPTER 4 FWC DIVISION A&G EXPENSES

I. INTRODUCTION

Administrative and General (A&G) Expenses refer to the ongoing expenses that the utility incurs to support its business operations. SGVWC's A&G Expenses include costs for office supplies, property insurance, regulatory expense, and Administrative Expense Transferred. Forecasts based on unlikely scenarios or unreasonable risks unnecessarily burden ratepayers. Cal Advocates reviewed SGVWC's testimony, sent data requests, and performed relevant research to develop the recommendations in this chapter.

II. SUMMARY OF RECOMMENDATIONS

The Commission should adjust SGVWC's Test Year forecast for A&G Expenses in the FWC Division. Specifically, the Commission should:

- Reduce the Regulatory Expense forecast from \$227,613 to \$166,925 which is based on the inflation-adjusted five-year average of recorded expenses. The five-year average fairly estimates the variable costs of Commission proceedings, which may be litigated, uncontested, or settled.
- Authorize SGVWC's original forecast of \$4,885,109 for Administrative Expenses Transferred. SGVWC's original Administrative Expenses Transferred is a reasonable estimate for administrative expenses that may be recorded and added to rate base in a future GRC following the Commission's approval.

III. ANALYSIS

A. Authorize a Regulatory Expense forecast based on the inflation-adjusted five-year average of recorded expenses.

The Commission should authorize \$166,925, instead of SGVWC's proposed \$227,613 for the FWC Division regulatory expenses. A utility incurs regulatory expenses to represent itself during regulatory proceedings at the Commission.

These are variable costs that can fluctuate from year to year. The regulatory expense should forecast the costs related to proceedings during the upcoming GRC cycle. This includes the legal expenses and regulatory staff travel expenses during the GRC,

1 cost of capital proceedings, or other Commission proceedings such as Orders Instituting
2 Investigations (OII) or Orders Instituting Rulemakings (OIRs). Whether a proceeding is
3 fully litigated, partially settled, or fully settled may impact the actual regulatory expense.
4 The number of OII/OIRs that a utility participates in also affects the eventual total
5 regulatory expense.

6 The inflation-adjusted five-year average represents the most reasonable basis for
7 forecasting regulatory expenses. Because the Commission and the parties cannot know
8 beforehand whether the GRC and cost of capital proceedings will be fully litigated,
9 uncontested, or fully or partially settled, nor can they anticipate how many OII/OIRs the
10 utility will participate in, it is only reasonable to base the forecast on recorded expenses.
11 The recorded expenses represent the outcome of multiple proceedings. Using the inflation
12 adjustment that SGVWC uses for similar expenses,¹¹⁷ Cal Advocates calculates an
13 inflation adjusted five-year average to 2024 and then further adjusts the average for its
14 Test Year 2026-2027 forecast to account for escalation.

15 SGVWC stated in response to discovery that its own estimate is based on an
16 inflation-adjusted sum of the expenses for the last fully litigated GRC plus those of the
17 last fully litigated cost of capital proceeding, and SGVWC's expectation of participating
18 in five OII/OIRs in the upcoming GRC cycle.¹¹⁸ However, SGVWC has not fully
19 litigated either its GRC or cost of capital proceedings in the last ten years.¹¹⁹ In the last
20 three years, SGVWC has only participated in three OII/OIRs.¹²⁰ SGVWC's regulatory
21 expense estimate of \$227,613 is nearly 40% more than the inflation-adjusted average for

¹¹⁷ This is the non-labor composite escalation rate for 2025 to 2027 in SGVWC's Workpaper GI1, rows 29-31.

¹¹⁸ SGVWC's Ex. SG-4 (Reiker), pages 37-38 and Attachment 2-1: SGVWC's Response to DR AA9-003, Q. 1.b.

¹¹⁹ Attachment 2-1: SGVWC's Response to DR AA9-003, Q. 1.e.

¹²⁰ Attachment 2-1: SGVWC's Response to DR AA9-003, Q. 2.c.

the last five years, \$166,925.¹²¹ SGVWC's overstatement of regulatory expenses inflates customer rates without justification.

B. Adopt SGVWC's original forecast of \$4,885,109 for Administrative Expenses Transferred.

The Commission should adopt SGVWC's proposed Administrative Expense Transferred of \$4,885,109 for the Test. Although Cal Advocates recommends adjusting SGVWC capital budget which mathematically should reduce the transferred expenses, SGVWC will likely continue to transfer costs for projects being built even if those projects are not forecasted as Plant-in-Service in this GRC cycle.

The Administrative Expense Transferred amount is mostly made up of capitalized labor costs. Cal Advocates recommends reductions in the amounts of capital projects but no reduction in the capitalized labor expenses. Because Cal Advocates' recommendations would not necessarily reduce the amount of typical supervisory and engineering needs for the capital projects that would eventually become part of the rate base. For example, Cal Advocates recommends removal of several capital projects that the Commission has authorized in the past, but SGVWC failed to complete within their respective timeframe and has requested them again in the current GRC.¹²²

Even though the Commission should not include previously funded capital projects in the Utility Plant-in-Service forecast for this GRC, the projects would still be active and have supervisory and engineering needs which drive the capitalized labor cost. If SGVWC completes these projects by the time of the next GRC application, the Commission may add these projects' costs to the rate base following the Commission's approval. SGVWC could then recover costs for prudent, recorded capitalized labor costs. Therefore, it is reasonable for ratemaking purposes, not to reduce Administrative Expense Transferred when the amount of capital projects is reduced.

¹²¹ $\frac{\text{SGVWC's Proposal} - 5\text{-Year Average}}{5\text{-Year Average}} = \frac{\$227,613 - \$166,925}{\$166,925} \times 100\% = 36.4\%.$

¹²² See Cal Advocates' Report on Capital Projects, Historic Rate Base, Utility Plant, Depreciation, and Rate Base, Chapter 1.

1 **IV. CONCLUSION**

2 For the reasons explained in this chapter, the Commission should adjust
3 SGVWC's Test Year forecast for A&G Expenses in the FWC Division. The Commission
4 should authorize a Regulatory Expense forecast of \$166,925 based on the inflation-
5 adjusted five-year average of recorded expenses. This adjustment is a fair estimate based
6 on average regulatory expenses, instead of an estimate based on more costly and select
7 instances which may not be realized in this GRC cycle.

8 The Commission should authorize SGVWC's original forecast of \$4,885,109 for
9 the FWC Division's Administrative Expenses Transferred before the Commission's
10 adjustments to Utility Plant-in-Service forecast. This adjustment would recognize that
11 SGVWC will still record its supervisory and engineering labor costs for previously
12 funded capital projects that the Commission removes from this GRC's forecast and
13 include the costs in rate base in a future GRC if the Commission finds them reasonable.

ATTACHMENTS

LIST OF ATTACHMENTS FOR CHAPTER 1

#	Attachment #	Description
1	1-1	Qualifications of Witness
2	1-2	Main San Gabriel Basin Watermaster, May 2014
3	1-3	Main San Gabriel Basin Watermaster, May 2015
4	1-4	Main San Gabriel Basin Watermaster, May 2016
5	1-5	Main San Gabriel Basin Watermaster, May 2017
6	1-6	Main San Gabriel Basin Watermaster, May 2018
7	1-7	Main San Gabriel Basin Watermaster, May 2019
8	1-8	Main San Gabriel Basin Watermaster, May 2020
9	1-9	Main San Gabriel Basin Watermaster, May 2021
10	1-10	Main San Gabriel Basin Watermaster, May 2022
11	1-11	Main San Gabriel Basin Watermaster, May 2023
12	1-12	Main San Gabriel Basin Watermaster, May 2024
13	1-13	A.16-01-002 SGVWC Osy Forecast
14	1-14	A.19-01-001 SGVWC Osy Forecast
15	1-15	A.22-01-003 SGVWC Osy Forecast
16	1-16	Email COMMUNICATION BETWEEN JOEL
17	1-17	Chart From Email Communication from Joel Reiker of SGVWC To Mehboob Aslam of Cal Advocates on April 28, 2025.
18	1-18	A.22-01-003 SGVWC'S Ex. Sg-9 (ZVIRBULIS) Excerpt
19	1-19	Email Communication from Joel Reiker Of SGVWC to Anthony Andrade of Cal Advocates on May 14, 2025

Attachment 1-1: Qualifications of Witness

QUALIFICATIONS AND PREPARED TESTIMONY
OF
ANTHONY ANDRADE

Q.1 Please state your name, business address, and position with the California Public Utilities Commission.

A1. My name is Anthony Andrade, and my business address is 320 West 4th Street, Suite 500, Los Angeles, California 90013. I am a Utilities Engineer in the Water Branch of the Public Advocates Office.

Q2. Please summarize your educational background and professional experience.

A2. I received a Bachelor of Science Degree in Mechanical Engineering from the University of California--Riverside in 2018.

I have been employed by the Public Advocates Office – Water Branch since 2018. As a witness for Cal Advocates, I have previously provided testimony regarding Utility Plant-in-Service, Depreciation, and Rate Base in San Gabriel Valley Water Company's 2022 GRC (A.22-01-001) and 2019 GRC (A.19-01-001) and Liberty Utilities Apple Valley Ranchos Water Corp and Liberty Utilities Park Water Company's consolidated 2021 GRC (A.21-07-003 et al).

I have also provided testimony regarding Customer Service in California Water Service Company's 2018 GRC (A.18-07-001).

Q3. What is your responsibility in this proceeding?

A3. I am responsible for Cal Advocates' testimony chapters on O&M Expenses and A&G Expenses for SGVWC's LA Division and FWC Division.

Q4. Does this conclude your prepared direct testimony?

A4. Yes, it does.

Attachment 1-2: Main San Gabriel Basin Watermaster May 2014

RESOLUTION NO. 05-14-261

A RESOLUTION OF THE MAIN SAN GABRIEL BASIN WATERMASTER DETERMINING OPERATING SAFE YIELD FOR SAID BASIN FOR FISCAL YEAR 2014-15 THROUGH 2018-19

WHEREAS, Watermaster has caused a report on preliminary determination of the Operating Safe Yield for the Main San Gabriel Basin for Fiscal Years 2014-15 through 2018-19 to be prepared by its Consulting Engineer, and thereafter at its regular meeting of April 2, 2014, received said report; and

WHEREAS, a copy of said report was mailed to all Producers within said Basin, together with an appropriate notice of hearing thereon at the meeting room of Watermaster at 2:30 o'clock P.M. on Wednesday, May 14, 2014; and

WHEREAS, pursuant to said notice, a hearing was duly and regularly held at said time and place on said report and at which time the engineer submitted updated information, testimony was taken and objections, suggested modifications and comments were solicited and heard; and

WHEREAS, at the close of said hearing, from the evidence presented, it appears appropriate to adopt said report;

NOW, THEREFORE, BE IT RESOLVED BY THE MAIN SAN GABRIEL BASIN WATERMASTER, as follows:

Section 1. The said preliminary report, as updated at the hearing, is hereby adopted as a final report, attached hereto as "Exhibit A," and by this reference incorporated herein and made a part hereof as though here fully set forth at length.

