Docket <u>A.22-01-003</u>

Exhibit Number : <u>Cal Adv.-</u>

Commissioner : Genevieve Shiroma

Administrative Law Judge : <u>Susan F. Lee</u>
Cal Advocates Project Lead : <u>Mehboob Aslam</u>



PUBLIC ADVOCATES OFFICE CALIFORNIA PUBLIC UTILITIES COMMISSION

REPORT ON THE RESULTS OF OPERATIONS SAN GABRIEL VALLEY WATER COMPANY FONTANA WATER COMPANY DIVISION

Test Year 2023-2024
Escalation Years 2024-2025 and 2025-2026
Application: A.22-01-003

Los Angeles, California
July 28, 2022

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1 MEMORANDUM

2	The Public Advocates Office ("Cal Advocates") at the California Public Utilities
3	Commission ("CPUC" or "Commission") examined application material, data requests
4	responses, and other information presented by SGVWC Valley Water Company
5	("SGVWC" or "San Gabriel") in Application ("A.") 22-01-003 ("Application") to
6	provide the Commission with recommendations that represent the interests of ratepayers
7	for safe and reliable service at the lowest cost. The Executive Summary was prepared by
8	Mehboob Aslam, and the Results of Operations Tables were prepared by Anthony
9	Andrade, under the general supervision of Program Manager Richard Rauschmeier, and
10	Program & Project Supervisor Victor Chan and Project Lead Mehboob Aslam. Ms.
11	Shanna Foley serves as Cal Advocates' legal counsel.
12	Although every effort was made to comprehensively review, analyze, and provide
13	the Commission with recommendations on each ratemaking and policy aspect presented
14	in the Application, the absence from Cal Advocates' testimony of any issue connotes
15	neither agreement nor disagreement with the underlying request, methodology, or policy
16	position related to that issue. The following table shows the list of Cal advocates'
17	witnesses and the related chapters:
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Chapter	Description	Witness
	Introduction and Summary	Mehboob Aslam
2	Water Consumption and Operating Revenues	Sam Lam
3	Operations & Maintenance (O&M) Expenses	Lauren Cunningham
4	Administration & General (A&G) Expenses	Lauren Cunningham
5	Conservation Expenses	Lauren Cunningham
6	Payroll	Lauren Cunningham
7	Utility Plant-in Service + Pipeline Replacement	Anthony Andrade
8	Depreciation Reserve and Expenses	Anthony Andrade
9	Historic Rate Base	Chandrika Sharma
10	Rate Base	Anthony Andrade
11	Taxes Other Than Income	Lauren Cunningham
12	Income Taxes	Jawadul Baki
13	Balance & Memo Accts. Review	Jawadul Baki
14	Customer Service	Chandrika Sharma
15	Water Quality	Chandrika Sharma
16	Rate Design	Sam Lam
17	Escalation Year Increases	Mehboob Aslam
Appendix A	Statements of Qualifications	All

EXECUTIVE SUMMARY

2	SGVWC filed Application (A.) 22-01-003 on January 2, 2021, requesting a
3	revenue requirement increase of \$9,202,000 (11.3%) in Test Year 2023-2024, \$5,164,000
4	(5.7%) in Escalation Year 2024-2025, and \$5,281,000 (5.4%) in Escalation Year 2025-
5	2026 in its Fontana Water Company Division ("FWC" or "Fontana"). The Public
6	Advocates Office recommends a revenue requirement increase of \$2,636,529 (3.2%) in
7	the Test Year 2023-2024, and an estimated revenue requirement increase of \$3,343,657
8	(4.0%) in Escalation Year 2024-2025, and estimated revenue increase of
9	\$3,356,981(3.8%) in Escalation Year 2025-2026. Cal Advocates' recommendation is
10	consistent with the provision of safe, reliable, and affordable utility service.
11	The Commission must consider a utility's incentive to increase capital investment
12	beyond what is necessary when determining whether proposed investments are
13	reasonable. Certain aspects of cost-based regulation motivate utilities to invest in
14	systems to an unnecessary degree, burdening ratepayers with unnecessary costs. The
15	greater the capital investment, the greater the return or profit for the utility. One way a
16	regulatory body can protect ratepayers against a utility's incentive to overspend is to
17	require utilities to demonstrate the need for infrastructure investment based on the actual,
18	physical condition of the current system, rather than simply on the infrastructure age.
19	Therefore, Cal Advocates has considered both the physical conditions and operational
20	alternatives available for SGVWC when recommending its capital investment needs. For
21	example, Cal Advocates recommends that the Commission deny the \$4.1 million in 2023
22	and \$4 million in 2024 for the new wells: Well F30B and Well F31C because Fontana
23	division has adequate supply capacity without the new well. Similarly, Cal Advocates
24	recommends that the Commission deny \$8.8 million for the replacement reservoir at
25	Plant F2 and \$8 million and \$5.8 million for the new reservoirs at Plants F10 and F59
26	from the capital budget because SGVWC errs in the determination of criteria that would
27	justify the projects.

1 In addition, Cal Advocates has applied general polices for setting rates that appear 2 to be especially relevant in the current proceeding. First, only projects that are used and 3 useful should be in rates. Cal Advocates reviews previous projects that have been 4 approved by the Commission to ensure that they remain used-and-useful. Ratepayers 5 should not have to pay for any project that is not in-service and thus not providing 6 benefits to ratepayers. For example, Cal Advocates recommends removing \$200,511 7 from the recorded cumulative rate base of Fontana division. The removed amount 8 reflects the rationale that ratepayers should not pay for the assets that are either retired 9 significantly earlier than their useful life or were not providing useful services to the 10 ratepayers. 11 Second, customers should not pay twice for projects they have never received a 12 benefit from once. This would include projects that were previously authorized by the 13 Commission and included in customer rates but remain unfinished in this General Rate 14 Case ("GRC"). Because customers have already paid once under the assumption these 15 projects would be providing beneficial service, it is unreasonable to continue customer 16 funding of these projects until the actual project benefits (i.e., in-service) can be demonstrated in a subsequent general rate case. For example, Cal Advocates 17 18 recommends that the Commission should remove approximately \$5.85 million for the 19 projects at Plant F10, Plant F20, and Plant F44 over 2022-2025 period because the 20 Commission already included these projects in customer rates expecting they would be 21 completed and providing direct benefits to customers during the 2019 GRC cycle, but 22 SGVWC failed to complete these projects within the given timeframe. 23 Third, the ratemaking process should be transparent to decisionmakers and 24 ratepayers and should encourage utilities to operate efficiently and within budget. Memo 25 and Balancing Accounts ("surcharge accounts") are alternative ratemaking mechanisms 26 that are counter to both these principles. The amounts that are tracked in these accounts 27 can appear as surcharges on customer bills but are not included in the rate changes 28 presented in this proceeding. More importantly, these surcharge accounts allow utilities 29 to operate without the discipline of an established budget, which is inconsistent with the

1 role of regulation being a substitute for competition. Therefore, Cal Advocates

2 recommends elimination of various surcharge accounts. For example, Cal Advocates

3 recommends closing five surcharge accounts: Water Rights Memorandum Account,

4 A.19-01-001 Interim Rates Memorandum Account, 2018 Tax Accounting Memorandum

5 Account, Mains Project Balancing Account, and School Lead Testing Memorandum

6 Account. Cal Advocates also recommends issuing a net surcredit in the amount of

7 \$0.878 million as compared to SGVWC's \$0.877. The minor difference is due to Cal

8 Advocates' recommendation of Commission denying the amortization of the

undercollection in one of the Memorandum Accounts, the Polyfluoroalkyl Substances

10 Memorandum Account.

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Fourth, in a GRC, the utility must be able to demonstrate the reasonableness of every dollar in its revenue requirement. SGVWC's request for contingency allowances for most capital projects should be denied advance ratepayer funding. Contingency amounts are, by definition, unknown, and therefore inappropriate for inclusion in revenue requirement. In D.21-08-036, the Commission stated that "budgeting for contingencies is not necessarily appropriate in the context of a general rate case, where the utility must demonstrate the reasonableness of every dollar in its forecast revenue requirement." Therefore, Cal Advocates recommends that the Commission deny approximately \$4 million per year over 2022-2025 period in SGVWC's requested contingency budget.

Fifth, the utility in its GRC application should advance and fully address the Commission's Environmental and Social Justice ("ESJ") objectives. SGVWC's application addresses several of the Commission's ESJ Action Plan objectives published on February 21, 2019. SGVWC states it has reviewed potential impacts on ESJ communities within its service areas and took proactive steps to work towards meeting

¹D.96-12-066, 69 CPUC2d, p. 695.

² D.21-08-036, p. 331.

the applicable goals outlined in the Commission's ESJ Action Plan. However, while

2 SGVWC discusses the Commission's ESJ Action Plan's goals, and it does not appear

3 SGVWC's goals were specifically developed to address the Commission's ESJ Action

4 Plan objectives. Rather, SGVWC's testimony presents a collection of existing practices

5 that can be applied to the ESJ communities. The list of impacts that SGVWC identified

6 in its testimony were for all its customers, not specific for the ESJ communities. The

7 Commission has since updated its version of ESJ Action Plan as of April 07, 2022, which

8 has slightly modified and added goals and objectives. 4 The Commission should order

9 SGVWC to develop a plan that specifically addresses the Commission's revised ESJ

Action Plan's goals and objectives and present its achievements in the next rate case.

Finally, in considering SGVWC's proposed increases in customer rates, the Commission should be informed of SGVWC's recent financial performance. In each of the five most recent years for which data is submitted (2017 – 2021), SGVWC's Annual Reports to the Commission show recorded investor profit ("Return on Equity" or "ROE")

exceeding those the Commission has established as reasonable. For example, the

following table compares SGVWC's authorized ROE with its actual achieved ROE for

the last five years.

	2017	2018	2019	2020	2021
Authorized Return on Equity	9.79%	9.79%	9.20%	9.20%	9.20%
Achieved Return on Equity	10.98%	13.70%	11.60%	12.14%	11.21%

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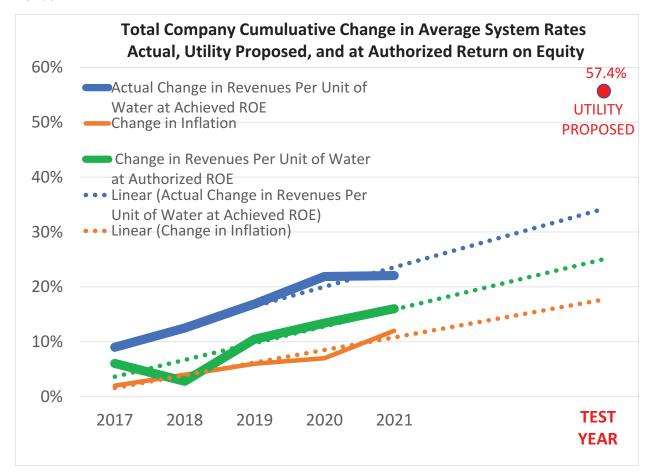
Although SGVWC's recent financial performance is not wholly dispositive of necessary rate changes in the future, the additional \$30.2 million in profits above authorized investor returns collected over the past five years by SGVWC may be

³ Direct Testimony of Matt Yucelen, Exhibit SG-8, pp. 234-239

⁴ CPUC Environmental & Social Justice Action Plan, Version 2.0

informative as the Commission determines the reasonableness of differing forecasts and budget estimated made by SGVWC in the current proceeding.

The following graph compares the cumulative change in SGVWC's average system rates over the last five years with inflation. The blue line shows the actual change in revenue per unit of water sold. The green line shows the change over the past five years that would have been necessary for SGVWC to achieve its authorized rate of return. A linear trend line extending to the test year in this proceeding has been added for comparison with SGVWC's proposed rate changes (red dot) in this proceeding. If SGVWC's proposals are granted, average system rates will have increased 57.4% since 2017.



CHAPTER 1 INTRODUCTION AND SUMMARY

2 I. INTRODUCTION

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3	SGVWC filed Application (A.) 22-01-003 on January 2, 2021, requesting a
4	revenue requirement increase of \$9,202,000 (11.3%) in Test Year 2023-2024, \$5,164,000
5	(5.7%) in Escalation Year 2024-2025, and \$5,281,000 (5.4%) in Escalation Year 2025-
6	2026 for its Fontana Water Company division.
7	This report sets forth the Cal Advocates' analyses and recommendations on San

9 the Summary and comparison of the differences in the key items such as Summary of

Gabriel's general rate case ("GRC") requests. Tables at the end of this Chapter present

Earnings, Sales Revenues, Expenses, and Rate Base.

II. DISCUSSION

SGVWC's Fontana division consists of the Fontana water system. The main 12 13 sources of groundwater for customers are the Chino Basin, Rialto Basin, and Lytle Creek 14 Basin. Local surface water is sourced from Lytle Creek and untreated surface water from the State Water Project. 5 Groundwater makes up 60% of the water supply, 15% 15 comprised of local surface water, and the remaining 25% water comes from the State 16 Water Project. SGVWC's domestic system generates approximately \$93 million in 17 18 annual revenues and has 48,373 customers. 19 SGVWC estimates that its proposed increases will produce revenues providing a rate of return ("ROR") of 8.12%. San Gabriel is a fiscal year filer and its Fiscal Test 20 Year 2023-2024 covers July 1, 2023, to June 30, 2024. San Gabriel's Fiscal Test Year 21 22 2023 request is calculated based on the average of the Calendar Year 2023 and 2024. Cal

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 $[\]frac{5}{2}$ EXHIBIT SG-7 (Swift) SECTION IV.

⁶ Per D.18-2-002, SGVWC has authorized ROR of 8.12% which is comprised of 9.20% Rate on Equity ("ROE") at the weight of 64.46% and Rate of Debt of 6.17% at the weight of 35.54%.

- 1 Advocates adopt the same methodology as San Gabriel for fiscal test year results
- 2 throughout its report for easy comparison.

III. ANALYSIS

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A. Revenue Requirement

- Table 1-1 below compares San Gabriel's and Cal Advocates' estimated changes in
- 6 revenue requirement for the Test Year 2023-24 based on 8.12% ROR.

7 Table 1-1: Test Year 2023-2024 Revenue Requirement Increase

	Amount of Increase	Percent Increase
San Gabriel	\$9,202,000*	11.3%
Public Advocates Office	\$2,636,529*	(3.2%)
Difference	\$6,565,471	8.1%

^{*}Amount of increase is the difference between present rate revenue and proposed rate revenue shown in Table 1-2.

- The differences between the Cal Advocates and San Gabriel's revenue
- 9 requirement estimates are due to the Public Advocates Office's adjustments as
- 10 summarized below:

1. Revenue Requirement---Chapter 1

- 12 Cal Advocates recommends the Test Year 2023-24 revenue requirement of \$84.04
- million. This amount is made up of several recommendations in the areas of expenses,
- plant-in service and rate base. For example, the Chapter-1 presents the details of
- 15 Summary of Earnings in terms of the comparison between the SGVWC's proposed
- revenue requirement of \$90.60 million and Cal Advocates' recommended value of value
- of \$84.04. More specifically, the differences in Operation and Maintenance ("O&M")
- expenses are discussed in Chapter-3, the differences in Administrative and General
- 19 ("A&G") expenses are discussed in Chapter-4, the differences in Plant-in service are
- discussed in Chapter-7, the differences in historic rate base are discussed in Chapter-8
- and the differences in the rate base are discussed in Chapter-9. The Public Advocates

Office uses San Gabriel's rate of return of 8.12% adopted in Decision (D.) 18-12-002 to

2 reflect San Gabriel's current cost of debt.

2. Water Consumption and Revenues---Chapter 2

A forecast of customer counts by customer class, and average sales per customer for each customer class is necessary to forecast revenues at current rates. The customer forecast multiplied by the average sales per customer forecast for each class is the total sales forecast for each class. Cal Advocates independently reviewed San Gabriel's requested number of customer forecast and the water consumption per customer forecast and find them reasonable and thus recommends that the Commission adopt San Gabriel's requested forecast for number of customers and consumption per customer. For more details, please refer to Chapter-2 of this report.

3. Operations and Maintenance ("O&M") Expenses—Chapter 3

Cal Advocates recommends \$38.1 million in O&M expenses for the Test Year 2023-24 as opposed to SGVWC's request for \$39.4 million. Most of the difference is due to Cal Advocates' recommendations to reduce the uncollectibles amount and Outside Services budget to reflect savings in sludge removal costs. SGVWC's uncollectible estimates are based on its new methodology which is based on allowance method. Cal Advocates does not oppose the use of allowance method but does oppose the use of past recession years to estimate an extremely inflated Uncollectibles ratios. In case of Outside Services, Cal Advocates recommends a capital project to improve in-house Solids Handling System at the Summit Water Treatment Plant which will reduce the Outside Services expenses for the sludge removal costs. For more details, please refer to Chapter-3 and Chapter-7 of this report.

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⁷ SGVWC's Workpapers File: GRCWorkpapers-2022, Tab: TABLES1, Table 5A, Fontana Water Company Division.

4. Administrative and General ("A&G") Expenses---Chapter 4

Cal Advocates recommends \$0.18 million in A&G expenses for the Test Year 2023-204 as opposed to SGVWC's request for \$0.261 million. Most the difference is due to Cal Advocates' recommendations reducing SGVWC's request for Dues & Subscriptions forecast and overtime expenses related to a new position of Facilities Maintenance Supervisor. For more details, please refer to the Chapter-4 and Chapter-6 of this report.

5. Review of Conservation Expenses---Chapter 5

Cal Advocates independently reviewed San Gabriel's request for \$695,000 annual budget for the Test Year 2023-24 and the Escalation Years 2024-25 and 2025-26. San Gabriel's conservation goal is to plan and implement the most cost-effective conservation programs that will achieve water saving goals and objectives set by the State Water Resources Control Board ("SWRCB"), the California Public Utilities Commission ("CPUC") and the Governor of California (currently Governor Gavin Newsom), as well as any subsequent orders and/or emergency proclamations. The most recent directive requires water purveyors to reduce water consumption by at least 15% over the 2020 consumption level, as is discussed in Chapter 2 of this report. Thus, San Gabriel must continue to carry out its Conservation programs to successfully meet this objective. Therefore, Cal Advocates recommends that the Commission should adopt annual conservation expense forecast in the amount of \$685,000 that reflects a \$10,000 reduction for a speculative cost for a gardening workshop that has been historically funded by the Inland Empire Utilities Agency ("IEUA"). For more details, please refer to Chapter-5 of this report.

⁸ SGVWC's Workpapers File: GRCWorkpapers-2022, Tab: TABLES1, Table 6, Fontana Water Company Division.

6. Payroll Expenses---Chapter 6

San Gabriel has requested one new positions of Facilities Maintenance Supervisor in its Fontana Water Company division. Cal Advocates conducted an independent analysis of San Gabriel's request and found that the addition of the new positions is reasonable; however, hiring of the new position would result in the saving of approximately \$75,000. Therefore, Cal Advocates recommends that the Commission should reduce the amount of overtime San Gabriel forecast for the Fontana Water Company division. For more details, please refer to Chapter-6 of this report.

7. Adjustments in Plant-in Service---Chapter 7

Cal Advocates recommends \$28.10 million and \$27.20 million in plant additions for the Test Year 2023-24 and Test Year 2024-25 respectively as opposed to SGVWC's request of \$40.53 million and \$46.82 million. The difference is due to several Cal Advocates' recommendations. For example, Cal Advocates recommends removing all contingency capital budget, the use of escalation of SGVWC's capital projects in 2023 to 2025 based on the non-labor composite rate as opposed to accelerated cost increases used by San Gabriel, removal of capital budget associated with new wells in 2023 and 2024 because Fontana Water Company division has adequate supply capacity without installing the new wells, removal of capital budget associated with new reservoirs due to error in San Gabriel's criteria in determination of its reservoir needs, removal of capital budget associated with Plant F10, F20, and F44 as these capital projects were previously authorized and paid by the ratepayers but SGVWC failed to complete them in the time requested, and reduce the capital budget for the meters so that SGVWC can remain conformed to previously authorized 15-year forecast. For more details of these recommendation, please refer to Chapter-7 of this report.

⁹ SGVWC's workpapers, File: GRCWorkpapers-2022, Tab: P2, Cells: CB354 and CI354(including contributed plant) for Fontana Water Company division.

8. Adjustment in Historic Rate Base---Chapter-9

Cal Advocates recommends removing \$200,511 from the recorded cumulative rate base. The removed amount reflects the rationale that ratepayers should not pay for the assets that are not use and useful. As regulated utilities depreciate assets on the basis of group depreciation, the impact of early retired assets can be offset with the assets that are not retired beyond their useful lives per Standard Practice U-4-W. However, the same Standard Practice also states that "occasional instances of extraordinary obsolescence such as the unexpected early retirement of a major unit of property may require some form of an adjustment." Cal Advocates identified several such incidents of early retirements and have removed the net book value of these assets that still resides in the rate base even after the retirement of such assets. For more details, please refer to the Chapter-9 of this report.

9. Adjustment in Rate Base---Chapter 10

Cal Advocates recommends \$220.38 million of rate base in the Test Year 2023-294 and \$238.95 million in the Test Year 2024-25 as opposed to SGVWC's \$255.33 million and \$288.49 million for the Test Year 2023-24 and Test Year 2024-25 respectively. Most of the difference is due to Cal Advocates' recommendations for reduced capital project budget discussed earlier in Adjustments in Plant-in Service section above, and reduced budget for Construction Work in Progress ("CWIP"). Cal Advocates recommends limiting the CWIP capital projects that are up to one-year old based on the 1982 Commission's policy memorandum that shows that on average water related capital projects require four months to complete; clearly, the capital projects requiring more than a year to complete should not be included in the CWIP. Cal

¹⁰ Standard Practice U-4-W, Section 6 (b), p.8.

¹¹ Ibid, p.42.

 $[\]frac{12}{8}$ SGVWC's workpapers, File: GRCWorkpapers-2022, Tab: TABLES1, Table 10A for Fontana Water Company division.

- 1 Advocates also identifies several CWIP projects that should be removed mainly due to
- 2 the fact that the projects should be funded through contributions. For more details, please
- 3 refer to the Chapter-10 of this report.

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10. Taxes Other Than Income---Chapter 11

5 Cal Advocates independently reviewed San Gabriel's forecasts for various taxes

- 6 such as payroll taxes, and Ad Valorem, or property taxes. Payroll taxes are comprised of
- 7 (1) Federal Insurance Contribution Act ("FICA"); (2) Federal Unemployment Insurance
- 8 ("FUI"); and (3) State Unemployment Insurance ("SUI"). Cal Advocates and San
- 9 Gabriel generally do not differ on methodologies employed to forecast Taxes Other Than
- 10 Income. The differences in total estimated taxes are largely due to differences in plant
- additions. For more details, please refer to Chapter-11 of this report.

11. Income Taxes---Chapter 12

- 13 Cal Advocates recommends that the Commission should approve \$3.38 million
- 14 federal income tax (FIT) expense and \$0.802 million state income tax (CCFT) expense
- 15 for the Test Year 2023-24. The Cal Advocates and San Gabriel generally do not differ on
- the methodologies employed to forecast regulated income tax expenses. Further,
- 17 SGVWC has accounted for all the implications of the 2017 Tax Cuts and Jobs Act
- 18 ("TCJA"). Any differences in total estimated income taxes are due to differences in
- 19 forecasted operating revenues, expenses, and plant additions. For more details, please
- 20 refer to the Chapter-12 of this report.

12. Balancing and Memorandum Accounts ("BAMAs") Review---Chapter 13

- A memorandum account is an accounting device that, after approval by the
- 24 Commission or upon statutory notice, may be used by a utility to record various expenses
- 25 it incurs. 13 The establishment of a memorandum account does not guarantee that the

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¹³ Standard Practice U-27-W.

- 1 utility will recoup the tracked amount, but a utility is precluded from recovering amounts
- 2 not booked to a memorandum account. $\frac{14}{2}$ On the other hand, a balancing account is a
- 3 regulatory accounting method used to ensure the recovery in rates of specified
- 4 expenditures authorized by the Commission. $\frac{15}{4}$ A balancing account can also be explained
- 5 as a deferred debit account carried on the utility's books. When the Commission approves
- 6 amounts from memorandum accounts as reasonable, those amounts are moved to
- 7 balancing accounts for recovery. $\frac{16}{2}$ Surcharge accounts can mask the overall impact of
- 8 utilities' proposals in GRCs. For example, in this application the balancing and
- 9 memorandum accounts that SGVWC wants to amortize in the Fontana division have a
- total surcharge balance of \$2,620,324 as of December 31, 2021 if just one over-collected
- account is excluded. This surcharge amount is approximately 2.89% of its total
- proposed Revenue Requirement for Test Year 2023-24. This surcharge account amount
- 13 is not reflected in the proposed revenue requirement increase for the Test Year. $\frac{20}{100}$
- 14 Therefore, the full impact of GSWC's requests on customers' bills is not transparent.
- 15 The Commission should underscore the importance of reducing the total number of

https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/utility-audits--risk--and-compliance-division/documents/2020-12-14 standard-practice-audit-manual---jan-2021 v1.pdf

https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M090/K002/90002198.PDF

¹⁴ Standard Practice U-27-W.

¹⁵ Standard Practice Audit Manual, p. 6.

¹⁶ Standard Practice U-27-W

¹⁷ Table 13-1: Balancing and Memorandum Accounts for Amortization.

¹⁸ Water Cost Balancing Account has a significant outstanding overcollection what makes the total balance in all accounts an overcollection which means refunds to the ratepayers. Absence of this account, the true picture of Surcharge Accounts would have been revealed.

¹⁹ SGVWC's proposed Revenue Requirement for Test Year 2023-24 is \$90,603,000. Except for Water Cost BA, the accounts for what SGVWC requested recovery in this GRC application have a total surcharge balance of \$2,620,324 as of December 31, 2021. It is around 2.89% of the proposed revenue requirement in the Test Year. (\$2,620,324/\$90,603,000 = 2.89%).

 $[\]frac{20}{10}$ SGVWC GRC Proceeding A.22-01-003.

1	BAMAs, not allowing to have the proliferation of the new BAMAs and should require
2	utilities to close BAMAs whenever possible and remove their reference from the related
3	preliminary statements.

SGVWC currently maintains 17 memorandum and balancing accounts in its Fontana division²¹. Cal Advocates recommends to close five accounts: Water Rights Memorandum Account, A.19-01-001 Interim Rates Memorandum Account, 2018 Tax Accounting Memorandum Account, Mains Project Balancing Account, and School Lead Testing Memorandum Account. Cal Advocates also recommends issuing a net surcredit in the amount of \$0.878 million. Most of the surcredit amount is due to closure of Water Cost Balancing Account and Conservation Program Balancing Accounts which have overcollection balances. For more details, please refer to Chapter-13 of this report.

13. Customer Service---Chapter 14

Cal Advocates reviewed and analyzed the customer service and compliant data reported by the Consumer Affairs Branch ("CAB"), the General Order ("GO") 103-A customer service performance criteria, and the data reported directly from SGVWC, to determine the quality of customer service in SGVWC's Fontana division. Based on its review, Cal Advocates recommends that the Commission should find that Fontana division of SGVWC to be compliant with the Commission's General Order ("GO") 103-A customer service performance standards. For more details, please refer to Chapter-14 of this report.

14. Water Quality Review---Chapter 15

The Fontana division consists of the Fontana water system. The main sources of groundwater for customers are the Chino Basin, Rialto Basin, and Lytle Creek Basin. Local surface water is sourced from Lytle Creek and untreated surface water from the

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²¹ SGVWC's Response to Cal Advocates' DR JBQ-002 Q.3; Direct testimony of Joel M. Reiker, p. 57.

- 1 State Water Project. 22 Groundwater makes up 60% of the water supply, 15% comprised
- 2 of local surface water, and the remaining 25% water comes from the State Water
- 3 Project. $\frac{23}{2}$ According to the most recent Consumer Confidence reports from 2019 and
- 4 2020, the Fontana division is following all applicable drinking regulations. There are no
- 5 current outstanding violations based on the Safe Drinking Water Information System for
- 6 the Division of Drinking Water. 24 For more details, please refer to Chapter-15 of this
- 7 report.

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15. Rate Design Review---Chapter 16

Rate design is the structure of prices charged to utility customers for tariffed services. The process for creating a rate design involves determining the revenue requirement, the allocation of revenue recovery between fixed and quantity charges (revenue allocation), finding appropriate tier breakpoints for tiered meter services, calculating the standard quantity rate, and establishing a tiered quantity rate structure for tiered meter services. Effective rate design encourages conservation, offers affordable options for baseline water use, and is revenue neutral. Cal Advocates recommends that the Commission should adopt a Tier 1 breakpoint at 10 CCF as opposed to SGVWC's request for 14 CCF. The Commission should also implement a third tier for residential tiered meter services to better meet the State's conservation initiatives. The Commission should adopt Cal Advocates' recommended rate ratio which complements the three-tiered meter services rate design. For more details, please refer to Chapter-16 of this report.

²² EXHIBIT SG-7 (Swift) SECTION IV.

²³ EXHIBIT SG-7 (Swift) ATTACHMENT D.

²⁴ https://sdwis.waterboards.ca.gov/PDWW/

²⁵ D.20-08-047, p. 106.

16. Es	scalation	Year	Increase	Chapter	17
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- Cal Advocates recommends that SGVWC should follow an escalation (attrition)
 year revenue requirement mechanism pursuant to the Commission's Rate Case Plan
 which requires that the utility may file an advice letter setting out its calculations and
- 5 supporting analysis for the escalation year rates. The most recent "Estimates of Non-
- 6 labor and Wage Escalation Rates" and "Summary of Compensation Per Hour" published
- 7 monthly using third-party data should be used as the escalation rates. Items not covered
- 8 by the monthly published rates should be escalated by the most recently available,
- 9 recorded, 12-month-ending change in the U.S. Cities Consumer Price Index (CPI-U).
- 10 The escalation year increase should be decreased to the extent the pro-forma rate of
- return exceeds the authorized rate of return. In terms of escalation years' rate base, the
- 12 Commission standard practice of using two test years and one attrition year should apply.

B. Summary of Earnings and Other Tables

- 14 The Attachment 1-1 contains related Summary of Earning and other related tables
- such as Average Number of Customers, Average Sales Revenues Per Customer, Water
- Sale and Supply, Operating Revenues, O&M Expenses, A&G Expenses, Payroll and Ad
- 17 Valorem Taxes, Income Taxes, Plant-in Service, Depreciation and Reserves, and Rate
- 18 Base that results in Cal Advocates and San Gabriel respective revenue requirements.

19 IV. CONCLUSION

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- The Commission should adopt Cal Advocates' Test Year 2023-2024 results of
- operations, presented in Table 1-2 at the end of this chapter in Attachment 1-1, and
- authorized a revenue increase of \$2.64 million (3.2%) for SGVWC's Fontana division.

ATTACHMENT 1-1: SUMMARY OF EARNINGS AND OTHER TABLES

San Gabriel Water Company A. 21-01-003 Fontana Dvision Table 1-1 Summary of Earning (Test Year 2023-2024) (Present Rate \$000) San Gabriel Cal Advocates San Gabriel > Cal Advocates 81,401.4 81,401.4 0.0% Operating Revenues 0.0 Operating Expenses Purchased Water & Assessments 22,309.0 22,306.2 0.0% 2.8 Purchased Power 5,336.1 5,002.6 333.5 6.3% Chemicals 796.8 796.8 0.0 0.0% 0.4% Payroll 6,367.2 6,341.4 25.8 2.3% Materials & Supplies 1,156.0 1,128.9 27.1 Transportation 1,079.0 1,079.0 0.0 0.0% 1,783.8 1,783.8 0.0 0.0% Insuarance Pensions & Benefits 3,045.0 3,039.8 5.2 0.2% Uncollectibles 319.3 97.4 221.8 69.5% 528.5 0.0% Franchise Fees 528.5 0.0 Regulatory Commission Expense 188.6 188.6 0.0 0.0% Outside Services 2,179.6 1,522.8 656.7 30.1% **Utilities & Rents** 129.6 129.6 0.0 0.0% 980.5 970.5 10.0 1.0% Miscellaneous Expense Administrative Expense Transferred -6,663.1 (6,663.1) 0.0 0.0% 38,252.7 1,283.1 3.2% Subtotal 39,535.8 Allocated Common Expenses 10,759.5 10.420.3 339.1 3.2% 50,295.2 48,673.0 1,622.2 3.2% Total Operating Expenses Depreciation 10,285.7 9,937.2 348.4 3.4% 3,171.9 2,318.2 853.7 26.9% Ad Valorem Taxes Payroll Taxes 1,017.2 1,002.2 15.0 1.5% Total Expense before Income Taxes 64,770.0 61,930.6 2,839.4 4.4% Net Revenue Before Income Taxes 16,631.5 19,470.8 -2,839.4 -17.1% -435.7% State Income Tax 106.5 570.8 -464.2 -34.0% Federal Income Tax 2,099.3 2,814.0 -714.8 Total Expenses 66,975.8 65,315.4 1,660.4 2.5% Net Operating Revenues 14,425.6 16,086.0 -1,660.4 -11.5%

255,329.0

220.384.3

34,944.7

13.7%

Rate Base

San Gabriel Water Company A. 21-01-003 Fontana Dvision Table 1-2 Summary of Earning (Test Year 2023-2024) (Proposed Rate \$000) San Gabriel Cal Advocates San Gabriel > Cal Advocates 90,603.3 84,038.0 6,565.29 Operating Revenues 7.2% Operating Expenses Purchased Water & Assessments 22,306.2 2.82 0.0% 22,309.0 Purchased Power 5,336.1 5,002.6 333.50 6.3% Chemicals 796.8 796.8 0.0% 0.4% Payroll 6,367.2 6,341.4 25.81 2.3% Materials & Supplies 1,156.0 1,128.9 27.14 Transportation 1,079.0 1,079.0 0.0% 1,783.8 1,783.8 0.0% Insuarance Pensions & Benefits 3,045.0 3,039.8 5.23 0.2% Uncollectibles 355.6 100.6 254.98 71.7% 42.91 7.3% Franchise Fees 588.7 545.7 Regulatory Commission Expense 188.6 188.6 0.0% Outside Services 2,179.6 1,522.8 656.74 30.1% **Utilities & Rents** 129.6 129.6 0.0% 980.5 970.5 10.00 1.0% Miscellaneous Expense Administrative Expense Transferred -6,663.1 (6,663.1) 0.00 0.0% 39,632.2 38,273.1 1,359.13 3.4% Subtotal Allocated Common Expenses 10,759.5 10.420.3 339.15 3.2% 50,391.7 48,693.4 1,698.27 3.4% Total Operating Expenses 10,285.7 9,937.2 348.44 3.4% Depreciation 3,171.9 2,318.2 26.9% Ad Valorem Taxes 853.71 Payroll Taxes 1,017.2 1,002.2 14.98 1.5% Total Expense before Income Taxes 64,866.4 61,951.0 2,915.41 4.5% 22.086.9 14.2% Net Revenue Before Income Taxes 25,736.8 3,649.88 State Income Tax 911.5 802.0 109.44 12.0% 17.2% Federal Income Tax 4,084.7 3,381.6 703.04 Total Expenses 69.862.6 66,134.7 3,727.89 5.3% Net Operating Revenues 20,740.7 17,903.3 2,837.40 13.7%

255.329.0

220.384.3

34.944.68

13.7%

Rate Base

San Gabriel Water Company A. 21-01-003

Fontana Dvision

Table 2-1 Summary of Earning (Escalation Year 2024-2025)

(Proposed Rate \$000)

		San Gabriel	Cal Advocates	San Gabriel > C	al Advasatas
Operating	Revenues	96,349.5	87,922.5	8,427.06	8.7%
Operating	Teverings	00,010.0	07,022.0	0,427.00	0.170
Operating	Expenses				
	Purchased Water & Assessments	22,445.4	22,442.5	2.84	0.0%
	Purchased Power	5,368.7	5,033.1	335.54	6.3%
	Chemicals	823.9	823.9	0.0	0.0%
	Payroll	6,556.6	6,530.0	26.58	0.4%
	Materials & Supplies	1,197.5	1,169.4	28.12	2.3%
	Transportation	1,117.8	1,117.8	0.0	0.0%
	Insuarance	1,919.8	1,919.8	0.0	0.0%
	Pensions & Benefits	3,135.6	3,130.2	5.38	0.2%
	Uncollectibles	378.3	105.3	272.98	72.2%
	Franchise Fees	626.2	571.1	55.08	8.8%
	Regulatory Commission Expense	188.6	188.6	0.0	0.0%
	Outside Services	2,294.5	1,603.2	691.4	30.1%
	Utilities & Rents	134.3	134.3	0.0	0.0%
	Miscellaneous Expense	1,015.7	1,005.3	10.36	1.0%
	Administrative Expense Transferred	-6,902.6	(6,902.6)	0.0	0.0%
	Subtotal	40,300.2	38,872.0	1,428.25	3.5%
A11		44 440 0	40.704.0	054.04	0.00/
Allocated	Common Expenses	11,146.2	10,794.9	351.34	3.2%
	Total Operating Expenses	51,446.5	49,666.9	1,779.59	3.5%
	Depreciation	11,325.2	10,672.0	653.18	5.8%
	Ad Valorem Taxes	3,464.0	2,444.9	1,019.06	29.4%
	Payroll Taxes	1,047.4	1,032.0	15.43	1.5%
	Total Expense before Income Taxes	67,283.1	63,815.9	3,467.26	5.2%
	Net Revenue Before Income Taxes	29,066.4	24,106.6	4,959.80	17.1%
	State Income Tax	1,118.9	1,006.7	112.17	10.0%
	Federal Income Tax	4,513.5	3,690.3	823.17	18.2%
	Total Expenses	72,915.4	68,512.8	4,402.60	6.0%
	Net Operating Revenues	23,434.1	19,409.6	4,024.45	17.2%
	Rate Base	288,485.9	238,953.4	49,532.49	17.2%

San Gabriel Water Company A. 21-01-003

Fontana Dvision

Table 3-1 Summary of Earning (Escalation Year 2025-2026)

(Proposed Rate \$000)

		San Gabriel	Cal Advocates	San Gabriel > Cal Adv	ncates
Operating Revenues		102,246.0		10,404.67	10.2%
- p		,	21,2111	10,101	
Operating Expenses					
	Purchased Water & Assessments	22,581.8	22,578.9	2.85	0.0%
	Purchased Power	5,401.3	5,063.7	337.58	6.3%
	Chemicals	854.1	854.1	0.0	0.0%
	Payroll	6,751.6	6,724.2	27.37	0.4%
	Materials & Supplies	1,241.4	1,212.3	29.1	2.3%
	Transportation	1,158.7	1,158.7	0.0	0.0%
	Insuarance	2,066.2	2,066.2	0.0	0.0%
	Pensions & Benefits	3,228.9	3,223.3	5.54	0.2%
	Uncollectibles	401.5	110.0	291.54	72.6%
	Franchise Fees	664.7	596.7	68.00	10.2%
	Regulatory Commission Expense	188.6	188.6	0.0	0.0%
	Outside Services	2,414.4	1,686.9	727.5	30.1%
	Utilities & Rents	139.2	139.2	0.0	0.0%
	Miscellaneous Expense	1,052.9	1,042.2	10.74	1.0%
	Administrative Expense Transferred	-7,155.5	(7,155.5)	0.00	0.0%
	Subtotal	40,989.9	39,489.6	1,500.28	3.7%
Allocated Common E	Typenses	11,554.7	11,190.5	364.21	3.2%
7 modulou Common E	Total Operating Expenses	52,544.6		1,864.49	3.5%
	Total Operating expenses	02,044.0	00,000.1	1,004.40	0.070
	Depreciation	12,364.7	11,406.8	957.92	7.7%
	Ad Valorem Taxes	3,756.1	2,571.7	1,184.40	31.5%
	Payroll Taxes	1,078.6	1,062.7	15.89	1.5%
	Total Expense before Income Taxes	69,744.0	65,721.3	4,022.70	5.8%
	Net Revenue Before Income Taxes	32,502.0	26,120.0	6,381.98	19.6%
	State Income Tax	1,335.7	1,210.8	124.83	9.3%
	Federal Income Tax	5,038.9		1,053.91	20.9%
	Total Expenses	76,118.5		5,201.44	6.8%
	Net Operating Revenues	26,127.5	20,924.2	5,203.23	19.9%
	Rate Base	321,642.8	257,522.5	64,120.29	19.9%

San Gabriel Water Company A. 21-01-003 Fontana Dvision

Table 4-1 Annual Sales per Customer (Test Year 2023-2024)

(Ccf)

	San Gabriel	Cal Advocates	San Gabriel > Cal	Advocates
Customer Class				
Residential - Single Family	166	166	0.0	0.0%
Residential - Multi-Family - Small	450	450	0.0	0.0%
Residential - Multi-Family - Large	6,551	6,551	0.0	0.0%
Commercial - Small	569	569	0.0	0.0%
Commercial - Large	2,921	2,921	0.0	0.0%
Industrial - Small	407	407	0.0	0.0%
Industrial - Large	10,629	10,629	0.0	0.0%
Niagara Bottling	250,192	250,192	0.0	0.0%
California Steel Industries	17,056	17,056	0.0	0.0%
CEMEX USA-Contract	83,179	83,179	0.0	0.0%
CEMEX USA-Tariff	168,241	168,241	0.0	0.0%
Public Authority-Small	741	741	0.0	0.0%
Public Authority-Large	3,750	3,750	0.0	0.0%
Construction	1,558	1,558	0.0	0.0%
Recycled Contract - City and School District	6,818	6,818	0.0	0.0%
Recycled Contract - California Steel Industries	60,194	60,194	0.0	0.0%
Recycled Contract- California Speedway Corp.	-	-	-	-
Recycled Contract	-	-	-	-
Recycled Contract-Tariff	5,784	5,784	0.0	0.0%

San Gabriel Water Company A. 21-01-003 Fontana Dvision

Table 5-1 Average Customer (Test Year 2023-2024)

Metered	Service Conne	ections			San Gabriel	Cal Advocates	San Gabriel > Cal Ad	vocates
	Residential - Single Family Residential - Multi-Family - Small				43,200	43,200	0.0	0.0%
				all	962	962	0.0	0.0%
	Residential -	Multi-Fa	amily - Lar	ge	132	132	0.0	0.0%
	Commercial				2,476	2,476	0.0	0.0%
	Commercial	- Large			372	372	0.0	0.0%
	Industrial - S				30	30	0.0	0.0%
	Industrial - L	arge			34	34	0.0	0.0%
	Niagara Bott	tling			2	2	0.0	0.0%
	California Ste	eel Indus	stries		4	4	0.0	0.0%
	CEMEX US	A			1	1	0.0	0.0%
	Public Autho	rity - Sn	nall		342	342	0.0	0.0%
	Public Autho	rity - La	rge		274	274	0.0	0.0%
	Construction	1			75	75	0.0	0.0%
	Recycled Wa	ater			41	41	0.0	0.0%
	Sı	ıbtotal			47,943	47,943	0.0	0.0%
Flat Rate	Services							
	Private Fire Service			1,198	1,198	0.0	0.0%	
	To	otal			49,141	49,141	0.0	0.0%
Public Fi	re Hydrants				5,492	5,492	0.0	0.0%

			9	San Gabri	el Water Company A.	21-01-003		
					Fontana Dvision			
			Table 6-	-1 Water	Sales and Supply (Test	: Year 2023-2024)		
					(KCcf)			
Metered S	Service Co				San Gabriel	Cal Advocates	San Gabriel > Cal	
		ıl - Single I			7,165	7,165	0.0	0.0%
			amily - Sma		433	433	0.0	0.0%
			amily - Larg	ge	865	865	0.0	0.0%
		ial - Small			1,408	1,408	0.0	0.0%
	Commerc	ial - Large			1,087	1,087	0.0	0.0%
	Industrial -	- Small			12	12	0.0	0.0%
	Industrial -	- Large			356	356	0.0	0.0%
	Niagara B	ottling			500	500	0.0	0.0%
	California	Steel Indu	stries		68	68	0.0	0.0%
	CEMEX	USA			251	251	0.0	0.0%
	Public Au	thority - Sı	nall		253	253	0.0	0.0%
	Public Au	thority - La	irge		1,027	1,027	0.0	0.0%
	Construct	ion			116	116	0.0	0.0%
		Subtotal			13,542	13,542	0.0	0.0%
	Recycled	Water			325	325	0.0	0.0%
		Subtotal			13,867	13,867	0.0	0.0%
Water Su	pply							
	Groundwa	ater Supply	Wells		7,710	7,710	0.0	0.0%
	Lytle Cree	ek Surface	Water		2,614	2,614	0.0	0.0%
	Purchased	l Water			4,356	4,356	0.0	0.0%
		Total Pota	ble Water I	Productio	14,680	14,680	0.0	0.0%
	Purchased	l - Recycle	d Water		325	325	0.0	0.0%
			er Production	on	15,005	15,005	0.0	0.0%
	Unmetere	d & Unacc	ounted For		1,139	1,139	0.0	0.0%
	Unmetere	d & Unacc	ounted For	%	7.8%	7.8%	0.0	0.0%

San Gabriel Water Company A. 21-01-003

Fontana Dvision

Table 7-1 Operating Revenue (Test Year 2023-2024)

Present Rate (\$000)

					San Gabriel	Cal Advocates	San Gabriel > Cal A	dvocates
Metered Re	venues				Suit Gubitet	carAdvocates	Sull Gubilet > eur A	avocates
		l - Single F	amily		46,662	46,662	0.0	0.0%
		l - Multi-F		nall	2,321	2,321	0.0	0.0%
					4,342	4,342	0.0	0.0%
	Residential - Multi-Family - Large Total Residential				53,325	53,325	0.0	0.0%
C	ommerci	ial - Small			8,160	8,160	0.0	0.0%
C	ommerci	ial - Large			5,221	5,221	0.0	0.0%
		Total Con	nmercial		13,381	13,381	0.0	0.0%
In	ndustrial -	Small			81	81	0.0	0.0%
In	ndustrial -	· Large			1,546	1,546	0.0	0.0%
N	iagara B	ottling			2,065	2,065	0.0	0.0%
C	alifornia	Steel Indus	stries		363	363	0.0	0.0%
C	EMEX U	JSA			875	875	0.0	0.0%
		Total Indu	strial		4,930	4,930	0.0	0.0%
P	ublic Aut	hority - Sr	nall		1,490	1,490	0.0	0.0%
P	ublic Aut	hority - La	rge		4,882	4,882	0.0	0.0%
		Total Publ	ic Authorit	у	6,372	6,372	0.0	0.0%
C	onstructi	on			616	616	0.0	0.0%
R	ecycled	Water			718	718	0.0	0.0%
		Total Met	ered Servi	ce	79,342	79,342	0.0	0.0%
Flat Rate Se								
		e Service			1,524	1,524	0.0	0.0%
Miscellaneou								
	Rent from Water Property			2	2	0.0	0.0%	
0	Other & Miscellaneous Revenues			534	534	0.0	0.0%	
		Total Miso	ellaneous		536	536	0.0	0.0%
		Total Ope	rating Rev	enues	81,401	81,401	0.0	0.0%

San Gabriel Water Company A. 21-01-003

Fontana Dvision

Table 7-2 Operating Revenue (Test Year 2023-2024)

Proposed Rate (\$000)

		San Gabriel	Cal Advocates	San Gabriel > Cal A	dvocates
Metered Revenues					
Residential - Sir	ngle Family	51,725	47,934	3,790	7.3%
Residential - Mi	ılti-Family - Small	2,604	2,413	191	7.3%
Residential - Mi	ılti-Family - Large	4,890	4,531	359	7.3%
Total	Residential	59,218	54,878	4,340	7.3%
Commercial - S		9,115	8,446	668	7.3%
Commercial - L	arge	5,897	5,464	433	7.3%
Total	Commercial	15,012	13,911	1,101	7.3%
Industrial - Sma	11	90	84	7	7.3%
Industrial - Larg	ge	1,758	1,629	129	7.3%
Niagara Bottling	5	2,357	2,184	173	7.3%
California Steel	Industries	407	377	30	7.3%
CEMEX USA		1,001	928	73	7.3%
Total	Industrial	5,613	5,202	412	7.3%
Public Authority	- Small	1,663	1,541	122	7.3%
Public Authority	- Large	5,518	5,113	405	7.3%
Total	Public Authority	7,181	6,654	527	7.3%
Construction		692	641	51	7.3%
Recycled Water	:	742	724	17	2.4%
Total	Metered Service	88,458	82,010	6,448	7.3%
Flat Rate Service Revenue					
Private Fire Ser	vice	1,610	1,492	117	7.3%
Miscellaneous Revenues					
Rent from Water	Rent from Water Property		2	0.0	0.0%
Other & Miscel	laneous Revenues	534	534	0.0	0.0%
Total	Miscellaneous	536	536	0.0	0.0%
Total	Operating Revenues	90,603	84,038	6,565	7.2%

San Gabriel Water Company A. 21-01-003 Fontana Dvision

Table 8-1 Operating and Maintenance Expenses (Test Year 2023-2024)

Present Rate (\$000)

	Tresent hate (5000)			
	San Gabriel	Cal Advocates	San Gabriel > Cal A	dvocates
Operation Expenses				
Purchased Water & Assessments	22,309	22,306	3	0.0%
Purchased Power	5,336	5,003	334	6.3%
Chemicals	797	797	-	0.0%
Payroll	3,590	3,575	15	0.4%
Materials & Supplies	538	538	-	0.0%
Transportation	691	691	-	0.0%
Uncollectibles	319	97	222	69.5%
Outside Services	430	430	-	0.0%
Utilites & Rents	97	97	-	0.0%
Miscellaneous	873	863	10	1.1%
Total Operation Expense	34,980	34,397	583	1.7%
Maintenance Expenses				
Payroll	1,993	1,985	8	0.4%
Materials & Supplies	449	449	-	0.0%
Transportation	367	367	-	0.0%
Outside Services	1,450	793	657	45.3%
Utilities & Rents	10	10	-	0.0%
Miscellaneous	86	86	-	0.0%
Total Maintenance Expense	4,355	3,690	665	15.3%
Total Operation & Maintenance Ex	pense 39,335	38,087	1,248	3.29

San Gabriel Water Company A. 21-01-003

Fontana Dvision

Table 8-2 Operating and Maintenance Expenses (Test Year 2023-2024)

Proposed Rate (\$000)

	Пор	osed Nate (5000)			
		San Gabriel	Cal Advocates	San Gabriel > Cal Ad	dvocates
Operation Expenses					
Purchased W	ater & Assessments	22,309	22,306	3	0.0
Purchased Po	ower	5,336	5,003	334	6.3
Chemicals		797	797	-	0.0
Payroll		3,590	3,575	15	0.4
Materials & S	Supplies	538	538	-	0.0
Transportatio	n	691	691	-	0.0
Uncollectibles	3	356	101	255	71.
Outside Serv	ices	430	430	-	0.0
Utilites & Rei	nts	97	97	-	0.
Miscellaneou	s	873	863	10	1.1
То	tal Operation Expense	35,016	34,400	616	1.8
Maintenance Expenses					
Payroll		1,993	1,985	8	0.
Materials & S	Supplies	449	449	-	0.
Transportatio	n	367	367	-	0.
Outside Serv	ices	1,450	793	657	45.
Utilities & Re	nts	10	10	-	0.
Miscellaneou	s	86	86	-	0.
То	tal Maintenance Expense	4,355	3,690	665	15.
To	tal Operation & Maintenance Expense	39,371	38,090	1,281	3.

			San Gabriel Wate	er Company A. 21-01	L-003		
			Font	ana Dvision			
		T	able 9-1 Administrative and G	eneral Expenses (Te	est Year 2023-2024)		
			Preser	nt Rate (\$000)			
				San Gabriel	Cal Advocates	San Gabriel > Cal Ad	dvocates
ı	Administrative & Ger	neral Expe	nses				
	Payroll			784	781	3	0.4%
	Materials a	& Supplies	·	169	142	27	16.0%
	Transporta	ation		22	22	-	0.0%
	Insurance			1,784	1,784	-	0.0%
	Pensions &	& Benefits		3,045	3,040	5	0.2%
	Franchise	Fees		529	529	-	0.0%
	Outside Se	ervices		299	299	-	0.0%
	Regulatory	/ Commiss	ion Expense	189	189	-	0.0%
	Utilities &	Rents		23	23	-	0.0%
	Miscellane	ous		21	21	-	0.0%
	Administra	tive Exper	nse Transferred	(6,663)	(6,663)	0	0.0%
		Total Adn	ninistrative & General Expense	201	166	36	17.7%

		San Gabrie	el Water Company A. 21-01	1-003		
			Fontana Dvision			
		Table 9-2 Administrative	and General Expenses (Te	est Year 2023-2024)		
		P	Proposed Rate (\$000)			
			San Gabriel	Cal Advocates	San Gabriel > Cal Ac	lvocates
A	dministrative & Gener	ral Expenses				
	Payroll		784	781	3	0.4%
	Materials &	Supplies	169	142	27	16.0%
	Transportation	on	22	22	-	0.0%
	Insurance		1,784	1,784	-	0.0%
	Pensions & I	Benefits	3,045	3,040	5	0.2%
	Franchise Fe	es	589	546	43	7.3%
	Outside Serv	vices	299	299	-	0.0%
	Regulatory C	Commission Expense	189	189	-	0.0%
	Utilities & Re	ents	23	23	-	0.0%
	Miscellaneou	ıs	21	21	-	0.0%
	Administrativ	ve Expense Transferred	(6,663)	(6,663)	0	0.0%
	T	otal Administrative & General Ex	xpense 261	183	78	30.0%

San Gabriel Water Company A. 21-01-003 Fontana Dvision Table 10-1 Payroll and Ad Valorem Taxes (Test Year 2023-2024) Dollars in Thousands San Gabriel Cal Advocates San Gabriel > Cal Advocates Payroll Taxes FICA 696 693 3 0.4% FUTA 4 4 0.0% SUI 16 16 0.0% 715 Total Payroll Taxes 713 3 0.4% 0.0% Less: Payroll Taxes Capitalized (112) (112) 604 0.5% Subtotal 601 3 General Division Allocation 414 402 12 2.9% Total Payroll Taxes 1,017 1,002 15 1.5% Ad Valorem Taxes 3,154 2,302 852 27.0% Ratemaking Adjustments N/A N/A 3,154 Subtotal 2,302 852 27.0% 2 9.6% General Division Allocation 18 16 26.9% 2,318 854 Total Ad Valorem Taxes 3,172

				Sa	an Gabrie	l Water Company A. 2	21-01-003		
						Fontana Dvision			
				Tabl	e 11-1 Inc	ome Taxes (Test Yea	r 2023-2024)		
						Present Rate (\$000)			
						San Gabriel	Cal Advocates	San Gabriel > Cal Ad	lvocates
0	D					04.404	04.404	0.0	0.00/
Operating	Revenues					81,401	81,401	0.0	0.0%
Deduction	ns								
	Total Expe	enses Befo	re Income	Taxes		64,770	61,931	2,839.4	4.4%
	Less: Boo	k Deprec	iation Expe	nse		(10,286)	(9,937)	(348.4)	3.4%
	Interest Ex	pense				5,599	4,833	766.3	13.7%
	Subtota	1				60,083	56,826	3,257.2	5.4%
~									
State Tax	Calculation								
			ore Deduct	ions		21,318	24,575	(3,257.2)	-15.3%
	Less: Stat					(20,527)	(18,533)	(, ,	9.7%
	~	axable Inc		0.0404		791	6,042	(5,251.2)	-664.0%
			nchise Tax			70	534	(464.2)	-664.0%
			C/CIAC T			37	37	0.0	0.0%
	Total S	tate Incon	ne Tax Exp	ense		107	571	(464.2)	-435.7%
Federal T	i Tax Calculat	ion							
1 cacrar 1			ore Deduct	ions		21,318	24,575	(3,257.2)	-15.3%
			iation Expe			(10,286)	(9,937)	(348.4)	3.4%
				x - Prior Y	ear	(455)	(657)	202.0	-44.4%
	Federa	1 Taxable	Income			10,577	13,981	(3,403.6)	-32.2%
	Federal In	come Tax	at 21%			2,221	2,936	(714.8)	-32.2%
	Amortizati	on of AIA	C/CIAC T	ax		79	79	0.0	0.0%
	Amortizati	on of EDI	Т			(201)	(201)	0.0	0.0%
	Total F	ederal Inc	ome Tax E	xpense		2,099	2,814	(714.8)	-34.0%

				S	an Gabrie	l Water Company A. 2	21-01-003		
						Fontana Dvision			
				Tabl	e 11-2 Inc	ome Taxes (Test Year	r 2023-2024)		
					Р	roposed Rate (\$000)			
						San Gabriel	Cal Advocates	San Gabriel > Cal Ac	lvocates
Operating	Revenues					90,603	84,038	6,565	7.2%
Deduction	ns								
	Total Expe	nses Befo	re Income	Taxes		64,866	61,951	2,915	4.5%
	Less: Bool	k Depreci	iation Expe	nse		(10,286)	(9,937)	(348)	3.4%
	Interest Ex	pense				5,599	4,833	766	13.7%
	Subtotal					60,180	56,846	3,333	5.5%
State Tax	Calculation								
	Taxable Inc	come Befo	ore Deduct	ions		30,424	27,192	3,232	10.6%
	Less: State	e Tax Dep	reciation			(20,527)	(18,533)	(1,994)	9.7%
	State Ta	axable Inc	ome			9,896	8,658	1,238	12.5%
	State Corp	orate Fra	nchise Tax	at 8.84%		875	765	109	12.5%
	Amortization	on of AIA	C/CIAC T	ax		37	37	-	0.0%
	Total St	tate Incon	ne Тах Ехр	ense		911	802	109	12.0%
Federal T	ax Calculati	on							
	Taxable Inc	come Befo	ore Deduct	ions		30,424	27,192	3,232	10.6%
	Less: Bool	k Depreci	iation Expe	nse		(10,286)	(9,937)	(348)	3.4%
	Less: State	Corp. Fr	anchise Ta	x - Prior Y	ear	(107)	(571)	464	-435.7%
	Federal	Taxable 1	Income			20,031	16,684	3,348	16.7%
	Federal Inc					4,207	3,504	703	16.7%
	Amortizatio	on of AIA	C/CIAC T	ax		79	79	-	0.0%
	Amortizatio	on of EDI	Γ			(201)	(201)	-	0.0%
	Total Fe	ederal Inc	ome Tax E	xpense		4,085	3,382	703	17.2%

S	an Gabriel Water Co	mpany A. 21-01-003		
	Fontana I	Ovision		
Table	e 12-1 Plant in Servic	e (Test Year 2023-20	24)	
	Dollars in T	housands		
	San Gabriel	Cal Advocates	San Gabriel > Cal Ac	vocates
FWC Plant in Service- BOY	506,201.5	497,519.0	8,682.50	1.7%
GO Plant in Service-BOY	18,345.5	16,576.6	1,768.94	9.6%
CWIP-BOY	28,844.9	8,810.0	20,034.91	69.5%
Total Plant in Service -BOY	553,391.9	522,905.5	30,486.35	5.5%
Gross Additions				
Company Funded Additions	40,533.0	28,094.0	12,439.00	30.7%
GO Additions	576.5	2,179.1	(1,602.62)	-278.0%
Advances and Contributions	-	-	-	-
Total Gross Additions	41,109.5	30,273.1	10,836.38	26.4%
Adjustments	-	_	-	-
FWC Div Retirements	(328.1)	(328.1)	0.0	0.0%
GO Retirements	(295.2)		0.0	0.0%
Net Additions	40,486.2	29,649.8	10,836.38	26.8%
Plant in Service- EOY	593,878.1	552,555.4	41,322.74	7.0%
Plant Weighting Factor	50%	50%	0.0	0.0%
Weighted Average Plant in Service	573,635.0	537,730.5	35,904.54	6.3%

es
3.9%
0.9%
69.5%
7.0%
41.9%
19.0%
-
41.7%
0.0%
0.0%
0.0%
41.9%
9.6%
0.0%
8.3%

S	an Gabriel Water Co	mpany A. 21-01-003		
	Fontana	· ·		
Table 13	3-1 Depreciation Res	erve (Test Year 2023	-2024)	
	Dollars in T	housands		
	San Gabriel	Cal Advocates	San Gabriel > Cal A	dvocates
Depreciation Reserve- BOY	160,874.0	160,737.5	136.54	0.1%
GO Depreciation Reserve-BOY	2,566.1	2,412.6	153.53	6.0%
Total Plant in Service -BOY	163,440.1	163,150.1	290.07	0.2%
Depreciation Accrual				
Company Accrual	12,868.4	12,503.1	365.34	2.8%
GO Accrual	987.8	980.7	7.10	0.7%
Retirements				
FWC Div Retirements	(328.1)	(328.1)	0.0	0.0%
GO Retirements	(295.2)	(295.2)	0.0	0.0%
FWC Salvage/Cost of Removal	(48.6)	(48.6)	0.0	0.0%
GO Salvage/Cost of Removal	9.8	9.8	0.0	0.0%
Depreciation Reserve- EOY	176,634.3	175,971.8	662.50	0.4%
Plant Weighting Factor	50%	50%	0.0	0.0%
Weighted Average Plant in Service	170,037.2	169,560.9	476.29	0.3%

S	an Gabriel Water Co	mpany A. 21-01-003		
	Fontana	· ·		
Table 1	3-2 Depreciation Res	erve (Test Year 2024	-2025)	
	Dollars in T	housands		
	San Gabriel	Cal Advocates	San Gabriel > Cal Ad	dvocates
Depreciation Reserve- BOY	173,365.8	172,863.9	501.88	0.3%
GO Depreciation Reserve-BOY	3,268.5	3,107.9	160.62	4.9%
Total Plant in Service -BOY	176,634.3	175,971.8	662.50	0.4%
Depreciation Accrual				
Company Accrual	13,943.0	13,194.4	748.56	5.4%
GO Accrual	1,018.4 1,078.7		(60.36)	-5.9%
Retirements				
FWC Div Retirements	(328.1)	(328.1)	0.0	0.0%
GO Retirements	(295.2)	(295.2)	0.0	0.0%
FWC Salvage/Cost of Removal	(48.6)	(48.6)	0.0	0.0%
GO Salvage/Cost of Removal	9.8	9.8	0.0	0.0%
Depreciation Reserve- EOY	190,933.6	189,582.8	1,350.71	0.7%
Plant Weighting Factor	50%	50%	0.0	0.0%
Weighted Average Plant in Service	183,783.9	182,777.3	1,006.61	0.5%

San Gabriel Water Company A. 21-01-003

Fontana Dvision

Table 14-1 Average Rate Base (Test Year 2023-2024)

Dollars in Thousands

				San Gabriel	Cal Advocates	San Gabriel > Cal Ac	vocates
						35,037	6.3%
Depreciat				/	/	319	0.2%
	Net Utility	Plant		388,029	353,311	34,718	8.9%
Laggi							
Less.	Advances	in Aid of (Construction	34 400	34 400	0.0	0.0%
				31,100	31,100	0.0	0.070
				111,945	111,945	0.0	0.0%
		Depreciati	on Reserve	28,273	28,273	0.0	0.0%
			Net Contributions in Aid of Construction	83,671	83,671	0.0	0.0%
	Accumula	ted Deferre	ed Income Taxes	42,222	41,769	453	1.1%
	Accumula	ted Deferre	ed Taxes - ITC	19	19	0.0	0.0%
		Subtotal -	Deductions	160,313	159,860	453	0.3%
Dha							
rius.	Materials	& Sumplies		3 996	3 965	31	0.8%
				30		-	0.0%
				1,223	1,385	(161)	-13.2%
				4,195	4,195	0.0	0.0%
	Water Ent	itlements		2,600	2,600	0.0	0.0%
	General O	ffice Plant	Allocation				
		Utility Plan	nt	18,486	17,519	968	5.2%
		Depreciati	on Reserve	2,917	2,760	157	5.4%
			Net General Office Allocation	15,569	14,758	811	5.2%
		Subtotal -	Additions	27,613	26,933	680	2.5%
	Avoraga	Poto Poso		255,329	220,384	34,945	13.7%
		Net Utility Less: Advances Contributi Accumular Accumular Accumular Plus: Materials Operation Working (Tax on Ac Water Ent General O	Depreciation Reserve Net Utility Plant Less: Advances in Aid of C Contributions in Aid Contributions in Aid Accumulated Deferre Accumulated Deferre Subtotal - Plus: Materials & Supplies Operational Cash Re Working Cash (lead/ Tax on Advances & Water Entitlements General Office Plant Utility Plan Depreciati	Depreciation Reserve Net Utility Plant Less: Advances in Aid of Construction Contributions in Aid of Construction Contributions Depreciation Reserve Net Contributions in Aid of Construction Accumulated Deferred Income Taxes Accumulated Deferred Taxes - ITC Subtotal - Deductions Plus: Materials & Supplies Operational Cash Requirement Working Cash (lead/lag) Tax on Advances & Contributions Water Entitlements General Office Plant Allocation Utility Plant Depreciation Reserve Net General Office Allocation Subtotal - Additions	Utility Plant	Utility Plant	Utility Plant

San Gabriel Water Company A. 21-01-003

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Table 14-2 Average Rate Base (Test Year 2024-2025) Dollars in Thousands

		San Gabriel	Cal Advocates	San Gabriel > Cal A	dvocates
77.7° D			- 1 0 c		
Utility Pl		598,671	547,506	51,165	8.5%
Deprecia	ation Reserve	180,149	179,273	876	0.5%
	Net Utility Plant	418,522	368,234	50,289	12.0%
Less:					
	Advances in Aid of Construction	32,946	32,946	0.0	0.0%
	Contributions in Aid of Construction				
	Contributions	112,045	112,045	0.0	0.0%
	Depreciation Reserve	31,099	31,099	0.0	0.0%
	Net Contributions in Aid of Construction	80,946	80,946	0.0	0.0%
	Accumulated Deferred Income Taxes	44,251	43,376	874	2.0%
	Accumulated Deferred Taxes - ITC	0	0	0.0	0.0%
	Subtotal - Deductions	158,143	157,269	874	0.6%
Plus:	 				
I Ros.	Materials & Supplies	5,047	4,782	265	5.3%
	Operational Cash Requirement	30	30	0.0	0.0%
	Working Cash (lead/lag)	1,279	1,505	(226)	-17.7%
	Tax on Advances & Contributions	4,079	4,079	0.0	0.0%
	Water Entitlements	2,603	2,603	0.0	0.0%
	General Office Plant Allocation				
	Utility Plant	18,704	18,495	209	1.1%
	Depreciation Reserve	3,635	3,505	130	3.6%
	Net General Office Allocation	15,069	14,990	78	0.5%
	Subtotal - Additions	28,107	27,988	118	0.4%
		200.407	220.052		
	Average Rate Base	288,486	238,953	49,532	17.2%

CHAPTER 2 SALES FORECAST

2	I	INTRODUCTION
_	1.	INTRODUCTION

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3		For a given test year ("TY"), a forecast of customer counts by customer class, and
4	avera	ge sales per customer for each customer class is necessary to forecast revenues at
5	curre	nt rates. The customer forecast multiplied by the average sales per customer
6	foreca	ast for each class is the total sales forecast for each class:
7		(Number of Customer Forecast)
8		<u>x (Average Use per Customer Forecast)</u>
9		= Total Sales Forecast
10		Revenue obtained from the total sales is referred to as the operational revenue. $\frac{26}{}$
11	This	chapter discusses SGVWC's Fontana Water Company ("FWC") division's sales
12	foreca	ast in this General Rate Case ("GRC").
13	II.	SUMMARY OF RECOMMENDATIONS
14 15		 The Commission should adopt SGVWC FWC division's number of customers forecast.
16		 The Commission should adopt SGVWC FWC division's usage per
17		customer forecast.
18	III.	ANALYSIS
19		A. Number of Customers Forecast
20		SGVWC uses the number of customers forecasting methodology outlined in the
21	Com	mission's Rate Case Plan ("RCP") for the FWC division, with exceptions to the
22	Const	truction classes. ²⁷ The methodology estimates the number of customers in the test

year using the most recent 5-year average of the annual growth rate to determine

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 $[\]frac{26}{2}$ Revenue is also generated from Non-Tariffed Products and Services (NTP&S).

²⁷ Exhibit SG-6 (Reiker), p.10.

- 1 customer growth. 28 SGVWC forecasts an additional 390 customers per year in the FWC
- 2 division and a total customer count of 49,141 in TY 2023-2024.²⁹ The new customer
- 3 forecast is calculated based on FWC division's last 5-year of average growth in each
- 4 customer class. Table 2-1 is the TY 2023-2024 number of customers forecast in the
- 5 FWC division.

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Table 2-1: TY 2023-2024 Number of Customers Forecast

Number of Customers Forecast							
Customer Class	TY 2023-2024	# of New Cust.					
Residential - Single Family	43,200	308					
Residential - Multi-Family - Small	962	2					
Residential - Multi-Family - Large	132						
Commercial - Small	2,476	34					
Commercial - Large	372	2					
Industrial - Small	30	(1)					
Industrial - Large	34	(1)					
Niagara Bottling	2						
California Steel Industries	4						
CEMEX USA - Contract	1						
CEMEX USA - Tariff	n/a						
Public Authority - Small	342	5					
Public Authority - Large	274	(2)					
Construction	75	6					
Private Fire Service	1,198	31					
Subtotal	49,100	384					
Recycled Contract - City & School Dist.	33	6					
Recycled Contract - California Steel Ind.	1						
Recycled Contract - Cal. Speedway Corp.	-						
Recycled Contract -	-						
Recycled Water - Tariff	8						
Subotal	41	6					
Tota	49,141	390					

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²⁸ D.07-05-062, p. A-23, footnote 4.

