

Docket: : A.13-07-002  
Exhibit Number : \_\_\_\_\_  
Commissioner : C.J. Peterman  
Admin. Law Judge : W.A. Colbert  
ORA Witness(es) : T. Shia  
:



**OFFICE OF RATEPAYER ADVOCATES  
CALIFORNIA PUBLIC UTILITIES COMMISSION**

**ORA Analysis and Recommendations on  
OPERATIONS & MAINTENANCE EXPENSES and  
SPECIAL REQUESTS:  
18, 23, 27, 30, 31  
of  
California American Water Company  
Application 13-07-002**

San Francisco, California  
March 28, 2014

## Table of Contents

CHAPTER 1: Operations & Maintenance (O&M)	1-4
A. INTRODUCTION	1-4
B. SUMMARY OF RECOMMENDATIONS	1-4
C. DISCUSSION	1-5
1) Cal Am’s Multipliers on Recorded Expenses	1-5
2) Cal Am’s Recording of Expenses	1-7
3) Cal Am’s Recording of Expenses for Tank Painting	1-9
4) ORA’s Analysis of Specific Operating Expenses	1-12
5) ORA’s Analysis of Specific Maintenance Expenses	1-24
D. CONCLUSION	1-32
CHAPTER 2: Special Request #18 - State Water Resources Control Board Cease and Desist Order Memorandum Account	2-1
A. INTRODUCTION	2-1
B. SUMMARY OF RECOMMENDATIONS	2-1
C. DISCUSSION	2-1
D. CONCLUSION	2-2
CHAPTER 3: Special Request #27 - Implement Monthly Billing for Monterey Wastewater Customers	3-1
A. INTRODUCTION	3-1
B. SUMMARY OF RECOMMENDATIONS	3-1
C. DISCUSSION	3-1
D. CONCLUSION	3-2
CHAPTER 4: Special Request #30 – Recover Placer County Water Agency Peaking Charges in the Purchased Water Balancing Account for Sacramento	4-1
A. INTRODUCTION	4-1
B. SUMMARY OF RECOMMENDATIONS	4-1
C. DISCUSSION	4-1
D. CONCLUSION	4-4
CHAPTER 5: Special Request #23 – Sacramento/Placer County Purchased Water Memo Account & Special Request #31 – Placer County Water Agency Purchased Water Agreement memo account	5-1
A. INTRODUCTION	5-1
B. SUMMARY OF RECOMMENDATIONS	5-1
C. DISCUSSION	5-1
D. CONCLUSION	5-4
CHAPTER 6: QUALIFICATION AND PREPARED TESTIMONY OF TERENCE SHIA	6-1
CHAPTER 7: ATTACHMENTS	7-1
Attachment 1: <a href="http://www.bls.gov/cpi/cpifaq.htm">http://www.bls.gov/cpi/cpifaq.htm</a>	7-2
Attachment 2: Cal Am Response to ORA DR A.13-07-002. TS2-003	7-3
Attachment 3: Cal Am Response to ORA DR A.13-07-002. TS2-004	7-13
Attachment 4: Cal Am Response to ORA DR A.13-07-002. TS2-005	7-33

Attachment 5: Cal Am Response to ORA DR A.13-07-002. TS2-010	7-50
Attachment 6: Cal Am Response to ORA DR A.13-07-002. JR6-010	7-52
Attachment 7: Cal Am Response to ORA DR A.13-07-002. TS2-012	7-53
Attachment 8: Cal Am Response to ORA DR A.13-07-002. TS2-002	7-59
Attachment 9: Cal Am Response to ORA DR A.13-07-002. TS2-011	7-73
Attachment 10: CPUC Sheet No. 5882-W	7-84
Attachment 11: Cal Am Response to ORA DR A.13-07-002. TS2-007	7-85



Monterey County	\$10,719,598	\$10,407,300	(\$312,298) or (3.00%)
Monterey Toro	\$110,140	\$111,436	\$1,296 or 1.16%
Monterey WW	\$1,006,000	\$1,024,700	\$18,700 or 1.82%
Sacramento	\$7,714,844	\$6,943,600	(\$771,244) or (11.11%)
San Diego	\$12,454,000	\$11,625,500	(\$828,500) or (7.13%)
Ventura	\$22,541,800	\$20,672,100	(\$1,869,700) or (9.04%)
<b>TOTAL</b>	<b>\$63,925,482</b>	<b>\$59,676,636</b>	<b>(\$4,248,846) or (7.12%)*</b>

1 \*ORA’s estimate is higher than Cal Am’s due to the increased consumption  
2 forecasts ORA used in developing its Revenue Testimony, which lead to higher  
3 purchased water and power estimates here.

4 **C. DISCUSSION**

5 **1) Cal Am’s Multipliers on Recorded Expenses**

6  
7 ORA conducted an independent analysis of Cal Am’s workpapers and  
8 methods of estimating the O&M Expenses for Test Year 2015. Cal Am generally  
9 uses a five-year average of 2008 to 2012 recorded data and notes any deviations  
10 from this method.<sup>1</sup> Cal Am adjusts its five-year average of recorded data for  
11 inflation, customer growth, and a sales tax increase (for 2013 only). Cal Am then  
12 arrives at its test year 2015 forecast by applying these inflation and customer  
13 growth factors as “multipliers” on recorded year expenses according to the  
14 Memorandum of the Estimates of Non-Labor and Wage Escalation Rates for 2013  
15 through 2017 and Compensation (Memo) published by the ORA Energy Cost of

---

<sup>1</sup> Different methodologies are utilized to forecast Purchased Power, Uncollectible Accounts, and Tank Projects.

1 Services (ECOS) and Water Branches dated May 2013. This Memo generates its  
2 factors from a composite index of ten Wholesale Price Indexes (WPI) for material  
3 and supplies expenses and the Consumer Price Index (CPI) weighted 5% for  
4 services and consumer-related items. ORA generally agrees with Cal Am's use of  
5 a five-year average of 2008 to 2012 recorded data to derive its O&M expense  
6 estimates. However, ORA removes unusual and non-reoccurring recorded  
7 expenses to arrive at Test Year forecasts. ORA also agrees with the use of the  
8 Memo to bring historic dollars to base year dollars by inflating recorded dollars to  
9 test year levels. ORA disagrees with Cal Am's proposed methodology of applying  
10 an annual average customer growth factor to recorded years 2009-2012 and  
11 including a 2013 sales tax increase of 0.25%.

12 ORA disagrees with Cal Am's use of a sales tax increase of 0.25% for 2013  
13 as a "multiplier" to inflate its 2013 estimated expenditures to arrive at test year  
14 forecasts. The reason for disagreement stems from the inherent methodology  
15 applied in the Memo with regard to the inflation and customer growth factors used  
16 to escalate recorded year expenses to test year forecasts. These factors are derived  
17 from the CPI and various WPI to properly escalate O&M and A&G expenses.  
18 According to the U.S. Bureau of Labor Statistics (BLS), the CPI is defined to  
19 "include taxes (such as sales and excise taxes) that are directly associated with the  
20 prices of specific goods and services."<sup>2</sup> Since taxes are already included in the  
21 CPI, Cal Am should not be using a separate sales tax increase of 0.5% for 2013 as  
22 a multiplier to inflate its forecast. Still, Cal Am proposes to add another multiplier  
23 to its recorded years to inflate its forecast by applying an annual average customer  
24 growth factor to recorded years. Cal Am cites to D.04-06-018 in implementing  
25 this customer growth factor for historic years, but D.04-06-018 dictates the  
26 Commission policy with regard to escalating individual expenses in General Rate  
27 Cases (GRC) by stating the following:

---

<sup>2</sup> See Attachment 1 for an excerpt from <http://www.bls.gov/cpi/cpifaq.htm>

1           *We will also grant the utilities' request to include customer growth in the*  
2           *escalation calculation. We deny, however, the utilities' request to derive*  
3           *item-specific escalation rates in each GRC. Adding the derivation of*  
4           *escalation rates to each GRC is contrary to our goal of simplifying and*  
5           *streamlining the GRC process.*<sup>3</sup>

6           The Commission authorization that Cal Am relies upon to inflate recorded  
7 expenses by customer growth into the Test Year only applies to the escalation  
8 process for the escalation year (not the Test Year). Thus, ORA has removed the  
9 customer growth factors from Cal Am's recorded O&M expenses. Cal Am should  
10 not be applying another multiplier on top of the currently allowed factors provided  
11 for in the Memo.

12

13           **2) Cal Am's Recording of Expenses**

14

15           Since ORA generally agrees with Cal Am's use of a five-year average to  
16 forecast test year expenses, ORA reviewed actual expenses recorded during the 5-  
17 year period to examine the reasonableness and prudence of Cal Am's O&M  
18 expenses. ORA began its review by requesting that Cal Am explain any outliers  
19 in terms of annual fluctuation of expenses that were recorded during the five year  
20 period of 2008 through 2012.<sup>4</sup> Cal Am responded in each of these requests by  
21 stating that these expenses are dependent on operating conditions and business  
22 requirements in each year and thus may be significantly higher or lower from one  
23 year to the next. Cal Am also stated that the five year average is the best forecast  
24 methodology to allow for future maintenance activities in the test year.

---

<sup>3</sup> D.04-06-018, p. 10.

<sup>4</sup> See Attachment 2, 3, and 4, respectively, for Cal Am's Response to ORA Data Request A.13-07-002. TS2-003, 004, and 005.

1           ORA next requested a breakdown for sub-accounts of O&M expenses.<sup>5</sup>  
2 Cal Am responded by detailing the types of expenses it recorded in selected O&M  
3 accounts. ORA performed a review of these subaccounts and sampled certain  
4 accounts where Cal Am appeared to be recording various miscellaneous expenses.

5           One of the O&M accounts that ORA sampled was PUC Account 756 for  
6 Transmission & Distribution – Miscellaneous. ORA noticed tens of thousands of  
7 dollars being recorded for food, beverages, and supplies in this O&M account for  
8 each district, which would not be unusual if it weren't for the same type of  
9 expenses being found within Administrative & General (A&G) Expense Account  
10 799 – Miscellaneous Expenses. For example, ORA found \$22,477.26 for Farmer  
11 Brothers Coffee recorded in A&G Account 799 from 2008 through 2012,<sup>6</sup> while  
12 over the same period of time an additional \$5,528.24 for Farmer Brothers Coffee  
13 was recorded in O&M Account 756<sup>7</sup> for the Monterey District.

14           Through sampling transactions in other accounts, ORA discovered a \$1,600  
15 expense item labeled “Roseville Golfland” recorded to PUC account 774 –  
16 Customer Account Expenses, Miscellaneous for the Sacramento district. Cal Am  
17 responded to ORA’s data request on this item by stating that:

18           This expense relates to the Company’s effort to reward employees for  
19 safety and avoidance of lost time inquiries. A picnic was provided for the  
20 employees as a reward for over two years with a great safety record and no  
21 lost time inquiries. These types of activities improve team cohesion,  
22 employee morale, and help reduce costly turnover of our skilled  
23 workforce.<sup>8</sup>

24 ORA addresses employee safety rewards being funded by ratepayers separately in  
25 its Administrative and General (A&G) expense testimony , however, ORA

---

<sup>5</sup> See Attachment 5 for Cal Am response to ORA Data Request A.13-07-002. TS2-010.

<sup>6</sup> See Attachment 6 for Cal Am response to ORA Data Request A.13-07-002. JR6-010.

<sup>7</sup> These expenses were extracted from ORA Data Request A.13-07-002. TS2-010 for the Monterey District.

<sup>8</sup> See Attachment 7 for Cal Am response to ORA Data Request A.13-07-002. TS2-012, Q & A #1.

1 identifies the above recorded transactions as items that at the very least may be  
2 more appropriately recorded in accounts other than operations and maintenance.

3  
4 **3) Cal Am’s Recording of Expenses for Tank Painting**

5  
6 ORA’s review of actual recorded expenses in other O&M accounts yielded  
7 other findings that more significantly impact Test Year forecasts and customer  
8 rates. Notably, ORA’s review of O&M expenses pertaining to Tank Painting  
9 identified considerable discrepancy between forecasted and actual amounts.  
10 Expenses in this category are recorded in PUC account 766, Transmission and  
11 Distribution – Maintenance of Miscellaneous Plant. ORA asked Cal Am to clarify  
12 how it records these expenses and Cal Am responded by stating that the  
13 Commission allows it:

14 *“to defer all costs related to tank painting, long-term maintenance*  
15 *agreements, tank inspections and similar recurring work as regulatory*  
16 *assets to be amortized over the estimated useful life. Useful lives can range*  
17 *from four years to fifteen years depending on the nature of the asset and the*  
18 *work being completed.*

19 *As a general rule, Cal-Am characterizes tank inspections with a 5-year (60-*  
20 *month) amortization period, while tank painting and long-term*  
21 *maintenance is characterized with a 10-year (120-month) amortization*  
22 *period.<sup>2</sup>*

23 Using the above methodology, Cal Am forecasts and recovers tank painting  
24 costs on a five- or ten-year amortization period by recording such costs on the  
25 basis of project completion dates. For example, a \$100,000 project completed in  
26 2011 might have an amortization period from 2011 to 2021 where \$10,000 would  
27 be recorded each year as a “Tank Painting Amortization Expense,” in PUC  
28 account 766 with the remaining unamortized amount included in rate base  
29 calculations as working cash earning the authorized rate of return. ORA examined

---

<sup>2</sup> See Attachment 8 for Cal Am Response to ORA Data Request A.13-07-002. TS2-002, Q & A #4 (a).

1 whether Cal Am’s estimates of tank projects to be completed in 2013 and reflected  
 2 in Cal Am’s proposals for rates in Test Year 2015 coincided with tank projects  
 3 actually performed and completed in 2013.

4 ORA issued a discovery request on this issue with a response due from Cal  
 5 Am on January 9, 2014 in order to accurately capture all tank projects actually  
 6 completed by Cal Am in 2013.<sup>10</sup> ORA’s discovery request included a table listing  
 7 all 2013 tank projects that Cal Am had forecasted and included in test year rate  
 8 proposals. Cal Am was instructed to identify within the table whether a 2013  
 9 project was actually completed, the date of completion, and the final recorded  
 10 expense. As seen in the table below which includes Cal Am’s responses to ORA’s  
 11 request, just seven of 43 projects that Cal Am included in proposed rates were  
 12 actually completed. For an additional two projects that were also to have been  
 13 completed, Cal Am indicated that work had begun.

<b>2013 Projects</b>	<b>Completed (Y/N)</b>	<b>Date of Completion</b>	<b>Final Recorded Expense</b>
Highland Anniversary & Update Inspections	N		
Aguajita 1 - Tank painting	Y	Feb 2013	\$168,324
Airways Lower - Update Inspection	N		
Carola #1 – Engineering	N		
Cypress 2 - Anniversary Inspection	N		
Los Tulares Lower - tank painting	Y	Dec 2013	In Process
Mt. Devon - Anniversary Inspection	N		
Pebble Beach 3 - Tank Painting	Y	Dec 2013	In Process
Patton (San Marino)	N		
Rosemead	N		
Oak Knoll (San Marino – Upper) 2.5MG	N		
Danford (San Marino – Upper) 2.01MG	N		
LaManda (San Marino – Upper) 1.6MG	N		
Mt Vernon (Baldwin Hills) 1.25MG	N		
Spinks (Duarte) 1MG	N		

<sup>10</sup> See Attachment 9 for Cal Am Response to ORA Data Request A.13-07-002. TS2-011, Q & A #1.