Section 2. It is hereby found and determined that the Operating Safe Yield for the Main San Gabriel Basin for the Fiscal Years 2014-15 through 2018-19 is as follows:

<u>Fiscal Year</u>	<u>Operating Safe Yield (Acre-Feet)</u>
2014-15	150,000
2015-16	130,000
2016-17	130,000
2017-18	130,000
2018-19	130,000

1 Section 3. Within (30) days hereof, Watermaster's Secretary shall have mailed a copy of
2 said final report, findings and determinations, together with a statement of each producer's entitlement
3 thereunder in each such Fiscal Year, stated in acre-feet, to each Pumper and Integrated Producer
4 within the Basin, in accordance with the provisions of Section 43(c) of the Amended Judgment in the
5 Adjudication Action of the Water Rights in the Basin.

6 Dated: May 14, 2014

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9 Chair

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11 Attest:

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13 Secretary
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Attachment 1-3: Main San Gabriel Basin Watermaster May 2015

RESOLUTION NO. 05-15-272

A RESOLUTION OF THE MAIN SAN GABRIEL BASIN WATERMASTER DETERMINING OPERATING SAFE YIELD FOR SAID BASIN FOR FISCAL YEAR 2015-16 THROUGH 2019-20

WHEREAS, Watermaster has caused a report on preliminary determination of the Operating Safe Yield for the Main San Gabriel Basin for Fiscal Years 2015-16 through 2019-20 to be prepared by its Consulting Engineer, and thereafter at its regular meeting of April 1, 2015, received said report; and

WHEREAS, a copy of said report was mailed to all Producers within said Basin, together with an appropriate notice of hearing thereon at the meeting room of Watermaster at 2:30 o'clock P.M. on Wednesday, May 13, 2015; and

WHEREAS, pursuant to said notice, a hearing was duly and regularly held at said time and place on said report and at which time the engineer submitted updated information, testimony was taken and objections, suggested modifications and comments were solicited and heard; and

WHEREAS, at the close of said hearing, from the evidence presented, it appears appropriate to adopt said report;

NOW, THEREFORE, BE IT RESOLVED BY THE MAIN SAN GABRIEL BASIN WATERMASTER, as follows:

Section 1. The said preliminary report, as updated at the hearing, is hereby adopted as a final report, attached hereto as "Exhibit A," and by this reference incorporated herein and made a part hereof as though here fully set forth at length.

Section 2. It is hereby found and determined that the Operating Safe Yield for the Main San Gabriel Basin for the Fiscal Years 2015-16 through 2019-20 is as follows:

<u>Fiscal Year</u>	<u>Operating Safe Yield (Acre-Feet)</u>
2015-16	150,000
2016-17	130,000
2017-18	130,000
2018-19	130,000
2019-20	130,000

1 Section 3. Within (30) days hereof, Watermaster's Secretary shall have mailed a copy of
2 said final report, findings and determinations, together with a statement of each producer's entitlement
3 thereunder in each such Fiscal Year, stated in acre-feet, to each Pumper and Integrated Producer
4 within the Basin, in accordance with the provisions of Section 43(c) of the Amended Judgment in the
5 Adjudication Action of the Water Rights in the Basin.

6 Dated: May 13, 2015

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11 Attest:

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14 Secretary
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Attachment 1-4: Main San Gabriel Basin Watermaster May 2016

RESOLUTION NO. 05-16-277

A RESOLUTION OF THE MAIN SAN GABRIEL BASIN WATERMASTER DETERMINING OPERATING SAFE YIELD FOR SAID BASIN FOR FISCAL YEAR 2016-17 THROUGH 2020-21

WHEREAS, Watermaster has caused a report on preliminary determination of the Operating Safe Yield for the Main San Gabriel Basin for Fiscal Years 2016-17 through 2020-21 to be prepared by its Consulting Engineer, and thereafter at its regular meeting of April 6, 2016, received said report; and

WHEREAS, a copy of said report was mailed to all Producers within said Basin, together with an appropriate notice of hearing thereon at the meeting room of Watermaster at 2:30 o'clock P.M. on Wednesday, May 11, 2016; and

WHEREAS, pursuant to said notice, a hearing was duly and regularly held at said time and place on said report and at which time the engineer submitted updated information, testimony was taken and objections, suggested modifications and comments were solicited and heard; and

WHEREAS, at the close of said hearing, from the evidence presented, it appears appropriate to adopt said report;

NOW, THEREFORE, BE IT RESOLVED BY THE MAIN SAN GABRIEL BASIN WATERMASTER, as follows:

Section 1. The said preliminary report, as updated at the hearing, is hereby adopted as a final report, attached hereto as "Exhibit A," and by this reference incorporated herein and made a part hereof as though here fully set forth at length.

Section 2. It is hereby found and determined that the Operating Safe Yield for the Main San Gabriel Basin for the Fiscal Years 2016-17 through 2020-21 is as follows:

<u>Fiscal Year</u>	<u>Operating Safe Yield (Acre-Feet)</u>
2016-17	150,000
2017-18	130,000
2018-19	130,000
2019-20	130,000
2020-21	130,000

Section 3. Within (30) days hereof, Watermaster's Secretary shall have mailed a copy of said final report, findings and determinations, together with a statement of each producer's entitlement thereunder in each such Fiscal Year, stated in acre-feet, to each Pumper and Integrated Producer within the Basin, in accordance with the provisions of Section 43(c) of the Amended Judgment in the Adjudication Action of the Water Rights in the Basin.

Dated: May 11, 2016

Chair

Attest:

Secretary

Attachment 1-5: Main San Gabriel Basin Watermaster May 2017

RESOLUTION NO. 05-17-285

A RESOLUTION OF THE MAIN SAN GABRIEL BASIN WATERMASTER DETERMINING OPERATING SAFE YIELD FOR SAID BASIN FOR FISCAL YEAR 2017-18 THROUGH 2021-22

WHEREAS, Watermaster has caused a report on preliminary determination of the Operating Safe Yield for the Main San Gabriel Basin for Fiscal Years 2017-18 through 2021-22 to be prepared by its Consulting Engineer, and thereafter at its regular meeting of April 6, 2016, received said report; and

WHEREAS, a copy of said report was mailed to all Producers within said Basin, together with an appropriate notice of hearing thereon at the meeting room of Watermaster at 2:30 o'clock P.M. on Wednesday, May 3, 2017; and

WHEREAS, pursuant to said notice, a hearing was duly and regularly held at said time and place on said report and at which time the engineer submitted updated information, testimony was taken and objections, suggested modifications and comments were solicited and heard; and

WHEREAS, at the close of said hearing, from the evidence presented, it appears appropriate to adopt said report;

NOW, THEREFORE, BE IT RESOLVED BY THE MAIN SAN GABRIEL BASIN WATERMASTER, as follows:

Section 1. The said preliminary report, as updated at the hearing, is hereby adopted as a final report, attached hereto as "Exhibit A," and by this reference incorporated herein and made a part hereof as though here fully set forth at length.

Section 2. It is hereby found and determined that the Operating Safe Yield for the Main San Gabriel Basin for the Fiscal Years 2017-18 through 2021-22 is as follows:

<u>Fiscal Year</u>	<u>Operating Safe Yield (Acre-Feet)</u>
2017-18	150,000
2018-19	130,000
2019-20	130,000
2020-21	130,000
2021-22	130,000

1 Section 3. Within (30) days hereof, Watermaster's Secretary shall have mailed a copy of
2 said final report, findings and determinations, together with a statement of each producer's entitlement
3 thereunder in each such Fiscal Year, stated in acre-feet, to each Pumper and Integrated Producer
4 within the Basin, in accordance with the provisions of Section 43(c) of the Amended Judgment in the
5 Adjudication Action of the Water Rights in the Basin.

6 Dated: May 3, 2017

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10 Chair

11 Attest:

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14 Secretary
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Attachment 1-6: Main San Gabriel Basin Watermaster May 2018

RESOLUTION NO. 05-18-291

A RESOLUTION OF THE MAIN SAN GABRIEL BASIN WATERMASTER DETERMINING OPERATING SAFE YIELD FOR SAID BASIN FOR FISCAL YEAR 2018-19 THROUGH 2022-23

WHEREAS, Watermaster has caused a report on preliminary determination of the Operating Safe Yield for the Main San Gabriel Basin for Fiscal Years 2018-19 through 2022-23 to be prepared by its Consulting Engineer, and thereafter at its regular meeting of April 4, 2018, received said report; and

WHEREAS, a copy of said report was mailed to all Producers within said Basin, together with an appropriate notice of hearing thereon at the meeting room of Watermaster at 2:30 o'clock P.M. on Wednesday, May 2, 2018; and

WHEREAS, pursuant to said notice, a hearing was duly and regularly held at said time and place on said report and at which time the engineer submitted updated information, testimony was taken and objections, suggested modifications and comments were solicited and heard; and

WHEREAS, at the close of said hearing, from the evidence presented, it appears appropriate to adopt said report;

NOW, THEREFORE, BE IT RESOLVED BY THE MAIN SAN GABRIEL BASIN WATERMASTER, as follows:

Section 1. The said preliminary report, as updated at the hearing, is hereby adopted as a final report, attached hereto as "Exhibit A," and by this reference incorporated herein and made a part hereof as though here fully set forth at length.

Section 2. It is hereby found and determined that the Operating Safe Yield for the Main San Gabriel Basin for the Fiscal Years 2018-19 through 2022-23 is as follows:

<u>Fiscal Year</u>	<u>Operating Safe Yield (Acre-Feet)</u>
2018-19	150,000
2019-20	130,000
2020-21	130,000
2021-22	130,000
2022-23	130,000

Section 3. Within (30) days hereof, Watermaster's Secretary shall have mailed a copy of said final report, findings and determinations, together with a statement of each producer's entitlement thereunder in each such Fiscal Year, stated in acre-feet, to each Pumper and Integrated Producer within the Basin, in accordance with the provisions of Section 43(c) of the Amended Judgment in the Adjudication Action of the Water Rights in the Basin.

Dated: May 2, 2018

Chair

Attest:

Secretary

Attachment 1-7: Main San Gabriel Basin Watermaster May 2019

RESOLUTION NO. 05-19-295

A RESOLUTION OF THE MAIN SAN GABRIEL BASIN WATERMASTER DETERMINING OPERATING SAFE YIELD FOR SAID BASIN FOR FISCAL YEAR 2019-20 THROUGH 2023-24

WHEREAS, Watermaster has caused a report on preliminary determination of the Operating Safe Yield for the Main San Gabriel Basin for Fiscal Years 2019-20 through 2023-24 to be prepared by its Consulting Engineer, and thereafter at its regular meeting of April 3, 2019, received said report; and

WHEREAS, a copy of said report was mailed to all Producers within said Basin, together with an appropriate notice of hearing thereon at the meeting room of Watermaster at 2:30 o'clock P.M. on Wednesday, May 1, 2019; and

WHEREAS, pursuant to said notice, a hearing was duly and regularly held at said time and place on said report and at which time the engineer submitted updated information, testimony was taken and objections, suggested modifications and comments were solicited and heard; and

WHEREAS, at the close of said hearing, from the evidence presented, it appears appropriate to adopt said report;

NOW, THEREFORE, BE IT RESOLVED BY THE MAIN SAN GABRIEL BASIN WATERMASTER, as follows:

Section 1. The said preliminary report, as updated at the hearing, is hereby adopted as a final report, attached hereto as "Exhibit A," and by this reference incorporated herein and made a part hereof as though here fully set forth at length.