²⁹ Exhibit SG-6 (Reiker), p. 22.

B. Use per Customer Forecast In accordance with Governor Newson

In accordance with Governor Newsom's directive in Executive Order N-10-21,

SGVWC forecasts FWC TY 2023-2024 usage per customer (water sales) by reducing the

recorded 2020 per-customer potable sales for each customer class by 15%.

1. New Committee Method

The RCP states that the New Committee Method ("NCM") should be used to

forecast per customer usage for the residential and small commercial customer classes in

- 8 GRCs. $\frac{30}{}$ The NCM is a multiple regression model used to calculate customer
- 9 consumption based on time, temperature, and rainfall. $\frac{31}{2}$ In addition, in D.20-08-047, the
- 10 Commission ordered that future GRCs must discuss how the following specific factors
- impact the sales forecast:

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- a. Impact of revenue collection and rate design on sales and revenue collection;
- b. Impact of planned conservation programs;
- c. Changes in customer counts;
 - d. Previous and upcoming changes to building codes requiring low flow fixtures and other water-saving measures, as well as any other relevant code changes;
 - e. Local and statewide trends in consumption, demographics, climate population density, and historic trends by ratemaking area; and
 - f. Past sales trends.

Cal Advocates completed a multiple regression analysis to calculate TY 2023-

23 2024 sales based on the NCM and variables addressed in D.20-08-047. Cal Advocates'

24 regression model includes explanatory variables – time, temperature, rainfall, mandatory

drought restricted period, and the COVID-19 pandemic period – over the last ten years.

26 The mandatory drought restricted period is defined as June 2015 through April 2017, $\frac{32}{100}$

 $[\]frac{30}{10}$ D.07-05-062, p. A-26, footnote 8.

³¹ D.07-05-062, p. A-23, footnote 4.

³² Then Gov. Brown issued Executive Order B-29-15 (mandatory water use restrictions) and SGVWC

1	the 1	period	between	when the	en Governoi	Brown issued	dand	lifted	mandatory	water water	use

- 2 restrictions.³³ The COVID-19 pandemic period is defined as March 2020 through June
- 3 2021. On March 19, 2020, Governor Newsom declared a statewide shelter-in-place to
- 4 contain the spread of COVID-19. $\frac{34}{}$ Governor Newsom lifted the statewide shelter-in-
- 5 place order on June 15, 2021. The COVID-19 pandemic period is included in Cal
- 6 Advocates' regression analysis as it changed Californian's water consumption behavior.
- 7 As residents sheltered at home, normal water usage that would have occurred at the place
- 8 of employment or school transferred to at-home usage. In addition, citizens were
- 9 recommended to wash their hands more and for at least 20 seconds to prevent the spread
- 10 of COVID-19. $\frac{36}{}$

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Based on Cal Advocates' regression model, it was determined that a regression

analysis would not accurately forecast TY 2023-2024 sales based on the variables used

for FWC division's residential and small commercial customers. The regression model's

R-Squared is unfavorable and suggests that the sales forecast would only be around 70%

accurate based on the independent variables/factors used. As such, Cal Advocates

16 recommends against using a regression model to forecast and support TY sales.

2. Governor Newsom's Call for Increased Conservation

Governor Newsom issued Executive Order N-10-21 in July 2021, which calls on Californians to voluntarily reduce water use by 15% compared to 2020 levels and expanded the state of drought emergency. While Executive Order N-10-21 fell short of

recorded lost sales in its Drought Lost Revenue Memorandum Account (DLRMA) during this period.

 $[\]frac{33}{2}$ SG-6 (Reiker), p. 15.

 $[\]frac{34}{\text{https://calmatters.org/health/coronavirus/2021/03/timeline-california-pandemic-year-key-points/}}$

³⁵ https://www.gov.ca.gov/2021/06/11/as-california-fully-reopens-governor-newsom-announces-plans-to-lift-pandemic-executive-orders/

<u>36</u> https://www.cdc.gov/handwashing/when-how-handwashing.html

³⁷ https://www.gov.ca.gov/wp-content/uploads/2021/07/7.8.21-Conservation-EO-N-10-21.pdf

- a statewide water conservation mandate, it has set the stage for future administrative
- 2 action. Comparing March 2021 to March 2020 water consumption, residents increased
- 3 urban water use by 18.9% statewide. According to the U.S. Drought Monitor, a weekly
- 4 report issued by the federal government and the University of Nebraska, over 95% of
- 5 California is in a severe drought and 59% is in an extreme drought. $\frac{39}{100}$ It is likely that
- 6 Governor Newsom will impose mandatory statewide restrictions on water use if the
- 7 situation continues to worsen as warned by the Governor on May 23, $2022.\frac{40}{10}$

3. TY 2023-2024 Sales Forecast

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9 The Commission should adopt SGVWC's FWC division sales forecast for TY

- 10 2023-2024 as it aligns with Executive Order N-10-21. As Governor Newsom states,
- "every water agency across the state needs to take more aggressive actions to
- communicate about the drought emergency and implement conservation measures." 12
- Table 2-2 below summarizes the TY 2023-2024 sales forecast.

 $[\]frac{38}{\text{https://www.msn.com/en-us/weather/topstories/gov-newsom-calls-for-increased-water-conservation-warning-of-mandatory-statewide-restrictions/ar-AAXD7fZ?ocid=BingNewsSearch}$

 $[\]underline{\textbf{39}} \ \underline{\textbf{https://droughtmonitor.unl.edu/CurrentMap/StateDroughtMonitor.aspx?CA}}$

^{40 &}lt;a href="https://www.sfchronicle.com/bayarea/article/Newsom-says-California-could-get-mandatory-water-17192962.php">https://www.sfchronicle.com/bayarea/article/Newsom-says-California-could-get-mandatory-water-17192962.php

^{41 &}lt;a href="https://www.msn.com/en-us/weather/topstories/gov-newsom-calls-for-increased-water-conservation-warning-of-mandatory-statewide-restrictions/ar-AAXD7fZ?ocid=BingNewsSearch">https://www.msn.com/en-us/weather/topstories/gov-newsom-calls-for-increased-water-conservation-warning-of-mandatory-statewide-restrictions/ar-AAXD7fZ?ocid=BingNewsSearch

Table 2-2: TY 2023-2024 Sales per Customer Forecast

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Sales per Customer Forecast (ccf)					
Customer Class	TY 2023-2024				
Residential - Single Family	165.9				
Residential - Multi-Family - Small	449.8				
Residential - Multi-Family - Large	6,550.7				
Commercial - Small	568.6				
Commercial - Large	2,921.0				
Industrial - Small	406.7				
Industrial - Large	10,629.2				
Niagara Bottling	250,192.4				
California Steel Industries	17,055.7				
CEMEX USA - Contract	83,179.3				
CEMEX USA - Tariff	168,241.4				
Public Authority - Small	740.8				
Public Authority - Large	3,749.7				
Construction	1,558.3				
Private Fire Service	6,818.0				
Recycled Contract - City & School Dist.	60,193.7				
Recycled Contract - California Steel Ind.	-				
Recycled Contract - Cal. Speedway Corp.	-				
Recycled Contract -	-				
Recycled Water - Tariff	5,784.0				

3 C. Operational Revenue

- 4 The Commission should adopt the operational revenues based on SGVWC's
- 5 number of customer and water sales forecast. Table 2-3 below and Attachment 1-1 in
- 6 Chapter 1 of this report summarizes the FWC division's Operating Revenue for TY
- 7 2023-2024 based on SGVWC's request and Cal Advocates' recommendations,
- 8 respectively. Operating revenue summary at proposed rates in Table 2-3 below is based
- 9 on SGVWC's rate increase request. The operating revenue summary at Cal Advocates'
- rate recommendation can be found in Attachment 1-1 of Chapter 1.

1 Table 2-3: Operating Revenue Summary (Present Rates vs SGVWC's Proposed Rate Request)

at \$	Present Rates	at	Proposed Rates
\$			Proposeu nates
	46,661,688.06	\$	51,724,549.92
\$	2,320,779.77	\$	2,603,579.89
\$	4,342,048.66	\$	4,890,271.93
\$	53,324,516.49	\$	59,218,401.74
\$	8,159,626.15	\$	9,114,796.92
\$	5,221,019.94	\$	5,897,158.58
\$	13,380,646.09	\$	15,011,955.49
\$	81,310.41	\$	90,119.14
\$	1,546,378.23	\$	1,758,492.11
\$	2,064,899.98		2,356,720.80
\$	362,722.36	\$	407,361.42
\$	875,109.71	\$	1,000,362.06
\$	4,930,420.70	\$	5,613,055.53
\$	1,490,119.87	\$	1,663,130.82
\$	4,881,927.12	\$	5,517,943.25
\$	6,372,046.99	\$	7,181,074.07
\$	615,991.10	\$	691,568.81
\$	718,129.92	\$	741,702.92
\$	79,341,751.29	\$	88,457,758.57
\$	1,523,868.21	\$	1,609,540.36
\$	246,346.00	\$	246,346.00
\$	1,664.93	\$	1,664.93
\$	287,817.21	\$	287,817.21
\$	535,828.15	\$	535,828.15
\$	81,401,447.65	\$	90,603,127.07
	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	\$ 8,159,626.15 \$ 5,221,019.94 \$ 13,380,646.09 \$ 81,310.41 \$ 1,546,378.23 \$ 2,064,899.98 \$ 362,722.36 \$ 875,109.71 \$ 4,930,420.70 \$ 1,490,119.87 \$ 4,881,927.12 \$ 6,372,046.99 \$ 615,991.10 \$ 718,129.92 \$ 79,341,751.29 \$ 246,346.00 \$ 1,664.93 \$ 287,817.21 \$ 535,828.15	\$ 8,159,626.15 \$ 5,221,019.94 \$ \$ 13,380,646.09 \$ \$ 13,380,646.09 \$ \$ \$ 1,546,378.23 \$ \$ 2,064,899.98 \$ \$ 362,722.36 \$ \$ 875,109.71 \$ \$ 4,930,420.70 \$ \$ 1,490,119.87 \$ 4,881,927.12 \$ \$ 6,372,046.99 \$ \$ 615,991.10 \$ \$ 718,129.92 \$ \$ \$ 79,341,751.29 \$ \$ \$ 79,341,751.29 \$ \$ \$ 246,346.00 \$ \$ 1,664.93 \$ \$ 287,817.21 \$ \$ 535,828.15 \$

D. Other Revenues

- 2 The Commission should adopt SGVWC's other revenues forecast as it is based on
- 3 the best available data. SGVWC forecasts TY 2023-2024 other revenues based on the
- 4 most recent 5-year average. SGVWC does not foresee any potential changes to the other
- 5 revenues collection.

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IV. Conclusion

- 7 The Commission should adopt SGVWC's number of customers forecast and water
- 8 sales forecast as it is reasonable and aligns with State's conservation initiatives. In
- 9 addition, the Commission should adopt SGVWC's operational revenue forecast
- methodology and other revenues forecast methodology.

CHAPTER 3 OPERATIONS & MAINTENANCE EXPENSES

2 I. INTRODUCTION

- This chapter addresses San Gabriel Valley Water Company's ("San Gabriel" or
- 4 "SGVWC") Operation & Maintenance ("O&M") expense budgets for its Fontana Water
- 5 Company ("FWC") division and presents the analysis and recommendations of the
- 6 California Public Advocates Office at the California Public Utilities Commission ("Cal
- 7 Advocates").

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8 II. SUMMARY OF RECOMMENDATIONS

- 9 The Commission should adopt the following recommendations regarding
- 10 SGVWC's requested O&M budgets:
- 11 (1) Adopt Purchased Water & Assessments forecasts using the most recent rates available;
- 13 (2) Adopt Purchased Power forecasts using August 27, 2021 Southern California 14 Edison ("SCE") rates and estimates;
- 15 (3) Adopt Chemicals forecasts using the inflation-adjusted recorded five-year average, adjusted to reflect forecasted production;
- 17 (4) Adopt San Gabriel's requested Transportation budget;
- 18 (5) Adopt Uncollectibles ratio calculations which utilize actual recorded Uncollectibles amounts instead of inflated estimates;
- 20 (6) Adopt Outside Services forecasts that reduce sludge removal costs.
- On a stand-alone basis, these recommendations result in SGVWC's proposed TY
- budget being reduced by approximately \$807,247.

III. ANALYSIS

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A. Forecasting Methodology

- 25 San Gabriel generally developed its expense forecasts for Test Year ("TY") 2023-
- 26 2024 using the most recent five-year historical data for years 2017-2021, adjusted for
- 27 inflation. Transportation, Utilities & Rents, Postage, and Payroll were the exception in

- that these forecasts were based on 2021 recorded expenditures. Unless otherwise stated,
- 2 Cal Advocates' analysis is based on San Gabriel's original TY estimates.
- The main operational accounts used to track O&M expenses are shown in Chapter
- 4 1, Tables 1-2 and 1-3 which present a summary of SGVWC's proposed and Cal
- 5 Advocates' recommended O&M expenses in the Fontana Division. Below, Cal
- 6 Advocates discusses only the accounts where it is recommending an adjustment to San
- 7 Gabriel's estimates at this time.

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B. Purchased Water and Assessments

The Commission should adopt \$22,306,163 for Purchased Water and Assessments for Test Year 2023-2024, which corrects a charge in SGVWC's original RO Model. The final decision in this proceeding should require San Gabriel to utilize the most recent purveyor rates in the forecast to improve forecast accuracy.

Purchased Water and Assessments expense consists of assessments including water leases and Chino Basin replenishment costs, Inland Empire Utilities Agency and Cucamonga Valley Water District assessments, and recycled water costs. Test Year estimates are based on the most recent rates multiplied by the forecasted annual supply required to provide water service to San Gabriel's customers.

Upon review of San Gabriel's supporting documentation for the rate and service charges used in the calculation of the Purchased Water and Assessments forecast, its Purchased Water and Assessments forecasts are reasonable, with the exceptions detailed below.

1. Desalter Replenishment Obligation Rate

According to supporting documentation provided by SGVWC, ⁴² the Desalter Replenishment Obligation rate of \$580/acre-foot was inaccurate and should actually be \$575.28/acre-foot for accuracy. This correction results in a decrease of \$2,818 in

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⁴² SGVWC's response to Cal Advocates' DR LCN-001, LCN-001 FWC Water Costs.pdf

- 1 SGVWC's proposed TY budget. Any other differences between Cal Advocate's and
- 2 SGVWC's forecast of Purchased Water costs are the result of different estimates of
- demand, which are addressed elsewhere in Cal Advocate's testimony.

C. Purchased Power

5 San Gabriel should reduce the Purchased Power TY 2023-2024 expense forecast

- 6 by approximately \$333,504 because San Gabriel plans to complete its more energy
- 7 efficient Plant F58 to Plant F19 pipeline. Cal Advocates discusses this recommendation
- 8 in Chapter 7 of this report.

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- 9 San Gabriel based its estimate for TY 2023-2024 on SCE rates effective August
- 10 27, 2021. San Gabriel based its estimated energy consumption on the historical five-year
- average use for existing plant and used the average power usage as a proxy for future
- projects to be completed during the Test Year. Cal Advocates also determined its
- estimate using August 27, 2021, SCE rates and estimates.

14 **D.** Chemicals

- The Commission should adopt San Gabriel's methodology for Chemical Expense
- 16 for TY 2023-2024 because it is based on the historical expenditures.
- San Gabriel uses the inflation-adjusted recorded five-year (2017-2021) average
- expense, adjusted to reflect forecasted production, as the basis for the Test Year
- 19 forecast. 43 Cal Advocates agrees with this methodology. Any other differences between
- 20 Cal Advocates' and SGVWC's forecast of Chemicals costs are the result of different
- 21 estimates of demand, which are addressed elsewhere in Cal Advocate's testimony.

E. Payroll

- The Commission should approve approximately \$5,560,392 for O&M Payroll for
- 24 TY 2023-2024. The O&M Payroll estimate is based on the last recorded year (2021) plus

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⁴³ Exhibit SG-6 (Reiker), PDF page 34.

any adjustments for new positions. Payroll Expense, including San Gabriel's request for

2 new positions, is addressed in Chapter 6.

F. Transportation

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The Commission should adopt a \$1,057,397 total Transportation budget for TY

2023-2024. Transportation expenses are forecasted by escalating 2021 expenses using

non-labor escalation rates. Cal Advocates agrees with this methodology because it is

7 consistent with accepted methods and practices.

G. Uncollectibles

9 The Commission should approve a 0.1213% Uncollectibles Ratio for TY 2023-

10 2024. San Gabriel's accounting method switch from write-off method $\frac{46}{10}$ to the allowance

method appears reasonable, however, San Gabriel's use of past recession years to

inflate its proposed Uncollectibles ratio rate is not. The allowance method is widely

used by the other investor-owned water utilities in California and can provide better

matching of expenses and revenues on the Income Statement. On a stand-alone basis,

this recommendation results in SGVWC's proposed TY budget of \$259,995 being

reduced by approximately \$147,685.

⁴⁴ Sum of Operations and Maintenance Transportation budgets.

 $[\]frac{45}{2}$ Uncollectibles are customer arrearages categorized as having virtually no chance of being paid.

 $[\]frac{46}{1}$ The cost of customer accounts written off is recorded, as well as any subsequent collections associated with such write-offs.

⁴⁷ An allowance for Uncollectible accounts is calculated using San Gabriel's experienced history of Uncollectible write-offs, as a percentage of the balance of customer accounts receivable. San Gabriel then applies this percentage to the balance of customer accounts receivable at the end of the year to determine the amount charged to Account 775.

1. SGVWC's Methodology to Calculate 2020-2021 Uncollectibles is Unreasonable

San Gabriel officially switched its accounting for Uncollectibles from the write-off method to the allowance method in 2020. Allowance for Uncollectible accounts is calculated using San Gabriel's experienced history of Uncollectible write-offs, as a percentage of the balance of customer accounts receivable. San Gabriel then applies this percentage to the balance of customer accounts receivable at the end of the year to determine the amount charged to the Uncollectibles account.

The percentage that San Gabriel uses to derive both its 2020 and 2021

Uncollectibles amounts is 8.63% and is calculated by taking the three-year average of ratios of Uncollectibles to Accounts Receivables Balances from recession years 2007 to 2009. San Gabriel states that the Uncollectibles expense is affected by factors including general economic conditions and credit and collection policies including legislation and moratoriums on disconnections.

San Gabriel's exclusive use of a recessionary period is unreasonable because it accounts for only extreme conditions and not a normalized year, which is better suited when developing a future forecast. San Gabriel seems to imply that the current COVID-19 situation somewhat resembles the past recession but fails to recognize the forecasts being developed in this proceeding will apply to years 2023 to 2025 and not just the "current situation." San Gabriel has also received a total of \$1,962,974 from the state under such a program, which should be considered as it normalizes the Uncollectibles over the past two years. Please refer to Table 3-1 below for a comparison between the

⁴⁸ Exhibit SG-5 (Harris), PDF page 24, line 1.

⁴⁹ Exhibit SG-5 (Harris), PDF page 24, lines 1-6.

⁵⁰ Attachment 3-1: SGVWC's Response to Cal Advocates' DR LCN-003 (Uncollectibles), Attachment 1, tab "LCN-003-02."

 $[\]underline{51}$ Exhibit SG-6, PDF page 46.

- 1 inflated Uncollectibles amounts San Gabriel uses and the actual Uncollectibles amounts
- 2 for 2020 and 2021.

Table 3-1: SGVWC's Derived Vs. Actual Uncollectibles (2020-2021)

Year	SGVWC	Actual Uncollectibles	SGVWC > Actual
2020	\$569,787	\$21,241	\$548,546
2021	\$195,003	\$110,451	\$84,552

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As illustrated in Table 3-1 above, the estimated Uncollectibles amounts that San Gabriel forecasts for years 2020 and 2021 far exceed the actual recorded Uncollectibles amounts.

2. SGVWC's Use of Inflated 2020-2021 Uncollectibles Amount Skews the Five-Year Average

SGVWC's use of inflated 2020 and 2021 uncollectibles figures leads to an inflated five-year average ratio for forecasting that is several times higher than the actual uncollectible ratio, as illustrated in Tables 3-2 and 3-3 below. Cal Advocates utilized actual recorded 2020 and 2021 uncollectibles amounts instead of San Gabriel's estimated uncollectibles amounts when calculating the five-year average of uncollectibles amounts to be divided by the total revenues over the past five years.

16 Table 3-2: SGVWC vs. Actual Uncollectibles Ratios

Uncollectibles	2017	2018	2019	2020	2021
SGVWC	\$95,185	\$144,039	\$110,534	\$569,787	\$195,003
Actual	\$95,185	\$144,039	\$110,534	\$21,241	\$110,451

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Table 3-3: SGVWC vs. Actual Uncollectibles Ratios

SGVWC	Actual	SGVWC > Actual
$0.2809\%\frac{52}{}$	0.1213%	0.1596%
\$259,994	\$112,309	\$147,685

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⁵² GRCWorkpapers – 2022 (100 DAY UPDATE).

3. The Commission Should Adopt An Uncollectibles **Forecast Calculated Using Actual Uncollectibles Values**

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The Commission should adopt Cal Advocates' Uncollectibles forecast, which is calculated using actual 2020 and 2021 Uncollectibles values thus yielding a 0.1213% Uncollectibles ratio for TY 2023-2024. Cal Advocates derived the Uncollectibles ratio by dividing the five-year average of actual Uncollectibles amounts by the five-year average of total revenues. By using inflated Uncollectibles values, San Gabriel unnecessarily skews the five-year average upward when the five-year average utilizing actual Uncollectibles amounts sufficiently captures any COVID-19 related variation and inflation. On a stand-alone basis, this recommendation results in SGVWC's proposed TY budget of \$259,995 being reduced by approximately \$147,685.

H. **Outside Services**

The Commission should adopt $$1,223,631^{\frac{53}{2}}$ in total Outside Services expenses, which reduces the forecasted sludge removal expense. Cal Advocates recommends that the Solids Handling System at the Summit Water Treatment Plant be authorized with the condition that its sludge removal expense be reduced by \$656,744 in the TY. This recommendation is discussed in Chapter 7.

IV. **CONCLUSION**

20 The Commission should adopt the recommendations detailed above as they reflect a more reasonable and accurate forecast for TY 2023-2024 O&M expenses, which is in ratepayers' best interest.

⁵³ Total of GRCWorkpapers – 2022 Cal Adv, tab "EX1," Cells U1817 (Operations Outside Services) and U1826 (Maintenance Outside Services).

Attachment 3-1: SGVWC's Response to Cal Advocates' DR LCN-003 (Uncollectibles), Attachment 1.

Response to LCN-003, 1.c.				
nesponse to Edit dos, Ital				
Los Angeles County Division				
zoo zungenzo eeunny zononen		2020		Est. 2021 ¹
Accounts Receivable Balance	at 12/30/20	\$3,516,437.00	at 6/30/21	\$5,200,789.00
Uncollectible rate		8.63%		8.63%
Allowance		\$303,469.00		\$448,828.00
Beginning Balance Allow for Uncollectibles	at 01/01/20	\$0.00	at 7/1/2020	\$13,200.00
Allowance for year		\$303,469.00		\$435,628.00
Uncollectibles - write offs for year		\$42,110.97		\$61,050.06
Total Allowance charged to expense		\$345,579.97		\$496,678.06
		2020		Est. 2021
Fontana Water Company Division				
Accounts Receivable Balance 12/31	at 12/30/20	\$5,429,202.00	at 6/30/21	\$7,006,913.00
Uncollectible rate		8.63%		8.63%
Allowance		\$468,540.00		\$604,697.00
Beginning Balance Allow for Uncollectibles	at 01/01/20	\$0.00	at 7/1/2020	\$49,200.00
Allowance for year		\$468,540.00		\$555,497.00
Uncollectibles - write offs for year		\$101,246.74		\$102,591.44
Total Allowance charged to expense		\$569,786.74		\$658,088.44

¹Est. 2021 amount depicted in SGVWC's GRC Workpapers 2022, tab EX1, Cells J459, K459, J1263 and K1263 was developed using the twelve month period July 1, 2020 - June 30, 2021

CHAPTER 4 ADMINISTRATIVE AND GENERAL EXPENSES

2 I. INTRODUCTION

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- This chapter addresses SGVWC's Administrative and General ("A&G") expense
- 4 budgets for Fontana division and presents Cal Advocates' analysis and recommendations.

II. SUMMARY OF RECOMMENDATIONS

- The Commission should adopt the following Cal Advocates' recommendations regarding SGVWC's requested A&G budgets:
- 8 (1) Adopt Pension & Benefits forecasts which correct for Vision Insurance input errors;
- 10 (2) Adopt Workers' Compensation forecasts which apply escalated premiums to the payroll and employee forecasts;
- 12 (3) Adopt Franchise fees which are based on the total revenues from forecasted water sales;
- 14 (4) Accept San Gabriel's Administrative Expenses Transferred forecasts;
- 15 (5) Adopt Dues & Subscriptions forecasts which exclude lobbying expenses.

16 III. ANALYSIS

A. Forecasting Methodology

estimates, and not on the 100-day updates.

- San Gabriel developed its A&G expense forecasts for TY 2023-2024 using the most recent five-year historical inflation adjusted data for years 2017 through 2021. As stated in Chapter 3, Transportation, Utilities & Rents, Postage, and Payroll were the exception in that these forecasts were based on 2021 recorded expenditures. Unless otherwise stated, Cal Advocates' analysis is based on San Gabriel's original TY
- Cal Advocates used the same methodology and inflation rates as San Gabriel for forecasts based on a five-year historical average. The difference between Cal Advocates'
- recommendations and San Gabriel's request is due to the difference in forecasted Payroll

- and Pension & Benefits. The main operational accounts used to track A&G expenses are
- 2 shown in Chapter 1, Tables 1-2 and 1-3 which present a summary of SGVWC's proposed
- 3 and Cal Advocates' recommended A&G expenses in the Fontana Division.

4 B. Payroll

- 5 The Commission should approve \$780,978 for A&G Payroll for Test Year 2023-
- 6 2024. The A&G Payroll estimate is based on the last recorded year (2021) plus any
- 7 adjustments for new positions. Payroll Expense, including San Gabriel's request for new
- 8 positions, is addressed in Chapter 6.

C. Pension & Benefits

- The Commission should approve \$3,039,791 Pension & Benefits budget for Test
- 11 Year 2023-2024. 54

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- Pension & Benefits includes San Gabriel's 401(k) retirement savings plan, health,
- dental and vision insurance, life and long-term disability insurance, vacations, holidays
- and sick leave, uniforms, and other. The estimates and recommendations below are
- based on San Gabriel's workpapers. Cal Advocates agrees with the methodologies
- because they are consistent with accepted methods and practices. Except for health,
- dental, and vision insurance, differences between San Gabriel and Cal Advocates are due
- to differences in overtime, as discussed in Chapter 6.

19 **1.** 401(k) Retirement Plan

- The Commission should approve \$759,325 for San Gabriel's 401(k) retirement plan for TY 2023-2024.
- San Gabriel employees become eligible for Company contributions to their 401(k)
- 23 account on the first entry date after they complete one year of service. $\frac{55}{2}$ Entry dates are

 $[\]frac{54}{1}$ The amount shown for Pension & Benefits for TY 2023-2024 excludes capitalized and reimbursed expense.

⁵⁵ Exhibit SG-6 (Reiker), PDF page 38.

- 1 January 1, and July 1. Once an employee is eligible for the 401(k) plan, San Gabriel
- 2 makes an annual contribution of 6% of the eligible salary to each employee-eligible
- account in January based on the 401(k) eligible payroll. San Gabriel also contributes to
- 4 employee 401(k) plans through matching contributions up to 50% of each employee's
- 5 eligible salary deferral. $\frac{56}{1}$ Cal Advocates agrees with San Gabriel's methodology.

2. Life Insurance

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The Commission should approve \$59,054 for San Gabriel's Life Insurance for TY 2023-2024.

9 San Gabriel escalated 2021 Life Insurance premiums by applying the 6.8%

10 Consumer Price Index-Urban ("CPI-U") Escalation Rate for Estimated Year 2022 and

11 TY 2023-2024.⁵⁷ San Gabriel then applied these escalated premiums to the Company's

12 Payroll and Employee forecast to arrive at the total Life Insurance costs. Cal Advocates

uses the same methodology to forecast its recommendation. Any difference between San

Gabriel and Cal Advocates estimates is due to the difference in total payroll.

3. Long-Term Disability Insurance

The Commission should approve \$39,036 for San Gabriel's Long-Term Disability Insurance for TY 2023-2024. Long-Term Disability Insurance premiums are applied to the Company's Payroll and Employee forecast to arrive at the total Long-Term Disability Insurance costs.

San Gabriel escalated 2021 Long-Term Disability Insurance premiums by applying the 6.8% CPI-U Escalation Rate for Estimated Year 2022 and TY 2023-2024. 58

San Gabriel then applied these escalated premiums to the Company's Payroll and

23 Employee forecast to arrive at the total Long-Term Disability Insurance costs.

⁵⁶ Exhibit SG-6 (Reiker), PDF page 38.

⁵⁷ Exhibit SG-6 (Reiker), PDF page 39.

⁵⁸ Exhibit SG-6 (Reiker), PDF page 39.

Cal Advocates uses the same methodology to forecast its recommendation. Any difference between San Gabriel and Cal Advocates estimates is due to the difference in total payroll due to Cal Advocates' recommendations to transfer few positions from General Office ("G.O.") division to FWC division as discussed in Chapter 6 of this report.

4. Vacations, Holidays, and Sick Leave

The Commission should adopt \$660,190 for San Gabriel's Vacation Pay expense, \$387,976 for Holiday Pay expense, and \$225,061 for Sick Leave expense for TY 2023-2024.

San Gabriel's estimates for vacations, sick leave, and holidays are based on historical data and forecasted payroll in the Test Year. Cal Advocates uses the same methodology. Any differences in San Gabriel's and Cal Advocates' estimates are due to differences in overtime.

5. Health Insurance

The Commission should approve \$1,561,401 for the combined healthcare benefits (medical, dental, vision) for TY2023-2024, which corrects Vision Insurance forecasting attributed to open positions in 2022 and 2023.

Health insurance includes dental, vision, and medical. Since San Gabriel's health plan runs annually from July to June, San Gabriel escalated the July 2021 premiums by applying a 6.8% CPI-U escalation rate for estimated year 2022 and TY 2023-2024. San Gabriel then applied the escalated premiums to its employee forecast to arrive at the total health insurance costs.

For dental and vision insurance, San Gabriel escalated 2021 premiums by applying the 6.8% CPI-U Escalation Rate for Estimated Year 2022 and Test Year 2023-2024. San Gabriel then applied these escalated premiums to its employee forecast to arrive at

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<u>59</u> Exhibit SG-6 (Reiker), PDF page 39.

- the total dental and vision insurance costs. Cal Advocates uses the same methodology to
- 2 forecast its recommendation. Any difference between San Gabriel and Cal Advocates
- 3 estimates is due to the difference in total payroll.

6. Correction of Vision Insurance Error

- 5 Cal Advocates found and corrected an error in San Gabriel's workpaper
- 6 forecasting values for Vision Insurance in years 2022 and 2023 for new requested
- 7 positions which are expected to be filled in 2024. Cal Advocates removed these
- 8 particular Vision Insurance forecasts for 2022 and 2023.

D. Workers' Compensation

- The Commission should approve \$391,422 for Workers' Compensation expenses
- 11 for TY 2023-2024.

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- Since San Gabriel's Workers' Compensation insurance is renewed each year on
- July 1st, San Gabriel escalated July 2021 Workers' Compensation premiums by applying
- a 6.8% CPI-U escalation rate for estimated year 2022 and TY 2023-2024. San Gabriel
- 15 then applied the escalated premiums to its payroll and employee forecasts to arrive at the
- total Workers' Compensation insurance cost. Cal Advocates agrees with San Gabriel's
- 17 methodology.

E. Franchise Fees

- The Commission should adopt the San Gabriel's methodology for Franchise Fees.
- 20 Administrative Expenses Transferred
- The Commission should adopt San Gabriel's original (\$6,663,074) Administrative
- 22 Expenses Transferred budget. Administrative Expenses Transferred represents the
- 23 administrative overhead for management supervision of capital investment in plant
- projects. A detailed discussion regarding Administrative Expenses Transferred can be
- 25 found in Chapter 7.

F. Materials & Supplies

- The Commission should adopt \$142,083 in Materials & Supplies expenses, which
- 3 excludes \$27,141. related to lobbying from Dues & Subscriptions expenses. Lobbying in
- 4 this instance is any attempt San Gabriel makes to influence public and government policy
- 5 at any level in order to serve its own interests. Cal Advocates removes these lobbying
- 6 expenses from the historical expenses used in the forecast calculation because the
- 7 Commission does not allow lobbying expenses in rates. Commission policy is clear that
- 8 political and lobbying activity should not be included in customer rates. $\frac{60}{2}$ Since there is
- 9 no ratepayer benefit to lobbying, the ratepayers should not subsidize the costs.

IV. CONCLUSION

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- The Commission should adopt recommendations detailed above as they reflect a
- more reasonable and accurate forecast for TY 2023-2024 A&G expenses.

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⁶⁰ D.06-11-050, page 73.

CHAPTER 5 CONSERVATION EXPENSES

2 I. INTRODUCTION

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- This chapter addresses SGVWC's Conservation expense budgets for the Fontana
- 4 division and presents Cal Advocates' analysis and recommendations.

5 II. SUMMARY OF RECOMMENDATIONS

- The Commission should adopt a modified Gardening Workshop forecast, which
- 7 excludes \$10,000 in speculative funding for program instructors.

8 III. ANALYSIS

A. Water Saving Goals and Objectives

- San Gabriel's goal is to plan and implement the most cost-effective conservation
- programs that will achieve water saving goals and objectives set by the State Water
- 12 Resources Control Board ("SWRCB"), the California Public Utilities Commission
- 13 ("CPUC") and the Governor of California (currently Governor Gavin Newsom), as well
- as any subsequent orders and/or emergency proclamations. 61
- 15 The most recent directive requires water purveyors to reduce water consumption
- by at least 15% over the 2020 consumption level. Thus, San Gabriel must continue to
- carry out its Conservation programs in order to successfully meet this objective.

B. Past Conservation Budget and Goals

- In the previous General Rate Case ("GRC"), San Gabriel adopted a Conservation
- budget of \$449,702 for its 2020-2021 TY in the Fontana Division in order to meet
- 21 California Governor Brown's directive on water consumption. 62 Pursuant to the

⁶¹ Exhibit SG-7 (Swift), PDF page 23.

⁶² Exhibit SG-6 (Reiker) Appendix A (MDRs), PDF page 92.

- 1 Executive Order B-29-15, which mandated a 25% reduction in potable urban water
- 2 usage. 63 From June 2015 through May 2016, Fontana's water use reduction target was
- 3 26% compared to the 2013 usage, and customers achieved a 27% reduction. $\frac{64}{100}$

C. Gardening Workshops

- 5 The Commission should reject the proposed budget for Gardening Workshops,
- 6 which excludes \$10,000 for workshop instructors. Since 2012, instructors for San
- 7 Gabriel's Gardening Workshops were funded by Inland Empire Utilities Agency
- 8 ("IEUA"). Recently, IEUA's sub-agencies have elected to change how programs are
- 9 funded. 65 In response to discovery, 66 San Gabriel stated that Fontana has yet to receive
- the finalized budget for the 2022-2024 IEUA Water Use Efficiency Programs and there is
- the potential that San Gabriel would continue to receive funding for this program. In
- order to avoid overcollection, Cal Advocates recommends that this \$10,000 speculative
- 13 cost be removed from the forecast.

14 IV. CONCLUSION

- The Commission should adopt the recommendations detailed above as they reflect a more reasonable and accurate forecast for TY 2023-2024 Conservation expenses. Table 5-1 below presents a summary of SGVWC's proposed and Cal Advocates' recommended
- 18 Conservation expenses in Fontana Division.

⁶³ Exhibit SG-7 (Swift), PDF page 22-23.

⁶⁴ Exhibit SG-7 (Swift), PDF page 22-23.

⁶⁵ Attachment 5-1: San Gabriel's Response to Cal Advocates' DR LCN-016 (Misc.), Q8.

⁶⁶ Attachment 5-1: San Gabriel's Response to Cal Advocates' DR LCN-016 (Misc.), Q8.

Program	SGVWC Proposed	Cal Advocates Recommended	Proposed > Recommended	
K-12 School				
Education Program	-	-	\$0	
(Funded by IEUA)				
Education/Public	\$40,000	\$40,000	\$0	
Outreach Program	\$40,000	\$40,000	\$0	
Gardening	\$10,000	\$0	\$10,000	
Workshops	\$10,000	\$0	\$10,000	
Residential Irrigation				
Controller, Nozzles	\$300,000	\$300,000	\$0	
Retrofit Program				
Conservation Kits	\$20,000	\$20,000	\$0	
High Efficiency				
Toilet Distribution	\$100,000	\$100,000	\$0	
Program				
Large Landscape				
Audits – CII	\$25,000	\$25,000	\$0	
Customers				
CII Water Efficient				
Fixtures and	\$100,000	\$100,000	\$0	
Devices/Turf	\$100,000	\$100,000	φυ	
Removal Program				
Recycle Water	\$100,000	\$100,000	\$0	
Retrofit Program	\$100,000	\$100,000	φυ	
TOTAL	\$695,000	\$685,000	\$10,000	

⁶⁷ Exhibit SG-7 (Swift), PDF page 20, line 1.

Attachment 5-1: San Gabriel's Response to Cal Advocates' DR LCN-016 (Misc.), Q8.

RESPONSE NO. 8:

As of May 2022, Fontana has not received the finalized budget for the 2022-2024 IEUA Water Use Efficiency Programs. IEUA's sub-agencies have elected to change how programs are funded and the results have not been made public to any of the agencies.

Please see the table below for the Fontana Water Company Division's expenses from 2009 to 2011. Please note two items: First, the Gardening Workshops were not offered prior to 2009. Second, 2011 is the last year Fontana hired instructors for the workshops prior to IEUA offering to cover the instructor cost.

CHAPTER 6 PAYROLL

2 I. INTRODUCTION

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3	This chapter	presents recomm	nendations for	Payroll ex	menses and	describes	Cal
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- 4 Advocates' approach and adjustments in forecasting TY 2023-2024. The main difference
- 5 in Payroll expense is caused by the request for new positions and its impact on the
- 6 overtime budget. In the Fontana division, San Gabriel seeks authority to increase its
- 7 workforce by one new position: Facilities Maintenance Supervisor.

II. SUMMARY OF RECOMMENDATIONS

- 9 The Commission should approve \$9,214,320 in Payroll expenses for TY 2023-
- 10 2024. The Commission should authorize one Facilities Maintenance Supervisor. The
- 11 Commission should reduce the amount of overtime in the Fontana Division by \$75,000
- due to the allowance of a new Facilities Maintenance Supervisor position.

13 III. ANALYSIS

A. Facilities Maintenance Supervisor

- In the current GRC, Cal Advocates requests a Facilities Maintenance Supervisor
- due to Fontana division's increased building and structure maintenance requirements over
- the past 16 years. 68 Cal Advocates reviewed San Gabriel's request and responses to
- discovery and concluded that its request for one Facilities Maintenance Supervisor is
- 19 reasonable, as discussed below.

1. Structure and Maintenance in Fontana Division

- Over the past 16 years, the Fontana Division has increased its building and
- structure maintenance requirements by 69,000 square feet, and has added 15 plants

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⁶⁸ Exhibit SG-7 (Swift), PDF page 34, lines 21-24.

- 1 representing 69 acres worth of landscape maintenance, painting, fencing and weed
- 2 abatement requirements. 69 San Gabriel points to some of its heaviest obligations which
- 3 come from permits received from the United States Forest Service and California
- 4 Department of Fish and Wildlife to operate and maintain San Gabriel's Intake Facility in
- 5 Lytle Creek. $\frac{70}{1}$ Those permits allow Fontana Division to continuously operate its 20-acre
- 6 Lytle Creek surface water diversion facility, which includes a 7,000-foot subterranean
- 7 pipeline easement. $\frac{71}{1}$ The pipeline easement requires continual re-contouring the soft
- 8 plug, earthen berm and settling pond at the intakes facility, which requires constant
- 9 invasive weed management, trash removal, habitat management, fish salvages, sediment
- transport monitoring and annual reporting for the life of the permit. $\frac{72}{1}$
- 11 Cal Advocates requested a breakdown of overtime hours worked by Facilities
- Maintenance Department staff from 2006-2021, ⁷³ on which San Gabriel noted that
- employee overtime is limited since many of the projects are time-sensitive, leading to
- 14 contracting out work to one or more vendors. The spreadsheet indicated that the staff
- performed 182.5 hours of overtime and 43 hours of double time over the past 16 years.

2. Facilities Maintenance Supervisor's Duties

The Facilities Maintenance Supervisor would focus on scheduling work, checking work, assuring safety practices are always being administered and provide coverage when the Facilities Maintenance Superintendent is away from work on vacation or sick leave. 74

At present, the Facilities Maintenance Supervisor is unable to perform the administrative

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 $[\]frac{69}{2}$ Exhibit SG-7 (Swift), PDF page 34-35.

⁷⁰ Exhibit SG-7 (Swift), PDF page 34-35.

⁷¹ Exhibit SG-7 (Swift), PDF page 34-35.

⁷² Exhibit SG-7 (Swift), PDF page 34-35.

⁷³ Attachment 6-1: SGVWC's response to Cal Advocates' DR LCN-007 (Supplemental Response), Q1c, LCN-007 Supplemental Attachment B.

⁷⁴ Exhibit SG-7 (Swift), PDF page 34-35.

- duties as well as the field supervision duties of the Facilities Maintenance Department. ⁷⁵
- 2 Since the Operations Manager must frequently cover administrative duties for the
- 3 Facilities Maintenance Supervisor while he is out inspecting field work, meeting job sites
- 4 with city personnel and/or pre-walking job sites to identify what to assign staff in the
- 5 coming days, the addition of the Facilities Maintenance Supervisor would apply the same
- 6 supervision redundancy that is recognized in Water Production, Water Treatment, Water
- 7 Distribution and Field Service. 76

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3. Cost-Benefit Analysis: Contractor vs. Facilities Maintenance Supervisor

In response to discovery, ⁷⁷ San Gabriel provided a list of employee positions and/or vendor who have performed facilities maintenance in the face of increased requirements over the past 16 years. The list included a total of 14 in-house staff and 38 vendors.

Cal Advocates also requested that San Gabriel provide a cost-benefit analysis of hiring a Facilities Maintenance Supervisor versus hiring a third party as needed or on a contract basis. San Gabriel took the average of the most recent four calendar years (2018-2021) to calculate the cost of facilities maintenance, ⁷⁸ and then utilized the United States Department of Agriculture ("USDA") United States inflation long-term forecasts starting in 2023 to apply a 2.5% inflation percentage. Cal Advocates took the liberty of estimating the associated Pension & Benefits with a position of a similar salary utilizing San Gabriel's RO Model in order to reflect the comparison most accurately. Please see the comparison illustrated in the table below.

⁷⁵ Exhibit SG-7 (Swift), PDF page 34-35.

⁷⁶ Exhibit SG-7 (Swift), PDF page 34-35.

⁷⁷ Attachment 6-2: SGVWC's response to Cal Advocates' DR LCN-007 (Supplemental Response), Q1b, LCN-007 Supplemental Attachment A.

⁷⁸ Attachment 6-3: SGVWC's response to Cal Advocates' DR LCN-007 (Supplemental Response), Q1d.

Table 6-1: Contractor vs. Facilities Maintenance Supervisor

Contracted Cost	Salary & Benefits	Savings
\$263,978	\$111,212 ⁷⁹	\$152,766

San Gabriel points to a couple of contributing factors to explain the high four-year average contractor cost. One is the finalization of Fontana Division's United States Forest Service Easement in November 2017 for its Lytle Creek Diversion and Intakes Facilities. The easement totals 19.75 acres at the diversion site, and an additional linear easement along the Grapeland Tunnel pipeline to the Southern California Edison diversion site, totaling 7,100 linear feet. Another is the Streambed Alteration Agreement between San Gabriel and the California Department of Fish and Wildlife, which was executed in January 2021, for routine maintenance activities of the Lytle Creek Diversion and Intakes Facilities. These two efforts in particular also require specific enhancement activities, including, but not limited to, logging, performing and reporting ongoing trash

removal and annual invasive plant removal form within the easement area. 82

B. Overtime

The Commission should reduce the amount of overtime San Gabriel forecasts for the Fontana Division by \$75,000⁸³ because the newly authorized Facilities Maintenance Supervisor position will reduce the need for overtime. San Gabriel forecasts the annual salary for the new Facilities Maintenance Supervisor at \$75,000, not including associated Pension & Benefits plus Payroll Taxes, which should be offset by a reduction in overtime.

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 $[\]frac{79}{6}$ GRCWorkpapers – 2022, tab PR4, sum (salary, payroll taxes, 401k, insurance) of Cells BA48 through BO48 (\$88,607 salary).

⁸⁰ Attachment 6-3: SGVWC's response to Cal Advocates' DR LCN-007 (Supplemental Response), Q1d.

⁸¹ Attachment 6-3: SGVWC's response to Cal Advocates' DR LCN-007 (Supplemental Response), Q1d.

⁸² Attachment 6-3: SGVWC's response to Cal Advocates' DR LCN-007 (Supplemental Response), Q1d.

\$50,000 (salary) multiplied by 1.5 (time-and-a-half to represent overtime).

IV. CONCLUSION

- The Commission should approve \$9,214,320 in Payroll expenses for TY 2023-
- 3 2024. The Commission should authorize one Facilities Maintenance Supervisor position.
- 4 The Commission should adopt this recommendation because it addresses the need for
- 5 additional staffing for the operation of the new treatment facilities, thus increasing
- 6 productivity.

Attachment 6-1: SGVWC's response to Cal Advocates' DR LCN-007 (Supplemental Response), Q1c, LCN-007 Supplemental Attachment B.

DEPARTMENT																		
		Year -																
MPLOYEE# ~	Data	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Grand Tota
■833	Sum of OVERTIMEHOURS	-	-	-	-	-	-	-	-	-	-							-
	Sum of DOUBLETIMEHOUI	-	-	-	-	-	-	-	-	-	-							-
■886	Sum of OVERTIMEHOURS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
	Sum of DOUBLETIMEHOUI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
□ 921	Sum of OVERTIMEHOURS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
	Sum of DOUBLETIMEHOU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
■ 932	Sum of OVERTIMEHOURS	-	-	-	-	-	-	-	16.0	-	10.0	-	-	-	-	-		26.0
	Sum of DOUBLETIMEHOUI	-	-	-	-	-	-	-	2.0	-	-	-	-	-	-	-		2.0
□ 1016	Sum of OVERTIMEHOURS	-	-	-	-	-												-
	Sum of DOUBLETIMEHOUI	-	-	-	-	-												-
□ 1017	Sum of OVERTIMEHOURS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
	Sum of DOUBLETIMEHOU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
□ 1044	Sum of OVERTIMEHOURS						-	15.0	19.0									34.0
	Sum of DOUBLETIMEHOUR	RS					-	-	2.0									2.0
□ 1065	Sum of OVERTIMEHOURS	-																-
	Sum of DOUBLETIMEHOU	-																-
□ 1094	Sum of OVERTIMEHOURS	-	-	1.5	11.5	8.0	2.5	1.0	-	-								24.5
	Sum of DOUBLETIMEHOU	-	-	24.0	-	-	-	-	-	-								24.0
□ 1106	Sum of OVERTIMEHOURS		3.0	-	4.5										-	-		7.5
	Sum of DOUBLETIMEHOUR	RS	2.0	-	-										-	-		2.0
□ 1127	Sum of OVERTIMEHOURS			-	-													-
	Sum of DOUBLETIMEHOUR	RS		-	-													-
□ 1153	Sum of OVERTIMEHOURS				-	-	-	4.0	-	8.0	-	2.0	-	-				14.0
	Sum of DOUBLETIMEHOUR	RS			-	-	-	-	-	13.0	-	-	-	-				13.0
□ 1156	Sum of OVERTIMEHOURS				-	-												-
	Sum of DOUBLETIMEHOUR	RS			-	-												-
□ 1174	Sum of OVERTIMEHOURS						-											-
	Sum of DOUBLETIMEHOUR	RS					-											-
□ 1175	Sum of OVERTIMEHOURS						-	7.0	-	-	18.0	-	-	20.0	25.0	-	1.0	71.0
	Sum of DOUBLETIMEHOUR	RS					-	-	-	-	-	-	-	-	-	-		-
□ 1267	Sum of OVERTIMEHOURS																3.0	3.0
	Sum of DOUBLETIMEHOUR	RS																
■ 1336	Sum of OVERTIMEHOURS																2.5	2.5
	Sum of DOUBLETIMEHOUR	RS																
otal Sum of O	VERTIMEHOURS	-	3.0	1.5	16.0	8.0	2.5	27.0	35.0	8.0	28.0	2.0	-	20.0	25.0	-	6.5	182.5
	OUBLETIMEHOURS	-	2.0	24.0	-	-	-	-	4.0	13.0	-	-		-	-			43.0

Attachment 6-2: SGVWC's Response to Cal Advocates' DR LCN-007 (Additional Employees), Q1.

LCN-007 SUPPLEMENTAL ATTACHMENT A

<u>Fontana Water Company Division Facilities Maintenance - In-House Staff Assistance and Vendors Lists</u>

All in-house staff and/or vendors listed below were active third party assistants and/or contractors for the Fontana Water Facilities Maintenance Department from year 2006 thru 2021.

In-House Staff:

- · Facilities Maintenance Supervisor
- Facilities Maintenance Technician II
- Facilities Maintenance Technician I
- · Water Distribution Superintendent
- Water Distribution Supervisor
- · Water Distribution Operator III
- Water Distribution Operator II
- Water Distribution Operator I
- · Water Production Superintendent
- Water Production Supervisor
- Water Production Operator IV
- Water Production Operator III
- Water Production Operator II
- Water Production Operator I

Vendors:

- Kinco Weed Abatement
- Donegan Tree Services
- Bell Roof Company
- Vortex Doors
- All Pro Plumbing Services
- T.A. Rivard
- Sun Down Window Tinting
- Mariposa Landscape
- E&R Glass Contractors
- Multin Electric
- Lloyds Fence Company
- United Air Conditioning
- G.M. Sager
- City of Fontana
- Weatherite
- T&R Enterprises
- Morrison Hope Roofing
- Crown Fence Company
- Murphy Building Corporation
- BTI Communications Group
- Automated Gate Services
- Retrofit Service Company

- · Woody's Demolition
- McKinney Construction
- PD Mechanical
- Comfort Climate Controls
- · Merlin Johnson Construction
- Hal Hays Construction
- Rodriguez Disking
- Hydro Industrial Electric Corporation
- California Landscape & Design
- Exact Door Services
- Casco Door Repair
- MIK Enterprises
- Deco Fence
- Best Iron Works
- Statewide Mechanical
- Environmental Science Associates

Attachment 6-3: SGVWC's response to Cal Advocates' DR LCN-007 (Supplemental Response), Q1d.

d. Yes, the Company has been hiring outside vendors to help with the increasing amount of facilities maintenance required over the past 16 years.

For supporting documentation and payment amounts, please see attachments titled:

- LCN-007 SUPPLEMENTAL ATTACHMENT C.xIsx: 2006 2021 Contractor Totals (Excel)
- LCN-007 SUPPLEMENTAL ATTACHMENT D.pdf: 2006 2021 Receipts / Invoices (PDFs)
- LCN-007 SUPPLEMENTAL ATTACHMENT E.pdf: ESA Contract (PDF)
- LCN-007 SUPPLEMENTAL ATTACHMENT F.pdf: Accounting supplied invoice (Excel)
- LCN-007 SUPPLEMENTAL ATTACHMENT G.xIsx: Accounting supplied job number list (Excel)

Cost Benefit Analysis

Pursuant to calendar year (CY) supporting documentation and totals, the CY average cost for Fontana Water Company to hire a third party (Contractor) to complete historic and current required facilities maintenance is \$76,982.95 (based on CYs 2006 – 2021). However, the average for the most recent four CYs (2018 – 2021) is \$257,540.00.

One contributing factor to this recent four year average is the finalization of Fontana Water Company's United States Forest Service Easement (Easement) in November of 2017 for the Company's Lytle Creek Diversion and Intakes Facilities. The Easement totals 19.75 acres at the diversion site, and an additional linear easement along the Grapeland Tunnel pipeline to the Southern California Edison diversion site, totaling 7,100 linear feet.

Another contributing factor is the Streambed Alteration Agreement (Agreement) between the Company and the California Department of Fish and Wildlife,

executed in January of 2021, for routine maintenance activities of the Lytle Creek Diversion and Intakes Facilities.

In addition to the routine maintenance activities, the Easement and Agreement require the Company to preform specific enhancement activities, including but not limited to, logging, performing and reporting ongoing trash removal and annual invasive plant removal from within the Easement area, as stated in the Agreement.

Further, Pursuant to the Company's 2018 Water System Master Plan (Master Plan), specifically TABLE ES.2, the Company plans for investments of up to \$15.2 million in structures and improvements through the year 2045, with \$7.6 million during the years 2023-2030. Additionally, in the 2018 Master Plan, specifically FIGURE 10.2, Water CIP by Improvement Category and Phase, indicates that Company capital improvement projects in the Mid-Term CYs (2023-2030) will total \$257 million. Of that \$257 million, it is expected that approximately \$59.5 million of it (pumping structures, treatment structures, reservoirs, and structures and improvements) will be required to be maintained by the Company's Facilities Maintenance department. This equates to an average of \$8.5 million per year through 2030 in expected additional capital improvements that the Facilities Maintenance department will be required to maintain.

Moreover, pursuant to the Company's 2020 Urban Water Management Plan, specifically Section 3.4.1, Service Population (TABLE 3-2), the population in the Fontana Water Company division service area is estimated to grow to 281,020 by the year 2045. Any expected growth is accompanied by the necessary addition of facilities to provide service, along with a requirement of additional maintenance activities.

The most recent four-year Contractor average cost of \$257,540.00 is only to maintain current levels of maintenance, compliance, and service. This amount does not take into consideration any obligations beyond CY 2021, such as the CIP growth pursuant to the 2018 Master Plan, or service population growth pursuant to the 2020 Urban Water Management Plan.

The average cost of \$257,540 is based on current costs of Contractor services. These costs are not based on prospective data, but rather retrospective. According to USDA US inflation long-term forecasts starting in 2023, the average inflation percentage is projected to be 2.5% year-over-year through 2033. Based on this data, these same contracted services are expected to increase at the rate shown in the table below:

CY	Cost
2023	\$263,978
2028	\$270,577
2033	\$277,341

As explained in the testimony, the Company plans to reassign ("repurpose") two Field Service Operator I's over the next two years to assist with growing needs of the Facilities Maintenance Department. Based on the difference in the current salaries for a Facilities Maintenance Technician I (\$5,607 per month) and a Field Service Operator I (\$6,063 per month), the overall impact in Company salary from this repurposing would be a decrease of \$456 per month per employee, or collectively \$10,944 per year for the two transferred employees at current pay scale.

Based on the current salary of a Fontana Water Company division Supervisor position of \$88,500, which is comparable to the position being requested for the Facilities Maintenance Department, the annual increase in the Facilities Maintenance Department overall payroll would be approximately \$88,500.

The overall impact of the three staff positions (and corresponding salaries) that the Company requests to repurpose towards performing the required facilities maintenance is \$88,500 per year starting in year 2023. This takes into consideration the \$10,944 overall annual reduction in payroll resulting from the two transfers, which is reflected in the following cost-benefit analysis as having a net zero impact. The following table compares the projected salary cost per CY versus the projected continued Contracted costs to complete existing increased facilities maintenance through CY 2033:

		*SGVWC	
CY	Contracted Cost	(Salary)	Savings
2023	\$263,978	\$88,500	(\$175,478)
2028	\$270,577	\$92,925	(\$177,652)
2033	\$277,341	\$97,571	(\$179,770)

^{*}Assuming a 1.0% COLA / CY

This cost benefit analysis shows projected overall cost savings resulting from the in-house staffing request and repurposing of existing staff versus the contracting.

^{*}Includes Supervisor and two Facilities Maintenance Technician's projected salaries

CHAPTER 7 UTILITY PLANT-IN-SERVICE

2 I. INTRODUCTION

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- This chapter discusses California Public Advocates Office ("Cal Advocates")
- 4 recommended budget and supporting analysis for capital projects during the years 2022
- 5 to 2024. Cal Advocates uses the recommended budget in this chapter as a component to
- 6 calculate the rate base forecast for San Gabriel Valley Water Company's ("SGVWC" or
- 7 "San Gabriel") Fontana Water Company ("FWC" or "Fontana") Division in the Test
- 8 Years: 2023-2024 and 2024-2025.

II. SUMMARY OF RECOMMENDATIONS

The Commission should adopt Cal Advocates' recommended capital budget as shown in row 2 of the table below:

Table 7-1: Capital Budget⁸⁴

	(A)	(B)	(C)	(D)	(E)
	Description	2022	2023	2024	2025
1	SGVWC ⁸⁵	\$38,078,000	\$39,019,000	\$41,847,000	\$51,588,000
2	Cal Advocates ⁸⁶	\$35,058,000	\$27,694,000	\$28,294,000	\$25,909,000
3	SGVWC > Cal Advocates	\$3,020,000	\$11,325,000	\$13,553,000	\$25,679,000
4	Cal Advocates as % of SGVWC	92%	71%	68%	50%

 $[\]frac{84}{2}$ This amount excludes SGVWC's estimates for contributions in aid of construction ("contributions"). Cal Advocates does not recommend reductions to SGVWC's estimates for contributions.

⁸⁵ SGVWC's Workpapers, file "GRCWorkpapers – 2022.xlsx," tab "P1," column AL, rows 423, 489, 555, and 621.

⁸⁶ Attachment 7-1: Cal Advocates Capital Budget by Plant Site and Account.

1 The Commission should make the following adjustments to SGVWC's proposed 2 capital budget: 3 Remove all amounts for contingency from the capital budget because 4 contingency amounts should not be funded by ratepayers. 5 6 • Adjust the escalation of SGVWC's capital projects in 2023 to 2025 based 7 on the non-labor composite rate used by the Commission for expense 8 escalation. 9 10 • The Commission should remove \$4.1 million in 2023 and \$4 million in 11 2024 from the capital budget forecast for the proposed Well F30B and Well 12 F31C. The Fontana Division has adequate supply capacity from existing 13 sources and other planned sources without installing these new wells. 14 15 • Adopt a capital budget that includes a \$11.8 million estimate for the proposed Solids Handling System at Summit Water Treatment Plant only if 16 17 SGVWC removes the sludge removal expense of approximately \$1 million 18 per year from its forecast. 19 20 • Remove \$8.8 million for the replacement reservoir at Plant F2 and \$8 21 million and \$5.8 million for the new reservoirs at Plants F10 and F59 from the capital budget because SGVWC errs in the determination of criteria that 22 would justify the projects. 23 24 25 • Adopt \$4.35 million for Plant F10, \$500,000 for Plant F20, and \$2.8 million for Plant F44 all in 2022 and remove the remaining cost estimates

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• Adopt \$4.35 million for Plant F10, \$500,000 for Plant F20, and \$2.8 million for Plant F44 all in 2022 and remove the remaining cost estimates for the repeated project components from the capital budget because the Commission already included these projects in customer rates expecting they would be completed and providing direct benefits to customers during the 2019 GRC cycle. Because these projects still have not been completed, the Commission should instead remove them from rate base in this GRC. In a subsequent GRC application, the utility can request to place these projects into rate base after it completes these projects, and the Commission can conduct its prudency review at that time.

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- Adopt a capital budget that includes a \$5.4 million estimate for the Plant F58 to Plant F19 pipeline only if SGVWC reduces the purchased power expense of approximately \$330,000 per year in its forecast.
- Reduce the cost estimate for meters to \$855,000 in 2022, \$1,380,000 in 2023, \$905,000 in 2024, and \$930,000 in 2025, to conform to the 15-year installation schedule previously proposed by SGVWC and adopted by the Commission. SGVWC's proposed cost estimates of \$1,400,000 in 2022, \$1,925,000 in 2023, \$1,453,000 in 2024, and \$1,482,000 in 2025, should be denied.
- Reduce SGVWC's vehicle budget to \$369,000 for the year 2025 because one vehicle SGVWC proposes for replacement is not estimated to meet its replacement criteria until after mid-2026. SGVWC proposed cost estimate of \$446,000 for the Fontana Division's vehicle budget in 2025 should be denied.
- Adopt SGVWC's proposed Administrative Expense Transferred of \$6,663,075 for the Test Year 2023-2024 despite the adjusted capital budget to account for expenses transferred to projects that SGVWC will continue but that are not forecasted as Plant-in-Service in this GRC cycle.

III. ANALYSIS

The following sections describe the adjustments that the Commission should make to SGVWC's proposed capital budget involving contingency, escalation, well projects, the project at Summit Water Treatment Plant, reservoir projects, repeated projects, meters, vehicles, and the Administrative Expense Transferred.

A. Contingency

The Commission should remove all amounts for contingency from the forecasted capital budget. In each of the cost estimates for its proposed capital projects, SGVWC includes amounts for contingency. SGVWC uses contingency as a placeholder for unforeseen project components at the time of budgeting. In effect, contingency accounts for project cost overruns that may or may not occur.

1 For each project, SGVWC calculates the contingency as a percentage, such as 5%, 10%, or 15%, of the project's base construction cost. 87 For example, for the construction 2 phase of the treatment system that SGVWC proposes for Plant B24, SGVWC estimates 3 4 that the project will have a base construction cost of \$1 million. To this amount, 5 SGVWC adds \$366,000 for various other cost components, including inspection and 6 testing, construction management, and administrative overhead. Finally, SGVWC adds 7 15% of the \$1 million, or \$150,000, to the cost estimate as contingency to cover costs 8 that it did not anticipate at the time of budgeting. The table below shows how a capital 9 project's contingency, and other cost components are calculated from the base 10 construction cost:

Table 7-2: Cost Estimate for Proposed Treatment System at Plant B24⁸⁸

	(A)	(B)	(C)
	Cost Component	Cost Component	Cost Estimate
		Percentage of Base	
1	Base Construction Cost		\$1,000,000
2	Other Cost Components such as Inspection and Testing and Overheads	36.6%	\$366,000
3	Contingency	15%	\$150,000
4	Total		\$1,516,000

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The Commission should remove contingency amounts from the adopted capital budget because ratepayers should not fund project components that are speculative at the time of budgeting. Instead, the Commission should adopt a capital budget based only on forecasted project components that can be reasonably evaluated. After project completion, if actual capital project costs exceed forecasted amounts, the utility can seek

 $[\]frac{87}{3}$ SGVWC's project cost estimates are located as enclosures throughout its Exhibit SG-8, Attachments F and G.

⁸⁸ SGVWC Exhibit SG-8, Attachment C, Plant B24, Enclosure 6 Cost Estimate, p. 2.

further cost recovery in a subsequent GRC. The Commission then can assess the utility's request for prudency and reasonableness.

The Commission has recently considered and removed contingency from capital budgets. In a 2021 decision, the Commission held that budgeting for contingencies is not necessarily appropriate in a General Rate Case ("GRC"), where the utility must demonstrate the reasonableness of every dollar in its forecast revenue requirement. The Commission recognized that since contingency allowances are intended to cover "unforeseen conditions," contingency amounts are unpredictable, and therefore, a utility cannot establish the costs for contingency to be reasonable at the time of forecasting. In addition, the Commission reasoned that removing the budgeted contingencies should motivate the utility to remain within its forecasted budget for these projects. Finally, the Commission stated that if additional funds become necessary, the utility may seek reasonable recovery in its next GRC.

Removing contingency would also partly protect customers from overestimated capital budgets. The Commission adopted the settlement agreement in the last GRC which forecasted SGVWC's capital budget with a 10% contingency factor. Although many capital projects exceeded estimates, SGVWC deferred or cancelled several other projects. In the Fontana division, SGVWC shows a rate base for years 2020 and 2021 that is \$8 million dollars below the estimate adopted in the prior GRC. Despite individual projects exceeding estimates, the number of projects either deferred or cancelled ultimately eliminated the need for a contingency budget. In fact, SGVWC reports a rate of return of about 11.5% in 2020 and 2021 compared to its authorized

⁸⁹ D.21-08-036, p. 331.

⁹⁰ D.21-08-036, p. 331.

⁹¹ SGVWC "GRCWorkpapers – 2022.xlsx," tab "RB1," row 100.

- 1 8.12% rate. $\frac{92}{}$ This demonstrates that the contingency amount that was adopted by the
- 2 Commission as part of the previous settlement agreement was more than necessary.

3 **B.** Escalation

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The Commission should adjust the escalation of SGVWC's capital projects in 2023 to 2025 based on the non-labor composite rate used by the Commission for expense escalation.

SGVWC proposes to escalate future project costs based on its calculated increases in recorded costs of similar projects or items. To illustrate, SGVWC compares the increased cost of a well it completed in 2019 to the relatively lesser cost of a well it completed in 2018. SGVWC then creates a trend by projecting the 2018 to 2019 increase each year all the way to 2025. Using this methodology, SGVWC proposes an annual 13% escalation factor for wells in its capital budget. Based on the same methodology, SGVWC proposes escalation factors ranging from 8% to 17% for the other budget items. SGVWC proposes escalation factors ranging from 8% to 17% for the other budget items.

The Commission should use the escalation factor of 2.8% for capital projects forecasted in this GRC after the year 2022. This factor is the average of the non-labor composite escalation rates for the years 2022 to 2025 from Cal Advocates' December 15, 2021 Memo. In these monthly memos, Cal Advocates provides the Commission's water industry staff with historical and forecasted annual changes in labor and the prices for material and supply purchases. The non-labor composite rate is a weighted average of the escalation rates for contracted services and materials and supplies. In these monthly memos, Cal Advocates provides the Commission's water industry staff with historical and forecasted annual changes in labor and the prices for material and supply purchases. The non-labor composite rate is a weighted average of the escalation rates for contracted services and materials and supplies.

⁹² SGVWC "GRCWorkpapers – 2022.xlsx," tab "SOE1," row 111.

⁹³ SGVWC Exhibit SG-8, pp. 38-39.

⁹⁴ SGVWC Exhibit SG-8, pp. 42-43.

⁹⁵ SGVWC Exhibit SG-8, page 45.

⁹⁶ SGVWC "GRCWorkpapers – 2022.xlsx," tab "GI1," column L, rows 28 to 32.

⁹⁷ Attachment 7-2, Cal Water Response to DR SIB-037, Q.1.

1 The non-labor composite rate is an appropriate escalation factor for capital 2 projects from 2023 to 2025 as it has been recently proposed and used by other Class A 3 water utility districts. California Water Service Group ("Cal Water") is the largest class 4 A water utility regulated by the Commission. Cal Water's multiple service areas include 5 the East Los Angeles District, which neighbors SGVWC's Los Angeles County division 6 where SGVWC proposes the same escalation rates as in the Fontana Division. Cal Water 7 proposes using a 2.5% escalation factor for capital projects forecasted in its 2021 GRC. Cal Water justifies its use of the escalation factor because it is based on the non-labor 8 composites from earlier Cal Advocates memos. $\frac{98}{2}$ Indeed, Cal Water's proposed 2.5% 9 factor is lower than the 2023 to 2025 average of 2.8%. Since SGVWC is operating in 10 11 nearly the same years and economic conditions as Cal Water, the Commission should 12 adopt the 2.8% factor for SGVWC's capital budget.

C. Well Projects

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The Commission should remove \$4.1 million in 2023 and \$4 million in 2024 from the capital budget forecast for the proposed Well F30B and Well F31C. The Fontana Division has adequate supply capacity from existing sources and other planned sources without installing these new wells.

SGVWC states that these wells projects would correct supply capacity deficiencies identified by its Master Plan and would restore the "lost capacity" of wells removed from service in the Fontana division.

SGVWC's supply analysis is incomplete and recommends unnecessary well projects. California's Title 22 regulations requires that a water system always meet Maximum Day Demand (MDD) from its source capacity in each pressure zone. 99

However, Title 22 specifically states that interzonal transfers should be counted as source

⁹⁸ Attachment 7-2, Cal Water Response to DR SIB-037, Q.1.

⁹⁹ California Code of Regulations, Title 22, § 64554 (a) (3). https://govt.westlaw.com/calregs/Document/I09869AC5E2E24845946DA6392BB8ED5F

capacity to determine each individual pressure zone's compliance. SGVWC's supply analysis does not accurately represent its interzonal transfers, and its recommendations are therefore erroneous.