<b>2013 Projects</b>	<b>Completed (Y/N)</b>	<b>Date of Completion</b>	<b>Final Recorded Expense</b>
Lemon (Duarte) 1.5MG	N		
Garth (Baldwin Hills) 1MG	N		
Fair Oaks (Duarte) .45MG	N		
Scott (Duarte) 1.5MG	N		
High Mesa (Duarte) .2MG	Y	Dec 2012	\$70,020
Orbis	Y	Mar 2013	\$236,900
Janss	N		
Shopping Center #2	N		
Dos Vientos IIA	N		
Dos Vientos IIB	N		
Dos Vientos III	N		
Sunrise 2 – Engineering	N		
Countryside Treatment Plant – Engineering	N		
Parksite Treatment Plant 2 - Update Inspection	Y	Feb 2013	\$3,119
Isleton Elevated - Update Inspection	N		
Isleton Recovery - Update Inspection	N		
Isleton Backwash - Update Inspection	N		
Roseville Road - Update Inspection	N		
Walnut Grove Islandview TP	N		
Mather – Engineering	N		
Lower Wikiup (1) – Engineering	Inspected	Feb 2013	\$3,460
Lower Wikiup (2) – Engineering	N		
Backwash/Sludge Tank - Engineering	Inspected	Feb 2013	\$2,797
Upper Wikiup (1) - Tank Painting	N		
Lower Wikiup (1) - Tank Painting	N		
North Wikiup (1) – Engineering	Y	June 2013	\$8,828
North Wikiup (2) - Update Inspection	N		
Lower Wikiup (2) - Tank Painting	N		

1

2

1       **4) ORA's Analysis of Specific Operating Expenses**

2       a) Source of Supply - Miscellaneous, Account 703

3       For Source of Supply - Miscellaneous expenses in Test Year 2015, Cal  
4 Am's estimate is \$10,435 for Larkfield, \$20,148 for Los Angeles, \$249,019 for  
5 Monterey County, \$2,994 for Monterey Toro, \$22,026 for Monterey Wastewater,  
6 \$153,137 for Sacramento, \$38 for San Diego, and \$18,964 for Ventura. Cal Am's  
7 estimates are based on a five-year average escalated for inflation, customer  
8 growth, and sales tax increase (for 2013 only).

9       ORA removes Cal Am's customer growth and sales tax multipliers from  
10 the calculated averages to arrive at the following recommended estimates:  
11 \$10,246 for Larkfield, \$20,053 for Los Angeles, \$247,800 for Monterey County,  
12 \$2,934 for Monterey Toro, \$21,635 for Monterey Wastewater, \$150,845 for  
13 Sacramento, and \$18,780 for Ventura.

14       ORA also removes a one-time expense of \$155 from San Diego's 2012  
15 recorded data to arrive at a test year estimate of \$0 for the district, which is  
16 consistent with the amounts actually recorded to this account in the other four  
17 years of recorded data.

18       b) Purchased Water, Account 704

19       For Purchased Water expenses in Test Year 2015, Cal Am's estimate is  
20 \$327,069 for Larkfield, \$4,610,883 for Los Angeles, \$541,669 for Monterey  
21 County, \$2,994 for Monterey Toro, \$22,026 for Monterey Wastewater, \$1,655,309  
22 for Sacramento, \$11,097,290 for San Diego, and \$19,445,957 for Ventura. Cal  
23 Am's Purchased Water estimates, except for Monterey County, are based on  
24 normalized consumption and production estimates computed at the most current  
25 commodity and assessment rates from the Purchased Water provider. For  
26 Monterey County, the amount is based on a five-year average of Seaside Basin  
27 Replenishment fees escalated for inflation, customer growth and sales tax increase

1 (for 2013 only). The Sand City Desalination Plant lease/O&M costs are  
2 removed<sup>11</sup> from the purchased water expense to derive the five-year average for  
3 Monterey.

4 ORA finds Cal Am's estimates using a five-year average escalated for  
5 inflation only reasonable and recommends that the Commission adopt ORA's  
6 estimates for purchased water for Monterey as \$539,969. ORA also finds Cal  
7 Am's methodology reasonable for districts other than Monterey based on  
8 normalized consumption and production estimates but recommends that its  
9 consumption forecasts as stated in its Revenues Chapter using a 5-year average be  
10 used to forecast purchased water use as follows: \$339,525 for Larkfield,  
11 \$5,080,080 for Los Angeles, \$1,782,407 for Sacramento, \$11,935,387 for San  
12 Diego, and \$21,413,752 for Ventura.

13 c) Pumping, Account 724

14 For Pumping Expense – Pumping Operating expenses in Test Year 2015,  
15 Cal Am's estimate is \$17 for Larkfield. Cal Am's estimates are based on a five-  
16 year average escalated for inflation, customer growth, and sales tax increase (for  
17 2013 only). ORA removes a one-time expense of \$72 from Larkfield's 2009  
18 recorded data to arrive at a test year estimate of \$0 for the district, which is  
19 consistent with the amounts actually recorded to this account in the other four  
20 years of recorded data. No other district records any amounts to this category of  
21 O&M expense.

22 d) Pumping Miscellaneous, Account 725

23 For Pumping Expense – Pumping Miscellaneous expenses in Test Year  
24 2015, Cal Am's estimate is \$7,930 for Los Angeles, \$52,324 for Monterey  
25 County, \$895 for Monterey Toro, \$55,978 for Sacramento, and \$4,744 for

---

<sup>11</sup> The Sand City Desalination Plant is on a separate contract with Sand City, so it is removed from the purchased water expense here.

1 Ventura. Cal Am's estimates are based on a five-year average escalated for  
2 inflation, customer growth and sales tax increase (for 2013 only). ORA removes  
3 Cal Am's customer growth and sales tax multipliers from the calculated averages  
4 to arrive at the following recommended estimates: \$7,893 for Los Angeles,  
5 \$52,074 for Monterey County, \$877 for Monterey Toro, \$21,635 for Monterey  
6 Wastewater, \$54,836 for Sacramento, and \$4,695 for Ventura.

7

8 e) Purchased Power, Account 726

9 For Pumping Expense – Fuel or Power Purchased for Pumping in Test Year  
10 2015, Cal Am's estimate is \$90,709 for Larkfield, \$1,851,602 for Los Angeles,  
11 \$2,334,395 for Monterey County, \$51,197 for Monterey Toro, \$126,023 for  
12 Monterey Wastewater, \$2,405,435 for Sacramento, and \$248,823 for Ventura.

13 Pacific Gas & Electric Company (PG&E) is the power provider for the  
14 Larkfield, Monterey County, Monterey Toro, and Monterey Wastewater Districts.  
15 Sacramento Municipal Utility District and PG&E are the power providers for the  
16 Sacramento District. Southern California Edison is the power provider for the Los  
17 Angeles and Ventura Districts.

18 For Larkfield, Monterey County, Monterey Toro, Ventura and Sacramento,  
19 Purchased Power was calculated based on fiscal 2012 kilowatt usage patterns and  
20 kilowatt per water production units at average kilowatt costs calculated from most  
21 recent 12 months billing data. For Los Angeles and Monterey Wastewater, a  
22 similar method was applied to arrive at the 2013 estimated forecast year and this  
23 estimate was then escalated each year for inflation, customer growth, and sales tax  
24 increase (for 2013 only) to arrive at the 2015 estimate. ORA recommends that its  
25 consumption forecasts, as stated in its Revenues Chapter using a 5-year average,  
26 be used to forecast purchased power use as follows: \$94,164 for Larkfield,  
27 \$1,958,116 for Los Angeles, \$2,436,838 for Monterey County, \$51,197 for

1 Monterey Toro, \$123,731 for Monterey Wastewater, \$2,600,391 for Sacramento,  
2 and \$275,752 for Ventura.

3

4 f) Water Treatment – Miscellaneous, Account 742-743

5 For Water Treatment – Miscellaneous expenses in Test Year 2015, Cal  
6 Am’s estimate is \$31,870 for Larkfield, \$137,578 for Los Angeles, \$270,297 for  
7 Monterey County, \$203,552 for Monterey Wastewater, \$3,459 for Monterey Toro,  
8 \$232,766 for Sacramento, \$40,199 for San Diego, and \$71,924 for Ventura. Cal  
9 Am’s estimates are based on a five-year average escalated for inflation, customer  
10 growth, and sales tax increase (for 2013 only). ORA removes Cal Am’s customer  
11 growth and sales tax multipliers from the calculated averages to arrive at the  
12 following recommended estimates: \$31,323 for Larkfield, \$137,172 for Los  
13 Angeles, \$268,942 for Monterey County, \$3,381 for Monterey Toro, \$199,175 for  
14 Monterey Wastewater, \$228,632 for Sacramento, \$39,937 for San Diego, and  
15 \$71,027 for Ventura.

16

17 g) Water Treatment – Chemicals, Account 744

18 For Water Treatment – Chemicals expenses in Test Year 2015, Cal Am’s  
19 estimate is \$25,768 for Larkfield, \$118,821 for Los Angeles, \$521,008 for  
20 Monterey County, \$23,108 for Monterey Toro, \$339,267 for Monterey  
21 Wastewater, and \$510,051 for Sacramento. Cal Am’s estimates are based on a  
22 five-year average escalated for inflation, customer growth, and sales tax increase  
23 (for 2013 only). The only exception is the Monterey District where costs for the  
24 Sand City Desalination Plant are removed from the estimate. ORA removes Cal  
25 Am’s customer growth and sales tax multipliers from the calculated averages to  
26 arrive at the following recommended estimates: \$25,250 for Larkfield, \$118,328

1 for Los Angeles, \$517,567 for Monterey County, \$,22,602 for Monterey Toro,  
2 \$331,980 for Monterey Wastewater, and \$497,786 for Sacramento.

3 h) Transmission & Distribution (“T&D”) – Storage, Account 752

4 For Transmission and Distribution – Storage Facilities in Test Year 2015,  
5 Cal Am’s estimate is \$579 for Los Angeles. Cal Am’s estimate is based on a five-  
6 year average escalated for inflation, customer growth, and sales tax increase (for  
7 2013 only). ORA removes a one-time expense of \$2,695 from Los Angeles’s  
8 2011 recorded data to arrive at a test year estimate of \$0 for the district, which is  
9 consistent with the amounts actually recorded to this account in the other four  
10 years of recorded data. No other district records any amounts to this category of  
11 O&M expense.

12 i) Transmission & Distribution (“T&D”) – Lines, Account 753

13 For Transmission and Distribution – Lines Expense in Test Year 2015, Cal  
14 Am’s estimate is \$78 for Los Angeles, \$153 for Monterey, \$29 for Sacramento,  
15 and \$334 for San Diego. Cal Am’s estimates are based on a five-year average  
16 escalated for inflation, customer growth, and sales tax increase (for 2013 only).  
17 ORA removes one-time expenses of \$337 from Los Angeles’s 2009 recorded data,  
18 \$720 from Monterey’s 2011 recorded data, and \$136 from Sacramento’s 2011  
19 recorded data to arrive at test year estimates of \$0 for these districts. This is  
20 consistent with the amounts actually recorded to this account in the other four  
21 years of recorded data. ORA removes Cal Am’s customer growth and sales tax  
22 multipliers from the calculated averages to arrive at an estimate of \$ 330 for San  
23 Diego.

24 j) T&D – Meters, Account 754

25 For Transmission and Distribution – Meter Expense in Test Year 2015, Cal  
26 Am’s estimate is \$25 for Larkfield, \$1,182 for Sacramento, \$842 for San Diego,  
27 and \$3,802 for Ventura. Cal Am’s estimates are based on a five-year average

1 escalated for inflation, customer growth, and sales tax increase (for 2013 only).  
2 ORA removes a one-time expense of \$93 from Larkfield's 2008 recorded data to  
3 arrive at a test year estimate of \$0 for the district, which is consistent with the  
4 amounts actually recorded to this account in the other four years of recorded data.  
5 ORA removes Cal Am's customer growth and sales tax multipliers from the  
6 calculated averages to arrive at the following recommended estimates: \$1,145 for  
7 Sacramento, \$831 for San Diego, and \$3,763 for Ventura.

8 k) T&D – Customer Installations, Account 755

9 For Transmission and Distribution – Customer Installation Expense in Test  
10 Year 2015, Cal Am's estimate is \$167 for Larkfield, \$102 for Sacramento, and  
11 \$677 for San Diego. Cal Am's estimates are based on a five-year average  
12 escalated for inflation, customer growth, and sales tax increase (for 2013 only).  
13 ORA removes a one-time expense of \$102 from Sacramento's 2008 recorded data  
14 to arrive at a test year estimate of \$0 for the district, which is consistent with the  
15 amounts actually recorded to this account in the other four years of recorded data.  
16 ORA removes Cal Am's customer growth and sales tax multipliers from the  
17 calculated averages to arrive at the following recommended estimates: \$164 for  
18 Larkfield and \$671 for San Diego.

19 l) T&D – Miscellaneous, Account 756

20 For Transmission and Distribution – Miscellaneous Expense in Test Year  
21 2015, Cal Am's estimate is \$44,458 for Larkfield, \$317,954 for Los Angeles,  
22 \$601,873 for Monterey County, \$1,106 for Monterey Toro, \$120,893 for  
23 Monterey Wastewater, \$500,916 for Sacramento, \$212,696 for San Diego, and  
24 \$250,022 for Ventura. Cal Am's estimates are based on a five-year average  
25 escalated for inflation, customer growth, and sales tax increase (for 2013 only).  
26 These estimates also include the cost of Comprehensive Planning Study (CPS) and  
27 Geographic Information System (GIS) Expenses that are based on annual forecasts  
28 from Cal Am.

1 As mentioned previously in the beginning part of this discussion section,  
2 ORA is concerned with Cal Am's method of accounting for expenses that should  
3 not be recorded in O&M expenses. ORA discovered multiple examples of the  
4 types of expenses that Cal Am records in this Miscellaneous Account for  
5 Transmission and Distribution. ORA discussed earlier examples of employee  
6 rewards and coffee purchases being recorded to multiple accounts and notes below  
7 quite a few purchases made at sporting goods stores being recorded to  
8 miscellaneous accounts for transmission and distribution operating costs . There is  
9 even an expense for flowers from FTD florists recorded in this account for the Los  
10 Angeles District. ORA further examined selected expenses and asked Cal Am to  
11 explain a \$644 expense for KarTunes, an automotive shop in Monterey, and how it  
12 fit into the category of Miscellaneous Transmission & Distribution Expenses. Cal  
13 Am responded by stating that this was a purchase of a Sirius radio to receive  
14 disaster notifications (earthquakes, etc.).<sup>12</sup> ORA notes other expenses classified as  
15 Sirius Radio in this O&M account for the Monterey District. Sirius Radio is  
16 classified as a premium radio service that provides sports, entertainment, and  
17 various other options.<sup>13</sup> With regards to disaster notifications, the Federal  
18 Emergency Management Agency (FEMA) maintains the:

19 Emergency Alert System (EAS) [as] a national public warning system that  
20 requires TV and radio broadcasters, cable television systems, wireless cable  
21 systems, satellite digital audio radio service (SDARS) providers, direct  
22 broadcast satellite (DBS) service providers, and wireline video service  
23 providers to offer to the President the communications capability to address  
24 the American public during a national emergency.<sup>14</sup>

25 "EAS was designed, however, so that if one link in the dissemination of alert  
26 information is broken, the public has multiple alternate sources of warning."<sup>15</sup>

---

<sup>12</sup> See Attachment 7 for Cal Am response to ORA Data Request A.13-07-002. TS2-012, Q & A #5.

<sup>13</sup> <http://www.siriusxm.com/whatisirsiriusxm>

<sup>14</sup> <http://www.fcc.gov/guides/emergency-communications>

<sup>15</sup> <http://www.fcc.gov/guides/emergency-communications>

1 Sirius also offers “Sirius XM Weather & Emergency” as a free satellite  
2 radio channel dedicated to providing critical, updated information before, during  
3 and after disasters, weather emergencies and other hazardous incidents as well  
4 as AMBER Alerts to listeners across North America. As a promotional channel, it  
5 is available from any XM or Sirius radio without a subscription (which is required  
6 by law as part of the Emergency Alert System).<sup>16</sup>

7 Thus, Cal Am’s explanation that a premium radio subscription service is  
8 needed to receive disaster notifications is counter to the intent of the EAS, which  
9 was designed to transmit information through multiple sources. Cal Am has  
10 access to each of these sources as does any individual from the general public, but  
11 the difference here is where Cal Am attempts to charge ratepayers for a premium  
12 radio service that is not necessary to receive disaster notifications but rather serves  
13 to function for entertainment purposes. Thus, Cal Am should not even be paying  
14 for a premium radio subscription service when the only need for disaster  
15 notification is already provided for free.

16 Although ORA described one example in detail of an expense that Cal Am  
17 should not have recorded in this account, ORA notes that there are further samples  
18 of expenses that should not be charged in this account to ratepayers. ORA cites  
19 various examples below regarding sporting goods and other expenses, but these  
20 instances are only a small sampling of the tens of thousands of transactions found  
21 in PUC Account 756. ORA recommends the removal of the expenses listed below  
22 from PUC Account 756 for each district based on its initial findings of these  
23 expenses recorded in this account. The 2015 amounts for each district should be  
24 as follows: \$44,264 for Larkfield, \$317,066 for Los Angeles, \$598,820 for  
25 Monterey County, \$977 for Monterey Toro, \$108,782 for Monterey Wastewater,  
26 \$498,578 for Sacramento, \$212,303 for San Diego, and \$249,000 for Ventura.