Section 2. It is hereby found and determined that the Operating Safe Yield for the Main San Gabriel Basin for the Fiscal Years 2019-20 through 2023-24 is as follows:

<u>Fiscal Year</u>	<u>Operating Safe Yield (Acre-Feet)</u>
2019-20	150,000
2020-21	130,000
2021-22	130,000
2022-23	130,000
2023-24	130,000

Section 3. Within (30) days hereof, Watermaster's Secretary shall have mailed a copy of said final report, findings and determinations, together with a statement of each producer's entitlement thereunder in each such Fiscal Year, stated in acre-feet, to each Pumper and Integrated Producer within the Basin, in accordance with the provisions of Section 43(c) of the Amended Judgment in the Adjudication Action of the Water Rights in the Basin.

Dated: May 1, 2019

Chair

Attest:

Secretary

Attachment 1-8: Main San Gabriel Basin Watermaster May 2020

RESOLUTION NO. 05-20-300

A RESOLUTION OF THE MAIN SAN GABRIEL BASIN WATERMASTER DETERMINING OPERATING SAFE YIELD FOR SAID BASIN FOR FISCAL YEAR 2020-21 THROUGH 2024-25

WHEREAS, Watermaster has caused a report on preliminary determination of the Operating Safe Yield for the Main San Gabriel Basin for Fiscal Years 2020-21 through 2024-25 to be prepared by its Consulting Engineer, and thereafter at its regular meeting of April 1, 2020, received said report; and

WHEREAS, a copy of said report was mailed to all Producers within said Basin, together with an appropriate notice of hearing thereon at the meeting room of Watermaster at 2:30 o'clock P.M. on Wednesday, May13, 2020; and

WHEREAS, pursuant to said notice, a hearing was duly and regularly held at said time and place on said report and at which time the engineer submitted updated information, testimony was taken and objections, suggested modifications and comments were solicited and heard; and

WHEREAS, at the close of said hearing, from the evidence presented, it appears appropriate to adopt said report;

NOW, THEREFORE, BE IT RESOLVED BY THE MAIN SAN GABRIEL BASIN WATERMASTER, as follows:

Section 1. The said preliminary report, as updated at the hearing, is hereby adopted as a final report, attached hereto as "Exhibit A," and by this reference incorporated herein and made a part hereof as though here fully set forth at length.

Section 2. It is hereby found and determined that the Operating Safe Yield for the Main San Gabriel Basin for the Fiscal Years 2020-21 through 2024-25 is as follows:

<u>Fiscal Year</u>	<u>Operating Safe Yield (Acre-Feet)</u>
2020-21	150,000
2021-22	130,000
2022-23	130,000
2023-24	130,000
2024-25	130,000

Section 3. Within (30) days hereof, Watermaster's Secretary shall have mailed a copy of said final report, findings and determinations, together with a statement of each producer's entitlement thereunder in each such Fiscal Year, stated in acre-feet, to each Pumper and Integrated Producer within the Basin, in accordance with the provisions of Section 43(c) of the Amended Judgment in the Adjudication Action of the Water Rights in the Basin.

Dated: May 13, 2020

Chair

Attest:

Dan Hough
Secretary

Attachment 1-9: Main San Gabriel Basin Watermaster May 2021

RESOLUTION NO. 05-21-307

A RESOLUTION OF THE MAIN SAN GABRIEL BASIN WATERMASTER DETERMINING OPERATING SAFE YIELD FOR SAID BASIN FOR FISCAL YEAR 2021-22 THROUGH 2025-26

WHEREAS, Watermaster has caused a report on preliminary determination of the Operating Safe Yield for the Main San Gabriel Basin for Fiscal Years 2021-22 through 2025-26 to be prepared by its Consulting Engineer, and thereafter at its regular meeting of April 7, 2021, received said report; and

WHEREAS, a copy of said report was mailed to all Producers within said Basin, together with an appropriate notice of hearing thereon at 2:30 o'clock p.m. on Wednesday, May 5, 2021 via Zoom Meeting (web-based video conferencing); and

WHEREAS, pursuant to said notice, a hearing was duly and regularly held at said time and place on said report and at which time the engineer submitted updated information, testimony was taken and objections, suggested modifications and comments were solicited and heard; and

WHEREAS, at the close of said hearing, from the evidence presented, it appears appropriate to adopt said report;

NOW, THEREFORE, BE IT RESOLVED BY THE MAIN SAN GABRIEL BASIN WATERMASTER, as follows:

Section 1. The said preliminary report, as updated at the hearing, is hereby adopted as a final report, attached hereto as "Exhibit A," and by this reference incorporated herein and made a part hereof as though here fully set forth at length.

Section 2. It is hereby found and determined that the Operating Safe Yield for the Main San Gabriel Basin for the Fiscal Years 2021-22 through 2025-26 is as follows:

<u>Fiscal Year</u>	<u>Operating Safe Yield (Acre-Feet)</u>
2021-22	150,000
2022-23	130,000
2023-24	130,000
2024-25	130,000
2025-26	130,000

1 Section 3. Within (30) days hereof, Watermaster's Secretary shall have mailed a copy of
2 said final report, findings and determinations, together with a statement of each producer's entitlement
3 thereunder in each such Fiscal Year, stated in acre-feet, to each Pumper and Integrated Producer
4 within the Basin, in accordance with the provisions of Section 43(c) of the Amended Judgment in the
5 Adjudication Action of the Water Rights in the Basin.

6 Dated: May 5, 2021

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9 Chair

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11 Attest:

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13 Secretary
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Attachment 1-10: Main San Gabriel Basin Watermaster May 2022

RESOLUTION NO. 05-22-312

A RESOLUTION OF THE MAIN SAN GABRIEL BASIN WATERMASTER DETERMINING OPERATING SAFE YIELD FOR SAID BASIN FOR FISCAL YEAR 2022-23 THROUGH 2026-27

WHEREAS, Watermaster has caused a report on preliminary determination of the Operating Safe Yield for the Main San Gabriel Basin for Fiscal Years 2022-23 through 2026-27 to be prepared by its Consulting Engineer, and thereafter at its regular meeting of April 6, 2022, received said report; and

WHEREAS, a copy of said report was distributed to all Producers within said Basin, together with an appropriate notice of hearing thereon at the meeting room of Watermaster at 2:30 o'clock p.m. on Wednesday, May 11, 2022 as well as via Zoom Meeting (web-based video conferencing); and

WHEREAS, pursuant to said notice, a hearing was duly and regularly held at said time and place on said report and at which time the engineer submitted updated information, testimony was taken and objections, suggested modifications and comments were solicited and heard; and

WHEREAS, at the close of said hearing, from the evidence presented, it appears appropriate to adopt said report;

NOW, THEREFORE, BE IT RESOLVED BY THE MAIN SAN GABRIEL BASIN WATERMASTER, as follows:

Section 1. The said preliminary report, as updated at the hearing, is hereby adopted as a final report, attached hereto as "Exhibit A," and by this reference incorporated herein and made a part hereof as though here fully set forth at length.

Section 2. It is hereby found and determined that the Operating Safe Yield for the Main San Gabriel Basin for the Fiscal Years 2022-23 through 2026-27 is as follows:

<u>Fiscal Year</u>	<u>Operating Safe Yield (Acre-Feet)</u>
2022-23	150,000
2023-24	130,000
2024-25	130,000
2025-26	130,000
2026-27	130,000

1 Section 3. Within (30) days hereof, Watermaster's Secretary shall have mailed a copy of
2 said final report, findings and determinations, together with a statement of each producer's entitlement
3 thereunder in each such Fiscal Year, stated in acre-feet, to each Pumper and Integrated Producer
4 within the Basin, in accordance with the provisions of Section 43(c) of the Amended Judgment in the
5 Adjudication Action of the Water Rights in the Basin.

6 Dated: May 11, 2022

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9 Chair

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11 Attest:

12 
13
14 Secretary

Attachment 1-11: Main San Gabriel Basin Watermaster May 2023

RESOLUTION NO. 05-23-316

A RESOLUTION OF THE MAIN SAN GABRIEL BASIN WATERMASTER DETERMINING OPERATING SAFE YIELD FOR SAID BASIN FOR FISCAL YEAR 2023-24 THROUGH 2027-28

WHEREAS, Watermaster has caused a report on preliminary determination of the Operating Safe Yield for the Main San Gabriel Basin for Fiscal Years 2023-24 through 2027-28 to be prepared by its Consulting Engineer, and thereafter at its regular meeting of April 5, 2023, received said report; and

WHEREAS, a copy of said report was distributed to all Producers within said Basin, together with an appropriate notice of hearing thereon at the meeting room of Watermaster at 2:30 o'clock p.m. on Wednesday, May 3, 2023; and

WHEREAS, pursuant to said notice, a hearing was duly and regularly held at said time and place on said report and at which time the engineer submitted updated information, testimony was taken and objections, suggested modifications and comments were solicited and heard; and

WHEREAS, at the close of said hearing, from the evidence presented, it appears appropriate to adopt said report;

NOW, THEREFORE, BE IT RESOLVED BY THE MAIN SAN GABRIEL BASIN WATERMASTER, as follows:

Section 1. The said preliminary report, as updated at the hearing, is hereby adopted as a final report, attached hereto as "Exhibit A," and by this reference incorporated herein and made a part hereof as though here fully set forth at length.

Section 2. It is hereby found and determined that the Operating Safe Yield for the Main San Gabriel Basin for the Fiscal Years 2023-24 through 2027-28 is as follows:

<u>Fiscal Year</u>	<u>Operating Safe Yield (Acre-Feet)</u>
2023-24	150,000
2024-25	130,000
2025-26	130,000
2026-27	130,000
2027-28	130,000

1 The Judgment enables each Producer to establish an Individual Producer Cyclic
2 Storage Account which allows Replacement Water to be pre-purchased and stored to meet the
3 Producer's current and ongoing pumping needs. Supplemental Water pre-purchased for
4 Individual Producer Cyclic Storage, when available, may be made at the prevailing rate (Tier 1-
5 Untreated for MWD Member Agencies) applicable from within each of the three Responsible
6 Agencies and not the Replacement Water Rate adopted by this Resolution.

7 Section 8. Upon receipt of the final Production Reports for the appropriate Fiscal Year, the
8 Secretary of Watermaster is, hereby, instructed to calculate the required Assessments due from each
9 Producer from the Basin by multiplying its total production from the Basin by the appropriate
10 Assessment Rate, per acre-foot. The Secretary shall then furnish each Producer with a statement of the
11 amount due to Watermaster on account of such required Assessments, on or before August 15, 2023.

12 Section 9. Said required Assessments shall be payable by all Producing Parties, on
13 production within the Basin during Fiscal Year 2022-23, on or before September 20, 2023, and the same
14 shall be delinquent thereafter.

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18 Dated: May 3, 2023

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20 Attest:

21 Secretary

Chair



Attachment 1-12: Main San Gabriel Basin Watermaster May 2024

RESOLUTION NO. 05-24-321

A RESOLUTION OF THE MAIN SAN GABRIEL BASIN WATERMASTER DETERMINING OPERATING SAFE YIELD FOR SAID BASIN FOR FISCAL YEAR 2024-25 THROUGH 2028-29

WHEREAS, Watermaster has caused a report on preliminary determination of the Operating Safe Yield for the Main San Gabriel Basin for Fiscal Years 2024-25 through 2028-29 to be prepared by its Consulting Engineer, and thereafter at its regular meeting of April 3, 2024, received said report; and

WHEREAS, a copy of said report was distributed to all Producers within said Basin, together with an appropriate notice of hearing thereon at the meeting room of Watermaster at 2:30 o'clock p.m. on Wednesday, May 1, 2024; and

WHEREAS, pursuant to said notice, a hearing was duly and regularly held at said time and place on said report and at which time the engineer submitted updated information, testimony was taken and objections, suggested modifications and comments were solicited and heard; and

WHEREAS, at the close of said hearing, from the evidence presented, it appears appropriate to adopt said report;

NOW, THEREFORE, BE IT RESOLVED BY THE MAIN SAN GABRIEL BASIN WATERMASTER, as follows:

Section 1. The said preliminary report, as updated at the hearing, is hereby adopted as a final report, attached hereto as "Exhibit A," and by this reference incorporated herein and made a part hereof as though here fully set forth at length.