4 SGVWC's Master Plan shows that the Alder pressure zone, which the proposed

- 5 Well F31C would serve, has infrastructure supporting existing interzonal transfers. The
- 6 Alder pressure zone has an MDD requirement of 12,592 gpm. 101 As shown by the
- 7 Fontana division's hydraulic profile, the Alder zone is served by multiple
- 8 interconnections with the Highland pressure zone. Most notably, the booster pump
- 9 station at Plant F10 has two pumps with a combined capacity of 3,810 gallons per minute
- 10 ("gpm"). These pumps transfer water produced from various wells, including Well
- 11 F4A, to the Alder zone. In addition, the Highland and Alder zone are connected through
- 12 Pressure Regulating Valves ("PRVs"). Based on the hydraulic profile, the existing Well
- F31A and newly completed Well F31B would transfer their water supply through
- 14 PRVs. 104 In its previous Master Plan, SGVWC showed that the transfer between
- Highland and Alder zone through PRVs could supply 4,392 gallons per minute (gpm). 105

16 As shown by SGVWC's current Master Plan, the Highland Zone has a supply

17 surplus that can be transferred to zones connected by pipeline. The current Master Plan

shows a remaining surplus of 4,847 gpm in the Highland Zone after Well F10C is

¹⁰⁰ California Code of Regulations, Title 22, § 64554 (b). https://govt.westlaw.com/calregs/Document/I09869AC5E2E24845946DA6392BB8ED5F

 $[\]frac{101}{100}$ SGVWC Exhibit SG-8, Attachment H, p. 8-4, Table 8.1, row "Alder Zone Grouped Subtotal," column "MDD."

¹⁰² SGVWC Exhibit SG-8, Attachment H, p. 6-5, Figure 6.2. See lower right corner for the Alder zone and left edge for Highland zone and follow directional lines from the Highland to Alder zones.

¹⁰³ SGVWC Exhibit SG-8, Attachment H, p. 6-5, Figure 6.2. See booster pumps "5" and "6" between vertical axis labels "1,300" and "1,400" on the left edge near "F10 Reservoir."

¹⁰⁴ SGVWC Exhibit SG-8, Attachment H, page 6-5, Figure 6.2. See Well F31A near axis line "1,300," and follow directional line to the F16 reservoirs and booster pump station, then to Highland zone. Follow the directly below Highland zone on the profile to the PRV directly above Alder zone.

¹⁰⁵ Attachment 7-3: SGVWC Application ("A.") 19-01-001 Exhibit SG-7, Attachment H, Appendix D.1.

- 1 replaced. $\frac{106}{1}$ This surplus is more than enough to supply the 3,810-gpm transfer to the
- 2 Alder zone through Plant F10. Additionally, SGVWC does not include the production
- 3 from Wells F31A and F31B in the Highland zone surplus. Instead, SGVWC includes
- 4 these wells directly in the supply capacity for the Alder zone. Since the production from
- 5 Wells F31A and F31B can be transferred from the Highland Zone to the Alder Zone
- 6 through PRVs, it is reasonable to include this capacity in the Alder Zone as SGVWC
- 7 does. Cal Advocates likewise includes Well F31A and F31B in the supply analysis for
- 8 the Alder Zone in Table 7-3 shown below.

9 The table shows that the existing wells in the Alder zone, the 3,810gpm available

transfer from the Highland to the Alder zone, and Well F31A and F31B are enough to

meet the 12,592 gpm MDD that SGVWC identifies for the Alder zone. Therefore,

there is no need to construct the proposed Well F31C to add more supply capacity.

106 SGVWC Exhibit SG-8, Attachment H, p. 8-4, Table 8.1, row "Highland Zone Grouped Subtotal," column "Surplus with Recommendations and Transfers."

¹⁰⁷ SGVWC Exhibit SG-8, Attachment H, p. 8-4, Table 8.1, row "Alder Zone Grouped Subtotal," column "MDD."

	(A) Existing Supply Source	(B) Total Capacity ¹⁰⁸ (gpm)	(C) Plan to return to service?	(C) Available Capacity (gpm)
1	Highland Transfer	2.010	Yes (Well F4A)	2.010
	from Plant F10	3,810		3,810
2	Well 18A	2,400	No	Out of Service
3			Yes	Transfer to
	Well F2A	2,321		Baseline Zone
4	Well F44A	2,232		2,232
5	Well F44B	2,300		2,300
6	Well F44C	2,438		2,438
7	Well F31A	1,268		1,268
8	Well F31B	1,500		1,500
9	Alder Total			13,548
10	Meets MDD of			
	12,592?			Yes

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For similar reasons, there is no need for the proposed Well F30B which would

- 4 serve the Baseline zone. SGVWC's current Master Plan shows that there is an existing
- 5 booster pump station at Plant F2 supporting an interzonal transfer from the Alder to the
- 6 Baseline zone. At Plant F2, two pumps boost directly to the Baseline zone with a
- 7 combined capacity of 2,780 gpm. Indeed, SGVWC's plan is to construct a new well to
- 8 replace Well F30A, which supplied the Baseline zone through connections in the Alder
- 9 Zone. If SGVWC were to construct its proposed Well F30B, the well would first pump
- to Plant F2 in the Alder zone, where the water could then be boosted to the Baseline
- Zone. 11 Zone. 110 However, the new well is unnecessary because SGVWC is also planning to
- 12 return Well F2A to service.

¹⁰⁸ SGVWC Exhibit SG-8, Attachment H, p. 8-4, Table 8.1, column "Available Capacity."

¹⁰⁹ SGVWC Exhibit SG-8, Attachment H, p. 6-5, Figure 6.2.

¹¹⁰ SGVWC Exhibit SG-8, Attachment H, p. 6-5, Figure 6.2.

1 Returning Well F2A to service will further increase supply capacity above the

- 2 required capacity. The current Master Plan shows that the required capacity of the
- 3 Baseline zone is 3,380 gpm. 111 When SGVWC returns Well F2A to service, it will
- 4 supply a production of up 2,321 gpm to Plant F2, $\frac{112}{}$ where it can then be boosted to the
- 5 Baseline zone. Adding the capacity of Well F2A to that of the existing active wells, the
- 6 Baseline zone will have an available capacity of 7,191 gpm, or more than double the
- 7 required capacity of 3,380 gpm. The following table summarizes the water supply
- 8 analysis and shows that available capacity will be adequate without new wells in the
- 9 Baseline zone.

Table 7-4: Water Supply Analysis for the Baseline Zone

	(A) Existing Supply Source	(B) Total Capacity ¹¹³ (gpm)	(C) Plan to return to service?	(D) Available Capacity (gpm)
1	Well F7A	2,369		2,369
2	Well F7B	2,501		2,501
3	Well F22A	1,843	No	Out of Service
4	Well F30A	1,017	No	Out of Service
5	Well F2A	2,321	Yes	2,321
6	Baseline Total			7,191
7	Meets required capacity of 3,380?			Yes

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D. Solids Handling System at Summit Water Treatment Plant

The Commission should adopt a capital budget that includes a \$11.8 million estimate for the proposed Solids Handling System at Summit Water Treatment Plant only

¹¹¹ SGVWC Exhibit SG-8, Attachment H, p. 8-4, Table 8.1, row "Baseline Zone Subtotal," column "Total Required Capacity."

¹¹² SGVWC Exhibit SG-8, Attachment H, p. 8-4, Table 8.1, row "Well F2A," column "Proposed Well Capacity."

¹¹³ SGVWC Exhibit SG-8, Attachment H, p. 8-4, Table 8.1, column "Available Capacity."

if SGVWC removes the sludge removal expense of approximately \$1 million per year from its forecast. 114

SGVWC proposes the Solids Handling System, a project requiring the major 3 4 capital expenditures of a solids handling building, gravity thickener tank, solids storage 5 tank, and sludge pump station for the total cost of \$14,450,000 to be constructed from 2022 to 2024. SGVWC states that this project will replace the system in place, which 6 7 it states is a bottleneck to the expansion of Summit Water Treatment Plant's firm capacity from 12 Million Gallons per Day ("MGD") to 24 MGD. In its testimony, SGVWC also 8 9 states that it expects the sludge removal expense, which was \$848,342 in 2020, to increase to \$1,237,035 per year by 2024. 116 Nevertheless, SGVWC's Results of 10 11 Operation ("RO") model only forecasts an increase to \$972,223 in the Test Year (TY) 12 beginning on July 1, 2023 and ending on June 30, 2024. SGVWC's RO model forecasts \$1,015,476 and \$1,060,157 respectively for the following two years in the GRC cycle 13 14 despite SGVWC's proposed capital projects that would eliminate these costs.

The Commission should only adopt the cost estimate for this proposed project with contingency and escalation adjustments, if SGVWC removes the associated sludge removal expense from the forecast. SGVWC proposes to place the Solids Handling System in service in 2024. If SGVWC's cost estimate for this project is adopted, ratepayers will see a revenue requirement increase of nearly \$1.7 million in 2024 and \$1.8 million in 2025. However, SGVWC does not forecast any decrease in the sludge

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¹¹⁴ Cal Advocates calculates an estimate of \$11,820,000 for the Solids Handling System after removing contingency and adjusting escalation.

¹¹⁵ SGVWC Exhibit SG-8, p. 156.

¹¹⁶ SGVWC Exhibit SG-8, p. 157.

¹¹⁷ Attachment 7-4: SGVWC Response to DR AA9-006, Q.1.b.

removal expense. In response to discovery, SGVWC stated that once the Solids

Handling System is in service, it expects the sludge removal expense to be eliminated.

Handling System is in service, it expects the sludge removal expense to be eliminated. To properly account for the savings due to the elimination of the sludge removal expenses, \$1,015,476 needs to be removed in the year beginning on July 1, 2024, which is the first escalation year of this GRC cycle. Another \$1,060,157 needs to be removed for the year beginning on July 1, 2025, for a total of \$2,075,633 over the GRC cycle. Cal Advocates recommends reducing the TY 2023-2024 expense by \$656,743 since adjustments to expenses can only be made in TY 2023-2024 due to the Rate Case Plan requiring that escalation year expense forecasts be calculated from the Test Year. SGVWC's RO model would then calculate increased reductions in the following two years. This would result in the same combined savings of \$2,075,633 over the three-year GRC cycle as if the expense in the two escalation years were fully removed. The following table shows that the total savings calculated using Cal Advocates' methodology is equal to the sludge removal expense for the two escalation years:

Table 7-5: Savings from Sludge Removal Expense

	(A)	(B) Test Year 2023-2024	(B) Escalation Year 2024-2025	(B) Escalation Year 2025-2026	(B) GRC Total 2023-2026
1	SGVWC	\$972,223	\$1,015,476	\$1,060,157	\$3,047,856
2	Expected Savings	0	(\$1,015,476)	(\$1,060,157)	(\$2,075,633)
3	Cal Advocates Recommendation	(\$656,743)	(\$691,384)	(\$727,506)	(\$2,075,633)

Finally, the Commission should also revisit whether this project was successful in the next GRC. As discussed above, SGVWC stated that the historical sludge removal expense would be eliminated. The elimination of the sludge removal expense is integral

¹¹⁸ Attachment 7-4: SGVWC Response to DR AA9-006, Q.1.c.

¹¹⁹ Attachment 7-4: SGVWC Response to DR AA9-006, Q.1.d.

- to the justification of this \$14.5 million project. If the Commission finds in the next GRC
- 2 that the completed project failed to achieve the \$1 million per year savings that SGVWC
- 3 represents, the Commission should make a partial disallowance to this project's cost in
- 4 rate base.

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E. Reservoir Projects

The Commission should remove the \$8.8 million replacement reservoir at Plant F2

- 7 and \$8 million and \$5.8 million for the new reservoirs at Plants F10 and F59 from the
- 8 capital budget. In the following subsections, Cal Advocates first discusses how
- 9 SGVWC's criteria for storage is unjustified, then Cal Advocates discusses the individual
- 10 projects.

1. SGVWC's Storage Analysis overstates the need for storage from reservoirs.

SGVWC's storage analysis is based on three components: operational, emergency, and fire storage. SGVWC intends the operational component to regulate the difference between the rate of supply and the daily rate of demand. The emergency component would provide a backup supply during a major source interruption. Finally, the fire component would provide up to the largest fire flow required by local ordinances for each pressure zone.

California regulations do not set specific minimum storage requirements for water systems. Instead, the California Waterworks Standards and local fire codes inform system supply requirements. The Waterworks Standards require a public water system and its pressure zones to always have the source capacity to meet its maximum day demand ("MDD"). Additionally, the Waterworks Standards require that a system with 1,000 or more service connections and its pressure zones be able to meet four hours of

¹²⁰ SGVWC Exhibit SG-8, Attachment H, pp. 7-3.

¹²¹ California Code of Regulations, Title 22, § 64554 (a) and (a)(3).

https://govt.westlaw.com/calregs/Document/I424D286FF5BB40D7978AF090BC99CCB0?contextData=
%28sc.Default%29&transitionType=Default.

peak hour demand ("PHD") with a combination of source capacity, storage capacity, and
 emergency source connections. 122

SGVWC's criteria overstate the operational component of storage. SGVWC sets an operational storage target equal to four hours of PHD. SGVWC's Master Plan states that it bases this amount on the Waterworks Standards. However, the Waterworks Standards require that water systems meet four hours of PHD with a combination of source capacity, storage, and emergency connections. There is no requirement that source capacity and storage must separately meet this amount.

Importantly, the California state agency that oversees SGVWC's compliance with the Waterworks Standards has stated that SGVWC's storage is adequate. The State Water Resources Control Board Division of Drinking Water ("DDW") enforces

compliance with the state's Waterworks Standards. For example, before SGVWC

13 acquired the Rurban Homes Mutual Water Company ("Rurban"), DDW issued Rurban a

citation for failure to meet with the Waterworks Standards. In the Sanitary Survey

15 Report that SGVWC includes with its application, DDW specifically states that the

16 Fontana Division has "adequate storage capacity" when determining compliance with the

17 Waterworks Standards. 126

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¹²² California Code of Regulations, Title 22, § 64554 (a)(1) and (a)(3).

¹²³ SGVWC Exhibit SG-8, Attachment H, p. 7-3, row "Operational Storage," column "Performance Criteria for Existing System Evaluation."

¹²⁴ SGVWC Exhibit SG-8, Attachment H, p. 7-3, fn. (4).

¹²⁵ California Code of Regulations, Title 22, § 64554 (a)(1).

¹²⁶ SGVWC Exhibit SG-6, Appendix A, MDR Attachment 9, Sanitary Survey Report, p. 26 of 55.

Figure 7-1: DDW Determination of the Fontana Division's Storage Adequacy

Does storage capacity comply with Waterworks Standards?

Storage capacity requirements for systems with 1,000 or more service connections are incorporated with source/emergency capacity and the ability to meet 4 hours of peak hour demand (PHD) as a system and in each zone [Title 22,CCR, Section 64554].

As discussed in the source data section of this report, the system PHD of 4.96MG/hr is adequately met with the course capacity of 31.12 MG. FWC has adequate storage capacity.

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SGVWC's use of four hours of PHD for its operational storage target is also inconsistent with its master plan's explanation of operational storage. SGVWC's Master Plan states that "since water supply is designed to meet MDD, water volumes between PHD and MDD must be served from storage." By this logic, the operational

7 component should be equal to four hours of the difference between PHD and MDD, or

8 (PHD – MDD), not the much greater four hours of PHD that SGVWC uses. Indeed,

Golden State Water Company, a class-A water utility that is also regulated by the

Commission, uses an operational storage target of four hours of (PHD - MDD).

SGVWC's configuration of wells pumping into reservoirs instead of directly to distribution pipelines does not justify the four hours of PHD operational storage criterion.

To be clear, there is no need for wells to "bypass" reservoirs to provide water supply. In

SGVWC's configuration, water sources, such as wells and the Summit Water Treatment

Plant, supply water to reservoirs. As the distribution system draws water from reservoirs,

16 the water in the reservoirs can be simultaneously refilled by water sources pumping into

the reservoirs. A system's water sources are required to always be able to meet MDD. 129

18 Therefore, during times when the distribution system requires meeting four hours of

19 PHD, reservoirs can provide the balance between PHD exiting the reservoir and MDD

20 entering the reservoir for four hours, or a volume equal to four hours of (PHD – MDD).

¹²⁷ SGVWC Exhibit SG-8, Attachment H, Appendix E, p. 5.

¹²⁸ Attachment 7-5: Golden State Water Company's South San Gabriel System Master Plan, p. 5-10.

¹²⁹ California Code of Regulations, Title 22, § 64554 (a).

SGVWC monitors the water levels in reservoirs and can begin refilling reservoirs within minutes. 130

SGVWC's target for emergency storage is the largest of the three storage components. SGVWC's Master Plan states that it bases its emergency storage target on the criterion of having enough storage to supply the entire water system for five days at 82% of the maximum month demand if a power outage. SGVWC's emergency storage target is based on the Public Safety Power Shutoff (PSPS) events in October 2019. SGVWC's Master Plan reasons that backup power generators located at its Summit WTP and various active well sites can supply 72% of the maximum month demand, resulting in a shortage of about 10% of the maximum month demand for five days. SGVWC's Master Plan calculates an emergency storage target of 50% MDD to make up for the alleged shortage after accounting for the source capacity that can be powered by backup generators. The above analysis, however, neglects to consider SGVWC's concurrent projects to return or replace wells from service.

First, the Commission should consider that SGVWC's hypothetical scenario of being without power across its entire 52-square-mile Fontana Division water system for five full days is extreme. Although PSPS events may have occurred for a length of up to five days in 2019, Southern California Edison Corp., which serves the Fontana Division, "expects to reduce the scope, duration, and impact of PSPS." Having ratepayers pay millions over the 50-year or longer lifetimes of multiple reservoirs based on events that

¹³⁰ Attachment 7-6: SGVWC Response to DR AA9-004, Q. 7.

¹³¹ SGVWC Exhibit SG-8, Attachment H, Appendix E, p. 6.

¹³² SGVWC Exhibit SG-8, Attachment H, Appendix E, p. 6.

¹³³ SGVWC Exhibit SG-8, Attachment H, Appendix E, p. 6.

^{134 &}quot;SCE's 2020 Planning for Public Safety Power Shutoffs," p. 5. California Public Utilities Commission Briefing on August 11, 2020. https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/safety-and-enforcement-division/documents/psps-docs-unsorted/psps-public-briefingscepresentation-081120.pdf

- occurred in 2019 is unreasonable. Instead, SGVWC may alternatively install backup
- 2 generators and join or establish mutual aid networks between public water systems.
- 3 These two options are specifically identified by DDW to increase resilience during PSPS
- 4 events. 135
- 5 Second, SGVWC's Master Plan does not consider SGVWC's concurrent projects
- 6 to return or replace wells from service. SGVWC's Master Plan calculates that currently
- 7 active wells with backup generators can supply 14 Million Gallons per Day ("MGD").
- 8 However, SGVWC's Master Plan does not consider that SGVWC is planning to return
- 9 Well F2A to service and planning to replace Well F10C with a new, higher capacity well
- during this GRC cycle. The following table shows that when SGVWC returns Well F2A
- to service and replaces Well F10C, both of which are on sites with current backup
- generators, the Fontana Division will have enough source capacity to supply water up to
- 13 SGVWC's criterion of 82% of the MDD during a power outage.

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Attachment 7-7: "Public Safety Power Shutoff and Wildfire Information for Public Water Systems." DDW. https://www.waterboards.ca.gov/drinking water/certlic/drinkingwater/pspswildfire.html

Table 7-6: Water Sources with Backup Generators

(A) Existing Supply Source	(B) Total Capacity 136 (MGD)	(C) Plan to return to service or replace?	(D) Planned Capacity (gpm)	(E) Total Capacity (MGD)
Summit WTP				29.0
Well F2A	Out of Service	Yes	2,321	3.3
Well F7A	2,369		2,369	3.4
Well F7B	2,501		2,501	3.6
Well F10B	1,107		1,107	1.6
Well F10C	725	Yes	1,750	2.5
Well F13A	1,487		1,487	2.1
Well F13B	1,829		1,829	2.6
Well F15A	1,377		1,377	2.0
Total				50.1
Meets 82% MDD				Yes
	Existing Supply Source Summit WTP Well F2A Well F7A Well F7B Well F10B Well F10C Well F13A Well F13B Well F15A Total	(A) Total Existing Supply Capacity Source (MGD) Summit WTP Well F2A Out of Service Well F7A 2,369 Well F1B 2,501 Well F10B 1,107 Well F10C 725 Well F13A 1,487 Well F13B 1,829 Well F15A 1,377 Total Meets 82% MDD	(A) Total Capacity 136 Capacity 136 (MGD) Plan to return to service or replace? Summit WTP Well F2A Out of Service Yes Well F7A 2,369 Well F7B 2,501 Well F10B 1,107 Well F10C 725 Well F13A 1,487 Well F15A 1,377 Total Meets 82% MDD	(A) Total Capacity 136 (MGD) Plan to return to service or replace? Planned Capacity (gpm) Summit WTP Well F2A Out of Service Yes 2,321 Well F7A 2,369 2,369 Well F7B 2,501 2,501 Well F10B 1,107 1,107 Well F10C 725 Yes 1,750 Well F13A 1,487 1,487 Well F13B 1,829 1,377 Total Meets 82% MDD 1,377

Based on the discussion in this subsection, Cal Advocates analyzes the specific storage requirements at Plants F2, F10, and F59 with an operational storage target of four hours multiplied by (PHD - MDD) consistent with California's Waterworks standards and emergency supply being instead produced at wells with backup generators instead of stored in reservoirs.

2. The Commission should remove cost estimates for the proposed new reservoirs at Plant F2, F10, and F59.

The Commission should remove all cost estimates for the reservoir project at Plant F2 from the adopted capital budget. At Plant F2, SGVWC plans to replace the existing 1.0 Million Gallon ("MG") reservoir with a 2.0 MG reservoir to meet an alleged storage deficiency and remedy the allegedly poor condition of the existing reservoir presented in its Master Plan at a cost of \$8.8 million. The storage analysis in the below, which adjusts

¹³⁶ SGVWC Exhibit SG-8, Attachment H, p. 8-4.

- the operational storage component and accounts for SGVWC's emergency power
- 2 generators, shows that there is no storage deficiency in the F2 service area. Therefore,
- 3 there is no basis to increase the size of Reservoir F2.

Table 7-7: Cal Advocates Water Storage Analysis for Plant F2 in the Baseline Zone

	(A)	(B) Operational Storage	(C) Fire Storage	(D) Available Storage	(E) Surplus for emergencies
1	Formula	4 x (PHD-MDD)	4 x FF		= D - (B + C)
2	Size (MG)	0.49	0.96	1.91	0.46

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6 SGVWC's showing is also inconclusive as to whether there is a need for major

- 7 rehabilitation at Reservoir F2 to remedy poor conditions. The primary cost of the
- 8 Reservoir F2 rehabilitation would be replacing the roof structure. However, the
- 9 supporting Harper study identified the new roof structure only as an "optional
- modification." 137 Apart from the exterior roof material, Harper noted that the Reservoir
- F2's interior roof surfaces, columns, interior walls, and floor were in good condition. 138
- 12 Furthermore, SGVWC did not perform any structural analysis showing that replacing
- only the roof, as opposed to demolishing and rebuilding the entire reservoir, was
- infeasible. SGVWC should establish that the optional roof replacement on a reservoir
- otherwise in "good condition" as identified by its consultant is infeasible or not cost-
- effective before proposing full reservoir replacement. Therefore, SGVWC's plan to
- 17 replace Reservoir F2 is premature and would result in ratepayers paying for SGVWC's
- shareholder return on a \$8.8-million replacement reservoir before its rehabilitation has
- 19 been ruled out as an option.

¹³⁷ SGVWC Exhibit SG-8, Attachment F, Section "Plant F2," Enclosure 5, April 2021 Report by Harper & Associates Engineering, Inc., p. 9.

¹³⁸ SGVWC Exhibit SG-8, Attachment F, Section "Plant F2," Enclosure 5, April 2021 Report by Harper & Associates Engineering, Inc., p. 4.

- The Commission should also remove the new reservoirs at Plants F10 and F59
- 2 from the capital budget. At Plant F10, SGVWC is currently in-progress to complete a
- 3 replacement reservoir as included in the prior GRC settlement adopted by the
- 4 Commission. However, SGVWC is now proposing to build a second reservoir at the
- 5 same site immediately afterward. As stated above, Cal Advocates storage analysis in the
- 6 table below corrects SGVWC's operational storage calculations and accounts for
- 7 SGVWC's emergency power generators. As a result, there are currently no storage
- 8 deficiencies that would justify investments in multi-million-dollar reservoirs.

Table 7-8: Water Storage Analysis for Plant F10 in the Highland Zone

(A)	(B) Operational Storage	(C) Fire Storage	(D) Available Storage	(E) Surplus for emergencies
Formula	4 x (PHD-MDD)	4 x FF		= D - (B + C)
(MG)	0.88	0.96	6.02	4.18

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Table 7-9: Water Storage Analysis for Plant F59 in the F19 Zone

(A)	(B) Operational Storage	(C) Fire Storage	(D) Available Storage	(E) Surplus for emergencies
Formula	4 x (PHD-MDD)	4 x FF	Storage	= D - (B + C)
(MG)	0.68	0.96	3.53	1.89

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In the case of Plant F59, SGVWC plans to add another new reservoir. SGVWC claims that the new reservoir would allow SGVWC to place Reservoir F19 out-of-service for maintenance. However, when Reservoir F19 is out-of-service, the areas served by Reservoir 19 can continue to be served by other existing reservoirs. As shown by the Fontana division's hydraulic profile, Reservoir F19 directly serves pressure zone F46.

1 Nevertheless, the hydraulic profile also shows that water from the 3.43-MG Reservoir

2 F15 can be pumped to pressure zone F46. $\frac{139}{1}$

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F. Previously Authorized Repeated Projects

The Commission should adopt \$4.35 million for Plant F10, \$500,000 for Plant

5 F20, and \$2.8 million for Plant F44 all in 2022 and remove the remaining previously

authorized and funded yet incomplete project components from the capital budget. It is

not reasonable to keep including these projects in rate base and in rates when ratepayers

8 derive no benefit. Once these projects are completed and used and useful, the

9 Commission, after prudency and reasonableness review in a subsequent GRC, can

include the reasonable costs for these projects in the rate base. SGVWC's requested \$7.5

million, \$800,000, and \$5.75 million to complete the repeated components of Plants F10,

F20, and F44 respectively, should be denied.

Ratepayers should not be asked to fund projects twice before receiving benefits even once. The Commission authorized increased rates in the 2019 GRC based on SGVWC's testimony and assumption that certain capital projects would be complete and providing service. Because rates are based on forecasts, ratepayers are at risk of paying for projects that utilities subsequently fail to complete. Even if the utility completes the project in the following GRC cycle, ratepayers still experience a gap between paying for costs and receiving benefits. Instead of raising rates again in anticipation of the same projects in this GRC, SGVWC should complete these projects and, in the next GRC, request all reasonable costs be included in its rate base when these previously funded projects can be demonstrated to be providing service to ratepayers.

All previously authorized and ratepayer-funded projects anticipated in past GRCs to be complete prior to end of 2022 that SGVWC now asks ratepayers to continue to fund by speculating the projects will be complete sometime after 2022 should be removed

¹³⁹ SGVWC Exhibit SG-8, Attachment H, p. 6-6, Figure 6.2, see left edge between axis lines "1,900" and "1,600."

- 1 from Commission-authorized budgets. Specifically, the Commission should adopt no
- 2 more than the amounts in row 3 of the following table which includes the project
- 3 components that are scheduled to be in service by 2022:

Table 7-5: Repeated Project Cost Estimates

	(A)	(B)	(C)	(D)
		Plant F10	Plant F20	Plant F44
1	New Schedule	2022-2025	2022-2023	2022-2023
2	SGVWC	\$7,500,000	\$800,000	\$5,725,000
3	Cal Advocates 140	\$4,350,000	\$500,000	\$2,805,000
4	SGVWC >	\$3,150,000	\$300,000	\$2,920,000
	Cal Advocates			

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All reasonable, capital costs associated with previously funded projects can be requested by SGVWC in a subsequent GRC when the project is shown to have been

8 actually completed and providing service.

G. Plant F58 Mains Project

The Commission should adopt a capital budget that includes a \$5.4 million estimate for the in-progress Plant F58 to Plant F19 pipeline only if SGVWC reduces the purchased power expense of approximately \$330,000 per year in its forecast for the Test Year. SGVWC's plans to complete the pipeline in 2022.

SGVWC is currently in-progress to complete a major pipeline project from Plant F58 to Plant F19. This project was included in the prior GRC settlement adopted by the

- Commission. As part of SGVWC's justification for this project in the prior GRC,
- 17 SGVWC estimated a reduced purchased power expense resulting from the pipeline

¹⁴⁰ In addition to removing the repeated components of these projects after year 2022, Cal Advocates removes the contingency and adjusts the escalation for the cost estimates in 2022.

¹⁴¹ Cal Advocates calculates a cost estimate of \$5,435,000 for the Plant 58 pipeline after removing contingency and adjusting escalation.

allowing water to flow through a shorter route from water sources on the east side of the

system to customers on the west side. Specifically, SGVWC stated that: "the benefit to

constructing a new pipeline from Plant F58 to Plant F19 and booster station at Plant

F58 will result in a total annual energy cost savings estimated at \$333,504." 142

In response to discovery, SGVWC stated that it did not include the savings from

the pipeline or the additional expense from operating the Plant F58 booster station but

that SGVWC's purchased power balancing account would account for these changes. 143

8 The Commission should reduce SGVWC's purchased power expense forecast by

9 \$333,504 rather than wait for the balancing account to correct for changes because it is

already known that the new pipeline will result in more efficient water pumping.

No adjustment is necessary for the Plant F58 booster station because SGVWC

calculated its systemwide purchased power forecast to account for a net decrease of water

sales. Therefore, even though the Plant F58 booster station's power is a new cost, it will

be offset by the reduced pumping of all the wells and booster stations throughout the

15 Fontana Division.

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H. Meters

17 Reduce the cost estimate for meters to \$855,000 in 2022, \$1,380,000 in 2023,

18 \$905,000 in 2024, and \$930,000 in 2025, to conform to the 15-year installation schedule

previously proposed by SGVWC and adopted by the Commission. SGVWC's proposed

cost estimates of \$1,400,000 in 2022, \$1,925,000 in 2023, \$1,453,000 in 2024, and

21 \$1,482,000 in 2025, should be denied.

SGVWC proposes to accelerate its installation schedule for its automated meter

reading (AMR) meters to a 6 to 8-year schedule. SGVWC previously planned to

¹⁴² Attachment 7-8: SGVWC Application 19-01-001, Exhibit SG-7, Attachment F, Section Plant F58, page 9.

¹⁴³ Attachment 7-9: June 24, 2022, E-mail Message from Joel M. Reiker of SGVWC to Anthony Andrade of Cal Advocates.

¹⁴⁴ SGVWC Exhibit SG-9, p. 26.

install its AMR meters over a 15-year schedule. Over the first four years of this schedule, SGVWC has installed a total of 11,000 AMR meters in the Fontana Division. 445

Installing AMR meters over a 15-year period is reasonable and should be continued. Meters have a 15-year service life. Therefore, it is reasonable to replace meters one-for-one as existing meters reach the end of their service lives. Replacing meters more aggressively means that existing meters are retired early. Although SGVWC may repurpose a few mechanical meters, mathematically, the high replacement rate will result in thousands of meters being disposed before their expected useful life.

As stated by SGVWC, utilities are encouraged to *carefully* invest in technologies that benefit customers, lower costs, and advance conservation. Spreading out the installation of meters according to a previously adopted replacement schedule also allows SGVWC more time to react to unexpected AMR challenges. AMR technology is substantially different than mechanical meters because AMR meters rely on batteries.

The Commission should be aware that AMR has different operational characteristics than mechanical meters. For instance, in its 2018 and 2021 GRCs, Liberty Utilities (Park Water Company) and its affiliate, Liberty Utilities (Apple Valley Ranchos Water Company), faced unexpected premature failure of internal batteries in AMR meters. Although Liberty Utilities expected 20-year service lives, it found that its AMR meters were failing as they reached ten to twelve years. SGVWC's proposed AMR meter model likewise relies on a battery to function accurately. SGVWC began its AMR installation four years ago and is therefore in the process of replacing mechanical meters, with a known 15-year lifecycle, with AMR meters. Since SGVWC's AMR meters are only a maximum of four years old, premature failure will likely not occur in this GRC

¹⁴⁵ SGVWC Exhibit SG-7, p. 28.

¹⁴⁶ SGVWC Exhibit SG-9, p. 26.

¹⁴⁷ SGVWC Exhibit SG-7, p. 28.

¹⁴⁸ SGVWC Exhibit SG-8, Attachment G, Section "Account 346 – Meters," Enclosure 1, "A Product Sheet of Neptune Technology Group E-CODER® R900iTM," p. 2.

- 1 cycle. However, if premature failure does occur in future GRC cycles, it will be more
- 2 manageable if the AMR meters have a more distributed age. For these reasons, the
- 3 Commission should base SGVWC's meters budget on the last adopted forecast of
- 4 \$852,000 in 2022, and apply the escalation factor of 2.8% to each year. Accordingly,
- 5 the Commission should adopt a meter-replacement budget equal to the amounts in row 2
- 6 of the table below:

Table 7-6: Meters Budget

	(A)	(B)	(C)	(D)	(E)	(F)
	Year	2022	2023	2024	2025	Total
1	SGVWC	\$1,485,000	$$2,015,000^{150}$	\$1,545,000	\$1,576,000	\$6,121,000
2	Cal Advocates	\$855,000	\$1,380,000	\$905,000	\$930,000	\$4,070,000
3	SGVWC > Cal Advocates	\$630,000	\$635,000	\$640,000	\$646,000	\$2,051,000
4	Cal Advocates as % of SGVWC	58%	68%	59%	59%	66%

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I. Vehicle Budget

The Commission should reduce SGVWC's vehicle budget to \$369,000 for the year 2025 because one vehicle SGVWC proposes for replacement is not estimated to meet its replacement criteria until after mid-2026. SGVWC proposed cost estimate of \$446,000 for the Fontana division's vehicle budget in 2025 should be denied.

According to Department of General Services ("DGS") replacement criteria specified below in Table 7-8, two of SGVWC's proposed vehicles are not recommended for replacement during the years covered in this GRC cycle.

¹⁴⁹ D.20-08-006, p. 43.

¹⁵⁰ Includes an additional \$500,000 for a meter test bench.

Table 7-8: DGS Vehicle Replacement Schedule Criteria (2008)¹⁵¹

Replacement Schedule Criteria

To assist agencies with determining replacement schedules and budgeting needs for state-owned vehicles, the following schedule for alternative fuel and gasoline fueled vehicles shall be used:

Authorized emergency vehicles as defined in Section 165 of the Vehicle Code, that are equipped with emergency lamps or lights described in Section 25252 of the Vehicle Code	100,000 miles
Sedans, station wagons, vans and light duty trucks or vehicles having a gross vehicle weight rating (GVWR) or 8500 pounds or less	120,000 miles
Heavy duty trucks or vehicles (Class 3 and under) having a gross vehicle weight rating (GVWR) of 8501 pounds or more	150,000 miles
4-wheel drive vehicles	150,000 miles

A state-owned vehicle may be disposed of or replaced when it is determined that it would be costeffective to do so, regardless of age or mileage. All vehicles being disposed of require a Property
Survey Report (STD. 152). An evaluation will be made by an Inspector of Automotive Equipment
to determine whether a vehicle should be disposed of or can be safely and economically
continued in service. The decision whether to retain, reutilize, or dispose of any vehicle not
meeting the minimum replacement criteria shall be based on an inspection taking into account the
following factors:

- · Current mechanical condition.
- · Previous maintenance and repair record.
- Extent of needed repairs and availability of parts and life expectancy of vehicle after repair.
- Current sale value.
- Cost and availability of replacement unit and accessories.
- Owning agency's ability to replace unit.

Vehicles meeting or exceeding the replacement schedule do not require an inspection.

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As shown in Table 7-8 above, the mileage criteria for vehicle replacement are based on the (2008) DGS standard: (1) 120,000 miles for vehicles with a gross verhicle weight Rating ("GVWR") of up to 8,500 lbs, and (2) 150,000 miles for heavy-duty trucks, vehicles with a GVWR exceeding 8,500 lbs, or four-wheel drive vehicles.

In its proposed list of vehicle replacements, SGVWC follows the 2008 DGS replacement criteria except for three vehicles, one of which is assigned to the Fontana division. Although DGS does not prohibit agencies from replacing vehicles following an inspection, SGVWC specifically states that it is replacing these vehicles because they have reached the mileage criteria. Table 7-9 below shows one vehicle assigned to the

¹⁵¹ The April 22, 2008, State of California Fleet Handbook -A guide to Fleet Policy from DGS, page 4.

¹⁵² SGVWC Exhibit SG-8, Attachment G, Section "Account 373 – Transportation Equipment," p. 11 of 13, see "F-250 – Unit No. 681."

- 1 Fontana division that SGVWC proposes to replace but that would not meet DGS
- 2 replacement criteria by mid-2026.

Table 7-9: Vehicles Not Meeting DGS Replacement Criteria

	(A) Proposed Year	(B) Division	(C) Project ID	(D) Vehicle ID	(E) Year/ Make/ Model of Existing Vehicle to be Replaced	(F) Applicable DGS Standard	(G) Estimated Mileage on 7/1/2026
1	2025	Fontana	373F	681	2011 Ford F250	150,000	126,450

Vehicles that are not expected to reach the replacement mileage threshold between

2022 and mid-2026 under the existing DGS guidelines should be removed. The cost

estimate for the identified vehicles should accordingly be removed from SGVWC's

8 capital budget forecast.

J. Administrative Expense Transferred

The Commission should adopt SGVWC's proposed Administrative Expense Transferred of \$6,663,075 for the Test Year 2023-2024 despite the adjusted capital budget to account for expenses transferred to projects that SGVWC will continue but that are not forecasted as Plant-in-Service in this GRC cycle.

Most of the Administrative Expense Transferred amount is comprised of capitalized labor cost. Cal Advocates recommends reductions in the amounts of capital projects but no reduction in the capitalized labor expenses. 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. These past projects even though not included in this GRC rate cycle would still be active projects with SGVWC and would require supervisory and engineering needs which drive the capitalized labor cost. Subsequently, on completion these capital projects would become part of the rate base on the Commission's approval. Therefore, it is reasonable that for

- 1 the ratemaking purposes, the capital labor costs should not be reduced when the amount
- 2 of capital projects is reduced.

IV. CONCLUSION

- 4 The Commission should authorize funding in rates for a capital budget that
- 5 removes SGVWC's contingency, the proposed Wells F30B and F31C, new reservoir
- 6 projects at F2, F10, and F59, and repeated project components at Plants F10, F20, F44,
- 7 and that adjusts SGVWC's escalation, Solids Handling System project, Plant F58
- 8 pipeline project, and meters and vehicles budgets, and Administrative Expense
- 9 Transferred.

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Attachment 7-1: Cal Advocates Capital Budget by Plant Site and Account

	(A)	(B) 2022	(C) 2023	(D) 2024	(E) 2025	(F) Total
1	Plant F2		<u>'</u>	<u> </u>	<u>'</u>	
2	Reservoirs			\$0	\$0	\$0
3	Plant F7	•	,			
4	Pumping Equipment		\$185,000			\$185,000
5	Plant F10					
6	Reservoirs	\$4,350,000		\$0	\$1,305,000	\$5,655,000
7	Wells		\$3,300,000			\$3,300,000
8	Plant F20			·		
9	Land and Land Rights	\$250,000				\$250,000
10	Reservoirs	\$250,000	\$0	\$1,420,000	\$5,930,000	\$7,600,000
11	Plant F21	-		·		
12	Wells			\$3,420,000		\$3,420,000
13	Plant F30					
14	Wells				\$0	\$0
15	Pumping Structures			\$0	\$0	\$0
16	Plant F31					
17	Pumping Structures	\$845,000				\$845,000
18	Wells		\$0			\$0
19	Plant F44	-	·	·	•	
20	Reservoirs	\$2,805,000	\$0			\$2,805,000
21	Plant F59		·			
22	Reservoirs	\$1,445,000	\$0	\$0	\$0	\$1,445,000
23	Summit Plant		-			
24	Treatment Structures	\$1,525,000	\$3,260,000	\$4,520,000		\$9,305,000
25	Treatment Equipment		\$1,805,000	\$710,000		\$2,515,000
26	Plant F58					
27	Mains	\$5,435,000				\$5,435,000
28	Annual Budgets					
29	Wells	\$700,000	\$695,000			\$1,395,000
30	Pumping Equipment	\$1,125,000	\$1,220,000	\$1,375,000	\$1,545,000	\$5,265,000
31	Reservoirs	\$105,000	\$85,000	\$85,000	\$90,000	\$365,000
32	Mains	\$9,475,000	\$9,865,000	\$9,945,000	\$10,180,000	\$39,465,000
33	Services	\$3,500,000	\$3,660,000	\$3,750,000	\$4,155,000	\$15,065,000
34	Meters	\$855,000	\$1,380,000	\$905,000	\$930,000	\$4,070,000
35	Fire Hydrants	\$225,000	\$255,000	\$260,000	\$240,000	\$980,000
36	Structures and Improvements	\$360,000	\$385,000	\$260,000	\$290,000	\$1,295,000
37	Office Equipment	\$625,000	\$700,000	\$1,060,000	\$710,000	\$3,095,000
	Transportation	\$338,000	\$484,000	\$404,000	\$369,000	\$1,595,000
39	Communication	\$435,000	\$340,000	\$105,000	\$90,000	\$970,000
40	Tools and Equipment	\$410,000	\$75,000	\$75,000	\$75,000	\$635,000
41	Total	\$35,058,000	\$27,694,000	\$28,294,000	\$25,909,000	\$116,955,000

Attachment 7-2: Cal Water Response to DR SIB-037



RESPONSE TO DATA REQUEST 2021 GENERAL RATE CASE, A.21-07-002

To: Public Advocates Office

Brian YuPhone:(213) 576-7075Project CoordinatorEmail:byu@cpuc.ca.gov

Suliman Ibrahim Phone: (213) 266-4714

Utilities Engineer Email: suliman.ibrahim@cpuc.ca.gov

Marybelle Ang Phone: (415) 696-7329

Attorney Email: <u>marybelle.ang@cpuc.ca.gov</u>

Caryn L. Mandelbaum Phone: (213) 620-6456

Attorney Email: <u>caryn.mandelbaum@cpuc.ca.gov</u>

From: California Water Service Company

Greg Milleman Phone: (408) 367-8498

Vice President, California Rates Email: gmilleman@calwater.com

 Natalie D. Wales
 Phone:
 (408) 367-8566

 Director, Regulatory Policy & Compliance
 Email:
 nwales@calwater.com

 Patrick Alexander
 Phone:
 (408) 367-8230 ext.78230

 General Rate Case Manager
 Email:
 palexander@calwater.com

Date: October 22, 2021 Request Received from CPUC: October 15, 2021

Re: SIB-037

Requested Due Date: October 22, 2021
Subj: Inflation Rate

Comments:

- · Full response attached.
- Response provided by Engineering.
- · Does not contain confidential information.



CALIFORNIA WATER SERVICE COMPANY

Data Request SIB-037 Response (2021 GRC, A.21-07-002) -Page 2

- · This response refers to the following attachments included separately:
 - o Attachment #1 CPUC Inflation Memos

Data Requests and Responses

- For most of its capital projects, Cal Water escalates costs using an annual inflation rate of 2.5%.
 - a. Please explain how Cal Water decided on this 2.5% inflation rate for capital projects. Response: Cal Water follows the calculation methodology established in a 1991 agreement between the CPUC Water Division and the California Water Association, where inflation is a composite of 60% of the non-labor factors provided in the Public Advocate's monthly escalation memorandum and 40% of Compensation per Hour Index, also provided in that same memorandum. The annual change in Compensation per Hour is applicable to contracted services, while the non-labor factor is related to material and supply purchases.
 - Cal Water first adopted this strategy as a three year average calculation in the 2015 GRC when the PowerPlan upgrade in 2014 made uniform escalation from a base year possible. In that GRC, the average was rounded from 2.3% to 2.5%, and this number has been evaluated each rate case since to confirm it is reasonable to continue assuming this inflation rate.
 - b. Please provide support to substantiate Cal Water's response to question 1.a. above. Response: Attachment #1 includes 3 CPUC memoranda in May of the filing year for the 2015, 2018 and 2021 GRC respectively, with the relevant numbers highlighted. From the table below, it can be shown that 2.5% remains a reasonable inflation rate:

	Inflati	on Factor	Weight	ing Factor	Combined
Year	Labor	Non-Labor	Labor	Non-Labor	Inflation
2016	3.60%	1.60%	40.0%	60.0%	2.40%
2017	3.80%	1.40%	40.0%	60.0%	2.36%
2018	3.90%	1.20%	40.0%	60.0%	2.28%
2015 GRC Average	3.77%	1.40%	40.00%	60.00%	2.35%
2019	4.20%	1.40%	40.0%	60.0%	2.52%
2020	4.30%	1.70%	40.0%	60.0%	2.74%
2021	4.30%	1.50%	40.0%	60.0%	2.62%
2018 GRC Average	4.27%	1.53%	40.00%	60.00%	2.63%
2022	2.10%	4.80%	40.0%	60.0%	3.72%
2023	2.50%	3.70%	40.0%	60.0%	3.22%
2024	2.80%	2.90%	40.0%	60.0%	2.86%
2021 GRC Average	2.47%	3.80%	40.0%	60.0%	3.27%

Attachment 7-3: SGVWC Application ("A.") 19-01-001 Exhibit SG-7, Attachment H, Appendix D.1

Original

		Supply (Capacity ^{1,2}			Existing	Existing Firm				Surplus with
Discharge Pressure Zone	Existing Supply Source	Total Capacity	Firm Capacity ^a	Existing ADD	Existing MDD ³	Supply Balance	Supply Balance	Zone Transfer Description/ Recommended Supply ⁴	Zone Transfer	Proposed Well Capacity	Recommendation and Transfers
		(gpm)	(qpm)	(qpm)	(qpm)	(gpm)	(gpm)		(gpm)	(qpm)	(qpm)
Alder	Well F2A	0.0.5.	0.0.5.	7,911	14,239	111,111	100	PRV from Highland	4,392		
	Well F3oA	0.0.5.	0.0.5.					Activate Well F2A (treatment at Plant F44)		2,320	
	Well F18A	0.0.5.	0.0.5.					Activate Well F18A (Treatment at Plant F31)		2,400	
	Well F44A	2,250	largest out					Activate Well F3oA (treatment at Plant F44)		1,560	
	Well F44B	1,960	1,960								
	Well F44C	2,170	2,170								
Alder Reduced	n/a	n/a	n/a	165	296						
Alder Zone Grouped Subtotal		6,380	4,130	8,075	14,536	-8,156	-10,406		4,392	6,280	267
Baseline	Well F22A	0.0.5.	0.0.5.	2,063	3,713			Activate Well F22A (treatment at Plant F44)		1,840	
	Well F7A	2,410	largest out					And the Research and the Control of			
- 345	Well F7B	2,270	2,270								
Baseline Zone Grouped Subtotal		4,680	2,270	2,063	3,713	967	-1,443	CI CONTRACTOR OF THE CONTRACTO	0	1,840	397
luniper	Well F17B	2,180	2,180	5,296	9,533		1000	Pump with F8 from Highland	2,203		1.11
	Well F17C	2,690	largest out					7			
	Well F21B	2,410	2,410								
	Well F23A	2,650	2,650					New Well F21C		2,500	
Juniper Reduced	n/a	n/a	n/a	2,315	4,167			New Well F23B		2,500	
Juniper Zone Grouped Subtotal		9,930	7,240	7,611	13,700	-3,770	-6,460		2,203	5,000	743
Highland	Well F4A	0.0.5.	0.0.5.	2,952	5,313			PRV to Alder	-4,392		
	Well F34A	120	120					F8 to Juniper	-2,203		
	Well F36A	320	320					F15 PS to F19	-5,219		
	Well F10B	540	540					New Well F31B		1,500	
	Well F10C	530	530					Activate Well F4A		1,900	
	Well F10D	1,410	1,410					New Well 54A		1,350	
	Well F13A	1,350	1,350					Replace F1oC with new F1oE		-530	
	Well F13B	1,890	1,890					New Well F10E		1,500	
	Well F15A	1,380	1,380								
	Well F24A	1,760	1,760								
	Well F26A	1,860	1,860								
	Well F28A	420	420								
	Well F29A	780	780								
	Well F31A	1,020	1,020								
	Well F32A	720	720					,			
	Well F40A	430	430								
	Well F49A	1,240	1,240								
	Sandhill WTP	2,500	largest out								
Highland Reduced		n/a	1 500	439	790						
Renaissance				1,489	2,069						
Highland Zone Grouped Subtotal		18,270	15,770	4,880	8,172	10,098	7,598		-11,814	5,720	1,503

Zoomed-in for Readability



Attachment 7-4: SGVWC Response to DR AA9-006, Q.1 and Q.2

SAN GABRIEL VALLEY WATER COMPANY

May 27, 2022

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. AA9-006 (FWC SUMMIT WTP and PLANT F59)

Dear Mr. Aslam:

In response to your data request dated May 20, 2022, San Gabriel Valley Water Company (San Gabriel or Company) responds as follows:

REQUEST NO. 1:

Referring to Exhibit SG-8, page 156, SGVWC states that it is budgeting to construct a Solids Handling System with a budget of \$14,450,000 to be completed in 2022 through 2024. On page 157, lines 11 to 12, SGVWC states that the annual cost for sludge removal was \$848,342 in 2020 but that it was expected to increase to \$1,237,035 by 2024.

- a. What is the expected life of the Solids Handling System?
- b. Provide the calculation, in Microsoft Excel format, of the expected revenue requirement for each year of the expected life of the solids handling system.
- c. For the years 2022 to 2025, what is the annual expense of the sludge removal that SGVWC used in the file "GRCWorkpapers – 2022.xlsx" from January 2022? Provide pertinent cell references.
- d. For the years 2022 to 2025, provide what is the expected annual expense after the completion of the Solids Handling System. Note the difference in the sludge removal expense before and after the completion of the Solids Handling System in Microsoft Excel format.

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

RESPONSE NO. 1:

- The life expectancy of the Solids Handling System is 44 years, based on current depreciation rates.
- b. Please see AA9-006 ATTACHMENT 1.b.xlsx.
- c. The subject sludge removal costs are included in the recorded and forecasted totals for Account 74805 in the Fontana Water Company division, as shown on LINE 1344 of WORKPAPER EX1. In San Gabriel's January Application, the Company forecasted \$1,053,901 for Account 74805, of which \$972,223 is related to the subject sludge removal costs, as shown in AA9-006 ATTACHMENT 1.c.xlsx. Based on San Gabriel's 100-DAY UPDATE workpapers, the Company forecasted \$1,080,897 for Account 74805, of which \$999,457 is related to the subject sludge handling costs, as also shown in AA9-006 ATTACHMENT 1.c.xlsx. These forecasts are based on San Gabriel's standard GRC forecasting methodology for Outside Services, which uses a five-year average and compensation per-hour escalation rates, as opposed to the forecast of \$1,237,035 cited on page 157, lines 11-12 of EXHIBIT SG-8 (Yucelen), which was prepared by the Fontana Water Company division's Water Treatment Superintendent and is based on increased State Water Project allotments, and represents a more refined forecast of these costs.
- d. Please see the attached Carollo Solids Handling Selection Report (provided herewith as AA9-006 ATTACHMENT 1.d.1.pdf), specifically estimated sludge handling cost savings starting on Page 21.

For this analysis, SGVWCs design consultant estimated average future plant production at 19-million gallons per day. In this report, the design consultant factored current solids handling practices at \$60 per acre-foot versus the recommended and selected one centrifuge project at \$12 per acre-foot (see Table 3.9). The \$60 per acre-foot estimate is far less than current charges, which average over \$72 per acre-foot (See AA9-006 ATTACHMENT 1.d.2.xlsx). Even at the lower rate of \$60 per acre-foot for current sludge dewatering practices, SGVWCs design consultant estimates an 84-percent costs savings for the Solids Handling System.

As explained in the response to part c above, these estimates are separate from the GRC forecast of Account 74805 – Outside Services, as shown on LINE 1344 of WORKPAPER EX1, and as shown in AA9-006 ATTACHMENT 1.c.xlsx. Based on the GRC forecast, and assuming the sludge handling facility is completed and placed in service, the expected annual expense for Account 74805 would be reduced by the amounts shown on LINE 29 of AA9-006 ATTACHMENT 1.c.xlsx.

RESPONDING WITNESS: Yucelen, Swift, Reiker

REQUEST NO. 2:

SGVWC includes a "Cost-Benefit Memo" dated July 22, 2021, as Exhibit SG-8, Attachment F, Enclosure 9. On page 2, SGVWC states that it has the expectation that the Inland Empire Utilities Agency (IEUA) will increase the Fontana Division's allotment to 14,000 Acre Feet (AF) per year and that the San Bernardino Valley Municipal Water District (SBVMWD) will increase the Fontana Division's allotment to 3,500 AF per year.

- Explain whether SGVWC has reduced the allotments it projected in July 22, 2021 as a result of drought.
- If a drought does restrict these planned allotments, then provide SGVWC's estimates for the sludge removal for the years 2022 to 2025.

RESPONSE NO. 2:

a. Due to the current drought and the recent State Water Project (SWP) allocation of 5-percent, SGVWC is currently faced with reduced SWP allocations from Inland Empire Utilities Agency (IEUA) and San Bernardino Valley Municipal Water District (Valley District) through the current calendar year.

IEUA's Board of Directors approved reduced monthly allocations for June through December of 2022 on May 18th. These allocations were based on historical SWP purchases for IEUA retail agencies. Based on the historical purchase methodology, SGVWC was awarded 857 acre-feet per month for June through December of 2022. This represents a 14-percent reduction in SWP allocation from IEUA. See AA9-006 ATTACHMENT 2.a.1.pdf.

Valley District's approach to allocating reduced SWP supplies is via a Water Supply Group that is made up of each of their retail agencies. In this meeting, retail agencies are directed to request what they feel is required to meet their customer demands. For 2022, all of Valley District's retail agencies stated they need their supply and therefore, Valley District developed a supply reduction calculation that was equal across all agencies. In the case of SGVWC, we are afforded up to 3,650 acre-feet per year in normal years however, due to the current 5-percent SWP allocation we were awarded 1,777 acre-feet for the current calendar year. This represents a 51-percent reduction in SWP availability from Valley District. See AA9-006 ATTACHMENT 2.a.2.xlsx.

In total, SGVWC has 7,776 acre-feet of SWP supplies available to its Summit Plant for the months of June through December. This represents 1,110 acre-feet per month which exceeds the Summit Plants historical average SWP production.

b. If the drought and the currently reduced SWP allocations are to persist through 2025, SGVWC does not forecast any reduced sludge removal costs, as we plan to maintain our historical monthly SWP production by virtue of receiving SWP supplies from the two separate state water contractors, IEUA and SBVMWD. If anything, we would forecast an increase in SWP production and sludge removal cost due to historical trends of SWP availability over the last 10-years, of which none had a reduced allocation.

RESPONDING WITNESS: Yucelen, Swift

REQUEST NO. 3:

Referring to Exhibit SG-8, Attachment F, SGVWC includes a section describing its proposed facilities for Plant F59. On page 2 of this section, SGVWC states that it proposes a seven-foot high wrought iron fence with masonry pilasters along the frontage, and a seven-foot high wrought iron fencing on the easterly property line to screen the site from adjacent residential properties. SGVWC further states that the rear portion of the property abuts a steep hillside.

- Provide documentation showing that the County of San Bernardino requires the wrought-iron fencing.
- b. Referring to Exhibit SG-8, Attachment F, Enclosure 4, SGVWC shows the proposed site plan for Plant F59 with four property lines. Did SGVWC calculate the cost estimate of \$1,125,000 for Fencing and Walls assuming that it would install wrought-iron fencing on all four property lines?
- c. Does the San Bernardino Planning Division require wrought-iron fencing on any of the property lines beside the easterly line? If yes, explain why and provide supporting documentation.
- d. Provide the cost estimate for Fencing and Walls for each of the four property lines if SGVWC uses: i) wrought-iron fencing and ii) chain-link fencing.
- e. What year did SGVWC acquire the property at Plant 59?
- f. Since SGVWC acquired the property at Plant 59, what vandalism or unauthorized entry has SGVWC recorded at Plant 59? Provide supporting documentation.

RESPONSE NO. 3:

a. Upon review of the County Development Code and the plans San Gabriel previously submitted to the County, the County will require a combination of wrought iron fencing and solid block walls. The County prohibits permanent chain link and tarp fencing or fencing constructed of similar materials, pursuant to the County Development Code Section 83-06-070 (see AA9-006 ATTACHMENT 3.a.1.pdf). Further, the County Development Code Section 83-02-060 requires that a solid block masonry wall and landscaping be installed between commercial, industrial, or institutional developments that adjoin property in residential zones, and that walls and pilasters visible from the public right-of-way be constructed of decorative split face block or similar architecturally enhanced materials (see AA9-006 ATTACHMENT 3.a.2.pdf). Accordingly, the County will require that a solid block wall be installed along the property line adjoining residential developments to the north and south of Plant

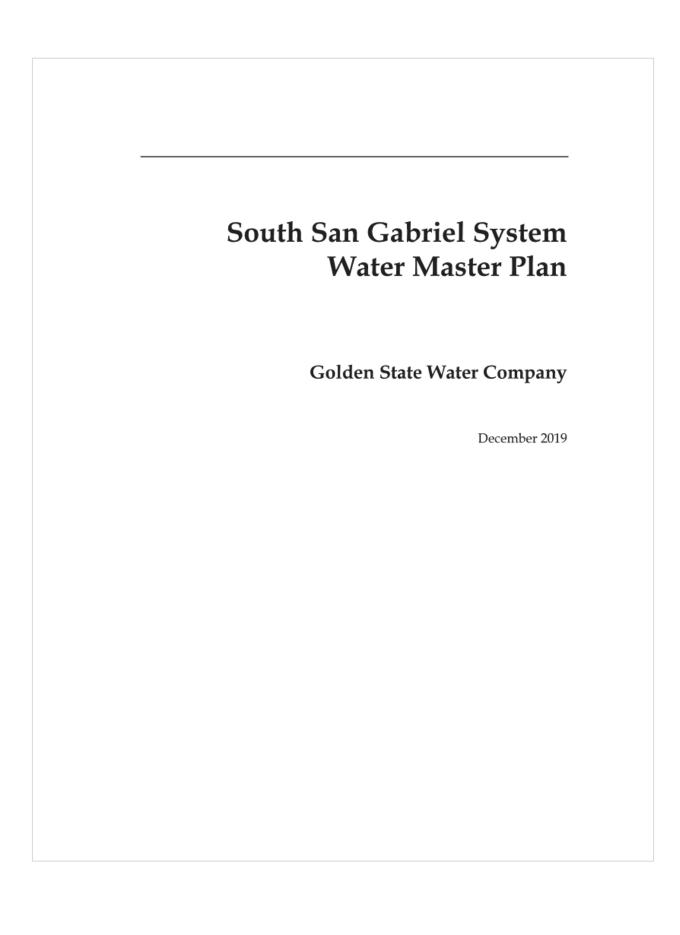
SGVWC's Response to DR AA9-006, Attachment Q.1.c, tab "JAN. Application"

Pata Request AA9-006, Q1.c Compensation Per Hour Escalation Rates (Per WORKPAPER GI1 in January Application) 2017 3.5% 2018 3.4% 2019 3.8% 2020 7.0% 2021 3.8% 2022 3.7% 2023 4.5% 2024 4.5% Compensation Per Hour Escalation Factor (to Year 2021) From 2017 1.1921 2018 1.1529 2019 1.1107 2020 1.0380			iter Company D	ATER COMPANY ivision		
2017 3.5% 2018 3.4% 2019 3.8% 2020 7.0% 2021 3.8% 2022 3.7% 2023 4.5% 2024 4.5% Compensation Per Hour Escalation Factor (to Year 2021) From 2017 1.1921 2018 1.1529 2019 1.1107 2020 1.0380 748 55 Maintenance Water Treatment - Maint. of Equip. Outside Services						
2017 3.5% 2018 3.4% 2019 3.8% 2020 7.0% 2021 3.8% 2022 3.7% 2023 4.5% 2024 4.5% Compensation Per Hour Escalation Factor (to Year 2021) From 2017 1.1921 2018 1.1529 2019 1.1107 2020 1.0380 748 55 Maintenance Water Treatment - Maint. of Equip. Outside Services						
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2019 3.8% 2020 7.0% 2021 3.8% 2022 3.7% 2023 4.5% 2024 4.5% Compensation Per Hour Escalation Factor (to Year 2021) From 2017 1.1921 2018 1.1529 2019 1.1107 2020 1.0380 T48 55 Maintenance Water Treatment - Maint. of Equip. Outside Services						
2020 7.0% 2021 3.8% 2022 3.7% 2023 4.5% 2024 4.5% Compensation Per Hour Escalation Factor (to Year 2021) From 2017 1.1921 2018 1.1529 2019 1.1107 2020 1.0380 Table 1.0380 Water Treatment - Maint. of Equip. Outside Services	2018		3.4%			
2021 3.8% 2022 3.7% 2023 4.5% 2024 4.5% Compensation Per Hour Escalation Factor (to Year 2021) From 2017 1.1921 2018 1.1529 2019 1.1107 2020 1.0380 748 05 Maintenance Water Treatment - Maint. of Equip. Outside Services	2019		3.8%			
2022 3.7% 2023 4.5% 2024 4.5% Compensation Per Hour Escalation Factor (to Year 2021) From 2017 1.1921 2018 1.1529 2019 1.1107 2020 1.0380 748 05 Maintenance Water Treatment - Maint. of Equip. Outside Services	2020		7.0%			
2023	2021		3.8%			
2024 4.5% Compensation Per Hour Escalation Factor (to Year 2021) From 2017 1.1921 2018 1.1529 2019 1.1107 2020 1.0380 Z48 05 Maintenance Water Treatment - Maint. of Equip. Outside Services	2022		3.7%			
Compensation Per Hour Escalation Factor (to Year 2021) From 2017 1.1921 2018 1.1529 2019 1.1107 2020 1.0380 748 05 Maintenance Water Treatment - Maint. of Equip. Outside Services	2023		4.5%			
From 2017 1.1921 2018 1.1529 2019 1.1107 2020 1.0380 2020 Maintenance Water Treatment - Maint. of Equip. Outside Services	2024		4.5%			
2017	Compe	nsati	on Per Hour Es	calation Factor (to Year 2021)		
2018 1.1529 2019 1.1107 2020 1.0380 748 05 Maintenance Water Treatment - Maint. of Equip. Outside Services	From					
2019 1.1107 2020 1.0380	2017		1.1921			
2020 1.0380 748 05 Maintenance Water Treatment - Maint. of Equip. Outside Services	2018		1.1529			
748 05 Maintenance Water Treatment - Maint. of Equip. Outside Services	2019		1.1107			
	2020		1.0380			
Sludge Hauling Costs (included in totals above)	748	05	Maintenance	Water Treatment - Maint. of Equip.	Outside Services	
			Sludge Ha	uling Costs (included in totals above)		

Recorded						
				Est.		
<u>2017</u>	2018	<u>2019</u>	2020	2021		
\$901,799	\$583,133	\$1,051,165	\$898,595	\$908,162		
\$810,687	\$546,815	\$950,485	\$848,342	\$854,061		

		Forecasted				
					Test Year	
Basis of Forecast	Escalation Factor	2022	2023	2024	2023-2024	
5-yr. average	comp/hr.	\$986,325	\$1,030,710	\$1,077,092	\$1,053,901	
5-yr. average	comp/hr.	\$909,884	\$950,829	\$993,616	\$972,223	

Attachment 7-5: Golden State Water Company's South San Gabriel System Master Plan Excerpt



Executive Summary

Purpose

The purpose of this Master Plan is to assess Golden State Water Company's (GSWC) South San Gabriel System's ability to meet current and future water needs, and to identify upgrades needed if deficiencies exist. This assessment is developed by using hydraulic analysis criteria, future demands and available supply, water quality standards, and condition of facilities.

These updates provide GSWC with a basis to determine the impacts of new development on the existing system and to identify system deficiencies and improvements needed to correct them. These system improvement needs are used as the basis for developing the Capital Improvement Program (CIP) for the system. TABLE 9-1 summarizes the CIP projects identified in this master plan.

GSWC's goal is to meet the minimum requirements identified in the technical memorandum titled Golden State Water Company Master Planning Criteria and Standards (see Appendices).

Master Plan Process

This master plan document is organized as follows:

- · Update existing system information
- · Establish existing demands and forecast future demands
- Update system's hydraulic model
- · Evaluate supply and storage capacity
- Perform hydraulic analysis and evaluation
- · Identify water quality issues
- · Assess the condition of the system's facilities
- Develop the CIP

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Acronyms and Abbreviations

1,1-DCE 1,1-dichloroethylene

2010 UWMP 2010 Urban Water Management Plan
2008 WMP South San Gabriel 2008 Water Master Plan

ADD average day demand
AFY acre-feet per year
amsl above mean sea level

AOB ammonia-oxidizing bacteria

CDPH California Department of Public Health

CIP capital improvement program

CPUC California Public Utilities Commission

DPB Rule Disinfectants and Disinfection Byproducts Rule
DWR California Department of Water Resources
EPA U.S. Environmental Protection Agency

FCV flow-control valve

fps foot or feet per second

GAC granular activated carbon

gpm gallons per minute

GSWC Golden State Water Company

GWO General Work Order
HPC heterotrophic plate count

IDSE Initial Distribution System Evaluation

MCL maximum contaminant level MDD maximum day demand

Metropolitan Water District of Southern California

Metropolitan Metropolitan Water District Administrative Code, April 12, 2011

Administrative Code revision

MG million gallons

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ACRONYMS AND ABBREVIATIONS

MHD minimum hour demand

NAICS North American Industry Classification System

NOB nitrite-oxidizing bacteria
O&M operations and maintenance

PCE tetrachloroethylene
PHD peak hour demand

PRV pressure-regulating valve
psi pounds per square inch
PSV pressure-sustaining valve

SCADA supervisory control and data acquisition

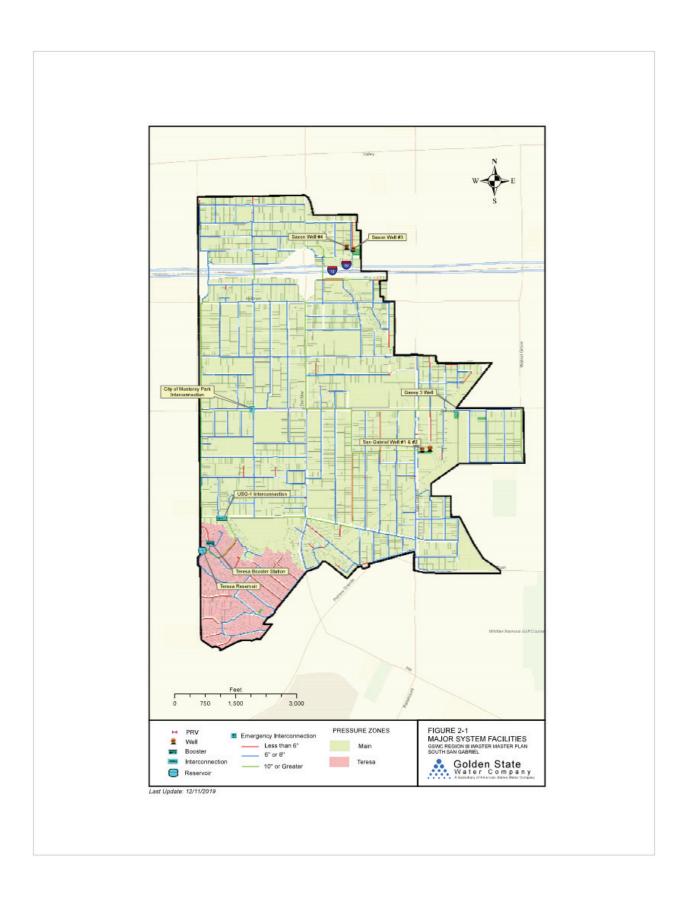
SCAG Southern California Association of Governments

SDWA Safe Drinking Water Act
TDS total dissolved solids
TTHM total trihalomethanes

USGVMWD Upper San Gabriel Valley Municipal Water District

UWMP Urban Water Management Plan VOC volatile organic compound

WMP Water Master Plan



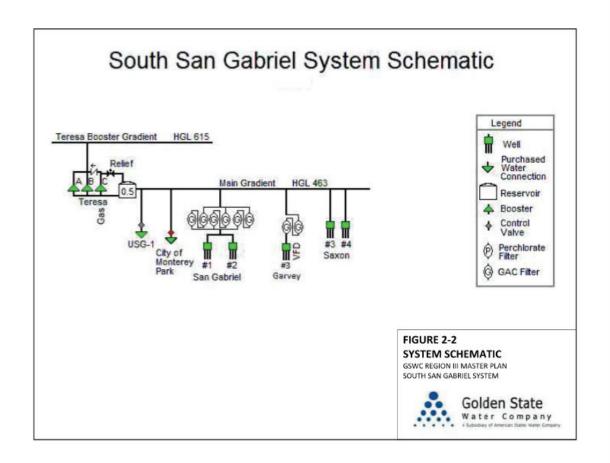


TABLE 5-10 below demonstrates the total recommended storage for each side and the entire system. The operational storage is calculated by subtracting the MDD from the PHD to obtain the additional flowrate that is required during the PHD scenario. This additional flowrate is multiplied by the duration of PHD to obtain the volume recommended for operational storage. A duration of four hours was used to account for the typical duration of peak demands during the day. The fire storage for each distribution area is based on the criteria in Section 5.2.2. If two zones or distribution areas of the system retained their fire storage in the same reservoir, that reservoir only needed to contain the fire storage for the side with the largest recommended fire storage volume. This is because the criteria assumed that only one fire can occur in the system at any given time. To prevent excess fire storage, the distribution areas were given a fire storage volume of 0 MG when fire storage of larger or equal size was used in another distribution area that had its fire storage in the same tank. Emergency storage is the volumetric measurement of ADD over a 12-hour duration. Fire storage is calculated to supplement supply when the supply is less than the current demand plus fire flow.