---

<sup>16</sup> <http://www.siriusxm.com>

1 Los Angeles District:

District Name	GL Da	Amount	Explanation	NARUC
CA-Los Angeles Admin	07/17/08	75.37	BASS PRO SHOPS	756
CA-Los Angeles Admin	11/20/08	25.84	CHICKS SPORTING GOODS	756
CA-Los Angeles Admin	12/04/08	64.95	BIG 5 SPORTING	756
CA-Los Angeles Admin	01/13/11	50.34	BIG 5 SPORTING	756
CA-Los Angeles Admin	10/13/11	189.19	FTD JUST FLOWERS	756
CA-Los Angeles Admin	04/14/11	38.40	BIG 5 SPORTING	756
CA-Los Angeles Admin	08/11/11	75.40	BIG 5 SPORTING	756
CA-Los Angeles Admin	08/11/11	54.61	BIG 5 SPORTING	756
CA-Los Angeles Admin	12/04/08	54.11	BIG 5 SPORTING GOODS	756
CA-Los Angeles Admin	11/30/09	54.86	BIG 5 SPORTING GOODS	756
CA-Los Angeles Admin	11/30/10	54.86	BIG 5 SPORTING GOODS	756
CA-Los Angeles Admin	01/13/11	21.94	BIG 5 SPORTING GOODS	756
CA-Los Angeles Admin	05/30/08	37.35	REI 63 ARCADIA	756

2

NARUC	Account	Account Description	Amount	Posting Date	Name
756	52562014	Off&Adm Supplies TD	31.85	12/16/2012	CRACKBERRY.COM

3

4

1 Monterey District:

District Name	GL Da	Amount	Explanation	NARU
CA-Monterey	04/16/12	366.14	Farmer Brothers Coffee	703
CA-Monterey	04/16/12	616.27	Farmer Brothers Coffee	703
CA-Monterey	07/24/12	805.50	Farmer Brothers Coffee	703
CA-Monterey	09/02/08	211.53	Farmer Brothers Coffee	756
CA-Monterey	02/25/08	41.55	Farmer Brothers Coffee	756
CA-Monterey	04/24/08	321.75	Farmer Brothers Coffee	756
CA-Monterey	07/18/08	62.10	Farmer Brothers Coffee	756
CA-Monterey	10/28/08	219.58	Farmer Brothers Coffee	756
CA-Monterey	02/05/09	164.44	Farmer Brothers Coffee	756
CA-Monterey	03/31/09	340.10	Farmer Brothers Coffee	756
CA-Monterey	04/30/09	183.80	Farmer Brothers Coffee	756
CA-Monterey	12/28/09	336.58	Farmer Brothers Coffee	756
CA-Monterey	06/28/10	76.73	Farmer Brothers Coffee	756
CA-Monterey	08/31/11	674.91	Farmer Brothers Coffee	756
CA-Monterey	04/24/12	(674.91)	Farmer Brothers Coffee	756
CA-Monterey	06/20/12	127.46	Farmer Brothers Coffee	756
CA-Monterey	07/22/12	183.28	Farmer Brothers Coffee	756
CA-Monterey	06/29/09	176.05	Farmer Brothers Coffee	756
CA-Monterey	10/23/09	161.80	Farmer Brothers Coffee	756
CA-Monterey	03/24/10	13.68	Farmer Brothers Coffee	756
CA-Monterey	03/24/10	222.89	Farmer Brothers Coffee	756
CA-Monterey	05/24/10	450.50	Farmer Brothers Coffee	756
CA-Monterey	05/24/10	12.56	Farmer Brothers Coffee	756
CA-Monterey	09/28/11	433.95	Farmer Brothers Coffee	756

2

District Name	GL Da	Amount	Explanation	NARU
CA-Monterey	08/13/09	644.22	KAR TUNES	756
CA-Monterey	03/20/08	157.45	SRR SIRIUS RADIO	756
CA-Monterey	01/22/09	142.45	SRR SIRIUS RADIO	756
CA-Monterey	09/10/09	10.81	BIG 5 SPORTING	756
CA-Monterey	01/29/10	164.24	SRR SIRIUS RADIO	756
CA-Monterey	06/30/10	405.78	BIG 5 SPORTING	756
CA-Monterey	07/15/10	27.05	BIG 5 SPORTING	756
CA-Monterey	06/16/11	10.81	BIG 5 SPORTING	756
CA-Monterey	01/10/08	64.34	WILD WINGS GOLF CLUB	756
CA-Monterey	03/12/09	53.47	REI 113 MARINA	756

3

4 Sacramento District:

District Name	GL Da	Amount	Explanation	Working File PUC
CA-Sacramento	07/31/12	32.31	BIG 5 SPORTING #65	756
CA-Sacramento	11/06/08	80.80	BIG 5 SPORTING GOODS	756
CA-Sacramento	02/29/08	102.34	SPORT CHALET	756
CA-Sacramento	05/29/09	21.72	SPORT CHALET	756
CA-Sacramento	05/29/09	21.72	SPORT CHALET	756
CA-Sacramento	07/10/08	25.00	TEAL BEND GOLF CLUB-PR	756
CA-Sacramento	03/30/12	102.36	REI 21 SACRAMENTO	756

5

1 San Diego District:

District Nam	GL Da	Amount	Explanation	Working File PUC
CA-Coronado	06/24/10	16.30	BIG 5 SPORTING GOODS	756
CA-Coronado	07/30/10	16.30	BIG 5 SPORTING GOODS	756

3 Ventura District:

District Name	GL Date	Amount	Explanation	NARUC
CA-Village	01/30/09	94.37	CHICKS SPORTING GOODS	756
CA-Village	03/15/12	91.15	DICK'S CLOTHING&SPORTING	756
CA-Village	02/07/08	53.61	SPORT CHALET	756
CA-Village	02/29/08	101.88	SPORT CHALET	756
CA-Village	09/11/08	101.88	SPORT CHALET	756
CA-Village	02/19/09	128.69	SPORT CHALET	756
CA-Village	05/14/09	146.13	SPORT CHALET	756
CA-Village	05/14/09	86.58	SPORT CHALET	756
CA-Village	09/10/09	151.54	SPORT CHALET	756
CA-Village	10/31/11	25.68	SPORT CHALET	756
CA-Village	10/13/11	139.41	SPORT CHALET	756
CA-Village	09/30/11	100.73	SPORT CHALET	756
CA-Village	05/12/11	156.95	SPORT CHALET	756
CA-Village	10/29/10	108.24	SPORTS AUTHORI	756

6 m) Customer Accts – Supervision, Account 771

7 For Customer Accounts – Meter Reading expense in Test Year 2015, Cal  
 8 Am’s estimate is \$6 for Monterey Wastewater. Cal Am’s estimate is based on a  
 9 five-year average escalated for inflation, customer growth, and sales tax increase  
 10 (for 2013 only). ORA removes a one-time expense of \$27 from Monterey  
 11 Wastewater’s 2010 recorded data to arrive at a test year estimate of \$0 for the  
 12 district, which is consistent with the amounts actually recorded to this account in  
 13 the other four years of recorded data.

14 n) Customer Accts – Meter Reading, Account 772

15 For Customer Accounts – Meter Reading expense in Test Year 2015, Cal  
 16 Am’s estimate is \$633 for Larkfield, \$1,243 for Los Angeles, \$3,157 for  
 17 Sacramento, and \$851 for San Diego. Cal Am’s estimates are based on a five-year  
 18 average escalated for inflation, customer growth, and sales tax increase (for 2013

1 only). ORA removes a one-time expense of \$4,000 from San Diego’s 2012  
 2 recorded data to arrive at a test year estimate of \$0 for the district, which is  
 3 consistent with the amounts actually recorded to this account in the other four  
 4 years of recorded data. ORA removes Cal Am’s customer growth and sales tax  
 5 multipliers from the calculated averages to arrive at the following recommended  
 6 estimates: \$624 for Larkfield, \$1,238 for Los Angeles, and \$3,125 for Sacramento.

7 o) Customer Accts – Customer Recs & Collection, Account 773

8 For Customer Accounts – Customer Records and Collection Expense in  
 9 Test Year 2015, Cal Am’s estimate is \$213 for Los Angeles, \$7,055 for San  
 10 Diego, and \$4,474 for Ventura. Cal Am’s estimates are based on a five-year  
 11 average escalated for inflation, customer growth, and sales tax increase (for 2013  
 12 only). ORA removes a one-time expense of \$200 from Los Angeles’s 2012  
 13 recorded data to arrive at a test year estimate of \$0 for the district, which is  
 14 consistent with the amounts actually recorded to this account in the other four  
 15 years of recorded data. ORA removes Cal Am’s customer growth and sales tax  
 16 multipliers from the calculated averages to arrive at the following recommended  
 17 estimates: \$6,981 for San Diego and \$4,424 for Ventura.

18 p) Customer Accounts – Miscellaneous, Account 774

19 For Customer Accounts – Miscellaneous Expense in Test Year 2015, Cal  
 20 Am’s estimate is \$23,451 for Los Angeles, \$16,441 for Monterey County, \$10,317  
 21 for Monterey Wastewater, \$1,796 for Sacramento, \$20,104 for San Diego, and  
 22 \$5,090 for Ventura. Cal Am’s estimates are based on a five-year average  
 23 escalated for inflation, customer growth, and sales tax increase (for 2013 only).  
 24 ORA removes the following expense of \$1,600 for Roseville Golfland from the  
 25 2008 recorded data for the Sacramento District as this expense should not have  
 26 been recorded here.

District Name	GL Da	Amount	Explanation	Working File PUC
CA-Sacramento	05/22/08	1,600.00	ROSEVILLE GOLFLAND	774

27

1 ORA also removes Cal Am’s customer growth and sales tax multipliers from the  
2 calculated averages to arrive at the following recommended estimates: \$23,345 for  
3 Los Angeles, \$16,345 for Monterey, \$10,098 for Monterey Wastewater, \$1,404  
4 for Sacramento, \$19,991 for San Diego, and \$5,048 for Ventura.

5 q) Uncollectibles, Account 775

6 Cal Am’s estimate for Uncollectibles expenses in Test Year 2015 is  
7 \$26,377 for Larkfield, \$223,380 for Los Angeles, \$3,401,387 for Monterey  
8 County, \$13,309 for Monterey Wastewater, \$0 for Monterey Toro, \$309,690 for  
9 Sacramento, \$122,109 for San Diego, and \$195,253 for Ventura. Cal Am’s  
10 estimates for the expense are based on a five-year average escalated for inflation,  
11 customer growth, and sales tax increase (for 2013 only) using the average of the  
12 five year uncollectible percentage in addition to the most recently recorded 2012  
13 amount for billing adjustments. This billing adjustment amount is reflected as a  
14 percentage of the billing adjustments using the present rate revenue requirement  
15 from 2012. Please see ORA testimony on Special Request #12 for treatment of  
16 these billing adjustment expenses.

17 **5) ORA’s Analysis of Specific Maintenance Expenses**

18 a) Source of Supply – Structures & Improvements, Account 707

19 For Source of Supply – Structures & Improvements expense in Test Year  
20 2015, Cal Am’s estimate is \$12,324 for Los Angeles and \$194 for Sacramento.  
21 Cal Am’s estimates are based on a five-year average escalated for inflation,  
22 customer growth, and sales tax increase (for 2013 only). ORA removes a one-  
23 time expense of \$900 from Sacramento’s 2011 recorded data to arrive at a test  
24 year estimate of \$0 for the district, which is consistent with the amounts actually  
25 recorded to this account in the other four years of recorded data. ORA also  
26 removes Cal Am’s customer growth and sales tax multipliers from the calculated  
27 averages to arrive at the following recommended estimate of \$12,272 for Los  
28 Angeles.

1           b) Source of Supply – Wells, Account 711

2           For Source of Supply – Wells expense, Cal Am’s estimate in Test Year  
3 2015 is \$46 for Larkfield, \$7,164 for Los Angeles, and \$3,635 for Sacramento.  
4 Cal Am’s estimates are based on a five-year average escalated for inflation,  
5 customer growth, and sales tax increase (for 2013 only). ORA removes a one-  
6 time expense of \$3,635 from Sacramento’s 2012 recorded data to arrive at a test  
7 year estimate of \$0 for the district, which is consistent with the amounts actually  
8 recorded to this account in the other four years of recorded data. However, as  
9 discussed in ORA’s Testimony regarding Plant, ORA recommends an amount of  
10 \$606,144 forecasted for test year 2015 well rehabilitation costs for the Sacramento  
11 District. For the Monterey district, ORA recommends an amount of \$192,598 for  
12 well rehabilitation costs. ORA also removes Cal Am’s customer growth and sales  
13 tax multipliers from the calculated averages to arrive at the following  
14 recommended estimates: \$45 for Larkfield and \$7,134 for Los Angeles.

15           c) Source of Supply – Other Plant, Account 713

16           For Source of Supply – Maintenance of Other Plant in Test Year 2015, Cal  
17 Am’s estimate is \$718 for Larkfield, \$162,295 for Los Angeles, \$195,474 for  
18 Monterey County, \$437 for Monterey Toro, \$2,831 for Monterey Wastewater,  
19 \$41,747 for Sacramento, \$139 for San Diego, and \$15,935 for Ventura. Cal Am’s  
20 estimates are based on a five-year average escalated for inflation, customer  
21 growth, and sales tax increase (for 2013 only). ORA removes a one-time expense  
22 of \$651 from San Diego’s 2012 recorded data to arrive at a test year estimate of \$0  
23 for the district, which is consistent with the amounts actually recorded to this  
24 account in the other four years of recorded data. ORA also removes Cal Am’s  
25 customer growth and sales tax multipliers from the calculated averages to arrive at  
26 the following recommended estimates: \$707 for Larkfield, \$162,112 for Los  
27 Angeles, \$194,868 for Monterey County, \$419 for Monterey Toro, \$2,745 for  
28 Monterey Wastewater, \$40,602 for Sacramento, and \$15,804 for Ventura.

1           d) Pumping Structures & Improvements, Account 730

2           For Pumping Expenses – Maintenance of Pumping Structures &  
3 Improvements in Test Year 2015, Cal Am’s estimate is \$4,437 for Larkfield,  
4 \$48,486 for Los Angeles, and \$607 for Sacramento. Cal Am’s estimates are based  
5 on a five-year average escalated for inflation, customer growth, and sales tax  
6 increase (for 2013 only). ORA removes Cal Am’s customer growth and sales tax  
7 multipliers from the calculated averages to arrive at the following recommended  
8 estimates: \$4,373 for Larkfield, \$48,282 for Los Angeles, and \$593 for  
9 Sacramento.

10           e) Pumping Power Production Equipment, Account 731

11           For Pumping Expenses – Maintenance of Power Production Equipment in  
12 Test Year 2015, Cal Am’s estimate is \$6,429 for Larkfield, \$35,114 for Los  
13 Angeles, and \$2,417 for Sacramento. Cal Am’s estimates are based on a five-year  
14 average escalated for inflation, customer growth, and sales tax increase (for 2013  
15 only). ORA removes Cal Am’s customer growth and sales tax multipliers from  
16 the calculated averages to arrive at the following recommended estimates: \$6,313  
17 for Larkfield, \$34,971 for Los Angeles, and \$2,404 for Sacramento.

18           f) Pumping Equipment, Account 733

19           For Pumping Expenses – Maintenance of Pumping Equipment in Test Year  
20 2015, Cal Am’s estimate is \$907 for Larkfield, \$47,173 for Los Angeles, \$613,574  
21 for Monterey County, \$17,019 for Monterey Toro, \$253,961 for Sacramento, and  
22 \$2,491 for San Diego, and \$2,002 for Ventura. Cal Am’s estimates are based on a  
23 five-year average escalated for inflation, customer growth, and sales tax increase  
24 (for 2013 only). ORA removes Cal Am’s customer growth and sales tax  
25 multipliers from the calculated averages to arrive at the following recommended  
26 estimates: \$890 for Larkfield, \$46,991 for Los Angeles, \$611,190 for Monterey

1 County, \$16,662 for Monterey Toro, \$249,504 for Sacramento, \$2,464 for San  
2 Diego, and \$1,991 for Ventura.

3 g) Water Treatment Structures & Improvements, Account 747

4 For Water Treatment – Maintenance of Structures & Improvements in Test  
5 Year 2015, Cal Am’s estimate is \$94 for Larkfield, \$313 for Sacramento, and  
6 \$130 for San Diego. Cal Am’s estimates are based on a five-year average  
7 escalated for inflation, customer growth, and sales tax increase (for 2013 only).  
8 ORA removes one-time expenses of \$1,327 from Sacramento’s 2008 recorded  
9 data and \$612 from San Diego’s 2012 recorded data to arrive at test year estimates  
10 of \$0 for each district, which is consistent with the amounts actually recorded to  
11 this account in the other four years of recorded data. ORA also removes Cal Am’s  
12 customer growth and sales tax multipliers from the calculated averages to arrive at  
13 the following recommended estimate of \$92 for Larkfield.