Section 2. It is hereby found and determined that the Operating Safe Yield for the Main San Gabriel Basin for the Fiscal Years 2024-25 through 2028-29 is as follows:

<u>Fiscal Year</u>	<u>Operating Safe Yield (Acre-Feet)</u>
2024-25	160,000
2025-26	140,000
2026-27	140,000
2027-28	140,000
2028-29	140,000

1 Section 3. Within (30) days hereof, Watermaster's Secretary shall have mailed a copy of
2 said final report, findings and determinations, together with a statement of each producer's entitlement
3 thereunder in each such Fiscal Year, stated in acre-feet, to each Pumper and Integrated Producer
4 within the Basin, in accordance with the provisions of Section 43(c) of the Amended Judgment in the
5 Adjudication Action of the Water Rights in the Basin.

6 Dated: May 1, 2024

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9 Chair

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11 Attest:

12 
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14 Secretary

Attachment 1-13: A.16-01-002 SGVWC OSY Forecast

		San Gabriel Valley Water Company Los Angeles County Division WATER COST SUMMARY <u>Estimated Year 2016</u>		
		Quantity <u>Basis</u> (AF)	Unit <u>Cost</u> (\$/AF)	Total Cost or <u>Assessment</u> (\$000)
<u>MAIN SAN GABRIEL BASIN</u>				
Safe Yield		130,000.00		
Share of Safe Operating Yield		13,408.04		
Leased Water Rights		2,700.00	\$627.30	\$1,693.7
Cyclic Storage		528.40	\$697.00	\$368.3
Watermaster Assessments				
Total Production Assessments				
In-Lieu Assessment		26,167.69	\$10.00	\$261.7
Water Resource Development Assessment		26,167.69	\$20.00	\$523.4
Administrative Assessment		26,167.69	\$15.00	\$392.5
Long Beach Make-up Assessment		26,167.69	\$0.00	\$0.0
Other Watermaster Assessment		26,167.69	\$0.00	\$0.0
Replacement Water Assessment		9,531.25	\$797.00	\$7,596.4
Association Assessment (2014/15 Production)		34,337.66	\$0.70	\$24.0
WQA Assessment (Prescriptive Right)		20,383.79	\$10.00	\$203.8
SGV Protective Assessment			\$50.00	\$0.1
Recycled Water USGVMWD		2,325.50	\$637.60	\$1,482.7
Recycled Water CSD of LAC		12.00	\$421.00	\$5.1
Subtotal: Production plus Recycled Water		28,505.19		\$12,551.7
<u>CENTRAL BASIN</u>				
Purchased Water (MWD Tier 2)		0.00	\$1,166.00	\$0.0
Connection Maintenance Charge, per month			\$1,035.00	\$12.4
Replenishment Assessment		2,565.35	\$283.00	\$726.0
Association Assessment		2,565.35	\$0.50	\$1.3
Watermaster Service Assessment			\$5,095.00	\$5.1
CBMWD Recycled Water		100.00	\$556.00	\$55.6
Subtotal: Production plus Recycled Water		2,665.35		\$800.4
Total		31,170.54		\$13,352.1
	Composite Cost		\$428.36	per Acre-Foot

Source: Workpapers LVR2 and 156-197

		San Gabriel Valley Water Company Los Angeles County Division WATER COST SUMMARY <u>Test Year 2017-2018</u>		
		Quantity <u>Basis</u> (AF)	Unit <u>Cost</u> (\$/AF)	Total Cost or <u>Assessment</u> (\$000)
<u>MAIN SAN GABRIEL BASIN</u>				
Safe Yield		130,000.00		
Share of Safe Operating Yield		13,408.04		
Leased Water Rights		2,700.00	\$627.30	\$1,693.7
Cyclic Storage		-	\$697.00	\$0.0
Watermaster Assessments				
Total Production Assessments				
In-Lieu Assessment		25,352.12	\$10.00	\$253.5
Water Resource Development Assessment		25,352.12	\$20.00	\$507.0
Administrative Assessment		25,352.12	\$15.00	\$380.3
Long Beach Make-up Assessment		25,352.12	\$0.00	\$0.0
Other Watermaster Assessment		25,352.12	\$0.00	\$0.0
Replacement Water Assessment		9,244.08	\$797.00	\$7,367.5
Association Assessment (2015/16 Production)		26,167.69	\$0.70	\$18.3
WQA Assessment (Prescriptive Right)		20,383.79	\$10.00	\$203.8
SGV Protective Assessment			\$50.00	\$0.1
Recycled Water USGVMWD		2,325.50	\$637.60	\$1,482.7
Recycled Water CSD of LAC		12.00	\$421.00	\$5.1
Subtotal: Production plus Recycled Water		27,689.62		\$11,912.1
<u>CENTRAL BASIN</u>				
Purchased Water (MWD Tier 2)		0.00	\$1,166.00	\$0.0
Connection Maintenance Charge, per month			\$1,035.00	\$12.4
Replenishment Assessment		2,565.35	\$283.00	\$726.0
Association Assessment		2,565.35	\$0.50	\$1.3
Watermaster Service Assessment			\$5,095.00	\$5.1
CBMWD Recycled Water		100.00	\$556.00	\$55.6
Subtotal: Production plus Recycled Water		2,665.35		\$800.4
Total		30,354.97		<u>\$12,712.5</u>
Composite Cost			\$418.79	per Acre-Foot
Source: Workpapers LRV2 and 158-197				

Attachment 1-14: A.19-01-001 SGVWC OSY Forecast

		San Gabriel Valley Water Company				
		Los Angeles County Division				
		WATER COST SUMMARY				
		<u>Estimated Year 2019</u>				
		Basis				
		Current		Unit		Total Cost /
		Production	Other	Cost		Assessment
		(AF)				(000)
MAIN SAN GABRIEL BASIN						
Safe Yield			130,000	AF		
Share of Safe Operating Yield		13,408.0				
Leased Water Rights		3,500.0			\$751.97	\$2,631.9
Cyclic Storage		9,683.7			\$798.00	\$7,727.6
Watermaster Assessments:						
Total Production Assessments:						
In-Lieu Assessment			27,937	AF	\$10.00	\$279.4
Water Resource Development Assessment			27,937	AF	\$105.00	\$2,933.4
Administrative Assessment			27,937	AF	\$15.00	\$419.1
Long Beach Make-up Assessment			27,937	AF	\$0.00	\$0.0
Other Watermaster Assessment			27,937	AF	\$0.00	\$0.0
Replacement Water Assessment		1,345.3			\$934.00	\$1,256.5
Association Assessment (2017/18 Production)			31,037	AF	\$1.30	\$40.3
WQA Assessment (Prescriptive Right)			20,384	AF	\$10.00	\$203.8
SGV Protective Assessment			Annual		\$50.00	\$0.1
Recycled Water USGVMWD		2,477.4			\$747.20	\$1,851.1
Recycled Water CSD of LAC		12.0			\$532.00	\$6.4
Subtotal: Production plus Recycled Water		30,426.4				\$17,349.5
CENTRAL BASIN						
Purchased Water (MWD Tier 1)		0.00			\$1,073.00	\$0.0
Connection Maintenance Charge, per month			Monthly		\$1,215.00	\$14.6
Replenishment Assessment		2,565.4			\$339.00	\$869.7
Association Assessment			2,565	AF	\$0.50	\$1.3
Watermaster Service Assessment			Annual		\$4,701.26	\$4.7
CBMWD Recycled Water		100.0			\$649.00	\$64.9
Subtotal: Production plus Recycled Water		2,665.4				\$955.1
Totals		33,091.7				\$18,304.6
Unit Cost Per Acre-Foot						\$553.15
Source: Workpaper LVR2; Exhibit SG-4 (DiPrimio), Section 4.a and ATTACHMENTS B.a, B.b, & B.c thereto						

San Gabriel Valley Water Company					
Los Angeles County Division					
WATER COST SUMMARY					
Test Year 2020-2021					
		Basis			
	Current Production (AF)	Other		Unit Cost	Total Cost / Assessment (\$000)
MAIN SAN GABRIEL BASIN					
Safe Yield		130,000	AF		
Share of Safe Operating Yield	13,408.0				
Leased Water Rights	3,500.0			\$751.97	\$2,631.9
Cyclic Storage	3,600.0			\$798.00	\$2,872.8
Watermaster Assessments					
Total Production Assessments					
In-Lieu Assessment		27,019	AF	\$10.00	\$270.2
Water Resource Development Assessment		27,019	AF	\$105.00	\$2,837.0
Administrative Assessment		27,019	AF	\$15.00	\$405.3
Long Beach Make-up Assessment		27,019	AF	\$0.00	\$0.0
Other Watermaster Assessment		27,019	AF	\$0.00	\$0.0
Replacement Water Assessment	6,510.9			\$934.00	\$6,081.2
Association Assessment (2018/19 Production)		27,937	AF	\$1.30	\$36.3
WQA Assessment (Prescriptive Right)		20,384	AF	\$10.00	\$203.8
SGV Protective Assessment		Annual		\$50.00	\$0.1
Recycled Water USGVMWD	2,477.4			\$747.20	\$1,851.1
Recycled Water CSD of LAC	12.0			\$532.00	\$6.4
Subtotal: Production plus Recycled Water	29,508.3				\$17,196.0
CENTRAL BASIN					
Purchased Water (MWD Tier 2)	0.00			\$1,073.00	\$0.0
Connection Maintenance Charge, per month		Monthly		\$1,215.00	\$14.6
Replenishment Assessment	2,565.4			\$339.00	\$869.7
Association Assessment		2,565	AF	\$0.50	\$1.3
Watermaster Service Assessment		Annual		\$4,701.26	\$4.7
CBMWD Recycled Water	100.0			\$649.00	\$64.9
Subtotal: Production plus Recycled Water	2,665.4				\$955.1
Totals	32,173.7				\$18,151.1
Unit Cost Per Acre-Foot					\$564.16
Source: Workpaper LVR2; Exhibit SG-4 (DiPrimio), Section 4.a and ATTACHMENTS B.a, B.b, & B.c thereto					

Attachment 1-15: A.22-01-003 SGVWC OSY Forecast

[illegible]