Storage deficiencies are identified for each distribution area in TABLE 5-11. A dash in the table denotes storage from that tank is unavailable for that side.

TABLE 5-10 Existing System Storage Analysis - Recommended Storage

	Zones		9	
	Main	Teresa	Systemwide	
Operational				
PHD	3,683	251	3,934	
MDD	2,455	167	2,622	
PHD minus MDD	1,228	84	1,312	
Duration	4	4	4	
MG	0.29	0.02	0.31	
Fire				
GPM	3500	1500		
Duration	2	2	-	
MG*	0.42	0.00	0.42	
Emergency				
ADD	1512	103	1,615	
Duration	12	12	12	
MG	1.09	0.07	1.16	
Total Recommended Storage	1.80	0.09	1.90	

^{*} A fire storage total of zero indicates that fire storage of larger or equal size was used in another zone that receives its fire storage from the same tank. NOTE: All demand period scenarios (ADO, MDD, and PhD) are given in gallions per minute (GPM). All durations are given in hours. The rows titled "MG" and the total required storage are given in million gallions (MG).

Attachment 7-6: SGVWC Response to DR AA9-004

SAN GABRIDIL VAILLING WATER COMPANY

April 19, 2022

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

(by email)

Re: Partial Response to Data Request No. AA9-004 (LA Wells and Treatment)

Dear Mr. Aslam:

In response to your data request dated April 12, 2022, San Gabriel Valley Water Company (San Gabriel or Company) responds as follows:

REQUEST NO. 4:

Referring to its Application ("A.") 20-10-004, Exhibit SG-3, Attachment A, SGVWC showed the Central Basin production from wells at Plant W6 and the water transferred from SGVWC wells in the Main San Gabriel Basin through the "W8 Import." In the current application, A.22-01-003, Exhibit SG-8, Attachment E, Appendix H, Table 2, SGVWC refers to "W8" as the "PR valve at W1."

- Confirm whether "W8" refers to a pressure reducing valve at Plant W1.
- b. Explain whether SGVWC can transfer water through "W8" from the available supply in both the "Zone 1 West Grouped" and "Zone 1 East Grouped" pressure zones as categorized in the table on page 8-3 of Exhibit SG-8, Attachment E?

RESPONSE NO. 4:

- a. Plant W8 refers to the pressure reducing valve at Plant W1, which transfers water to the Plant W1 from water produced from the Main San Gabriel Basin in an adjacent area of Zone 1 West, as shown on Figure 6.2a of Attachment E to Exhibit SG-8.
- b. No, the Plant W8 pressure reducing valve is a one-way pressure regulating valve that enables San Gabriel to transfer water from the Main San Gabriel Basin to San Gabriel's Plant W1 reservoirs and customers located in Zone 1 Whittier, as shown on Figure 6.2a of Attachment E to Exhibit SG-8.

RESPONDING WITNESS: Yucelen

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

REQUEST NO. 5:

During the Public Advocates Office's visit of the LA Division sites on March 29, 2022, SGVWC referred to a water transfer from the "Baldwin Park" areas to the "El Monte" areas of the LA Division.

- a. Is it hydraulically feasible, with the existing booster pump stations and pipelines, for SGVWC to transfer water from Zone 1 East to Zone 1 West? Explain why or why not.
- b. What is the total capacity, in gallons per minute, of the feasible water transfer from Zone 1 East to Zone 1 West?

RESPONSE NO. 5:

- a. Yes, San Gabriel operates a booster pump station at Plant B27 that is configured to boost water from Zone 1 East to the Zone 1 West water distribution system in order to meet the demands of customers in Zone 1 West, as shown in Figure 6.2 of Attachment E to Exhibit SG-8.
- b. The total design capacity of the Plant B27 booster station is 4,500 GPM, and the firm capacity is 3,981 GPM, as shown in Table 6.6 in Attachment E to Exhibit SG-8.

RESPONDING WITNESS: Yucelen

REQUEST NO. 6:

During the Public Advocates Office's visit on March 29, 2022, staff from the Public Advocates Office noted that the ion exchange treatment system intended to remove PFOS and PFOA at Plant No. 2 was incomplete.

From the time when SGVWC first placed wells at Plants No. 1, No. 2, No. 11, and W6 out of service due to concentrations of PFOS or PFOA, to April 2022, has SGVWC met annual Maximum Day Demands for the Zone 1 West and Zone 1 Whittier? If yes, explain how SGVWC has met the annual Maximum Day Demands.

RESPONSE NO. 6:

Yes, San Gabriel was able to meet Maximum Day Demands in Zone 1 West and Zone 1 Whittier by utilizing higher-cost water produced from the Main San Gabriel Basin, while San Gabriel's contaminated Central Basin wells at Plant W6 were temporarily out of service and unavailable for regular use. With a replenishment assessment of approximately \$1,000 per acre-foot, water produced from the Main San Gabriel Basin is more than double the cost of water produced from Central Basin. In Zone 1 West, San Gabriel prepared interim blend plans in order to keep some of its wells in service on a temporary basis by utilizing its water storage reservoirs for blending purposes. The interim blend plans were prepared by San Gabriel and sent to the State of California Water Resources Control Board Division of Drinking Water District 22 ("DDW") for review. The

blend plans enable San Gabriel to produce water from contaminated wells and then blend the contaminated water in existing water storage reservoirs with water produced from a cleaner well, in order to meet Title 22 drinking water quality requirements. Blending is feasible on a short-term, temporary basis and is not intended as a long-term solution because DDW does not recognize blending as a Best Available Technology to remove PFOS and PFOA. While San Gabriel was unable to produce water from the Central Basin wells at Plants W1 and W6 at a lower cost, San Gabriel was forced to rely on the higher cost water deliveries from water produced from the Main San Gabriel Basin to meet the Maximum Day Demand in Zone 1 Whittier.

RESPONDING WITNESS: Yucelen

REQUEST NO. 7:

During the Public Advocates Office's visit on March 29, 2022, staff from the Public Advocates Office visited the Central Control Operator Room for the LA Division system. Staff from the Public Advocates Office asked SGVWC's staff how long it takes to start wells and begin filling reservoirs when water in those reservoirs drops below a specific level. SGVWC's staff stated that it took "about a minute" to start wells and added that wells start-up when water levels in reservoirs drop to a "set point."

- Confirm the number of minutes it takes SGVWC's LA Division wells and treatment systems to start-up and begin filling reservoirs when switched-on.
- b. Explain whether SGVWC's LA Division system is configured to automatically switch-on wells and treatment systems when water levels in reservoirs fall to specific "set points."
- Explain what a "set point" is and how SGVWC determined appropriate "set points" for the LA Division system.
- d. Explain what investments SGVWC has made to sense water levels in reservoirs and to enable wells and treatment systems to automatically switch-on.

RESPONSE NO. 7:

- a. The well reaches full capacity approximately 1-3 minutes after the operator toggles a switch to turn on the well. The operator is essentially able to toggle the switch that sends an electronic signal to a well in order to start the well. However, the well requires a 30 second-to-one minute delay as the signal reaches the well and its soft-starter prepares to power up the well. The soft-starter is needed to reduce stress on the well pump and gradually power up the well to its full capacity, and the well pump spins faster and faster until it reaches full speed. When the well reaches its full flow capacity and pressure head, the water it produces flows through the existing treatment processes. The well may also be switched off after it is no longer needed to produce because the operator also has the ability to toggle the switch back and turn the well off.
- Generally, a well is configured to start automatically after the water level in a reservoir reaches a set point. If the well requires treatment, once the well is

operating at its full capacity, the water it produces flows through the treatment system and into a water storage reservoir. The set points that result in the start-up of a well help San Gabriel to ensure that its water sources remain full. Conversely, as the reservoir reaches its usable capacity, the well is configured to shut down after the water level in the reservoir reaches a set point that indicates the reservoir is full, and then the water produced from wells is no longer necessary. The well shutdown set points help San Gabriel safeguard against water loss and avoid overflowing its reservoirs after they are filled. Wherever hydraulically possible, San Gabriel fills reservoirs to their usable capacity, and then relies on these reservoirs as sources of clean, safe drinking water for San Gabriel's customers before the well is set to power on again.

- c. San Gabriel's water production, treatment, storage, and distribution facilities have various set points that limit the operations of water facilities to preset conditions. The set points include minimum and maximum water system pressures and reservoir water levels. Set points aid San Gabriel's operations staff and help them operate the system. According to the hydraulic design of the water system and its facilities, San Gabriel determines set points for each type of asset that prevent water storage reservoirs from overflowing or draining, and water distribution systems from running dry. The set points enable automation to occur within the water system. In many cases, the set point will send a signal to turn on or shut off another asset. For example, in response to 7.b above, San Gabriel determines two or three set points for a water storage reservoir, a low water level and a high water level. Some reservoirs have a maximum limit above the high limit. When the water reaches a low level and the corresponding set point in the SCADA system, depending on the configuration of the set points of the reservoir, boosters from a nearby plant site can be signaled to start so that the water storage reservoir is refilled, a well is turned on to fill the reservoir, or a valve is opened to fill the reservoir from the system. When the water storage reservoir reaches the maximum level corresponding to the maximum set point, a signal can be sent via the SCADA system to shut all of the facilities that fill the reservoir off because the water system facilities could be malfunctioning and causing the reservoir to overflow. All of the set points are adjustable by the operator and have a manual override that the operator can engage the water system operations directly.
- d. San Gabriel has invested in SCADA equipment, including programmable logic controllers, remote terminal units, signal wires, and radio signal antennae and towers, together with related programming, for its water production, treatment, and storage facilities. These investments enable water system facilities to communicate status information regarding water levels in reservoirs to the central control facility. Each water facility set point has a tag that associates the information with the point in the water system where that information applies. San Gabriel has installed programmable logic controllers at each of its reservoir sites that communicate information about the water level to Central Control operators at the Los Angeles division office complex. The SCADA set points that signal wells to power up have built-in delays, and the wells are equipped with soft-starters, to

avoid stressing the motor and pump components from a sudden current or voltage surge associated with the initial charging of the capacitors and transformers upon well start-up. San Gabriel has also installed radio communication devices so that information about the status of reservoirs and wells is communicated to the central control system. As stated in response to Request 7.b above, when wells that require treatment systems are powered up and reach their full capacity, water produced by those wells flows through the treatment systems and into water storage reservoirs, which function as sources of clean, safe drinking water for San Gabriel's customers.

RESPONDING WITNESS: Yucelen

REQUEST NO. 8:

Referring to SGVWC's Exhibit SG-8, Attachment E, page 6-2, SGVWC summarizes the facilities of the LA Division by plant site. In the rightmost column, SGVWC shows whether the plant site has a "backup" generator also known as an emergency generator. During the Public Advocates Office's visit to the Fontana Division on March 28, 2022, SGVWC discussed that it plans to install additional permanent emergency generators to its plant sites in the future.

Explain whether SGVWC has plans to add permanent emergency generators to its plant sites that currently do not have emergency generators in the LA Division.

RESPONSE NO. 8:

Yes, as stated in Exhibit SG-8 and its Attachment C, San Gabriel is planning to install emergency generators at Plants M3, M7, and M8. Generators are required at these plant sites because booster stations being constructed at those sites are required to distribute water from the proposed water storage reservoirs to San Gabriel's future customers residing in the Montebello Hills Residential Development. San Gabriel's customers will need to rely on those boosters for their drinking water. In the event of either a planned or an unexpected power outage, San Gabriel will need the boosters to remain in operation until permanent power is restored. Without a stand-by emergency generator at those sites, the boosters would not have the power to operate, and the water distribution system would not have the capacity to meet customer demands.

In addition to San Gabriel's Plants M3, M7, and M8, San Gabriel has other sites where emergency generators are also necessary. Plant G3 is the only source of water for the reservoirs at Plant G6, and customers serviced by the reservoirs and boosters at Plant G6 rely on the Plant G3 booster station as a supply of water. San Gabriel has experienced unexpected power outages at Plant G3. Customers residing in the higher elevations surrounding Plant G6 rely also on the booster station at Plant G6 to provide water pressure. Additionally, customers residing in the higher elevation neighborhood surrounding Plant M4 rely on booster pumps at Plant M4 for water pressure. While San Gabriel needs to install emergency generators and Plants G3, G6, and M4, for budgeting

Mehboob Aslam Response to AA9-003 -6-

April 19, 2022

purposes, San Gabriel deferred the installation of emergency generators at those sites until a future General Rate Case cycle.

RESPONDING WITNESS: Yucelen

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

Sincerely,

/s/ Joel M Reiker

Joel M. Reiker

Vice President, Regulatory Affairs
Cc: Anthony Andrade (anthony.andrade@cpuc.ca.gov)

/encl

Attachment 7-7: "Public Safety Power Shutoff and Wildfire Information for Public Water Systems."







Home | Drinking Water | Certlic | Drinking Water | Public Safety Power Shutoff and Wildfire Info

Public Safety Power Shutoff and Wildfire Information for Public Water Systems

The State Water Resources Control Board – Division of Drinking Water (DDW) recognizes the challenges that Public Safety Power Shutoff and Wildfires will have on the operations of public water systems (PWS) and the communities served by the PWS. DDW is providing the following information to provide clarity on resources, requirements, and expectations during this crisis and to identify options for consideration in increasing resilience in the face of these challenges.

There have been a few wildfire incidents recently and there continue to be increasing threats. Numerous sources present information on that threat, including:

CPUC Fire-Threat Map
National Weather Service
National Significant Wildland Fire Potential Outlook
California Fire Incident Information

As we move into the months of high temperatures, low humidity, drying vegetation, and high winds, we must heighten our awareness of the threats, implement measures to prevent these threats from causing much damage, and prepare ourselves to respond and recover – increasing our resilience. We must consider increasing resilience of ourselves and our facilities and the customers we serve. PWS can consider implementing actions to increase resilience of themselves and their facilities listed in - "Options for Consideration in the Face of Wildfires and Public Safety Power Shutoff 2020". PWS can also consider implementing actions to engage their customers to help them increase resilience listed in - "Customer Options for Consideration to Increase Resilience in the Face of PSPS and Wildfires 2020".

We have learned much from the wildfire and Public Safety Power Shutoff (PSPS) incidents of 2019. Our power utilities are implementing actions to better respond and protect their facilities and surrounding communities in the event of the hazardous fire conditions, some public water systems have secured emergency electric generators and joined or established mutual aid/assistance networks, and our fire service work hard at putting out fires as quickly as possible to prevent those incidents from growing to bigger challenges.

F

Attachment 7-8: SGVWC Application 19-01-001, Exhibit SG-7, Attachment F, Section Plant F58

Plant F58 Proposed Facilities

INTRODUCTION

The Plant F58 project was submitted in last General Rate Case (GRC) for review by the Office of Ratepayer Advocates (ORA) and approval by the California Public Utilities Commission (CPUC). The project consisted of developer-funded components, which included two new water storage reservoirs, site improvements, street improvements, fencing, grading and related on site piping. Construction of the developer-funded items began in October 2017 and the project is expected to be completed in the first quarter of 2019. The developer-funded improvements will provide critical water storage and supply to the new Renaissance Pressure Zone.

In the previous GRC cycle, Fontana Water Company (Fontana Water) also presented a new booster station, booster building and related piping and equipment, that are needed to transfer water from the east end of the water system to Plant F19 at the west end of the system. The booster station will be constructed in conjunction with a transmission pipeline that is also proposed from Plant F58 to Plant F19, which together will improve the efficiency of the transmission system, reduce energy consumption and save energy costs. The project was not opposed by the ORA, but the booster station and related items were removed so that Fontana Water could first complete the developer-funded items. Fontana Water is again seeking approval for the booster station at Plant F58 in the current GRC.

1. Location

The project site is located at 3552 N. Riverside Avenue in the City of Rialto. The site has an area of approximately one acre. Fontana Water will utilize the new site to construct the proposed booster station and distribution facilities to serve the Plant F19 pressure zone of Fontana Water's service area. An existing site plan of Plant F58 is provided as Enclosure 1. An aerial photograph of the site is provided as Enclosure 2.

Plant F58 Page 1 of 9

2. Existing Facilities

Plant F58 is currently under construction. Fontana Water is currently constructing two 0.67 MG reservoirs at the site, to be completed by 2019. Rough grading, fencing and drainage improvements are have been completed at the site. Photographs of the Plant F58 site are provided in Enclosure 3.

3. Project Justification

3.1 Booster Building Piping, Pumps, and Electrical: The facilities at Plant F58 will include two 1.0 MG water storage reservoirs and related improvements funded by developers and a booster station funded by the company. The primary purpose of the proposed project will be to receive and transport treated water from the Lytle Creek well field and treated water from the Sandhill treatment plant via Plant F53 to customers in the vicinity of the newly developed Renaissance area of the City of Rialto. This will be accomplished by storing treated water in the new reservoirs at Plant F58 and gravity feeding the Renaissance area. The reservoirs and 24-inch diameter pipeline from Plant F58 to the Renaissance area will be funded by developers.

A secondary function of Plant F58 will be to transport water to the reservoir at Plant F19 via a proposed 24-inch pipeline that will connect to an existing pipeline running from Plant F19 to the intersection of Sierra Avenue and Riverside Avenue. This will require the installation of booster pumps at Plant F58 to allow Fontana Water the ability to distribute water from the Sandhill treatment plant to the storage reservoir at Plant F19. The Sandhill treatment plant has a production capacity that is needed at the west end of Fontana Water's system. Because the Sandhill treatment plant is located in the east end of the system, transporting water to the west end of the system along the current circuitous route is both lengthy and hydraulically inefficient. For this reason, the proposed booster station at Plant F58 will provide Fontana Water a means to deliver water from the Sandhill treatment plant to Plant F19 via Plants F53 and F58 along a shorter, more hydraulically efficient, direct route. The current pipeline route between Plant F13 and Plant F19 is over eight miles long, circuitous and depends on operations of booster

Plant F58 Page 2 of 9

pumps at three different plant sites. Implementing this project will help Fontana Water reduce energy costs associated with transferring water from the east end of the system to the west end. This project will also reduce potential for leaks in old transmission mains due to the fluctuating pressures caused by pumping water through the system.

Water from Sandhill is currently routed via pipelines with diameters ranging in size from 16 inches to 24 inches. Bottlenecks and friction losses result from water flowing through more than eight miles of pipelines and through pipes of different diameters. Energy losses due to friction occur in the smaller diameter pipes along the route that were not originally sized to convey the expanded capacity of the Sandhill treatment plant. Not only is the current route lengthy and circuitous, but it also requires a significant amount of hydraulic energy for boosting water from lower elevations to higher elevations and from one end of the water system to the other.

Under current conditions, water first flows through more than two and a half miles of pipe from the Sandhill treatment plant to Plant F13 via gravity flow. Plant F13 is at an approximate elevation of 1,515 feet. At Plant F13, water is pumped through more than two miles of pipe to Citrus Avenue near Plant F16 at an elevation of 1,464 feet. From Citrus Avenue and Plant F16 water is pumped once again through approximately one and a half miles of pipe to Plant F15 at an elevation of 1,648 feet. Lastly, water at Plant F15 is pumped through approximately two miles of pipe to Plant F19 at an elevation of 1,880 feet. Overall, water is being pumped from Plant F13 to Plant F19 via Plant F16 and Plant F15. Water is conveyed through more than eight miles of pipeline and a total elevation change of 430 feet.

The Water System Master Plan Update recommends construction of a booster station at Plant F58 and construction of a 24-inch diameter transmission pipeline from Plant F58 to an existing 24-inch pipeline at the intersection of Sierra Avenue and Riverside Avenue north of Plant F19 to deliver water from the recently expanded Sandhill Treatment Plant to the Plant F19 and Highland Zones of the west side of Fontana Water's distribution system. By constructing a new booster station at Plant F58, Fontana Water will be able to transfer water to Plant F19 along a more direct pipeline route. The route from the

Plant F58 Page 3 of 9

Sandhill treatment plant to Plant F19 will be via 24-inch transmission pipelines from Plant F53 to Plant F58 and from Plant F58 to Plant F19. The pipeline diameters will be constant and are sized to convey water more efficiently than the current route. The proposed route will convey water through approximately one mile of existing pipe from the Sandhill treatment plant to Fontana Water's new Plant F53 via gravity flow. The elevation of Plant F53 is approximately 1,516 feet. From Plant F53 water will be boosted through two miles of 24-inch diameter pipe to Plant F58 at an elevation of 1,675 feet. From Plant F58, the proposed booster station will pump water through two miles of proposed 24-inch pipe to the intersection of Sierra Avenue and Riverside Avenue in order to connect to an existing 24-inch pipeline, and then water will be delivered through approximately one mile of the existing 24-inch pipeline south to Plant F19. The reservoir at Plant F19 will store water and deliver it by gravity to the Plant F15 reservoir and to customers located in the northwest portion of Fontana Water's service area. If booster pumps at Plant F58 are not installed, the water supply from the Sandhill Treatment Plant cannot be efficiently utilized in the western portion of Fontana Water's service area served by Plant F15.

In addition to the booster pumps, an electrical panel will be installed at the proposed site to operate the pumps and equipment. In order to protect the proposed pumps and electrical equipment from damage from weather, they will be enclosed within a concrete block booster station building. The building will protect the pumps and equipment from the sun, wind and rain and mitigate the potential for theft or vandalism. The proposed booster building will also serve to buffer the noise generated when the pumps are operating. During normal operation, the booster pumps produce a humming noise that can be heard by nearby residents if unenclosed and located close enough to the homes. The City of Rialto's noise ordinance states that noise levels in residential communities shall not exceed 60 decibels along the property boundaries at any time of the day. Since the surrounding properties are zoned residential, a mitigation measure is to construct a block building in which to enclose the pumps. By enclosing the pumps within the building, the noise level limits set forth by the City of Rialto will not be exceeded. The

Plant F58 Page 4 of 9

installation of piping will also be required to connect the pumps to the distribution system.

- 3.2 <u>Design, Permitting and Related Work:</u> The proposed project will need to be permitted with the City of Rialto (City) to secure the City's approval for proposed construction of the facilities. Fontana Water will start the permitting process and submit the project to the City's Planning Division for Conditional Use Permit.
- 3.3 <u>Site Work:</u> The proposed Plant F58 project will require the construction of site improvements. Site work will include concrete mow curbs, asphalt concrete pavement, concrete gutters and rip rap for erosion protection, infiltration trench, placement of crushed rock ground cover and related improvements. The site will be covered with a 4-inch thick layer of crushed rock to facilitate infiltration of storm water runoff and provide dust control. Site improvements will also safely convey storm runoff into the proposed detention basin.
- 3.4 <u>Street Improvements</u>: The proposed Plant F58 project will require street improvements to comply with the City of Rialto's requirements. Improvements will include a driveway approach and driveway to access the site.
- 3.5 <u>Landscaping</u>: To comply with the City's conditional approval of the Plant F58 project, Fontana Water is required to install landscaping at the frontage of the site and landscaping around the site's perimeter.
- 3.6 SCADA: The SCADA system requirement at this and all plant locations is an essential part of the operation of the facility. The SCADA system is required to monitor operations, and to prevent system conditions which could cause violations of the State Water Resources Control Board Division of Drinking Water (DDW), Federal or State rules and regulations. As new reservoirs, wells or booster facilities are constructed, SCADA systems are installed with the new facilities to enable Fontana Water to control and monitor the new equipment from a central location. Having remote control of the wells, boosters and valves is necessary for responding to fluctuating demands within the

Plant F58 Page 5 of 9

water system. Tracking vital information such as reservoir levels, well flows, booster flows and treatment flows is important for monitoring critical information regarding supply and demand. The information relayed by the SCADA system will allow the central control operator to operate the plant at optimal efficiency.

The SCADA system also helps improve water system efficiency. Efficiency is improved with the SCADA system because it gives Fontana Water the option to have the system automatically react to specified conditions in the water system. It also allows the system to perform control actions such as emergency shutdowns of processes, starting or stopping pumps, and opening or closing valves. Additionally, the SCADA system can either automatically isolate a portion of the system, or it can inform the operators of the process conditions and provide them with a manual control option.

- 3.7 North and South Reservoir Piping: The North and South Reservoirs are currently under construction. FWC will install piping to the reservoirs in order to utilize the additional storage capacity.
- 3.8 <u>F58 to Sierra Avenue Piping:</u> The proposed project will require the installation of a transmission pipeline from Plan F58 to Sierra Avenue. This pipeline will transport water to Plant F19 as previously described above.

A proposed site plan is provided in Enclosure 4.

Description of Recommended Facilities

1. Existing Conditions

- 1.1 Physical Perimeter fencing and retaining walls.
- 1.2 Operational Two new reservoirs and a booster station will be built on the new site.

Plant F58

Page 6 of 9

2. Proposed Project:

The proposed project will provide new facilities to improve water transmission and distribution. The total estimated cost for the project is expected to be \$7,730,000. Refer to Enclosure 5 for a cost estimate for each item and Enclosure 7 for a proposed schedule. The project is scheduled to take place in Capital Budget Years 2019 and 2020 as follows:

Capital Budget Year 2019: The total budget for this project in 2019 is \$1,400,000. The following items fully describe the project for 2019:

- 2.1 <u>Design, Permitting, and Related Work</u>: Expected Cost = \$100,000
- 2.2 Site Work: Expected Cost = \$400,000 (Company Funds = 0; Contributions = \$400,000).
- 2.3 <u>Street Improvements</u>: Expected Cost = \$350,000 (Company Funds = 0; Contributions = \$350,000)
- 2.4 <u>Landscaping</u>: Expected Cost = \$170,000 (Company Funds = 0; Contributions = \$170,000)
- 2.5 North Reservoir Piping: Expected Cost = \$210,000 (Company Funds = 0; Contributions = \$210,000)
- 2.5 <u>South Reservoir Piping</u>: Expected Cost = \$170,000 (Company Funds = 0; Contributions = \$170,000)

Capital Budget Year 2020: The total budget for this project in 2020 is \$6,330,000. The following items fully describe the project for 2020:

- 2.5 Booster Building: Expected Cost = \$850,000
- 2.6 Booster Piping: Expected Cost = \$200,000
- 2.7 <u>Booster Pumps</u>: Expected Cost = \$300,000
- 2.8 Booster Electrical: Expected Cost = \$880,000

Plant F58 Page 7 of 9

- 2.9 F58 to Sierra Avenue Pipeline: Expected Cost = \$4,000,000
- 2.10 SCADA: Expected Cost = \$100,000

3. Cost / Benefit Analysis

3.1 Fontana Water performed two hydraulic model simulations to analyze the costs and benefits of constructing transmission mains from Plant F53 to Plant F58 and from Plant F58 to Plant F19, along with constructing new water storage reservoirs and booster stations at Plant F53 and Plant F58. The booster station at Plant F58 and the transmission pipeline from Plant F58 to Plant F19 will be constructed with company funds, the remaining items will be constructed with contributions from developers.

The first hydraulic model simulates Fontana Water's current means of pumping water from the Sandhill Treatment Plant to Plant F19. In the current process, water first flows by gravity from the Sandhill Water Plant to Plant F13, where it is then pumped from Plant F13 to Plant F16, is pumped again from Plant F16 to Plant F15, and is pumped yet again from Plant F15 to Plant F19. This hydraulic model simulation results in a total head loss due to friction of 426 feet and a power cost of \$1,438.57 for eight hours of pumping on a single day. These cost, applied over 365 days results in an annual energy cost of \$525,078.

The second hydraulic model simulates Fontana Water's proposed means of pumping water more efficiently from the Sandhill Treatment Plant to Plant F19. In the proposed process, water will first flow by gravity from the Sandhill Treatment Plant to the existing Plant F53 reservoir, where it will be pumped from Plant F53 to the proposed Plant F58 reservoir and from there pumped to Plant F19. This hydraulic model simulation results in a total head loss due to friction of 122 feet and a power cost of \$510.08 for eight hours of pumping on a single day. This cost, applied over 365 days results in an annual energy cost of \$186,179.

Plant F58 Page 8 of 9

Thus, the benefit to constructing a new pipeline from Plant F58 to Plant F19 and booster station at Plant F58 will result in a total annual energy cost savings estimated at \$333,504. The energy savings will be a result of a decrease in head loss from the current pipeline route to the more direct proposed route. Additionally, because the velocities inside the transmission mains will be reduced from more than 15 feet per second to approximately 4.7 feet per second, an additional benefit of the proposed pipelines will be a reduction of wear on the current pipelines. Refer to Enclosure 6 for a summary of the hydraulic model simulations for the current and proposed processes and annual energy costs and cost savings.

4. Enclosures

- 1 Existing Site Plan
- 2 Aerial Photograph
- 3 Site Photographs
- 4 Proposed Project Site Plan
- 5 Cost Estimate
- 6 Hydraulic Model Simulations and Energy Savings
- 7 Proposed Schedule

Plant F58 Page 9 of 9

Attachment 7-9: June 24, 2022 E-mail Message from Joel M. Reiker of SGVWC to Anthony Andrade of Cal Advocates.

Andrade, Anthony

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

Sent: Friday, June 24, 2022 4:16 PM

To: Andrade, Anthony

Cc: Chan, Victor; Cunningham, Lauren; Aslam, Mehboob; Foley, Shanna; Matt Y. Yucelen;

Kristofer J. Olsen; Patricia Butcher

Subject: [EXTERNAL] RE: A.22-01-003 SGVWC GRC: Fontana Division Purchased Power Forecast

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 afternoon Anthony,

We've looked into this and it appears to be an oversight on our part, as the purchased power forecast in the current GRC does not incorporate any efficiencies that would result from the Plant F58 pipeline. In the prior GRC (A.19-01-001), we included additional forecasted purchased power expense for the planned booster station at Plant F58, but did not include any forecasted efficiencies. In the current GRC, we included neither the additional purchased power expenses for the Plant F58 booster station, nor any efficiencies that would result. In any case, all of these impacts would be captured in the purchased power balancing account so at the end of the day both the customers and the company are made whole. Hope this helps.

Best,

Joel M. Reiker
Vice President of Regulatory Affairs
San Gabriel Valley Water Company
11142 Garvey Avenue
El Monte, CA 91733
626.448.6183
www.sgvwater.com
www.fontanawater.com

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

Sent: Wednesday, June 22, 2022 9:23 AM To: Joel M. Reiker <jmreiker@sgvwater.com>

Cc: Chan, Victor <victor.chan@cpuc.ca.gov>; Cunningham, Lauren <Lauren.Cunningham@cpuc.ca.gov>; Aslam,

Mehboob <mehboob.aslam@cpuc.ca.gov>; Foley, Shanna <Shanna.Foley@cpuc.ca.gov>

Subject: A.22-01-003 SGVWC GRC: Fontana Division Purchased Power Forecast

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

Hi Joel,

I had a question for your team regarding the purchased power expense in the Fontana Division.

Referring to SGVWC's Workpapers, file "FWCPurchased Power" tab "KWH Forecast," SGVWC forecasts power usage in the Fontana Division by plant site. Based on the formula in cell J53 of this tab, SGVWC projects power usage below the five-year average due to the water sales forecasted in SGVWC's Workpapers file "GRC Workpapers – 2022," tab "RV1."

In its 2019 GRC Application, Exhibit SG-7, Attachment F, Section Plant F58, page 9, SGVWC stated that:

"[T]he benefit to constructing a new pipeline from Plant F58 to Plant F19 and booster station at Plant F58 will result in a total annual energy cost savings estimated at \$333,504." In its current application, Exhibit SG-8, page 153, SGVWC states that it budgets for the completion of this pipeline in 2022.

Does the Purchased Power forecast in SGVWC's Workpapers reflect the cost savings that SGVWC identified for the new Plant 58 pipeline? If yes, provide the tab and cell reference where the Workpapers account for the cost savings from the Plant 58 pipeline.

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



CHAPTER 8 DEPRECIATION

2 I. INTRODUCTION

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- 3 This chapter discusses Cal Advocates' recommended depreciation reserve and
- 4 expense for the Fontana division's utility plant-in-service during the years 2022 to 2025.
- 5 Cal Advocates uses the recommended depreciation reserve in this chapter as part of the
- 6 total calculation of rate base in the chapter on rate base.

II. SUMMARY OF RECOMMENDATIONS

- adopt Cal Advocates' adjusted depreciation reserve and expense shown in rows 2 9 of the tables below:
 - **Table 8-1: Depreciation Reserve**

	(A)	(B)	(C)	(D)	(E)
	Description	2022	2023	2024	2025
1	SGVWC ¹⁵³	\$151,360,276	\$163,440,140	\$176,634,264	\$190,933,556
2	Cal Advocates	\$151,287,951	\$163,150,071	\$175,974,584	\$189,591,318
3	SGVWC > Cal Advocates	\$72,325	\$290,069	\$659,680	\$1,342,238
4	Cal Advocates as % of SGVWC	99.95%	99.8%	99.6%	99.3%

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¹⁵³ SGVWC Workpapers, file "GRCWorkpapers – 2022," tab "P2," row 444.

	(A) Description	(B) 2022	(C) 2023	(D) 2024	(E) 2025
1	SGVWC ¹⁵⁴	\$8,766,027	\$9,791,415	\$10,779,887	\$11,870,497
2	Cal Advocates	\$8,629,402	\$9,520,150	\$10,358,328	\$10,993,818
3	SGVWC > Cal Advocates	\$136,625	\$271,265	\$421,559	\$876,679
4	Cal Advocates as % of SGVWC	98.4%	97.2%	96.1%	92.6%

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Cal Advocates and SGVWC's differences in depreciation reserve and depreciation

4 expense result from the adjustments to the capital budget explained in the chapters on

utility plant-in-service (Chapter 7) and general office rate base in Cal Advocates Report

on the Results of Operation for the General Office (Chapter 2).

7 III. **CONCLUSION**

8 Based on the recommended adjustments to the utility plant-in-service forecast, the 9 Commission should adjust SGVWC's depreciation reserve and expense.

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¹⁵⁴ SGVWC Workpapers, file "GRCWorkpapers – 2022," tab "P2," row 417.

CHAPTER 9 HISTORIC RATE BASE

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<i>)</i>	1.	INTRODUCTION

- This chapter presents the analysis and recommendations of Cal Advocates
- 4 regarding completed projects included in SGVWC's proposed rate base for the Fontana
- 5 division.

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6 II. SUMMARY OF RECOMMENDATIONS

- 7 Cal Advocates recommends an overall reduction of \$200,511.20 to the rate base
- 8 for SGVWC's Fontana division.

9 A. Used and Useful Rate Base

- 10 Cal Advocates recommends a reduction of \$143,726.60 to the rate base for
- SCVWC's Fontana division for projects and assets currently included in rate base, but not
- 12 providing service to ratepayers.

13 B. Early Retirements Rate Base

- 14 Cal Advocates recommends a reduction of \$56,784.60 to the rate base for
- 15 SGVWC's Fontana division for projects and assets retired significantly earlier than
- standard practice. The net book value ("NBV") at the time of retirement should be
- 17 removed from rate base so that ratepayers do not continue to provide a return on these
- 18 extraordinary retirements in perpetuity.

19 III. ANALYSIS

20 A. Projects/Assets- Used and Useful

- SGVWC has proposed that ratepayers fund \$143,726 for assets that are currently
- included in the rate base but are not providing any service in the Fontana division.
- 23 SGVWC is currently receiving a return of the original cost of these assets through
- 24 estimated depreciation expense and a return on these assets through the authorized rate of

- 1 return. This is unjust and unreasonable. Ratepayers should not be responsible to pay for
- 2 projects that have been completed but from which they derive no benefit or to pay for
- 3 projects that were planned but the utility placed on hold or cancelled. Therefore, a rate
- 4 base adjustment is necessary to ensure that ratepayers pay only for assets from which
- 5 they derive direct benefit. If projects are currently not in use or were designed but not
- 6 built, with no expected restoration date, Cal Advocates recommends that the current NBV
- 7 be deducted from plant in service. Cal Advocates requested and received from SGVWC
- 8 a list of projects and assets that were recorded to plant accounts from 2011 to 2015 and
- 9 remained in the plant in service accounts as of the filing of the application. $\frac{155}{100}$ Cal
- Advocates analyzed projects included in this list with a current net book value of \$70,000
- or above and where the utility identified no plan to restore service or no expected
- restoration date. 156 These assets accounted for two of those on the list provided by
- 13 SGVWC and can be found in table 9.1 below. However, in the Minimum Data
- Requirements ("MDR"), SGVWC stated that there were no items in the Fontana division
- 15 from the last five years and the proposed test year that were in plant-in-service and were
- not used and useful. 157
- 17 Since these projects are not expected to provide ratepayer benefits in this GRC
- cycle, an adjustment is warranted to decrease the rate base.

 $[\]frac{155}{1}$ Attachment 9-1 (ATTACHMENTS A & B – Book Values in response to DR CHA-002 Historic Rate Base).

¹⁵⁶ Attachment 9-2 (CHA-009 ATTACHMENT A – Status in response to DR CHA-009 Historic Rate Base and CHA-013 ATTACHMENT A in response to DR CHA-013 Historic Rate Base).

¹⁵⁷ EXHIBIT SG-5 EXHIBIT SG-6 (Reiker) APPENDIX A (MDRs) SECTION II Testimony Requirements – D. Rate Base.

Asset Group	Description	Status	Date Added to Plant Account 158	Plan to Restore Service	Expected Restoration Date	Current NBV ¹⁵⁹
Treatment Plant	Design Water Treatment Facilities - West End Treatment Plant	Complete /On Hold	December 31, 2011	N/A	N/A	\$72,433.30
Treatment Plant	Design Ion Exchange Treatment System	N/A	December 31, 2011	N/A	N/A	\$71,293.30
Total						\$143,726.60

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B. Projects/Assets – Early Retirement

SGVWC has effectively included \$56,785 in its rate base for assets that were retired early. This is consistent with standard ratemaking for normal retirements.

However, these particular retirements were not normal as more than half of the estimated useful life existed at the time of retirement for these assets.

Assets are depreciated in ratemaking depending on their estimated useful life. For a typical retirement, a project is fully depreciated when retired at the end of its useful life. The Commission's Standard Practice U-4-W ("SP U-4-W"), "Determining of Straight-Line

11 Remaining Life Depreciation Accruals," states "a basic depreciation object is that of

recovering the original cost of fixed capital (less estimated net salvage) over the useful life

of the property." 160 When the straight-line depreciation method is used, a retired asset

¹⁵⁸ Attachment 9-3 (CHA-025 ATTACHMENT 1 in response to DR CHA-025 Historic Rate Base and CHA-025 ATTACHMENT 2 in response to DR CHA-025 Historic Rate Base).

¹⁵⁹ Attachment 9-4 (ATTACHMENTS A & B - Book Values in response to DR CHA-002 Historic Rate Base).

¹⁶⁰ Standard Practice U-4-W Determination of Straight-Line Remaining Life Depreciation Accruals.

should ideally be fully depreciated at the end of its useful life. On the other hand, early retirements are when projects are retired from service earlier than expected and have a net book value ("NBV") at the time of retirement. This indicates that they did not meet the estimated service life because they were not fully depreciated at the time of retirement.

Through discovery and analysis, Cal Advocated identified numerous examples of assets retired extraordinarily early by SGVWC. Furthermore, some of these prematurely retired assets were also replaced with more expensive replacements, meaning ratepayers paid more than once for the same asset, once for the unused yet remaining life of the retired asset, and a second time on the replacement. Ratepayers should not be responsible for assets that failed significantly earlier than their reasonably estimated useful life and should not be charged multiple times for a project that will only provide them benefit once.

The standard ratemaking for utility retirements does not recognize a loss when an item is retired early but rather passes the cost on to ratepayers. It is assumed that the cost of assets that retire slightly before their estimated useful life offsets assets that last longer than their useful lives. However, both the Commission's Standard Practice and industry guidance provided by independent accounting firms recognize that adjustments to the standard process are necessary for extraordinary retirements.

For example, the Fontana division placed a meter into service in 2018 at original cost of \$720. The meter had an expected service life of 50 years and an anticipated retirement in 2068. However, SGVWC retired this meter in 2021 with a NBV at retirement of \$680. The asset lasted three years (or just 6%) of its reasonably expected 50-year life. To retire this asset, SGVWC followed standard practice by removing the original cost of \$720 from its plant account and removing \$720 from the accumulated depreciation reserve. Because the asset had only been depreciated for three years, the depreciation reserve had accumulated only \$43.20 (or three years multiplied by the original cost \$120 divided by the estimated life of fifty years). By removing \$720 from the depreciation reserve the net balance in the reserve for this asset is a negative \$676.80 (or \$43.20 minus \$720). Because plant accounts are added to rate base and the accumulated depreciation reserve is subtracted, the net effect on rate base in a permanent addition of \$676.80 (or the original

cost in the plant account of \$720 minus the plant removal of \$720 minus the negative \$676.80).

By contrast, an asset that was fully depreciated (i.e., survived at least through its estimated useful life) would have no impact upon rate base as the \$720 subtracted from the depreciation reserve would have offset the \$720 of depreciation that had been accumulated. Although the standard practice for retirements assumes assets are fully depreciated at the time of retirement (or may be found reasonable if an asset retiring slightly early is offset with assets that last longer than expected), an asset that fails with 94% of its estimated remaining useful life is clearly extraordinary and requires an adjustment. To fairly account for this extraordinary retirement, \$676.80 would have to be added to the depreciation reserve to counteract the under accumulation in the depreciation reserve resulting from the early retirement.

Rate base should be evaluated on an ongoing basis and adjusted to exclude projects and assets that do not provide service or benefit ratepayers. General Rate Cases often focus on evaluating projects that the utility proposes to add to rate base. However, attention should also be given to ensuring that existing rate base items continue to provide customer benefit. Standard Practice U-4-W notes that "Instances of extraordinary obsolescence such as the unexpected early retirement . . . may require some form of an adjustment." 161

Here, the rate base should be adjusted to account for significantly premature equipment and infrastructure retirements. Assets that retire significantly faster than the anticipated depreciation rate can be classified as extraordinary retirements. Additionally, according to Price Waterhouse Cooper, "a gain or loss should be considered in cases where abnormal or extraordinary retirements have occurred." In this GRC, Cal Advocates has

 $[\]frac{161}{2}$ Standard Practice for Determination of Straight-Line Remaining Life Depreciation Accruals.

¹⁶² Price Waterhouse Coopers Questions and Answers Interpretations for the Utility Industry Accounting for Property, Plant and Equipment, Asset Retirement Obligations and Depreciation.

identified extraordinary retirements as those assets retired with 50% or more of their expected useful life remaining.

After receiving a list of all projects and assets that were retired from service between January 1, 2019, and December 31, 2021, Cal Advocates analyzed the assets that were retired within a year after being added to the plant account and those that had more than 50% of the original cost left in the NBV at retirement. These assets can be found in table 9.2 below. A detailed breakdown of the assets can be found in attachment 1-6, which also includes the expected and actual retirement date of the asset, the date added to service, the NBV at retirement, and the remaining life at retirement as a percentage of the expected life. Of the 51 assets sampled, 32 were replaced with other assets. When looking at projects for the service asset group that had a NBV of 50% of more at retirement, the sampling criteria resulted in there being 121 services in the Fontana division. Instead of sampling all 121 services that met the criteria, due to such a large population, Cal Advocates examined seven services that had the largest NBV at retirement.

Table 9.2– Early Retirements – Fontana Division

Asset Group	Description	Retirement Date	Original Retirement Date	NBV at Retirement
Office Equipment	MUTLIPLE OFFICE ASSETS	Multiple Dates	Multiple Dates	\$745.63
Mains	MULTIPLE GWBR PIPELINES	Multiple Dates	Multiple Dates	\$18,075.68

¹⁶³ Attachment 9-5 (ATTACHMENT C – Retirements – FWC in response to DR CHA-002 Historic Rate Base).

¹⁶⁴ Attachment 9-7 (CHA-024 ATTACHMENT 1 in response to DR CHA-024 Historic Rate Base, CHA-009 ATTACHMENT B - Retirements – FWC in response to DR CHA-009 Historic Rate Base, CHA-011 ATTACHMENT A in response to DR CHA-011 Historic Rate Base, CHA-024 ATTACHMENT 4 in response to DR CHA-024 Historic Rate Base, CHA-019 ATTACHMENT 1.a in response to DR CHA-019 Historic Rate Base, CHA-020 ATTACHMENT 1 in response to DR CHA-020 Historic Rate Base).

Asset Group	Description	Retirement Date	Original Retirement Date	NBV at Retirement
Meters	MULTIPLE WATER METERS	Multiple Dates	Multiple Dates	\$5,320.73
Services	MULTIPLE WATER SERVICE LATERALS	Multiple Dates	Multiple Dates	\$15,496.09
Transportation Equipment	250L/373 VEH#748	December 31, 2020	December 31, 2025	\$17,144.40
TOTAL				\$56,784.60

^{*}Only the year of purchase was provided by SGVWC. A date of 12/31 was used to calculate Retired Age as % of Expected Life.

Several of these prematurely retired assets from Table 9.2 above were also replaced by similar assets, meaning ratepayers paid more than once for the same asset. For example, the Fontana division placed a meter into service in 2018 at an original cost of \$720. The meter was retired early in 2021 after three years in service. SGVWC then replaced this meter with another new meter. The net effect is ratepayer is forced to pay rates for both the meter that was retired early and its replacement. As a result, a reduction to the rate base is warranted.

Making an adjustment for an extraordinary retirement also aligns with the Commission's role as a substitute for competition because in a competitive environment, an early retired asset would be recognized as a loss on the undepreciated asset value.

Allowing SGVWC to profit from extraordinary retirements is inconsistent with the Commission's role as a replacement for competition.

The Commission should increase SGVWC' depreciation reserve by \$56,784.60 to account for the early retired projects identified above.

IV. CONCLUSION

Cal Advocates recommends a rate base reduction of \$200,511.20 to exclude and account for projects that are not used-and-useful or where early retirements occurred. This adjustment is reasonable because it reduces wasteful and unnecessary spending which ultimately lessens ratepayer burden.

Additionally, assets that are no longer in use and useful must be reported by utilities. Nevertheless, SGVWC claimed in its MDR that no items from the last five years or the planned test year in its Fontana division were included in the rate base that were not used and useful. The Commission should instruct SGWVC to report planned assets that are in the rate base but were not deployed because the utility chose to postpone or abandon the

project in succeeding GRCs, as well as extraordinary retirements.

Attachment 9-1: ATTACHMENTS A&B – Book Values D – Retirements – FWC (in response to DR CHA-002 Historic Rate Base Question # 1)

Asset Group	Asset Name		Account Number	Original Cost	Total Depreciation	Current Net Book Value
	Location	Description				
Pumps	F10	Well F10D - install bowl assembly	324F	\$ 111,649.60	21.54%	\$ 87,600.28
Pumps	F10	SCADA upgrade to accommodate flow monitoring for well F10D	324F	\$ 4,487.45	21.54%	\$ 3,520.85
Pumps	F10	Install air conditioner unit for Tesco SCADA panel	324F	\$ 4,939.50	25.13%	\$ 3,698.20
Pumps	F10	Install 4" water supply line to Well F10C	324F	\$ 5,280.10	21.54%	\$ 4,142.77
Pumps	F10	Upgrade faceplate on SCADA system RTU	324F	\$ 17,413.69	25.13%	\$ 13,037.63
Pumps	F10	Install two bowl assemblies to boosters F10B5 and F10B6	324F	\$ 21,280.20	25.13%	\$ 15,932.49
Pumps	F10	Install two bowl assemblies to boosters F10B1 & F10B2	324F	\$ 25,511.62	25.13%	\$ 19,100.55
Pumps	F10	Install bowl assembly for well F10B	324F	\$ 49,985.93	35.90%	\$ 32,040.98
Pumps	F10	Well F10C - Install bowl assembly	324F	\$ 52,863.99	21.54%	\$ 41,477.09
Pumps	F10	Install 233'± 25-3/8" GWBR by-pass line to supply plant F8	324F	\$ 59,752.10	32.31%	\$ 40,446.20
Pumps	F10	Install programmable controller to SCADA system	324F	\$ 66,712.63	21.54%	\$ 52,342.73
Pumps	F10	Install new bowl assembly at well F10C	324F	\$ 75,905.23	35.90%	\$ 48,655.25
Pumps	F10	Well F10B - Install bowl assembly	324F	\$ 77,710.59	21.54%	\$ 60,971.73
Pumps	F10	Install 142'± 17 3/8" GWBR and 15'± 12-3/4" GWBR	324F	\$ 82,852.86	25.13%	\$ 62,031.94
Pumps	F10	Well F10C - Install bowl assembly	324F	\$ 82,932.52	25.13%	\$ 62,091.58
Pumps	F10	Install electrical for well F10D	324F	\$ 91,223.67	28.72%	\$ 65,024.23
Pumps	F10	Modify electrical switchboard to accommodate new equipment	324F	\$ 125,237.99	21.54%	\$ 98,261.73
Treatment Plant	F23	Design and engineering performed by Arcadis and contributed by ESTCP	332F	\$ 1,548,262.00	18.20%	\$ 1,266,478.32
Treatment Plant	F23	Construct Ion-Exchange Treatment System	332F	\$ 1,279,229.67	23.40%	\$ 979,889.93
Pumps	F11	Install motor to Afterbay booster (CMEX reservoir booster)	324F	\$ 4,598.13	35.90%	\$ 2,947.40
Pumps	F11	Connect meter to SCADA system	324F	\$ 5,998.28	32.31%	\$ 4,060.24
Pumps	F11	Upgrade faceplate on SCADA system RTU	324F	\$ 20,138.21	25.13%	\$ 15,077.48
Pumps	F11	Install 12" by-pass line	324F	\$ 92,491.17	32.31%	\$ 62,607.27
Pumps	F13	Install Air Conditioner Unit on Booster F13A	324F	\$ 4,939.50	25.13%	\$ 3,698.20
Pumps	F13	Install main breaker to emergency generator	324F	\$ 7,748.34	25.13%	\$ 5,801.18
Pumps	F13	Modify SCADA System to include continuous pH and temperature monitoring for CT calculations	324F	\$ 11,196.78	35.90%	\$ 7,177.14
Pumps	F13	Well F13A - Install soft starter	324F	\$ 12,839.71	21.54%	\$ 10,074.04
Pumps	F13	Install Electrical	324F	\$ 13,637.29	32.31%	\$ 9,231.08
Pumps	F13	Well F13B - Install Electrical Breaker	324F	\$ 14,705.07	28.72%	\$ 10,481.77

Asset Group	Asset Name		Account Number	Original Cost	Total Depreciation	Current Net Book Value
Pumps	F13	Upgrade faceplate on SCADA system RTU	324F	\$ 17,381.67	25.13%	\$ 13,013.66
Pumps	F13	Booster F13B1 - Install motor	32 4 F	\$ 18,948.96	21.54%	\$ 14,867.35
Pumps	F13	Well F13A - Install bowl assembly	324F	\$ 56,732.19	25.13%	\$ 42,475.39
Pumps	F13	Install bowl assembly to well F13B	324F	\$ 57,832.85	32.31%	\$ 39,147.06
Wells	F10	Drill well F10D	315F	\$ 1,035,982.60	30.06%	\$ 724,566.23
Pumps	F14	Install power monitor on Cooper Re-closer circuit for In-Conduit Hydroelectric Station	324F	\$ 3,732.26	25.13%	\$ 2,794.34
Pumps	F14	Install SCADA programming for automation of pumps and electrical transformer	324F	\$ 4,513.31	35.90%	\$ 2,893.03
Pumps	F14	Replace charging motor for the emergency main breaker	324F	\$ 4,636.44	21.54%	\$ 3,637.75
Pumps	F14	SCADA programming to provide back-up of daily production reports	324F	\$ 7,997.70	32.31%	\$ 5,413.64
Pumps	F14	Furnish and program four SCADA workstation clients	324F	\$ 16,255.29	25.13%	\$ 12,170.34
Pumps	F14	Upgrade faceplate on SCADA system RTU 92 and RTU 93	324F	\$ 37,519.88	25.13%	\$ 28,091.13
Pumps	F14	Install SCADA equipment at connection with SBVMWD	324F	\$ 42,227.86	32.31%	\$ 28,584.04
Pumps	F14	Design and Construct In-Conduit Hydroelectric Generator Station	324F	\$ 874,423.51	28.72%	\$ 623,289.08
Pumps	F21	Install Electrical	324F	\$ 822,930.69	25.13%	\$ 616,128.21
Pumps	F23	Install electrical	324F	\$ 776,708.89	28.72%	\$ 553,638.10
Wells	F21	Drill Well F21B	315F	\$ 706,875.69	26.72%	\$ 517,998.51
Pumps	F15	Install 1-4 ton air conditioning compressor	324F	\$ 2,343.86	32.31%	\$ 1,586.56
Pumps	F15	Booster F15B6 - Install motor	324F	\$ 10,435.88	21.54%	\$ 8,187.99
Pumps	F15	Install bowl assembly to F15B3	324F	\$ 11,441.33	32.31%	\$ 7,744.64
Pumps	F15	Install bowl assembly on well F15A	324F	\$ 57,759.24	35.90%	\$ 37,023.67
Pumps	F15	Well F15A - install bowl assembly	324F	\$ 59,581.83	28.72%	\$ 42,469.93
Pumps	F15	Well F15A - Install bowl assembly	324F	\$ 60,984.06	25.13%	\$ 45,658.77
Pumps	F16	Booster F16B5 - Install motor controller	324F	\$ 6,877.51	21.54%	\$ 5,396.09
Pumps	F16	Install 2-24" Auma valve actuators	324F	\$ 18,784.66	32.31%	\$ 12,715.34
Pumps	F14	Engineering and Design / Obtain Permits for an In-Conduit Hydroelectric Facility	324F	\$ 666,394.21	28.72%	\$ 475,005.79
Pumps	F16	Install Electrical	324F	\$ 603,899.23	35.90%	\$ 387,099.41
Pumps	F17	Install motor on booster F17B2	324F	\$ 14,655.78	28.72%	\$ 10,446.64
Pumps	F17	Install bowl assemblies to boosters F17B4, F17B5 and F17B6	324F	\$ 20,397.06	25.13%	\$ 15,271.28
Pumps	F2	Install 1-16" Auma valve operator	324F	\$ 7,433.45	32.31%	\$ 5,031.70
Pumps	F2	Install 16" Mainline Meter	324F	\$ 7,713.64	35.90%	\$ 4,944.44

Asset Group	Asset Name		Account Number	Ori	ginal Cost	Total Depreciation	urrent Net ook Value
Pumps	F2	Install 1-16" Butterfly Valve with automatic operator	324F	\$	8,752.97	35.90%	\$ 5,610.65
Pumps	F2	Install bowl assembly to booster F2B5	324F	\$	12,424.81	25.13%	\$ 9,302.46
Pumps	F2	Install 12" Pressure Reducing Valve	324F	\$	16,009.59	35.90%	\$ 10,262.15
Pumps	F2	Install 2-air conditioning units	324F	\$	16,835.17	32.31%	\$ 11,395.73
Pumps	F2	Install 99'± 17-3/8" GWBR, 65'± 12-3/4" GWBR	324F	\$	83,125.98	35.90%	\$ 53,283.75
Pumps	F21	Install Telemetry	324F	\$	7,240.58	28.72%	\$ 5,161.09
Pumps	F21	Refurbish motor on well F21A	324F	\$	7,947.48	32.31%	\$ 5,379.65
Pumps	F21	Install Programmable Controller for Scada	324F	\$	65,143.93	21.54%	\$ 51,111.93
Wells	F54	Drill Well F54A	315F	\$	537,436.13	30.06%	\$ 375,882.83
Pumps	F23	Install booster piping	324F	\$	354,541.62	28.72%	\$ 252,717.27
Pumps	F14	Purchase Turbine Generator for In-Conduit Hydroelectric Facility	324F	\$	300,709.26	28.72%	\$ 214,345.56
Treatment Plant	F23	Start-up Costs	332F	\$	246,664.70	18.20%	\$ 201,771.72
Pumps	F23	Install reduced pressure valve and related piping (Wilkins model RP475)	324F	\$	9,108.68	25.13%	\$ 6,819.67
Pumps	F23	Install SCADA modifications	324F	\$	63,440.19	25.13%	\$ 47,497.67
Pumps	F14	Connect the In-Conduit Hydroelectric Generation Facility to Southern California Edison's Power Grid	324F	\$	272,180.13	28.72%	\$ 194,010.00
Pumps	F10	Equip well F10D	324F	\$	223,151.95	25.13%	\$ 167,073.86
Pumps	F21	Install Boosters B1-B6	324F	\$	218,748.50	25.13%	\$ 163,777.00
Pumps	F24	Well F24A - Install 500 HP motor	324F	\$	16,929.61	25.13%	\$ 12,675.20
Pumps	F24	Well F24A - Install 1200 AMP breaker	324F	\$	25,526.47	25.13%	\$ 19,111.67
Pumps	F27	Well F27A - Install motor controller	324F	\$	5,931.08	21.54%	\$ 4,653.53
Pumps	F27	Well F27A - Install bowl assembly	324F	\$	25,810.84	28.72%	\$ 18,397.97
Pumps	F28	Install bowl assembly on well F28A	324F	\$	32,281.82	35.90%	\$ 20,692.65
Pumps	F29	Install bowl assembly on well F29A	324F	\$	31,664.27	35.90%	\$ 20,296.80
Pumps	F30	Additional work to reset bowl assembly and column	324F	\$	20,550.36	25.13%	\$ 15,386.05
Pumps	F30	Well F30A - Install bowl assembly	324F	\$	34,586.32	25.13%	\$ 25,894.78
Pumps	F30	Additional work to reset bowl assembly and column	324F	\$	87,876.48	28.72%	\$ 62,638.35
Pumps	F31	Install bowl assembly to Well F31A	324F	\$	89,762.61	28.72%	\$ 63,982.79
Pumps	F33	Install bowl assembly to well F33A	324F	\$	16,427.27	35.90%	\$ 10,529.88
Pumps	F33	Well F33A - Install bowl assembly	324F	\$	18,236.53	25.13%	\$ 13,653.69
Pumps	F34	Install air conditioning unit	324F	\$	5,012.54	21.54%	\$ 3,932.84

Asset Group	Asset Name		Account Number	Original Cost	Total Depreciation	Current Net Book Value
Pumps	F34	Well F34A - Install bowl assembly	32 4 F	\$ 84,931.20	32.31%	\$ 57,489.93
Pumps	F36	Install air conditioning unit	32 4 F	\$ 5,012.54	21.54%	\$ 3,932.84
Pumps	F37	Well F37A - install motor	32 4 F	\$ 29,180.07	21.54%	\$ 22,894.68
Pumps	F43	Install three bowl assemblies to boosters F43B4, F43B5 and F43B6	32 4 F	\$ 44,833.94	25.13%	\$ 33,567.17
Pumps	F44	Drill well F44B	32 4 F	\$ 13,325.13	28.72%	\$ 9,498.15
Pumps	F44	Install power monitor	32 4 F	\$ 28,525.13	32.31%	\$ 19,308.66
Pumps	F44	Install bowl assembly to well F44B	324F	\$ 51,981.61	28.72%	\$ 37,052.49
Pumps	F44	Well F44C - Install bowl assembly	32 4 F	\$ 71,172.04	21.54%	\$ 55,841.58
Pumps	F44	Well F44A – Install bowl assembly and related fittings	324F	\$ 83,702.42	21.54%	\$ 65,672.92
Pumps	F48	Replace variable frequency drives in Boosters F48B1, F48B2 and F48B3	324F	\$ 7,988.65	32.31%	\$ 5,407.52
Pumps	F48	Install Boosters F48B1 , F48B2 and F48B3	324F	\$ 13,848.05	32.31%	\$ 9,373.75
Pumps	F49	Refurbish well	324F	\$ 2,948.49	21.54%	\$ 2,313.39
Pumps	F49	Install electrical	324F	\$ 9,783.11	32.31%	\$ 6,622.19
Pumps	F49	Refurbish well	324F	\$ 51,552.10	25.13%	\$ 38,597.06
Pumps	F49	Install bowl assembly on well F49A	324F	\$ 54,934.65	32.31%	\$ 37,185.26
Pumps	F49	Install new bowl assembly for well F49A	324F	\$ 75,002.45	35.90%	\$ 48,076.57
Pumps	F53	Install SCADA programming	324F	\$ 67,752.89	21.54%	\$ 53,158.92
Pumps	F54	Install Programmable Controller to Scada System	324F	\$ 39,497.97	21.54%	\$ 30,990.11
Pumps	F54	Equip Well F54A	324F	\$ 106,105.79	25.13%	\$ 79,441.40
Pumps	F7	Replace logic board in standby generator	324F	\$ 6,995.24	25.13%	\$ 5,237.34
Pumps	F7	Install electronic control module on emergency generator	324F	\$ 12,541.02	25.13%	\$ 9,389.46
Pumps	F7	Install 2-24" Butterfly valves	324F	\$ 13,953.20	35.90%	\$ 8,944.00
Pumps	F7	Well F7B - install motor	324F	\$ 17,617.67	21.54%	\$ 13,822.82
Pumps	F7	Site Preparation	324F	\$ 50,479.85	35.90%	\$ 32,357.58
Pumps	F9	Install bowl assembly to booster F9B2	324F	\$ 15,734.51	32.31%	\$ 10,650.69
Pumps	F9	Booster F9B4 - Install bowl assembly	324F	\$ 18,393.22	25.13%	\$ 13,771.00
Pumps	Varies	Miscellaneous	J324F	\$ 5,684.60	28.72%	\$ 4,051.98
Pumps	Varies	Miscellaneous	J324F	\$ 6,658.35	35.90%	\$ 4,268.00
Pumps	Varies	Miscellaneous	J324F	\$ 7,773.76	32.31%	\$ 5,262.06
Pumps	Various	Install new SCADA communications radio	324F	\$ 9,525.80	21.54%	\$ 7,473.94

Asset Group	Asset Name		Account Number	Original Cost	Total Depreciation	Current Net Book Value
Pumps	Various	Upgrade SCADA programming with EPROM chips for TESCO L2000	324F	\$ 13,628.08	21.54%	\$ 10,692.59
Pumps	Various	Replace SCADA servers in Central Control Room and Sandhill Control Room	324F	\$ 68,502.60	28.72%	\$ 48,828.65
Pumps	Various	SCADA System upgrade	324F	\$ 93,301.17	21.54%	\$ 73,204.10
Pumps	Various	SCADA system upgrade Configure system for data transfer to GIS	324F	\$ 97,252.03	21.54%	\$ 76,303.94
Treatment Plant	F14	Replace solar powered lights on the radio tower	331F	\$ 3,649.06	19.98%	\$ 2,919.98
Treatment Plant	F14	Install landscaping and irrigation system	331F	\$ 41,601.61	19.98%	\$ 33,289.61
Treatment Plant	F14	Dissipation Structure Modification	331F	\$ 50,167.00	22.20%	\$ 39,029.93
Treatment Plant	F14	Conventional treatment plant - install 2 safety nets	332F	\$ 3,173.64	15.60%	\$ 2,678.55
Treatment Plant	F14	Install ADEC controller on the emergency generator at the conventional plant	332F	\$ 6,351.57	23.40%	\$ 4,865.30
Treatment Plant	F14	Install piping to the package treatment	332F	\$ 10,086.58	26.00%	\$ 7,464.07
Treatment Plant	F14	Modify PLC programming to automate chlorine pumps	332F	\$ 10,115.49	26.00%	\$ 7,485.46
Treatment Plant	F14	Install catwalk on decant basins	332F	\$ 10,750.87	26.00%	\$ 7,955.64
Treatment Plant	F14	Install breaker buckets for transformer and sluice pump	332F	\$ 11,062.30	23.40%	\$ 8,473.72
Treatment Plant	F14	Install new super scraper hydraulic units in sedimentation basins	332F	\$ 11,542.41	26.00%	\$ 8,541.38
Treatment Plant	F14	Piping to DE Plant	332F	\$ 16,481.28	26.00%	\$ 12,196.15
Treatment Plant	F14	Install audio/visual, phone alert systems and outside lighting around sedimentation and filter bed areas	332F	\$ 18,508.47	26.00%	\$ 13,696.27
Treatment Plant	F14	Conventional Treatment Plant - Install new 2500 amp ł 480 volt main breaker	332F	\$ 18,894.67	15.60%	\$ 15,947.10
Treatment Plant	F14	Filter bed backwash line- Remove Depend-o-lock coupling and install SOW flange	332F	\$ 28,009.45	15.60%	\$ 23,639.98
Treatment Plant	F14	Install five electric actuator valves	332F	\$ 29,506.48	15.60%	\$ 24,903.47
Treatment Plant	F14	Install 150'± - 8 5/8" GWBR to D.E. Plant	332F	\$ 30,786.23	26.00%	\$ 22,781.81
Treatment Plant	F14	Install portable standby generator	332F	\$ 47,818.95	15.60%	\$ 40,359.19
Treatment Plant	F14	Design Water Treatment Facilities - West End Treatment Plant	332F	\$ 97,882.84	26.00%	\$ 72,433.30
Treatment Plant	F14	Recoat Interior of Eight I D.E. Filter Vessels and Door	332F	\$ 104,268.54	23.40%	\$ 79,869.70
Treatment Plant	F14	Install 12" drainline	332F	\$ 114,395.96	26.00%	\$ 84,653.01
Treatment Plant	F21	Install nitrate analyzer	332F	\$ 24,289.78	15.60%	\$ 20,500.57
Treatment Plant	F21	Install Chlorination Equipment	332F	\$ 48,784.04	18.20%	\$ 39,905.34
Treatment Plant	F23	Grading	331F	\$ 48,223.71	22.20%	\$ 37,518.05
Treatment Plant	F23	Install chlorination equipment	332F	\$ 66,869.64	18.20%	\$ 54,699.37
Treatment Plant	F23	Install piping to treatment facilities	332F	\$ 102,163.70	18.20%	\$ 83,569.91
Pumps	F10	Well F10C - Install additional pump equipment	324F	\$ 199,061.69	21.54%	\$ 156,183.80

Asset Group	Asset Name		Account Number	Orig	inal Cost	Total Depreciation	urrent Net ook Value
Pumps	F21	Install Booster Piping	324F	\$	196,559.82	25.13%	\$ 147,164.34
Pumps	F21	Equip Well F21B	324F	\$	176,342.88	25.13%	\$ 132,027.91
Treatment Plant	F24	Well F24A -Install nitrate analyzer	332F	\$	23,965.31	18.20%	\$ 19,603.62
Treatment Plant	F25	Design Ion Exchange Treatment System	332F	\$	96,342.29	26.00%	\$ 71,293.29
Treatment Plant	F26	Well F26A -linstall nitrate analyzer	332F	\$	24,721.49	18.20%	\$ 20,222.18
Treatment Plant	Varies	Miscellaneous	J332F	\$	1,064.53	26.00%	\$ 787.75
Treatment Plant	Varies	Miscellaneous	J332F	\$	1,138.61	18.20%	\$ 931.38
Treatment Plant	Varies	Miscellaneous	J332F	\$	8,261.51	15.60%	\$ 6,972.71
Treatment Plant	Varies	Miscellaneous	J332F	\$	22,667.68	20.80%	\$ 17,952.80
Treatment Plant	Varies	Miscellaneous	J332F	\$	45,804.82	23.40%	\$ 35,086.49
Treatment Plant	Various	Install water sampling stations	332F	\$	90,106.88	26.00%	\$ 66,679.09
Wells	F10	Well F10B - Install 31'± 12-314" GWBR	315F	\$	31,053.62	30.06%	\$ 21,718.90
Wells	F10	Install piping for well F10D	315F	\$	31,667.31	23.38%	\$ 24,263.49
Pumps	F23	Install booster pumps	324F	\$	174,590.78	25.13%	\$ 130,716.12
Wells	F21	Install packer in well F21A	315F	\$	47,199.19	26.72%	\$ 34,587.57
Wells	F21	Install Piping - Well F21B	315F	\$	112,108.99	23.38%	\$ 85,897.91
Pumps	F16	Install Emergency Generator	324F	\$	199,648.19	35.90%	\$ 127,974.49
Wells	F23	Well F23A - Install piping	315F	\$	13,578.41	23.38%	\$ 10,403.78
Wells	F54	Well F54A - install piping	315F	\$	29,032.26	20.04%	\$ 23,214.20
Wells	F54	Obtain Permits and Regulatory Approval	315F	\$	89,433.21	20.04%	\$ 71,510.79
Pumps	F13	Install Booster Pumps	324F	\$	187,914.21	32.31%	\$ 127,199.13

Attachment 9-2: Response to DR CHA-009 Attachment A, Response to DR CHA-013 Attachment A

CHA-009 ATTACHMENT A - Status (in response to DR CHA-009 Historic Rate Base Question #1)

Asset Group	Asset Name			Original Cost	Status	Last Date	Out of Service Reason	Plan to Restore	Expected Restoration
Asset Group	Location	Description	Number	Original Cost	Status	In Use	Out of Service Aeason	Service (Yes/No)	Date
Pumps	Various	SCADA system upgrade Configure system for data transfer to GIS	324F	\$ 97,252.03	Complete / On Hold	2021	This program was completed and had been utilized to transfer data downloaded from the SCADA system and uploaded to the GIS until 2021. Once Fontana Water Company completes its new hardware and software updates, the data transfer program will be utilized again.	Yes	2022
Treatment Plant	F14	Design Water Treatment Facilities - West End Treatment Plant •	332F	\$ 97,882.84	Complete / On Hold	N/A	Construction of the West End Treatment Plant is deferred until future years because in the interim Fontana Water Company is constructing a pipeline from Plant F38 to Plant F39 to deliver water from the Summit Treatment Plant at the east end of the system to west end of the system to west current demands. Once demand of the customers in the west end of the system increases, Fontana Water Company will revist its plans for the West End treatment plant.	N/A	N/A

CHA-013 ATTACHMENT A (in response to DR CHA-013 Historic Rate Base Question #1)

Asset Group

Location

No. Refer to the asterisk note on Attachment A provided in response to Data Request CHA-003 for the requested information, which is provided again with the response to Data Request CHA-013. The Well F25A basa bandoned and destroyed when the Spring Street properties were sold to the City of Fontana. As a result, San Gabriel will not construct the treatment system to remove intrate contaminates from Well F25A because it was abandoned and destroyed.

