

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service by \$34,559,200 or 16.29% in the year 2018, by \$8,478,500 or 3.43% in the year 2019, and by \$7,742,600 or 3.03% in the year 2020.

Application 16-07-002
(Filed July 1, 2016)

**PROTEST OF THE OFFICE OF RATEPAYER ADVOCATES
TO THE APPLICATION OF CALIFORNIA-AMERICAN WATER COMPANY
FOR AUTHORITY TO INCREASE REVENUES IN EACH
OF ITS DISTRICTS STATEWIDE**

I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure (“Rules”), the Office of Ratepayer Advocates (“ORA”) files this Protest to Application (“A.”) 16-07-002 of California-American Water Company (“Cal Am”). A.16-07-002 seeks authorization to increase Cal Am’s revenues for 2018 through 2020 in each of its districts statewide. In addition, the Application seeks approval of 19 additional requests, including approval of various customer fees, surcharges, district consolidations, and other mechanisms that impact the ultimate charges assessed to Cal Am’s ratepayers. The Commission should review Cal Am’s requests in this Application to ensure that they are just, reasonable, and prudent.

This protest is timely because A.16-07-002 first appeared on the Commission’s daily calendar on July 7, 2016. Therefore, the deadline for response under Rule 2.6(a) and Rule 1.15 is August 8, 2016.¹

¹ 30 days from the July 7, 2016 is August 6, 2016, which is a Saturday. The next business day is August 8, 2016.

II. APPLICATION

In its application, Cal Am requests the following:

1. Commission approval of a general increase in rates for water and/or wastewater service in each of its districts statewide.
2. Approval of 19 additional requests and recommendations, which request authorization for various fees, surcharges, programs, mechanisms, balancing and memorandum accounts, district consolidations, and tariff modifications, as well as various other requests and recommendations, that impact charges assessed to ratepayers.

III. ISSUES

ORA is conducting the necessary discovery, investigation, and review to address issues raised in the application, and to determine whether Cal Am's estimated levels of revenues, expenses, and rate base are just and reasonable. ORA will also be reviewing Cal Am's application to ensure that the company's requests are appropriate, in the public interest, and result in the continuation of safe and reliable service.

A. General Issues

The following is a non-exhaustive identification of issues ORA intends to examine during this proceeding. As discovery proceeds, other issues may arise.

1. Cal Am's proposed revenue increases to address forecasted changes in consumption and number of customers;
2. Cal Am's estimate of its operation & maintenance ("O&M"), and administrative & general ("A&G") expenses, including payroll, and conservation spending;
3. Cal Am's proposed additions to plant, including construction work in progress, and the safety of existing and proposed operations and services;
4. The used & useful status of existing plant proposed by Cal Am to be included in rate base earning an authorized rate of return;
5. Cal Am's proposed recovery of balancing and memorandum accounts, including the appropriateness of requests for new accounts and the appropriateness of continuing existing accounts;

6. Cal Am's estimate of tax liabilities, depreciation rates, and other items affecting overall revenue requirements;
7. Cal Am's proposed rate designs and their ability to promote fairness and equity amongst different customer classes while also achieving state goals;
8. Cal Am's provision of Non-Tariffed Products and Services, as well as affiliate transactions, including the allocations of costs for shared services; and
9. Cal Am's special requests pertaining to such general policy items as district consolidation and the creation of new ratemaking mechanisms and procedures.

IV. NEED FOR HEARINGS

While the prospect exists that this proceeding may be resolved through settlement, evidentiary hearings will likely be required to resolve some issues. Therefore, a prehearing conference should be held to establish a schedule for this proceeding. Further, Cal Am's customers—who will be impacted by the outcome of this proceeding—should have an opportunity to express any particular concerns or provide any other necessary input that they may have regarding this proceeding. Therefore, Public Participation Hearings (PPHs) should be scheduled in each of Cal Am's ratemaking districts, with sufficient time for ORA and other parties to incorporate public feedback from the PPHs into testimony and recommendations to the Commission.

V. PROPOSED SCHEDULE

ORA generally supports the schedule proposed in Cal Am's final application. However, ORA's proposed schedule, shown in Table 1 below, reflects a suggested modification of the date for ORA to serve testimony. ORA proposes serving testimony two weeks later than Cal Am's proposed date so that all intervening parties in the proceeding are treated equally and fairly by requiring their opening testimony to be filed at the same time. This change will also provide greater ability for ORA to adequately review, consider and incorporate in its opening testimony and recommendations to the Commission the information obtained during PPHs from the ratepayers that ORA is

mandated to represent. ORA’s proposed modification will not impact any other aspects of the rate case schedule.

Table 1: Cal-Am and ORA Proposed Rate Case Plan Schedules

Event	20-Month Schedule (Day)	Cal-Am Dates	ORA Dates
Application Filed/Testimony Served	0	7/1/2016	7/1/2016
Prehearing Conference	10-75		
Update of Applicant's Showing	100	10/9/2016	10/9/2016
Public Participation Hearings	10–190		
ORA Testimony	218	1/21/2017	2/4/2017
Other Parties Serve Testimony	218	2/4/2017	2/4/2017
Rebuttal Testimony	264	3/22/2017	3/22/2017
ADR Process or Settlement Begins	270-290		
Evidentiary Hearings	290-310		
Opening Briefs Filed and Served	340	6/6/2017	6/6/2017
Motion for Interim Rates	340	6/6/2017	6/6/2017
Mandatory Status Conference	341	6/7/2017	6/7/2017
Reply Briefs Filed and Served (includes Comparison Exhibit)	350	6/16/2017	6/16/2017
Water Division Technical Conference	370	7/6/2017	7/6/2017
Proposed Decision Mailed	460	10/4/2017	10/4/2017
Comments on Proposed Decision	480	10/24/2017	10/24/2017
Reply Comments	485	10/29/2017	10/29/2017
Commission Meeting	500	11/13/2017	11/13/2017

VI. CATEGORIZATION

ORA agrees with Cal-Am that this proceeding should be categorized as ratesetting.

VII. CONCLUSION

Cal Am's Application raises important ratemaking and policy considerations. The reasonableness of Cal Am's requests must be reviewed to ensure that the relief requested is consistent with California Public Utilities Code and other applicable statutes. Hearings will likely be required, and a schedule should be established that allows for a thorough review of the requested relief. As discovery is not complete and intervenor testimony has not been served, ORA reserves the right to address any other issues impacting overall customer service and rates that may come to light during the course of this proceeding.

Respectfully submitted,

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