SAN GABRIEL VALLEY WATER COMPANY Los Angeles County Division Purchased Water & Pumping Assessments									
LOS ANGELES COUNTY DIVISION									
Forecasted Purchased Water & Pumping Assessments									
Test Year 2023-2024									
	2022			2023			2024		
	Quantity Basis (AF)	Unit Cost	Total Cost / Assessment	Quantity Basis (AF)	Unit Cost	Total Cost / Assessment	Quantity Basis (AF)	Unit Cost	Total Cost / Assessment
Main San Gabriel Basin									
Safe Yield	130,000.0			130,000.0			130,000.0		
Share of Safe Operating Yield	13,640.2			13,640.2			13,640.2		
Leased Water Rights	3,000.0	\$811.80	\$2,435,400	3,000.0	\$811.80	\$2,435,400	3,000.0	\$811.80	\$2,435,400
Cyclic Storage	8,378.5	\$902.00	\$7,557,407	8,421.7	\$902.00	\$7,596,373	8,000.0	\$902.00	\$7,216,000
Watermaster Assessments:									
Total Production Assessments:									
In-Lieu Assessment	25,018.7	\$8.00	\$200,150	25,061.9	\$8.00	\$200,495	25,105	\$8.00	\$200,840
Water Res. Dev. Assessment	25,018.7	\$175.00	\$4,378,280	25,061.9	\$175.00	\$4,385,833	25,105	\$175.00	\$4,393,385
Administrative Assessment	25,018.7	\$17.00	\$425,319	25,061.9	\$17.00	\$426,052	25,105	\$17.00	\$426,786
Long Beach Make-up Assessment	25,018.7	\$0.00	\$0	25,061.9	\$0.00	\$0	25,105	\$0.00	\$0
Other Watermaster Assessment	25,018.7	\$0.00	\$0	25,061.9	\$0.00	\$0	25,105	\$0.00	\$0
Replacement Water Assessment	0.0	\$1,002.00	\$33	(0.0)	\$1,002.00	(\$9)	464.8	\$1,002.00	\$465,778
Association Assessment (Prior Year Prod.)	32,667.6	\$1.30	\$42,468	25,018.7	\$1.30	\$32,524	25,061.9	\$1.30	\$32,580
MOA Assessment (Prescriptive Right)	20,736.8	\$12.00	\$248,841	20,736.8	\$12.00	\$248,841	20,736.8	\$12.00	\$248,841
SGV Protective Assessment		\$50.00	\$50		\$50.00	\$50		\$50.00	\$50
Recycled Water USQ/VWWD	1,180.0	\$801.60	\$945,867	1,198.6	\$801.60	\$960,765	1,217.1	\$801.60	\$975,664
Recycled Water CSD of LAC	12.0	\$601.00	\$7,212	12.0	\$601.00	\$7,212	12.0	\$601.00	\$7,212
Subtotal - Main San Gabriel Basin	26,210.7		\$16,241,026	26,272.5		\$16,293,537	26,334.2		\$16,402,538
Central Basin									
Leased Water Rights	0.0	\$0.00	\$0	0.0	\$0.00	\$0	0.0	\$0.00	\$0
Purchased Water (VWWD Tier 1)	0.0	\$1,313.00	\$0	0.0	\$1,313.00	\$0	0.0	\$1,313.00	\$0
Connection Maintenance Charge (per month)		\$1,800.00	\$21,600		\$1,800.00	\$21,600		\$1,800.00	\$21,600
Replenishment Assessment	2,569.4	\$394.00	\$1,012,351	2,569.4	\$394.00	\$1,012,351	2,569.4	\$394.00	\$1,012,351
Association Assessment	2,569.4	\$0.53	\$1,362	2,569.4	\$0.53	\$1,362	2,569.4	\$0.53	\$1,362
Watermaster Service Assessment (per year)		\$3,673.12	\$3,673		\$3,673.12	\$3,673		\$3,673.12	\$3,673
CEMWD Recycled Water	100.0	\$790.00	\$79,000	100.0	\$790.00	\$79,000	100.0	\$790.00	\$79,000
Other									
Subtotal - Central Basin	2,669.4		\$1,117,986	2,669.4		\$1,117,986	2,669.4		\$1,117,986
Totals - All Sources	28,880.1		\$17,359,013	28,941.9		\$17,411,524	29,003.6		\$17,520,524
Unit Cost Per Acre-Foot						\$601.60			\$604.08
Source(s): Company Accounting Records, Ex. SG-9 (Zirbulis) Supporting Work Paper(s): RY1									
									\$602.84

Attachment 1-16: Email Communication between Joel Reiker of SGVWC and Anthony Andrade of Cal Advocates on July 7, 2025

7/22/25, 3:07 PM

Mail - Andrade, Anthony - Outlook

 Outlook

RE: [EXTERNAL] RE: A.25-01-001 SGVWC GRC: Cal Advocates' Questions on MSGB Leased Water and Lytle Creek Surface and Groundwater

From Joel M. Reiker <jmreiker@sgvwater.com>
Date Mon 7/7/2025 4:00 PM
To Andrade, Anthony <Anthony.Andrade@cpuc.ca.gov>
Cc Aslam, Mehboob <mehboob.aslam@cpuc.ca.gov>; Chan, Victor <victor.chan@cpuc.ca.gov>; Cris Fealy <cifealy@fontanawater.com>; Anthony A. Alberti <aalberti@sgvwater.com>; Martin E. Zvirbulis <mezvirbulis@sgvwater.com>; Crystal J. Navarro <cjnavarro@sgvwater.com>

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Anthony,
Please see our responses to your second question below. Let me know if you have any questions.
Thx,
Joel

From: Andrade, Anthony <Anthony.Andrade@cpuc.ca.gov>
Sent: Monday, July 7, 2025 2:55 PM
To: Joel M. Reiker <jmreiker@sgvwater.com>
Cc: Aslam, Mehboob <mehboob.aslam@cpuc.ca.gov>; Chan, Victor <victor.chan@cpuc.ca.gov>; Cris Fealy <cifealy@fontanawater.com>; Anthony A. Alberti <aalberti@sgvwater.com>; Martin E. Zvirbulis <mezvirbulis@sgvwater.com>; Crystal J. Navarro <cjnavarro@sgvwater.com>
Subject: Re: [EXTERNAL] RE: A.25-01-001 SGVWC GRC: Cal Advocates' Questions on MSGB Leased Water and Lytle Creek Surface and Groundwater

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Thank you. I received your partial response. I will await a second response.

Sincerely,

Anthony Andrade

From: Joel M. Reiker <jmreiker@sgvwater.com>
Sent: Monday, July 7, 2025 2:48 PM
To: Andrade, Anthony <Anthony.Andrade@cpuc.ca.gov>
Cc: Cris Fealy <cifealy@fontanawater.com>; Anthony A. Alberti <aalberti@sgvwater.com>; Martin E. Zvirbulis <mezvirbulis@sgvwater.com>; Crystal J. Navarro <cjnavarro@sgvwater.com>
Subject: [EXTERNAL] RE: A.25-01-001 SGVWC GRC: Cal Advocates' Questions on MSGB Leased Water and Lytle Creek Surface and Groundwater

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

<https://outlook.office.com/mail/id/AAkALgAAAAAHYQDEapmEc2byACqAC%2FEWg0AYyacB4JxEUuPaAJUGOvhVgAGSIWscQAA?nativeVersion=1...> 1/5

Good afternoon Anthony,

No, I did not receive your original email sent at 12:55. Regarding your first question, please see the table below, which shows leased water in the Main Basin for each fiscal year going back to 2019. Regarding your second set of questions RE: Lytle Creek supplies, I've forwarded your email to Cris Fealy who is the witness sponsoring the water supply mix in Fontana. Cris is in a meeting right now but he should be finished around 3:30, and I'll touch base with him then.

Joel

Fiscal Year	Leased Water in Main Basin
2024-2025	11,002.67
2023-2024	6,965.74
2022-2023	4,642.08
2021-2022	5,280.66
2020-2021	7,929.32
2019-2020	3,386.29

From: Andrade, Anthony <Anthony.Andrade@cpuc.ca.gov>

Sent: Monday, July 7, 2025 2:23 PM

To: Joel M. Reiker <jmreiker@sgvwater.com>

Subject: Fw: A.25-01-001 SGVWC GRC: Cal Advocates' Questions on MSGB Leased Water and Lytle Creek Surface and Groundwater

7/22/25, 3:07 PM

Mail - Andrade, Anthony - Outlook

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hi Mr. Reiker,

I received a message from message delivery system stating that my email was not delivered. Were you able to receive the email attached below?

Sincerely,

Anthony Andrade | (he/him)

Utilities Engineer

Public Advocates Office

California Public Utilities Commission

320 W 4th Street Suite 500, Los Angeles, CA 90013

anthony.andrade@cpuc.ca.gov | Tel: (213) 576-1372

publicadvocates.cpuc.ca.gov



From: Andrade, Anthony <Anthony.Andrade@cpuc.ca.gov>

Sent: Monday, July 7, 2025 12:55 PM

To: Joel M. Reiker <jmreiker@sgvwater.com>

Cc: Aslam, Mehboob <mehboob.aslam@cpuc.ca.gov>; Chan, Victor <victor.chan@cpuc.ca.gov>

Subject: A.25-01-001 SGVWC GRC: Cal Advocates' Questions on MSGB Leased Water and Lytle Creek Surface and Groundwater

Good afternoon Mr. Joel Reiker,

I have a few questions for SGVWC today:

<https://outlook.office.com/mail/id/AAkALgAAAAAHYQDEapmEc2byACqAC%2FEWg0AYyacB4JxEUuPaAJUGOvhVgAGSIWscQAA?nativeVersion=1...> 3/5

1. In the LA Division, what has been the volume in acre-feet each year from 2020 to 2024 that SGVWC has leased in the Main San Gabriel Basin?

1.

2. Regarding the FWC Division, in SGVWC's Workpaper RV1, row 224, SGVWC shows recorded and forecasted "Lytle Creek Surface Water." For the forecasted amounts, such as cell P224, the cell formulas refer back to Workpaper EX3, row 92. SGVWC's Workpaper EX3, row 92 is the "Subtotal - Lytle Creek" for "Lytle Creek Surface & Groundwater (SBBA)."

1. Does the forecast in SGVWC's Workpaper RV1, row 224 include groundwater and surface water or only surface water? **The forecast refers back to EX3, which does include both surface water and groundwater.**

1. Does the forecast in SGVWC's Workpaper EX3, row 92 include groundwater and surface water or only surface water? **It includes both groundwater and surface water.**

1. If the forecast in SGVWC's Workpaper EX3, row 92 includes only surface water, where in SGVWC's workpapers does SGVWC forecast Lytle Creek groundwater? **The forecast includes both groundwater and surface water.**

If it is easier for SGVWC to explain its answer to our Question 2. above after a meeting, we are available to meet this afternoon.