* Note: The Design of the Plant F25 Ion Exchange Treatment System was completed, but the treatment system was never built because Well F25A was abandoned and destroyed when the properties on Spring Street were sold to the City of Fontana.

* Note: The Design of the Plant F25 Ion Exchange Treatment System was completed, but the treatment system was never built because Well F25A was abandoned and destroyed when the properties on Spring Street were sold to the City of Fontana.

Attachment 9-3: Response to DR CHA-025 Attachments 1 & 2

CHA-025 ATTACHMENT 1 (in response to CHA-025 Historic Rate Base Question #1)

Asset Group		Asset Name	Account Number	Original Cost	Date Added to Plant Account	
Asset Group	Location	Description	Account Number	Original Cost	Date Added to Plant Account	
Treatment Plant	F25	Design Ion Exchange Treatment System	332F	\$ 96,342.29	12/31/2011	

CHA-025 ATTACHMENT 2 (in response to CHA-025 Historic Rate Base Question #2)

Accet Group		Asset Name	Account Number	Original Cost	Date Added to Plant Account	
Asset Group	Location Description		Account Number	Original Cost	Date Added to Plant Account	
Treatment Plant	F14	Design Water Treatment Facilities - West End Treatment Plant	332F	\$ 97,882.84	12/31/2011	

Attachment 9-4: ATTACHMENTS A & B - Book Values DR CHA-002 Historic Rate Base (in response to Question #1)

Asset Group	Asset Name		Account Number Original Co		Original Cost	Total Depreciation	C	urrent Net Book Value
Treatment Plant	F14	Design Water Treatment Facilities - West End Treatment Plant	332F	\$	97,882.84	26.00%	\$	72,433.30
Treatment Plant	F25	Design Ion Exchange Treatment System	332F	\$	96,342.29	26.00%	\$	71,293.29

Attachment 9-5: ATTACHMENT C - Retirements – FWC DR CHA-002 Historic Rate Base (in response to Question #2)

Asset Group	Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Account Number		Original Cost		ook Value at of Retirement
MAINS	12-3/4" GWBR PIPELINE	12/31/2007	11/30/2019	343.00F	Ś	5,445.37	Ś	4,158.08
MAINS	25-3/8" GWMR PIPELINE	12/31/1999	7/31/2019	343.00F	Ś	6,538.46	Ś	3,962.31
MAINS	12 3/4" GWBR PIPELINE	12/31/2005	4/30/2020	343.00F	Ś	5,107,36		3,598.14
MAINS	65/8" GWBR PIPELINE	12/31/2000	11/30/2021	343.00F	\$	5,678.21	·	3,329.13
MAINS	6-5/8" GWMR PIPELINE	12/31/1999	1/31/2020	343.00F	\$	2,216.97		1,299.81
MAINS	8-5/8" GWBR PIPELINE	12/31/2008	7/31/2019	343.00F	Ś	877.68	\$	687.49
MAINS	6 5/8" GWBR PIPELINE	12/31/2003	11/30/2021	343.00F	\$	932.54	\$	601.86
MAINS	6 5/8" GWBR PIPELINE	12/31/2003	11/30/2021	343.00F	\$	466.27	\$	300.93
MAINS	8-5/8" GWBR PIPELINE	12/31/2005	11/30/2019	343.00F	\$	190.46	\$	137.93
METERS	WATER METER	31-Dec-16	29-Feb-20	346.00F	\$	106.62	\$	98.73
METERS	WATER METER	31-Dec-17	30-Jun-21	346.00F	\$	577.00	\$	534.30
METERS	WATER METER	31-Dec-17	29-Feb-20	346.00F	\$	543.40	\$	513.24
METERS	WATER METER	31-Dec-17	30-Apr-21	346.00F	\$	269.00	\$	249.09
METERS	WATER METER	31-Dec-17	31-Oct-20	346.00F	\$	203.00	\$	191.73
METERS	WATER METER	31-Dec-17	31-Jan-21	346.00F	\$	52.00	\$	48.15
METERS	WATER METER	31-Dec-17	31-Jul-21	346.00F	\$	52.00	\$	48.15
METERS	WATER METER	31-Dec-17	30-Apr-21	346.00F	\$	41.00	\$	37.97
METERS	WATER METER	31-Dec-18	31-Jan-21	346.00F	\$	799.00	\$	754.66
METERS	WATER METER	31-Dec-18	31-Oct-20	346.00F	\$	720.00	\$	693.36
METERS	WATER METER	31-Dec-18	30-Apr-21	346.00F	\$	720.00	\$	680.04
METERS	WATER METER	31-Dec-18	30-Jun-21	346.00F	\$	720.00	\$	680.04
METERS	WATER METER	31-Dec-18	30-Jun-21	346.00F	\$	387.00	\$	365.52
METERS	WATER METER	31-Dec-18	30-Oct-21	346.00F	\$	207.00	\$	195.51
METERS	WATER METER	31-Dec-18	31-Oct-20	346.00F	\$	81.00	\$	78.00
METERS	WATER METER	31-Dec-18	31-Jul-21	346.00F	\$	78.00	\$	73.67
METERS	WATER METER	31-Dec-18	29-Feb-20	346.00F	\$	40.58	\$	39.08
METERS	WATER METER	31-Dec-19	30-Jun-21	346.00F	\$	41.00	\$	39.48
OFFICE EQUIPMENT	5000L LAMINATOR (UNIT 5028)	12/31/2013	7/31/2019	J372.00F	\$	543.70	\$	398.53
OFFICE EQUIPMENT	EVAP. SWAMP COOLER	12/31/2009	9/30/2019	372.00F	\$	625.40	\$	347.10
TRANSPORTATION EQUIPMENT	250L/373 VEH#748	12/31/2015	12/31/2020	373.00F	\$	31,956.01	\$	17,144.40
SERVICES	WATER SERVICE LATERAL	31-Dec-18	30-Apr-19	345.00F	\$	2,516.72	\$	2,454.05
SERVICES	WATER SERVICE LATERAL	31-Dec-18	31-Oct-19	345.00F	\$	2,516.72	\$	2,454.05
SERVICES	WATER SERVICE LATERAL	31-Dec-17	31-May-19	345.00F	\$	2,264.18	\$	2,151.42
SERVICES	WATER SERVICE LATERAL	31-Dec-17	31-Oct-19	345.00F	\$	2,264.18	\$	2,151.42
SERVICES	WATER SERVICE LATERAL	31-Dec-17	31-Jan-20	345.00F	\$	2,264.18	\$	2,095.05
SERVICES	WATER SERVICE LATERAL	31-Dec-17	31-Jan-20	345.00F	\$	2,264.18	\$	2,095.05
SERVICES	WATER SERVICE LATERAL	31-Dec-17	29-Feb-20	345.00F	\$	2,264.18	\$	2,095.05

Attachment 9-6: Early Retirements

Asset Group	Project / Asset Name / Description	Retirement Date	Original ¹⁶⁵ Retirement Date	Date ¹⁶⁶ Added to Service	NBV at Retirement	Remaining Life at Retirement as % of Expected Life
MAINS	12 3/4" GWBR PIPELINE	4/30/2020	12/31/2055	12/30/2005	\$3,598.14	71.34%
MAINS	12-3/4" GWBR PIPELINE	11/30/2019	12/31/2057	7/28/2006	\$4,158.08	74.06%
MAINS	25-3/8" GWMR PIPELINE	7/31/2019	12/31/2049	6/17/1999	\$3,962.31	60.19%
MAINS	6 5/8" GWBR PIPELINE	11/30/2021	12/31/2053	4/22/2003	\$601.86	63.29%
MAINS	6 5/8" GWBR PIPELINE	11/30/2021	12/31/2053	4/22/2003	\$300.93	63.29%
MAINS	6 5/8" GWBR PIPELINE	11/30/2021	12/31/2050	2/10/2000	\$3,329.13	57.15%
MAINS	6-5/8" GWMR PIPELINE	1/31/2020	12/31/2049	9/1/1999	\$1,299.81	59.44%

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¹⁶⁵ Attachment 9-8 (CHA-009 ATTACHMENT B - Retirements – FWC in response to DR CHA-009 Historic Rate Base, CHA-008 ATTACHMENT C - Retirements – FWC in response to DR CHA-008 Historic Rate Base, and CHA-006 ATTACHMENT B (REVISED) in response to DR CHA-006 Historic Rate Base).

¹⁶⁶ Attachment 9-9 (CHA-018 ATTACHMENT 1.a from DR CHA-018 Historic Rate Base, CHA-014 ATTACHMENT 2.a in response to DR CHA-014 Historic Rate Base, and CHA-018 ATTACHMENT 1.a (FOLLOW UP) from DR CHA-018 Historic Rate Base).

Asset Group	Project / Asset Name / Description	Retirement Date	Original ¹⁶⁵ Retirement Date	Date ¹⁶⁶ Added to Service	NBV at Retirement	Remaining Life at Retirement as % of Expected Life
MAINS	8-5/8" GWBR PIPELINE	7/31/2019	12/31/2058	4/10/2008	\$687.49	77.71%
MAINS	8-5/8" GWBR PIPELINE	11/30/2019	12/31/2055	7/18/2005	\$137.93	71.52%
METERS	WATER METER	2/29/2020	12/31/2068	11/1/2018	\$39.08	97.35%
METERS	WATER METER	6/30/2021	12/31/2069	2019*	\$39.48	97.00%
METERS	WATER METER	10/31/2021	12/31/2068	12/20/2018	\$195.51	94.28%
METERS	WATER METER	10/31/2020	12/31/2068	10/1/2018	\$39.00	95.85%
METERS	WATER METER	10/31/2020	12/31/2068	11/1/2018	\$39.00	96.02%
METERS	WATER METER	1/31/2021	12/31/2068	5/21/2018	\$680.51	94.67%
METERS	WATER METER	1/31/2021	12/31/2068	10/19/2018	\$74.14	95.45%

Asset Group	Project / Asset Name / Description	Retirement Date	Original ¹⁶⁵ Retirement Date	Date ¹⁶⁶ Added to Service	NBV at Retirement	Remaining Life at Retirement as % of Expected Life
METERS	WATER METER	2/29/2020	12/31/2067	6/4/2018	\$513.24	96.49%
METERS	WATER METER	4/30/2021	12/31/2068	1/24/2019	\$680.04	95.47%
METERS	WATER METER	6/30/2021	12/31/2068	5/4/2018	\$680.04	93.77%
METERS	WATER METER	6/30/2021	12/31/2068	10/19/2018	\$145.93	94.63%
METERS	WATER METER	6/30/2021	12/31/2068	9/16/2019	\$145.93	96.37%
METERS	WATER METER	6/30/2021	12/31/2068	3/12/2018	\$73.67	93.50%
METERS	WATER METER	7/31/2021	12/31/2068	5/1/2018	\$73.67	93.59%
METERS	WATER METER	10/30/2020	12/31/2068	12/20/2018	\$693.36	96.28%
METERS	WATER METER	10/31/2020	12/31/2067	12/1/2017	\$38.35	94.18%

Asset Group	Project / Asset Name / Description	Retirement Date	Original ¹⁶⁵ Retirement Date	Date ¹⁶⁶ Added to Service	NBV at Retirement	Remaining Life at Retirement as % of Expected Life
METERS	WATER METER	10/31/2020	12/31/2067	2/1/2018	\$38.35	94.50%
METERS	WATER METER	10/31/2020	12/31/2067	10/1/2018	\$38.35	95.77%
METERS	WATER METER	10/31/2020	12/31/2067	12/1/2017	\$38.35	94.18%
METERS	WATER METER	10/31/2020	12/31/2067	2/1/2018	\$38.35	94.50%
METERS	WATER METER	1/31/2021	12/31/2067	7/24/2017	\$48.15	93.01%
METERS	WATER METER	2/29/2020	12/31/2067	4/18/2017	\$49.37	94.23%
METERS	WATER METER	2/29/2020	12/31/2067	5/23/2016	\$49.37	92.55%
METERS	WATER METER	4/30/2021	12/31/2067	10/1/2018	\$37.97	94.76%
METERS	WATER METER	4/30/2021	12/31/2067	2017*	\$249.09	93.34%

Asset Group	Project / Asset Name / Description	Retirement Date	Original ¹⁶⁵ Retirement Date	Date ¹⁶⁶ Added to Service	NBV at Retirement	Remaining Life at Retirement as % of Expected Life
METERS	WATER METER	6/30/2021	12/31/2067	5/25/2017	\$129.55	91.90%
METERS	WATER METER	6/30/2021	12/31/2067	5/2/2017	\$129.55	91.79%
METERS	WATER METER	6/30/2021	12/31/2067	5/2/2017	\$129.55	91.79%
METERS	WATER METER	6/30/2021	12/31/2067	10/12/2017	\$48.62	92.60%
METERS	WATER METER	6/30/2021	12/31/2067	6/14/2017	\$48.52	92.00%
METERS	WATER METER	6/30/2021	12/31/2067	6/14/2017	\$48.52	92.00%
METERS	WATER METER	7/31/2021	12/31/2067	6/14/2017	\$48.15	91.83%
OFFICE EQUIPMENT	5000L LAMINATOR (UNIT 5028)	7/31/2019	12/31/2035	8/13/2013	\$398.53	73.36%
OFFICE EQUIPMENT	EVAP. SWAMP COOLER	9/30/2019	12/31/2031	9/29/2009	\$347.10	55.06%

Asset Group	Project / Asset Name / Description	Retirement Date	Original ¹⁶⁵ Retirement Date	Date ¹⁶⁶ Added to Service	NBV at Retirement	Remaining Life at Retirement as % of Expected Life
SERVICES	WATER SERVICE LATERAL	4/30/2019	12/31/2058	3/14/2018	\$2,454.05	97.24%
SERVICES	WATER SERVICE LATERAL	10/31/2019	12/31/2058	6/27/2018	\$2,454.05	96.68%
SERVICES	WATER SERVICE LATERAL	5/31/2019	12/31/2057	12/15/2017	\$2,151.42	96.36%
SERVICES	WATER SERVICE LATERAL	10/31/2019	12/31/2057	2/21/2017	\$2,151.42	93.42%
SERVICES	WATER SERVICE LATERAL	1/31/2020	12/31/2057	5/5/2017	\$2,095.05	93.26%
SERVICES	WATER SERVICE LATERAL	1/31/2020	12/31/2057	12/12/2017	\$2,095.05	94.67%
SERVICES	WATER SERVICE LATERAL	2/29/2020	12/31/2057	8/21/2017	\$2,095.05	93.75%
TRANSPORTATION EQUIPMENT	250L/373 VEH#748	12/31/2020	12/31/2035	8/19/2015	\$17,144.40	73.64%
Total					\$56,784.60	

Attachment 9-7: Several Responses to DRs CHA-009, CHA-011, CHA-19, CHA-20 CHA-024

CHA-024 ATTACHMENT 1 (in response to DR CHA-024 Historic Rate Base Question #1)

Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Original Anticipated Retirement Date	Retirement Resson	Replaced? (Yes/No)	Current NBV of Replacement	Current Status of Replacement	Replacement Original Cost	Replacement Date Added to Service
12 3/4" GWBR PIPELINE	12/31/2005	4/30/2020	12/31/2055	The 28-foot length of 12-3/4-inch diameter GWBR pipeline was retired when the main was offset 3-1/2-foot deeper at the request of a developer to accommodate the installation of a new 8-inch diameter sanitary sewer in 2020.	Yes	\$ 8,333.02	In Use	\$ 8,500.48	7/31/2020

CHA-009 ATTACHMENT B - Retirements – FWC (in response to DR CHA-009 Historic Rate Base Question #2)

Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Account Number	Original Anticipated Retirement Date	Retirement Reason
8-5/8" GWBR PIPELINE	12/31/2008	7/31/2019	343.00F	12/31/2058	This 12-foot length of 8-5/8-inch diameter tie-in to the new 8-5/8-inch diameter GWBR main installed in 2008 with the old 8-5/8-inch diameter installed in 1956 was retired when the old 8-5/8-inch diameter main installed in 1956 was abandoned and replaced with a new 12-inch diameter GWBR main in 2019.
25-3/8" GWMR PIPELINE	12/31/1999	7/31/2019	343.00F	12/31/2049	This 25-foot length of 25-3/8-inch diameter GWBR main installed in 1999 was abandoned when the alignment of the on-site piping at Plant F15 was updated to coordinate with new piping requirements and configurations once the City of Fontana Conditional Use Permit requirements for Plant F15 was issued in 2018.
8-5/8" GWBR PIPELINE	12/31/2005	11/30/2019	343.00F	12/31/2055	The 4-foot length of 8-5/8-inch diameter GWBR tie-in to the old 8-inch asbestos cement pipeline was retired when the old 8-inch diameter asbestos cement main installed in 1978 was replaced with a new 12-3/4-inch diameter GWBR main in 2019.
12-3/4" GWBR PIPELINE	12/31/2007	11/30/2019	343.00F	12/31/2057	The 21-foot segment of 12-3/4-inch main that was tied into an 8-inch asbestos cement main retired when the 8-inch diameter asbestos cement main installed in 1978 was replaced with a new 12-inch diameter GWBR main in 2019.
6-5/8" GWMR PIPELINE	12/31/1999	1/31/2020	343.00F	12/31/2049	The 60-foot length of 6-5/8-inch diameter GWMR that crossed to the west side of Alder Avenue to and was tied into the 6-inch diameter steel main installed in 1944 was abandoned when the 6-inch diameter steel main was replaced with a new 16-inch diameter GWBR main that was installed on the east side of Alder Avenue in 2020.
12 3/4" GWBR PIPELINE	12/31/2005	4/30/2020	343.00F	12/31/2055	The 28-foot length of 12-3/4-inch diameter GWBR pipeline was retired when the main was offset 3-1/2-foot deeper at the request of a developer to accommodate the installation of a new 8-inch diameter sanitary sewer in 2020.

Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Account Number	Original Anticipated Retirement Date	Retirement Reason
6 5/8" GWBR PIPELINE	12/31/2003	11/30/2021	343.00F	12/31/2053	The 5-foot 6-5/8-inch diameter 2003 main was a tie-in to a 6-5/8-inch diameter steel main installed in 1951. The tie-in was retired when the 6-5/8-inch diameter steel main was replaced by a new 6-5/8-inch GWBR main in 2021.
6 5/8" GWBR PIPELINE	12/31/2003	11/30/2021	343.00F	12/31/2053	The 10-foot length of 6-5/8-inch diameter GWBR installed in 2003 was a tie-in to an 8-5/8-inch diameter stub out for a future new main. The tie-in was abandoned when the old steel main installed in 1946 was replaced by the new 8-5/8-inch diameter GWBR main that extended from the stub-out in 2021.
6 5/8" GWBR PIPELINE	12/31/2000	11/30/2021	343.00F	12/31/2050	The 20-foot offset of 6-inch diameter GWBR installed in 2000 was required for the existing 6-inch diameter main installed in 1943 to cross under a new 18-inch diameter sewer constructed by the City of Fontana. The offset was abandoned when the 6-inch diameter main installed in 1943 was replaced with a new 12-3/4-inch GWBR main in 2021.
WATER SERVICE LATERAL	12/31/2017	5/31/2019	345.00F	12/31/2057	This service was abandoned with a 4-inch diameter main that was abandoned and replaced.
WATER SERVICE LATERAL	12/31/2017	10/31/2019	345.00F	12/31/2057	This service was abandoned with a 4-inch diameter main that was abandoned and replaced.
WATER SERVICE LATERAL	12/31/2017	1/31/2020	345.00F	12/31/2057	This service was abandoned with a 4-inch diameter main that was abandoned and replaced.
WATER SERVICE LATERAL	12/31/2017	1/31/2020	345.00F	12/31/2057	This service needed to be relocated as a result of a City of Fontana street improvement project.
WATER SERVICE LATERAL	12/31/2017	2/29/2020	345.00F	12/31/2057	This service was abandoned with a 6-inch diameter main that was abandoned and replaced.
WATER METER	12/31/2016	2/29/2020	346.00F	12/31/2066	This meter was tested and was found to be malfunctioning and could not be repaired.

Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Account Number	Original Anticipated Retirement Date	Retirement Reason
WATER METER	12/31/2017	2/29/2020	346.00F	12/31/2067	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	2/29/2020	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	10/31/2020	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	10/31/2020	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2017	10/31/2020	346.00F	12/31/2067	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2017	1/31/2021	346.00F	12/31/2067	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	1/31/2021	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2017	4/30/2021	346.00F	12/31/2067	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	4/30/2021	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2017	4/30/2021	346.00F	12/31/2067	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2019	6/30/2021	346.00F	12/31/2069	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	6/30/2021	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2017	6/30/2021	346.00F	12/31/2067	This meter was tested and was found to be malfunctioning and could not be repaired.

Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Account Number	Original Anticipated Retirement Date	Retirement Reason
WATER METER	12/31/2018	6/30/2021	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2017	7/31/2021	346.00F	12/31/2067	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	7/31/2021	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	10/30/2021	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
EVAP. SWAMP COOLER	12/31/2009	9/30/2019	372.00F	12/31/2031	The swamp cooler developed a leak, could no longer hold water, and could not be repaired.
250L/373 VEH#748	12/31/2015	12/31/2020	373.00F	12/31/2025	This vehicle exceeded 120,000 miles of use, after which a light duty vehicle is retired and replaced, as stated on Page 109 (Lines 5-18) of Exhibit SG-8 for a further explanation of San Gabriel's vehicle replacement policy.
5000L LAMINATOR (UNIT 5028)	12/31/2013	7/31/2019	J372.00F	12/31/2035	The laminator malfunctioned and could not be repaired.

CHA-011 ATTACHMENT A (in response to DR CHA-011 Historic Rate Base Question #1)

Asset Group	Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Account Number	Retirement Reason	Replaced? (Yes/No)	Date Added to Plant Account	Account number	Current NBV	Current Status
MAINS	25-3/8" GWMR PIPELINE	12/31/1999	7/31/2019	343.00F	This 25-foot length of 25-3/8-inch diameter GWBR main installed in 1999 was abandoned when the alignment of the on-site piping at Plant F15 was updated to coordinate with new piping requirements and configurations once the City of Fontana Conditional Use Permit requirements for Plant F15 was issued in 2018.	Yes	2020	343.00F	\$ 20,617.83	In Use
MAINS	12 3/4" GWBR PIPELINE	12/31/2005	4/30/2020	343.00F	The 28-foot length of 12-3/4-inch diameter GWBR pipeline was retired when the main was offset 3-1/2-foot deeper at the request of a developer to accommodate the installation of a new 8-inch diameter sanitary sewer in 2020.	Yes	2020	343.00F	\$ 8,333.02	In Use
METERS	WATER METER	12/31/2016	2/29/2020	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2019	346.00F	\$ 197.72	In Use
		12,01,2010	2/23/2020	0 10.001	This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2018	346.00F	\$ 251.26	In Use
METERS	WATER METER	12/31/2017	2/29/2020	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2018	346.00F	\$ 302.79	In Use
METERS	WATER METER	12/31/2018	2/29/2020	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	No	N/A	N/A	N/A	N/A
					This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 394.42	In Use
METERS	WATER METER	12/31/2018	10/31/2020	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	No	N/A	N/A	N/A	N/A
					This meter was tested and was found to be malfunctioning and could not be repaired.	No	N/A	N/A	N/A	N/A
					This meter was tested and was found to be malfunctioning and could not be repaired.	No	N/A	N/A	N/A	N/A
					This meter was tested and was found to be malfunctioning and could not be repaired.	No	N/A	N/A	N/A	N/A
METERS	WATER METER	12/31/2017	10/31/2020	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	No	N/A	N/A	N/A	N/A
					This meter was tested and was found to be malfunctioning and could not be repaired.		N/A	N/A		
				346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	No	N/A	N/A	N/A	N/A
METERS	WATER METER	12/31/2017	1/31/2021	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	No	N/A	N/A	N/A	N/A
					This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2019	346.00F	\$ 386.92	In Use
METERS	WATER METER	12/31/2018	1/31/2021	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 201.56	In Use
	.1									
METERS	WATER METER	12/31/2017	4/30/2021	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	No	N/A	N/A	N/A	N/A
WEIERS	WOLLN MELEN	12/51/2017	4/30/2021	540.001	This meter was tested and was found to be malfunctioning and could not be repaired.	No	N/A	N/A	N/A	N/A
METERS	WATER METER	12/31/2018	4/30/2021	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 577.44	In Use
METERS	WATER METER	12/31/2019	6/30/2021	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	No	N/A	N/A	N/A	N/A
					This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2019	346.00F	\$ 147.30	In Use
					This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 246.11	In Use
					This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 245.14	In Use
METERS	WATER METER	12/31/2017	6/30/2021	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 201.56	In Use
					This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 201.56	In Use
					This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 201.56	In Use
					This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 589.49	In Use
					This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 245.14	In Use
METERS	WATER METER	12/31/2018	6/30/2021	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 245.15	In Use
					This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 201.56	In Use
METERS	WATER METER	12/31/2017	7/31/2021	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 201.56	In Use
METERS	WATER METER	12/31/2018	7/31/2021	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2022	346.00F	\$ 53.27	In Use
METERS	WATER METER	12/31/2018	10/30/2021	346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	No	N/A	N/A	N/A	N/A
OFFICE EQUIPMENT	EVAP. SWAMP COOLER	12/31/2009	9/30/2019	372.00F	The swamp cooler developed a leak, could no longer hold water, and could not be	Yes	2016	378.00F	\$ 583.85	In Use
OFFICE EQUIPMENT	5000L LAMINATOR (UNIT 5028)	12/31/2013	7/31/2019	J372.00F	repaired. The laminator malfunctioned and could not be repaired.	No No	N/A	N/A	9 383.83 N/A	N/A
OTTICE EQUIPMENT		12/01/2013	,,01/2013	3372.001	and country to the co	.40	14/15		11/15	/^

CHA-024 ATTACHMENT 4 (in response to DR CHA-024 Historic Rate Base Question #4)

Asset Group	Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Original Anticipated Retirement Date	Retirement Reason	Replacement Original Cost	Replacement Date Added to Service
MAINS	8-5/8" GWBR PIPELINE	12/31/2008	7/31/2019	12/31/2058	This 12-foot length of 8-5/8-inch diameter tie-in to the new 8-5/8-inch diameter GWBR main installed in 2008 with the old 8-5/8-inch diameter installed in 1956 was retired when the old 8-5/8-inch diameter main installed in 1956 was abandoned and replaced with a new 12-inch diameter GWBR main in 2019.	N/A*	N/A*
MAINS	8-5/8" GWBR PIPELINE	12/31/2005	11/30/2019	12/31/2055	The 4-foot length of 8-5/8-inch diameter GWBR tie-in to the old 8-inch asbestos cement pipeline was retired when the old 8-inch diameter asbestos cement main installed in 1978 was replaced with a new 12-3/4-inch diameter GWBR main in 2019.	N/A*	N/A*
MAINS	6-5/8" GWMR PIPELINE	12/31/1999	1/31/2020	12/31/2049	The 60-foot length of 6-5/8-inch diameter GWMR that crossed to the west side of Alder Avenue to and was tied into the 6 inch diameter steel main installed in 1944 was abandoned when the 6-inch diameter steel main was replaced with a new 16-inch diameter GWBR main that was installed on the east side of Alder Avenue in 2020.	\$ 22,943.94	12/31/2019
MAINS	6-5/8" GWBR PIPELINE	12/31/2003	11/30/2021	12/31/2053	The 5-foot 6-5/8-inch diameter 2003 main was a tie-in to a 6-5/8-inch diameter steel main installed in 1951. The tie-in was retired when the 6-5/8-inch diameter steel main was replaced by a new 6-5/8-inch GWBR main in 2021.	N/A*	N/A*
MAINS	6-5/8" GWBR PIPELINE	12/31/2003	11/30/2021	12/31/2053	The 10-foot length of 6-5/8-inch diameter GWBR installed in 2003 was a tie-in to an 8-5/8-inch diameter stub out for a future new main. The tie-in was abandoned when the old steel main installed in 1946 was replaced by the new 8-5/8-inch diameter GWBR main that extended from the stub-out in 2021.	N/A*	N/A*
MAINS	6-5/8" GWBR PIPELINE	12/31/2000	11/30/2021	12/31/2050	The 20-foot offset of 6-inch diameter GWBR installed in 2000 was required for the existing 6-inch diameter main installed in 1943 to cross under a new 18-inch diameter sewer constructed by the City of Fontana. The offset was abandoned when the 6-inch diameter main installed in 1943 was replaced with a new 12-3/4-inch GWBR main in 2021.	\$ 2,923.25	10/31/2021
SERVICES	WATER SERVICE LATERAL	12/31/2017	5/31/2019	12/31/2057	This service was abandoned with a 4-inch diameter main that was abandoned and replaced.	\$ 3,539.96	12/31/2019
SERVICES	WATER SERVICE LATERAL	12/31/2017	10/31/2019	12/31/2057	This service was abandoned with a 4-inch diameter main that was abandoned and replaced.	\$ 3,539.96	12/31/2019
SERVICES	WATER SERVICE LATERAL	12/31/2017	1/31/2020	12/31/2057	This service was abandoned with a 4-inch diameter main that was abandoned and replaced.	\$ 2,557.71	12/31/2020
SERVICES	WATER SERVICE LATERAL	12/31/2017	1/31/2020	12/31/2057	This service needed to be relocated as a result of a City of Fontana street improvement project.	S 2,557.71	12/31/2020
SERVICES	WATER SERVICE LATERAL	12/31/2017	2/29/2020	12/31/2057	This service was abandoned with a 6-inch diameter main tha was abandoned and replaced.	\$ 2,557.71	12/31/2020
Note:							

^{*} As stated in ATTACHMENT B to San Gabriel's response to Data Request CHA-011, the tie-in to an old main was abandoned when the old main was replaced with a new one. To reiterate, while the old main that was abandoned was replaced with a new main, the tie-in was not replaced when it was abandoned because it was no longer necessary or useful.

CHA-019 ATTACHMENT 1.a (in response to DR CHA-019 Historic Rate Base Question #1)

	Asset Group	Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Account Number	Original Cost	Net Book Value at Time of Retirement	Replaced? (Yes/No)	Date Added to Plant Account	Account Number	Current Net Book Value	Current Status
	SERVICES	WATER SERVICE LATERAL	12/31/2018	4/30/2019	345.00F	\$ 2,516.72	\$ 2,454.05	Yes	3/5/2019	345.00F	\$ 3,363.67	Active
	SERVICES	WATER SERVICE LATERAL	12/31/2018	10/31/2019	345.00F	\$ 2,516.72	\$ 2,454.05	Yes	9/17/2019	345.00F	\$ 3,363.67	Active
			12/31/2018	10/31/2020	346.00F	\$ 40.50	\$ 39.00	No	N/A	346.00F	N/A	N/A
METERS		WATER METER	12/31/2018	10/31/2020	346.00F	\$ 40.50	\$ 39.00	No	N/A	346.00F	N/A	N/A
	METERS	WATER METER	12/31/2018	10/30/2021	346 OOF	\$ 207.00	\$ 195.51	No	N/A	346 OOF	N/A	N/A

CHA-020 ATTACHMENT 1 (in response to DR CHA-020 Historic Rate Base Question #1)

Project / Asset Name / Description	Original Cost	Net Book Value at Time of Retirement	Date Added to Plant Account	Retirement Date	Account Number	Retirement Reason	Replaced? (Yes/No)	Date Added to Plant Account	Account number	Current NBV	Current Status
WATER METERS	\$ 41.00	\$ 37.97	12/31/2017	4/30/2021	346,00F	This meter was tested and was found to be malfunctioning and could not be repaired.	No	N/A	N/A	N/A	N/A
WATER WETERS	\$ 269.00	\$ 249.09	12/51/2017	12/31/2017 4/30/2021		This meter was tested and was found to be malfunctioning and could not be repaired.	No	N/A	N/A	N/A	N/A
	\$ 720.00	\$ 680.04			121 346.00F	This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 589.49	In Use
WATER METERS	\$ 154.50	\$ 145.93	12/31/2018	6/30/2021		This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 245.14	In Use
WATER METERS	\$ 154.50	\$ 145.93	12/51/2016	0/50/2021		This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 245.15	In Use
	\$ 78.00	\$ 73.67				This meter was tested and was found to be malfunctioning and could not be repaired.	Yes	2020	346.00F	\$ 201.56	In Use

Attachment 9-8: Several Responses to DRs CHA-006, CHA-008, and CHA-009

CHA-009 ATTACHMENT B - Retirements – FWC (in response to DR CHA-009 Historic Rate Base Question #2)

Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Account Number	Original Anticipated Retirement Date	Retirement Reason
8-5/8" GWBR PIPELINE	12/31/2008	7/31/2019	343.00F	12/31/2058	This 12-foot length of 8-5/8-inch diameter tie-in to the new 8-5/8-inch diameter GWBR main installed in 2008 with the old 8-5/8-inch diameter installed in 1956 was retired when the old 8-5/8-inch diameter main installed in 1956 was abandoned and replaced with a new 12-inch diameter GWBR main in 2019.
25-3/8" GWMR PIPELINE	12/31/1999	7/31/2019	343.00F	12/31/2049	This 25-foot length of 25-3/8-inch diameter GWBR main installed in 1999 was abandoned when the alignment of the on-site piping at Plant F15 was updated to coordinate with new piping requirements and configurations once the City of Fontana Conditional Use Permit requirements for Plant F15 was issued in 2018.
8-5/8" GWBR PIPELINE	12/31/2005	11/30/2019	343.00F	12/31/2055	The 4-foot length of 8-5/8-inch diameter GWBR tie-in to the old 8-inch asbestos cement pipeline was retired when the old 8-inch diameter asbestos cement main installed in 1978 was replaced with a new 12-3/4-inch diameter GWBR main in 2019.
12-3/4" GWBR PIPELINE	12/31/2007	11/30/2019	343.00F	12/31/2057	The 21-foot segment of 12-3/4-inch main that was tied into an 8-inch asbestos cement main retired when the 8-inch diameter asbestos cement main installed in 1978 was replaced with a new 12-inch diameter GWBR main in 2019.
6-5/8" GWMR PIPELINE	12/31/1999	1/31/2020	343.00F	12/31/2049	The 60-foot length of 6-5/8-inch diameter GWMR that crossed to the west side of Alder Avenue to and was tied into the 6-inch diameter steel main installed in 1944 was abandoned when the 6-inch diameter steel main was replaced with a new 16-inch diameter GWBR main that was installed on the east side of Alder Avenue in 2020.
12 3/4" GWBR PIPELINE	12/31/2005	4/30/2020	343.00F	12/31/2055	The 28-foot length of 12-3/4-inch diameter GWBR pipeline was retired when the main was offset 3-1/2-foot deeper at the request of a developer to accommodate the installation of a new 8-inch diameter sanitary sewer in 2020.

Project / Asset Name / Description	Date Added to Plant Account	Retirement Account Original Anticipated Date Number Retirement Date		Original Anticipated Retirement Date	Retirement Reason
6 5/8" GWBR PIPELINE	12/31/2003	11/30/2021	343.00F	12/31/2053	The 5-foot 6-5/8-inch diameter 2003 main was a tie-in to a 6-5/8-inch diameter steel main installed in 1951. The tie-in was retired when the 6-5/8-inch diameter steel main was replaced by a new 6-5/8-inch GWBR main in 2021.
6 5/8" GWBR PIPELINE	"GWBR PIPELINE 12/31/2003 11/30/2021 343.00F 12/31/2053 5/8-inch diam old steel mair		The 10-foot length of 6-5/8-inch diameter GWBR installed in 2003 was a tie-in to an 8-5/8-inch diameter stub out for a future new main. The tie-in was abandoned when the old steel main installed in 1946 was replaced by the new 8-5/8-inch diameter GWBR main that extended from the stub-out in 2021.		
6 5/8" GWBR PIPELINE	12/31/2000	11/30/2021	343.00F	12/31/2050	The 20-foot offset of 6-inch diameter GWBR installed in 2000 was required for the existing 6-inch diameter main installed in 1943 to cross under a new 18-inch diameter sewer constructed by the City of Fontana. The offset was abandoned when the 6-inch diameter main installed in 1943 was replaced with a new 12-3/4-inch GWBR main in 2021.
WATER SERVICE LATERAL	12/31/2017	5/31/2019	345.00F	12/31/2057	This service was abandoned with a 4-inch diameter main that was abandoned and replaced.
WATER SERVICE LATERAL	12/31/2017	10/31/2019	345.00F	12/31/2057	This service was abandoned with a 4-inch diameter main that was abandoned and replaced.
WATER SERVICE LATERAL	12/31/2017	1/31/2020	345.00F	12/31/2057	This service was abandoned with a 4-inch diameter main that was abandoned and replaced.
WATER SERVICE LATERAL	12/31/2017	1/31/2020	345.00F	12/31/2057	This service needed to be relocated as a result of a City of Fontana street improvement project.
WATER SERVICE LATERAL	12/31/2017	2/29/2020	345.00F	12/31/2057	This service was abandoned with a 6-inch diameter main that was abandoned and replaced.
WATER METER	12/31/2016	2/29/2020	346.00F	12/31/2066	This meter was tested and was found to be malfunctioning and could not be repaired.

Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Account Number	Original Anticipated Retirement Date	Retirement Reason
WATER METER	12/31/2017	2/29/2020	346.00F	12/31/2067	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	2/29/2020	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	10/31/2020	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	10/31/2020	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2017	10/31/2020	346.00F	12/31/2067	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2017	1/31/2021	346.00F	12/31/2067	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	1/31/2021	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2017	4/30/2021	346.00F	12/31/2067	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	4/30/2021	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2017	4/30/2021	346.00F	12/31/2067	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2019	6/30/2021	346.00F	12/31/2069	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	6/30/2021	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2017	6/30/2021	346.00F	12/31/2067	This meter was tested and was found to be malfunctioning and could not be repaired.

Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Account Number	Original Anticipated Retirement Date	Retirement Reason
WATER METER	12/31/2018	6/30/2021	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2017	7/31/2021	346.00F 12/31/2067		This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	7/31/2021	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
WATER METER	12/31/2018	10/30/2021	346.00F	12/31/2068	This meter was tested and was found to be malfunctioning and could not be repaired.
EVAP. SWAMP COOLER	12/31/2009	9/30/2019	372.00F	12/31/2031	The swamp cooler developed a leak, could no longer hold water, and could not be repaired.
250L/373 VEH#748	12/31/2015	12/31/2020	373.00F	12/31/2025	This vehicle exceeded 120,000 miles of use, after which a light duty vehicle is retired and replaced, as stated on Page 109 (Lines 5-18) of Exhibit SG-8 for a further explanation of San Gabriel's vehicle replacement policy.
5000L LAMINATOR (UNIT 5028)	12/31/2013	7/31/2019	J372.00F	12/31/2035	The laminator malfunctioned and could not be repaired.

CHA-008 ATTACHMENT C - Retirements – FWC (in response to DR CHA-008 Historic Rate Base Question #2)

Asset Group	Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Account Number	Original Anticipated Retirement Date	Function of Project
MAINS	8-5/8" GWBR PIPELINE	12/31/2008	7/31/2019	343.00F	12/31/2058	This project distributed water to customers.
MAINS	25-3/8" GWMR PIPELINE	12/31/1999	7/31/2019	343.00F	12/31/2049	This project distributed water to customers.
MAINS	8-5/8" GWBR PIPELINE	12/31/2005	11/30/2019	343.00F	12/31/2055	This project distributed water to customers.
MAINS	12-3/4" GWBR PIPELINE	12/31/2007	11/30/2019	343.00F	12/31/2057	This project distributed water to customers.
MAINS	6-5/8" GWMR PIPELINE	12/31/1999	1/31/2020	343.00F	12/31/2049	This project distributed water to customers.
MAINS	12 3/4" GWBR PIPELINE	12/31/2005	4/30/2020	343.00F	12/31/2055	This project distributed water to customers.
MAINS	6 5/8" GWBR PIPELINE	12/31/2003	11/30/2021	343.00F	12/31/2053	This project distributed water to customers.
MAINS	6 5/8" GWBR PIPELINE	12/31/2003	11/30/2021	343.00F	12/31/2053	This project distributed water to customers.
MAINS	6 5/8" GWBR PIPELINE	12/31/2000	11/30/2021	343.00F	12/31/2050	This project distributed water to customers.
SERVICES	WATER SERVICE LATERAL	12/31/2017	5/31/2019	345.00F	12/31/2057	This project provided domestic water service to a customer.
SERVICES	WATER SERVICE LATERAL	12/31/2017	10/31/2019	345.00F	12/31/2057	This project provided domestic water service to a customer.
SERVICES	WATER SERVICE LATERAL	12/31/2017	1/31/2020	345.00F	12/31/2057	This project provided domestic water service to a customer.
SERVICES	WATER SERVICE LATERAL	12/31/2017	1/31/2020	345.00F	12/31/2057	This project provided domestic water service to a customer.
SERVICES	WATER SERVICE LATERAL	12/31/2017	2/29/2020	345.00F	12/31/2057	This project provided domestic water service to a customer.
METERS	WATER METER	12/31/2016	2/29/2020	346.00F	12/31/2066	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2017	2/29/2020	346.00F	12/31/2067	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2018	2/29/2020	346.00F	12/31/2068	This project measured domestic water consumption by a customer.
Asset Group	Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Account Number	Original Anticipated Retirement Date	Function of Project
METERS	WATER METER	12/31/2018	10/31/2020	346.00F	12/31/2068	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2018	10/31/2020	346.00F	12/31/2068	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2017	10/31/2020	346.00F	12/31/2067	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2017	1/31/2021	346.00F	12/31/2067	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2018	1/31/2021	346.00F	12/31/2068	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2017	4/30/2021	346.00F	12/31/2067	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2018	4/30/2021	346.00F	12/31/2068	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2017	4/30/2021	346.00F	12/31/2067	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2019	6/30/2021	346.00F	12/31/2069	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2018	6/30/2021	346.00F	12/31/2068	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2017	6/30/2021	346.00F	12/31/2067	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2018	6/30/2021	346.00F	12/31/2068	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2017	7/31/2021	346.00F	12/31/2067	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2018	7/31/2021	346.00F	12/31/2068	This project measured domestic water consumption by a customer.
METERS	WATER METER	12/31/2018	10/30/2021	346.00F	12/31/2068	This project measured domestic water consumption by a customer.
OFFICE EQUIPMENT	EVAP. SWAMP COOLER	12/31/2009	9/30/2019	372.00F	12/31/2031	This portable air cooling unit was utilized to cool the warehouse.
TRANSPORTATION EQUIPMENT	250L/373 VEH#748	12/31/2015	12/31/2020	373.00F	12/31/2025	This vehicle was utilized by an employee for transportation.
			. ,			
Asset	Project / Asset Name / Description	Date Added to	Retirement	Account	Original Anticipated	Function of Project

Asset	Project / Asset Name / Description	Date Added to Retirement		Account Original Anticipated		Function of Project
Group		Plant Account	Date	Number	Retirement Date	Function of Project
OFFICE EQUIPMENT	5000L LAMINATOR (UNIT 5028)	12/31/2013	7/31/2019	J372.00F	12/31/2035	The laminator was utilized to protect and preserve paper documents.

CHA-006 ATTACHMENT B (REVISED) (in response to DR CHA-006 Historic Rate Base Question #2)

Asset Group	Project / Asset Name / Description	Date Added to Plant Account	Retirement Date			Function of Project
SERVICES	CES WATER SERVICE 12/31/201		1/31/2020	34 5 F	12/31/2059	This project provided domestic water service to a customer.
SERVICES	WATER SERVICE LATERAL	12/31/2018	4/30/2019	345F	12/31/2058	This project provided domestic water service to a customer.
SERVICES	WATER SERVICE LATERAL	12/31/2018	10/31/2019	345F	12/31/2058	This project provided domestic water service to a customer.

Attachment 9-9: Several Responses to DRs CHA-014 and CHA-018

CHA-018 ATTACHMENT 1.a from DR CHA-018 Historic Rate Base (in response to Question #1)

Asset	Project / Asset Name / Description	Date Added to	Retirement	Account	Date Added
Group**		Plant Account	Date	Number	to Service
MAINS	8-5/8" GWBR PIPELINE	12/31/2008	7/31/2019	343.00F	4/10/2008
MAINS	25-3/8" GWMR PIPELINE	12/31/1999	7/31/2019	343.00F	6/17/1999
MAINS	8-5/8" GWBR PIPELINE	12/31/2005	11/30/2019	343.00F	7/18/2005
MAINS	12-3/4" GWBR PIPELINE	12/31/2007	11/30/2019	343.00F	7/28/2006
MAINS	6-5/8" GWMR PIPELINE	12/31/1999	1/31/2020	343.00F	9/1/1999
MAINS	12 3/4" GWBR PIPELINE	12/31/2005	4/30/2020	343.00F	12/30/2005
MAINS	6 5/8" GWBR PIPELINE	12/31/2003	11/30/2021	343.00F	4/22/2003
MAINS	6 5/8" GWBR PIPELINE	12/31/2003	11/30/2021	343.00F	4/22/2003
MAINS	6 5/8" GWBR PIPELINE	12/31/2000	11/30/2021	343.00F	2/10/2000
SERVICES	WATER SERVICE LATERAL	12/31/2018	4/30/2019	345.00F	3/14/2018
SERVICES	WATER SERVICE LATERAL	12/31/2017	5/31/2019	345.00F	12/15/2017
SERVICES	WATER SERVICE LATERAL	12/31/2017	10/31/2019	345.00F	2/21/2017
SERVICES	WATER SERVICE LATERAL	12/31/2018	10/31/2019	345.00F	6/27/2018
SERVICES	WATER SERVICE LATERAL	12/31/2017	1/31/2020	345.00F	5/5/2017
SERVICES	WATER SERVICE LATERAL	12/31/2017	1/31/2020	345.00F	12/12/2017
SERVICES	WATER SERVICE LATERAL	12/31/2017	2/29/2020	345.00F	8/21/2017
	WATER METERS	12/31/2016	2/29/2020	346.00F	4/18/2017
METERS	WATER METERS	12/31/2016	2/29/2020	346.00F	5/23/2016
METERS	WATER METER	12/31/2017	2/29/2020	346.00F	6/4/2018
METERS	WATER METER	12/31/2018	2/29/2020	346.00F	11/1/2018
		12/31/2018	10/31/2020	346.00F	5/17/2018
METERS	WATER METERS	12/31/2018	10/31/2020	346.00F	10/1/2018
		12/31/2018	10/31/2020	346.00F	11/1/2018
		12/31/2017	10/31/2020	346.00F	12/1/2017
		12/31/2017	10/31/2020	346.00F	2/1/2018
METERS	WATER METERS	12/31/2017	10/31/2020	346.00F	10/1/2018
		12/31/2017	10/31/2020	346.00F	12/1/2017
		12/31/2017	10/31/2020	346.00F	2/1/2018
			20,02,2020		
METERS	WATER METER	12/31/2017	1/31/2021	346.00F	7/24/2017
		12/31/2018	1/31/2021	346.00F	5/21/2018
METERS	WATER METERS	12/31/2018	1/31/2021	346.00F	10/19/2018
		12/31/2017	4/30/2021	346.00F	2017*
METERS	WATER METERS	12/31/2017	4/30/2021	346.00F	10/1/2018
METERS	WATER METER	12/31/2018	4/30/2021	346.00F	1/24/2019
METERS	WATER METER	12/31/2019	6/30/2021	346.00F	2019*
THE COLUMN TO TH		12/31/2018	6/30/2021	346.00F	5/4/2018
		12/31/2018	6/30/2021	346.00F	10/19/2018
METERS	WATER METERS	12/31/2018	6/30/2021	346.00F	9/16/2019
		12/31/2018	6/30/2021	346.00F	3/12/2018
		12/31/2017	6/30/2021	346.00F	5/25/2017
		12/31/2017	6/30/2021	346.00F	5/2/2017
		12/31/2017	6/30/2021	346.00F	5/2/2017
METERS	WATER METERS				÷
		12/31/2017	6/30/2021	346.00F 346.00F	10/12/2017
		12/31/2017	6/30/2021		6/14/2017
METERS	WATER METER	12/31/2017	6/30/2021	346.00F	6/14/2017
METERS	WATER METER	12/31/2017	7/31/2021	346.00F	6/14/2017
METERS	WATER METER	12/31/2018	7/31/2021	346.00F	5/1/2018
METERS	WATER METER	12/31/2018	10/30/2021	346.00F	12/20/2018
OFFICE EQUIPMENT	EVAP. SWAMP COOLER	12/31/2009	9/30/2019	372.00F	9/29/2009
TRANSPORTATION EQUIPMENT	250L/373 VEH#748	12/31/2015	12/31/2020	373.00F	8/19/2015
OFFICE EQUIPMENT	5000L LAMINATOR (UNIT 5028)	12/31/2013	7/31/2019	J372.00F	8/13/2013
Note:					

^{*} The install date is not available in San Gabriel's records for this retired meter, so the only year of purchase is provided. San Gabriel purchases meters in batches and in almost all instances installs and places meters in service during the same year calendar year.

^{**} The data for assets highlighted in green were previously provided in response to Data Request CHA-014.

CHA-014 ATTACHMENT 2.a (in response to DR CHA-014 Historic Rate Base Question #2)

Asset Group	Project / Asset Name / Description	Date Added to Plant Account	Retirement Date	Account Number	Date Added to Service
MAINS	8-5/8" GWBR PIPELINE	12/31/2008	7/31/2019	343.00F	4/10/2008
MAINS	25-3/8" GWMR PIPELINE	12/31/1999	7/31/2019	343.00F	6/17/1999
MAINS	8-5/8" GWBR PIPELINE	12/31/2005	11/30/2019	343.00F	7/18/2005
MAINS	12-3/4" GWBR PIPELINE	12/31/2007	11/30/2019	343.00F	7/28/2006
MAINS	6-5/8" GWMR PIPELINE	12/31/1999	1/31/2020	343.00F	9/1/1999
MAINS	12 3/4" GWBR PIPELINE	12/31/2005	4/30/2020	343.00F	12/30/2005
MAINS	6 5/8" GWBR PIPELINE	12/31/2003	11/30/2021	343.00F	4/22/2003
MAINS	6 5/8" GWBR PIPELINE	12/31/2003	11/30/2021	343.00F	4/22/2003
MAINS	6 5/8" GWBR PIPELINE	12/31/2000	11/30/2021	343.00F	2/10/2000
SERVICES	WATER SERVICE LATERAL	12/31/2018	4/30/2019	345.00F	3/14/2018
SERVICES	WATER SERVICE LATERAL	12/31/2017	5/31/2019	345.00F	12/15/2017
SERVICES	WATER SERVICE LATERAL	12/31/2017	10/31/2019	345.00F	2/21/2017
SERVICES	WATER SERVICE LATERAL	12/31/2018	10/31/2019	345.00F	6/27/2018
SERVICES	WATER SERVICE LATERAL	12/31/2017	1/31/2020	345.00F	5/5/2017
SERVICES	WATER SERVICE LATERAL	12/31/2017	1/31/2020	345.00F	12/12/2017
SERVICES	WATER SERVICE LATERAL	12/31/2017	2/29/2020	345.00F	8/21/2017
JENVICES	WATER SERVICE DATERIAL	12/31/2017	2/29/2020	346.00F	4/18/2017
METERS	WATER METER	12/31/2016	2/29/2020	346.00F	5/23/2016
METERS	WATER METER	12/31/2017	2/29/2020	346.00F	6/4/2018
METERS	WATER METER	12/31/2017	2/29/2020	346.00F	11/1/2018
IVIETERS	WATEN WETEN	12/31/2018	10/31/2020	346.00F	5/17/2018
METERS	WATER METER	}		346.00F	
WETERS	WATER WIETER	12/31/2018	10/31/2020		10/1/2018
		12/31/2018	10/31/2020	346.00F	11/1/2018
		12/31/2017	10/31/2020	346.00F	12/1/2017
METERS	NATED NATED	12/31/2017	10/31/2020	346.00F	2/1/2018
METERS	WATER METER	12/31/2017	10/31/2020	346.00F	10/1/2018
		12/31/2017	10/31/2020	346.00F	12/1/2017
		12/31/2017	10/31/2020	346.00F	2/1/2018
METERS	WATER METER	12/31/2017	1/31/2021	346.00F	7/24/2017
IVIETERS	WATEN WETEN				
METERS	WATER METER	12/31/2018	1/31/2021	346.00F	5/21/2018
		12/31/2018	1/31/2021	346.00F	10/19/2018
METERS	WATER METER	12/31/2017	4/30/2021	346.00F	2017*
MATTERS	WATER ASTER	12/31/2017	4/30/2021	346.00F	10/1/2018
METERS	WATER METER	12/31/2018	4/30/2021	346.00F	1/24/2019
METERS	WATER METER	12/31/2019	6/30/2021	346.00F	2019*
		12/31/2018	6/30/2021	346.00F	5/4/2018
METERS	WATER METER	12/31/2018	6/30/2021	346.00F	10/19/2018
		12/31/2018	6/30/2021	346.00F	9/16/2019
		12/31/2018	6/30/2021	346.00F	3/12/2018
		12/31/2017	6/30/2021	346.00F	5/25/2017
		12/31/2017	6/30/2021	346.00F	5/2/2017
METERS	WATER METER	12/31/2017	6/30/2021	346.00F	5/2/2017
		12/31/2017	6/30/2021	346.00F	10/12/2017
		12/31/2017	6/30/2021	346.00F	6/14/2017
		12/31/2017	6/30/2021	346.00F	6/14/2017
METERS	WATER METER	12/31/2017	7/31/2021	346.00F	6/14/2017
METERS	WATER METER	12/31/2018	7/31/2021	346.00F	5/1/2018
METERS	WATER METER	12/31/2018	10/30/2021	346.00F	12/20/2018
OFFICE EQUIPMENT	EVAP. SWAMP COOLER	12/31/2009	9/30/2019	372.00F	9/29/2009
TRANSPORTATION EQUIPMENT	250L/373 VEH#748	12/31/2015	12/31/2020	373.00F	8/19/2015
OFFICE EQUIPMENT	5000L LAMINATOR (UNIT 5028)	12/31/2013	7/31/2019	J372.00F	8/13/2013
Note:					

^{*} The install date is not available in San Gabriel's records for this retired meter, so the only year of purchase is provided. San Gabriel purchases meters in batches and in almost all instances installs and places meters in service during the same year calendar year.

CHA-018 ATTACHMENT 1.a (FOLLOW UP) from DR CHA-018 Historic Rate Base (in response to Question #1)

Asset	Project / Asset Name / Description	Date Added to	Retirement	Account	Date Added	Original	Net Book Value at
Group	C C (OIL COMPO DIDELINE	Plant Account	Date	Number	to Service	 Cost	Time of Retirement
MAINS	6 5/8" GWBR PIPELINE	12/31/2003	11/30/2021	343.00F	4/22/2003	\$ 932.54	<u> </u>
MAINS	6 5/8" GWBR PIPELINE	12/31/2003	11/30/2021	343.00F	4/22/2003	\$ 466.27	<u> </u>
METERS	WATER METER	12/31/2018	10/30/2021*	346.00F	12/20/2018	\$ 207.00	ļT
METERS	WATER METERS	12/31/2018	10/31/2020	346.00F	10/1/2018	\$ 40.50	
		12/31/2018	10/31/2020	346.00F	11/1/2018	\$ 40.50	<u> </u>
METERS	WATER METERS	12/31/2018	1/31/2021	346.00F	5/21/2018	\$ 720.50	
		12/31/2018	1/31/2021	346.00F	10/19/2018	\$ 78.50	· · · · · · · · · · · · · · · · · · ·
METERS	WATER METER	12/31/2018	6/30/2021	346.00F	5/4/2018	\$ 720.00	
		12/31/2018	6/30/2021	346.00F	10/19/2018	\$ 154.50	<u> </u>
METERS	WATER METERS	12/31/2018	6/30/2021	346.00F	9/16/2019	\$ 154.50	\$ 145.93
		12/31/2018	6/30/2021	346.00F	3/12/2018	\$ 78.00	\$ 73.67
METERS	WATER METER	12/31/2018	10/31/2020**	346.00F	5/17/2018	\$ 720.00	\$ 693.36
		12/31/2017	10/31/2020	346.00F	12/1/2017	\$ 40.60	\$ 38.35
	WATER METERS	12/31/2017	10/31/2020	346.00F	2/1/2018	\$ 40.60	\$ 38.35
METERS		12/31/2017	10/31/2020	346.00F	10/1/2018	\$ 40.60	\$ 38.35
		12/31/2017	10/31/2020	346.00F	12/1/2017	\$ 40.60	\$ 38.35
		12/31/2017	10/31/2020	346.00F	2/1/2018	\$ 40.60	\$ 38.35
NACTEDO		12/31/2016	2/29/2020	346.00F	4/18/2017	\$ 53.31	\$ 49.37
METERS	WATER METERS	12/31/2016	2/29/2020	346.00F	5/23/2016	\$ 53.31	\$ 49.37
METERS	WATER METER	12/31/2017	4/30/2021	346.00F	10/1/2018	\$ 41.00	\$ 37.97
METERS	WATER METER	12/31/2017	4/30/2021	346.00F	2017***	\$ 269.00	\$ 249.09
		12/31/2017	6/30/2021	346.00F	5/25/2017	\$ 139.90	\$ 129.55
		12/31/2017	6/30/2021	346.00F	5/2/2017	\$ 139.90	\$ 129.55
		12/31/2017	6/30/2021	346.00F	5/2/2017	\$ 139.90	
METERS	WATER METERS	12/31/2017	6/30/2021	346.00F	10/12/2017	\$ 52.50	-{i
		12/31/2017	6/30/2021	346.00F	6/14/2017	\$ 52.40	\$ 48.52
		12/31/2017	6/30/2021	346.00F	6/14/2017	\$ 52.40	\$ 48.52
SERVICES	WATER SERVICE LATERAL	12/31/2017	1/31/2020	345.00F	5/5/2017	\$ 2,264.18	
				Y		 	
SERVICES	WATER SERVICE LATERAL	12/31/2017	1/31/2020	345.00F	12/12/2017	\$ 2,264.18	\$ 2,095.05
te.							

^{*}The date indicated in Data Request CHA-018 is stated by Cal-PA as 10/31/2020. The date provided in ATTACHMENT C to Data Request CHA-002 is actually 10/30/2021.

**The date indicated in Data Request CHA-018 is stated as 10/31/2021. The date provided in ATTACHMENT C to Data Request CHA-002 is actually 10/31/2020.

^{***} The install date is not available in San Gabriel's records for this retired meter, so only the year of purchase is provided. San Gabriel purchases meters

in batches and in almost all instances installs and places meters in service during the same year calendar year.

CHAPTER 10 RATE BASE

2 I. INTRODUCTION

- This chapter discusses Cal Advocates' recommended rate base for SGVWC during
- 4 the years 2022 to 2025. Cal Advocates uses the adjusted utility plant-in-service,
- 5 depreciation reserve, and general office allocation recommended by Cal Advocates in the
- 6 chapters on those topics to calculate the recommended rate base in this chapter.

7 II. SUMMARY OF RECOMMENDATIONS

The Commission should adopt Cal Advocates' rate base forecast, as shown in row 2 of the table below:

Table 10-1: Rate Base

	(A)	(B)	(C)	(D)
	Description	2022	2023-2024	2024-2025
1	SGVWC	\$213,565,485	\$255,328,952	\$288,485,885
2	Cal Advocates	\$189,980,986	\$220,384,270	\$238,953,399
3	SGVWC - Cal Advocates	\$23,584,499	\$34,944,682	\$49,532,486
4	Cal Advocates as % of SGVWC	90.0%	86.3%	82.8%

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The Commission should adopt Cal Advocates' forecast of \$9.2 million for construction work-in-progress ("CWIP") which is calculated on a one-year basis as intended by Commission staff. The Commission should reject SGVWC's proposed CWIP forecast of \$28.8 million.

Beside the differences in forecasted CWIP discussed in this chapter, Cal Advocates and SGVWC's differences in the rate base result from the adjustments to the capital budget explained in the chapters on utility plant-in-service (Chapter 7) and the rate base in Cal Advocates Report on the Results of Operation for the General Office

20 (Chapter 2).

ANALYSIS III.

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2	The Commission should adopt Cal Advocates' forecast of \$9.2 million for CWIP			
3	for each year from 2022 to 2025. The Commission should reject SGVWC's proposed			
4	CWIP forecast of \$28.8 million.			
5	SGVWC's \$28.8 million CWIP forecast is based on the balance of more than 650			
6	projects that SGVWC considers CWIP. Though these projects are mostly from the last			
7	three years, the oldest CWIP projects stretch back more than twenty-five years to 1997.			
8	Ratepayers should not be asked to fund utility profit on projects that have been under			
9	construction for more than 25 years.			
10	In the past, the Commission has allowed water utilities to forecast a CWIP amount			
11	to include in rate base. This has been the practice for many years and follows the			
12	recommendation of Commission staff in a May 11, 1982 policy memorandum (CWIP			
13	Memo) that supported the inclusion of CWIP in rate base for water utilities. The			
14	CWIP Memo's recommendation was based on a review of water utility practices that			
15	showed water utilities' capital projects required an average of four months to complete. 160			
16	The review also revealed that company-funded CWIP amounts carried over into a			
17	succeeding year represented about 0.4% of the utility plant in service.			
18	The intent of the CWIP Memo was that forecasting CWIP in rate base for			
19	California water utilities was appropriate because CWIP amounts were small and water			
20	utilities normally completed construction projects within one year. The CWIP Memo			
21	advised the Commission not to endorse CWIP in rate base for energy and			
22	telecommunications utilities "where construction time often exceeds one year." In the			
23	past, SGVWC has argued that it should earn a return on multi-year CWIP balances			

 $\frac{167}{1}$ Attachment 10-1: Policy for Including CWIP in Rate Base for Water Utilities.

 $[\]frac{168}{2}$ The Memorandum showed that the highest average construction time was for the "Tanks and Reservoir" category, which is 6.2 months. Attachment 1, p. 3.

because construction takes much longer now than when the CWIP Memo was written. 169

2 However, it was precisely because construction rarely exceeded one year that inclusion of

- 3 CWIP in rate base was justified. Now that the Commission is faced with evidence of
- 4 construction normally exceeding one year, it should reconsider whether CWIP in rate
- 5 base is justified at all. For example, other Class A water utilities accumulate interest
- 6 during construction, which is capitalized and added to rate base when projects are
- 7 completed, thereby avoiding the need for including a CWIP forecast in rate base.

8 SGVWC's CWIP balance contains past projects and associated costs remaining in

9 the balance for several years without ever becoming used or useful or providing benefit to

ratepayers. These amounts are in rate base and in customer rates, earning the company a

return for a much longer time than envisioned by the authors of the CWIP Memo. To be

- more consistent with the intent of the CWIP Memo, Cal Advocates bases its CWIP
- forecast on the projects opened for the latest full year with data available, 2020, at the
- time of SGVWC's application. This results in a CWIP forecast of \$9,230,067 for each
- 15 year from 2022 to $2025.\frac{170}{1}$

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Based on the above analysis the Commission should adopts a CWIP forecast of

17 \$9.2 million for each year from 2022 to 2025.

18 If the Commission does not make the necessary adjustment to a one-year CWIP

basis, the Commission should still ensure that the following projects in SGVWC's \$28.8

20 million balance are not recovered in customer rates.

¹⁶⁹ Attachment 10-2: A.19-01-001 Rebuttal Testimony Exhibit SG-11 Excerpt, pp. 6-10.

¹⁷⁰ Attachment 10-3: SGVWC Response to DR AA9-001, Q.2.c, sum of column "2020 EXP."

Table 10-2: Individual CWIP Projects that Should be Removed

			(0)	
	(A) Project	(B) Plant Site	(C) Cost	(C) Reason
1				There is no need for
				a new reservoir at
				Plant F59 as
	CONSTRUCT 0.7 MG			discussed in Chapter
	RESERVOIR (SOUTH)	PLANT F59	\$2,049	7 of this Report.
2	LANDSCAPING	PLANT F58	\$3,857	Landscaping, street
3	CONSTRUCT STREET			improvements, and
	IMPROVEMENTS	PLANT F58	\$26,789	site improvements
4	CONSTRUCT SITE			should be recovered
	IMPROVEMENTS	PLANT F58	\$120,065	from contributions.
5	CONSTRUCT IX PERCHLORATE	5	* 4 000	SGVWC has
	REMOVAL SYSTEM	PLANT F44	\$4,333	cancelled the project
6				to install perchlorate
				and nitrate removal
	DESIGN NITRATE REMOVAL			systems at Plant
	SYSTEM WITH BIO-TREATMENT	PLANT F44	\$8,641	F44.
7				SGVWC opened this
				project in 2004 and
				has not made further
				entries since at least
	INSTALLATION OF 1" SERVCE		\$1,279	2009.
8				SGVWC opened this
				project in 2016 and
				has not made further
	MODIFY OPERATIONS			entries since at least
	DEPARTMENT OFFICES		\$1,785	2018.
9				SGVWC opened this
				project in 2004 and
				has not made further
	FONTANA WATER SUPPLY			entries since at least
	ASSESSMENT		\$2,387	2009.
10				SGVWC opened this
				project in 2012 and
	FONTANA WATER SUPPLY			has not made further
	ASSESSMENT		\$14,047	entries since 2012.
11				SGVWC opened this
				project in 2000 and
				has not made further
	1-12" DIAMETER METER		_	entries since at least
10	CONNECTION		\$42,771	2009.
12	Total		\$228,002	

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1 IV. CONCLUSION

- 2 The Commission should adopt Cal Advocates' rate base forecast and reject
- 3 SGVWC's recommended forecast.

Attachment 10-1: Policy for Including CWIP in Rate Base for Water Utilities

State of California

MEMORANDUM

Date: May 11, 1982

(For June 2 Conference)

To : THE COMMISSION

From : M. Abramson, Acting Director, Revenue Requirements Div.

W. R. Ahern, Director, Util. Div. A. B. Barkovich, Director, Policy Div.

Subject: Policy for Including CWIP in Rate Base for Water

Utilities

RECOMMENDATION: It is recommended that the current policy of including construction work in progress (CWIP) in rate base for water utilities be continued. This should not lead the Commission to endorse a similar policy for energy and telecommunications utilities where construction time often exceeds one year.

SUMMARY: Water utility construction projects require on the average about 4 months to complete. This is a considerably shorter period of time than comparable energy utilities. Approximately 69% of new construction is company funded. New construction approximates 6% of the total plant in service and the amount of company funded CWIP, carried into a succeeding year, is only about 0.4%. Thus the perceived disbenefits of CWIP for ratepayers of (1) reduction in utility risk and thus management efficiency, and (2) intertemporal equity shifts, are minimized for water utilities. The financial benefit of disallowing CWIP in rate base is very small, and would, in the long run, be reduced and made even smaller, by the offsetting revenue requirement increase associated with the interest charges.

DISCUSSION: There are nearly 400 water jurisdictions (companies and districts) under regulation. Because of the inherent difficulty of studying a large number of districts, it was decided that to analyze typical construction projects, a few districts would be chosen as representative of the many systems throughout California. The data came from eight water districts representing

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five water companies (see below). The data is from 1980 company records. Our choice was based on readily available data and a desire to include districts of various sizes, water sources and geographical locations.

Name	No. of Customers	County
Asuza Valley Water	15,467	Los Angeles
California American Wat Monterey	er 33,090	Monterey
California Water Servic	e	
East Los Angeles Oroville Selma South San Francisco	27,618 3,724 3,550 15,395	Los Angeles Butte Fresno San Mateo
San Jose Water	187,195	Santa Clara
Southern California Wat Calipatria - Niland	er 1,030	Imperial

Water Utility Construction

Water projects with significant construction periods fall into five major categories: 1) miscellaneous structures, 2) tanks and reservoirs, 3) transmission and distribution mains, 4) treatment facilities and 5) wells. Transmission and distribution mains represent the largest on-going construction projects. Treatment facilities are usually major projects but are infrequently constructed and as a result the dollar impact in any given year is minimal. The average construction time and project costs for 1980 as a percentage of total plant by categories are:

:

It should be noted that for each category of plant that: 1) the actual construction time is well under a year and 2) the relative cost when compared to total plant is small. The inference here is that the amount of CWIP carried over from one year to the next and the interest earned prior to placing the plant in service are both relatively small. These points are examined later in the discussion.

Plant additions as a percent of total plant averaged 6% for the eight districts. The amount of contributions-in-aid-ofconstruction as a percentage of plant additions was 9% and the amount of advances for construction represented 22% of plant additions. Therefore, on the average, the companies funded 69% of the plant additions for the year.