14 h) Water Treatment Equipment, Account 748

15 For Water Treatment – Maintenance of Water Treatment Equipment in Test  
16 Year 2015, Cal Am’s estimate is \$2,522 for Larkfield, \$21,373 for Los Angeles,  
17 \$187,495 for Monterey County, \$7,717 for Monterey Toro, \$174,729 for  
18 Monterey Wastewater, \$144,691 for Sacramento, and \$3,645 for Ventura. Cal  
19 Am’s estimates are based on a five-year average escalated for inflation, customer  
20 growth, and sales tax increase (for 2013 only). ORA removes a one-time expense  
21 of \$17,137 from Ventura’s 2012 recorded data to arrive at a test year estimate of  
22 \$0 for the district, which is consistent with the amounts actually recorded to this  
23 account in the other four years of recorded data. ORA also removes Cal Am’s  
24 customer growth and sales tax multipliers from the calculated averages to arrive at  
25 the following recommended estimates: \$2,476 for Larkfield, \$21,289 for Los  
26 Angeles, \$186,700 for Monterey County, \$7,548 for Monterey Toro, \$170,850 for  
27 Monterey Wastewater, and \$141,412 for Sacramento.

1           i) T&D – Maintenance of Structures, Account 759

2           For Transmission and Distribution – Maintenance of Structures, Cal Am’s  
3 estimate in Test Year 2015 is \$17,288 for Los Angeles and \$56 for the Sacramento  
4 District. Cal Am’s estimates are based on a five-year average escalated for  
5 inflation, customer growth, and sales tax increase (for 2013 only). ORA removes  
6 a one-time expense of \$238 from Sacramento’s 2008 recorded data to arrive at a  
7 test year estimate of \$0 for the district, which is consistent with the amounts  
8 actually recorded to this account in the other four years of recorded data. ORA  
9 also removes Cal Am’s customer growth and sales tax multipliers from the  
10 calculated averages to arrive at the recommended estimate of \$17,273 for Los  
11 Angeles.

12           j) T&D - Reservoirs & Tanks, Account 760

13           For Transmission and Distribution – Maintenance of Reservoirs & Tanks in  
14 Test Year 2015, Cal Am’s estimate is \$443 for Larkfield, \$7,896 for Los Angeles,  
15 \$1,031 for San Diego, and \$3,511 for Ventura. Cal Am’s estimates are based on a  
16 five-year average escalated for inflation, customer growth, and sales tax increase  
17 (for 2013 only). ORA removes a one-time expense of \$16,509 from Ventura’s  
18 2012 recorded data to arrive at a test year estimate of \$0 for the district, which is  
19 consistent with the amounts actually recorded to this account in the other four  
20 years of recorded data. ORA also removes Cal Am’s customer growth and sales  
21 tax multipliers from the calculated averages to arrive at the following  
22 recommended estimates: \$435 for Larkfield, \$7,857 for Los Angeles, and \$1,018  
23 for San Diego.

24           k) T&D – Mains, Account 761

25           For Transmission and Distribution – Maintenance of Mains in Test Year  
26 2015, Cal Am’s estimate is \$1,252 for Larkfield, \$270,244 for Los Angeles,  
27 \$48,794 for Monterey County, \$109,837 for Sacramento, \$33,431 for San Diego,

1 and \$16,280 for Ventura. Cal Am's estimates are based on a five-year average  
2 escalated for inflation, customer growth, and sales tax increase (for 2013 only).  
3 ORA removes Cal Am's customer growth and sales tax multipliers from the  
4 calculated averages to arrive at the following recommended estimates: \$1,225 for  
5 Larkfield, \$269,081 for Los Angeles, \$48,475 for Monterey County, \$107,179 for  
6 Sacramento, \$33,157 for San Diego, and \$16,189 for Ventura.

7 l) T&D – Fire Mains, Account 762

8 For Transmission and Distribution – Maintenance of Fire Mains, Cal Am's  
9 estimate is \$88 in Test Year 2015 for the Larkfield District. Cal Am's estimates  
10 are based on a five-year average escalated for inflation, customer growth, and  
11 sales tax increase (for 2013 only). ORA removes a one-time expense of \$371  
12 from Larkfield's 2009 recorded data to arrive at a test year estimate of \$0 for the  
13 district, which is consistent with the amount actually recorded to this account in  
14 the other four years of recorded data.

15 m) T&D – Services, Account 763

16 For Transmission and Distribution – Maintenance of Services in Test Year  
17 2015, Cal Am's estimate is \$11,164 for Larkfield, \$55,000 for Los Angeles, \$95  
18 for Monterey, \$136,029 for Sacramento, \$15,161 for San Diego, and \$11,471 for  
19 Ventura. Cal Am's estimates are based on a five-year average escalated for  
20 inflation, customer growth, and sales tax increase (for 2013 only). ORA removes  
21 a one-time expense of \$446 from Monterey's 2012 recorded data to arrive at a test  
22 year estimate of \$0 for the district, which is consistent with the amounts actually  
23 recorded to this account in the other four years of recorded data. ORA removes  
24 Cal Am's customer growth and sales tax multipliers from the calculated averages  
25 to arrive at the following recommended estimates: \$10,983 for Larkfield, \$54,759  
26 for Los Angeles, \$133,083 for Sacramento, \$14,993 for San Diego, and \$11,390  
27 for Ventura.

1 n) T&D – Meters, Account 764

2 For Transmission and Distribution – Maintenance of Meters in Test Year  
3 2015, Cal Am’s estimate is \$224 for Larkfield, \$13,859 for Los Angeles, \$40,984  
4 for Sacramento, and \$10,652 for San Diego. Cal Am’s estimates are based on a  
5 five-year average escalated for inflation, customer growth, and sales tax increase  
6 (for 2013 only). ORA removes Cal Am’s customer growth and sales tax  
7 multipliers from the calculated averages to arrive at the following recommended  
8 estimates: \$219 for Larkfield, \$13,801 for Los Angeles, \$40,283 for Sacramento,  
9 and \$10,544 for San Diego.

10 o) T&D – Hydrants, Account 765

11 For Transmission and Distribution – Maintenance of Hydrants in Test Year  
12 2015, Cal Am’s estimate is \$379 for Larkfield, \$5,257 for Los Angeles, \$37,281  
13 for Sacramento, \$741 for San Diego, and \$10,849 for Ventura. Cal Am’s  
14 estimates are based on a five-year average escalated for inflation, customer growth  
15 and sales tax increase (for 2013 only). ORA removes Cal Am’s customer growth  
16 and sales tax multipliers from the calculated averages to arrive at the following  
17 recommended estimates: \$374 for Larkfield, \$5,231 for Los Angeles, \$36,208 for  
18 Sacramento, \$734 for San Diego, and \$10,757 for Ventura.

19 p) T&D – Miscellaneous Plant, Account 766

20 Cal Am’s estimate for Transmission and Distribution – Maintenance of  
21 Miscellaneous Plant expenses in Test Year 2015 is \$30,598 for Larkfield,  
22 \$258,262 for Los Angeles, \$1,373,292 for Monterey County, \$3,504 for Monterey  
23 Toro, \$11,726 for Monterey Wastewater, \$345,179 for Sacramento, \$56,640 for  
24 San Diego, and \$431,519 for Ventura. Cal Am’s estimates for all line items  
25 except for Tank Painting are based on a five-year average escalated for inflation,  
26 customer growth, and sales tax increase (for 2013 only), with the exception of  
27 Monterey Toro and Wastewater, which do not include any estimates for Tank

1 Painting expense in this O&M account. Cal Am developed its estimates for Tank  
2 Painting on the remaining costs and amortization periods of past tank paintings,  
3 and added to that the estimated amortization of costs for proposed projects as part  
4 of its tank maintenance program. Cal Am's tank maintenance program<sup>17</sup> consists  
5 of both capital and deferred (tank painting) expenditures, but deferred  
6 expenditures are only included here in this O&M expense category.

7 ORA finds Cal Am's estimates using a five-year average escalated for  
8 inflation only reasonable for this O&M account excluding tank painting. Cal Am  
9 proposes increases for tank painting expenditures in each district that easily  
10 surpass its five year recorded average of expenditures. As this tank maintenance  
11 program is handled via capital expenditures through Cal Am's recurring project  
12 budget or a separate investment project budget, Cal Am is only recording deferred  
13 expenditures in this O&M account. The need to increase this deferred expenditure  
14 budget has not been justified and is inconsistent with using the methodology of  
15 applying a five-year average.

16 At this time, ORA recommends reducing the forecast of 2015 expenditures  
17 for tank painting amortization expenses based on the issues ORA found in  
18 discovery regarding proposed tank projects in 2013 that were not completed as  
19 mentioned earlier in the discussion. At the current rate of seven out of 43 projects  
20 completed for 2013, this ratio amounts to about a 16% rate of actual expenditures  
21 compared to forecast. ORA accounts for these actual 2013 expenditures to derive  
22 its estimate for 2013 tank painting expenses. Then, to arrive at its 2014 amount,  
23 ORA takes the five-year average of 2009-2013 of tank painting expenses. This is  
24 consistent with the methodology of five-year averages used for Cal Am's  
25 estimates with the rest of this O&M expense category and consistent with the rest  
26 of ORA's recommendations for expenses. Finally, to derive ORA's 2015

---

<sup>17</sup> A discussion of Cal Am's Tank Maintenance Program can be found in the Direct Testimony of F. Mark Schubert, PE, pg. 146-7.

1 estimate, this 2014 estimate is escalated by the 2015 reinstatement factor  
2 consistent with the methodology applied to all O&M expenses. Thus, ORA's  
3 estimates for Tank Painting for 2015 are as follows: \$13,177 for Larkfield,  
4 \$70,674 for Los Angeles, \$385,266 for Monterey County, \$151,109 for  
5 Sacramento, \$26,626 for San Diego, and \$205,478 for Ventura. Finally, ORA's  
6 total estimates for Transmission and Distribution – Miscellaneous Plant expenses  
7 are as follows: \$15,584 for Larkfield, \$165,652 for Los Angeles, \$1,284,491 for  
8 Monterey County, \$3,435 for Monterey Toro, \$11,578 for Monterey Wastewater,  
9 \$209,014 for Sacramento, \$44,672 for San Diego, and \$297,793 for Ventura.

10 **D. CONCLUSION**

11 ORA recommends that the Commission adopt its O&M expense estimates  
12 as ORA's discovery process has found issues with Cal Am's recording of  
13 expenses in appropriate O&M expense accounts and Cal Am's forecasting of 2013  
14 tank painting projects. Cal Am's customer growth and sales tax multipliers from  
15 the recorded expenses to arrive at the test year should also be removed as its  
16 proposal to use these multipliers has not been justified.

1 **CHAPTER 2: SPECIAL REQUEST #18 - STATE WATER RESOURCES**  
2 **CONTROL BOARD CEASE AND DESIST ORDER**  
3 **MEMORANDUM ACCOUNT**

4 **A. INTRODUCTION**

5 In Special Request #18, California American Water (Cal Am) requests  
6 authorization to file for the establishment of a memorandum (memo) account to  
7 track all penalties and fines that could be assessed as a result of a violation of the  
8 State Water Resources Control Board (SWRCB) Cease and Desist Order (CDO),  
9 should such an account be necessary.<sup>18</sup> Cal Am characterizes this situation as the  
10 Monterey Production Physical Cliff that can be described as the point in time,  
11 December 31, 2016, when the CDO requires Cal Am to reduce its production from  
12 the Carmel River to Cal Am’s legally authorized level, or 3,376 AF per the CDO.  
13 Cal Am states that it cannot force its customers to reduce usage to comply with the  
14 reductions enforced by the CDO, and that the SWRCB may levy civil penalties for  
15 such violations.<sup>19</sup>

16 **B. SUMMARY OF RECOMMENDATIONS**

17 ORA recommends that Cal Am’s request for establishing a SWRCB CDO  
18 Memo Account be approved only as a subaccount within Cal Am’s existing Cease  
19 and Desist Order Memorandum Account (CDOMA), which currently captures any  
20 and all activities related to the CDO.

21 **C. DISCUSSION**

22 Cal Am was granted the existing Cease and Desist Order Memorandum  
23 Account on April 8, 2012 in Resolution W-4624. The purpose of this memo  
24 account is stated in Cal Am’s Preliminary Statement<sup>20</sup> as follows:

---

<sup>18</sup> Application, A.13-07-002, p. 16

<sup>19</sup> Direct Testimony of David P. Stephenson, p.62.

<sup>20</sup> See Attachment 10 for CPUC Sheet No. 5882-W as authorized by Advice Letter No. 862.

1        *The purpose of the CDOMA is to track outside legal counsel; Experts*  
2        *needed to represent Cal-Am in administrative proceedings; Temporary*  
3        *legal measures regarding stays of the CDO; Court appeals related to any*  
4        *final CDO adopted by the SWRCB; Challenge clarifications, and/or*  
5        *compliance with the CDO including any additional or more stringent*  
6        *conservation and reporting activities, the development and obtainment of*  
7        *water supply and water rights; and Any and all other immediate activities*  
8        *beyond those approved in the general rate case, D.09-07-021, related to the*  
9        *CDO to address the SWRCB CDO for unauthorized diversion of water from*  
10       *the Carmel River in the Monterey District.*

11       As stated in the purpose of this existing CDO Memo Account, Cal Am has  
12       the ability to track a broad and wide-ranging scope of items related to addressing  
13       the SWRCB’s CDO. Cal Am does not need an additional memo account at this  
14       time to address the CDO in this current GRC proceeding. Rather it should  
15       establish a sub account directly related to the fines that it may incur from the  
16       SWRCB.

17       **D. CONCLUSION**

18       ORA recommends that the Commission approve Cal Am’s request to  
19       establish the SWRCB CDO memo account only as a sub account within its  
20       existing memo account.

1 **CHAPTER 3: SPECIAL REQUEST #27 - IMPLEMENT MONTHLY**  
2 **BILLING FOR MONTEREY WASTEWATER CUSTOMERS**

3 **A. INTRODUCTION**

4 In Special Request #27, California American Water (Cal Am) requests  
5 authorization to move all of its Monterey wastewater customers to monthly  
6 billing.<sup>21</sup> Since Cal Am serves both stand-alone wastewater customers as well as  
7 combined water/wastewater customers, consistency in billing for Cal Am's  
8 operations costs can only be achieved after all customers are billed on a similar  
9 frequency. Currently, Cal Am's water customers are already billed monthly<sup>22</sup>, so  
10 it should follow that all wastewater customers in the Monterey County District be  
11 on the same monthly billing frequency.

12 **B. SUMMARY OF RECOMMENDATIONS**

13 ORA agrees with Cal Am's request to bill all of its wastewater customers in  
14 the Monterey County District on a monthly basis.

15 **C. DISCUSSION**

16 Cal Am requests that its Monterey wastewater customers be moved to  
17 monthly billing to create billing consistency and give its customers greater control  
18 over their bills. Since Cal Am's current water customers in Monterey are billed  
19 monthly, Cal Am should move its wastewater customers to monthly billing to  
20 create consistency across the district. ORA asked Cal Am if there are any costs  
21 associated with this move, and Cal Am confirmed that since monthly billing of  
22 wastewater customers already occurs in certain systems, there would be no need  
23 for any significant changes to its billing software<sup>23</sup>. Cal Am has not included any

---

<sup>21</sup> Direct Testimony of David P. Stephenson, p.52.

<sup>22</sup> Id.

<sup>23</sup> See Attachment 11 for Cal Am response to ORA Data Request A.13-07-002. TS2-007, Q&A #5 (b).

1 cost increase in revenue requirement due to the request.<sup>24</sup> Given all the benefits  
2 associated with this move to monthly billing for wastewater customers, ORA  
3 agrees with Cal Am's request.

4 **D. CONCLUSION**

5 ORA recommends that the Commission approve Cal Am's request to bill  
6 all of its wastewater customers in the Monterey County District on a monthly basis  
7 to create billing consistency.

---

<sup>24</sup> Id.