Sincerely,

Anthony Andrade | (he/him)

Utilities Engineer

Public Advocates Office

California Public Utilities Commission

320 W 4th Street Suite 500, Los Angeles, CA 90013

anthony.andrade@cpuc.ca.gov | Tel: (213) 576-1372

publicadvocates.cpuc.ca.gov

**Attachment 1-17: Chart from Email Communication from
Joel Reiker of SGVWC to Mehboob Aslam of Cal Advocates
on April 28, 2025**

<u>Schedule E : Cyclic Storage - Main Basin</u>		<u>A/C# 10-132-31</u>	
<u>Pre-purchase Voucher/Date</u>	<u>AF</u>	<u>Total Cost (\$)</u>	<u>Cost/AF</u>
Prepaid bal.@12/31/20	15,523.53	13,284,305.48	
Used FY 2020-21	(8,935.22)	(7,646,342.20)	
Subtotal	6,588.31	5,637,963.27	
INV.06-21-02 CYCLIC 15,000 AF@ \$880	15,000.00	13,200,000.00	\$880.000
Prepaid bal.@12/31/21	21,588.31	18,837,963.27	
Used FY 2021-22	(7,936.55)	(6,824,417.99)	
Subtotal	13,651.76	12,013,545.28	
INV.12-22-02 CYCLIC 10,000 AF@ \$902	10,000.00	9,020,000.00	\$902.000
Prepaid bal.@12/31/22	23,651.76	21,033,545.28	
Used FY 2022-23	(6,161.31)	(5,421,952.80)	\$880.000
Prepaid bal.@12/31/23	17,490.45	15,611,592.48	
Used FY 2023-24	(3,879.64)	(3,414,083.20)	\$880.000
Prepaid bal.@12/31/24	13,610.81	12,197,509.28	\$896.164

1 **Attachment 1-18: A.22-01-003 SGVWC's Ex. SG-9 (Zvirbulis)**
2 **Excerpt**

Application No. _____

Exhibit No. _____ SG-9 _____

Witness _____

Date _____

SAN GABRIEL VALLEY WATER COMPANY

DIRECT TESTIMONY OF
MARTIN E. ZVIRBULIS

January 2022

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ATTACHMENTS

Los Angeles County Division Urban Water Management Plan and Department of Water Resources Acknowledgement Letter	ATTACHMENT A
Main San Gabriel Basin and Central Basin Water Pumping Costs and Assessments	ATTACHMENT B
Environmental Protection Agency Groundwater Cleanup Progress Report.....	ATTACHMENT C
Los Angeles County Division 2019 and 2020 State Water Resources Control Board Public Water System Annual Reports.....	ATTACHMENT D
Los Angeles County Division 2019 and 2020 Consumer Confidence Reports	ATTACHMENT E
Los Angeles County Division 2019, 2020 and 2021 Validated Water Loss Audits and Leak Detection Report.....	ATTACHMENT F
Los Angeles County Plant M2 Hydroelectric Generating Station Design Report.....	ATTACHMENT G
Notice of Violation No. 04_22_19N_001.....	ATTACHMENT H

1 Utilities were encouraged to work cooperatively on regional and state levels to achieve a
2 reduction of 10 percent per capita water use by 2015 and 20 percent per capita water use
3 by 2020. As shown in CHAPTER 5 of the Los Angeles County division 2020 adopted
4 UWMP, in 2020 the recorded per capita water use was 112 gpcd, while the confirmed 2020
5 Water Use Target was 142 gpcd, demonstrating that the division has met its 2020 Water
6 Use Target by a great margin.⁹

7 **Q. PLEASE PROVIDE AN UPDATE ON THE CALIFORNIA URBAN WATER**
8 **CONSERVATION COUNCIL.**

9 A. The California Urban Water Conservation Council ("CUWCC") has been restructured and
10 is now known as California Water Efficiency Partnership ("CWEP"). CWEP is focused
11 on providing members with support and expertise on a variety of legislative and regulatory
12 requirements related to California water issues. San Gabriel has continued its membership
13 in CWEP although the new organization has discontinued the CUWCC's Memorandum of
14 Understanding, Best Management Practices ("BMP") for Conservation and BMP reporting
15 database.

16 **Q. PLEASE DESCRIBE THE METHOD USED TO FORECAST THE WATER**
17 **CONSERVATION PROGRAM EXPENSE.**

18 A. In forecasting the water conservation program expenses, the Company takes into
19 consideration the previously adopted conservation budget, current costs for conservation
20 programs, planned future conservation programs and the severity of the current drought.
21 San Gabriel's goal is to plan and implement the most cost-effective conservation programs
22 that will achieve water saving goals and objectives set by the SWRCB, the Commission's
23 Water Action Plan, SBX 7-7, and the Governor's Executive Order B-37-16 and subsequent
24 orders and/or emergency proclamations. The conservation budget considers available
25 rebates or funding from wholesale water agencies, popular devices and programs requested
26 by customers, and reasonable cost-effective incentives that encourage conservation.

27 **Q. PLEASE EXPLAIN HOW SAN GABRIEL EVALUATES AND REVIEWS THE**
28 **COST AND BENEFIT OF VARIOUS WATER CONSERVATION PROGRAMS.**

⁹ See Adopted UWMP for the Los Angeles County division. P. 5-2.

1 A. The Demand Management Measures reported in San Gabriel's adopted 2020 UWMP for
2 the Los Angeles County division (CHAPTER 9) are utilized as guidelines in determining
3 the specific conservation programs to implement and maintain. The criteria used in
4 evaluating various conservation programs are the cost-effectiveness of the current water
5 conservation programs, measurable water savings, current participation levels, educational
6 contents, converting customers' water use behavior and customer acceptance through
7 participation in community events/expos, and societal benefits (e.g. teaching young
8 students, as well as all water users, that water wise conservation habits last a lifetime).

9 **Q. PLEASE DESCRIBE SAN GABRIEL'S WATER CONSERVATION PROGRAMS.**

10 A. Although, the COVID-19 pandemic affected San Gabriel's ability to implement many of
11 the public and interactive programs during most of 2020 and a good portion of 2021, the
12 Company shifted its emphasis and investment to primarily water efficiency and retrofit
13 programs. As the situation normalizes, the Company plans to continue implementing these
14 programs and fully intends to engage in public outreach and interactive programs as
15 described below.

16 K-12 School Education – This is a water conservation themed theater program
17 performed by National Theatre for Children for schools within San Gabriel's service area.
18 Each year approximately 12 shows are scheduled where approximately 8,500 children
19 participate in the program. Local actors provide a 30-minute energetic, live theatre
20 performance for students that centers on water use and conservation presented in a fun and
21 engaging way.

22 Education/Public Outreach – San Gabriel participates in numerous local public
23 events and presentations to customers. During these events San Gabriel provides water
24 conservation materials and answers questions that residents raise about ways to conserve
25 water. San Gabriel also promotes conservation through newspaper ads, bill inserts, the
26 Company's website, lobby video presentations, conservation literature and promotional
27 items (pens, pencils, rulers, hose nozzles, etc.) with printed water conservation reminders.

28 Create Your Garden Program – This program provides residential customers with
29 assistance in converting front yards to drought-tolerant gardens for the purpose of
30 conserving water. The program provides participants with assistance in landscape design,
31 and training for proper installation of materials, and garden maintenance. The program

1 does not include the cost to install the improvements. The customer performs the work
2 themselves, or they can hire their own contractors. San Gabriel will provide useful
3 information and materials throughout the process.

4 San Gabriel will provide extra help to customers enrolled in the Company's low
5 income rate assistance program, known as California Alternative Rates for Water
6 ("CARW").¹⁰ CARW customers are eligible for assistance with the removal of existing
7 turf grass and preparation of the soil. Aside from turf removal and soil preparation for
8 CARW customers, the major components of the program are professional assistance and
9 product procurement offered by an experienced landscape designer and contractor.

10 Outdoor Irrigation Controller and Nozzle Retrofit Program – This program includes
11 the installation of smart irrigation controllers and nozzles. Outdoor landscaping accounts
12 for at least 50% of water use in Southern California and San Gabriel believes that there is
13 a need and great benefit associated with assisting customers in reducing outdoor water use.
14 One of the biggest factors contributing to efficient water use is education. San Gabriel's
15 consultants provide instruction to customers on programming new smart irrigation
16 controllers and fixing nozzles during initial installation and follow up visits. This program
17 helps conserve a substantial amount of water. A recent study completed for the Bureau of
18 Reclamation, DWR and MWD, estimates an approximate savings of 15% in residential
19 water use that is realized after the installation of smart controllers, even more water than
20 originally estimated.¹¹

21 Conservation Kits – These kits include low-flow indoor water fixtures, faucet
22 aerators, and helpful information to remind customers about best water use practices and
23 provide helpful suggestions to save water.

24 High Efficiency Toilet ("HET") Distribution Program – This program includes the
25 replacement of old high-volume water using toilets with new HETs. The new HETs are
26 shipped directly to a customer's home. A maximum of two HETs are allowed per
27 household per year.

¹⁰ The CARW program will be renamed the Customer Assistance Program, or CAP, pursuant to D.20-08-047 upon the issuance of a decision in this proceeding, as explained by Mr. Reiker in Section VI of his prepared testimony (**EXHIBIT SG-6**).

¹¹ Thomas W. Chestnutt, Ph.D., "Statistical Impact Evaluation of Consumption Data from Metropolitan Weather Based Irrigation Controller Program – A White Paper", 2013.

1 Commercial, Industrial & Institutional ("CII") Audits/Large Landscape – This
2 program provides a water use audit evaluation and report for customers such as businesses,
3 municipalities, parks and schools.

4 CII Retrofit – San Gabriel offers to retrofit indoor and outdoor water use devices.
5 These devices include toilets, and smart irrigation controllers and nozzles. Over the years,
6 this program has expanded to include turf replacement. San Gabriel offers the replacement
7 of an existing irrigation system with low-flow drip irrigation components and transforms
8 the CII customer's turf area into a water conservation demonstration garden, which in-turn
9 educates others about alternatives to high water use lawns.

10 Recycled Water Retrofit Program – This program provides financial assistance
11 directly to CII customers to reduce a portion of the customer's on-site costs associated with
12 conversion of potable water irrigation systems to non-potable recycled water service where
13 available.

14 Finally, San Gabriel offers rebates of up to \$10,000 per CII customer per year with
15 no customer receiving more than \$20,000 over three years. CII customers within San
16 Gabriel's service area are eligible to receive these rebates on a first-come-first served basis.

17 **b. Water Loss Audits and Leak Detection**

18 **Q. PLEASE DESCRIBE THE REQUIREMENTS OF THIS NEW STATE**
19 **MANADATED PROGRAM.**

20 A. In October 2015, Governor Brown signed California Senate Bill 555 into law which
21 requires all urban water retail suppliers to submit a "validated" water loss audit to DWR
22 on or before October 1 of each year, commencing October 1, 2017. In addition to this new
23 state law, the Commission's Rate Case Plan for Class A Water Utilities requires San
24 Gabriel to provide the results of a water loss audit performed no more than 60 days prior
25 to submission of the Company's Proposed Application.¹²

26 **Q. HAS SAN GABRIEL PREPARED AND SUBMITTED ITS WATER LOSS AUDIT**
27 **REPORT FOR ITS LOS ANGELES COUNTY DIVISION?**

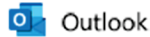
28 A. Yes. The 2019, 2020, and 2021 validated Water Loss Audit reports and acknowledgement
29 letters received from DWR for the Los Angeles County division are included in

¹² D.07-05-062, Appendix A, Attachment 1, Sections II.E.3

Attachment 1-19: Email Communication from Joel Reiker of SGVWC to Anthony Andrade of Cal Advocates on May 14, 2025

7/22/25, 3:10 PM

Mail - Andrade, Anthony - Outlook



[EXTERNAL] RE: A.25-01-001 SGVWC GRC: Cal Advocates' Questions on Customer Billing and Customer Growth Rate

From Joel M. Reiker <jmreiker@sgvwater.com>
Date Wed 5/14/2025 11:14 AM
To Andrade, Anthony <Anthony.Andrade@cpuc.ca.gov>
Cc Aslam, Mehboob <mehboob.aslam@cpuc.ca.gov>; Chan, Victor <victor.chan@cpuc.ca.gov>

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good morning Anthony,
Please see our responses in blue below:
Joel

From: Andrade, Anthony <Anthony.Andrade@cpuc.ca.gov>
Sent: Tuesday, May 13, 2025 2:43 PM
To: Joel M. Reiker <jmreiker@sgvwater.com>
Cc: Aslam, Mehboob <mehboob.aslam@cpuc.ca.gov>; Chan, Victor <victor.chan@cpuc.ca.gov>
Subject: A.25-01-001 SGVWC GRC: Cal Advocates' Questions on Customer Billing and Customer Growth Rate

Warning: Unusual link

This message contains an unusual link, which may lead to a malicious site. Confirm the message is safe before clicking any links.