The amount of CWIP at year end as a percentage of total plant additions for the year averaged 10%. Viewed another way, the amount of CWIP at year end was about 0.6% of total plant. It is reasonable to assume that the percentage of year-end CWIP that is company funded would approximate the 69% mentioned previously for plant additions in general. Therefore, any company funded CWIP carry-over into a succeeding year would be about 0.4% (69%x 0.6% = 0.4% approx.) of total plant.

Small Water Utilities Compared to Large Water Utilities

Although this study focuses primarily on Class A water utilities, the results also apply to CWIP inclusion into rate base for the smaller Class B, C and D water utilities. This follows because the types of construction, discussed earlier, are the same for all classes of water utilities. However, the average time to complete construction projects for smaller water utilities would be less, because the projects are smaller. As previously discussed, CWIP carry-over into a succeeding year, the major concern for ratemaking, is minimal for Class A's and would be less for Class B's, C's and D's. A further consideration is the lack of sophistication of many of the smaller water utilities; the burden of adding interest to projects as they are being constructed (i.e., keeping AFUDC accounts), would overwhelm many of them. Therefore, it is concluded that this study applies equally well to all water utilities.

Water Utilities Compared With Energy Utilities

To put water utility CWIP in perspective a comparison with energy utility CWIP is useful. Based on 1980 recorded information for the three largest combination electric and gas utilities the most significant fact is that on the average, CWIP carried over from one year to the next approximates 37% of total plant. This compares with the previously mentioned 0.4% for water utilities. This large year to year carry-over for energy utilities is principally due to the tremendous costs and construction times for electric generation facilities. It is the source of widespread concern (and the basis for current Commission policy disallowing CWIP in rate base for other utilities) that placing CWIP in rate base both (1) reduces utility risk and therefore the incentive to minimize costs, and (2) creates intertemporal equity problems (i.e., current ratepayers pay for plant that benefits later ratepayers).

It is interesting to note that even with the large CWIP carry-over, the average plant additions as a percent of total plant for energy utilities is 7% versus the 6% for water. For the gas operations only, the CWIP carry-over approximates 1.7%, a figure more in line with that for water utilities. This similarity is as expected since both use similar plant such as pumping, storage and transmission facilities.

If the Commission continues to allow CWIP in rate base for water utilities it should make clear that this situation does not lead the Commission to endorse a similar policy for energy and telecommunications utilities.

Commission Policy on Water Utility CWIP

An exhaustive search of past Commission decisions on water utility CWIP in rate base yielded very little in the way of a guide on the subject. The few decisions that were found tended to support traditional thinking, which is based on the argument that the short construction times coupled with relatively small amounts in CWIP for most water construction projects does away with the need for interest during construction. Hence, water utility CWIP has and is being placed directly into rate base for ratemaking.

Although interest bearing CWIP is not allowed in the ratemaking rate base, California American Water Company, Citizen Utilities Company, CP National and Pacific Gas and Electric Company at times have booked interest for major construction projects. These projects were not considered for ratemaking until placed into service. Though all of these water utilities have been in for rate increases in the last 5 years, CWIP in rate base has not been an issue.

Impact of Denying CWIP

To determine the financial impact of denying CWIP in rate base, two recent rate decisions for California Water Service (Bear Gulch and Hermosa-Redondo) were analyzed. In water utility rate proceedings, rates are designed for 3 years (two test years and an attrition year). Because the analysis herein requires a full summary of earnings, only the two test years were analyzed. The attrition year was not examined because no forecast is made of its summary of earnings. However, the result in the attrition year should approximate that of the second test year. The assumptions used in the analysis were: simple interest at 10% per annum on all company funded construction projects, an average construction time of 4 months per project, and the amount of CWIP funded by the company is 69%.

In the Bear Gulch proceeding, D.93845, dated December 15, 1981, the Commission authorized amounts of \$462,600 (or 9.6%) in 1982 and \$268,400 (or 5.0%) in 1983. A recalculation of the adopted results, to reflect the denial of CWIP in rate base yields a reduction in gross revenue requirement of \$43,600 (or 0.9%) in 1982 and \$43,600 (or 0.8%) in 1983.

In the Hermosa-Redondo proceeding, D.820151, dated January 5, 1982, the Commission authorized amounts of \$599,500 (or 12.4%) in 1982 and \$207,700 (or 3.8%) in 1983. A recalculation of the adopted results to reflect the denial of CWIP in rate base yields a reduction in gross revenue requirements of \$25,700 (or 0.5%) in 1982 and \$21,800 (or 0.4%) in 1983.

In these two districts, the impact of removing CWIP from the rate base results in an insignificant reduction, less than 1%, in gross revenues for each of the two test years 1982 and 1983. It is understood that the results are unique to these districts. However, given the short duration of the typical water project and the dollar amounts actually financed by the utility it is reasonable to conclude that similar results would be obtained in most water jurisdictions.

One consideration which we cannot, at this time, give a hard figure for, is the long-term impact of the build-up in interest charges if CWIP is disallowed in rate base for ratemaking. This interest will definitely cause the rate base to be larger than it would be if CWIP is allowed. The revenue requirements for this increase in rate base would tend to reduce the already small benefit of disallowing CWIP in rate base.

WF:wp

Attachment 10-2: A.19-01-001 Rebuttal Testimony Exhibit SG-11 Excerpt

Application No. 19-01-001 Exhibit No. SG-11 Witness Date	
SAN GABRIEL VALLEY WATER COMPANY REBUTTAL TESTIMONY OF MATT Y. YUCELEN, P.E.	
MATT 1. TOCELEN, P.E.	
September 2019	

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II. Construction Work in Progress

Q. HOW DID SAN GABRIEL FORECAST CONSTRUCTION WORK IN PROGRESS ("CWIP") IN TEST YEAR RATE BASE?

A. As it has in prior general rate cases, San Gabriel used the most current recorded CWIP balances (December 2018) to forecast Test Year 2020-2021 and Test Year 2021-2022 CWIP in Rate Base: \$14,054,900 (Los Angeles Division) and \$11,975,300 (Fontana Division) as shown on Table 8C in Exhibits SG-2 and SG-3, respectively.

By way of background, the Commission historically has permitted water utilities to include CWIP in rate base in lieu of including the financial carrying costs during construction (i.e., AFUDC or Allowance for Funds Used During Construction, or IFC or Interest During Construction) as a component of construction costs because the time needed for construction is much shorter than that needed for projects built by the energy utilities (e.g., a power generation facility may take 10-15 years to design, to obtain the necessary permits and to construct).

San Gabriel's use of its most recent recorded balances as its Test Year forecasts is, in fact, conservative because CWIP balances tend to trend upwards over time as inflation impacts the costs of labor and materials used and as environmental regulations become more complex.

Q. WHAT IS CAL-PA'S RECOMMENDATION REGARDING SAN GABRIEL'S FORECASTED CWIP?

A. Cal-PA recommends disallowing almost all of the forecasted CWIP. At pages 8-3 to 8-5 of the Los Angeles Division Report, Cal-PA recommends that only \$2,098,225 (an 85% disallowance) be authorized in the Los Angeles Division Rate Base, and at pages 8-3 to 8-5 of the Fontana Division Report, it recommends that

1		only \$2,639,238 (an 88% disallowance) be authorized in the Fontana Division
2		Rate Base.
3		
4	Q.	HOW DOES CAL-PA TRY TO JUSTIFY SUCH AN EXTREME
5		RECOMMENDATION?
6	A.	Cal-PA cites a 1982 staff policy memorandum that showed water utilities' capital
7		projects require an average of four (4) months to complete and which reported
8		that company-funded CWIP amounts carried over into a succeeding year
9		represented about 0.4% of total plant. Based on this outdated memorandum, Cal-
10		PA arbitrarily recommends that only capital expenditures recorded in jobs
11		opened during 2018 be used to forecast Test Year Rate Base. Obviously, the
12		duration of construction projects built by water utilities today are hardly
13		comparable to those of projects built forty years ago.
14		
15	Q.	IN ITS REPORTS, DOES CAL-PA OBJECT TO ANY OF THE SPECIFIC
16		PROJECTS THAT SAN GABRIEL HAS INCLUDED IN ITS DECEMBER 2018
17		CWIP BALANCES?
18	A.	No, it did not object to any specific project. Cal-PA merely objects to jobs that are
19		not closed within one year of the job being opened. As I describe in more detail
20		below, there are numerous reasons why construction jobs often remain open for
21		more than twelve months.
22		
23	Q.	WAS THIS ALSO AN ISSUE IN THE LAST GENERAL RATE CASE, AND IF
24		SO, HOW WAS IT RESOLVED?
25	A.	Yes. In San Gabriel's rate case for test year 2017-2018, Cal-PA recommended that
26		projects remaining in CWIP for more than three years be removed from rate

base, and San Gabriel conceded the adjustments for settlement purposes (see pages 33 and 58 of Appendix C, Settlement Agreement, of D.17-06-008 in A.16-01-002). Had Cal-PA made the same recommendation in this proceeding, they would have recommended disallowances of only 33% instead of 85% in the Los Angeles County Division CWIP forecast and of only 41% instead of 88% in the Fontana Division CWIP forecast.

Q. ARE YOU SAYING THAT THE COMMISSION SHOULD ADOPT AN ARBITRARY 3-YEAR LIMITATION FOR CWIP IN THIS PROCEEDING?

A. No. As I explain in more detail below, there are reasonable explanations why it may take three or more years to complete a project. An arbitrary 1-year or 3-year limit is not appropriate, and recorded expenditures should only be excluded from the CWIP forecast, if such projects are not expected to be used and useful within a reasonable amount of time, given the specific circumstances of each project. A secondary reason is that certain jobs currently booked to CWIP are already used and useful (some subsequent to the filing of this application), and therefore should be closed to Plant in Service, rather than excluded from Rate Base.

Q. DO YOU AGREE WITH CAL-PA'S RECOMMENDATION THAT THE CONSTRUCTION WORK IN PROGRESS ("CWIP") BALANCE INCLUDED IN THE RATE BASE BE LIMITED TO PROJECTS THAT BEGAN IN 2018?

A. No. In support of their recommendation to limit the CWIP balance to projects that were begun in 2018, Cal-PA cites a 37-year-old memorandum in which the Commission's staff found that water utilities' capital projects required an average of four months to complete and place in service. However, it is now

2019, and the notion that water utility capital projects can be designed, permitted, constructed, tested, and placed in service in four months is not credible. Cal-PA overlooks the evidence provided in **EXHIBIT SG-7** (Yucelen), its attachments, and San Gabriel's responses to Cal-PA's data requests, showing that land and easement acquisition, design, permitting and construction can take several years in California for the sorts of projects the Commission has authorized San Gabriel to construct.

For projects that require land acquisition, San Gabriel must search for and acquire a site at a suitable location and elevation for the project. The site or easement must be acquired from the property owner. Once the site has been acquired, San Gabriel must design the project.

Each project also has a permitting process, which is especially lengthy if the governing agencies with jurisdiction require a Conditional Use Permit ("CUP") or Environmental Impact Report ("EIR") for the project.

For example, the CUP application for the Plant No. 1 project was submitted to the City of El Monte on October 2, 2012. The CUP application review included an Initial Study and Mitigated Negative Declaration in compliance with CEQA. The CUP was finally issued by the City of El Monte more than *four years later* in March 2017.

In another example, the City of Fontana required an EIR for the Plant F15 project along with a CUP application, which were submitted on May 5, 2013. The EIR, which was required to be completed prior to construction of the authorized improvements, was adopted by the City almost five years later in February 2018. The permitting process is summarized on pages 29 to 32 of EXHIBIT SG-7 (Yucelen).

As explained, certain projects require complex engineering studies and designs to complete. Construction on projects can begin only after they are permitted, and complications due to unforeseen site conditions that occur during construction can extend the duration of the project. These projects are now under construction, and authorized improvements are scheduled to be completed and placed in service in 2019.

III. General Division

General Division Plant Budget 2019-2022

10 Q. DOES CAL-PA MAKE REASONABLE RECOMMENDATIONS TO ADJUST 11 SAN GABRIEL'S GENERAL DIVISION 2019-2022 CAPITAL BUDGET?

A. No. Cal-PA recommends that the Financial Management Systems, Work Management and Customer Information System project ("IT Upgrade Project") be treated as an Advice Letter project. Please refer to the Rebuttal Testimony of Mr. Joseph Harris, provided as EXHIBIT SG-9, for an explanation of why the IT Upgrade Project should be included in rate base in this GRC.

Cal-PA also recommends that the Commission deny San Gabriel's request for ten additional General Division positions, including eight new employee positions in the Engineering Department. Mr. Harris addresses two of the ten requested General Division positions in **EXHIBIT SG-9**. I address the eight new requested Engineering Department positions below.

Refer to **ATTACHMENT 1.A** for a table showing San Gabriel's requested budget together with Cal-PA's recommended budget for the General Division.

Attachment 10-3: SGVWC Response to DR AA9-001, Q.2.c.

"FO 2021.06 CWIP" Columns "Job No." and "2009 EXP" to "2018 EXP" Omitted due to Size (1 of 9)

	DESCRIPTION	PLANT SITE	2019 EXP	2020 EXP	2021 (thru Jun) EXP	TOTAL EXP
	Install permanent waste pipe to discharge pit on well F7B.	PLANT F7			\$13,819	\$13,819
	Install nitrate analyzer and plumbing on well F7A	PLANT F7			\$35,462	\$35,462
	PURSUE FEDERAL AND STATE GRANT FUNDING PLANT F62	PLANT F62	\$30,000	\$30,000	\$15,000	\$256,407
	INSTALL PERIMETER FENCING	PLANT F59	\$48	\$0		\$48
	CONSTRUCT LANDSCAPING	PLANT F59	\$0	\$0		\$1,072
	CONSTRUCT 0.7 MG RESERVOIR (SOUTH)	PLANT F59	\$0	\$0		\$2,049
	CONSTRUCT STREET IMPROVEMENTS	PLANT F59	\$0	(\$0)		\$3,469
	CONSTRUCT FENCE AND WALL	PLANT F59	\$0	\$0		\$7,81
	GRADE SITE	PLANT F59	\$0	\$5,196		\$21,635
	DEMOLISH EXISTING SINGLE FAMILY RESIDENCE AND	PLANT F59	\$76,510	(\$7,589)		\$73,279
	SITE PREPARATION	PLANT F59	(\$97)	(\$363)		\$144,398
	LANDSCAPING	PLANT F58	\$0	\$73		\$3,857
	INSTALL 95' OF 25-3/8" GWBR OFFSITE	PLANT F58	\$4,547	\$199	045.000	\$6,735
	Install emergency generator	PLANT F58	0454	\$1,425	\$15,332	\$16,75
	CONSTRUCT STREET IMPROVEMENTS	PLANT F58	\$454	\$6,749	\$4,976	\$26,789
	CONSTRUCT SITE IMPROVEMENTS INSTALL SCADA EQUIPMENT AND PROGRAMMING	PLANT F58	\$49,080 \$121	\$841 \$130,595	\$55,330 \$20	\$120,068 \$130,736
	INSTALL SCADA EQUIPMENT AND PROGRAMMING	PLANT F58 PLANT F58	\$13,669			
		PLANT F58		\$43,871	\$128,123 \$163	\$186,092
	INSTALL BOOSTERS		\$6,109	\$337,613		\$345,204
	INSTALL BOOSTER PIPING	PLANT F58	\$262,817	\$1,320	\$204,048	\$473,38
	CONSTRUCT BOOSTER BUILDING	PLANT F58	\$72,681	\$118,280	\$274,742	\$478,092
	CONSTRUCT WELL BUILDING	PLANT F54	\$33,365	\$23,400	\$11,886	\$68,652
	INSTALL CLA-VAL AND LOWER BOWLS	PLANT F54	\$25,772	\$91,197	\$41	\$117,009
	Furnish and install emergency generator	PLANT F53		\$3,217	\$17,719	\$20,93
	Purchase and install Kooltronic A/C unit on Well F49A	PLANT F49	-	\$12,394		\$12,394
	DESIGN PERCHLORATE TREATMENT FACILITIES	PLANT F49	\$0	\$0		\$17,026
	REFURBISH GENERATOR COOLING SYSTEM	PLANT F48	-	605	\$10	\$10
	Refurbish fuel line for Kohler generator located at F47	PLANT F47	A7.001	\$85		\$85
	REFURBISH GENERATOR	PLANT F47	\$7,331	\$0	/AT 4 100	\$7,331
	WELLS F44A AND F44C - DRINKING WATER SOURCE	PLANT F44			(\$7,140)	
	REMOVE EXISTING PIPE AND APPURTENANCES	PLANT F44	2115		\$31	\$3
	RESERVOIRS AND TANKS	PLANT F44	\$147	\$0	\$21	\$168
	GRADING	PLANT F44		\$186		\$186
	DESIGN RESERVOIR OVERFLOW RETROFIT	PLANT F44		\$414		\$414
	RESERVOIR PIPING	PLANT F44	\$489	\$0		\$489
	CONSTRUCT IX PERCHLORATE REMOVAL SYSTEM	PLANT F44	\$1,828	\$2,495	\$10	\$4,333
	Purchase and install packer on well F44B	PLANT F44			\$5,699	\$5,699
	DESIGN NITRATE REMOVAL SYSTEM WITH BIO-TREATMENT	PLANT F44	\$3,573	\$4,862	\$206	\$8,641
	Pilot Study for Biological Treatment System	PLANT F44			\$11,387	\$11,387
	DESIGN AND INSTALL AIR GAP	PLANT F44	\$13,763	\$7,140		\$27,149
	Perform Zonal Chemistry Investigation on Well F44B	PLANT F44		\$8,003	\$70,335	\$78,338
2019	PERMITTING AND DESIGN	PLANT F44	\$36,635	\$40,065	\$6,050	\$82,750
	INSPECT WELL F32A DISCHARGE LINE	PLANT F32		\$4,158	\$10	\$4,168
	FURNISH AND INSTALL 600' OF 12" FUSIBLE C-900 PIPE	PLANT F32		\$63,226		\$63,226
	INSTALL CHLORINATION EQUIPMENT	PLANT F31	\$0	\$0	\$115	\$1,027
	SITE WORK	PLANT F31		\$893	\$2,269	\$3,162
	DRINKING WATER SOURCE ASSESSMENT AND PROTECTION	PLANT F31	\$0	\$0		\$3,582
2020	CONSTRUCT LANDSCAPING	PLANT F31		\$2,968	\$3,994	\$6,962
	INSTALL 1 - 6" FIRE HYDRANT	PLANT F31	\$4,193	\$14,914	(\$2,500)	\$16,607
2019	CONSTRUCT STREET IMPROVEMENTS	PLANT F31	\$21,957	\$1,295	\$59	\$23,311
	SITE IMPROVEMENTS	PLANT F31	\$6,472	\$2,009	\$7,793	\$28,359
2017	DESIGN THE PLANT F31 CENTRALIZED GROUNDWATER	PLANT F31	\$21,529	\$96		\$40,823
	INSTALL NORTH RESERVOIR DRAINAGE PIPING AND BURPER	PLANT F31	\$3,834	\$33,881	\$13,277	\$50,992
	TREATMENT PILOT STUDY	PLANT F31	\$48,690	\$0		\$53,345
	WELL F31B - INSTALL SCADA PROGRAMMING	PLANT F31	\$85,158	\$3,303	\$6,728	\$95,190
	INSTALL 24" MAINLINE METER AND VAULT	PLANT F31	\$45,910	\$8,241	\$41,311	\$95,463
	Pull, inspect, refurbish and test well F31A	PLANT F31		\$20,927	\$103,074	\$124,000
	INSTALL RESERVOIR PIPING (NORTH)	PLANT F31	\$216,676	\$900	\$1,442	\$239,440
2014	INSTALL BOOSTER PIPING	PLANT F31	\$17,778	\$289,689	(\$3,411)	\$306,21
2014	EQUIP WELL F31B	PLANT F31	\$424,551	\$84	\$40	\$424,67
2019	INSTALL NORTH RESERVOIR PIPING FOR PHASE II	PLANT F31	\$543	\$247,549	\$270,822	\$518,91
2014	INSTALL BOOSTER PUMPS	PLANT F31	\$1,674	\$264,451	\$454,195	\$721,80
	INSTALL BOOSTER ELECTRICAL	PLANT F31	\$13,423	\$434,983	\$345,518	\$805,18
2014	CONSTRUCT 0.5 MG RESERVOIR (SOUTH)	PLANT F31	\$1,161,234	\$172	\$132	\$1,240,29
2014	CONSTRUCT BOOSTER BUILDING	PLANT F31	\$80,249	\$525,833	\$591,248	\$1,247,79
2020	Instl 24" valve on 30" well field line btwn Well F34A & F29A	PLANT F29		\$20,974		\$20,97
2021	Install New chain link fence	PLANT F27			\$13,935	\$13,93
2020	POTENTIAL ACQUISITION OF SCE UPPER & LOWER LYTLE CREEK	PLANT F27		\$13,011	\$6,549	\$19,56
2021	Pull, inspect, repair and reinstall well F24A	PLANT F24			\$12,325	\$12,32
	Construct well building	PLANT F24		\$11,967	\$11,266	\$23,23
	REMOVE AND INSTALL WELL F23A MOTOR	PLANT F23		\$2,632	\$10	\$2,64
	Install ClaVal on Well F23A discharge	PLANT F23		\$6,446	\$20	\$6,46
	REFURBISH WELL F23A MOTOR	PLANT F23		\$44,519	\$10	\$44,53
	PERFORM A DELINEATING ZONAL FLOW AND CHEMISTRY	PLANT F23	\$47,591	\$5,843	\$20	\$53,45
	REFURBISH WELL F23A	PLANT F23	1	\$120,952	\$10	\$120,96
	REFURBISH WELL F23A	PLANT F23	İ	\$121,594		\$121,59
	OUTSIDE SUPPORT FOR GRANT FUNDING	PLANT F21	\$58	\$0		\$4,29
	INSTALL BOOSTER STATION DISCHARGE PIPING	PLANT F21	\$0	\$0		\$4,93
	PLANT F20 LAND ACQUISTION	PLANT F20			\$19	\$1:

"FO 2021.06 CWIP" Columns "Job No." and "2009 EXP" to "2018 EXP" Omitted due to Size (2 of 9)

	DESCRIPTION DESIGN AND INSTALL AIR GAP TO RESERVOIR OVERFLOW	PLANT SITE	2019 EXP \$7,830	2020 EXP \$7,448	2021 (thru Jun) EXP \$5,260	TOTAL EXP \$29,860
	DESIGN, PERMITTING AND RELATED WORK	PLANT F20	\$22,415	\$70,002	\$12,059	\$104,475
2021	Purchase and install packer on well F2A	PLANT F2			\$5,699	\$5,699
	REFURBISH 75HP US VSS MOTOR S/N Y01X3100277R-2	PLANT F2		\$7,463	\$10	\$7,473
	REFURBISH F2 BOOSTER NO.3	PLANT F2		\$14,189		\$14,189
	Perform Zonal Chemistry Investigation on Well F2A	PLANT F2		\$3,375	\$40,192	\$43,56
	Purchase replacement level transducer sensors for concrete REFURBISH 500HP MOTOR S/N J06-20024712-GT-03	PLANT F17 PLANT F17		\$43,806	\$2,008	\$2,008 \$43,800
	REFURBISH GENERATOR	PLANT F16	\$534	\$57		\$59
	TROUBLESHOOT SCADA SYSTEM	PLANT F15	\$34	\$4		\$38
2018	INSTALL SITE DRAIN LINE	PLANT F15	\$336	\$5,073	\$20	\$6,20
	REFURBISH F15 BOOSTER 6	PLANT F15		\$27,649		\$27,649
	CONSTRUCT STREET IMPROVEMENT	PLANT F15	\$17,063	\$7,464	\$44,331	\$76,22
	CONSTRUCT LANDSCAPING	PLANT F15	\$1,059	\$18,936	\$127,838	\$157,348
	CONSTRUCT STORM DRAIN SITE WORK INCLUDING NEW CURB AND GUTTER, ASPHALT	PLANT F15 PLANT F15	\$27,442 \$18,678	\$63,301 \$87,131	\$156,081 \$617,258	\$281,856 \$854,579
	DESIGN AND CONSTRUCT IN-CONDUIT HYDROELECTRIC	PLANT F14	φισ,στο	φοι,τοι	ψ017,200	(\$34
	PURCHASE TURBINE GENERATOR FOR IN-CONDUIT	PLANT F14				\$34
2020	New water pump and damper	PLANT F14		\$1,859	\$113	\$1,97
2021	Purchase and install new kooltronic OEM blower motor for D.E	PLANT F14			\$2,205	\$2,20
	Install portable water line	PLANT F14			\$2,248	\$2,24
	Refurbish flash mixer pump at F14	PLANT F14			\$2,497	\$2,49
	Purchase and install 3 new LED lights above gravity filters	PLANT F14		07.4	\$4,576	\$4,570
	Grapeland Tunnel Entrance Vault Purchase and install 10" backflow device	PLANT F14 PLANT F14	-	\$7,175 \$8,164	-	\$7,17 \$8,16
	CONSTRUCT D.E. STORAGE BUILDING	PLANT F14		\$8,164		\$8,532
	Install sump pump and associated equipment	PLANT F14			\$13,819	\$13,819
	Install 2 free-standing crane systems	PLANT F14			\$42,821	\$42,82
	SANDHILL WATER TREATMENT PLANT WATER QUALITY STUDY	PLANT F14	\$18,616	\$9,064		\$89,429
	SANDHILL TREATMENT PLANT WATER QUALITY STUDY TO	PLANT F14	(\$14,750)	\$14,750		\$153,120
2020	DESIGN, PERMITTING AND RELATED WORK	PLANT F14		\$19,741	\$156,086	\$175,827
	SLUDGE DEWATERING FACILITY	PLANT F14	\$541,302	\$344,266	\$49,742	\$988,214
	Refurbish Cracked exhaust connection on Kohler MTU/Gen S/N 2	PLANT F13		\$42		\$42
	UPDATE SCADA PROGRAMMIM	PLANT F13	\$28 \$103	\$0 \$0		\$86
	BOOSTER F13 B3 - INSTALL MOTOR REPAIR ROOF TO SMALL RESERVOIR	PLANT F13 PLANT F13	\$103	\$5,867	\$20	\$2,36° \$5,886
	Refurbish 150 HP motor on Booster 4	PLANT F13		\$20.126	φ20	\$20,126
	Design, permitting, and related work	PLANT F13		\$59,404		\$59,404
	REFURBISH WELL F13B	PLANT F13		\$112,996		\$112,996
2021	Installing custom covers	PLANT F11			\$1,558	\$1,558
2020	REMOVE AND REINSTALL 25HP MOTOR	PLANT F11		\$2,202		\$2,202
	REFURBISH MOTOR S/N 10 7631400-0043	PLANT F11		\$6,525		\$6,525
	DRAINAGE PIPING	PLANT F10		\$655		\$655
	Add an additional SCE service run on site	PLANT F10		00.400	\$1,460	\$1,460
	RESERVOIR PIPING REPLACE 8-INCH BACKFLOW DEVICE ON PLANT F10 GAC	PLANT F10 PLANT F10		\$3,136 \$11,861	\$2,544 \$20	\$5,680 \$11,882
	Pull, inspect and refurbish F10 Booster No. 2 pump	PLANT F10		\$18,005	φ20	\$18,005
	PERFORM RADIO ANTENNA SRVY, INST TELEMETRY HARDWARE F10D	PLANT F10		\$5,011	\$25,940	\$30,95
	PLANT F10 WATER TREATMENT FACILITY OPERATION	PLANT F10			\$31,905	\$31,905
2018	CONSTRUCT RESERVOIR F10 EAST	PLANT F10	\$1,057	\$8,802	\$7,854	\$49,902
2018	DESIGN, PERMITTING AND RELATED WORK	PLANT F10	\$26,882	\$134,536	\$108,883	\$273,008
	INSTALL NEW BATTERIES, VOLTAGE REGULATOR AND	PLANT 14	\$0	\$0		\$13,104
	CLEAR WIP TO 145				(\$94,444)	
	STANDING WORK ORDER - FONTANA		\$0		(ft4,000)	(\$8,532
	ABANDON 1,325' OF 6" PKHN ABANDON 593 LF OF 6" GWBA 1928 EXT 445				(\$1,800) (\$1,336)	
	ABANDON FONTANA UNION WATER COMPANY IRRIGATION				(\$1,272)	
	ABANDON 593' OF 6" GWBA 1928 EXT. 445				(\$387)	
	REMOVE 1 - 6" FIRE HDYRANT 4411F				(\$373)	
2019	REMOVE 4" FIRE HYDRANT 521F				(\$92)	(\$92
	ABANDON 600' OF 16" PKHN 1984 JOB 2445F-1				(\$83)	
	ABANDON EXISTING SERVICE WITH MAIN 250F/345/6562F2				(\$82)	
	CUT AND PLUG ABANDONED FIRE SERVICE LATERAL				(\$71)	
	ALL TIME AND MATERIAL REQUIRED FOR SUPERVISION				(\$58)	
	REMOVE 1 - 4" FIRE HYDRANT #521F INSTALL 611' OF 6-5/8" GWMR @ 47.37700 = 28,947.35				(\$43)	(\$4:
	ABANDON 3,985' OF 14" CWBA 1955 JOB 3871F-1		+		\$9	\$
	REMOVE 3 EXISTING SERVICES WITH CONNECTION				\$9	\$
	REMOVE EXISTING 1 - 6" FIRE SERVICE CONNECTION				\$9	\$
2021	ABANDON 720' OF 10" CONCRETE FWC IRRIGATION LINE				\$9	\$
	ABANDON 2 - 6" FIRE HYDRANTS #2239F AND 2240F				\$9	\$
	REPAIR EXISTING 8" AC MAIN				\$9	\$
	ABANDON MAIN				\$9	\$
	Remove Fire Hydrants 4465F, 1896F,1897F				\$9 \$10	\$1
	PRV's Vault Retrofits Install 2-2" landscape with 1 1/2" meter			-	\$10 \$10	\$1
	Install 3-6" fire hydrants				\$10 \$10	\$10 \$10
	Install 2-10" double detector check valve assemblies, meters		+		\$10	\$10
	Install 4-6" fire hydrants				\$10	\$1
	Install 1-2" domestic service with 2" meter				\$10	\$10

"FO 2021.06 CWIP" Columns "Job No." and "2009 EXP" to "2018 EXP" Omitted due to Size (3 of 9)

	DESCRIPTION	PLANT SITE	2019 EXP	2020 EXP	2021 (thru Jun) EXP	TOTAL EXP
	Install 1-2" domestic service with 2" meter				\$10	
	Install 2-2" landscape service with 2" meter				\$10	
	Install 1-6" fire hydrant				\$10	
	1-2" domestic service with 2" meter				\$11	
2020	REMOVE FIRE HYDRANTS				\$18	
2019	ABANDON 962' OF 6" GWBR 1932 JOB 458, 1364' OF 6"				\$18	
2019	REMOVE 5 - 4" FIRE HYDRANTS & 3 - 6" FIR HYDRANTS				\$18	
2019	ABANDON MAIN				\$18	
2019	REMOVE FIRE HYDRANT 648F				\$18	
2019	REMOVE 2 - 3" METERS. VAULTS, RELATED PIPING				\$18	
	RELOCATE METER				\$18	
2020	INSTALL 7 - 1" DOMESTIC SERVICES WITH 1" METER				\$18	
	ABANDON MAIN				\$18	
	ABANDON MAIN				\$18	
	Install services			\$19		
	Install fire hydrants			\$19		
	Install services			\$19		
	Install fire hydrants			\$19		
	Install fire hydrants				\$20	
	Install 1-6" domestic service with 6" meter				\$20	
	Install 1-1" landscape service with 1" meter				\$20	
2021	Install 4-6" fire hydrants				\$20	
2020	Install services				\$20	
2020	INSTALL SERVICES				\$20	
2020	INSTALL 1 - 6" FIRE HYDRANT				\$20	
	Remove 4 - concrete weir boxes				\$20	
	Abandon 180' ű 6" QYHN job 2946F-2				\$20	
	Install 2-2" domestic service with 2" meter				\$20	
	Abandon 350' ű 6" PJKN Job 953F-1 1975, 1,230' ű 2" JWEA Job		-	+	\$20	
	Abandon 1,350' ű17" CWMW 1965 Job 1623F,855' ű 12-3/4" GWBR				\$20	
	Install 1-4" domestic service with 3" meter				\$20	
	Purchase pipeline that connects Sandhill to San Bernardino V				\$21	
	Abandon 12 services at the main				\$22	
	FACILITIES FEES PURSUANT TO PUBLIC UTILITIES					
	ABANDON 285' OF 8-5/8" FWMR 1988 JOB 3112F-1				\$28	
2021	REMOVE 1 - 6" FIRE HYDRANT #1108F				\$28	
2021	Removing existing fire service, Make 1-4" cut and plug				\$31	
2019	FACILITIES FEES PURSUANT TO PUBLIC UTILITIES			\$32		
2020	Field Mapplet Upgrade and Cloud Migration Services			\$32		
	Install 1-2" landscape service with 1.5" meter			· · · · · · · · · · · · · · · · · · ·	\$32	
	DEACTIVATE 945' OF 6" PKHN 1978 JOB 2118F-1				\$33	
	Install 2 10" double detector check valve with 10" meter				\$35	
	Install 1-6" Fire Hydrant				\$35	
					\$35	
	REMOVE FIRE HYDRANT NO.897F					
	Install 1-4" domestic service with 4" meter				\$40	
	Install 1-4" domestic service with 4" meter				\$40	
	Install 2-2" landscape services with 1.5" meters				\$41	
	Install 2-6" fire hydrants				\$41	
2021	Service Vault Retrofits				\$41	
2021	Remove 1-6" fire hydrant				\$41	
2021	Install 1-2" domestic service				\$42	
	Remove fire hydrants				\$48	
	Install 2-10" double detector check valve assemblies				\$50	
	Install 1-2" landscape service with 1.5" meter				\$52	
	Install 1-2" domestic service with 2" meter			\$19		
	Install 1-6" domestic service with 6" meter		-	Ψ13	\$54	+
	INSTALL 1 - 4" CUSTOMER'S MANIFOLD				\$55	
				\$19		
	Install 1-1" landscape service with 1" meter		-	\$19		
	SUPPLY COSTS OF COMPLYING WITH COVID-19 MANDATES				\$60	
	Remove 1-2" existing service with 2" meter				\$61	
	Install 1-2" domestic service w/ 1-1/2" meter				\$63	
	Install 192-1" services				\$66	
	Install 1-2" domestic service with 2" meter				\$67	
	PURCHASE K-RAILS		\$62	2 \$7		
	Install services				\$69	
2021	Install 1-2" domestic service with 2" meter				\$69	
2020	ABANDON MAIN				\$69	
2020	Remove 6" fire hydrant No. 4549F				\$70	
	Install 2-6" fire hydrants				\$71	
	Install 1-?" domestic service w/ ?" meter				\$71	
	Install fire hydrant		-	+	\$74	
					\$76	
	Install 2-6" fire hydrants					
	PRV's Vault Retrofits				\$81	
	Install 2-10" double detector check valve assemblies with 10			\$19		
	Install 1-2" landscape service with 2" meter				\$89	
	Install 2-6" fire hydrants				\$89	
2006	CONSTRUCTION		\$0	\$0		
	INSTALL 1 - 4" CUSTOMER'S MANIFOLD				\$102	
2006 2020 2020	CONSTRUCTION		\$0	\$0		

"FO 2021.06 CWIP" Columns "Job No." and "2009 EXP" to "2018 EXP" Omitted due to Size (4 of 9)

YR					2021 (thru Jun)	
-	DESCRIPTION	PLANT SITE	2019 EXP	2020 EXP	EXP	TOTAL EXP
	Install 1-1" landscape service w/1" meter				\$120	\$120
	Remove fire hydrant 4452F				\$120	\$120
	ABANDON 2 WEIR BOXES			6440	\$146	\$146
	Install 1-6" fire hydrant Remove the existing 8" FS			\$146	\$149	\$146 \$149
	INSTALL 2 - 6" FIRE HYDRANT				\$156	\$156
	Install 1-2" domestic service with 2" meter				\$158	\$158
	Install 1-2" domestic service with 1-1/2" meter	-		\$109	\$52	\$161
	Install 2-6" fire hydrants			\$100	\$169	\$169
	Remove 2- fire hydrants				\$179	\$179
	INSTALL 2 - 3" MASTER METERS. VAULTS, RELATED		\$164	\$0	\$20	\$184
	Install 1-4" domestic service				\$189	\$189
	Install 2-2" domestic service with 2" meter				\$190	\$190
2020	Install 1-1" landscape service with 1" meter			\$18	\$173	\$191
2021	Install 180' ± 8-5/8" GWBR				\$200	\$200
	Install 1-2" domestic services with 2" meter				\$201	\$201
	Install 1-?" landscape service				\$204	\$204
	Install 1-2" domestic service with 2" meter				\$227	\$227
	Install 1-1" copper landscape service with 3/4" meter				\$233	\$233
	REMOVE 1 - 6" FIRE HYDRANTS 948F AND 5337F				\$235	\$235
	ABANDON 625' OF 6" LCCG 1955 JOB 1095F				\$237	\$237
	Remove 6" fire service conn. No. F55834 2003 Job 4752F-1			\$83	\$161	\$244
	Install main				\$251	\$251
	Install 1 2" domestic service				\$252	\$252
	Install 2-6" fire hydrants			\$110	\$161	\$271
	INSTALL 1 - 2" LANDSCAPE SERVICE			\$207	\$78	\$285
	Install 235' ± of 8-5/8†GWBR			000=	\$287	\$287
	INSTALL 2 - 6" FIRE HYDRANTS	-	-	\$295	0000	\$295
	REMOVE 4" FIRE HYDRANT 309F			\$303	\$300	\$300
	INSTALL SERVICES	-	600		#00	\$303
	INSTALL 24" TRANSMISSION PIPELINE FROM PLANT F58		\$32 \$38	\$274 \$223	\$20 \$69	\$326
	INSTALL 1 - 1" LANDSCAPE SERVICE W/ 1-INCH METER				\$69	\$330
	INSTALL 1 - 2" DOMESTIC SERVICE WITH 1-1/2" METER		\$38	\$293	\$346	\$331 \$346
	Install 2-10" double detector check valve assembly with 10" INSTALL 1926' OF 8-5/8" GWBR		\$0	(\$0)	\$340	\$349
	REMOVE FIRE HYDRANTS		ψU	(40)	\$356	\$356
	Install 2-10" double detector check valve assembly, meters, v				\$365	\$365
	Install 2-10" double detector check valve assembly, meters, v				\$387	\$387
	PRELIMINARY PROJECT DELIVERY SYSTEM-ASSESSMENT		\$450	(\$56)		\$395
	INSTALL 76 - 1" DOMESTIC SERVICES		ψ+00	\$336	\$74	\$410
	ABANDON MAIN			φοσο	\$416	\$416
	ABANDON 1,205LF OF 4" GWBA 1926 EXT 306				\$423	\$423
	Install 2,700' ± 17-3/8" GWBR			\$438	Ų.20	\$438
	Install main			\$168	\$283	\$451
	REMOVE 6" FIRE HYDRANT 2426F			, , ,	\$455	\$455
2021	Install 450' ± 12-3/4" GWBR				\$470	\$470
2021	Abandon 2680LF ± of 8" PKHN 1981				\$471	\$471
	INSTALL 8 - 6" FIRE HYDRANTS		\$84	\$296	\$107	\$488
2020	Install 3,815' ± of 17-3/8" GWBR pipe			\$170	\$432	\$603
2020	Quit Claim easement - APN 0236-171-33, -53, -54, & -69			\$196	\$406	\$603
2021	Abandon 6†fire service lateral				\$619	\$619
2019	INSTALL 2 - 2" DOMESTIC SERVICES		\$74	\$552		\$626
	Install main			\$189	\$468	\$657
	REMOVE FIRE HYDRANT 131F				\$673	\$673
	REMOVE FIRE HYDRANTS 348F,349F,301F, AND 3141F				\$700	\$700
	INSTALL 1 - 6" FIRE HYDRANT		\$71	\$482	\$151	\$704
	ABANDON MAIN				\$712	\$712
	Install 1-6" fire hydrant		ļ	\$717		\$717
	INSTALL 3 - 6" FIRE HYDRANTS		\$0	\$0	\$20	\$722
	Install DCDA			\$689	\$39	\$728
	Install 8" butterfly valves and related fittings				\$732	\$732
	Install 2-6" double detector check valve assembly,meters,	-			\$738	
	Install 1 - 8" double detector check valve assembly with 8"				\$757	\$757
	ABANDON MAIN	-			\$764	\$764
	Abandon main	+	\$0	\$0	\$764	
	INSTALL SERVICES	-	\$0	\$0 \$718	\$20 \$85	\$781 \$803
	On-call professional land surveys and mapping services TEMPORARY SERVICE DUE TO CITY OF FONTANA CYPRESS		\$0	\$718	φδο	\$803
	Install 1-1" landscape service with 1" meter		\$0	\$37	\$795	
	INSTALL 995' OF 6-5/8" GWBR PIPE IN ROSEMARY DR		\$841	\$0	ψ193	\$841
	ABANDON 2545'-6" LCCV 1944 EXT.655, 55'- 6" LCCG	+	Ψ041	φ0	\$854	\$854
	INSTALL 1 - 2" DOMESTIC SERVICE WITH 2" METER AND	+	\$120	\$554	\$182	
	ABANDON MAIN		ψ120	Ψ304	\$866	
	Install 5-1" domestic services with 1" meters			\$1,369	(\$443)	
	INSTALL INTERCONNECTION WITH WEST VALLEY WTR DIST		\$40	\$636	\$51	\$976
	REMOVE 2 - 1" SERVICES		7.0	1300	\$1,000	\$1,000
	Install 1-8" double detector check valve assembly meters,				\$1,003	\$1,003
	Install 400' ± 8-5/8" GWBR				\$1,016	
	INSTALL 1 - 1" LANDSCAPE SERVICE WITH 1" METER			\$1,013	\$50	
	INSTALL 1,310LF OF 12-3/4" GWBR PIPE			\$1,097	\$20	

"FO 2021.06 CWIP" Columns "Job No." and "2009 EXP" to "2018 EXP" Omitted due to Size (5 of 9)

YR					2021 (thru Jun)	
-	DESCRIPTION	PLANT SITE	2019 EXP	2020 EXP	EXP	TOTAL EXP
	Install 1-1" landscape service with 1" meter				\$1,122	\$1,122
	Remove 8" single det chk valve assembly conn. no F40182 1993 INSTALL MAIN			\$1,135	\$1,127 \$10	\$1,127 \$1,145
	Install 1-8" double detector check valve assembly with 8" me			φ1,133	\$1,153	\$1,153
	Install services			\$19	\$1,139	\$1,158
	Video Log of job number			\$1,192		\$1,192
	2020 - FONTANA HYDRAULIC MODEL UPDATE			\$1,164	\$31	\$1,195
	Install 1-2" domestic service with 2" meter			\$19	\$1,217	\$1,236
	INSTALLATION OF 1" SERVCE		\$0	\$0	\$100	\$1,279
	INSTALL 1 - 6" FIRE HYDRANT Install 1 8" double detector check valve assemblies with 8"		\$361	\$831	\$100 \$1,319	\$1,292 \$1,319
	INSTALL 2 - 8" DOUBLE DETECTOR CHECK VALVE ASSY		\$38	\$1,271	\$20	\$1,330
	Remove 2-6" fire hydrant Nos. 3658F and 1491F		7-1	, ,,=	\$1,335	\$1,335
	INSTALL 1 - 1" LANDSCAPE SERVICE WITH 3/4" METER			\$1,325	\$39	\$1,364
	Install 1-2" domestic service w/ 2" meter				\$1,463	\$1,463
	Install 1-1" landscape service with 1" meter			\$70	\$1,433	\$1,503
	Install 4-10" double detector check valve assemblies, 10" me			674	\$1,536	\$1,536
	INSTALL 1 - 6" FIRE HYDRANT Pressure test and disinfect pipeline			\$74 \$1,562	\$1,488	\$1,562 \$1,562
	INSTALL 1 - 1" LANDSCAPE SERVICE WITH 1" METER			\$180	\$1,384	\$1,564
	Install fire hydrants			\$19	\$1,612	\$1,631
	ABANDON MAIN				\$1,637	\$1,637
2019	ABANDON 770' OF 4" BWAL 1947 JOB 767F - MADRONA DR				\$1,678	\$1,678
	INSTALL 1 - 1" DOMESTIC SERVICE			\$1,227	\$463	\$1,690
	INSTALL 1 - 2" DOMESTIC SERVICE WITH 2" METER		\$350	\$1,176	\$176	\$1,701
	SURVEYS AND ASBUILTS Install 1-6†fire hydrant		\$1,739	\$0	\$10 \$1,752	\$1,749 \$1,752
	INSTALL 1 - 2" LANDSCAPE SERVICE WITH 1-1/2" METER			\$1,737	\$1,752 \$40	\$1,752 \$1,777
	MATERIAL RECONCILIATION (T A RIVARD)			ψι,τοι	\$1,780	\$1,780
	MODIFY OPERATIONS DEPARTMENT OFFICES		\$0	\$0	\$41	\$1,785
	INSTALL SERVICES			\$74	\$1,734	\$1,808
	INSTALL 1 - 2: COPPER LANDSCAPE SERVICES WITH			\$1,542	\$271	\$1,813
	2019 FONTNA HYDRAULIC MODEL UPDATE		\$1,622	\$173	\$20	\$1,815
	ABANDON 1,374 OF 8" CONCRETE FONTANA UNION			¢4.070	\$1,835	\$1,835
	REPLACE EXTERIOR HD-IP CAMERA Install 2-10" double detector check valve assemblies			\$1,870	\$20 \$1,895	\$1,890 \$1,895
	REMOVE EXISTING 6" SINGLE DETECTOR CHECK VALVE			\$1,933	\$9	\$1,943
	Install 1-2" landscape service with 1-1/2" meter			ψ1,000	\$2,042	\$2,042
	INSTALL 1 - ?" LANDSCAPE SERVICE			\$168	\$1,891	\$2,059
2021	Install 1-10" double detector check valve				\$2,072	\$2,072
	INSTALL 1 - 1" LANDSCAPE SERVICE WITH 1" METER			\$1,909	\$176	\$2,084
	INSTALL 1 - 2" DOMESTIC SERVICE WITH 2" METER TO			\$52	\$2,045	\$2,097
	Install 1-2" landscape service with 2" meter Install 1-2" dom svc w/2" mtr (plug exist svc at main)			\$228 \$190	\$1,878 \$1,927	\$2,106 \$2,117
	INSTALL 1 - 2" LANDSCAPE SERVICE WITH 2" METER TO			\$73	\$2,045	\$2,117
	INSTALL 1 - 2" COPPER DOMESTIC SERVICE (PARCEL 3)			\$1,852	\$271	\$2,122
	Install 1-8" double detector check valve assemblies				\$2,164	\$2,164
2019	INSTALL 1 - 2" COPPER LANDSCAPE SERVICES WITH			\$1,916	\$271	\$2,187
	Install 2600' ± of 8" GWBR pipe			\$106	\$2,088	\$2,194
	Install 3-10" double detector check valve assembly				\$2,209	\$2,209
	INSTALL 1 - 2" COPPER LANDSCAPE SERVICES WITH INSTALL 1 - 2" LANDSCAPE SERVICE WITH 2" METER TO			\$1,939 \$52	\$271 \$2,165	\$2,209 \$2,218
	Install 1-2" domestic service with 1-1/2" meter			\$52	\$2,165	\$2,268
	INSTALL 1 - 2" DOMESTIC SERVICE WITH 2" METER			\$2,263	\$10	\$2,273
	Install 1-8" double detector check valve assembly with 8" me				\$2,307	\$2,307
2021	Install 63-1" services				\$2,328	\$2,328
	Install 1-2" landscape service with 1-1/2" meter				\$2,335	\$2,335
	INSTALL 2 - 1" LANDSCAPE SERVICES W/ 3/4" METERS			\$2,309	\$50	\$2,359
	FONTANA WATER SUPPLY ASSESSMENT		\$0	\$0	¢2.440	\$2,387
	Install 1-1" landscape service with 1" meter INSTALL 1 -?" DOMESTIC SERVICE			\$434	\$2,410 \$1,981	\$2,410 \$2,416
	INSTALL 1 - 2" DOMESTIC SERVICE WITH 1.5" METER			\$2,383	\$39	\$2,422
	Install 57-1" services			Ψ2,303	\$2,471	\$2,471
	MATERIAL RECONCILIATION (T.E. ROBERTS)				\$2,486	\$2,486
	INSTALL 1 - 6" FIRE HYDRANT PHASE 1		\$437	\$1,936	\$137	\$2,509
	Install 2-1" landscape services with 1" meters			\$85	\$2,426	\$2,511
	Install 1-1" domestic service with 1" meter			0010	\$2,515	\$2,515
	INSTALL 1 - 2" DOMESTIC SERVICE WITH 2" METER TO INSTALL 1 - 2 LANDSCAPE SERVICE			\$216 \$2,509	\$2,313 \$71	\$2,529 \$2,580
	Install 1-2" domestic service with 2" meter			\$2,509	\$2,549	\$2,587
	Install 1-2" domestic service with 1-1/2" meter			\$01	\$2,642	\$2,642
	INSTALL 1 - 1" LANDSCAPE SERVICE WITH 3/4" METER			\$2,468	\$181	\$2,649
2019	INSTALL 1 - 2" LANDSCAPE SERVICE W/ 1 - 1/2" METER			\$2,608	\$50	\$2,658
	INSTALL 1 - 2" DOMESTIC SERVICE WITH 2" METER			\$2,536	\$142	\$2,678
	INSTALL 1 - 2" LANDSCAPE SERVICE WITH 2" METER		\$70	\$2,673	(\$58)	
	Install 2-1" landscape service with 1" meters			\$201	\$2,494	\$2,695
	ABANDON MAINS Replace various air vacs throughout the Fontana service area				\$2,730 \$2,790	\$2,730 \$2,790
	Prepare Water Supply Assessment				\$2,790	\$2,790
2021	INSTALL 1-2" COPPER LANDSCAPE SVC W/ 1-1/2" METER		\$1,390	\$0	Ψ2,510	\$2,883

"FO 2021.06 CWIP" Columns "Job No." and "2009 EXP" to "2018 EXP" Omitted due to Size (6 of 9)

YR					2021 (thru Jun)	
-	DESCRIPTION	PLANT SITE	2019 EXP	2020 EXP	EXP	TOTAL EXP
	INSTALL 1 - 2" LANDSCAPE SERVICE WITH 1.5" METER		670	\$2,840	\$50	\$2,890
	INSTALL 1 - 2" LANDSCAPE SERVICES WITH 2" METERS INSTALL 1 - 1" LANDSCAPE SERVICE WITH 1" METER		\$72	\$205 \$2,712	\$2,614 \$180	\$2,891 \$2,893
	Install 1-2" domestic service with 2" meter			\$2,712	\$2,813	\$2,905
	INSTALL 1-2" DOM SVC W/2" MTR (PLUG EXISTING SVC AT MAIN)			\$2,831	\$80	\$2,911
	INSTALL 1 - 2" COPPER DOMESTIC SERVICES (PARCEL 2)			\$2,706	\$271	\$2,976
	INSTALL 1 - 2" COPPER DOMESTIC SERVICE (PARCEL 1)			\$2,674	\$327	\$3,001
	Install 2-2" domestic service with 2" meter			\$738	\$2,268	\$3,006
	Install 2-6" fire hydrants			,	\$3,012	\$3,012
2021	Install 2 10" Double Check Valve Detector				\$3,031	\$3,031
2021	Install 1-6" fire hydrants				\$3,122	\$3,122
2020	ADDITIONAL COST TO INSTALL 3/4" METERS			\$2,534	\$605	\$3,139
	Implementation of Field Mapplet/Consolidated USA Extension w				\$3,143	\$3,143
	INSTALL 2 - 10" DOUBLE DETECTOR CHECK VALVE ASSYS			\$2,429	\$739	\$3,168
	Obtain Easement			\$1,880	\$1,298	\$3,178
	INSTALL MAIN			\$2,896	\$295	\$3,191
	INSTALL NEW WORK BENCH		\$0	\$0	\$10	\$3,201
	INSTALL 1 - 2" DOMESTIC SERVICE WITH 2" METER			\$3,173	\$50	\$3,224
	INSTALL 1 - 2" DOMESTIC SERVICE WITH 2" METER			\$212	\$3,103	\$3,315
	Install 1-2" landscape service with 1-1/2 meter			0545	\$3,317	\$3,317
	Install 1-2" domestic service with 1-1/2" meter			\$515	\$2,827	\$3,342
	ABANDON 2,590' OF 4" GWBR 1941 JOB 612F - ILEX AVE		-	#2 2C4	\$3,348	\$3,348
	INSTALL 1 - 2" DOMESTIC SERVICE WITH 2" METER			\$3,361	000	\$3,361
	INSTALL 1-2" LANDSCAPE SERVICE WITH 2" METER INSTALL 1 - 2" DOMESTIC SERVICE			\$3,297 \$3,352	\$80 \$31	\$3,377 \$3,383
	INSTALL 1 - 2" DOMESTIC SERVICE INSTALL 1 - 2" DOMESTIC SERVICES WITH 2" METERS		\$225	\$3,352 \$434	\$31	\$3,383
			\$225			\$3,386
	Install 1-2" dom. svc. with 2" mtr (Abandon exist. svc) INSTALL 1 - 2" DOMESTIC SERVICE AND REMOVE #73475		\$30	\$191 \$3,744	\$3,247 (\$322)	\$3,438 \$3,452
	INSTALL 1 - 2" LANDSCAPE SERVICE WITH 2" METER		\$30		\$49	
	Fontana Water Company Division Water Loss Audit			\$3,415 \$3,575	\$49	\$3,464 \$3,575
	FONTANA DIVISION WATER LOSS AUDIT YR2016 (STETSON)		\$0	\$3,373	\$31	\$3,576
	WELL F49A - DRINKING WATER SOURCE ASSESSMENT AND		\$3,633	\$342	φοι	\$3,633
	START UP AND TRAINING FOR TWO NEW PORTABLE		\$3,796	\$0		\$3,796
	Install 1-2" landscape service with 1-1/2" meter		\$3,790	\$1,073	\$2,759	\$3,833
	Install main			\$232	\$3,666	\$3,898
	DEACTIVATE FIRE HYDRANT NO.S 4464F, 1894F, 1895F,647F			ΨZ3Z	\$3,909	\$3,909
	INSTALL 2 - 2" LANDSCAPE SERVICE WITH 2" METER		\$36	\$1,409	\$2,600	\$4,045
	Install 47-1" short side services & 26-1" long side services		ψ30	Ψ1,403	\$4,062	\$4,062
	INSTALL 1 - 2" DOMESTIC SERVICE WITH 2" METER		\$299	\$3,806	\$50	\$4,156
	FONTANA WATER CO DIVISION WATER LOSS AUDIT 2019		\$13	\$400	\$51	\$4,205
	INSTALL 960' OF 17-3/8" GWBR PIPE		ψιο	\$4,235	ΨΟΙ	\$4,235
	Install 4-1" domestic services with 1" meters			\$307	\$3,955	\$4,262
	INSTALL 1 - 8" BUTTERFLY VALVE			\$4,261	\$81	\$4,342
	Install 1-2" domestic service with 2" meter			\$1,470	\$2,899	\$4,369
	INSTALL 1 - 2" DOMESTIC SERVICE WITH 2" METER		\$220	\$4,234	\$10	\$4,464
	Install 1-8" double detector check valve assembly		,	* 1,==1	\$4,476	\$4,476
	Water Quality Control Board permitting				\$4,776	\$4,776
	INSTALL MAIN		\$0	\$0	\$10	\$4,898
2019	FONTANA WATER COMPANY DIVISION WATER LOSS AUDIT		\$4,494	\$479		\$4,974
	INSTALL MAIN		\$0	\$0	\$10	\$5,191
2021	Install XXX ± of 17-3/8" GWBR pipe				\$5,262	\$5,262
	Purchase and install compressor serving CU-2 (Building B)			\$5,356		\$5,356
2021	Install 127' ± 17-3/8" GWBR, 651' ± 12-3/4" GWBR				\$5,419	\$5,419
2020	Install 2620' ± of 8-5/8" GWBR pipe			\$170	\$5,298	\$5,468
	Install 1-8" DCDA			\$3,780	\$1,771	\$5,551
2020	Install offsite services (No IEUA or Facilities Fees)			\$96	\$5,548	\$5,644
2018	GRAPELAND TUNNEL - DRINKIN WATER SOURCE ASSESSMENT		\$5,763	\$0	\$37	\$5,800
2021	Install 1,500LF of 16" GWBR				\$5,926	\$5,926
2018	INSTALL 1 - 6" FIRE HYDRANT #6032F		\$3,721	\$0		\$6,403
	INSTALL SERVICES			\$58	\$6,578	\$6,636
2019	INSTALL OFF-SITE SERVICES NO IEUA FEE			\$6,605	\$61	\$6,666
2021	Install 2-8" double detector check valve assemblies with 8"				\$6,759	\$6,759
2019	INSTALL 1 - 6" FIRE HYDRANT		\$6,779	\$0		\$6,779
	INSTALL OFFSITE SERVICES			\$6,808		\$6,808
	Install main			\$149	\$7,316	\$7,465
	Install 1-6" fire hydrant			\$245	\$7,844	\$8,089
	INSTALL 1 -6" FIRE HYDRANT		\$239	\$8,353	(\$451)	
	Purchase and install compressor serving AC-2 (Building A)			\$8,311		\$8,311
	Install 1-8" double detector check valve assembly				\$8,311	\$8,311
	Install 195' ű of 8-5/8" GWBR			\$37,584	(\$29,258)	
	INSTALL 1 - 6" FIRE HYDRANT (PARCEL 3)			\$4,634	\$3,703	\$8,338
	Install 1-6" gate valve (Replace gate valve for fire hydrant		ļ	\$8,344		\$8,344
	INSTALL 1 - 6" FIRE HYDRANT		\$109	\$8,040	\$227	\$8,376
	INSTALL 1 - 6" FIRE HYDRANT			\$150	\$8,260	\$8,410
	INSTALL 1 - 6" FIRE HYDRANT			\$8,451	\$39	\$8,490
	Install main			\$852	\$7,661	\$8,513
	INSTALL 1 - 2" DOMESTIC SERVICE WITH 2" METER			\$295	\$8,438	\$8,733
	INSTALL 1 - 6" FIRE HYDRANT (PARCEL 2)			\$5,054	\$3,703	\$8,758
	PREPARE WATER SUPPLY ASSESSMENT			\$8,353	\$536	\$8,888
2021	MATERIAL RECONCILIATION (MCKINNEY CONSTRUCTION)	1			\$8,998	\$8,998

"FO 2021.06 CWIP" Columns "Job No." and "2009 EXP" to "2018 EXP" Omitted due to Size (7 of 9)

YR STARTED	DESCRIPTION	PLANT SITE	2019 EXP	2020 EXP	2021 (thru Jun) EXP	TOTAL EXP
	INSTALL 1 - 6" FIRE HYDRANTS			\$13,161	(\$4,053)	\$9,108
	INSTALL 1 - 6" FIRE HYDRANT		\$76	\$9,050	\$50	\$9,177
	INSTALL 9 - 1" COPPER DOMESTIC SERVICES		\$257	\$9,230	(\$22)	\$9,465
	Replace low band radios in central control and comm. office Install 1-8" dble det check valve assembly, meter, vault			\$9,489 \$284	\$9,264	\$9,489 \$9,548
	Install 1-6" fire hydrant			\$85	\$9,552	\$9,638
	INSTALL 1 - 2" LANDSCAPE SERVICE WITH 2" METER			\$149	\$9,693	\$9,842
	INSTALL 460 LF OF 8-5/8" GWBR PIPE IN LOCUST AVE			\$5,536	\$4,615	\$10,151
2019	INSTALL 1 - 6" FIRE HYDRANT #6153F		\$108	\$12,296	(\$1,663)	\$10,741
	Install 1-1" double detector check valve assemblies			\$475	\$10,296	\$10,771
	INSTALL 1 - 6" FIRE HYDRANT			\$177	\$10,648	\$10,824
	INSTALL 1,400LF OF 12-3/4" GWBR PIPE INSTALL SERVICES			\$10,267 \$952	\$924 \$10,322	\$11,191 \$11,275
	PURCHASE AND INSTALL STORAGE RACK SYSTEM INSIDE			\$11,891	\$10	\$11,901
	INSTALL 1 - 6" FIRE HYDRANT			\$13,655	(\$1,713)	\$11,942
2020	INSTALL MAIN				\$11,960	\$11,960
	INSTALL SERVICES			\$10,193	\$2,020	\$12,213
	Install main			\$234	\$12,230	\$12,464
	Install 11-1" domestic services INSTALL 1 - 6" FIRE HYDRANT			\$333 \$328	\$12,190 \$12,338	\$12,523 \$12,666
	INSTALL 7 OFFSITE 1" SERVICES			\$237	\$12,430	\$12,667
	INSTALL 1 - 6" FIRE HYDRANT		\$100	\$12,658	\$40	\$12,798
	ON-CALL PROFESSIONAL SURVEY SERVICES		(\$1,142)		\$122	\$12,863
2020	INSTALL 40' OF 8-5/8" GWBR			\$12,926		\$12,926
	Install 11-1" dom. svcs with 1" meters within Tract # 19930			\$351	\$12,922	\$13,273
	Install 1-10" double detector check valve assemblies with 10		0405	\$806	\$12,585	\$13,391
	INSTALL 1 - 4" MANIFOLD SERVICE WITH 2-2" METERS FONTANA WATER SUPPLY ASSESSMENT		\$185 \$0	\$13,078 \$0	\$137	\$13,399 \$14,047
	Install main		ΨΟ	\$969	\$13,292	\$14,261
	Install 1-8" double detector check valv			\$520	\$13,743	\$14,263
2020	Install 2-6" fire hydrants				\$14,452	\$14,452
	Install 1-10" double detector check valve assembly with 10"			\$1,750	\$12,994	\$14,744
	Install 1-4" domestic service with 4" meter				\$14,810	\$14,810
	INSTALL 2 - 6" FIRE HYDRANTS Install 1-4" domestic services with 4-meter			0447	\$14,854	\$14,854
	INSTALL 1 - 10" DOUBLE DETECTOR CHECK VALVE ASSY		\$7,402	\$117 \$7,110	\$14,840 \$583	\$14,957 \$15,095
	Install 1150' ű 12-3/4" GWBR		ψ1,402	Ψί,τιο	\$15,432	\$15,432
	Install 2-6" fire hydrants			\$91	\$15,528	\$15,620
2020	Install 2-6" fire hydrants				\$15,652	\$15,652
	Install 2-10" double detector check valve assemblies				\$15,730	\$15,730
	Install 2-6" fire hydrants			\$480	\$15,457	\$15,937
	INSTALL: Install 2,088 If ± of 25-3/8" GWBR, 20 If ± 21-3/8"			\$9,859 \$6,803	\$6,331 \$9,438	\$16,189 \$16,241
	INSTALL MAIN		\$7,485	(\$10,743)	\$20	\$16,416
	Purchase and install compressor serving AC-1 (Building A)		\$1,100	\$16,488	\$25	\$16,488
	INSTALL 2-6" FIRE HYDRANTS			\$16,806	\$111	\$16,917
	INSTALL SERVICES			\$964	\$16,115	\$17,079
	INSTALL 2 - 6" FIRE HYDRANTS			\$17,249	\$91	\$17,340
	INSTALL 1 - 4" MASTER METER		\$17,911	\$0	£47.00E	\$17,911
	Install 620' ű of 12-3/4" GWBR pipe INSTALL 1 - 6" FIRE HYDRANT (PARCEL 1)			\$660 \$10,493	\$17,365 \$7,960	\$18,024 \$18,453
	INSTALL 2 - 6" FIRE HYDRANTS		\$398	\$18,007	\$91	\$18,496
	INSTALL 3 - 6" FIRE HYDRANTS		,,,,,	\$697	\$18,374	\$19,072
2020	Install 2-6" fire hydrants			\$121	\$19,374	\$19,496
	INSTALL FIRE HYDRANTS			\$932	\$18,570	\$19,502
	INSTALL 1 - 12" DOUBLE DETECTOR CHECK VALVE ASSY		\$11,221	\$5,967	\$2,432	\$19,621
	INSTALL 2,150' OF 8-5/8" GWBR PIPE Install 1-6" domestic service with 6" meter		\$12,095	\$2,030 \$38	\$867 \$20,074	\$19,707 \$20,112
	INSTALL MAIN		\$16,797	\$38 \$139	\$20,074	\$20,112
	Install 3-6" fire hydrants		\$10,707	\$365	\$20,777	\$21,143
	REPLACE VARIOUS AIR VACS THROUGHOUT THE FONTANA			\$18,918	\$3,219	\$22,138
2020	Install 1-8" double detector check valve			\$1,496	\$21,129	\$22,625
	INSTALL 4 - 6" FIRE HYDRANTS		\$147	\$24,061	\$134	\$24,341
	INSTALL 1 - 6" FIRE HYDRANT		\$53	\$38	\$24,272	\$24,363
	INSTALL 1 - 6" DOUBLE DETECTOR CHECK VALVE Install 2-6" fire hydrants		\$7,930	\$18,695 \$27,431	\$444 \$31	\$27,069 \$27,461
	Inspect interior of various reservioirs			φ21,431	\$28,689	\$28,689
	INSTALL FIRE HYDRANTS			\$265	\$28,654	\$28,919
	INSTALL MAIN		\$7,796	\$16,841	\$4,621	\$29,258
	INSTALL FIRE HYDRANT			\$827	\$30,591	\$31,418
	CHLORINE AND NITRATE ALARM SCADA MODIFICATIONS AND		\$32	\$31,823	\$10	\$31,865
	INSTALL 1 - 4" MANIFOLD LANDSCAPE SERVICE WITH		\$150	\$31,704	\$50	\$31,904
	INSTALL 1 - 6" DOMESTIC SERVICE WITH 1 - 6" METER Install 20-2" domestic services with 2" meters			\$342 \$874	\$31,799 \$32,271	\$32,141 \$33,145
	INSTALL 1 - 6" DOMESTIC SERVICE WITH 1 - 6" METER		\$112	\$2,085	\$32,271	\$33,143
	INSTALL 1 - 6" DOUBLE DETECTOR CHECK VALVE		ΨΠZ	\$33,390	\$822	\$34,212
	PREPARE WATER SUPPLY ASSESSMENT		\$28,748	\$4,888	\$626	\$34,263
2021	Provide biological oversight services for Lytle Creek				\$34,797	\$34,797
	INSTALL SERVICES			\$7,662	\$28,408	\$36,069
2020	Install 260' ± of 8-5/8" GWBR			\$36,864	\$124	\$36,987

"FO 2021.06 CWIP" Columns "Job No." and "2009 EXP" to "2018 EXP" Omitted due to Size (8 of 9)

YR STARTED	DESCRIPTION	PLANT SITE	2019 EXP	2020 EXP	2021 (thru Jun) EXP	TOTAL EXP
2020	INSTALL 1 - 4" DOUBLE DETECTOR CHECK VALVE ASSY			\$38,332	\$361	\$38,693
	INSTALL COPPER SERVICES		\$149	\$179	\$40,393	\$40,721
2019	INSTALL 2,600' OF 12" MAIN		\$27,363	\$14,150	\$698	\$42,211
2000	1-12" DIAMETER METER CONNECTION		\$0	\$0		\$42,771
2019	INSTALL 6 - 6" FIRE HYDRANTS		\$30	\$318	\$42,590	\$42,938
2020	Install main			\$7,551	\$35,423	\$42,974
2019	INSTALL 1" COPPER DOMESTIC SERVICES		\$60	\$456	\$43,418	\$43,934
2020	Install 1-8" double detector check valve assembly			\$5,487	\$39,312	\$44,799
2020	Install 5-6" fire hydrants			\$426	\$45,566	\$45,993
2020	PREPARE WATER SUPPLY ASSESSMENT			\$24,275	\$22,931	\$47,206
	INSTALL 8-5/8" MAIN		\$48,863	\$0		\$48,863
2018	PROPOSAL FR NLINE ENERGY PROVIDES A WATER-ENERGY		\$143	\$0	\$30	\$49,086
	Replace 20 linear feet of 8" PVC water main				\$49,883	\$49,883
	INSTALL 1 - 8" DOUBLE DETECTOR CHECK VALVE ASSY			\$5,270	\$46,514	\$51,784
	Install 1-8" double detector chck valve asmbly for Clubhouse			\$1,042	\$52,410	\$53,451
	INSTALL 4,226' OF 6-5/8" GWBR PIPE		\$25,281	\$9,709	\$20,501	\$55,492
	NITRATE PERCHLORITE TREATMENT PILOT STUDY		\$14,939	\$0	\$61	\$56,580
	INSTALL 240' OF 6-5/8" GWBR PIPE		\$13,073	\$36,464	\$4,503	\$58,567
	INSTALL 5 - 6" FIRE HYDRANTS		\$110	\$842	\$59,095	\$60,046
	INSTALL SERVICES		\$93	\$504	\$59,671	\$60,268
	Demolition of two structures on-site		ψου	Ψ504	\$60,592	\$60,592
	DINSTALL 1 - 6" DOMESTIC SERVICE WITH 6" METER			\$41,846	\$20,201	\$62,048
	INSTALL 1 - 8" DOUBLE DETECTOR CHECK VALVE ASSY		\$826	\$62,267	\$185	\$63,279
	INSTALL 1-8" DOUBLE DETECTOR CHECK VALVE		φ020	\$5,040	\$58,698	\$63,739
	INSTALL 1-6 DOOBLE DETECTOR CHECK VALVE		\$35,848			
			\$30,040	\$13,330	\$17,850	\$67,028
	Install 1-8" double detector check valve assembly		COE 407	\$5,327	\$61,911	\$67,238
	NSTALL 11 - 6" FIRE HYDRANTS		\$35,137	\$0	#F0.000	\$69,102
	INSTALL 1-8" DOUBLE DETECTOR CHECK VALVE ASSEMBLY		0010	\$12,368	\$58,369	\$70,738
	NSTALL 1 - 12" PRESSURE REDUCING VALVE, VAULT AND		\$212	\$32,571	\$40,120	\$72,903
	INSTALL 1 - 8" DOUBLE DETECTOR CHECK VALVE ASSY			\$73,002	\$142	\$73,144
	Install 4-8" double detector check valve assemblies		***	\$777	\$73,391	\$74,168
	INSTALL COPPER SERVICES		\$66	\$185	\$74,030	\$74,281
	Install 375' ű 6-5/8" GWBR			\$14,938	\$59,450	\$74,389
	INSTALL 1 - 6" DOUBLE DETECTOR CHECK VALVE ASSY			\$75,972	\$530	\$76,503
	INSTALL 1 - 10" DOUBLE DETECTOR CHECK VALVE ASSY		\$199	\$77,099	\$40	\$77,339
	Hydraulic Model - 2021			\$3,299	\$75,130	\$78,429
	Install 1 pressure reducing valve, vault, and related piping			\$99	\$80,018	\$80,116
	PROVIDE PRODUCTION DATABASE MANAGMENT SYSTEM		\$5,460	\$7,764	\$71	\$80,665
	INSTALL COPPER DOMESTIC SERVICES			\$207	\$80,756	\$80,963
	INSTALL 41 - 1" SHORT SIDE SERVICES		\$245	\$19,650	\$62,512	\$82,407
	INSTALL 1 - 10" DOUBLE DETECTOR CHECK VALVE ASSY			\$92,012	(\$2,981)	
	INSTALL MAIN AND CASING		\$9,841	\$73,214	\$1,173	\$89,530
	Install 2-10" double detector check valve assembly			\$7,734	\$84,218	\$91,952
	INSTALL 1 - 10" DOUBLE DETECTOR CHECK VALVE ASSY		\$1,239	\$63,606	\$30,573	\$95,418
	B INSTALL MAIN		\$2,288	\$84,222	\$10,553	\$98,762
	REFURBISHING WELL F13A		\$98,854	\$0		\$98,854
2017	NSTALL 105 - 1" COPPER DOMESTIC SERVICES		\$64,662	\$0		\$99,806
2020	INSTALL 1,500 LF OF 8-5/8" GWBR PIPE			\$7,149	\$93,824	\$100,972
2018	INSTALL 189' OF 8-5/8" GWBR PIPE		\$81,535	\$0		\$101,250
	PURCHASE M-3 PERISTALTIC CHLORINE INJECTION PUMPS			\$103,454	\$20	\$103,474
2020	Install 885' ± 8-5/8" GWBR			\$5,222	\$99,679	\$104,901
2012	INSPECT INTERIOR OF 16 WATER STORAGE RESERVOIRS		\$0	\$0		\$109,318
2019	INSTALL 2,730' OF 6-5/8" GWBR PIPE		\$7,531	\$4,663	\$104,307	\$116,501
2020	Install 2-10" double detector check valve assembly, meter, v			\$3,214	\$123,165	\$126,380
2020	INSTALL 2 - 10" DBL DETECTOR CHECK VALVE ASSEMBLY			\$524	\$128,322	\$128,847
2019	INSTALL 2 - 10" DBL DETECTOR CHECK VALVE ASSEMBLY			\$1,780	\$127,692	\$129,472
2020	INSTALL 2 - 10" DCDAS WITH 10" METERS			\$17,691	\$112,008	\$129,699
2019	INSTALL 2 - 8" DOUBLE DETECTOR CHECK VALVE ASSY		\$300	\$130,096	\$617	\$131,012
2019	INSTALL 2 - 10" DOUBLE DETECTOR CHECK VALVE ASSY,		\$153	\$135,133	\$101	\$135,388
	INSTALL 2 - 10" DOUBLE DETECTOR CHECK VALVE		1	\$622	\$137,352	\$137,974

"FO 2021.06 CWIP" Columns "Job No." and "2009 EXP" to "2018 EXP" Omitted due to Size (9 of 9)

YR					2021 (thru Jun)	
STARTED	DESCRIPTION	PLANT SITE	2019 EXP	2020 EXP	EXP	TOTAL EXP
2019	INSTALL 2 - 10" DOUBLE DETECTOR CHECK VALVE		\$184	\$2,571	\$135,701	\$138,456
2020	Install 2-6" double detector check valve assembly			\$9,614	\$130,503	\$140,117
2019	INSTALL 2 - 10: DOUBLE DETECTOR CHECK VALVE		\$350	\$156,135	(\$13,140)	\$143,345
2020	INSTALL			\$7,152	\$138,203	\$145,355
2020	INSTALL 2 - 8" DOUBLE DETECTOR CHECK VALVE			\$96,064	\$55,294	\$151,358
2020	INSTALL 395' OF 12-3/4" GWBR PIPE			\$146,077	\$5,520	\$151,596
2019	INSTALL 2 - 10" DOUBLE DETECTOR CHECK VALVE		\$1,200	\$154,967	\$339	\$156,505
2019	INSTALL 2 - 8" DOUBLE DETECTOR CHECK VALVE		\$9,634	\$10,265	\$136,735	\$156,634
2019	INSTALL 2 - 10" DOUBLE DETECTOR CHECK VALVE ASSY		\$8,159	\$124,245	\$24,997	\$157,401
2020	INSTALL 1,800LF OF 8-5/8" GWBR PIPE IN FONTANA AVE			\$15,552	\$144,091	\$159,643
2019	DEVELOP A RISK AND RESILIENCE ASSESSMENT AND		\$81,599	\$78,741	\$7,019	\$167,359
2019	INSTALL 2 - 10" DOUBLE DETECTOR CHECK VALVE ASSY		\$801	\$167,196	\$349	\$168,346
2019	INSTALL 790' OF 12-3/4" GWBR PIPE		\$3,287	\$169,643	\$192	\$173,121
2020	INSTALL 2 - 10" DOUBLE DETECTOR CHECK VALVE			\$13,757	\$160,019	\$173,777
2020	Install 2-10" DCDA			\$20,454	\$156,293	\$176,747
2019	INSTALL 2 - 10" DOUBLE DETECTOR CHECK VALVE ASSYS			\$130,610	\$49,550	\$180,161
2019	INSTALL 2 - 10" DOUBLE DETECTOR CHECK VALVE ASSY		\$76	\$120,583	\$64,677	\$185,337
2019	INSTALL MAIN 1,030' OF 12-3/4" GWBR IN ARROW BLVD		\$16,125	\$2,598	\$169,773	\$188,495
2020	INSTALL 2 - 10" DOUBLE DETECTOR CHECK VALVE			\$187,241	\$6,284	\$193,525
2020	Master Plan - 2021			\$7,607	\$195,363	\$202,970
2019	INSTALL 2 - 10" DOUBLE DETECTOR CHECK VALVE		\$11,283	\$166,038	\$27,279	\$204,600
2020	INSTALL 1,100' OF 12-3/4" GWBR PIPE			\$210,250	\$497	\$210,747
2018	INSTALL 974' OF 17-5/8" GWBR PIPE		\$129,614	\$0		\$212,489
2019	INSTALL 680LF OF 17-3/8" GWBR PIPE		\$588	\$214,384	\$629	\$215,601
2019	INSTALL MAIN		\$15,055	\$201,371	\$172	\$216,598
2020	Install 950' ± 12-3/4" GWBR			\$1,569	\$253,147	\$254,716
2019	PURCHASE SOFTWARE AND HARDWARE TO UPGRADE SCADA		\$275,967	\$0	\$102	\$276,068
2020	INSTALL MAIN AND PRESSURE REDUCING STATION			\$13,478	\$297,468	\$310,946
2020	INSTALL 810' OF 12-3/4" GWBR PIPE			\$19,959	\$313,748	\$333,707
2019	INSTALL 2,100' OF 6-5/8" GWBR PIPE		\$7,180	\$3,875	\$404,708	\$415,763
2019	INSTALL 1.420" OF 6-5/8" GWBR PIPE		\$4,093	\$2,631	\$416,754	\$423,478
2017	INSTALL 913' OF 6-5/8" GWBR PIPE		\$376,070	\$645		\$442,362
2019	INSTALL 830' OF 8-5/8" GWBR PIPE IN THE NORTH SIDE		\$3,573	\$8,979	\$440,390	\$452,942
2019	INSTALL 2,670 OF 17-3/8" GWBR PIPE		\$25,120	\$7,401	\$582,224	\$614,745
2018	INSTALL 2,650' OF 17-3/8" GWBR PIPE		\$37,410	\$387,332	\$1,149,683	\$1,590,620
						\$29,264,977
		RATEMA	KING ADJUSTMEN	TS (WORKPAPER	P2, CELL AV355):	(\$420,102)
						\$28,844,875

CHAPTER 11 TAXES OTHER THAN INCOME

2 I. INTRODUCTION

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- This chapter presents analysis and recommendations relating to Taxes Other Than
- 4 Income. Taxes Other Than Income are comprised of: (1) payroll taxes, and (2) ad
- 5 valorem, or property taxes. Payroll taxes are comprised of (1) Federal Insurance
- 6 Contribution Act ("FICA"); (2) Federal Unemployment Insurance ("FUI"); and (3) State
- 7 Unemployment Insurance ("SUI"). Income taxes are discussed in Chapter 12.
- 8 Cal Advocates and San Gabriel generally do not differ on methodologies
- 9 employed to forecast Taxes Other Than Income. The differences in total estimated taxes
- are largely due to differences in forecasts for plant additions.