1           **CHAPTER 4: SPECIAL REQUEST #30 – RECOVER PLACER**  
2                           **COUNTY WATER AGENCY PEAKING CHARGES IN THE**  
3                           **PURCHASED WATER BALANCING ACCOUNT FOR**  
4                           **SACRAMENTO**

5           **A. INTRODUCTION**

6           In Special Request #30, California American Water (Cal Am) requests  
7 authorization to include Placer County Water Agency (PCWA) peaking charges in  
8 the Purchased Water Balancing Account for the Sacramento District, should the  
9 Walerga Tank not be able to fully eliminate said peaking charges, or if the facility  
10 is not completed before the charges are assessed in 2015<sup>25</sup>.

11           **B. SUMMARY OF RECOMMENDATIONS**

12           ORA recommends that Cal Am’s request to include PCWA peaking  
13 charges in the Purchased Water Balancing Account for the Sacramento District be  
14 denied. The Commission has already decided that Cal Am may not recover  
15 peaking charges incurred after January 1, 2012.

16           **C. DISCUSSION**

17           In order to understand Cal Am’s request, ORA will briefly summarize the  
18 history and evolution of the issues surrounding this West Placer Service Area. On  
19 February 28, 2002, California-American Water Company (Cal Am) filed  
20 Application (A.) 02-02-030 requesting authorization to establish the Dry Creek  
21 Special Facilities Fee (SFF) for residential development in the West Placer Service  
22 Area of Cal Am’s Sacramento District. The SFF was for anticipated new  
23 development in the area requiring a main extension. Tariff Rule 15 allows public  
24 utilities to seek advance payment from the first developer for the full costs of  
25 constructing the necessary facilities for new developments. Tariff Rule 15 also  
26 allows the first developer to seek contribution toward the costs from subsequent

---

<sup>25</sup> Direct Testimony of David P. Stephenson, p.57.

1 developers. Because the total initial cost for the facilities in this case, \$28 million,  
2 exceeded what the developers could afford, individually or collectively, the  
3 Commission issued Decision (D.) 02-06-054, which permitted Cal Am to front the  
4 cost of the facilities and receive contributions in the form of a “pay as you go” fee  
5 arrangement from the developers as they request water service from Cal Am. At  
6 the time, Cal Am’s application anticipated 18,000 Equivalent Dwelling Units  
7 (EDUs) would be constructed in the Dry Creek SFF Area. The initial SFF of \$750  
8 was calculated to eventually repay Cal-Am for its costs to construct the needed  
9 facilities. Economic conditions have changed drastically in the 11 years since  
10 D.02-06-054 was issued and Cal Am’s optimistic growth projections from 2002  
11 have been replaced with a much more conservative outlook. In A.10-07-007, filed  
12 July 1, 2010, Cal Am originally requested elimination of the Dry Creek SFF and  
13 Tariff, approval to include all plant, depreciation and contributions related to the  
14 Dry Creek SFF area in rate base for the Sacramento District, and authorization for  
15 a new SFF applicable to all new customers in the West Placer Service Area. The  
16 application also sought authorization for construction of the \$6.75 million Walerga  
17 Tank Project and facilities. The new SFF was derived by dividing the detailed cost  
18 estimates of the total known projects and anticipated projects, adjusted to 2012  
19 baseline (\$28 million), by the number of EDUs/potential customers (4,800). This  
20 resulted in the new SFF of \$5,850 per EDU in the West Placer Service Area of Cal  
21 Am’s Sacramento District. Finally, the Commission decided in D.13-10-003 to  
22 grant Cal Am an amount of \$10.65 million to fund construction costs of the  
23 Walerga Tank Project with 2,551 EDUs using a revised SFF of \$5,897 per EDU.

24 Currently, Cal Am’s West Placer Service Area consists of approximately  
25 1,000 customers and does not currently contain storage tanks, pumps, wells,  
26 booster stations or treatment plants.<sup>26</sup> All water is purchased from the Placer  
27 County Water Agency and conveyed to connection points in the West Placer

---

<sup>26</sup> D.13-10-003, p. 3.

1 Service Area by a wheeling agreement between the City of Roseville and the  
2 Placer County Water Agency.<sup>27</sup> The West Placer Service Area system  
3 experiences large swings in demand based on customer needs.<sup>28</sup> The purchased-  
4 water agreement with the Placer County Water Agency includes a peaking charge  
5 of 10 times the normal rate when demand exceeds the parameters of the purchased  
6 water contract.<sup>29</sup>

7 Cal Am is concerned that it may incur peaking charges from PCWA for its  
8 service in Placer County during this rate case proceeding, since construction of the  
9 Walerga Tank has not started and may not be completed by the start of 2015.  
10 Also, Cal Am is not positive that even if the tank is built, it will not continue to  
11 incur peaking charges in some years due to increased customer usage. ORA is  
12 concerned with Cal Am's proposal that the Walerga Tank and related facilities  
13 being built at extraordinary cost will not eliminate said peaking charges. It is hard  
14 to believe that after copious amounts of testimony provided in A.10-07-007<sup>30</sup>  
15 affirmed that the Walerga Tank should be built to meet the supply constraints in  
16 the West Placer Service Area that Cal Am is now saying that it may still incur  
17 peaking charges from increased customer usage. This is contrary to Commission  
18 findings in D.13-10-003, which states that Existing Dry Creek customers will  
19 receive less than 50% of the benefit from the Walerga Storage Tank and other  
20 construction projects.<sup>31</sup> With existing customers taking up less than 50% of the  
21 capacity of a 2.5 million gallon storage tank, it is difficult to conclude that  
22 increased customer usage would push this capacity all the way up to 100% of the

---

<sup>27</sup> D.13-10-003, p. 3.

<sup>28</sup> Id.

<sup>29</sup> Id.

<sup>30</sup> A.10-07-007 References: (CAW Exh. 14, Kilpatrick Direct, Sec. III, pp. 115-123; CAW Exh. 27, Stephenson Direct, Sec. XIII, pp. 28-41; CAW Exh. 49, Schubert Rebuttal, p. 37-39; DRA Exh. 7, p.32; DRA Exh. 11, Ch. 4. pp. 1-18)

<sup>31</sup> D.13-10-003. Finding of Fact #10

1 proposed facilities. Cal Am fails to provide the proof necessary to show that these  
2 new facilities will not adequately provide for increased customer usage.

3 During the discovery process in this proceeding, ORA asked Cal Am for  
4 clarification on the pending Commission Decision from A.10-07-007 with regard  
5 to how it would affect its Special Request. ORA questioned Cal Am on how it  
6 would respond to the Proposed Decision (PD) that was issued by the Commission  
7 and stated that Cal Am may not recover peaking charges incurred after January 1,  
8 2012. Cal Am replied by stating that it would respond to the PD to propose a  
9 correction that requests the final decision acknowledge the adopted Settlement  
10 Agreement that states, “Second, no peaking charges will be allowed in rates from  
11 2012 forward until the Walerga Tank is in service.”<sup>32</sup> Cal Am also stated in its  
12 data request response that peaking charges incurred after the tank is in service  
13 should be recoverable.<sup>33</sup> Ultimately, the Commission ordered that Cal Am could  
14 not recover peaking charges incurred after January 1, 2012 in acknowledgement of  
15 the proposed Walerga Tank facilities being built.<sup>34</sup> The Commission reviewed  
16 that aforementioned Settlement Agreement and came to its own conclusion  
17 regarding peaking charges and ORA wholeheartedly agrees with this decision.

#### 18 **D. CONCLUSION**

19 ORA recommends that the Commission deny Cal Am’s request to recover  
20 peaking charges in Purchased Water Balancing Account for the Sacramento  
21 District, since the Commission has already decided that Cal Am may not recover  
22 peaking charges incurred after January 1, 2012 in D.13-10-003.

---

<sup>32</sup> See Attachment 8 for Cal Am Response to ORA Data Request A.13-07-002. TS2-002, Q&A #1 (b).

<sup>33</sup> Id.

<sup>34</sup> D.13-10-003. Ordering Paragraph #4.

1 **CHAPTER 5: SPECIAL REQUEST #23 – SACRAMENTO/PLACER**  
2 **COUNTY PURCHASED WATER MEMO ACCOUNT & SPECIAL**  
3 **REQUEST #31 – PLACER COUNTY WATER AGENCY**  
4 **PURCHASED WATER AGREEMENT MEMO ACCOUNT**

5 **A. INTRODUCTION**

6 In Special Request #23, California American Water (Cal Am) requests  
7 authorization to file for the establishment of a memorandum (memo) account to  
8 track costs associated with the Sacramento/Placer County purchased water  
9 supply.<sup>35</sup> In Special Request #31, Cal Am also requests authorization to file for  
10 the establishment of a memo account to track all increased purchased water costs  
11 and the costs of capital investment related to changes in modifications to the  
12 Placer County Water Agency (PCWA) purchased water agreement that expires on  
13 December 31, 2015.<sup>36</sup>

14 **B. SUMMARY OF RECOMMENDATIONS**

15 ORA recommends that Cal Am’s requests for establishing a memo account  
16 to track costs associated with the Sacramento/Placer County purchased water  
17 supply and a memo account to track changes in modifications to the Placer County  
18 Water Agency purchased water agreement be denied. Cal Am’s requests are  
19 duplicative since it already maintains an incremental cost balancing account in  
20 Sacramento for purchased water.

21 **C. DISCUSSION**

22 Cal Am currently has a water supply agreement with PCWA. The purpose  
23 of that agreement, which was signed on September 5, 2002, is “to provide for the  
24 sale of a surface supply of treated water from the Agency (PCWA) to [California  
25 American Water] to serve the full requirements of [California American Water’s]  
26 customers within the Service Area.” The water supply agreement is set to expire

---

<sup>35</sup> Direct Testimony of David P. Stephenson, p.59.

<sup>36</sup> Id.

1 on December 31, 2015, and this agreement states that PCWA and Cal Am should  
2 develop a new contract one year prior to the expiration of the existing agreement.  
3 Cal Am states that there have been preliminary discussions where PCWA has  
4 indicated that they wish to renegotiate certain aspects of the new water supply  
5 agreement,<sup>37</sup> but Cal Am also states that negotiations cannot begin until the  
6 Commission renders a decision on the pending requests in A.10-07-007 for the  
7 West Placer Special Facilities Fees (SFF) and clarifies the reimbursement  
8 methodology for construction of the Walerga Tank and Booster Station.  
9 Fortunately, the Commission did render a final decision in A.10-07-007 that was  
10 issued October 3, 2013.<sup>38</sup> This decision clarified the two points by setting the  
11 special facilities fees amount for the West Placer Service Area and allowing Cal  
12 Am to establish a memo account to track the costs for construction of the Walerga  
13 Tank and Booster Station.<sup>39</sup>

14 ORA recognizes the Commission authority granted in D.13-10-003, but  
15 followed up with its own due diligence to ask Cal Am of its progress in  
16 negotiations with PCWA. ORA Data Request (DR) TS2-007 was received  
17 October 23, 2013 by Cal Am, and Cal Am responded by November 1, 2013. Cal  
18 Am stated herein, “contract negotiations have not started and the level of increased  
19 requirements and costs is unknown at this time to California American Water.  
20 The negotiations have to be concluded before the effective date of the next GRC in  
21 early 2018.”<sup>40</sup>

22 Although Cal Am stated that it does have time to negotiate with PCWA,  
23 Cal Am has not shown a sense of urgency in starting these negotiations even  
24 though the triggering point for these negotiations to begin had occurred by the

---

<sup>37</sup> Direct Testimony of David P. Stephenson, p.60.

<sup>38</sup> D.13-10-003

<sup>39</sup> D.13-10-003, Ordering Paragraphs #2 and #3.

<sup>40</sup> See Attachment 11 for Cal Am Response to ORA Data Request A.13-07-002. TS2-007, Q&A #9 (b).

1 time Cal Am had received this data request. This lack of urgency demonstrates  
2 the inherent coverage provided to Cal Am with its current incremental cost  
3 balancing account for purchased water in Sacramento that tracks the difference  
4 between the Actual Price of Purchased Water multiplied by the Authorized  
5 Quantity, and the Authorized Price of Purchased Water multiplied by the  
6 Authorized Quantity.

7 With this current balancing account, the actual price paid by Cal Am to  
8 PCWA for purchasing water is passed through to its ratepayers in Sacramento  
9 thereby eliminating the need to establish separate memo accounts for costs  
10 associated with the Sacramento/Placer County water supply and the costs  
11 associated with the PCWA purchased water agreement. These memo accounts are  
12 duplicative to the coverage already offered to Cal Am with the current balancing  
13 account. Cal Am acknowledged in its response to ORA’s data request that Cal  
14 Am “cannot estimate the cost [for purchased water] under a future agreement,”<sup>41</sup>  
15 and Cal Am did state that it does have a one year negotiation period with  
16 PCWA.<sup>42</sup> Although Cal Am cannot estimate these future costs at this time, Cal  
17 Am will still be able to pass through any increase in costs with its existing  
18 balancing account. Adding another layer of memo accounts on top of this current  
19 balancing account would greatly harm the ratepayers in the Sacramento District  
20 already paying these purchased water costs.

21 Ratepayers in the Sacramento District<sup>43</sup> are already faced with the daunting  
22 task of coping with the funding mechanism granted to Cal Am for the Walerga

---

<sup>41</sup> See Attachment 11 for Cal Am response to ORA Data Request A.13-07-002. TS2-007, Q&A #2 (b).

<sup>42</sup> Id.

<sup>43</sup> For more of a history and discussion of the issues facing the West Placer Service Area in the Sacramento District, please refer to the discussion found in ORA’s testimony on Special Request #30 for Placer County Peaking Charges.

1 Tank and Booster Station.<sup>44</sup> With Commission Decision 13-10-003, Cal Am has  
2 clarity on how to proceed with water deliveries to the West Placer Service Area by  
3 constructing the Walerga Tank and Booster Station facilities with the greatly  
4 increased SFF Amount authorized by the Commission. Since the initial SFF of  
5 \$750 was raised to \$5,897 for the West Placer Service Area, Cal Am should have  
6 adequate coverage to fund the construction cost of \$10.65 million for the Walerga  
7 Tank and Booster Station. Still, Cal Am states in its response to ORA's data  
8 request that it needs a memo account to track all costs associated with the  
9 negotiations, development and implementation of a new water supply agreement  
10 with PCWA for water deliveries into the West Placer Service Area.<sup>45</sup>

11 At a time when Cal Am is being granted \$10.65 million to construct  
12 facilities to alleviate the supply concerns in the West Placer Service Area, it is  
13 difficult to comprehend how much more coverage Cal Am would need to address  
14 the purchased water supply issues with PCWA. Cal Am's request to establish this  
15 memo account to track costs of capital investment related to changes in the PCWA  
16 purchased water agreement should be disregarded because the Walerga Tank and  
17 related facilities have already been authorized by the Commission to address this  
18 exact issue.

19 **D. CONCLUSION**

20 ORA recommends that the Commission deny Cal Am's request to establish  
21 memo accounts related to Placer County Water Agency supply issues as Cal Am  
22 already has coverage for changes in cost of the purchased water with its existing

---

<sup>44</sup> The Walerga Tank Project is comprised of a 2.5 million gallon above-ground welded steel water storage tank, a 3,500 gallon per minute booster pump station, approximately 2,700 feet of pipeline and 14,500 feet of 16-inch and 24-inch transmission mains in the West Placer Service Area.

<sup>45</sup> See Attachment 11 for Cal Am response to ORA Data Request A.13-07-002. TS2-007, Q&A #8.

- 1 balancing account and coverage for capital improvements to address supply
- 2 concerns with the Walerga Tank and related facilities.

1           **CHAPTER 6: QUALIFICATION AND PREPARED**  
2           **TESTIMONY OF TERENCE SHIA**

3    Q1.    Please state your name, business address, and position with the California  
4           Public Utilities Commission (“Commission”).

5    A1.    My name is Terence Shia and my business address is 505 Van Ness  
6           Avenue, San Francisco, CA. 94102. I am a Senior Utilities Engineer in the  
7           Water Branch of the Office of Ratepayer Advocates (ORA).

8    Q2.    Please summarize your educational background and professional  
9           experience.

10   A2.    I received a Bachelor of Science Degree in Mechanical Engineering from  
11           the University of California, Davis in 2007. I received my Professional  
12           Engineer License in Mechanical Engineering in the State of California in  
13           2011, License # M35352. In March of 2008, I joined the Commission,  
14           where I worked as a Utilities Engineer on a variety of assignments ranging  
15           from assisting Administrative Law Judges (ALJ) on General Rate Case  
16           (GRC) proceedings, conservation rate proceedings, small water company  
17           GRC filings, updating General Order 103, and Water Revenue Adjustment  
18           Mechanism/Modified Cost Balancing Account (WRAM/MCBA) filings. In  
19           June of 2012, I joined DRA as a Senior Utilities Engineer and assisted our  
20           consultant, Overland, on the Direct Joint Testimony for the Monterey Rate  
21           Design and WRAM/MCBA in A.10-07-007. I also testified on the  
22           proposed Sacramento WRAM in this same proceeding. Following that  
23           proceeding, I was the project coordinator for California-American Water’s  
24           proposed Monterey Peninsula Water Supply Project and worked on  
25           testimony there.