Good afternoon Joel Reiker,

I have a few questions regarding SGVWC's customer billing and how SGVWC uses the customer growth forecast in its GRC Application.

1. SGVWC's website offers a way to view and pay customer bills online through a third-party service.

a. Does SGVWC have a paperless electronic billing ("e-billing") option or does SGVWC send paper bills to every customer via mail?

Currently San Gabriel sends paper bills to every customer. The Company is working with its third party bill print provider to provide e-billing. We anticipate a roll out of this service early in the third quarter of 2025.

<https://outlook.office.com/mail/id/AAkALgAAAAAHYQDEapmEc2byACqAC%2FEWg0AYacB4JxEUuPaAJUGOvhVgAGJnbCdwAA?nativeVersion=1...> 1/3

b. Has SGVWC reduced annual postage costs by using e-billing? If yes, did SGVWC account for these savings when forecasting its test year postage expense?

San Gabriel has no estimate of the number of customers who may choose to sign up for e-billing when this service is made available to them and therefore did not forecast a reduction in its postage costs in the test year.

2. In Exhibit SG-4, starting on page 10, line 26, SGVWC states:

1. "With the exception of the Construction classes in both divisions and the Recycled Water
 1. class in the Fontana Water Company division, San Gabriel forecasted customer growth
 1. using the average annual rate of growth in customers for each class over the five-year
 1. period ending with 2024. Adjustments were made to the 5-year average annual rate of
 1. growth in customers in the Los Angeles County division to account for the 2023 acquisition
 1. of the City of Montebello's water system, in which San Gabriel acquired approximately
 1. 1,650 customers, as shown WORKPAPER RV1 (lines 11 – 18)."
- a. In WORKPAPER RV1 (line 29), SGVWC calculates an annual customer growth rate of 0.83%. Does this rate, 0.83%, bypass the adjustments to customer growth rate that SGVWC makes on the same WORKPAPER RV1 (lines 11 – 18)? If yes, please explain whether the 0.83% customer growth rate is an error.

Upon review, it appears that the calculated 0.83% 5-year average annual customer growth rate does bypass the adjustments to customer growth that we made on lines 11 – 18, and is therefore erroneous. The present formula supporting the calculated 0.83% rate is: $(126/D26)^{(1/5)}-1$ whereas the correct formula should be $((126-1,632)/D26)^{(1/5)}-1 = 0.18\%$ (where 1,632 = the number of customers acquired as a result of the City of Montebello acquisition).

b. Does the RO model's annual customer growth rate on line 29, 0.83%, only affect the LA Division's Expense forecasts? Specifically, will the RO model's calculation of LA Division Operating Revenues not be affected if the 0.83% rate is changed?

Yes, the 0.83% only affects expenses and not revenues. The specific test year expenses affected by the 0.83% are:

- General Division Postage, Account 77307 (WORKPAPER EX2, LINE 39)
- General Division Postage, Account 79207 (WORKPAPER EX2, LINE 86)
- L.A. County Division Postage, Account 77307 (WORKPAPER EX2, LINE 327)
- L.A. County Division Postage, Account 79207 (WORKPAPER EX2, LINE 514)

Sincerely,

Anthony Andrade | (he/him)

Utilities Engineer

Public Advocates Office

LIST OF ATTACHMENTS FOR CHAPTER 2

#	Attachment #	Description
1	2-1	GVWC'S Response to Data Request AA9-003

Attachment 2-1: SGVWC's Response to Data Request AA9-003

SAN GABRIEL VALLEY WATER COMPANY

April 3, 2025

Mehboob Aslam
Water Branch, Cal PA
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

(by email)

Re: Response to Data Request No. AA9-003 (Regulatory Commission Expense)

Dear Mr. Aslam:

In response to your data request dated March 27, 2025, San Gabriel Valley Water Company (San Gabriel or Company) responds as follows:

REQUEST NO. 1:

Referring to SGVWC's Exhibit SG-4 (Reiker), pages 37-38 and Attachment G (PDF page 151-153), SGVWC discusses its forecast for Regulatory Expense.

- a. Please provide Attachment G (PDF pages 152-153) in Microsoft Excel format.
- b. For each expense category listed in Attachment G as a separate row, please provide a detailed breakdown of the calculations that SGVWC used to develop its estimates.
- c. Please provide a separate explanation and documentation supporting each of SGVWC's proposed travel expenses listed in Attachment G.
- d. Identify the law firms that SGVWC forecast Regulatory Commission Expense legal fees for in Attachment G.
- e. Please provide a detailed explanation of how SGVWC forecasted number of billable hours and rates for each "Outside Counsel/Legal" expense category listed in Attachment G.
- f. Is SGVWC anticipating any increase in legal fees between 2026-2029? If yes, please provide supporting documentation.

RESPONSE NO. 1:

- a. Please see \AA9-003 ATTACHMENT 1.xlsx\.

11142 GARVEY AVENUE • P.O. BOX 6010 • EL MONTE, CALIFORNIA 91734-2010 • (626) 448-6183 • Fax (626) 448-5530

- b. For a detailed breakdown of the calculations supporting the regulatory expense forecast, please see \AA9-003 ATTACHMENT 1.xlsx\ . As shown in the Excel file, the basis for each category of regulatory expense is as follows:

2028 GRC (GRC Cycle from July 2029 – June 2032):

1. 2030 Urban Water Management Plan (required every five years): Forecast based on experienced cost for 2020 Urban Water Management Plan, escalated to 2030 dollars based on CPI-U.
2. Public Noticing: Forecast based on average experienced cost of public noticing in San Gabriel's 2016 GRC (A.16-01-002), 2018 cost of capital proceeding (A.18-05-001 et al.), 2019 GRC (A.19-01-001), and 2022 GRC (A.22-01-003), escalated to 2028 dollars based on CPI-U.
3. Printing & Binding: Forecast based on average experienced cost of printing, binding and copying in San Gabriel's 2016 GRC (A.16-01-002), 2018 cost of capital proceeding (A.18-05-001 et al.), 2019 GRC (A.19-01-001), and 2022 GRC (A.22-01-003), escalated to 2028 dollars based on CPI-U.
4. Shipping: Forecast based on average experienced cost of shipping in San Gabriel's 2016 GRC (A.16-01-002), 2018 cost of capital proceeding (A.18-05-001 et al.), 2019 GRC (A.19-01-001), and 2022 GRC (A.22-01-003), escalated to 2028 dollars based on CPI-U.
5. Travel: Forecast based on average experienced cost of travel in San Gabriel's 2016 GRC (A.16-01-002), 2018 cost of capital proceeding (A.18-05-001 et al.), 2019 GRC (A.19-01-001), and 2022 GRC (A.22-01-003), escalated to 2028 dollars based on CPI-U.
6. Expedited hearing transcripts: Forecast based upon the cost of daily/expedited transcripts of \$4.00/page (same day by email) and approximately 500 pages (\$4.00 x 500 pages = \$2,000). See \AA9-003 ATTACHMENT 2.pdf\ for supporting documentation.
7. Outside Counsel/Legal: Forecast based on the typical number of hours charged in a fully litigated GRC proceeding (1,168.8 hrs.) and the forecasted effective hourly rate for outside regulatory legal counsel (\$800/hr.). The typical number of hours charged in a fully litigated GRC proceeding is based on the experienced number of hours charged in San Gabriel's last fully litigated GRC (A.11-07-005). The forecasted effective hourly rate for outside regulatory counsel is based on the experienced effective hourly rate in San Gabriel's 2022 GRC (A.22-01-003), escalated to 2028 dollars based on CPI-U.

2029 Cost of Capital (CoC) Proceeding:

1. Outside Cost of Equity Expert Witness: Forecast based upon a flat fee for direct testimony, and billable hours for discovery, rebuttal, hearings, and travel. Flat fee for direct testimony of \$27,290 was forecasted based on experienced fee from 2023 CoC proceeding A.23-05-001 et al. of \$22,500, escalated to 2029 dollars based on CPI-U. Billable hour costs are based on experienced number of hours and effective hourly rate charged in 2023 CoC proceeding, plus eight hours for travel, escalated to 2029 based on CPI-U.

2. Public Noticing: Forecast based on average experienced cost of public noticing in San Gabriel's 2016 GRC (A.16-01-002), 2018 cost of capital proceeding (A.18-05-001 et al.), 2019 GRC (A.19-01-001), and 2022 GRC (A.22-01-003), escalated to 2028 dollars based on CPI-U.
3. Travel: Forecast based on average experienced cost of travel in San Gabriel's 2016 GRC (A.16-01-002), 2018 cost of capital proceeding (A.18-05-001 et al.), 2019 GRC (A.19-01-001), and 2022 GRC (A.22-01-003), escalated to 2028 dollars based on CPI-U.
4. Expedited hearing transcripts: Forecast based upon the cost of daily/expedited transcripts of \$4.00/page (same day by email) and approximately 250 pages (\$4.00 x 250 pages = \$1,000). See \AA9-003 ATTACHMENT 2.pdf\ for supporting documentation.
8. Outside Counsel/Legal: Forecast based on the typical number of hours charged in a fully litigated CoC proceeding (182.4 hrs.) and the forecasted effective hourly rate for legal counsel (\$826/hr.) The typical number of hours charged in a fully litigated CoC proceeding is based on the experienced number of hours charged in San Gabriel's last fully litigated CoC proceeding (A.09-05-004). The forecasted effective hourly rate for outside regulatory counsel is based on the experienced effective hourly rate in San Gabriel's 2022 GRC (A.22-01-003), escalated to 2029 dollars based on CPI-U.

CPUC OIR, OII & Other Proceedings:

1. Travel: Forecast based on two employees making two trips each to San Francisco for five proceedings, at a cost of approximately \$840/trip, as follows:

Component	Estimated Cost
Roundtrip airfare from Burbank (BUR) to San Francisco (SFO)	\$464
Hotel (one night)	\$200
Roundtrip Uber/Lyft (SFO to CPUC/Hotel)	\$80
Parking at BUR (two days)	\$50
Meals	\$45
Total	\$839

See \AA9-003 ATTACHMENT 3.pdf\ for supporting documentation.

- c. Please see the response to REQUEST NO 1, part b above.
- d. Nossaman LLP.
- e. As shown on the "Detail" tab of the Excel file provided as \AA9-003 ATTACHMENT 1.xlsx\, the number of forecasted billable hours for the 2028 GRC is based on the actual number or recorded billable hours in San Gabriel's 2011 Fontana Water Company division GRC (A.11-07-005), which was 1,168.8 billable hours. The 2011 Fontana Water Company division GRC (A.11-07-005) was the last GRC that was litigated by at least one party. The number of forecasted billable hours for the 2025 CoC proceeding is based on the actual

recorded number of billable hours in San Gabriel's 2009 CoC proceeding (A.09-05-004), which as 182.4 billable hours. At the time San Gabriel prepared its regulatory expense forecast, the 2009 CoC proceeding (A.09-05-004) was the last Cost of Capital proceeding that was fully litigated.