11 II. SUMMARY OF RECOMMENDATIONS

- The Commission should adopt Cal Advocates' estimates of Taxes Other Than
- 13 Income. The Commission should use the following parameters to calculate TY and
- 14 Escalation Year Taxes Other Than Income:
- a. San Gabriel's use of effective Payroll Tax rates and wage bases to forecast payroll taxes are reasonable and should be applied in estimating Payroll Tax expense.
 - b. San Gabriel's Ad Valorem Tax expense methodologies are reasonable and should be applied in estimating property taxes. However, Cal Advocates corrected an error in San Gabriel's workpapers regarding the Ad Valorem Tax base, leading to a \$510,000 decrease in TY Ad Valorem Taxes. Any further differences between San Gabriel and Cal Advocates are due to differences in
- 23 the TY estimate of plant levels.

24 III. ANALYSIS

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25 A. Payroll Taxes

- Payroll taxes are estimated based upon the applicable tax rates and minimum wage
- bases applied to forecasted payroll levels. The applicable rate for each of the taxes are
- applied to each employee's estimated salary up to the maximum taxable limit.

1 SGVWC and Cal Advocates both use the FICA rate of 6.2% in the TY applicable 2 to the estimated FICA wage base of \$150,500 in 2023 and \$153,200 in 2024. In addition, 3 total FICA also includes 1.45% of each employee's total annual wages for the Medicare 4 component of FICA. SGVWC's forecast of the FICA (6.2%) wage base for 2023 and 5 2024 is consistent with the historical five-year average increases by the Social Security 6 Administration. The 1.45% Medicare component does not have a maximum wage cap. 7 The maximum taxable wage base for both FUI and SUI taxes is the first \$7,000 of 8 each employee's annual wages and is not forecasted to change. SGVWC and Cal 9 Advocates both use 0.6% as the FUI tax rate and 2.3% as the SUI tax rate because both 10 rates are consistent with historical actual tax rates.

B. Ad Valorem Taxes

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San Gabriel bases its estimate for property taxes on historical County Assessor valuations and the underlying methodologies applied to estimate plan additions in the TY. The forecasted tax is based on a calculated average effective tax rate applied to forecasted (net) plant investment. Plant in service is reduced by intangibles, advances and contributions for construction, and deferred income taxes.

San Gabriel's method of estimating ad valorem taxes for the TY is reasonable. The differences between SGVWC and Cal Advocates' estimate of Ad Valorem Taxes is due to differences in forecasted plant estimates and the correction of an error as described below.

1. RO Model Error Correction

San Gabriel's RO model contained a formula error, leading to an overestimation of Ad Valorem Taxes in the Fontana division. The RO model erroneously omits deferred Federal Income Taxes when calculating the Ad Valorem Tax base for the years 2022-2025. Upon correction, the Ad Valorem Taxes decrease by \$510,000, from \$3.06

¹⁷¹ Attachment 11-1: Email from Joel M. Reiker of San Gabriel to Anthony Andrade of Cal Advocates on July 7, 2022.

- 1 million to \$2.55 million in TY 2023-2024. Chapter 1, Tables 1-2 and 1-3 present a
- 2 summary of SGVWC's proposed and Cal Advocates' recommended Ad Valorem
- 3 expenses in the Fontana Division.

IV. CONCLUSION

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- 5 The Commission should adopt Cal Advocates' TY estimates of Taxes Other Than
- 6 Income. Cal Advocates and San Gabriel generally do not differ on methodologies
- 7 employed to forecast Taxes Other Than Income. The differences in total estimated taxes
- 8 are due to the correction for the Ad Valorem Tax base and differences in forecasts for
- 9 overtime and plant additions.

Attachment 11-1: Email from Joel M. Reiker of San Gabriel to Anthony Andrade of Cal Advocates on July 7, 2022.

Andrade, Anthony

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

Sent: Thursday, July 7, 2022 9:35 AM

To: Andrade, Anthony

Cc: Aslam, Mehboob; Chan, Victor; Cunningham, Lauren; Foley, Shanna

Subject: [EXTERNAL] RE: A.22-01-003 SGVWC GRC: FWC Ad Valorem Taxes in RO Model

Attachments: GRCWorkpapers - 2022 (Corrected Ad Valorem Tax).xlsx

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 attached. I've made some additional edits to incorporate the B.O.Y. balance of ITC., which was not previously reflected in the calculation and should have been, as explained below:

- 1. For the historical/recorded Ad Valorem Tax Base (COLUMNS E through J) for both L.A. and Fontana (LINES 84 and 146):
 - a. The calculation has been revised to deduct the B.O.Y. Balance of ADIT, Ratemaking Adjustments, and the B.O.Y. Balance of ITC.
- 2. For the forecasted Ad Valorem Tax Base (COLUMNS L through Q) for both L.A. and Fontana (LINES 84 and 146):
 - a. The calculation has been revised to deduct the B.O.Y. Adjusted Balance of ADIT and the B.O.Y. Balance of ITC.

I've highlighted the rows (84 & 146) where these changes were made. The only other change that I made in the attached workpapers was to update/re-calibrate the rate design on RD1. Let me know if you have any questions. Thanks,

Joel M. Reiker
Vice President of Regulatory Affairs
San Gabriel Valley Water Company
11142 Garvey Avenue
El Monte, CA 91733
626.448.6183
www.sgvwater.com
www.fontanawater.com

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

Sent: Wednesday, July 6, 2022 3:57 PM **To:** Joel M. Reiker < jmreiker@sgvwater.com>

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

<Lauren.Cunningham@cpuc.ca.gov>; Foley, Shanna <Shanna.Foley@cpuc.ca.gov>

Subject: A.22-01-003 SGVWC GRC: FWC Ad Valorem Taxes in RO Model

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

CHAPTER 12 INCOME TAXES

2 I. INTRODUCTION

3	This chapter presents the analysis and recommendations of the Public Advocates
4	Office ("Cal Advocates") relating to regulated income tax expenses in Fontana Water
5	Company ("FWC") Division of San Gabriel Valley Water Company ("SGVWC").
6	Regulated income tax expense is comprised of federal income taxes ("FIT"), and
7	California Corporate Franchise Taxes ("CCFT").
8	Cal Advocates and SGVWC generally do not differ on the methodologies used to
9	forecast regulated income tax expenses. SGVWC has accounted for the impacts of the
10	2017 Tax Cuts and Jobs Act ("TCJA"). Any differences in total estimated income taxes
11	is due to differences in forecasted operating revenues, expenses, and plant additions.
12	Cal Advocates' Results of Operations table summarizes the differences in

II. SUMMARY OF RECOMMENDATIONS

estimates between Cal Advocates and SGVWC.

- The Commission should adopt Cal Advocates' estimates for FIT and CCFT for the Test Year as reflected in Cal Advocates Results of Operation table. The Commission should use the following parameters to determine Test Year and Escalation Year income tax expense:
 - a. The corporate tax rate of 21% should be used to compute FIT and the net-to-gross multiplier. The state corporate income tax rate of 8.84% should be used to compute CCFT and the net-to-gross multiplier. For estimating income tax expenses, both Cal Advocates and SGVWC used this tax rate.
 - b. The FIT rate of 21% should be used to revalue accumulated deferred income taxes ("ADIT") to be deducted from the rate base. Both Cal Advocates and SGVWC used this tax rate to revalue ADIT in accordance with the TCJA
 - c. Excess Accumulated Deferred Income Taxes ("Excess ADIT") resulting from the reduction in the FIT rate from 35% to 21% should be recognized and accounted for as a direct reduction FIT expense. The accounting of

- Excess ADIT should be consistent with the normalization requirements of the TCJA which SGVWC has employed. 172
 - d. All federal and state tax timing differences should be flowed through to ratepayers to the extent allowed by Commission policy, and federal and state tax laws.

III. ANALYSIS

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The following section provides an overview of regulated income tax expenses and discusses certain specific tax deductions, credits, and other tax policy issues used to determine taxable income for ratemaking purposes. 173

Income tax expense reflects the cost of service and in this way is like any other expense in a GRC proceeding. Estimating income tax expense is unique however, because in addition to reviewing historical payments, objective projection criteria must also be applied to estimate the Test Year tax expense. Income tax expense is a mixture of projected taxable income streams, booked expenses, tax credits, and special tax deductions, calculated within the contexts of real-world tax laws and regulatory tax policies. 174

A. Basis for Regulated Tax Expense

While the mathematical model used to calculate tax expense is seemingly unambiguous, the underlying accounting conventions, applicable tax rates, and the

The Excess ADIT amounts consisted of 2 components; (a) the accumulated amortization of EDIT from January 2018 through June 2020 (including interest) which is fully amortized, and (b) the ongoing amortization of Excess ADIT commencing with the Test Year beginning July 1, 2020. Ongoing amortization of Excess ADIT has two sub-components; and (1) an "unprotected" portion not subject to the IRC's normalization rules and it is already amortized, and (2) the "protected" portion, to which the Internal Revenue Code's ("IRC") normalization rules apply, which SGVWC is still amortizing.

 $[\]frac{173}{2}$ Unless otherwise noted, all discussions apply equally to both federal and state tax expenses.

Tax expense also includes taxes that are a function of the payment of employee compensation, (payroll taxes), and the ownership of plant and property (ad valorem taxes). This category of taxes is referred to as Taxes Other Than Income.

determination of what constitutes allowable deductions are necessarily a function of current FIT and CCFT tax laws, including new laws expected to affect the Test Year.

Forecasted tax expense is based on adopted regulatory tax policy as determined by numerous Commission decisions, and Cal Advocates' recommended tax policies. These decisions and policies should be considered when reviewing SGVWC's tax expense.

Much of the Commission's existing tax policy was established in D.84-05-036¹⁷⁵ and then with numerous subsequent decisions. Cal Advocates' goal is to achieve the lowest possible rate for service consistent with reliable and safe levels of service. As this applies to taxes, the goal is to minimize regulated tax expense to the extent possible, which in turn minimizes revenue requirements for taxes. Another way to articulate this goal is that the Test Year's income tax expense estimate should reflect, to the extent possible, the current (Test Year) deduction of expenses in which there is a book/tax timing difference. The Commission should continue to promote policies that result in the Test Year tax estimate reflecting, to the extent possible, the flow-through of forecasted expenditures.

B. FIT Deduction for Prior Year's CCFT

For FIT purposes, the amount of CCFT allowed as a deduction by the Internal Revenue Service ("IRS") is the CCFT liability of the prior year. This creates a timing difference between when the payment of the CCFT is made and when it is allowed as a

 $[\]frac{175}{1}$ D.84-05-036 adopted ratemaking policy for a variety of tax issues.

¹⁷⁶ D.87-09-026 authorized various ratemaking methods that utilities may adopt to recover the federal tax imposed upon CIAC pursuant to the Tax Reform Act of 1986. D.88-01-061 adopted ratemaking policies for a variety of tax issues.

¹⁷⁷ See D.84-05-036, discussion at Section I, p. 32-33a. The Commission refused to adopt additional normalization requirements beyond those required for depreciation.

¹⁷⁸ Public Utilities Code § 309.5.

¹⁷⁹ Cal Advocates' ability to flow-through certain tax deductions and benefits is limited by Income Tax Normalization requirements of the Internal Revenue Code, as well as tax policy, established in D.84-05-036.

- tax deduction. D.89-11-058 requires that the prior-year last Commission adopted CCFT
- 2 amount be used as the deduction for CCFT for ratemaking purposes to arrive at FIT
- 3 taxable income in the Test Year. 180 Cal Advocates and SGVWC agree with this
- 4 methodology.

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C. Deferred Income Taxes and Excess Accumulated Deferred Income Taxes

The reduction in the FIT rate from 35% to 21% created Excess ADIT, which is the portion of deferred income taxes that ratepayers funded in rates, before the reduction in the FIT from 35% to 21%. The reduction in the corporate income tax rate requires utilities to revalue current deferred income taxes ("DIT") at the 21% rate because the lower rate decreases the utilities' federal tax liabilities in the future. As a result, deferred tax reserves are more than the utility's federal tax liabilities thus creating "Excess" ADIT.

As defined in Section 13001(d)(3)(A) of TCJA, the Excess ADIT is the difference between the recorded accumulated deferred federal income tax ("ADFIT") and the revalued amount of the ADFIT after the federal income tax rate change. Section 13001(d)(3)(A) of TCJA defines excess tax reserve as follows:

the term "excess tax reserve" means the excess of—(i) 17 the reserve for deferred taxes (as described in section 18 19 168(i)(9)(A)(ii) of the Internal Revenue Code of 1986) 20 as of the day before the corporate rate reductions 21 provided in the amendments made by this section take 22 effect, over (ii) the amount which would be the balance 23 in such reserve if the amount of such reserve were 24 determined by assuming that the corporate rate

¹⁸⁰ However, in some cases, the current or Test Year estimated CCFT amount may be used as a Test Year FIT deduction. This is particularly true when there is no firm prior year's payment information or the prior year's amount is merely an estimate based on progressive annual estimates or when there is simply no "last adopted" CCFT amount. In D.89-11-058, the Commission agreed with the Cal Advocates' position that the Test Year CCFT amount may also be used as a convenient approximation for the prior year's CCFT expense in the calculation of the Test Year FIT. The Commission explained that this is done to avoid preparing a complete summary of earnings for the prior year.

1	reductions	provided	in	this	Act	were	in	effect	for	all
2	prior perio	ds.								

The ADFIT before revaluation represents the amount SGVWC already collected from ratepayers in prior years to pay future federal income taxes. SGVWC revalued its ADFIT amount to reflect the new 21% FIT tax rate in accordance with this provision of TCJA. The difference between these two will provide the Excess ADIT amount. For ratemaking purposes and to ensure that excess reserves are returned to ratepayers, SGVWC accurately recognized and accounted for Excess ADIT as a regulatory liability.

The Excess ADIT amounts consisted of two components: [181] (a) the accumulated amortization of Excess EDIT from January 2018 through June 2020 (including interest) which is fully amortized, and (b) the ongoing amortization of Excess ADIT commencing with the Test Year beginning July 1, 2020. Ongoing amortization of Excess ADIT has two sub-components: (a) an "unprotected" portion not subject to the Internal Revenue Code's ("IRC's") normalization rules and it is already amortized, [182] and (b) the

D. Interest Expense

amortizing. Cal Advocates agrees with this methodology.

For FIT purposes, Cal Advocates and SGVWC estimate interest expense by applying the weighted average cost of long-term debt from SGVWC's capital structure to the total rate base. Differences in the total amount of interest expense deductible for regulated income tax purposes are, therefore, the result of differing rate base estimates between SGVWC and Cal Advocates.

"protected" portion, to which the IRC normalization rules apply, which SGVWC is still

¹⁸¹ SGVWC's Response to Cal Advocates' DR JBQ-010 Q.2b.

¹⁸² Excess ADIT stemming from other tax benefits such as the "Repairs Regulations" are not subject to the normalization rules. These deferred taxes are commonly referred to as "Unprotected." The TCJA does not provide for rules for amortizing Excess ADIT on Unprotected balances; this is left up to the regulatory agency.

There are two normalization options to amortize ITC for regulated tax purposes for Public Utility corporations. Under Option One, the tax benefits of investment tax credit (ITC) are flowed through to ratepayers by deducting deferred ITC from the rate base. As each year passes, the deferred ITC balance decreases, thereby proportionally restoring the rate base over the book life of the plant that generated it. Under Option Two, the tax benefits of ITC are proportionally flowed through as a direct reduction to estimated FIT.

The unamortized deferred ITC balance was deducted from the rate base for this calculation because SGVWC is an Option One company. The method of "interest synchronization" that normally results in a higher interest deduction, and therefore, a lower regulated FIT expense, does not apply to SGVWC because of how SGVWC treats unamortized Investment Tax Credit (Option One). For CCFT purposes, Cal Advocates and SGVWC also deducted the unamortized ITC from the rate base before applying the same debt cost factor.

E. Investment Tax Credit ("ITC")

As discussed above, public utilities can select either of the two normalization options to amortize ITC for regulated tax purposes. Cal Advocates does not have a policy preference as to which option is used.

SGVWC uses Option One. This means the FIT expense was not reduced directly by the annual amortization of ITC. Instead, amortized ITC reduced the rate base.

183 Cal Advocates accepts SGVWC's methodology.

¹⁸³ Under current federal tax law, ITC must be amortized over the life of the underlying plant when estimating regulated federal income tax expense. Generally, this method of normalizing ITC applies to plant placed in service after 1980.

IV. CONCLUSION

- 2 Cal Advocates and SGVWC have no methodological differences for computing
- 3 regulated tax expenses. Any differences are due to different estimates for revenues,
- 4 operating expenses, and plant additions. The Commission should adopt Cal Advocates'
- 5 estimates for tax expense as reflected in Cal Advocates Results of Operation table.

CHAPTER 13 BALANCING AND MEMORANDUM ACCOUNTS REVIEW

I. INTRODUCTION

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4	This chapter addresses SGVWC's balancing and memorandum accounts
5	("surcharge accounts") for the FWC division and presents Cal Advocates' analysis and
6	recommendations. The Direct Testimony of Joel M. Reiker presents SGVWC's proposed
7	actions for the Utility's surcharge accounts in the FWC Division. In discovery,
8	SGVWC provided updated balances. This chapter incorporates Cal Advocates'
9	analysis on the updated materials and review of the balances as of December 31, 2021.
10	SGVWC currently maintains 17 surcharge accounts in its FWC division. 186
11	Surcharge accounts allow a utility to operate without the discipline of a budget. The
12	proliferation of surcharge accounts reduces the transparency of customer bill impacts as
13	surcharges are generally not reflected in the rate increases proposed in general rate cases
14	("GRCs"). The proliferation of these accounts complicates the Commission's review and
15	reduces a utility's incentive to accurately forecast costs. In 1985, the then Executive
16	Director of the Commission warned that:
17 18 19 20 21	we can expect utilities to continually press for the comfort of more balancing accounts and the green light to file a variety of offset applications between general rate proceedingsit is the CPUC's task to recognize that desire and pressure and weigh it against the need to have management incentive working to minimize costs. 187

¹⁸⁴ Direct testimony of Joel M. Reiker, p. 59, attachment N, A.22-01-003.

 $[\]underline{^{185}}$ SGVWC's Response to Cal Advocates' DR JBQ-002 Q.2.

¹⁸⁶ SGVWC's Response to Cal Advocates' DR JBQ-002 Q.3; Direct testimony of Joel M. Reiker, p. 57.

¹⁸⁷ See Attachment 13-1: Balancing Accounts History, p. 6.

The Executive Director also stated that the process of reviewing surcharge accounts has essentially shifted the burden of proof to Cal Advocates and intervenors to show that expenditures are not prudent.

Surcharge accounts can mask the overall impact of utilities' proposals in GRCs. In this GRC, the overwhelming majority of the accounts that SGVWC requests to

6 amortize are surcharge accounts. However, the actual effect of the surcharge accounts on

ratepayer bills is not clear because of a significant overcollection amount in one account,

which results in a net overcollection balance when all account balances are combined. If

9 this over-collected account is excluded from all the accounts in the FWC Division that

10 SGVWC proposes to amortize, it will result in a total surcharge balance of \$2,620,324 as

of December 31, 2021. This surcharge amount is approximately 2.89% of total

proposed Revenue Requirement for Test Year 2023-24. This surcharge account

amount is not reflected in the proposed rate increase for the Test Year. 192 Therefore, the

full impact of SGVWC's requests on customers' bills is not transparent.

The Commission should underscore the importance of reducing the total number of surcharge accounts by requiring utilities to close accounts whenever possible and remove their reference from the related preliminary statements.

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¹⁸⁸ See Attachment 13-1: Balancing Accounts History, p. 4

¹⁸⁹ Water Cost Balancing Account has a significant outstanding overcollection what makes the total balance in all accounts an overcollection which means refunds to the ratepayers. Absence of this account, the true picture of Surcharge Accounts would have been revealed.

¹⁹⁰ See Table 13-1: Balancing and Memorandum Accounts for Amortization (Last Row).

¹⁹¹ SGVWC's proposed Revenue Requirement for Test Year 2023-24 is \$90,603,000. Except for Water Cost BA, the accounts for what SGVWC requested recovery in this GRC application have a total surcharge balance of \$2,620,324 as of December 31, 2021. It is around 2.89% of the proposed revenue requirement in the Test Year. (\$2,620,324/\$90,603,000 = 2.89%).

¹⁹² SGVWC GRC Proceeding A.22-01-003.

II. SUMMARY OF RECOMMENDATIONS

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2	The Commission should require SGVWC to refund a total overcollection balance
3	of \$878,402 as of December 31, 2021, as a fixed monthly surcredit presented in the table
4	13-1 in this testimony. As of December 31, 2021, SGVWC's workpapers account for a
5	total overcollection balance of \$877,079. The difference between SGVWC's workpaper
6	and Cal Advocates' recommendation is \$1,323 and is due to Cal Advocates'
7	recommendation not to amortize the Polyfluoroalkyl Substances Memorandum Account
8	("PFAS"). 193
9	The Commission should require SGVWC to close five out of its 17 surcharge
10	accounts. SGVWC should also either issue a refund or surcharge to ratepayers or close
11	multiple accounts, as detailed below:
12 13 14	 The Commission should allow SGVWC to continue the PFAS Memorandum Account, but not to amortize the recorded balance as it is premature.
15 16 17	2. The Commission should require SGVWC to close the Water Rights Memorandum Account because SGVWC does not need a surcharge account to purchase water rights outside of a GRC proceeding.
18 19 20 21 22	3. The Commission should require SGVWC to close the 2018 Tax Accounting Memorandum Account after authorizing recovery of the recorded undercollection from ratepayers as surcharges, but the authorized amortization balance should be the December 2021 reported balance of \$281,368, not the proposed August 2021 balance.
23 24 25 26	4. The Commission should allow SGVWC to continue the Water Cost Balancing Account after the requested refund of the overcollection, but the refund amount should be the December 2021 reported balance of \$3,497,403, not the proposed August 2021 balance.
27 28 29	5. The Commission should require SGVWC to close the A.19-01-001 Interim Rates Memorandum Account (IRMA) as requested after authorizing to recover the recorded undercollection from ratepayers through surcharges,

193 SGVWC reported an undercollection balance of \$1,323 for the PFAS Memorandum Account as of December 2021. Not allowing the amortization of this balance makes the difference between the Company and Cal Advocates recommendation.

1 2		but the authorized amortization balance should be the December 2021 reported balance of \$533,857, not the proposed August 2021 balance.
3 4 5 6	6.	The Commission should allow SGVWC to continue the Conservation Program Balancing Account after the requested refund of the overcollection, but the refund amount should be the December 2021 reported balance of 229,257, not the proposed August 2021 balance.
7 8 9 10	7.	The Commission should allow SGVWC to continue the Previously Authorized Balances Balancing Account (PABBA) after the requested refund of the overcollection, but the refund amount should be the December 2021 reported balance of \$1,525, not the proposed August 2021 balance.
11 12	8.	The Commission should require SGVWC to close the School Lead Testing Memorandum Account as proposed by SGVWC.
13 14	9.	The Commission should require SGVWC to close the Mains Project Balancing Account because as proposed by SGVWC.
15 16 17 18 19 20	10	The Commission should require SGVWC to rename the "WRAM Memorandum Account" to "Conservation WRAM Memorandum Account" to avoid confusion, allow the Company to amortize the undercollection and continue the account as proposed, but the authorized amortization balance should be the December 2021 reported balance of \$509,545, not the August 2021 balance as proposed.
21 22 23 24 25	11	The Commission should require SGVWC to be consistent in using the same name for its surcharge accounts as the name identified in its preliminary statement, workpapers in future GRC proceedings to avoid confusion, and failure to be consistent with the preliminary statement should be deemed a tariff violation. $\frac{194}{}$
26	The C	ommission should also require SGVWC to report the previous audited
27	balance of ev	ery listed surcharge accounts in future GRC applications. Reporting audited
28	balance reduc	ces regulatory burden, increases transparency, and ensures ratepayers pay
29	only for prud	ently incurred costs.

 $[\]frac{194}{M}$ A.19-01-001 Interim Rates MA and D. 20-08-006 Interim Rate (IRMA) are the same account mentioned in two places in Joel M. Reiker's testimony, p. 61 and Attachment N.

III. ANALYSIS

- 2 In the application, SGVWC requests to review and dispose of surcharge account
- 3 balances as of August 2021. SGVWC provided updated balances as of December
- 4 2021 in discovery. Therefore, Cal Advocates audited the updated account balance as
- 5 of December 2021.
- As of December 31, 2021, SGVWC maintains 17 surcharge accounts in its FWC
- 7 division. Of 17 accounts, ¹⁹⁷ SGVWC requests to review 11 accounts in this GRC cycle.
- 8 Cal Advocates also reviewed the Water Rights Memorandum Account and Mains Project
- 9 Balancing Account. The following table summarizes the 13 accounts that Cal Advocates
- 10 has reviewed in this GRC application.

¹⁹⁵ Direct Testimony of Joel M. Reiker's, p. 59.

¹⁹⁷ Out of a total of 17 accounts in the FWC division, Cal Advocates hasn't reviewed 4 in this GRC application. These are Catastrophic Event Memorandum Account (CEMA), Section 790, Facilities Fees, and Land Parcels #215 and #221.

Table 13-1: Balancing and Memorandum Accounts for Amortization

Account Name	SGVWC's Workpaper as of December, 2021	Cal Adv' Review as of December, 2021	Cal Adv' Recommendation
	\$	Undercollection/ (Overcollection) \$	
PFAS MA	1,323		Do not amortize, Continue
Water Rights MA	0	0	Close
2018 Tax Accounting MA	281,368	281,368	Surcharge, Close
Water Cost BA	(3,497,403)	(3,497,403)	Refund, Continue
A.19-01-001 Interim Rates MA	533,857	533,857	Surcharge, Close
Conservation Program BA	(229,257)	(229,257)	Refund, Continue
Previously Authorized Balances BA	(1,525)	(1,525)	Refund, Continue
School Lead Testing MA	Immaterial	Immaterial	Close
Mains Project BA	N/A	N/A	Close
WRAM MA	509,545	509,545	Surcharge, Continue
Water Quality Litigation MA	583,717	583,717	Surcharge, Continue
CA Alternative Rates for Water BA (CARW)	510,183	510,183	Surcharge, Continue
Power Cost BA	431,113	431,113	Surcharge, Continue
Power Cost BA Total	431,113 \$(877,079)	431,113 \$(878,402)	Surcharge, Cor

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Out of these 13 accounts, Cal Advocates recommends closing five, ¹⁹⁸ and to

- 4 continue the remaining eight. ¹⁹⁹ Cal Advocates does not oppose the balance presented in
- 5 SGVWC's workpaper but opposes SGVWC's proposal to amortize the balance of the
- 6 PFAS Memorandum Account.

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¹⁹⁸ Water Rights MA, A.19-01-001 Interim Rates MA, 2018 Tax Accounting MA, Mains Project BA, School Lead Testing MA.

¹⁹⁹ Water Quality Litigation MA, Previously Authorized Balances BA, Monterey WRAM BA, PFAS MA, CA Alternative Rates for Water BA (CARW), Water Cost BA, Power Cost BA, Conservation Program BA.

The Commission should require SGVWC to refund the net overcollection balance of \$878,402 as a fixed monthly surcredit for a period of 12 months to credit the December 2021 balance presented in table 13-1 (third column) in this testimony.

Cal Advocates' review of surcharge accounts includes an analysis of each account's general ledger transaction details, interest calculations, authorizing document(s), and invoices to ensure there was no double recovery of expenses.

A. PFAS Memorandum Account

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SGVWC proposes to continue this surcharge account following amortization. Cal Advocates recommends the surcharge account remain open and the balance not be amortized until the potential for offsetting federal grants have been resolved.

The purpose of this account is to track incremental operating costs, customer and public notifications, and alternative sources of supply, to the extent the Utility is not ready to recover these expenses, to comply with regulatory standards set by the State Water Resources Control Board to detect, monitor, report and remediate per- and polyfluoroalkyl substances (PFAS) in drinking water. 200

As of August 2021, this account has an undercollection balance of \$1,323, which SGVWC has proposed to amortize as surcharges. The balance remains the same as of December $2021.\frac{202}{}$

The Biden administration is about to disburse billions of dollars from the 2021 infrastructure bill to tackle drinking water contamination through PFAS. As a regulated investor-owned water utility, SGVWC is expected to receive federal funds for water-quality testing, contractor training, and new treatment systems, among other

²⁰⁰ SGVWC Preliminary Statement W2.

²⁰¹ Direct testimony of Joel M. Reiker, p. 61 (table 11), and attachment N, A.22-01-003.

²⁰² SGVWC's Response to Cal Advocates' DR JBQ-002.

https://www.wsj.com/articles/biden-administration-to-start-spending-on-cleanup-of-forever-chemicals-in-drinking-water-11655298000?mod=hp listc pos4

- 1 measures. 204 Since the expected federal funds will offset the balance recorded in the
- 2 PFAS memorandum account, it is therefore premature to amortize the existing balance
- 3 recorded in the account. 205 The Commission should not allow SGVWC to amortize the
- 4 balance until the potential for incoming federal funds have been resolved.

The Commission should require SGVWC to continue this surcharge account without amortization at this time.

B. Water Rights Memorandum Account

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SGVWC intends to continue this surcharge account. Cal Advocates recommends this account be closed.

This account was established pursuant to D.17-06-008. The purpose of this surcharge account is to track the revenue requirement portion related to the purchase of water rights separately in both LA and FWC divisions. SGVWC requests to continue this account for purchasing water rights in the future when available. The Company has not made any water rights purchases in the FWC division since the inception of this surcharge account and thus it has no balance.

In the LA division, SGVWC has a separate water rights surcharge account, and in that division the Company has been leasing out its ratepayer-funded water rights since 1994, without sharing the revenues received with these lease-outs with ratepayers. 208209

²⁰⁴ https://www.epa.gov/newsreleases/epa-announces-new-drinking-water-health-advisories-pfas-chemicals-1-billion-bipartisan

²⁰⁵ https://www.wsj.com/articles/biden-administration-to-start-spending-on-cleanup-of-forever-chemicals-in-drinking-water-11655298000?mod=hp listc pos4

²⁰⁶ Ordering Paragraph 1, Settlement Section III.E16.

²⁰⁷ SGVWC Preliminary Statement K.

²⁰⁸ SGVWC's Response to Cal Advocates' DR AA9-005 (LA Water Rights II), Q.1a.

²⁰⁹ See Attachment 13-2: Leased water revenue provided in response to Cal Advocates' DR AA9-005 Q.1b.

1 Public Utilities Code § 851²¹⁰ requires the Company to seek the Commission's approval

2 before leasing out water rights. 211 SGVWC has not previously sought the Commission's

3 approval before leasing out water rights.

In September, 2020, Cal Advocates filed a Motion for an Order to Show Cause in

5 Suburban Water Company's GRC (A.20-03-001) regarding Suburban's lease-out of

water rights without Commission authorization and without sharing lease revenues with

7 ratepayers. 212 Given the issues raised in Cal Advocates' motion in the Suburban GRC,

8 for the year 2020, SGVWC offset its purchasing water cost with the lease revenue of

9 \$140,000.²¹³ In sum, with the exception of lease revenues for the year 2020, SGVWC

did not share revenue for its water rights leases with ratepayers dating as far back as

11 2000.

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SGVWC has been leasing out ratepayer-funded but unused water rights for decades, but requests to continue the surcharge account in the event it purchases additional water rights. It is not reasonable for a water IOU to track for future recovery

of purchasing new assets from ratepayers when identical unused assets have already been

purchased and funded by ratepayers.

²¹⁰ Cal. Pub. Util. Code § 851 ("A public utility, other than a common carrier by railroad subject to Part A of the Interstate Commerce Act (49 U.S.C. Sec. 10101 et seq.), shall not sell, lease, assign, mortgage, or otherwise dispose of, or encumber the whole or any part of its railroad, street railroad, line, plant, system, or other property necessary or useful in the performance of its duties to the public, or any franchise or permit or any right thereunder, or by any means whatsoever, directly or indirectly, merge or consolidate its railroad, street railroad, line, plant, system, or other property, or franchises or permits or any part thereof, without first having either secured an order from the commission authorizing it to do so for qualified transactions valued above five million dollars (\$5,000,000), or for qualified transactions valued at five million dollars (\$5,000,000) or less, filed an advice letter and obtained approval from the commission authorizing it to do so.").

²¹¹ See D.04-03-069.

²¹² Motion of the Public Advocates Office for an Order to Show Cause, A.20-03-001 (September 22, 2020), available at

https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M347/K563/347563183.PDF.

²¹³ SGVWC's Response to Cal Advocates' DR AA9-005 Q.2a.

Importantly, SGVWC does not require a surcharge account to purchase water rights outside of a GRC. As a non-depreciable asset, any additional water rights that SGVWC determines are necessary to purchase can be recovered by adding to ratebase at the actual cost incurred when determined to be reasonable in a subsequent GRC.

Since SGVWC does not require a surcharge account to purchase water rights, the

Since SGVWC does not require a surcharge account to purchase water rights, the Commission should require the Company to close this surcharge account and remove its reference from the preliminary statement.

C. 2018 Tax Accounting Memorandum Account

SGVWC proposes to continue this surcharge account following amortization. Cal Advocates opposes this request.

The purpose of this surcharge account is to track the revenue requirement impacts of the Tax Cuts and Jobs Act of 2017, including the reduction of the federal tax rate for businesses from 35% to 21%.

SGVWC is able to incorporate the new federal tax rate directly into its revenue requirement in this GRC and in response to a data request it intends to close this surcharge account following amortization. Thus, this account will no longer be needed.

As of August 2021, this account has an undercollection balance of \$281,291, which SGVWC has proposed to amortize as surcharges. 216

Cal Advocates reviewed the balance up to December 2021 when the undercollection balance increased to \$281,368. ²¹⁷ Cal Advocates does not disagree with the balance and recommends amortizing the undercollection through surcharges.

²¹⁴ SGVWC Preliminary Statement I.

²¹⁵ SGVWC's Response to Cal Advocates' DR JBQ-003 Q.6.

²¹⁶ Direct testimony of Joel M. Reiker, p. 61 (table 11), and attachment N, A.22-01-003.

²¹⁷ SGVWC's Response to Cal Advocates' DR JBQ-002.

The Commission should require SGVWC to close this surcharge account immediately following the amortization of \$281,368 as surcharges as of December 2021 and remove its reference from the preliminary statement.

D. Water Cost Balancing Account

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SGVWC proposes to continue this surcharge account following a refund. Cal Advocates does not oppose this request.

The purpose of this surcharge account is to record the monthly difference between the cost of pumped and purchased water and the adopted cost reflected in rates so that these differences can be trued-up through rates. $\frac{218}{}$

As of August 2021, this account has an overcollection balance of \$3,559,223, which SGVWC has proposed to refund to the ratepayers. 219

Cal Advocates reviewed the balance up to December 2021. Cal Advocates does not disagree with the balance recorded in the SGVWC workpaper and recommends refunding the overcollection balance of \$3,497,403 as of December 2021. This account should continue so the differences can be trued-up through rates after Commission review and approval.

The Commission should require SGVWC to continue this account following the refund of the \$3,497,403 overcollection balance as of December 31, 2021.

E. Interim Rates Memorandum Account (A.19-01-001)

SGVWC proposes to close this surcharge account following amortization. Cal Advocates does not oppose this request.

²¹⁸ SGVWC Preliminary Statement P3.

²¹⁹ Direct testimony of Joel M. Reiker, p. 61 (table 13), and attachment N, A.22-01-003.

²²⁰ SGVWC's Response to Cal Advocates' DR JBQ-002.

1	The purpose of this surcharge account is to track the difference between the
2	revenue billed under the interim rates and the revenues that would have been billed under
3	the rates adopted by the Commission in A.19-01-001. 221
4	As of August 2021, this account has an under-collected balance of \$533,710.

As of August 2021, this account has an under-collected balance of \$533,710, which SGVWC has proposed to amortize as surcharges. 222

Cal Advocates reviewed the balance up to December 2021 when the undercollection balance increased to \$533,857. Cal Advocates does not disagree with the balance and recommends amortizing the undercollection through surcharges.

The Commission should require SGVWC to close this surcharge account following the amortization of the balance of \$533,857 as of December 31, 2021.

F. Conservation Program Balancing Account

SGVWC proposes to continue this surcharge account following a refund. Cal Advocates does not oppose this request.

The purpose of this one-way balancing account is to track the actual versus authorized expenditures over the three-year GRC cycle so that any unspent funds collected through rates can be returned to ratepayers. 224

As of August 2021, this account has an overcollection balance of \$108,634, which SGVWC has proposed to refund to the ratepayers. 225

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²²¹ SGVWC Preliminary Statement W.

²²² Direct testimony of Joel M. Reiker, p. 61 (table 11), and attachment N, A.22-01-003.

²²³ SGVWC's Response to Cal Advocates' DR JBQ-002.

²²⁴ SGVWC Preliminary Statement J2.

²²⁵ Direct testimony of Joel M. Reiker, p. 61 (table 13), and attachment N, A.22-01-003.

- 1 Cal Advocates reviewed the balance up to December 2021 when the
- 2 overcollection balance increased to \$229,257. ²²⁶ Cal Advocates does not disagree with
- 3 the balance and recommends refunding it to the ratepayers. 227
- 4 The Commission should require SGVWC to continue this account following the
- 5 refund of the \$229,257 overcollection balance as of December 31, 2021.

G. Previously Authorized Balances Balancing Account

- 7 SGVWC proposes to continue this surcharge account following a refund. Cal
- 8 Advocates does not oppose this request.
- 9 The purpose of this surcharge account is to consolidate residual balances from
- 10 other surcharge accounts that are no longer needed, after the Commission reviews and
- approves the balances. This account will be retained for later disposition of any under- or
- over-amortizations that may exist after the authorized surcharges or surcredits expire. 228
- As of August 2021, this account has an overcollection balance of \$1,525, which
- 14 SGVWC has proposed to refund. 229 The balance remains the same as of December
- 15 $2021.\frac{230}{}$

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- The Commission should require SGVWC to continue this account following the
- 17 refund of the \$1,525 overcollection balance as of December 31, 2021.

H. School Lead Testing Memorandum Account

- SGVWC proposes to close this surcharge account. 231 Cal Advocates does not
- 20 oppose this request.

²²⁶ SGVWC's Response to Cal Advocates' DR JBQ-002.

²²⁷ SGVWC's Response to Cal Advocates' DR JBQ-002.

²²⁸ SGVWC Preliminary Statement F2.

²²⁹ Direct testimony of Joel M. Reiker, p. 61 (table 13), and attachment N, A.22-01-003.

²³⁰ SGVWC's Response to Cal Advocates' DR JBQ-002.

²³¹ Direct testimony of Joel M. Reiker, p. 62, and attachment N, A.22-01-003.

The purpose of this surcharge account is to track the incremental expense
associated with lead testing at schools that request this service. In the last GRC, the
Commission approved the amortization of the December 2018 balance recorded in this
surcharge account. As of December 31, 2021, this account has a balance of 86.65.
In this GRC, SGVWC declared this balance as immaterial, and it should be closed.
The Commission should require SGVWC to close this surcharge account and
remove its reference from the preliminary statement.

I. Mains Project Balancing Account

The Commission should require SGVWC to close this surcharge account and remove its reference from the preliminary statement.

The purpose of this one-way balancing account is to track the amortization of the authorized \$2,161,866 balance transferred from the Mains Project Memorandum Account. $\frac{236}{}$

As of December 31, 2021, this account has a balance of \$74,643. The amortization of this balancing account ended in March 2022, after which SGVWC is supposed to transfer the residual balance to the Previously Authorized Balances Balancing Account (PABBA) and close this balancing account by advice letter request. 238

232 SGVWC Preliminary Statement Z.

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²³³ D.20-08-006, Ordering Paragraph No. 1, and Appendix C thereto, p. 78-80.

²³⁴ SGVWC's Response to Cal Advocates' DR JBQ-002, Q.4.

²³⁵ Direct testimony of Joel M. Reiker, p. 62, line 4-5.

²³⁶ SGVWC Preliminary Statement S.

²³⁷ SGVWC's Response to Cal Advocates' DR JBQ-002 Q.2, workpaper titled "FWC Mains Projects Balancing."

²³⁸ SGVWC's Response to Cal Advocates' DR JBQ-002 Q.4.

- On June 7, 2022, SGVWC submitted an advice letter to transfer the residual and to close
- 2 the account. $\frac{239}{}$

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- 3 Upon closing the surcharge account, the Commission should require SGVWC to
- 4 remove its reference from its preliminary statement.

J. Water Revenue Adjustment Mechanism ("WRAM") Memorandum Account

7 SGVWC proposes to continue this surcharge account following amortization. Cal

- 8 Advocates does not oppose this request but recommends renaming the account to
- 9 "Conservation WRAM Memorandum Account".
- The purpose of this surcharge account is to track the quantity rate revenues
- 11 collected under Schedule FO-1C tiered rates against the revenues that would have been
- 12 collected under a single block quantity rate. 240
- In SGVWC's preliminary statement, this surcharge account is named as "WRAM
- 14 Memorandum account," 241 whereas in SGVWC's witness Joel Reiker's testimony it is
- named as "Monterey WRAM Balancing Account." It is an inconsistency. Importantly,
- 16 the calculation of this account is solely based on the impact of conservation rates, and the
- 17 CPUC approved this mechanism for all utilities, not just for Monterey. Thus, Cal
- 18 Advocates recommends renaming it as "Conservation WRAM Memorandum Account" to
- 19 avoid the confusion.
- As of August 2021, this account has an undercollection balance of \$550,249,
- which SGVWC has proposed to amortize as surcharges. 243

²³⁹ Advice Letter 580.

²⁴⁰ SGVWC Preliminary Statement H2.

²⁴¹ SGVWC Preliminary Statement H1.

²⁴² Direct testimony of Joel M. Reiker, p. 60 (table 10).

²⁴³ Direct testimony of Joel M. Reiker, p. 61 (table 11), and attachment N, A.22-01-003.

Cal Advocates reviewed the balance up to December 2021 when the undercollection balance decreased to \$509,545.\frac{244}{2} Cal Advocates does not disagree with the balance and recommends amortizing the undercollection through surcharges.

The Commission should require SGVWC to rename the surcharge account as "Conservation WRAM Memorandum Account" and allow the Company to continue it following the amortization of the \$509,545 balance through surcharges as of December 31, 2021.

K. Water Quality Litigation Memorandum Account

SGVWC proposes to continue this surcharge account following amortization. Cal Advocates does not oppose this request.

The purpose of this surcharge account is to track outside legal and consulting expenses for water quality litigation, as well as contamination proceeds that are not reflected in base rates and any amortization of such recorded balances. 245

As of August 2021, this account has an undercollection balance of \$528,347, which SGVWC has proposed to amortize as surcharges. 246

Cal Advocates reviewed the balance up to December 2021 when the undercollection balance increased to \$583,717. Cal Advocates does not disagree with the balance and recommends amortizing the undercollection through surcharges.

The Commission should allow SGVWC to continue this surcharge account following the amortization of the undercollection balance of \$583,717 through surcharges as of December 2021.

²⁴⁴ SGVWC's Response to Cal Advocates' DR JBQ-002.

²⁴⁵ SGVWC Preliminary Statement I3.

²⁴⁶ Direct testimony of Joel M. Reiker, p. 61 (table 11), and attachment N, A.22-01-003.

²⁴⁷ SGVWC's Response to Cal Advocates' DR JBQ-002.

L. CA Alternative Rates for Water ("CARW") Balancing Account

SGVWC proposes to continue this surcharge account following amortization. Cal Advocates does not oppose this request.

The purpose of this surcharge account is to track the costs of the CARW program against the estimates reflected in rates, until "sufficient experience" with the CARW program is attained that such costs can be reliably forecasted in a GRC proceeding. 248

As of August 2021, this account has an undercollection balance of \$503,944, which SGVWC has proposed to amortize as surcharges. 249

Cal Advocates reviewed the balance up to December 2021 when the undercollection balance increased to \$510,183. Cal Advocates does not disagree with the balance and recommends amortizing the undercollection through surcharges.

The Commission should allow SGVWC to continue this surcharge account following the amortization of the \$510,183 undercollection balance through surcharges as of December 31, 2021.

M. Power Cost Balancing Account

SGVWC proposes to continue this surcharge account following amortization. The Commission should allow SGVWC to continue this account following the amortization of the \$431,113 undercollection balance through surcharges as of December 31, 2021.

The purpose of this surcharge account is to record the monthly difference between the cost of purchased water and the adopted cost reflected in rates so that these differences can be trued-up through rates. 251

²⁴⁸ SGVWC Preliminary Statement G2.

²⁴⁹ Direct testimony of Joel M. Reiker, p. 61 (table 11), and attachment N, A.22-01-003.

²⁵⁰ SGVWC's Response to Cal Advocates' DR JBQ-002.

²⁵¹ SGVWC Preliminary Statement P4.

1	As of August 2021, this account has an overcollection balance of \$361,433, which
2	SGVWC has proposed to refund to the ratepayers. 252
3	Cal Advocates reviewed the balance up to December 2021 when the balance
4	turned to \$431,113 undercollection due to increased purchased power costs. 253 Cal
5	Advocates does not disagree with this balance. This account should continue so the
6	differences can be trued-up through rates after Commission review and approval.
7	The Commission should require SGVWC to continue this surcharge account
8	following the surcharge of the \$431,113 under-collected balance as of December 31,
9	2021.
10	IV. CONCLUSION

IV. CONCLUSION

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- The Commission should require SGVWC to refund a total overcollection balance of \$878,402 as of December 31, 2021, as a fixed monthly surcredit presented in Table 13-1 of this testimony.
- 14 Out of the 13 surcharge accounts reviewed in this GRC, Cal Advocates does not 15 recommend a different balance compared to what is presented in SGVWC's workpaper 16 but opposes SGVWC's proposal to amortize the balance of the PFAS Memorandum 17 Account.
 - Out of these 13 accounts, Cal Advocates recommends closing five accounts, and to continue the other six. Cal Advocates recommends closing the following five accounts:
 - 1) Water Rights Memorandum Account
 - 2) A.19-01-001 Interim Rates Memorandum Account
- 23 3) 2018 Tax Accounting Memorandum Account

²⁵² Direct testimony of Joel M. Reiker, p. 61 (table 13), and attachment N, A.22-01-003.

²⁵³ SGVWC's Response to Cal Advocates' DR JBQ-007, Q.3.

²⁵⁴ SGVWC's Response to Cal Advocates' DR JBQ-002.

1	4) Mains Project Balancing Account
2	5) School Lead Testing Memorandum Account.
3	Out of these 13 accounts, Cal Advocates recommends refunding the balance of the
4	following three:
5	1) Water Cost Balancing Account
6	2) Conservation Program Balancing Account
7	3) Previously Authorized Balances Balancing Account
8	Among this list, the Water Cost Balancing Account carries the biggest impact with
9	a recommended refund of \$3,497,403 overcollection balance as of December 2021. Cal
10	Advocates recommends renaming the "WRAM Memorandum Account" to
11	"Conservation WRAM Memorandum Account."

Attachment 13-1: Balancing Accounts History

State of California

Memorandum

Nate: September 23, 1985

OFFSETS; ETC.

HYDRAUI IN DRANCH

To : Commissioners

From Public Utilities Commission—San Francisco - JOSEPH E. BODOVITZ Executive Director

T

File No.:

Subject :

As you may have seen in the notes of the Friday Committee senior staff discussion, we thought it might be useful for you to have some background information as you review ALJ Patrick's draft decision on second-year attrition for energy utilities. That draft will soon be circulating, and will contain discussion of, for example, the interaction of ERAM and attrition. We therefore thought it would be useful for you and your advisors to have a brief history of balancing accounts, attrition allowances, and other regulatory mechanisms now in place.

Attached, therefore, is a summary that was prepared in mid-1982 as an introduction to what was then planned as a larger policy document on various regulatory strategies. Much of the strategy discussion found its way into other documents, and the introduction is still surprisingly current and clear.

There is, however, one significant change: The attached summary refers to the GEDA and EEDA programs, which were still in place in 1982. EEDA has now been concluded in accordance with a Commission order, with the proposed sale of EEDA properties discussed in a consultant's report. GEDA is the subject of a draft decision by ALJ Johnson which is soon to be circulated for review. The draft recommends, among other things, project-by-project review of the current GEDA projects of utilities, to determine which should be kept and which should be sold.

The Advisory Branch of the Evaluation and Compliance Division (headed by Ida Goalwin) will be glad to try to answer any questions you or your advisors may have with regard to the various regulatory mechanisms described in the attached paper.

Attachment

cc: Commissioners' Advisors Agenda Distribution List All ALJs All Attorneys

BACKGROUND ON MAJOR ELEMENTS OF CPUC REVENUE REQUIREMENT REGULATION - THE CONDITIONS LEADING TO THEIR ADOPTION AND WHETHER CONDITIONS HAVE CHANGED

This paper is an overview of conditions and assumptions to objectively describe the major elements of CPUC's revenue requirement regulations. It describes the dynamics and forces behind where we are today and whether they have changed; it does <u>not</u> reach ultimate conclusions on whether or how the components of CPUC's revenue requirement should be changed.

The major elements of CPUC's program for energy utility revenue requirement regulation are:

- 1. Fuel/energy cost offsets coupled with balancing accounts.
- A prospective estimated normal test year results of operations in general rate proceedings.
- 3. Sales-supply adjustment mechanisms.
- 4. Attrition allowances annually between general rate decisions.
- Ratemaking repercussions from having utilities promote conservation.
- The use of balancing accounts to cover utility costs for new programs to fianance conservation measures, solar deomonstration programs, and RCS audits.
- 7. Gas Exploration and Development Adjustment (GEDA) and Electric Energy Development Adjustment (EEDA).

These programs are addressed in that order:

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Fuel/Energy Cost Offsets Coupled With Balancing Accounts

Prior to the 1970s utilities' fuel/energy costs were relatively stable - and compared to today, cheap. During the 1960s CPUC allowed advice letter "PGA trackers" to process direct pass-through of FPC tracking pipeline company rate increases; CPUC set up this mechanism shortly after the FPC established its corresponding cost tracking procedure.

When the interstate pipeline suppliers received a general rate increase from the FPC, CPUC required gas cost applications to be filed, as contrasted to the PGA trackers. CPUC did not have balancing accounts.

On the electric side, prior to 1974 fuel-energy costs were reviewed in general rate proceedings (which were relatively infrequent). In 1974, after the oil embargo and costs started their dramatic rise, a fuel clause adjustment (FCA) procedure was set up. AT first these adjustments were done by advice letter. About 1975 they were done through formal applications as hearings were required. The FCA procedure involved using the recorded-current fuel-energy cost and a projected fuel burn and/or energy mix; at first a 12-month forecast test period was used, but by the end of the FCA a 6-month test period was used. There was no balancing account.

In 1976 the standard Energy Cost Adjustment Clause* (ECAC) was adopted. CPUC started removing more and more direct energy-fuel cost components from base rates, moving toward what was termed "zero fuel costs base rates." A separate billing factor, called "ECAC billing factor" or ECACBF, is used. This was necessary because a balancing account was used, where billing factor revenues were credited and energy-fuel costs were debited. Electric utilities filed ECAC applications twice each year. CPUC's activity on ECAC involved reviewing reasonableness of recorded ECAC expenses and adopting a forecast energy mix and sales. In the eventual decision the ECACBF was changed to: amortize any overor undercollection in the balancing account (a 12-month amortization period was generally used) and to prospectively recover current expense for the projected energy mix. In December 1980 current ECAC procedures were adopted:

 Three ECAC filings annually, with one selected to review the reasonableness of the previous 12 months of recorded expense (called the record period).

^{*} Called "clause" because the procedure and details were placed in the utilities' tariffs as part of their Preliminary Statement.

- Over- or undercollections would bear interest at the commercial rate.
- Gains and losses from oil sales and 2% of estimated ECAC expense was, in essence, made part of the base rate by removing these costs from the balancing account.

Conditions and Assumptions That Led CPUC to Present ECAC/GAC Ratemaking

- 1. Changes in gas and energy costs do not coincide with general rate proceedings and, in fact, occur far more frequently.
- Energy cost offset matters must be processed very expeditiously since utilities may unavoidably be paying higher prices and, absent a balancing account, will never recover the shortfall.
- CPUC is inadequately staffed to thoroughly analyze, hold and conclude public hearings, and issue a decision within a few weeks when utilities file fuel-energy cost offset applications.
- 4. Gas-energy prices started rising so frequently that forecasting these expenses was virtually impossible.
- 5. The rise in fuel-energy prices, coupled with any deviation from an average-year energy mix, meant the economic repercussions to either the utility or ratepayers could be gigantic.
- 6. Use of balancing accounts and periodic review of recorded expenditures for prudency would allow CPUC and its staff time to completely review utility operating decisions and conditions.
- Reduced risk to utilities (from balancing account protection from revenue shortfall) could be reflected in setting rate of return.

CPUC's Experience With ECAC/GAC Balancing Account Ratemaking

Retrospective balancing account review to determine if utilities pursued lowest cost courses is difficult but CPUC has no choice; its statutory function is to serve as juror deciding whether an increase in rates is justified and reasonable (P.U. Code Sections 451 and 454). Thus,

balancing account ratemaking is not premised on the ability to move retrospective decisions on prudency and reasonableness; CPUC always has the obligation to judge prudency and reasonableness before any rate changes irrespective of the ratemaking procedures.

ECAC meant CPUC staff needed to continuously monitor and review utility operations (e.g. mix, contracts, and operating choices). This was a new role, and a real change from regulation in the 1960s and early 1970s. Staff is still trying to get organized; given the nature of such review; it's an activity where the battle to get "really organized" will always be present. Also, it's been difficult for CPUC to make prudency disallowances because "the money has been spent"; it takes a compelling showing to make a disallowance. The result is balancing account review has essentially shifted the burden of proof to staff and intervenors to show expenditures were not prudent.

Conditions and Assumptions Which have Changed

None of the underlying conditions have changed. Some claim utility risk and incentive has been drastically reduced through balancing account offset ratemaking. It is debatable whether this is due to the ratemaking procedures themselves or how they are administered, applied, and viewed. The key for present procedures to be effective is to have ongoing and aggressive staff review to stay abreast of what options the utility had to minimize cost and to evaluate whether the lowest cost options were pursued; balancing cost with supply considerations is part of the ongoing analysis. There can never be any clear formulistic approach to evaluating prudency and reasonableness; otherwise the expertise of CPUC and its professional staff would not be needed. Prudency issues are always challenging, but as long as CPUC regulates monopoly utilities under the existing statutory scheme these issues must be grappled with and resolved.

^{*} The showing expected of utilities should be a detailed explanation of options, the choices selected and why. Staff should analyze the known or reasonably foreseeable options with a skeptical professional eye toward determining if the utility's management made the most economical choice.

This means a big commitment of personnel/positions. Given that general rate proceeding work has intensified, it is impossible for staff to do "hindsight" ECAC and GAC review thoroughly. Remember, balancing account ratemaking is a new and demanding ratemaking activity that is continuous, and which is undertaken in addition to general rate proceedings.

II

Prospective Estimated Test Year Results Of Operations in General Rate Proceedings

CPUC may only set or change rates to cover prospective conditions. The exception is where a balancing account is established, and even then the balancing account cannot start retroactively. The test year constitutes a normal or typical period of operation, representative of conditions over the future period for which rates are set. The most difficult variables have been isolated out for balancing account treatment (e.g. sales-revenues and fuel-energy costs). Use of a future test year has significantly helped lend credibility to utility regulation in California. It means no rate can be raised without a showing future conditions reasonably justify an increase. This contrasts with states where rates are periodically adjusted simply on recorded or historical costs. Adopting a prospective test year results of operations, and CPUC's evidentiary and burden of proof process that goes with it, has been a rebuff to those that allege regulation simply fosters cost plus utilities and rates (this assumes staff does more than accept utility data and simply trend it).

It is recognized that actual costs may vary either way from those adopted when rates are set, but this gives utility management an incentive to keep costs as low as possible to maximize profits. In turn, efficient operations that maximize profits can be a benefit that ultimately accrues to ratepayers because the presumably efficient operations are the base everyone estimates from the next time rates are set.

Conditions and assumptions that affect the extent to which test year ratemaking is used, instead of to balancing account-offset ratemaking are:

- Volatility of inflation and utility costs that are beyond the control of utility management.
- 2. The degree to which CPUC wishes to impose ratemaking constraints in the interest of providing incentive to utility management to maximize productivity and cut costs.

We can expect utilities to continually press for the comfort of more balancing account ratemaking and the green light to file a variety of offset applications between general rate proceedings. Utility management wants the best of all worlds; high earnings and a high rate of return but as little risk as possible; it's CPUC's task to recognize that desire and pressure, and weigh it against the need to have management incentive working to minimize costs. The degree with which test year ratemaking is used depends largely on the policy orientation of CPUC.

III

Sales-Supply Adjustment Mechanisms

In 1978 CPUC adopted a Supply Adjustment Mechanism (SAM) for gas utilities. The purpose was to ensure gas utilities neither lost money nor made excess profits when supplies-sales went under or over estimated sales adopted when general rates are set. The condition leading to SAM was supply uncertainty; this was in the era of gas supply gloom and doom preceding enactment of NGPA (when interstate pipelines were curtailing supplies). The consensus was that given the bleak uncertain supply picture, it was impossible to forecast sales (which are a function of supply to serve lower priority customers). A result could, for example, be if no low priority sales were assumed when adopting sales in general rate cases and supply became available to serve P-4-and P-5-customers, the utility had a windfall profit.

About the same time CPUC started its efforts to get utilities to encourage and achieve customer conservation as a means of prolonging

gas supply. SAM fit well as a means of ensuring significant conservation results would not penalize utilities by eroding earnings. Critics of SAM argued it was a "guaranteed rate of return," which is not true. It works with a balancing account as follows: From the base sales estimate adopted in the most recent general rate decision the utility is made whole for the margin it would have had on sales if recorded sales are less than the base; if it sells more than the base amount, the margin on those incremental sales goes to the ratepayer as a credit to the SAM balancing account. As SAM evolved it was procedurally rolled into gas offset proceedings.

On the electric side, CPUC had an OII into an Electric Sales Adjustment Mechanism. Given outlandish proposals by utilities and staff resistance, nothing was adopted; that was in 1979. However, in 1980 the issue of forecasting sales in SoCal Edison's general rate case became acute. Reduced customer use, either from rising rates or conservation programs-awareness, started being noticeable. Edison was nervous. Hearings were reopened shortly before CPUC's decision was due to update sales forecasts. Likewise PG&E shortly afterward filed an offset application based on, among other things, a changed sales picture. Interest in the SAM concept for electric utilities was rekindled. In December 1981 CPUC adopted an Electric Rate Adjustment Mechanism (ERAM) for PG&E and SDG&E; ERAM for Edison is probably on the way.

Now, both ERAM and SAM are premised on the assumptions and conditions that:

- It is too difficult to project and estimate sales
 1-2 years ahead.
- 2. Sales-supply fluctuations are largely ratemaking elements beyond the control of utility management.
- The mechanisms ensure utilities cannot resist promoting conservation because their successful conservation efforts would erode shareholder earnings; a potential disincentive is removed.

Have Conditions Changed Since SAM and ERAM Were Set Up?