26   Q3.    What is your responsibility in this proceeding?

27   A3.    I am the project coordinator for ORA’s Company-wide report.

28           I am also responsible for **Operations & Maintenance Expenses and**  
29           **Special Requests #18, #23, #27, #30, & #31** in ORA’s Company-wide  
30           Report.

31           I also prepared the company-wide **Results of Operations tables**.

32   Q4.    Does this conclude your prepared direct testimony?

33   A4.    Yes, it does.

1      **CHAPTER 7: ATTACHMENTS**  
2

1 **Attachment 1: <http://www.bls.gov/cpi/cpifaq.htm>**

2 **From <http://www.bls.gov/cpi/cpifaq.htm>:**

3 **How are taxes treated in the CPI?**

4 Certain taxes are included in the CPI, namely, taxes that are directly associated with the  
5 purchase of specific goods and services (such as sales and excise taxes). Government user fees  
6 are also included in the CPI. For example, toll charges and parking fees are included in the  
7 transportation category, and an entry fee to a national park would be included as part of the  
8 admissions index. In addition, property taxes should be reflected indirectly in the BLS method of  
9 measuring the cost of the flow of services provided by shelter, which we called owners'  
10 equivalent rent, to the extent that these taxes influence rental values. Taxes not directly  
11 associated with specific purchases, such as income and Social Security taxes, are excluded, as  
12 are the government services paid for through those taxes.

13 For certain purposes, one might want to define price indexes to include, rather than exclude,  
14 income taxes. Such indexes would provide an answer to a question different from the one to  
15 which the present CPI is relevant, and would be appropriate for different uses.

16

1 **Attachment 2: Cal Am Response to ORA DR A.13-07-002. TS2-003**

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-003  
**Company Number:** CAW-DRA-A.13-07-002.TS2-003 Q001  
**Date Received:** September 16, 2013  
**Date Response Due:** September 25, 2013  
**Subject Area:** Larkfield O&M

**DRA QUESTION:**

**Larkfield O&M:**

**O&M: Account 744 – Chemicals**

PUC ACCOUNT NUMBER(S)	JDE/SAP ACCOUNT NUMBER(S)	DESCRIPTION	Recorded Years				
			2008	2009	2010	2011	2012
744	518000.13	Chemicals	\$ 31,666	\$ 34,528	\$ 17,925	\$ 15,200	\$ 13,214
	51800000	Net Expense	\$ 31,666	\$ 34,528	\$ 17,925	\$ 15,200	\$ 13,214
	518000.13	Inflation Adjusted	\$34,616	\$38,276	\$19,038	\$15,442	\$13,214
		Net Expense	\$31,666	\$34,528	\$17,925	\$15,200	\$13,214
		Inflation Adjusted	\$34,616	\$38,276	\$19,038	\$15,442	\$13,214

- The amounts recorded for 2008 and 2009 show almost double the amounts compared to 2010 through 2012. Please explain this discrepancy.

**COMPANY RESPONSE:**

It appears chemical costs decreased significantly due to lower costs with preferred vendors and lower production due to water conservation.

2

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-003  
**Company Number:** CAW-DRA-A.13-07-002.TS2-003 Q002  
**Date Received:** September 16, 2013  
**Date Response Due:** September 25, 2013  
**Subject Area:** Larkfield O&M

**DRA QUESTION:**

Larkfield O&M:

O&M: Account 703 – Source of Supply, Miscellaneous

PUC ACCOUNT NUMBER(S)	JDE/SAP ACCOUNT NUMBER(S)	DESCRIPTION	Recorded Years				
			2008	2009	2010	2011	2012
703	515100.11	Purch Power Oper SS	\$0	\$483	\$0	(\$1,911)	\$0
	51510012	Net Expense	\$0	\$483	\$0	(\$1,911)	\$0
	515100.11	Inflation Adjusted	\$0	\$535	\$0	(\$1,941)	\$0
	520100.11	Material & Supplies Oper SS	\$119	\$0	\$0	\$0	\$0
		Net Expense	\$119	\$0	\$0	\$0	\$0
	520100.11	Inflation Adjusted	\$130	\$0	\$0	\$0	\$0
	575000.11	Misc Oper Exp SS	\$15,838	\$4,752	\$4,951	\$6,442	\$15,724
	52501100	Net Expense	\$15,838	\$4,752	\$4,951	\$6,442	\$15,724

- The amounts recorded for 2008 and 2012 show almost double the amounts compared to 2009 through 2011. Please explain this discrepancy.

1

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-003  
**Company Number:** CAW-DRA-A.13-07-002.TS2-003 Q003  
**Date Received:** September 16, 2013  
**Date Response Due:** September 25, 2013  
**Subject Area:** Larkfield O&M

---

**DRA QUESTION:**

Larkfield O&M:

**O&M: Account 742 – Water Treatment Operating**

PUC ACCOUNT NUMBER(S)	JDE/SAP ACCOUNT NUMBER(S)	DESCRIPTION	Recorded Years				
			2008	2009	2010	2011	2012
742	501200.13	Labor Oper WT	\$0	\$0	(\$0)	(\$0)	\$0
	50101300	Net Expense	\$0	\$0	(\$0)	(\$0)	\$0
	501200.13	Inflation Adjusted	\$0	\$0	(\$0)	(\$0)	\$0
	575545.13	Lab Supplies WT	\$1,552	\$945	\$0	\$0	\$51
	52554500	Net Expense	\$1,552	\$945	\$0	\$0	\$51
	575545.13	Inflation Adjusted	\$1,896	\$1,048	\$0	\$0	\$51
		Net Expense 742	\$1,552	\$945	(\$0)	(\$0)	\$51
		Total Inflation Adjusted 742	\$1,896	\$1,048	(\$0)	(\$0)	\$51

3. The amounts recorded from 2008 through 2012 vary greatly. Please explain this discrepancy.

**COMPANY RESPONSE:**

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next.

California-American Water Company  
Statewide GRC Test Year 2015  
APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-003  
**Company Number:** CAW-DRA-A.13-07-002.TS2-003 Q004  
**Date Received:** September 16, 2013  
**Date Response Due:** September 25, 2013  
**Subject Area:** Larkfield O&M

---

**DRA QUESTION:**

Larkfield O&M:

**O&M: Account 743 – Water Treatment Miscellaneous**

4. The amount recorded for 2012 is significantly lower than previous recorded years. Please explain this discrepancy

**COMPANY RESPONSE:**

It appears 2012 is higher than every other year except for 2011.

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**

**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-003  
**Company Number:** CAW-DRA-A.13-07-002.TS2-003 Q005  
**Date Received:** September 16, 2013  
**Date Response Due:** September 25, 2013  
**Subject Area:** Larkfield O&M

---

**DRA QUESTION:**

Larkfield O&M:

**O&M: Account 756 – Transmission & Distribution, Misc.**

5. Please explain the amount recorded of \$29,000 in 2012 for CPS and GIS Expenses and why there are no amounts recorded in previous years and the need for similar amounts forecasted for 2013 and beyond

**COMPANY RESPONSE:**

Prior to 2012, CPS and GIS expenses were deferred and amortized whereas now they are expensed. They will also be expensed in the future.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-003  
**Company Number:** CAW-DRA-A.13-07-002.TS2-003 Q006  
**Date Received:** September 16, 2013  
**Date Response Due:** September 25, 2013  
**Subject Area:** Larkfield O&M

---

**DRA QUESTION:**

Larkfield O&M:

**O&M: Account 713 – Source of Supply - Maintenance Of Other Plant**

6. Please explain the amounts recorded of \$1,758 in 2011 and \$149 in 2012 and why there are no amounts recorded in previous years and the need for similar amounts forecasted for 2013 and beyond

**COMPANY RESPONSE:**

These amounts were for various (mostly electrical) maintenance work items that simply did not occur in other years.

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next.

The 5-year average is the best forecast for future costs.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-003  
**Company Number:** CAW-DRA-A.13-07-002.TS2-003 Q007  
**Date Received:** September 16, 2013  
**Date Response Due:** September 25, 2013  
**Subject Area:** Larkfield O&M

---

**DRA QUESTION:**

Larkfield O&M:

**O&M: Account 730 – Pumping Expenses - Maintenance of Pumping Structures & Improvements**

7. Please explain the amounts recorded of \$20,256 in 2011 and \$117 in 2012 and why there are no amounts recorded in previous years and the need for similar amounts forecasted for 2013 and beyond

**COMPANY RESPONSE:**

In 2011, three of the stand-alone buildings in Larkfield were painted, repairs for a well and door were required.

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-003  
**Company Number:** CAW-DRA-A.13-07-002.TS2-003 Q008  
**Date Received:** September 16, 2013  
**Date Response Due:** September 25, 2013  
**Subject Area:** Larkfield O&M

---

**DRA QUESTION:**

Larkfield O&M:

O&M: Account 731 – Pumping Expenses - Maintenance of Power Production Equipment

8. Please explain the zero amount recorded in 2012 and why there are larger amounts recorded in previous years and the need for similar amounts forecasted for 2013 and beyond

**COMPANY RESPONSE:**

It appears that there were no expenses for miscellaneous maintenance for power production equipment in that year. These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. A five year average is the best forecast for future maintenance activities in the test year.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002

DATA REQUEST RESPONSE

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-003  
**Company Number:** CAW-DRA-A.13-07-002.TS2-003 Q009  
**Date Received:** September 16, 2013  
**Date Response Due:** September 25, 2013  
**Subject Area:** Larkfield O&M

---

**DRA QUESTION:**

Larkfield O&M:

**O&M: Account 733 – Pumping Expenses - Maintenance of Pumping Equipment**

9. Please explain the amounts recorded of \$19 in 2008 and \$380 in 2009 and why there are no amounts recorded in following years and the need for a five-year average amount forecasted for 2013 and beyond.

**COMPANY RESPONSE:**

There are no such totals in any of the individual accounts of PUC 733. I believe you are referring to expenses for water treatment maintenance for structures and improvements PUC 747. The five year average is the best forecast for these expenses going forward.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-003  
**Company Number:** CAW-DRA-A.13-07-002.TS2-003 Q010  
**Date Received:** September 16, 2013  
**Date Response Due:** September 25, 2013  
**Subject Area:** Larkfield O&M

---

**DRA QUESTION:**

Larkfield O&M:

**O&M: Account 760 – Transmission & Distribution - Maintenance of Reservoirs & Tanks**

10. Please explain the amounts recorded of \$231 in 2009 and \$1,711 in 2010 and why there are no amounts recorded in following years and the need for a five-year average amount forecasted for 2013 and beyond

**COMPANY RESPONSE:**

The \$231 in 2009 was for routine maintenance and the \$1,711 in 2010 was for a cathodic protection systems survey and report.

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. The five year average is the best forecast methodology to allow for future maintenance activities in the test year.

1

2

1 **Attachment 3: Cal Am Response to ORA DR A.13-07-002. TS2-004**

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. A.13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q001  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 703 – Source of Supply, Miscellaneous**

1. The amount recorded for Grounds Keeping SS in 2008 was \$39,320 and is almost nine times more than the amounts for the following years. Please explain this discrepancy.

**O&M: Account 743 – Water Treatment Miscellaneous**

743	520100.13	Matl & Supplies Operations WT	\$0	\$42	\$10	\$0	\$482
	52001300						
		Net Expense	\$0	\$42	\$10	\$0	\$482
	520100.13	Inflation Adjusted	\$0	\$46	\$11	\$0	\$482
	538000.13	Contr Svc-Lab Testing Oper WT	\$40,163	\$65,650	\$56,352	\$81,975	\$57,737
	53152000						
		Net Expense	\$40,163	\$65,650	\$56,352	\$81,975	\$57,737
	538000.13	Inflation Adjusted	\$43,319	\$71,915	\$59,479	\$82,803	\$57,737
743	575000.13	Misc Oper Expense WT	\$32,498	\$71,322	\$38,889	\$84,916	\$65,765
	52501300						
		Net Expense	\$32,498	\$71,322	\$38,889	\$84,916	\$65,765
	575000.13	Inflation Adjusted	\$35,050	\$78,128	\$40,836	\$85,878	\$65,765

2

**COMPANY RESPONSE:**

Beginning in 2009 the district began to charge grounds keeping expenses to T&D Grounds keeping (575460.16) as many T&D and Admin sites were also covered in the monthly grounds keeping plan. The Grounds keeping SS account was reserved for work performed solely at well sites.

3

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. A.13-07-002

DATA REQUEST RESPONSE

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q002  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 703 – Source of Supply, Miscellaneous**

2. The amounts recorded from 2008 through 2012 for Contract Services-Lab Testing Operation WT and Miscellaneous Operating Expenses WT vary greatly from year to year. Please explain these differences.

**COMPANY RESPONSE:**

The expenses were much higher in 2008 due to the fact that prior to 2009, they were charged to PUC account 703 (acct. #575460.11) and then were charged to PUC account 799 (acct. 575460.16) from 2009 forward.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. A.13-07-002

DATA REQUEST RESPONSE

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q003  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 752 – Transmission & Distribution Operating Expense - Storage Facilities**

3. Please explain the amount recorded of \$2,695 in 2011 and why there are no amounts recorded in previous years and the need for similar amounts forecasted for 2013 and beyond.

**COMPANY RESPONSE:**

In that particular year, pipe work was required.

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. These would not be considered a one-time event as they occur with the frequency determined by business needs.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. A.13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q004  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 756 – Transmission & Distribution - Miscellaneous Expense**

756	575000.14	Misc Oper TD	\$80,077	\$63,700	\$56,805	\$90,847	\$41,138
	575000.14						
		Net Expense	\$80,077	\$63,700	\$56,805	\$90,847	\$41,138
	575000.14	Inflation Adjusted	\$86,369	\$69,779	\$59,957	\$91,876	\$41,138

4. The amounts recorded from 2008 through 2012 vary greatly from year to year. Please explain these differences.

**COMPANY RESPONSE:**

The T&D Miscellaneous expense category includes a variety of expenses and thus can be quite volatile.

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. A.13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q004  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 772 – Customer Account Expense - Meter Reading**

575000.151	Misc Oper CA Meter Reading	\$420	\$0	\$0	\$0	\$5,400
52501510						
	<b>Net Expense</b>	<b>\$420</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,400</b>
575000.151	Inflation Adjusted	\$453	\$0	\$0	\$0	\$5,400

5. The amounts recorded from 2008 through 2012 vary greatly from year to year. Please explain these differences.

**COMPANY RESPONSE:**

The \$5,400 charge in 2012 was for bill inserts which are typically charged to another account; however, since the 5 year average was used consistently, a reclass to another account has no impact on the revenue requirement.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. A.13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q006  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 772 – Customer Account Expense - Customer Records & Collection Expense**

- .6. This account does not use the 5-year historical average for its forecast and instead, used the most recent recorded year of 2012. Please explain all reasons that the most recent recorded year is a better estimate

**COMPANY RESPONSE:**

Account 772 does not use 2012 alone for the forecast;, it uses a 5 year average.  
Account 773 uses 2012 alone but could also use the 5 year average.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. A.13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q007  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 707 – Source of Supply - Maintenance of Structures & Improvement Expenses**

PUC ACCOUNT NUMBER(S)	JDE/SAP ACCOUNT NUMBER(S)	DESCRIPTION	Recorded Years				
			2008	2009	2010	2011	2012
707	675000.211	Misc Maint SS Struct & Improvmts	\$0	\$16,950	\$28,844	\$8,934	\$0
		Net Expense	\$0	\$16,950	\$28,844	\$8,934	\$0
	675000.211	Inflation Adjusted	\$0	\$18,568	\$30,444	\$9,035	\$0

7. The amounts recorded from 2008 through 2012 vary greatly from year to year. Please explain these differences.

**COMPANY RESPONSE:**

Source and Supply maintenance expenses are inherently volatile.