As also shown on the "Detail" tab of the Excel file provided as \AA9-003 ATTACHMENT 1.xlsx\, the forecasted hourly rate applicable to both the 2028 GRC and 2029 CoC proceeding is based upon the actual effective recorded billable rate in San Gabriel's 2022 GRC (A.22-01-003) of \$654/hr., escalated to 2028 and 2029 for the 2028 GRC and 2029 CoC proceeding, respectively, based on CPI-U.

- f. Yes, as shown in \AA9-003 ATTACHMENT 1.xlsx\ and explained above, San Gabriel anticipates annual inflationary increases in the billable hourly rate for outside legal counsel, as well as an increase in the number of billable hours as a result of undergoing fully litigated GRCs and CoC proceedings.

RESPONDING WITNESS: Reiker

REQUEST NO. 2:

Referring to SGVWC's Exhibit SG-4 (Reiker), page 38, lines 9-10, SGVWC discusses its forecasts related to Orders Instituting Investigations ("OII's") and Orders Instituting Rulemakings ("OIR's") and states: "Forecasted costs for future OII's and OIR's are based on the assumption that San Gabriel will participate in five such proceedings."

- a. Please explain why SGVWC estimates it will participate in five OII's or OIR's.
- b. Identify the five OII's or OIR's that SGVWC anticipates it will participate in.
- c. How many OII's or OIR's has SGVWC participated in the last six years?

RESPONSE NO. 2:

- a, b. San Gabriel cannot identify proceedings which the Commission has yet to open. Therefore, the Company forecasts that it will participate in five proceedings during the GRC cycle. This forecast is based on the fact that the CPUC recently had nine open OIR's that affect or are of interest to water utilities.
- c. San Gabriel has participated in R.22-04-003 (Water Utility Acquisitions), R.21-03-010 (Supplier Diversity), R.18-07-006 (Affordability), R.17-06-024 (LIRA).

RESPONDING WITNESS: Reiker

Please call me at (626) 448-6183 with any questions regarding this information.

Sincerely,

Mehboob Aslam
Response to AA9-003

-5-

April 3, 2025

/s/ Joel M Reiker

Joel M. Reiker
Vice President, Regulatory Affairs

Cc: Anthony Andrade (anthony.andrade@cpuc.ca.gov)
/encl.

LIST OF ATTACHMENTS FOR CHAPTER 3

#	Attachment #	Description
1	3-1	A.22-01-003 SGVWC'S Ex. SG-7 (SWIFT) Excerpt

Attachment 3-1: A.22-01-003 SGVWC's Ex. SG-7 (Swift) Excerpt

Application No. _____

Exhibit No. SG-7

Witness _____

Date _____

SAN GABRIEL VALLEY WATER COMPANY

DIRECT TESTIMONY OF

JOSH SWIFT

January 2022

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ATTACHMENTS

Fontana Water Company Division UWMP and Department of Water Resources Acknowledgement Letter	ATTACHMENT A
IEUA State Water Project Allocation Resolution.....	ATTACHMENT B
Water Supply Cost Resolutions and Schedules	ATTACHMENT C
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United States Forest Service Easement Agreement and Department of Fish and Wildlife Streambed Alteration Agreement	ATTACHMENT H
Facility Maintenance Supervisor Memorandum.....	ATTACHMENT I
Fontana Water Company Position Title Changes.....	ATTACHMENT J

- 1 **Q. WHAT WERE THE RESULTS OF FONTANA WATER COMPANY’S RESPONSE**
2 **TO THESE EFFORTS?**
- 3 A. Overall, the Fontana Water Company division’s customers successfully responded to the
4 Governor’s call for achieving the mandatory water use reduction targets. From June 2015
5 through May 2016, the Fontana Water Company division’s water use reduction Target was
6 26% compared to 2013 usage. Customers achieved a 27% reduction in usage and saved
7 12,000 acre-feet of water over the 12-month period compared to 2013.
- 8 **Q. PLEASE PROVIDE AN UPDATE ON THE CALIFORNIA URBAN WATER**
9 **CONSERVATION COUNCIL.**
- 10 A. The California Urban Water Conservation Council is now known as California Water
11 Efficiency Partnership (“CWEP”). CWEP continues to provide innovation, leadership and
12 expertise on water efficiency, research and data collection to advance water efficiency.
13 Fontana Water Company is a member of CWEP and will continue to support CWEP’s
14 water conservation research, although the new organization has discontinued the California
15 Urban Water Conservation Council’s Memorandum of Understanding, Best Management
16 Practices (“BMP”) and BMP reporting database.
- 17 **Q. PLEASE DESCRIBE THE METHOD USED TO FORECAST THE WATER**
18 **CONSERVATION PROGRAM EXPENSE.**
- 19 A. In forecasting the water conservation program expenses, the Company takes into
20 consideration the previously adopted conservation budget, current costs for conservation
21 programs and planned future conservation programs. Fontana Water Company’s goal is to
22 plan and implement the most cost-effective conservation programs that will achieve water
23 saving goals and objectives set by the Water Board, Commission and its Water Action
24 Plan, SB X7-7, Executive Order B-37-16, and subsequent orders and/or emergency
25 proclamations. The conservation budget considers available rebates or funding from
26 wholesale water agencies, popular devices and programs requested by customers, and
27 reasonable cost-effective incentives that encourage conservation.
- 28 **Q. PLEASE EXPLAIN HOW THE FONTANA WATER COMPANY DIVISION**
29 **EVALUATES AND REVIEWS THE COST AND BENEFIT OF VARIOUS WATER**
30 **CONSERVATION PROGRAMS.**

1 A. The Demand Management Measures reported in the Fontana Water Company division's
2 adopted 2020 UWMP (CHAPTER 9) are utilized as guidelines in determining the specific
3 conservation programs to implement and maintain. The criteria used in evaluating various
4 conservation programs are the cost-effectiveness of the current water conservation
5 programs, measurable water savings, current participation levels, educational contents,
6 curtailing customers' water use behavior, customer acceptance through participation in
7 community event/expos, and societal benefits (e.g. teaching young students, as well as all
8 water users, that water wise conservation habits last a lifetime).

9 **Q. PLEASE DESCRIBE THE FONTANA WATER COMPANY DIVISION'S WATER**
10 **CONSERVATION PROGRAMS.**

11 A. Although, the COVID-19 pandemic affected San Gabriel's ability to implement many of
12 the public and interactive programs during most of 2020 and a good portion of 2021, the
13 Company shifted its emphasis and investment to primarily water efficiency and retrofit
14 programs. As the situation normalizes, the Company plans to continue implementing these
15 programs and fully intends to engage in public outreach and interactive programs as
16 described below.

17 Education/Public Outreach – The Fontana Water Company division participates in
18 numerous local public events and presentations to customers (with the exception of periods
19 when COVID protocols limited public events). During these events the Company provides
20 water conservation materials and answers questions that residents raise about ways to
21 conserve water. The Fontana Water Company division also promotes conservation through
22 newspaper ads, bill inserts, website notices, lobby video presentations, conservation
23 literature, promotional items (pens, pencils, rulers, hose nozzles, etc.) and with printed
24 water conservation reminders.

25 Gardening Workshops – This program is offered by the Fontana Water Company
26 division and provides water education classes to customers within the division's service
27 area. These gardening workshops educate customers on gardening design, drought tolerant
28 plants, irrigation systems, and scheduling and maintenance. The workshops are presented
29 in a simple and user-friendly manner that foregoes technical jargon and provides effective
30 water saving information to Fontana Water Company division customers.

1 The Fontana Water Company division will provide extra help to customers enrolled
2 in the Company's low income rate assistance program, known as California Alternative
3 Rates for Water ("CARW").⁵ CARW customers are eligible for assistance with the
4 removal of existing turf grass and preparation of the soil. Aside from turf removal and soil
5 preparation for CARW customers, the major components of the program are professional
6 assistance and product procurement offered by an experienced landscape designer and
7 contractor.

8 Outdoor Irrigation Controller and Nozzle Retrofit Program – This program includes
9 the smart controller, nozzles and installation. Outdoor landscaping accounts for at least
10 50% of water use in Southern California and the Fontana Water Company division believes
11 that there is a need to assist customers with addressing over-irrigation. One of the biggest
12 factors contributing to efficient water use is education, so our consultant will educate the
13 customers on how to program their new smart irrigation controller and fix nozzles during
14 initial installation and follow up visits. This type of program will help conserve a
15 substantial amount of water. A study that was recently completed for the Bureau of
16 Reclamation, Department of Water Resources and MWD estimates an approximate savings
17 of 15% for residential water use that is recognized after the installation of smart controllers
18 - even more water than originally estimated.

19 Conservation Kits – This kit includes low flow indoor water fixtures, faucet
20 aerators, and helpful information to remind customers about wasteful water practices and
21 provide helpful suggestions on how to save water.

22 High Efficiency Toilet Distribution ("HET") Program – This program includes the
23 replacement of old, higher volume water using toilets with new HETs. The new HET will
24 be shipped directly to customer's home. A maximum of two HETs are allowed per
25 household per year.

26 Commercial, Industrial & Institutional ("CII") Audits/Large Landscape – This
27 program provides a water use audit evaluation and report for customers, such as cities,
28 parks and schools.

⁵ The CARW program will be renamed the Customer Assistance Program, or CAP, pursuant to D.20-05-047 upon the issuance of a decision in this proceeding, as explained by Mr. Reiker in Section VI of his prepared testimony (EXHIBIT SG-6).

1 CII Retrofit – The Fontana Water Company division offers to retrofit indoor and
2 outdoor water-using devices. These devices include toilet, smart irrigation controllers and
3 nozzles. Over the years, this program has expanded to include turf replacement. The
4 Company offers the replacement of an existing irrigation system with low-flow drip
5 irrigation components and transforms the CII customer’s turf area into a water conservation
6 demonstration garden, which in-turn educates others about alternatives to high water use
7 lawns.

8 Recycled Water Retrofit Program – This program provides financial assistance
9 directly to CII customers to reduce a portion of the customer’s on-site costs required to
10 convert potable water irrigation systems to non-potable recycled water service.

11 Fontana Water Company proposes offering rebates of up to \$10,000 per CII
12 customer per year with no customer receiving more than \$20,000 over three years. CII
13 customers within Fontana Water Company’s service area are eligible to receive these
14 rebates on a first-come-first served basis.

15 **b. Update on Automated Meter Reading Program**

16 **Q. PLEASE DESCRIBE FONTANA WATER COMPANY’S AUTOMATED METER**
17 **READING PROGRAM.**

18 A. In D.20-08-006 the Fontana Water Company division was authorized meter replacement
19 budgets of \$749,000 in 2019, \$852,000 in 2020, \$852,000 in 2021 and \$852,000 in 2022.⁶
20 These budgets are being applied to advancing the division’s Automated Meter Reading
21 (“AMR”) program.

22 The Fontana Water Company division has determined that the most beneficial
23 application of AMR meters is to convert entire reading routes. With an entire reading route
24 converted to AMR, Field Service Operators can drive the route and gather the reads in far
25 less time and without any manual input or reading errors. By December 2021, the Fontana
26 Water Company division expects to have 32 complete AMR reading routes converted, at
27 which point the division will have an estimated 11,000 AMR meters in operation.

28 **Q. PLEASE DESCRIBE THE BENEFITS THAT THE FONTANA WATER**

⁶ See D.20-08-006, Ordering Paragraph No. 1 and Appendix C thereto, p. 68.