Supply for gas utilities is not the fearful problem it once was--at least for now. But forecasting customer use is getting more difficult. Both mechanisms bring some comfort to regulators and utilities. However, they reduce both risk and opportunity. Utilities won't lose their shirts if sales drop, but they won't make it big if they increase. Utilities and the investment community seem to like certainty. Having the mechanisms ensures no financial loss to utilities for pursuing "vigorous and innovative" conservation programs as mandated by CPUC. So, SAM and ERAM suit needs of utilities and regulators. They are criticized by some as meaning the ratepayer will never see economic benefits from conservation; however, at most, they give the utility recovery of fixed costs (or the margin) when sales decline (albeit the fixed costs are spread through a smaller quantity of sales). Over the long term ratepayers realize their savings from conserving because variable costs are avoided. SAM and ERAM have never been really well-explained.

IV

Attrition Allowance on Step Rates Between General Rate Decisions

For many years there was steady growth in customers and sales which largely offset rising utility costs. Thus, general rate cases were much more infrequent than today. With inflation, rising cost of capital, and less customer growth and consumption came more frequent rate proceedings, culminating in the present rat-race cycle of general rate decisions every two years for energy utilities.

The assumptions and conditions leading to step rates through attrition adjustments were:

- In an inflationary period it is too difficult, if not impossible, to set rates for a prospective adopted test year which will reasonably allow utilities the opportunity to realize CPUC's authorized return.
- Swings in earnings (e.g. higher the year following a rate decision and lower the second year) unavoidably

- caused by inflation would alarm the financial community, */ lead to downrating, and ultimately increase utility debt costs.
- 3. There is not room for utility management to further spur productivity gains on savings to offset rising costs during the second year after a rate decision. This assumption is premised on the belief utility management is continually and highly motivated to maximize profits.

Have conditions changed? There are still fairly dramatic swings in the cost of capital. Inflation may be on the decline. Whether attrition allowances will survive, given the pressure for the regulator to ensure utility management has maximum incentive to minimize costs, is a big question at this juncture. The answer will probably depend on what course inflation takes and the degree to which CPUC can evaluate whether utility management is taking all reasonable steps to maximize profits through productivity gains and cost-cutting despite attrition allowances.

V

Ratemaking Repercussions from Having Utilities Promote Conservation

CPUC has, since the 1973-74 Arab oil embargo, increasingly stressed the importance of conservation. Consumer conservation means high variable costs associated with incremental new demand can be avoided. Avoiding highest cost peaking generation saves all ratepayers. Likewise, long-term fixed costs that result when new generation facilities are built can be reduced by conservation as the need for new facilities can be slowed. Conservation by gas customers prolongs gas supply and may eventually tend to create economic supply-demand pressures to keep gas supplier prices down.

Traditionally utilities promoted more consumer use of energy; gas and electric utilities competed in promoting their respective energy product. There were economies of scale; and if customer use went up between

^{*} These people thrive on predictability.

relatively infrequent rate cases earnings went up and the stockholders could benefit. Having utilities actively promote conservation seemed by many to be inconsistent with the utilities' interests; it was said funding their conservation programs through ratemaking expense could only result in halfhearted inefficient use of ratepayer funding. However, it was for want of any other in-place organization or entity to start statewide conservation programs that CPUC chose to direct utilities to have "vigorous and imaginative" conservation programs funded from operating expense. A hindsight test was to be applied, with potential return penalties, to ensure adequate efforts were taken.

Revenue or sales protection ratemaking mechanisms (SAM and ERAM) ensure utilities have no disincentive or penalty if conservation occurs. Issues surrounding the level of conservation program funding, effectiveness of proposed programs and of past efforts became bigger and bigger issues in general rate proceedings.

The asumptions leading to CPUC's current program and approach having utilities promote conservation with ratepayer funding are:

- Conservation can reduce the need for expensive new generating capacity and incremental variable costs; it can prolong gas supply.
- No other means of getting programs in place and developing statewide awareness of the need and benefits of conservation existed; utilities were the only in-place entities with resources to carry out programs.
- Particularly early in CPUC's efforts, utility rates had not reached the painful economic level that would lead to consumer conservation efforts due to price alone.
- 4. CPUC had the staff to analyze proposed programs, funding levels, economic benefits, and past utility efforts.

Have these underlying conditions or assumptions changed? Much of the effort spent analyzing proposed programs and their funding have centered around cost-effectiveness. From the regulator's standpoint there is no

comfort in funding programs that are not clearly cost-effective; direct utility involvement in promoting conservation remains controversial and, of course, it is CPUC's obligation to ensure this nontraditional ratepayer-funded activity is in the economic interest of all ratepayers. In reaction to concern that utility management might not apply the utmost in management acumen to devise and carry out the most effective programs possible, there were efforts to devise incentives. But devising an incentive-penalty program depends on being able to set reasonable goals and to objectively measure results; this, of course, is almost full circle and leads back to a task as difficult as evaluating cost-effectiveness of individual programs. Regulatory complexity and ratesetting nightmares continue with either approach. The changed assumptions and conditions are:

- If CPUC allocates from limited staff resources to analyze, devise, and monitor utility conservation programs (either program by program or an overall reward and penalty program), tremendous staff resources are diverted from the traditional never-ending revenue requirement ratesetting issues of greater dollar magnitude.
- Utility rates have reached a level where consumers are aware of the benefits of conservation and are starting to scramble in search of ways to conserve; given NGPA and gas deregulation this will, over the long run, intensify.

The question for CPUC is now whether utility conservation efforts should start scaling back as rates increase. Should efforts concentrate on load management vis-a-vis conservation generally? Either way the greatest problem remains: CPUC took on a huge complex program area with essentially the same overall staff recources that existed for periodic revenue requirement proceedings. CPUC has not been able to regulate conservation efforts with an eye toward cost-effectiveness and positive payoffs to the degree and confidence it would like, given the fiscal and resource limitations it faces as an agency.

The Use of Balancing Accounts to Cover New Utility Programs

Balancing account ratemaking was extended from ECAC and GAC as a means of covering utility costs for certain load management programs (which arose between general rate proceedings), the demonstration solar financing program, and, most recently, weatherization financing. For the latter, it has evolved into a "full cost of service tariff" to guarantee recovery and satify project financing lenders.

The conditions and assumptions leading to this were:

- 1. The programs were relatively novel and specific annual expenditures were hard to estimate.
- The most rapid way to promote the programs and not peg their pace to annualized cost recovery was to establish a balancing account.
- Implementing the programs could not, in CPUC's view, wait for inclusion in a general rate proceeding.
- Actual costs could be adequately reviewed for reasonableness later during balancing account adjustment proceedings.

It was largely convenience and expediency which led to these balancing accounts. As with ECAC, for the staff they mean catchup ratemaking, or auditing and reviewing to see if unreasonable costs are recorded in the balancing account.

The use of balancing account-offsets to start up and fund new high priority programs will probably continue; they reduce utility resistance since the guarantee of recovering reasonable dollar-for-dollar expenditures is extended. It's fair to say that new balancing accounts are fostered by the perceived need for expediency to meet novel circumstances. To a great degree balancing account or hindsight ratemaking is the antithesis of prospective test year ratemaking. This is pretty widely recognized. The distinctions and ramifications should be kept firmly in mind by CPUC when weighing whether to launch new balancing accounts.

Gas Exploration and Development Adjustment (GEDA) And Electric Energy Development Adjustment (EEDA)

These are ratepayer-funded cost-plus programs that were originally undertaken when it appeared California could be without energy sources to meet its needs. The largest program is GEDA. The keynote is that GEDA moves gas utilities (PG&E and SoCal) into ratepayer-funded gas supply activity. This is a departure from the traditional distribution role. Utility affiliates do the actual investment, exploration, and development activity under CPUC authorization that sets the geographic scope and funding levels. The affiliate, when it's all said and done, gets all costs recovered from the utility's ratepayers and an after-tax rate of return (that is granted to the utility) on its capitalized GEDA rate base. Needless to say, GEDA can be a little gold mine for utilities.

In 1981 CPUC reviewed GEDA and continued it under some new ratemaking groundrules. It was continued because of the prospect of cheap gas and economic benefit to ratepayers, not because it's essential to secure supply. Under CPUC's latest groundrules shareholders bear 20% of the risk-investment (50% in Cook Inlet). SoCal Gas is winding down its GEDA program. PG&E may pursue new GEDA projects with its Rocky Mountain leasehold options and in California.

GEDA and EEDA are reversals of the traditional shareholder-ratepayer roles. GEDA was last modified to instill some shareholder risk. These programs are aberrations in the broad view of CPUC's regulation and in time will probably be phased out. These mechanisms illustrate how the specter of serious supply problems can lead regulators to reverse the traditional shareholder-ratepayer role and relationship.

Conclusion

CPUC's procedures and approach to energy utility ratemaking have significantly evolved over the past 15 years. We now have essentially two types and almost parallel tracks for ratemaking:

1. General rate proceedings always underway (with a decision every 2 years for the large utilities).

2. Balancing account ratemaking which is continuous.

Has this changed utility risk and incentive? Does it necessarily lead to less efficient operations and equate to higher rates? The answers are clouded. In the sense that balancing account ratemaking has more potential for abuse and, almost by nature, the burden of proof to show reasonableness is essentially shifted to staff and intervenors. CPUC was and is not staffed to vigorously cover all the ratemaking bases; we have continuous ratemaking and we are still staffed to do periodic general rate cases. Balancing account or hindsight ratemaking is the toughest and most demanding ratemaking if it's vigorously pursued. If CPUC staffing and resources continues at present levels, it is impossible to do a thorough and vigorous job on all fronts. The degree to which CPUC resources are inadequate to stay abreast of balancing account ratemaking directly equates into reduced risk for utility management (e.g. less risk of vigorous regulatory oversight). Does this mean the large balancing accounts should be phased out? Again the staff resource question haunts us. Most of the conditions and forces (including inadequate staffing) that led to balancing account ratemaking still exist. Whichever course CPUC takes, until it is equipped to aggressively engage in balancing account ratemaking, or to do a credible job the economic forces would demand in the absence of balancing accounts, it's going to continue to be a far less than perfect or satisfying regulatory process.

Different ratemaking approaches can all be made credible in theory; it's the logistics of putting them into practice which plague us. The lesson, then, is before things are changed further, the ramifications and realities for staffing must be carefully thought through; otherwise progress, done with the best of intentions, will be illusory.

CHAPTER 14 CUSTOMER SERVICE

2 I. INTRODUCTION

This chapter presents the analysis and recommendations of Cal Advo
--

regarding the customer service performance standards for SGVWC's Fontana division. 4

II. SUMMARY OF RECOMMENDATIONS

- 6 The Commission should find the Fontana division of SGVWC to be compliant
- 7 with the Commission's General Order ("GO") 103-A customer service performance
- 8 standards.

1

5

9 III. **ANALYSIS**

- 10 After analyzing data reported by the Consumer Affairs Branch ("CAB"), GO 103-
- 11 A's customer service performance criteria, and data reported directly from SGVWC, the
- 12 Fontana division is compliant with the performance and reporting standards for customer
- 13 service.

14 A. CAB Customer Contacts

- 15 CAB is responsible for assisting customers with billing and service inquires pertaining to their local utility. The following are the relevant categories CAB used to 16
- define complaint types: 255 17
- 18 Complaints - Denote written consumer contacts in which the consumer is protesting or expressing dissatisfaction with an action or 19
- 20
- practice of the CPUC, or a regulated or non-regulated utility. These include
- 21 issues that may be outside the purview of CAB to investigate or outside the 22 regulatory authority of the Commission. These issues are not forwarded to
- 23 the utility company for resolution but handled as a referral to the appropriate
- 24 utility, CPUC division, entity, or closed outright with the appropriate letter
- of explanation. 25

^{255 &}quot;Standard Disclosures for CAB Data" in an email from Reynolds, F. Alan from CAB.

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256 Attachment 14-1 (Data received in an email from CAB from Reynolds, F. Alan on 2/17/2022)

14-2

Informal Complaints (IC) - Denote written consumer contacts

Phone Contacts - Denote all consumer calls in reference to concerns,

Inquiries - Denote written consumer contacts requesting facts and

Table 14.1 below summarizes the customer contacts CAB received from 2017 to

2019

0*

5

11*

16

2020

0

1

2*

3

2021

1

4*

5*

10

expressing dissatisfaction with, or a dispute with a utility regarding issues within the regulatory authority of the CPUC. These issues are forwarded to

questions, and complaints related to utility companies. These contacts are

the utility company for investigation and response.

Table 14.1 – FWC CAB Customer Contacts 2017 to 2021

2018

1

4

17*

22

*Contacts do not include data for which the specific division the contact was for could not be

San Gabriel has a written procedure for handling customer complaints. When a

customer calls for an inquiry, a customer service representative ("CSR") will speak to

("FSO") visits the customer and, based on the type of complaint (taste and order,

them to resolve the issue. If the issue remains unresolved, then a Field Service Operator

2017

5

5

31*

41

B. Customer Complaints Received by SGVWC

no longer coded as complaints, inquiries, etc.

information for a situation.

2021 for the Fontana division. 256

Contact Type

Complaint

Complaint

Total

determined.

Phone Contact

Informal

- 1 turbidity, pressure, sand, air/milky/cloudy, bill inquiries, leaks, miscellaneous), will try to
- 2 identify and troubleshoot the problem. Regardless of whether a resolution is provided,
- 3 the customer service manager follows up with the customer by phone to confirm
- 4 customer satisfaction. 257 The Fontana division provided data for the service complaints
- 5 received directly from customers.
- Table 14.2 below summarizes the service complaints received from 2017 to 2021
- 7 from Fontana division customers. 258

8

Table 14.2 – FWC Service Complaints 2017 to 2021

Cause	2017	2018	2019	2020	2021
Taste & Odor	9	9	3	11	2
Turbidity	0	0	0	0	0
Pressure (High or Low)	224	215	214	238	117
Sand	4	1	2	1	2
Air-Milky-Cloudy	1	2	2	5	1
Bill Inquiries	1,164	1,338	1,073	938	984
Leaks - Mains	97	187	146	125	152
Leaks - Services	193	136	29	45	86
Leaks - Hydrants	84	82	49	52	40
Misc. / Other					
Complaints	0	4	0	0	0
Total	1,776	1,974	1,518	1,415	1,384

²⁵⁷ EXHIBIT SG-3 (Fontana Water Company Division) CHAPTER 12: Rates and Service.

²⁵⁸ Attachment 14-2 (CHA-003 FWC -2&3 in response to DR CHA-003 Customer Service).

1 C. GO 103-A Customer Service Performance Standards

- 2 The Commission's General Order 103-A outlines standards for telephone
- 3 inquiries, billing performance, meter reading, billing, work completion, and response to
- 4 customer and regulatory complaints.
- Table 14.3 below summarizes the year-to-date customer service performance
- 6 standards 2017 to 2021 for the Fontana division. ²⁵⁹ The standards are all in compliance
- 7 with the goals of GO 103-A.

8

Table 14.3 – FWC Customer Service Performance Standards

	Goal	2017	2018	2019	2020	2021
Phone System			1			
Total Calls Received	-	52,422	53,511	57,151	37,921	21,013
# Of Calls Answered in						
30 Seconds	-	51,523	52,811	56,353	37,263	20,869
% Of Calls Answered in						
30 Seconds	> or = 80.0%	98.3%	98.7%	98.6%	98.3%	99.3%
# Of Calls Abandoned	-	899	700	798	658	144
% Of Abandonment						
Rate	< or = 5.0%	1.7%	1.3%	1.4%	1.7%	0.7%
Billing	1		1	1	1	I
Total Bills Scheduled to						
Run	-	560,728	568,143	571,854	571,909	576,997
Total Bills Rendered	-	560,728	568,143	571,854	571,909	576,997
% Bills Rendered In 7						
days	> or = 99.0%	100%	100%	100%	100%	100%
Inaccurate Bills						
Rendered	-	660	422	435	443	457

²⁵⁹ Attachment 14-3 (CHA-016 ATTACHMENT 1 in response to DR CHA-016 Customer Service).

	Goal	2017	2018	2019	2020	2021
% Of Inaccurate Bills						
Rendered	< or = 3.0%	0.1%	0.1%	0.1%	0.1%	0.1%
Payments	1	1	l	ı	1	l
Total Payments Posted	-	553,532	565,345	570,075	535,247	524,311
Payment Posting Errors	-	11	15	7	10	9
% Of Payment Posting						
Errors	< or = 1.0%	.0%	0%	0%	0%	0%
Meter Reading	1	1	l	ı	1	l
Total Number of Meter						
Reads Scheduled	-	581,163	585,623	588,867	591,764	595,849
Total Scheduled Reads						
Not Read	-	1,562	1,287	1,336	1,445	1,173
% Meters Not Read	< or = 3.0%	0.3%	0.2%	0.2%	0.2%	0.2%
Work Order	I.	1	l	l	I.	l
Completion	-					
Total Work Orders						
Scheduled	-	17,302	20,739	15,603	6,246	6,113
# Scheduled Orders						
Missed	-	0	0	0	0	0
% Of Scheduled						
Appointments Missed	< or = 5.0%	0%	0%	0%	0%	0%
Total Customer						
Requested Work Orders	-	1,638	1,599	1,389	1,016	1,121
# Customer Requested						
Scheduled Orders						
Missed	-	0	5	12	0	0

	Goal	2017	2018	2019	2020	2021
% Customer Requested						
Scheduled Orders						
Missed	< or = 5.0%	0%	0.3%	0.9%	0%	0%
CAB Complaints	I	l	I	I	I	I
Total # of						
Connections/Customers	-	187,008	47,304	46,882	49,660	48,370
# Of Complaints to						
Utility from CAB	-	5	4	4	0	0
% Of Complaints to						
Utility from CAB	< or = 0.10%	0%	0%	.01%	0%	0%

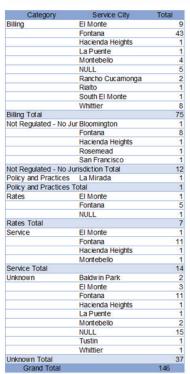
1 IV. CONCLUSION

- 2 The Fontana division of SGVWC complies with the Class A utility performance and
- 3 reporting requirements of GO 103-A.

Attachment 14-1: (Data received in an email from CAB from Reynolds, F. Alan on 2/17/2022)

FW: San Gabriel Valley Water_2nd data request





Attachment 14-2: CHA-003 FWC -2&3 (in response to CHA-003 Customer Service Question #2)

Data Request No. CHA-003 (Custmer Service)

	Exhibit CH	A-003 FV	VC-2			
Cause	2017	2018	2019	2020	2021	Total
Taste & Odor	9	9	3	11	2	34
Turbidity	0	0	0	0	0	0
Pressure (High or Low)	224	215	214	238	117	1008
Sand	4	1	2	1	2	10
Air-Milky-Cloudy	1	2	2	5	1	11
Bill Inquiries	1,164	1,338	1,073	938	984	5497
Leaks - Mains	97	187	146	125	152	707
Leaks - Services	193	136	29	45	86	489
Leaks - Hydrants	84	82	49	52	40	307
Misc. / Other Complaints	0	4	0	0	0	4
Total	1,776	1,974	1,518	1,415	1,384	8,067

Exhibit CHA-003 FWC-3

	7/1 - 12/31		
Taste & Odor	1		
Turbidity	0		
Pressure (High or Low)	93		
Sand	1		
Air-Milky-Cloudy	0		
Bill Inquiries	497		
Leaks - Mains	82		
Leaks - Services	62		
Leaks - Hydrants	20		
Misc. / Other Complaints	0		

Attachment 14-3: CHA-016 ATTACHMENT 1 (in response to CHA-016 Customer Service Question #1)

						Year to	
	Goal	Q1	Q2	Q3	Q4	Date	Comment
PHONE SYSTEM							
Total Calls Received		11,883	12,651	13,043	14,845	52,422	
# Calls Answered in 30 seconds	22.224	11,690	12,413	12,874	14,546	51,523	
1(A) % Calls Answered in 30 seconds	> or = 80.0%		98.1%	98.7%	98.0%	98.3%	
# Calls Abandoned		193	238	169	299	899	
1(B) Abandonment Rate	< or = 5.0%	1.6%	1.9%	1.3%	2.0%	1.7%	
BILLING							
Total Bills Scheduled to Run		139,621	139,497	140,274	141,336	560,728	
Total Bills Rendered		139,621	139,497	140,274	141,336	560,728	
Bills Not Rendered in 7 days (10 for finals)	00.004	100.007	400.007	400.004	400 004	400.004	
2(A) % Bills Rendered In 7 days	> or = 99.0%		100.0%	100.0%	100.0%	100.0%	
Inaccurate Bills Rendered		289	115	111	145	660	
2(B) % of Inaccurate Bills Rendered	< or = 3.0%	0.2%	0.1%	0.1%	0.1%	0.1%	
PAYMENTS							
Total Payments Posted		135,811	136,708	139,801	141,212	553,532	
Payment Posting Errors		2	1	6	2	11	
2 (C) % of Payment Posting Errors	< or = 1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
METER READING							
Total Number of Meter Reads Scheduled		144,842	145,216	145,500	145,605	581,163	
Total Scheduled Reads Not Read		408	288	456	410	1,562	
3(A) % Meters Not Read	< or = 3.0%	0.3%	0.2%	0.3%	0.3%	0.3%	
WORK ORDER COMPLETION							
Total Work Orders Scheduled		4,233	4,407	4,349	4,313	17,302	
# Scheduled Orders Missed		0	0	0	0	0	
4(A) % of Scheduled Appointments Missed	< or = 5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total Customer Requested Work Orders		190	335	711	402	1,638	
# Customer Requested Scheduled Orders Missed		0	0	0	0	0	
4(B) % Customer Requested Scheduled Orde	< or = 5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
CAB COMPLAINTS							
Total # of Connections/Customers		46,495	46,655	46,839	47,018	187,008	
# of Complaints to Utility from CAB		1	2	2	0	5	
5(A) % of Complaints to Utility from CAB	< or = 0.10%	0.0%	0.0%	0.0%	0.0%	0.0%	

PHONE SYSTEM Total Calls Received Calls Answered in 30 seconds (A) % Calls Answered in 30 seconds Calls Abandoned	Goal	Q1 12,266	Q2	Q3	Q4	Year to Date	Comments
otal Calls Received Calls Answered in 30 seconds (A) % Calls Answered in 30 seconds Calls Abandoned		40.000				Date	Somments
Calls Answered in 30 seconds (A) % Calls Answered in 30 seconds Calls Abandoned		12.266	12,667	14.951	13,627	53,511	
(A) % Calls Answered in 30 seconds Calls Abandoned		12,119	12,453	14,759	13,480	52,811	
Calls Abandoned	> or = 80.0%		98.3%	98.7%	98.9%	98.7%	
	7 01 - 00.070	147	214	192	147	700	
(B) Abandonment Rate	< or = 5.0%	1.2%	1.7%	1.3%	1.1%	1.3%	
BILLING	(0. 0.070	1.270	1.170	1.070	1. 170	1.070	
otal Bills Scheduled to Run		141,617	141,898	142,519	142,109	568,143	
otal Bills Rendered		141,617	141,898		142,109		
Bills Not Rendered in 7 days (10 for finals)							
(A) % Bills Rendered In 7 days	> or = 99.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
naccurate Bills Rendered		113	94	89	126	422	
(B) % of Inaccurate Bills Rendered	< or = 3.0%	0.1%	0.1%	0.1%	0.1%	0.1%	
AYMENTS							
otal Payments Posted		142,455	139,776	141,812	141,302	565,345	
Payment Posting Errors		5	6	3	1	15	
(C) % of Payment Posting Errors	< or = 1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
METER READING							
otal Number of Meter Reads Scheduled		146,005	146,234	146,635		585,623	
otal Scheduled Reads Not Read		295	385	285	322	1,287	
(A) % Meters Not Read	< or = 3.0%	0.2%	0.3%	0.2%	0.2%	0.2%	
VORK ORDER COMPLETION							
otal Work Orders Scheduled		5,487	5,230	5,119	4,903	20,739	
Scheduled Orders Missed		0	0	0	0	0	
(A) % of Scheduled Appointments Missed	< or = 5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
otal Customer Requested Work Orders		344	357	646	252	1,599	
Customer Requested Scheduled Orders Missed		1	0	3	1	5	
(B) % Customer Requested Scheduled Orde	< or = 5.0%	0.3%	0.0%	0.5%	0.4%	0.3%	
CAB COMPLAINTS							
otal # of Customers		47,143	47,244	47,377	47,455	47,304	
of Complaints to Utility from CAB		3	1	0	0	4	
(A) % of Complaints to Utility from CAB	< or = 0.10%	0.0%	0.0%	0.0%	0.0%	0.0%	

						Year to	
	Goal	Q1	Q2	Q3	Q4	Date	Commen
PHONE SYSTEM							
Total Calls Received		13,072	13,535	15,510	15,034	57,151	
# Calls Answered in 30 seconds		12,900	13,295	15,340	14,818	56,353	
1(A) % Calls Answered in 30 seconds	> or = 80.0%	98.7%	98.2%	98.9%	98.6%	98.6%	
# Calls Abandoned		172	240	170	216	798	
1(B) Abandonment Rate	< or = 5.0%	1.3%	1.8%	1.1%	1.4%	1.4%	
BILLING							
Total Bills Scheduled to Run		142,868	142,525	143,150	143,311	571,854	
Total Bills Rendered		142,868	142,525	143,150	143,311	571,854	
Bills Not Rendered in 7 days (10 for finals)		0	0	Ö	0	0	
2(A) % Bills Rendered In 7 days	> or = 99.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Inaccurate Bills Rendered		169	91	59	116	435	
2(B) % of Inaccurate Bills Rendered	< or = 3.0%	0.1%	0.1%	0.0%	0.1%	0.1%	
PAYMENTS							
Total Payments Posted		142,643	139,056	144,434	143,942	570,075	
Payment Posting Errors		2	2	3	0	7	
2 (C) % of Payment Posting Errors	< or = 1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
METER READING							
Total Number of Meter Reads Scheduled		146,840	147,294	147,339	147,394	588,867	
Total Scheduled Reads Not Read		336	264	346	390	1,336	
3(A) % Meters Not Read	< or = 3.0%	0.2%	0.2%	0.2%	0.3%	0.2%	
WORK ORDER COMPLETION							
Total Work Orders Scheduled		3,815	4,012	3,966	3,810	15,603	
# Scheduled Orders Missed		0	0	0	0	0	
4(A) % of Scheduled Appointments Missed	< or = 5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total Customer Requested Work Orders		217	344	463	365	1,389	
# Customer Requested Scheduled Orders Missed		2	4	3	3	12	
4(B) % Customer Requested Scheduled Orde	< or = 5.0%	0.9%	1.2%	0.6%	0.8%	0.9%	
CAB COMPLAINTS							
Total # of Connections/Customers		46,447	46,558	46,630	46,884	46,882	
# (C L1 L100 (CAB		1	1	1	1	4	
# of Complaints to Utility from CAB						0.01%	

	Goal	01		Q3		Year to	_
PHONE SYSTEM	Goal	Q1	Q2	ЦJ	Q4	Date	Comme
Total Calls Received		10,033	10,102	11,237	6,549	37,921	
# Calls Answered in 30 seconds		9,899	9,889	10,991	6,484	37,263	
	or = 80.0%		97.9%	97.8%	99.0%	98.3%	
Calls Abandoned	> OF = 8U.U%	134	213	246	65	658	
	< or = 5.0%	1.3%	2.1%	2.2%	1.0%	1.7%	
B) Abandonment Rate	< OF = 0.U%	1.3%	Z. 17 .	Z.Z7.	1.0%	1.7%	
otal Bills Scheduled to Run		140 410	142,957	140.000	140 710	571,909	
otal Bills Scheduled to Hun		142,418		142,822 142,822	143,712		
		142,418 n	142,957 0		143,712	571,909 0	
Ils Not Rendered in 7 days (10 for finals) A) % Bills Rendered In 7 days	or = 99.0%			0	100.0**		
accurate Bills Bendered in 7 days	> or = 99.U%		100.0%	100.0%	100.0%	100.0% 443	
	2.0%	127	108	76	132		
B) % of Inaccurate Bills Rendered	< or = 3.0%	0.1%	0.1%	0.1%	0.1%	0.1%	
			400 707	400 400	400 400	E0E 0.15	
tal Payments Posted		135,636	132,737	133,466	133,408	535,247	
yment Posting Errors	4.004	1	6	1	2	10	
C) % of Payment Posting Errors	< or = 1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
ETER READING							
al Number of Meter Reads Scheduled		147,524	147,500	148,311	148,429	591,764	
al Scheduled Reads Not Read		266	339	429	411	1,445	
	< or = 3.0%	0.2%	0.2%	0.3%	0.3%	0.2%	
ORK ORDER COMPLETION							
otal Work Orders Scheduled		1,493	1,632	1,640	1,481	6,246	
Scheduled Orders Missed		0	0	0	0	0	
	< or = 5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
tal Customer Requested Work Orders		170	263	318	265	1,016	
Customer Requested Scheduled Orders Missed		0	0	0	0	0	
3) % Customer Requested Scheduled Orde	< or = 5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
B COMPLAINTS							
al # of Connections/Customers		49,150	49,280	49,480	49,660	49,660	
- Constant - Little Constant		0	0	0	0	0	
of Complaints to Utility from CAB A) % of Complaints to Utility from CAB	< or = 0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	

		01		-		Year to	
NIONE CYCTEM	Goal	Q1	Q2	Q3	Q4	Date	Comments
PHONE SYSTEM Fotal Calls Received		6,374	4,817	5,275	4,547	21.013	
Calls Answered in 30 seconds		6,341	4,791	5,213	4,547	20.869	
(A) % Calls Answered in 30 seconds	> or = 80.0%		99.5%	99.2%	99.1%	99.3%	
Calls Abandoned	7 01 - 00.078	33	26	42	43	144	
(B) Abandonment Rate	< or = 5.0%	0.5%	0.5%	0.8%	0.9%	0.7%	
BILLING	(01 - 3.076	0.37	0.37	0.07	0.57	0.17	
Total Bills Scheduled to Run		144,133	144,042	143,623	145,199	576,997	
otal Bills Rendered		144,133	144,042		145,199	576,997	
Bills Not Rendered in 7 days (10 for finals)		0	0	0	0	0	
(A) % Bills Rendered In 7 days	> or = 99.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
naccurate Bills Rendered		155	88	95	119	457	
(B) % of Inaccurate Bills Rendered	< or = 3.0%	0.1%	0.1%	0.1%	0.1%	0.1%	
AYMENTS							
Total Payments Posted		132,477	129,614	130,924	131,296	524,311	
Payment Posting Errors		2	3	2	2	9	
(C) % of Payment Posting Errors	< or = 1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
METER READING							
Fotal Number of Meter Reads Scheduled		148,779	149,015	148,972	149,083	595,849	
Fotal Scheduled Reads Not Read		288	248	341	296	1,173	
B(A) % Meters Not Read	< or = 3.0%	0.2%	0.2%	0.2%	0.2%	0.2%	
WORK ORDER COMPLETION							
Total Work Orders Scheduled		1,595	1,532	1,526	1,460	6,113	
# Scheduled Orders Missed		0	0	0	0	0	
4(A) % of Scheduled Appointments Missed	< or = 5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total Customer Requested Work Orders		257	262	374	228	1,121	
# Customer Requested Scheduled Orders Missed		0	0	0	0	0	
4(B) % Customer Requested Scheduled Orde	< or = 5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
CAB COMPLAINTS							
Total # of Connections/Customers		48,260		48,407	48,451	48,370	
# of Complaints to Utility from CAB		0	0	0	0	0	
5(A) % of Complaints to Utility from CAB	< or = 0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	

CHAPTER 15 WATER QUALITY

2 I. INTRODUCTION

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- This chapter presents the analysis and recommendations of Cal Advocates
- 4 regarding the water quality of SGVWC's Fontana division.

II. SUMMARY OF RECOMMENDATIONS

- The Commission should find the Fontana division water system of SGVWC to be
- 7 compliant with the applicable water quality standards.

III. ANALYSIS

- 9 The Fontana division consists of the Fontana water system. The main sources of
- 10 groundwater for customers are the Chino Basin, Rialto Basin, and Lytle Creek Basin.
- 11 Local surface water is sourced from Lytle Creek and untreated surface water from the
- 12 State Water Project. 260 Groundwater makes up 60% of the water supply, 15% comprised
- of local surface water, and the remaining 25% water comes from the State Water
- Project. 261 According to the most recent Consumer Confidence reports from 2019 and
- 15 2020, the Fontana division is following all applicable drinking regulations. There are no
- 16 current outstanding violations based on the Safe Drinking Water Information System for
- 17 the Division of Drinking Water. 262

²⁶⁰ EXHIBIT SG-7 (Swift) SECTION IV.

²⁶¹ EXHIBIT SG-7 (Swift) ATTACHMENT D.

https://sdwis.waterboards.ca.gov/PDWW/

A. Violations Since the Last GRC (2019)

Since the last GRC, no violations have occurred in the Fontana division. SCVWC provided this information as part of its application, ²⁶³ and this information was verified on DDW's website.

B. Water Treatment

Currently, the Fontana division has 29 active groundwater wells. Fontana division uses a Supervisory Control and Data Acquisition ("SCADA") system to keep well water safe for customer use. To ensure the Maximum Contaminant Level ("MCL") does not exceed 80%, Fontana division has installed nitrate analyzers which work in conjunction with the SCADA system to automatically shut off wells if the MCL is exceeded. The Fontana division also uses chlorine analyzers and pumps with the SCADA system to automatically shut off wells if the chlorine level is not within the specified range. Fontana division reported that 14 of its wells were contaminated with nitrate that either exceeded, was equal to, or almost exceeded the MCL of 10 parts per million. To mitigate contamination, the division has installed nitrate analyzers in several wells, including 07A, 07B, 17B, 17C, 24A, and 26A, as well as packers in 23A and 44B. Additionally, some contaminated wells have already begun blending, while others are waiting for approval from DDW to combine water from multiple wells to meet the permissible water quality criteria. Cal Advocates examines SGVWC's proposed capital projects to address the nitrate pollution in Chapter 7.

²⁶³ EXHIBIT SG-6 (Reiker) APPENDIX A (MDRs) SECTION II Testimony Requirements – G.

²⁶⁴ EXHIBIT SG-7 (Swift) SECTION III. Water Supply and Treatment.

²⁶⁵ Attachment 15-1 (CHA-015 Nitrate Spreadsheet in response to DR CHA-015 Water Quality).

1 IV. CONCLUSION

- 2 The Commission should find SGVWC's Fontana division water systems to be in
- 3 compliance with the applicable water quality standards.

Attachment 15-1: CHA-015 Nitrate Spreadsheet (in response to CHA-015 Water Quality Question #1)

Well Name	Nitrate as N (mg/L) MCL	Historical High Nitrate results	Most Recent Nitrate Results	FWC Treament	м	ost recent		gh between 2021-2022	Average 2021-2022
WELL F-07A	10	9.4	6.6	Nitrate analyser shuts down Well at 80% of MCL	6.6	4/14/2022	9.4	6/8/2021	6.8
WELL F-07B	10	11	4.9	Nitrate analyser shuts down Well at 80% of MCL	4.9	4/14/2022	8.3	11/18/2021	6
WELL F-10B	10	5.4	5.4	Blending with F10C, F10D & F49A	5.4	4/4/2022	5.4	2/7/2022	5
WELL F-10C	10	8.1	4.7	Blending with F10B, F10D & F49A	4.7	4/25/2022	5.8	12/27/2022	5.2
WELL F10D	10	6.7	6.4	Blending with F10B, F10C & F49A	6.4	4/4/2022	6.7	6/1/2021	5.2
WELL F-13A	10	2.7	2		2	2/10/2022	2.1	5/18/2021	2
WELL F-13B	10	2	1.8		1.8	2/10/2022	2	5/18/2021	1.9
WELL F-15A	10	9.4	6.9		6.9	4/18/2022	7.1	3/17/2022	6.5
WELL F-17B	10	17.3	7.7	Nitrate analyser shuts down Well at 80% of MCL	7.7	5/2/2022	7.2	7/6/2021	6.3
WELL F-17C	10	10	7.7	Nitrate analyser shuts down Well at 80% of MCL	7.7	5/2/2022	7.7	5/2/2022	6.1
WELL F21B	10	7.3	4.5		4.5	5/2/2022	5.4	3/3/2021	4.6
WELL F-23A	10	9.3	5.4	Packer installed 2021	5.4	4/26/2022	5.8	1/18/2022	5.3
WELL F-24A	10	6.7	4.9	Nitrate analyser shuts down Well at 80% of MCL/Blend plan pending DDW approval	4.9	4/27/2022	5.5	3/25/2022	5
WELL F-26A	10	9.2	5.8	Nitrate analyser shuts down Well at 80% of MCL/Blend plan pending DDW approval	5.8	5/4/2022	8.4	3/28/2022	6.6
WELL F-27A	10	1.1	0.64		0.6	4/11/2022	0.7	4/11/2022	0.6
WELL F-28A	10	2	1.6		1.6	2/14/2022	2	3/10/2021	1.8
WELL F-29A	10	3.5	1.8		1.8	2/14/2022	2.1	3/10/2021	1.9
WELL F-31A	10	8.1	6.1	Nitrate analyser to be installed 2022/Blend plan pending DDW approval	6.1	5/2/2022	6.5	9/7/2021	6.1
WELL F-31B	10	3.3	3.2	Nitrate analyser to be installed 2022/Blend plan pending DDW approval	3.2	3/15/2022	3.3	9/13/2021	3.2
WELL F-32A	10	1.9	1.9		1.9	3/14/2022	1.9	3/14/2022	1.8
WELL F-33A	10	1.3	0.69		0.7	3/17/2022	0.7	3/17/2022	0.6
WELL F-34A	10	2.4		Low water cannot run					
WELL F-36A	10	4.6	4.1		4.1	2/14/2022	4.6	10/26/2021	4.3
WELL F-40A	10	2.4	2		2	2/14/2022	2.1	1/4/2022	2
WELL F-42A	10	2.1	0.75		0.8	2/8/2021	0.8	2/8/2021	0.7
WELL F-44A	10	7.9	7.3	Blend Plan 2017/ packer install schedulaed for 2022	7.3	5/2/2022	7.6	5/12/2021	7.2
WELL F-44B	10	8.8	7.3	Blend Plan 2017/ Packer installed 2021	7.3	5/2/2022	7.6	4/25/2022	6.4
WELL F-44C	10	7.1	6.7	Blend Plan 2017/ packer install schedulaed for 2022	6.7	5/2/2022	7.1	4/25/2022	6.4
WELL F-49A	10	4.9	2.8	Blending with F10B, F10C & F10D	2.8	8/2/2021	2.9	6/1/2021	2.8
WELL F54A	10	1.7	1.5		1.5	2/14/2022	1.5	2/14/2022	1.4
Data was taken from Fontana V	Vater Quality Datal	base and all results are	e represented in mg/L	Data provided as of 5-19-2022 pulled by EDT					

CHAPTER 16 RATE DESIGN

2 I. INTRODUCTION

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2	D 4 1 '	• 41 4 4	· .	1 1 4	4.1.4	C 4 'CC 1
3	Rate design	is the structure	of prices	charged to 1	itility customers	tor fariffed
_	I tate acoingi	is the structure	or prices	oriar goa to t	actific y Castofficis	ioi tailiioa

- 4 services. The process for creating a rate design involves determining the revenue
- 5 requirement, the allocation of revenue recovery between fixed and quantity charges
- 6 (revenue allocation), finding appropriate tier breakpoints for tiered meter services,
- 7 calculating the standard quantity rate, and establishing a tiered quantity rate structure for
- 8 tiered meter services. Effective rate design encourages conservation, offers affordable
- 9 options for baseline water use, and is revenue neutral. 266

II. SUMMARY OF RECOMMENDATIONS

- The Commission should adopt a 3-Tier conservation rate design as it is
- more consistent with other large investor-owned water utilities and
- statewide conservation efforts.
- The Commission should retain current revenue allocation split of 70%/30%
- to quantity and fixed charges, respectively.

16 III. ANALYSIS

A. Revenue Allocation

- In the FWC division, the revenue allocation is split 70%/30% to quantity and fixed
- 19 charges, respectively. This is the same revenue allocation approved for the FWC division
- in D.20-08-006. The Commission should retain the current revenue allocation as it
- 21 reasonably promotes conservation and affordability in the FWC division.

16-1

²⁶⁶ D.20-08-047, p. 106.

B. Tier Design

2 SGVWC proposes to retain the current 2-tier tiered residential metered services

3 ("conservation rate design") in the FWC division with a tier break established at 14

4 CCF. $\frac{267}{1}$ However, a 2-tier tiered structure may not be sufficient to advance conservation

5 when California may face mandatory water use restrictions and voluntary water use

6 reduction has not been effective as explained in Chapter 2 of this report. The

7 Commission should adopt a 3-tiered meter services to send a stronger conservation price

8 signal and to provide affordable options for baseline water use.

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Table 16-1: FWC Division Tier Design

FWC Division Tier Design							
Tiers Tier Width (ccf)							
1	0 to 10						
2	10 to 21						
3	21+						

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Cal Advocates' recommendation on rate design in this chapter and the conservation expense budget in CHAPTER 5 of this report helps advance the utility's and the ratepayers' conservation efforts. SGVWC is responsible for improving the conservation outcomes and to meet the Governor's Executive Order (N-10-21) with the conservation expense budget and the conservation rate design. The rate design includes

funding for conservation programs and the utility is responsible for the proper

implementation of conservation programs and for improving conservation outcomes.

1. Tier 1 Breakpoint

The Commission ordered water utilities to provide analysis in their next GRC to determine the appropriate Tier 1 breakpoint that is not less than the monthly baseline

²⁶⁷ Exhibit SG-6 (Reiker), p.51.

quantity of water necessary for basic human needs for each ratemaking area. ²⁶⁸ The

2 Commission further explained that 6 CCF per household (of three), or 2 CCF per month

3 per person, is the minimum monthly quantity of water that should be allocated to Tier 1

4 of a conservation-oriented rate design. $\frac{269}{}$

SGVWC completed a household population estimate in 2020 and estimates that,

on average, there are 4.9 persons per household in the FWC division. 270 In 2020, the

7 FWC division served 48,185 connections with an estimated population of 236,754

8 people. 271 The Commission should adopt a Tier 1 breakpoint at 10 CCF in the FWC

division, which effectively allocates a reasonable quantity of water to Tier 1 of a

10 conservation oriented rate design.

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2. Tier 2 Breakpoint

The Commission should adopt a Tier 2 breakpoint at the 85th percentile of the monthly average water use, thereby capturing the highest 15% of consumption in Tier 3. This provides a standardized basis for establishing tier breakpoints and has good

customer communication/education properties as well as encouraging conservation. Tier

3 will capture ratepayers that do not meet Governor Newsom's voluntary water reduction

goals in TY 2023-2024; the utility needs to follow up with customers in Tier 3 to promote

stronger conservation efforts.²⁷² To wit: if you are in Tier 3, it means you are in the top

15% of water users. Please consider ways you can use water more efficiently.

To determine the appropriate Tier 2 breakpoint, Cal Advocates conducted a sales distribution analysis, based on FWC division's single-family residential customers'

²⁶⁸ D.20-08-047, Ordering Paragraph No.2.

²⁶⁹ Based on the standards established in California Water Code Section 10609.4(a).

²⁷⁰ Exhibit SG-7 (Swift), Attachment A.

 $[\]frac{271}{236,754}$ people / 48,185 number of customers/households = 4.9 people per household.

https://www.gov.ca.gov/2021/07/08/as-drought-conditions-intensify-governor-newsom-calls-on-californians-to-take-simple-actions-to-conserve-water/

- 1 average monthly consumption over the 2019 2021 period, in finding the appropriate tier
- 2 breakpoint that fits the 85th percentile of monthly consumption. As such, the
- 3 Commission should adopt a Tier 2 breakpoint at 21 CCF in the FWC division.

3. Implementing a Third Tier

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5 The Commission should adopt a third tier (21 CCF and above) in tiered metered 6 services to further advance the State's conservation goals. There is uncertainty as to 7 whether ratepayers will be able to meet the State's potential water use reduction mandate. 8 The exact mandatory water use reduction percentage is unknown at the time of filing this 9 report. In January 2014, then California Governor Brown set a 20% voluntary water use reduction goal as part of declaring a drought emergency. 273 The State had trouble 10 reaching this voluntary goal and under Executive Order B-29-15, Governor Brown 11 imposed a water use restriction mandate to achieve a statewide 25% reduction in potable 12 urban water usage compared to 2013 levels. 274 These restrictions were in place until 13 April 2017, when Governor Brown lifted drought emergency restrictions for most of 14 California. 275 Similarly, Governor Newsom may establish a mandatory use reduction 15 goal higher than the current voluntary use reduction goal of 15%. 276 The sales forecast in 16 Chapter 2 accounts for this 15% water use reduction in TY 2023-2024. If Governor 17 18 Newsom imposes a higher percentage of mandatory water use reduction, then SGVWC's 19 current 2-tier conservation rate design may not adequately meet conservation goals. By 20 implementing a third tier, the Commission will reduce rates for users who conserve water 21 and send a stronger conservation price signal to higher water users.

 $[\]frac{\textbf{273}}{\textbf{https://www.nytimes.com/2015/04/02/us/california-imposes-first-ever-water-restrictions-to-deal-with-drought.html}$

 $[\]frac{\textbf{274}}{\text{https://www.ca.gov/archive/gov39/wp-content/uploads/2017/09/4.1.15}} \ \underline{\text{Executive Order.pdf}}$

 $[\]frac{275}{\text{https://www.npr.org/sections/thetwo-way/2017/04/07/523031241/gov-jerry-brown-lifts-drought-emergency-for-most-of-california}$

https://www.gov.ca.gov/2021/07/08/as-drought-conditions-intensify-governor-newsom-calls-on-californians-to-take-simple-actions-to-conserve-water/

SGVWC's historical sales data indicates that FWC division's residential ratepayers did not reach the targeted 25% water use reduction throughout the drought restricted period. FWC residential ratepayers did manage to get close to the target reduction over a two-year period when comparing 2015-2016's consumption with 2013's consumption. Table 16-2 below summarizes FWC division's residential consumption

6 between 2011 and 2020.

7 Table 16-2: FWC Division's Residential Consumption (2011-2020)

FWC Division	2011	2012	2013	2014	2015
Total Res. Sales (ccf)	10,871,860	11,484,433	11,464,684	11,413,244	9,217,014
Total Res. Sales % Change		5.6%	-0.2%	-0.4%	-19.2%
Res. Customers	40,787	40,917	41,107	41,359	41,617
Sales per Customer	266.6	280.7	278.9	276.0	221.5
FWC Division	2016	2017	2018	2019	2020
Total Res. Sales (ccf)	8,790,187	9,293,619	9,433,519	8,875,520	9,761,305
Total Res. Sales % Change	-4.6%	5.7%	1.5%	-5.9%	10.0%
Res. Customers	41,948	42,384	42,812	43,084	43,367
Sales per Customer	209.5	219.3	220.3	206.0	225.1

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There is uncertainty as to whether ratepayers can meet the mandatory water use reduction level Governor Newsom plans to implement by TY 2023-2024 under the current 2-tier conservation rate design also implemented during Governor Brown's mandatory water use restrictions. While mandatory use restrictions can effectively reduce consumption, it may not reach the levels originally intended and more than one year may be required to reach the target. Implementing a third tier in the conservation rate design will better help meet conservation goals.

C. Rate Ratios

The Commission should adopt the following rate ratio to complement the three-tiered meter services, summarized below.

Tiers	Rate Ratio
Tier 1	86% of SQR
Tier 2	Standard Quantity Rate (SQR)
Tier 3	150% of SQR

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The Tier 1's rate ratio is calculated as the plug-in rate to maintain revenue neutrality in the rate design. Tier 3's rate ratio is set at 150% of the Standard Quantity Rate ("SQR") to send a strong price signal to promote and increase conservation. Tier 2's rate ratio is set at the SQR to ensure that Tier 2 incorporates a basic allocation for affordable indoor and outdoor water usage. Based on SGVWC's original application's revenue requirement and the TY 2023-2024 sales forecast recommendation in Chapter 2,

8 the following Table 16-3 illustrates the resulting rates. 277

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Table 16-3: FWC Division Rate Ratios & Rates

FWC Division Rate Ratios & Rates									
Tiers	Rules	Rate Ratio		Rates					
1	Plug-in Rate	86%	\$	4.03					
2	SQR	100%	\$	4.66					
3	1.5x of SQR	150%	\$	6.98					

D. Rate Design Average Bill Analysis

Table 16-4 through 16-6 below summarizes the average bill analysis for residential customers using 10 CCF, 14 CCF, 21 CCF, and 26 CCF per month under a three-tier conservation rate design. The revenue requirement used in the rate design calculation is based on SGVWC's original revenue requirement request in the application and the sales forecast recommendation in Chapter 2.

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The actual rates recommended by Cal Advocates are lower as they reflect a lower recommended Revenue Requirement.

Table 16-4: FWC Division's 3 Tier Conservation Rate Design Bill Analysis

	FWC Division's 3 Tier Conservation Rate Design Bill Analysis													
		A	verage Bill A	nalysis			Average Bill Analysis							
			(10 CCF)						(26 CCF)				
Tiers	Rat	es (\$)	Usage (ccf)	Quantity	y Charge (\$)		Tiers Rates (\$)			Usage (ccf)	Quantit	y Charge (\$)		
1	\$	4.03	10	\$	40.26		1	\$	4.03	10	\$	40.26		
2	\$	4.66	0	\$	-		2	٠,	4.66	11	\$	51.21		
3	\$	6.98	0	\$	-		3 \$ 6.98			5	\$	34.92		
Total 10 \$ 40.26												126.39		

	Average Bill Analysis								
	(14 CCF)								
Tiers	Rat	tes (\$)	Usage (ccf)	Qu	antity Charge (\$)				
1	\$	4.03	10	\$	40.26				
2	\$	4.66	4	\$	18.62				
3	\$	6.98	\$	-					
-	Гotа	al	14	\$	58.88				

Distribu	ution of Consumption
CCF	% of Distribution
10	55%
14	73%
21	85%
26	90%
An avg rat	epayer uses 14 CCF of
water mo	nthly.

	Average Bill Analysis									
	(21 CCF)									
Tiers	Tiers Rates (\$) Usage (ccf) Quantity Charge (\$)									
1	\$	4.03	10	\$	40.26					
2	\$	4.66	11	\$	51.21					
3 \$ 6.98 0 \$ -										
-	Tota	al	21	\$	91.47					

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Table 16-5: FWC Division's 2 Tier Conservation Rate Design Bill Analysis

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FWC Division's 2 Tier Conservation Rate Design Bill Anal											l Analysis	
	Average Bill Analysis						Average Bill Ar					
			(10 CCF)							(26 CCF)	
Tiers	Rat	es (\$)	Usage (ccf)	Qua	ntity Charge (\$)		Tiers		Rat	tes (\$)	Usage (cc	
1	\$	4.41	10	\$	44.12			1	\$	4.41	1	
2	\$	5.07	0	\$	-			2	\$	5.07		
7	Гota		10	\$	44.12			To	otal		2	

Average Bill Analysis					
			(26 CCF)		
Tiers	Ra	tes (\$)	Usage (ccf)	Qua	ntity Charge (\$)
1	\$	4.41	14	\$	61.77
2	\$	5.07	7	\$	35.52
To	otal		21	\$	97.30

	Average Bill Analysis						
	(14 CCF)						
Tiers	Rat	tes (\$)	Usage (ccf)	Qu	antity Charge (\$)		
1	\$	4.41	12	\$	52.95		
2	\$	5.07	0	\$	-		
-	Tota	al	12	\$	52.95		

Distribution of Consumption				
CCF	% of Distribution			
10	55%			
14	73%			
21	85%			
26	90%			
	44.005 (

	Average Bill Analysis						
	(21 CCF)						
Tiers	Rat	tes (\$)	Usage (ccf)	Qua	ntity Charge (\$)		
1	\$	4.41	14	\$	61.77		
2	\$	5.07	3	\$	15.22		
-	Tota	nl	17	\$	77.00		

An avg ratepayer uses 14 CCF of water monthly.

4 Table 16-6: FWC Division's Rate Design Impact

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FWC Division's Rate Design Impact						
	3-Tier Rate Design Monthly Average Bill		2-Tier Rate Design Monthly Average Bill		% Difference, 3-Tier : 2 Tier Rate Design	
Consumption (ccf)	Quantity Charge (\$)			Quantity Charge (\$)	Quantity Charge Difference (%)	
10	\$	40.26	\$	44.12	-9%	
14	\$	58.88	\$	52.95	11%	
21	\$	91.47	\$	77.00	19%	
26	\$	126.39	\$	97.30	30%	

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Ratepayers who can stay within Tier 1 consumption will receive a bill decrease

- around 9% under a 3-Tier conservation rate design when compared to the traditional 2-
- 9 Tier conservation rate design. Ratepayers who do not manage to reduce water use will

see a bill increase. For example, ratepayers in the 90th percentile of water users (26 CCF) will see a 30% increase to their average monthly bill.

A 3-Tier conservation rate design will encourage the average residential customer in FWC to conserve more. Despite having similar household population size, the average FWC residential customer tends to use 2 CCFs more water monthly when compared to the average LA residential customer. A 3-Tier conservation rate design will send an appropriate price signal and better promote conservation to the average FWC residential customer.

E. Customer Assistance Program Discount

The Commission should adopt SGVWC's request to increase the monthly CAP discount for customers enrolled in the Customer Assistance Program ("CAP") to offset the credit/debit card program's cost. The recommended credit/debit card program budget is discussed in Special Request No.5: Credit/Debit Card Program in Cal Advocates Report on the General Office. Under the provisions of Public Utilities Code Section 755.5, the cost of the credit/debit card program may not be passed on to customers participating in San Gabriel's CAP. As the cost of the program will be recovered in base rates, SGVWC proposes to increase the monthly CAP discount for customers enrolled in the CAP program equivalent to the monthly incremental base rate impact of the credit/debit card program, thereby shielding CAP customers from having to pay for the cost of the program. The CAP discount will increase by \$0.53 per month to offset the credit/debit card program's base rate impact; the adjustment is based on Cal Advocates' forecast of the program's cost.

²⁷⁸ SGVWC estimates that there are 5.2 and 4.9 people per household in the LA and FWC division, respectively. Meanwhile, the average household in the LA and FWC division uses 12 and 14 CCF of water per month, respectively.

IV. CONCLUSION

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- 2 The Commission should adopt a Tier 1 breakpoint at 10 CCF and require the utility
- 3 to implement a third tier for residential tiered meter services to better meet the State's
- 4 conservation initiatives. The Commission should adopt Cal Advocates' recommended rate
- 5 ratio which complements the three-tiered metered services rate design.

CHAPTER 17 ESCALATION YEAR INCREASES

2	I.	INTRODUCTION
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Utilities should file a Tier 2 advice letter proposing new revenue requirements. Advice letters should follow the escalation procedures set forth in the Revised Rate Case Plan ("RRCP") and must include supporting workpapers. The Commission should require San Gabriel to implement a post-test year revenue requirement mechanism to adjust the escalation years 2024-2025 and 2025-2026 revenue requirement whether San Gabriel is over-earning or under-earning.	3	This chapter presents Cal Advocates' recommendation for San Gabriel's post-test
letters should follow the escalation procedures set forth in the Revised Rate Case Plan ("RRCP") and must include supporting workpapers. The Commission should require San Gabriel to implement a post-test year revenue requirement mechanism to adjust the escalation years 2024-2025 and 2025-2026 revenue requirement whether San Gabriel is over-earning or under-earning.	4	year revenue requirement mechanism. For escalation and attrition filings, Class A Water
7 ("RRCP") and must include supporting workpapers. The Commission should require 8 San Gabriel to implement a post-test year revenue requirement mechanism to adjust the 9 escalation years 2024-2025 and 2025-2026 revenue requirement whether San Gabriel is 10 over-earning or under-earning.	5	Utilities should file a Tier 2 advice letter proposing new revenue requirements. 279 Advice
San Gabriel to implement a post-test year revenue requirement mechanism to adjust the escalation years 2024-2025 and 2025-2026 revenue requirement whether San Gabriel is over-earning or under-earning.	6	letters should follow the escalation procedures set forth in the Revised Rate Case Plan
9 escalation years 2024-2025 and 2025-2026 revenue requirement whether San Gabriel is 10 over-earning or under-earning.	7	("RRCP") and must include supporting workpapers. The Commission should require
10 over-earning or under-earning.	8	San Gabriel to implement a post-test year revenue requirement mechanism to adjust the
	9	escalation years 2024-2025 and 2025-2026 revenue requirement whether San Gabriel is
11 II. SUMMARY OF RECOMMENDATIONS	10	over-earning or under-earning.
11 II. SUMMARY OF RECOMMENDATIONS		
	11	II. SUMMARY OF RECOMMENDATIONS

For SGVWC's 2024-2025 and 2025-2026 escalation/attrition year filings, the Commission should require San Gabriel to file a Tier 2 advice letter proposing new revenue requirements and corresponding revised tariff schedules whether the filing results in an increase or decrease in tariff rates.

The Commission should include in the final decision an ordering paragraph containing the following language:

For escalation years 2024-2025 and 2025-2026, San Gabriel must file Tier 2 advice letters in conformance with General Order 96-B proposing a new revenue requirement and corresponding revised tariff schedule. San Gabriel's filings must include rate procedures set forth in the Commission's Revised Rate Case Plan for Class A Water Utilities and must include appropriate supporting workpapers. The revised tariff schedules must take effect no earlier than July 1, 2024, and July

²⁷⁹ See General Order 96-B, Section 7.3.2.

²⁸⁰ D.07-05-062.

²⁸¹ D.07-05-062, Appendix A.

1, 2025, respectively, and will apply to service rendered on and after their effective dates. The proposed revisions to revenue requirements and rates must be reviewed by the Commission's Water Division ("Water Division"). The Water Division must inform the Commission if it finds that the revised rates do not conform to the Revised Rate Case Plan, this order, or other Commission decisions, and if so, reject the filing.

III. ANALYSIS

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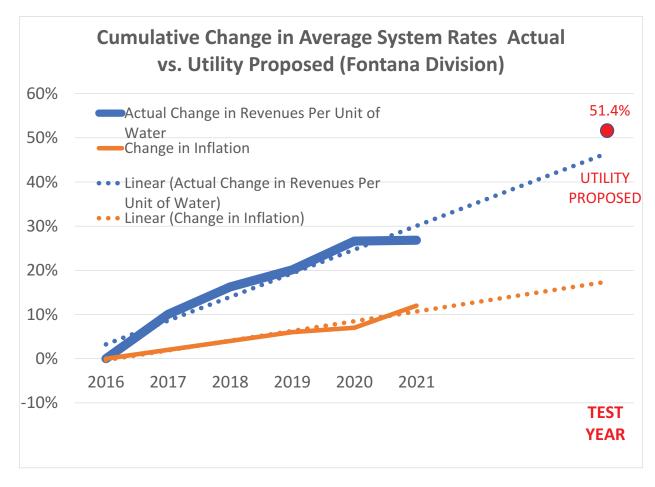
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The RRCP does not require Class A Water Utilities to file escalation advice letter to revise revenue requirements and tariff schedules in between the Test Years of a GRC. However, if the decision in this proceeding does not require San Gabriel to file escalation/attrition year revisions, San Gabriel may choose to file escalation advice letters only during the years it is under-earning, while choosing not to file attrition advice letters during the years in which it is over-earning, thereby avoiding any rate decrease regardless of how much, or how often it may be over-earning.

The Commission should do this to mitigate the upward trend in customer bill increases to help ensure that customer rates in the LA division remain affordable. The following graph shows a comparison of cumulative increase of average customer rates with that of the inflation over the past few years (2016-2021).



The Commission should require San Gabriel to submit an earnings test before authorizing Escalation or Attrition Year increases. If San Gabriel is over-earning, the Commission should require San Gabriel to file for the appropriate rate decrease.

The Commission has the authority to require downward adjustments if the utility is over-earning. The Commission's decision for California-American Water Company's 2012 GRC included such a requirement, stating in Ordering Paragraph No. 7:

For escalation years 2013 and 2014, California American Water Company shall file Tier 2 advice letters in conformance with General Order 96-B proposing a new revenue requirement and corresponding revised tariff schedules for each district.

The filings shall include rate procedures set forth in the Commission's Revised

The filings shall include rate procedures set forth in the Commission's Revised Rate Case Plan (D.07-05-062) for Class A Water Utilities and shall include appropriate supporting workpapers. The revised tariff schedules shall take effect no earlier than January 1, 2013 and January 1, 2014, respectively, and shall apply to service rendered on and after their effective dates. The proposed revisions to

revenue requirements and rates shall be reviewed by the Commission's Division

- of Water and Audits (DWA). DWA shall inform the Commission if it finds that
- 2 the revised rates do not conform to the Revised Rate Case Plan, this order, or other
- Commission decisions, and if so, reject the filing. 282

4 IV. CONCLUSION

- 5 For San Gabriel's 2024-2025 and 2025-2026 escalation/attrition year filings, the
- 6 Commission should require San Gabriel to file a Tier 2 advice letter proposing new
- 7 revenue requirements and corresponding revised tariff schedules whether the filing
- 8 results in an increase or decrease in tariff rates.

²⁸² D.12-06-016, Ordering Paragraph 7.

Appendix-A: Qualifications of Witnesses

QUALIFICATIONS AND PREPARED TESTIMONY OF MEHBOOB ASLAM

- 1 Q.1 Please state your name and business address.
- 2 A.1 My name is Mehboob Aslam. My business address is 320 West 4th Street, Suite
- 3 500, Los Angeles, CA 90013.
- 4 Q. 2 By whom are you employed and in what capacity?
- 5 A. 2 I am employed by the California Public Utilities Commission as a Public utilities
- 6 Regulatory Analyst (PURA)-V.
- 7 Q. 3 Please briefly describe your educational background and work experience.
- 8 A. 3 I graduated from the University of Engineering & Technology, Lahore, Pakistan
- 9 with a Bachelor of Science Degree in Mechanical Engineering, and also graduated
- from Western Kentucky University with a Master of Science Degree, in Business
- Administration with an emphasis in Accounting and Finance. I have been
- employed by the CPUC since 2001. From 2001 through 2002, I was a member of
- the Consumer Protection and Safety Division, where I was responsible for energy
- utilities' operating practices to enforce the rules and regulations relating to safe
- use of the plant and workforce. I Performed engineering reviews and conducted
- incident investigations for both gas and electric utilities. I have also helped resolve
- 17 customers' complaints. From 2002 through present, I have been working for
- Division of Ratepayer Advocates in its Water Branch; mostly dealing with Class-
- A water utilities. I have performed evaluations of public utility plant and
- properties, regulation of utility tariffs and rates, studies of cost of service, and
- studies of the utility's operating practices to enforce the rules and regulations
- relating to ratemaking. I have presented my findings and recommendations as an

- 1 expert witness at public hearings before the Commission. I have also been actively
- 2 involved with few of Commission's OIR/OII proceedings.
- 3 Q. 4 What is your area of responsibility in this proceeding?
- 4 A. 4 I am project coordinator in the SGVWC GRC proceeding and
- 5 responsible for Executive Summary, Introduction and Summary (Chapter 1), and
- 6 Escalation Years (chapter 17) of the Public Advocates Office's Testimony for both
- 7 LA and FWC division and Executive Summary for the General Office and Special
- 8 Requests report.
- 9 Q. 5 Does this conclude your prepared testimony?
- 10 A. 5 Yes, it does.

QUALIFICATIONS AND PREPARED TESTIMONY OF SAM LAM

1	Q.1	Please state your name and address.
2	A.1	My name is Sam Lam, and my business address is 320 West 4th Street, Suite 500, Los Angeles, California 90013
4	Q.2	By whom are you employed and what is your job title?
5	A.2	I am employed by the Public Advocates Office – Water Branch and my job title is
6		Public Utilities Regulatory Analyst
7	Q.3	Please describe your educational and professional experience.
8	A.3	I received a Bachelor of Science degree in Business Administration from the
9		University of Southern California. I have been with the Public Advocates Office
10		Water Branch since August of 2019.
11	Q.4	What is your area of responsibility in this proceeding?
12	A.4	I am responsible for the preparation of Cal Advocates' testimony on the operating
13		division's sales and rate design and the general office's expenses, rate base, and
14		cost allocations.
15	Q.5	Does that complete your prepared testimony?
16	A.5	Yes, it does.

QUALIFICATIONS AND PREPARED TESTIMONY

LAUREN CUNNINGHAM Q.1 Please state your name and address.

- 1 2 A.1 Lauren Cunningham. 505 Van Ness Ave, San Francisco, California, 94102. 3 Q.2 By whom are you employed and what is your job title? 4 A.2 I am employed by the California Public Utilities Commission's Public Advocates 5 Office as a Public Utilities Regulatory Analyst. Please describe your educational and professional experience. 6 Q.3 7 A.3 I graduated from Sacramento State University with a Bachelor's degree in 8 Economics and minors in Spanish and Mandarin Chinese. I have been in this 9 position since July 2020. 10 What is your area of responsibility in this proceeding? Q.4 A.4 11 My areas of responsibility in this proceeding include Operations and Maintenance 12 Expenses, Administrative and General Expenses, Conservation Expenses, and 13 Taxes Other Than Income, as well as Health Reimbursement Plan section of the 14 General Office report.
- 15 Q.5 Does that complete your prepared testimony?
- 16 A.5 Yes, that completes my prepared testimony.

QUALIFICATIONS AND PREPARED TESTIMONY OF ANTHONY ANDRADE

1	Q.1	Please state your name and address.
2	A.1	My name is Anthony Andrade, and my business address is 320 West 4 th Street, Suite 500, Los Angeles, California 90013.
4	Q.2	By whom are you employed and what is your job title?
5	A.2	I am employed by the Public Advocates Office of the California Public Utilities
6		Commission as a Utilities Engineer.
7	Q.3	Please describe your educational and professional experience.
8	A3.	I received a Bachelor of Science Degree in Mechanical Engineering from the
9		University of CaliforniaRiverside in 2018.
0		I have been with the Public Advocates Office – Water Branch since October 2018.
l 1		As a witness for Cal Advocates, I have previously provided testimony regarding
12		Utility Plant-in-Service in Golden State Water Company's 2020 GRC (A.20-07-
13		012), and Utility Plant-in-Service, Depreciation, and Rate Base in SGVWC's 2019
14		GRC (A.19-01-001) and Liberty Utilities (Apple Valley Ranchos Water) Corp.
15		and Liberty Utilities (Park Water) Corp.'s consolidated 2021 GRC (A.21-07-003
16		et al). I have also provided testimony regarding the topic of Storage Capacity in
17		SGVWC's proposed acquisition of the City of Montebello Water System (A.20-
18		10-004).
19	Q4.	What is your area of responsibility in this proceeding?
20	A4.	I am responsible for the preparation of Chapter 7 (Utility Plant-in-Service),
21		Chapter 8 (Depreciation), and Chapter 10 (Rate Base) of this testimony.

- 1 Q5. Does this conclude your prepared direct testimony?
- 2 A5. Yes, it does.

QUALIFICATIONS AND PREPARED TESTIMONY OF CHANDRIKA SHARMA

1	Q.1	Please state your name and address.
2 3	A.1	My name is Chandrika Sharma, and my address is 505 Van Ness Avenue San Francisco, CA 94102.
4	Q.2	By whom are you employed and what is your job title?
5	A.2	I am employed by the California Public Utilities Commission as a Utilities Engineer.
7	Q.3	Please describe your educational and professional experience.
8 9 10	A.3	I have a Bachelor of Science Degree in Computer Engineering from San Francisco State University and an MBA from San José State University. I have been with the California Public Utilities Commission since October 2021.
11	Q.4	What is your area of responsibility in this proceeding?
12 13	A.4	I am responsible for Chapter 9 (Historic Rate Base), Chapter 14 (Customer Service), and Chapter 15 (Water Quality).
14	Q.5	Does that complete your prepared testimony?
15	A.5	Yes.

QUALIFICATIONS AND PREPARED TESTIMONY OF JAWADUL BAKI

1	Q.1	Please state your name and address.
2 3	A.1	My name is Jawadul Baki, and my business address is 505 Van Ness Ave, California 94102.
4	Q.2	By whom are you employed and what is your job title?
5	A.2	I am a Public Utilities Regulatory Analyst in the Water Branch of the Public Advocates Office, California Public Utilities Commission.
7	Q.3	Please describe your educational and professional experience.
8	A.3	I have a Bachelor of Business Administration degree with a Finance Major and a
9		Master's degree in Applied Economics. I have been with the Public Advocates
10		Office since January 2020. I have prepared written testimony in the Cost of capital
11		proceeding of 4 large Class A Water Utilities and the GSWC General Rate Case
12		proceeding. I have also prepared written testimony for the San Jose Water
13		Company's AMI application. Previously I have analyzed Balancing and
14		Memorandum Accounts, Arrearage data, Low-income Rate Assistance data, and
15		AMI metering technology. I have also conducted legislative Bill analysis related to
16		water utilities and reviewed numerous Advice Letters covering a wide variety of
17		ratemaking and auditing topics. I have presented my findings and
18		recommendations as an expert witness at public hearings before the Commission
19		and have testified in the evidentiary hearing.
20	Q.4	What is your area of responsibility in this proceeding?

- 1 A.4 I am sponsoring Cal Advocates Office's Report on the Results of Operations,
- 2 Chapter 12 Income Taxes, and Chapter 13 Balancing and Memorandum
- 3 Accounts Review for both Los Angeles and Fontana Water Company Division.
- 4 I'm also responsible for reviewing SGVWC's Special Request 2 to Special Request
- 5 7.
- 6 Q.5 Does that complete your prepared testimony?
- 7 A.5 Yes, it does.