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. The 5-year average is the best forecasting method for this account.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. A.13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
 Coronado, CA 92118  
  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q008  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 711 – Source of Supply - Maintenance of Wells**

PUC ACCOUNT NUMBER(S)	JDE/SAP ACCOUNT NUMBER(S)	DESCRIPTION	Recorded Years				
			2008	2009	2010	2011	2012
711	501200.2125	Labor Maint SS Wells & Springs	\$0	\$0	\$0	\$0	\$0
		Net Expense	\$0	\$0	\$0	\$0	\$0
	501200.2125	Inflation Adjusted	\$0	\$0	\$0	\$0	\$0
	675000.2125	Misc Maint SS Wells & Springs	\$1,144	\$7,952	\$19,419	\$3,266	\$0

8. The amounts recorded from 2008 through 2012 vary greatly from year to year. Please explain these differences.

**COMPANY RESPONSE:**

Source and Supply maintenance expenses are inherently volatile.

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. The 5-year forecast is the best forecasting method for this account.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. A.13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q009  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 713 – Source of Supply - Maintenance Of Other Plant**

9. Please explain the amount recorded of \$705,791 in 2012 and why there are no amounts recorded in previous years and the need for similar amounts forecasted for 2013 and beyond..

**COMPANY RESPONSE:**

The 2012 expense of \$706k is for repair of reinforced concrete for 3 tanks and includes crack, spall, and joint repairs. Because Los Angeles has many other reinforced concrete tanks which will need repair in future years, the 5-year average is appropriate for this account.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. A.13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q010  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 730 – Pumping Expenses - Maintenance of Pumping Structures & Improvements**

10. The amount recorded for 2010 shows almost double the amounts compared to the other recorded years. Please explain this discrepancy.

**COMPANY RESPONSE:**

There was additional electrical repair work required in 2010.

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. The 5-year forecast is the best forecasting method for this account.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. A.13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q011  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 731 – Pumping Expenses - Maintenance of Power Production Equipment**

11. The amounts recorded for 2010 and 2011 show almost double the amounts compared to the other recorded years. Please explain this discrepancy.

**COMPANY RESPONSE:**

The variance was due to preventative maintenance (replace belts, hoses, etc.) and relocation of Los Angeles district's emergency generators to create a more balanced distribution through the three districts (Baldwin Hills, Duarte, San Marino). The 5-year forecast is the best forecasting method for this account.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. A.13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q012  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 733 – Pumping Expenses - Maintenance of Pumping Equipment**

12. The amounts recorded of \$50,760 for 2009 and \$94,197 for 2012 are much greater than the amounts recorded for the other years. Please explain this discrepancy.

**COMPANY RESPONSE:**

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. The 5-year forecast is the best forecasting method for this account.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. A.13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q013  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 748 – Water Treatment - Maintenance of Water Treatment Equipment**

13. The amount recorded of \$52,392 for 2011 show almost quadruple the amounts compared to the other recorded years. Please explain this discrepancy.

**COMPANY RESPONSE:**

The variance was due to maintenance overhauls to salt chlorine generation systems. As this maintenance will be required in the future, the 5-year forecast is the best forecasting method for this account.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. A.13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q014  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 759 – Transmission & Distribution - Maintenance of Structures**

14. The amount recorded of \$81,645 for 2012 is significantly greater than the amounts recorded for other years. Please explain this discrepancy.

**COMPANY RESPONSE:**

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. The 5-year forecast is the best forecasting method for this account.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. A.13-07-002

DATA REQUEST RESPONSE

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q015  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 760 – Transmission & Distribution - Maintenance of Reservoirs & Tanks**

675000.2415	Misc Maint T&D Dist Reservoirs	\$17,105	\$1,475	\$16,226	\$0	\$0
	Net Expense	\$17,105	\$1,475	\$16,226	\$0	\$0

15. The amounts recorded from 2008 through 2012 vary greatly from year to year. Please explain these differences.

**COMPANY RESPONSE:**

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. The 5-year forecast is the best forecasting method for this account.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. A.13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q016  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 760 – Transmission & Distribution - Maintenance of Reservoirs & Tanks**

675000.242	Misc Maint T&D Mains	\$248,878	\$204,203	\$303,302	\$240,848	\$121,239
675000.242						
	Net Expense	\$248,878	\$204,203	\$303,302	\$240,848	\$121,239
675000.242	Inflation Adjusted	\$268,434	\$223,690	\$320,131	\$243,576	\$121,239
675000.24	Misc Maint T&D	\$1,742	\$1,373	\$12,106	\$3,783	\$75,825
	Net Expense	\$1,742	\$1,373	\$12,106	\$3,783	\$75,825

16. The amounts recorded from 2008 through 2012 vary greatly from year to year. Please explain these differences.

**COMPANY RESPONSE:**

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. The 5-year forecast is the best forecasting method for this account.

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. A.13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q017  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 763 – Transmission & Distribution - Maintenance of Services**

PUC ACCOUNT	JDE/SAP ACCOUNT	DESCRIPTION	Recorded Years				
			2008	2009	2010	2011	2012
763	501200.243	Labor Maint T&D Services	\$0	\$0	\$0	\$0	\$0
		Net Expense	\$0	\$0	\$0	\$0	\$0
	501200.243	Inflation Adjusted	\$0	\$0	\$0	\$0	\$0
	675000.243	Misc Maint T&D Services	\$54,430	\$40,032	\$82,937	\$50,043	\$18,347

17. The amounts recorded from 2008 through 2012 vary greatly from year to year. Please explain these differences

**COMPANY RESPONSE:**

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. The 5-year forecast is the best forecasting method for this account.

1

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. A.13-07-002

DATA REQUEST RESPONSE

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q018  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 764 – Transmission & Distribution - Maintenance of Meters**

**O&M: Account 764 – Transmission & Distribution - Maintenance of Meters**

PUC ACCOUNT NUMBER(S)	JDE/SAP ACCOUNT NUMBER(S)	DESCRIPTION	Recorded Years				
			2008	2009	2010	2011	2012
764	675000.2435	Misc Maint T&D Meters	\$88	\$8,810	\$51,532	\$907	\$223

18. The amounts recorded from 2008 through 2012 vary greatly from year to year. Please explain these differences.

**COMPANY RESPONSE:**

The variance is due to the district performing vault and lid repairs for large meter accounts which will recur in the future. The 5-year forecast is the best forecasting method for this account.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. A.13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q019  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

---

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 765 – Transmission & Distribution - Maintenance of Hydrants**

PUC	JDE/SAP						
ACCOUNT	ACCOUNT		Recorded Years				
NUMBER(S)	NUMBER(S)	DESCRIPTION	2008	2009	2010	2011	2012
765	501200.244	Labor Maint T&D Hydrants	\$0	\$0	\$0	\$0	\$0
		Net Expense	\$0	\$0	\$0	\$0	\$0
	501200.244	Inflation Adjusted	\$0	\$0	\$0	\$0	\$0
	675000.244	Misc Maint T&D Hydrants	\$8,600	\$8,760	\$3,666	\$1,080	\$925

19. The amounts recorded from 2008 through 2012 vary greatly from year to year. Please explain these differences

**COMPANY RESPONSE:**

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. The 5-year forecast is the best forecasting method for this account.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
APPLICATION NO. A.13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** Dave Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. Suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-004-  
**Company Number:** CAW-DRA-A.13-07-002. TS2-004 Q020  
**Date Received:** September 17, 2013  
**Date Response Due:** September 26, 2013  
**Subject Area:** Los Angeles O&M

**DRA QUESTION:**

**Los Angeles O&M:**

**O&M: Account 765 – Transmission & Distribution - Maintenance of Miscellaneous Plant**

NUMBER(S)	NUMBER(S)	DESCRIPTION	2008	2009	2010	2011	2012
766	550000.24	Transport Maint TD	\$0	\$0	\$0	\$0	\$1,057
		Net Expense	\$0	\$0	\$0	\$0	\$1,057
	550000.24	Inflation Adjusted	\$0	\$0	\$0	\$0	\$1,057
	675050.24	Amort Deferred Maint TD	\$40,887	\$56,772	\$62,590	\$61,888	\$60,313
	62512400						
		Net Expense	\$40,887	\$56,772	\$62,590	\$61,888	\$60,313
	675050.24	Inflation Adjusted	\$44,100	\$62,190	\$66,063	\$62,589	\$60,313
	620000.24	Mat'l & Supplies Maint TD	\$33,910	\$31,169	\$56,016	\$94,016	\$163,263

20. The amounts recorded for JDE/SAP Account number 675050.24 for Material & Supplies Maint TD in 2011 and 2012 increased significantly compared to previously recorded years. Please explain this discrepancy.

**COMPANY RESPONSE:**

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. The 5-year forecast is the best forecasting method for this account.

1

2

1 **Attachment 4: Cal Am Response to ORA DR A.13-07-002. TS2-005**

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q001  
October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

---

**DRA QUESTION:**

**Monterey Water O&M:**

**O&M: Account 725 – Pumping Miscellaneous Expense**

JDE/SAP						
ACCOUNT		Recorded Years				
NUMBER(S)	DESCRIPTION	2008	2009	2010	2011	2012
575000.12	Misc Oper Pumping Expense	\$33,917	\$28,103	\$36,083	\$27,004	\$121,166
52501200	Remove Sand City		\$ (5,119)	\$ (2,759)	\$ (3,422)	\$ (3,422)
	Net Expense	\$33,917	\$22,984	\$33,324	\$23,582	\$117,744
575000.12	Inflation Adjusted	\$36,772	\$25,285	\$35,165	\$23,723	\$117,744

1. Please explain the large amount recorded in 2012 of \$121,166 when compared to previously recorded years.

**COMPANY RESPONSE:**

There was a \$91,852 charge for the Aquifer Storage and Recovery (ASR) agreement, which includes electricity service (\$52.6K), water quality testing (\$7.2K), permitting (\$14.5K), and operations charges (\$16.5K) in 2012. These expenses will recur in the future.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q002  
October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

---

**DRA QUESTION:**

**Monterey Wastewater O&M:**

**O&M: Account 744 – Chemicals**

2. Please explain why the estimated years from 2013-2016 do not use the reinstatement factor to escalate each year.

**COMPANY RESPONSE:**

The forecasted years **do** use the inflation/restatement factor in row 12.

1

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
 Suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q003  
 October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** Sac O & M Expenses

**DRA QUESTION:**

3. Please explain the large amount recorded in 2011 of \$99,722 when compared to previously recorded years.

PUC	JDE/SAP	ACCOUNT	ACCOUNT	DESCRIPTION	Recorded Years				
					2008	2009	2010	2011	2012
703	575000.11			Misc Oper Exp SS	\$139	\$42	(\$178)	\$99,722	\$58
				Net Expense	\$139	\$42	(\$178)	\$99,722	\$58
	52501100			Inflation Adjusted	\$154	\$48	(\$188)	\$100,848	\$58

**COMPANY RESPONSE:**

Most of the expenses were for water system fees paid to the California Department of Public Health, which included fees for permitting activities, inspections and investigations, and compliance and monitoring. These fees will recur in the future.

1  
2

**California-American Water Company  
Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q004  
October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

**DRA QUESTION:**

**O&M: Account 743 – Water Treatment Miscellaneous**

PUC ACCOUNT NUMBER(S)	JDE/SAP ACCOUNT NUMBER(S)	DESCRIPTION	Recorded Years				
			2008	2009	2010	2011	2012
743	520100.13	Matl & Supplies Operations WT	\$20	\$0	\$0	\$0	\$22,690
		Net Expense	\$20	\$0	\$0	\$0	\$22,690
	52001300	Inflation Adjusted	\$23	\$0	\$0	\$0	\$22,690
	575625	Overnight Shippng WT	\$0	\$0	\$0	\$0	\$143
		Net Expense	\$0	\$0	\$0	\$0	\$143
	52562513	Inflation Adjusted	\$0	\$0	\$0	\$0	\$143
	535001	Contr Svc-Temp EE WT	\$0	\$0	\$0	\$0	\$27,371
		Net Expense	\$0	\$0	\$0	\$0	\$27,371
	53151013	Inflation Adjusted	\$0	\$0	\$0	\$0	\$27,371
	536000	Contr Svc-Lab Testng	\$0	\$0	\$0	\$0	\$121,013
	53152000						
		Net Expense	\$0	\$0	\$0	\$0	\$121,013
	535000.13	Inflation Adjusted	\$0	\$0	\$0	\$0	\$121,013

4. Please explain why amounts are being recorded in 2012 where there previously were none.

**COMPANY RESPONSE:**

1 These expenses would have been charged to other accounts prior to the SAP conversion. It should also be noted that these expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. For this reason we consistently use the 5-year average which is the best forecasting method to consistently apply to these accounts. By doing so, the revenue requirement is unaffected despite which account was used in a given year.

2

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q005  
October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

---

**DRA QUESTION:**

5. Please explain the large amount recorded in 2008 of \$83,360 when compared to other recorded years.

**O&M: Account 733 – Pumping Expenses - Maintenance of Pumping Equipment**

JDE/SAP						
ACCOUNT		Recorded Years				
NUMBER(S)	DESCRIPTION	2008	2009	2010	2011	2012
675000.21	Misc Maint SS	\$83,360	\$8,927	\$272	\$9,608	\$2,428
62502100						
	Net Expense	\$83,360	\$8,927	\$272	\$9,608	\$2,428
62502100	Inflation Adjusted	\$92,456	\$10,090	\$290	\$9,717	\$2,428

**COMPANY RESPONSE:**

The large charges were primarily for general maintenance costs for an air compressor, fork-lift, and flow-meter. There were also some chemical expenses (approx. \$9K, sodium hypochlorite) that is now being charged to the 518000.13 account. Since both accounts consistently use the 5-year average, a reclassification results in no change to the overall revenue requirement.

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
 Suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q006  
 October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

---

**DRA QUESTION:**

6. Please explain the large amount recorded in 2012 of \$85,719 when compared to previously recorded years.

**San Diego O&M:**

**O&M: Account 743 – Water Treatment Miscellaneous**

PUC	JDE/SAP						
ACCOUNT	ACCOUNT		Recorded Years				
NUMBER(S)	NUMBER(S)	DESCRIPTION	2008	2009	2010	2011	2012
733	620000.22	Misc Maint Pump Struct & Improvements	\$529	\$2,397	\$26,997	\$22,101	\$85,719
		Net Expense	\$529	\$2,397	\$26,997	\$22,101	\$85,719
	62002200	Inflation Adjusted	\$587	\$2,710	\$28,846	\$22,351	\$85,719

**COMPANY RESPONSE:**

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. For this reason we consistently use the 5-year average which is the best forecasting method for this account.

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
 Suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q007  
 October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

**DRA QUESTION:**

7. Please explain why amounts are being recorded in 2012 where there previously were none.

**O&M: Account 766 – Transmission & Distribution - Maintenance Of Miscellaneous Plant**

PUC ACCOUNT NUMBER(S)	JDE/SAP ACCOUNT NUMBER(S)	DESCRIPTION	Recorded Years				
			2008	2009	2010	2011	2012
743	535000.13	Contract Svc - Other Oper WT	\$0	\$0	\$0	\$0	\$1,216
		Net Expense	\$0	\$0	\$0	\$0	\$1,216
	575545.13	Inflation Adjusted	\$0	\$0	\$0	\$0	\$1,216
	535100.13	Contract Svc - Eng WT	\$0	\$0	\$0	\$0	\$21,046
		Net Expense	\$0	\$0	\$0	\$0	\$21,046
	535100.13	Inflation Adjusted	\$0	\$0	\$0	\$0	\$21,046
	536000.13	Contr Svc-Lab Testing Oper WT	\$0	\$23,376	\$26,195	\$25,364	\$25,261

**COMPANY RESPONSE:**

- 1 The \$21,046 amount for account 535100.13 relates to engineering planning studies which were capitalized prior to 2012 but are now expensed.
- 2 The \$1,216 in account 535000.13 are expenses that were not incurred in prior years. But because this could recur in the future, we use the 5-year average which is the best forecasting method for this account.

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
 Suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q008  
 October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

**DRA QUESTION:**

8. Please explain the large amount recorded in 2012 of \$36,953 when compared to previously recorded years.

**San Diego O&M:**

**O&M: Account 754 – Transmission & Distribution – Meter Expense**

PUC ACCOUNT NUMBER(S)	JDE/SAP ACCOUNT NUMBER(S)	DESCRIPTION	Recorded Years				
			2008	2009	2010	2011	2012
766	675655.24	Permits TD	\$0	\$0	\$0	\$11,622	\$9,998
	62520824	Net Expense	\$0	\$0	\$0	\$11,622	\$9,998
	675655.24	Inflation Adjusted	\$0	\$0	\$0	\$11,778	\$9,998
	620000.24	Mat'l & Supplies Maint TD	\$8	\$9	\$1,010	\$339	\$36,953
	62002400	Net Expense	\$8	\$9	\$1,010	\$339	\$36,953
	620000.24	Inflation Adjusted	\$8	\$10	\$1,070	\$343	\$36,953

**COMPANY RESPONSE:**

There were two large main breaks in the San Diego district in 2012. These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. For this reason we consistently use the 5-year average which is the best forecasting method for this account.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q009  
October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

**DRA QUESTION:**

9. The amount recorded of \$23,828 for 2011 is significantly greater than the amounts recorded for other years. Please explain this discrepancy.

**O&M: Account 748 – Water Treatment – Maintenance of Water Treatment Equipment**

PUC	JDE/SAP	ACCOUNT	ACCOUNT	DESCRIPTION	Recorded Years				
					2008	2009	2010	2011	2012
754	501200.142			Labor Operating Exp T&D Meters	\$0	\$0	\$0	\$0	\$0
				Net Expense	\$0	\$0	\$0	\$0	\$0
	50101420			Inflation Adjusted	\$0	\$0	\$0	\$0	\$0
	575000.142			Misc Operating Exp T&D Meters	\$0	\$0	\$0	\$23,828	(\$6,314)
	52501420			Net Expense	\$0	\$0	\$0	\$23,828	(\$6,314)
	52501420			Inflation Adjusted	\$0	\$0	\$0	\$24,188	(\$6,314)
				Net Expense	\$0	\$0	\$0	\$23,828	(\$6,314)
				Total Inflation Adjusted	\$0	\$0	\$0	\$24,188	(\$6,314)

**COMPANY RESPONSE:**

1 The expenses in 2011 were for large meter testing and repair that was not charged to this account in other years presented. However, similar charges will recur in the future.

2 These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. For this reason we consistently use the 5-year average which is the best forecasting method for this account.

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
 Suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q010  
 October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

---

**DRA QUESTION:**

10. Please explain why an amount is being recorded in 2012 where there previously were none.

**O&M: Account 760 – Transmission & Distribution - Maintenance of Reservoirs & Tanks**

JDE/SAP ACCOUNT NUMBER(S)	DESCRIPTION	Recorded Years				
		2008	2009	2010	2011	2012
631000	Contr Sve-Maint WT	\$0	\$0	\$0	\$0	\$17,137
63150023	Adj					
	Net Expense	\$0	\$0	\$0	\$0	\$17,137
	Inflation Adjusted	\$0	\$0	\$0	\$0	\$17,137

**COMPANY RESPONSE:**

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. Similar expenses were being charged to other maintenance accounts prior to the 2012 SAP conversion. For this reason we consistently use the 5-year average which is the best forecasting method for this account.

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
 Suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q011  
 October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

**DRA QUESTION:**

11. Please explain why an amount is being recorded in 2012 where there previously were none.

**O&M: Account 761 – Transmission & Distribution - Maintenance of Mains**

PUC	JDE/SAP						
ACCOUNT	ACCOUNT		Recorded Years				
NUMBER(S)	NUMBER(S)	DESCRIPTION	2008	2009	2010	2011	2012
760	501200.2415	Labor Maint TD Dist Reservoirs	\$0	\$0	(\$0)	(\$0)	\$0
		Net Expense	\$0	\$0	(\$0)	(\$0)	\$0
	50102415	Inflation Adjusted	\$0	\$0	(\$0)	(\$0)	\$0
	875000.2415	Misc Maint T&D Dist Reservoirs	\$0	\$0	\$0	\$0	\$16,509
		Net Expense	\$0	\$0	\$0	\$0	\$16,509
	62502415	Inflation Adjusted	\$0	\$0	\$0	\$0	\$16,509

**COMPANY RESPONSE:**

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. Similar expenses were being charged to other maintenance accounts prior to the 2012 SAP conversion. For this reason we consistently use the 5-year average which is the best forecasting method for this account.

1

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
 Suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q012  
 October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

**DRA QUESTION:**

12. The amount recorded of \$71,074 for 2012 is significantly greater than the amounts recorded for other years. Please explain this discrepancy.

**O&M: Account 765 – Transmission & Distribution - Maintenance of Hydrants**

PUC	JDE/SAP	ACCOUNT	ACCOUNT	DESCRIPTION	Recorded Years				
					2008	2009	2010	2011	2012
761	501200.242			Labor Maint T&D Mains	\$0	\$0	\$0	\$0	\$0
	50102420			Net Expense	\$0	\$0	\$0	\$0	\$0
	50102420			Inflation Adjusted	\$0	\$0	\$0	\$0	\$0
	675000.24			Misc Maint T&D	\$0	\$0	\$5,002	\$147	\$71,074
	62502400			Net Expense	\$0	\$0	\$5,002	\$147	\$71,074
	62502400			Inflation Adjusted	\$0	\$0	\$5,313	\$149	\$71,074

**COMPANY RESPONSE:**

Additional research will be done on this amount and a response will be provided by October 15, 2013.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q013  
October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

**DRA QUESTION:**

13. The amount recorded of \$43,645 for 2011 is significantly greater than the amounts recorded for other years. Please explain this discrepancy.

**O&M: Account 763 – Transmission & Distribution - Maintenance of Services**

PUC	JDE/SAP						
ACCOUNT	ACCOUNT		Recorded Years				
NUMBER(S)	NUMBER(S)	DESCRIPTION	2008	2009	2010	2011	2012
765	501200.244	Labor Maint T&D Hydrants	\$0	\$0	\$0	\$0	\$0
		Net Expense	\$0	\$0	\$0	\$0	\$0
	50102440	Inflation Adjusted	\$0	\$0	\$0	\$0	\$0
	675000.244	Misc Maint T&D Hydrants	\$0	\$0	\$0	\$43,645	\$6,699
	62502440	Net Expense	\$0	\$0	\$0	\$43,645	\$6,699
	62502440	Inflation Adjusted	\$0	\$0	\$0	\$44,304	\$6,699

**COMPANY RESPONSE:**

The work done in 2011 was primarily for fire hydrant maintenance (clean, primer, paint), which will recur in the future.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q014  
October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

---

**DRA QUESTION:**

14. The amounts recorded from 2008 through 2012 vary greatly from year to year. Please explain these differences.

**O&M: Account 764 – Transmission & Distribution - Maintenance of Meters**

PUC ACCOUNT NUMBER(S)	JDE/SAP ACCOUNT NUMBER(S)	DESCRIPTION	Recorded Years				
			2008	2009	2010	2011	2012
783	501200.243	Labor Maint T&D Services	\$0	\$0	\$0	\$0	\$0
		Net Expense	\$0	\$0	\$0	\$0	\$0
	501200.243	Inflation Adjusted	\$0	\$0	\$0	\$0	\$0
	875000.243	Misc Maint T&D Services	\$54,430	\$40,032	\$82,937	\$50,043	\$18,347

**COMPANY RESPONSE:**

These expenses are dependent on operating conditions and business requirements in each year and thus may be significantly higher or lower from one year to the next. For this reason we consistently use the 5-year average which is the best forecasting method for this account.

1

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q015  
October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

---

**DRA QUESTION:**

15. The amounts recorded from 2008 through 2012 vary greatly from year to year. Please explain these differences.

**O&M: Account 765 – Transmission & Distribution - Maintenance of Hydrants**

PUC	JDE/SAP						
ACCOUNT	ACCOUNT		Recorded Years				
NUMBER(S)	NUMBER(S)	DESCRIPTION	2008	2009	2010	2011	2012
764	675000.2435	Misc Maint T&D Meters	\$88	\$8,810	\$51,532	\$907	\$223

**COMPANY RESPONSE:**

The main spike in expenses (for 2010) was a result of the Company complying with Order 103A issued by the CPUC which required companies to test meters that were 3” or larger. These requirements will cause similar charges in the future.

1

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**

**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
 Suite 200  
 Coronado, CA 92118  
**DRA Request:** TS2-005  
**Company Number:** CAW-DRA-A.13-07-002.TS2-005 Q016  
 October 2, 2013  
**Date Response Due:** October 11, 2013  
**Subject Area:** O & M Expenses

**DRA QUESTION:**

16. The amounts recorded from 2008 through 2012 vary greatly from year to year. Please explain these differences.

**O&M: Account 765 – Transmission & Distribution - Maintenance of Miscellaneous Plant**

PUC ACCOUNT	JDE/SAP ACCOUNT	DESCRIPTION	Recorded Years				
			2008	2009	2010	2011	2012
765	501200.244	Labor Maint T&D Hydrants	\$0	\$0	\$0	\$0	\$0
		Net Expense	\$0	\$0	\$0	\$0	\$0
	501200.244	Inflation Adjusted	\$0	\$0	\$0	\$0	\$0
	675000.244	Misc Maint T&D Hydrants	\$8,600	\$8,760	\$3,666	\$1,080	\$925

**COMPANY RESPONSE:**

Much of the reason for the variation in expenses in this category is due to the Company shifting from rebuilding hydrants (expensing) to capitalizing them as assets. This shift started in the 2009 – 2010 timeframe.

1  
2

1 **Attachment 5: Cal Am Response to ORA DR A.13-07-002. TS2-010**

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. A.13-07-002**

**DATA REQUEST RESPONSE**

**Response Provided By:** Lori O'Malley  
**Title:** Senior Financial Analyst  
**Address:** 131 Woodcrest Road  
Cherry Hill, NJ 08003

**DRA Request:** TS2-010  
**Company Number:** CAW-DRA-A.13-07-002. TS2-010 Q001-031  
**Date Received:** November 22,2013  
**Date Response Due:** December 5, 2013  
**Subject Area:** O&M

---

**DRA QUESTION:**

**O&M:**

**Please provide the breakdown for all sub-accounts comprising the following O&M accounts:**

1. PUC Account No. 703 SS Misc
2. PUC Account No. 724 Pump Misc
3. PUC Account No. 725 Pump Misc
4. PUC Account No. 742-3 WT
5. PUC Account No. 744 WT Chemicals
6. PUC Account No. 752 TD Strg
7. PUC Account No. 753 TD Lines
8. PUC Account No. 754 TD Meters
9. PUC Account No. 755 Cust Inst
10. PUC Account No. 756 Misc TD Exp
11. PUC Account No. 772 Meter Read
12. PUC Account No. 773 Cust Recd
13. PUC Account No. 774 Misc Ca
14. PUC Account No. 707 SS Maint SI
15. PUC Account No. 708 SS Maint Rsrv
16. PUC Account No. 711 SS Maint Wells
17. PUC Account No. 713 SS Maint Other
18. PUC Account No. 729 Pump Maint Sprv
19. PUC Account No. 730 Pump Maint S&I
20. PUC Account No. 731 Pump Maint Pwr
21. PUC Account No. 733 Pump Maint Other

2

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. A.13-07-002**  
**DATA REQUEST RESPONSE**

- 22. PUC Account No. 747 WT Maint S&I
- 23. PUC Account No. 748 WT Maint Eqpt
- 24. PUC Account No. 759 Maint Struct
- 25. PUC Account No. 760 TD Maint Rsvr
- 26. PUC Account No. 761 TD Maint Mains
- 27. PUC Account No. 762 TD Maint Fire
- 28. PUC Account No. 763 TD Maint Serv
- 29. PUC Account No. 764 TD Maint Meters
- 30. PUC Account No. 765 TD Maint Hyd
- 31. PUC Account No. 766 TD Maint Plt

**for the years 2008 to 2012 for each district. Identify which expenses are one-time or non-reoccurring expenses.**

**COMPANY RESPONSE:**

Please see attachments 1-8 for each district. All identified one-time or non-reoccurring expenses that should not be included in the revenue requirement have been removed from our request.

1 **Attachment 6: Cal Am Response to ORA DR A.13-07-002. JR6-010**

California-American Water Company

Statewide GRC Test Year 2015

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** JR6-010  
**Company Number:** CAW-DRA-A.13-07-002.JR6-010 Q001  
October 21, 2013  
**Date Response Due:** October 30, 2013  
**Subject Area:** Monterey District A & G

---

**DRA QUESTION:**

**MONTEREY DIST**

- (1). For PUC account 799 (A&G Misc Transactions), account 520100.16, please explain expense items "Non-catered Food & Beverage": "Farmer Brothers Coffee" totaling \$22,477.26 from years 2008 to 2012.

**COMPANY RESPONSE:**

The expense items referred to are for the purchase of coffee and coffee related services for facilities.

2

3

1 **Attachment 7: Cal Am Response to ORA DR A.13-07-002. TS2-012**

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. A.13-07-002**

**DATA REQUEST RESPONSE**

**Response Provided By:** James Bozman  
**Title:** Financial Analyst III  
**Address:** 131 Woodcrest Road, Cherry Hill, NJ 08003  
**DRA Request:** TS2-012  
**Company Number:** CAW-ORA-A.13-07-002.TS2-012 Q001  
**Date Received:** 12/31/2013  
**Date Response Due:** 1/10/2014  
**Subject Area:** O&M

---

**ORA QUESTION:**

**Sacramento O&M:**

1. For PUC account 774 (Customer Account Expenses- Miscellaneous), account 575000.15, please explain expense item "Roseville Golfland" at a cost \$1,600 dated 5/22/08.

**COMPANY RESPONSE:**

This expense relates to the Company's effort to reward employees for safety and avoidance of lost time inquiries. A picnic was provided for the employees as a reward for over two years with a great safety record and no lost time inquiries. These types of activities improve team cohesion, employee morale, and help reduce costly turnover of our skilled workforce.

2

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. A.13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** James Bozman  
**Title:** Financial Analyst III  
**Address:** 131 Woodcrest Road, Cherry Hill, NJ 08003  
**DRA Request:** TS2-012  
**Company Number:** CAW-ORA-A.13-07-002.TS2-012 Q002  
**Date Received:** 12/31/2013  
**Date Response Due:** 1/10/2014  
**Subject Area:** O&M

---

**ORA QUESTION:**

**Monterey Wastewater O&M:**

2. For PUC account 743 (Water Treatment - Chemicals), account 575000.13, please explain the following expense item and how they fit into PUC Account 743.

06/26/08 220.87 GREEN'S CAMERA & VIDEO JAMES P BRICKER JR 743

**COMPANY RESPONSE:**

The Golf Course around the plant in Carmel Valley Ranch was being completely remodeled. Many of the collection lines and manholes at the plant were exposed. The Company purchased a digital camera for the plant to take photos of the exposed lines and whatever else needed to be photographed for our records at the time.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. A.13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** James Bozman  
**Title:** Financial Analyst III  
**Address:** 131 Woodcrest Road, Cherry Hill, NJ 08003  
**DRA Request:** TS2-012  
**Company Number:** CAW-ORA-A.13-07-002.TS2-012 Q003  
**Date Received:** 12/31/2013  
**Date Response Due:** 1/10/2014  
**Subject Area:** O&M

---

**ORA QUESTION:**

**Monterey Water O&M:**

3. For PUC account 756 (Transmission & Distribution Expenses- Miscellaneous), account 575000.14, please explain the following expense items and how they fit into PUC Account 756.

03/20/08	697.08	GREEN'S CAMERA & WORLD	RON T SCACCIA	756
08/14/08	378.56	GREEN'S CAMERA & WORLD	RON T SCACCIA	756
09/16/10	48.70	GREEN'S CAMERA & WORLD	RON T SCACCIA	756

**COMPANY RESPONSE:**

Ron Scaccia was involved in damage claim investigations. The Company purchased digital cameras to take photos of whatever needed to be photographed for our records. There were cameras purchased in 2008 and a charger in 2010.

California-American Water Company  
Statewide GRC Test Year 2015  
APPLICATION NO. A.13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** James Bozman  
**Title:** Financial Analyst III  
**Address:** 131 Woodcrest Road, Cherry Hill, NJ 08003  
**DRA Request:** TS2-012  
**Company Number:** CAW-ORA-A.13-07-002.TS2-012 Q004  
**Date Received:** 12/31/2013  
**Date Response Due:** 1/10/2014  
**Subject Area:** O&M

---

**ORA QUESTION:**

4. For PUC account 756 (Transmission & Distribution Expenses- Miscellaneous), account 575000.14, please explain the following expense items and how they fit into PUC Account 756.

1

03/06/08	54.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
03/27/08	16.50	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
03/27/08	54.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
03/27/08	54.00	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
03/27/08	54.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
03/27/08	69.50	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
04/30/08	54.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
05/08/08	55.00	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
06/12/08	91.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
06/30/08	94.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
08/29/08	69.34	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
09/11/08	82.00	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
09/18/08	76.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
10/31/08	76.42	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
11/26/08	230.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
12/18/08	225.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
02/05/09	176.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
02/27/09	218.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
04/09/09	150.42	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
04/23/09	272.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
05/29/09	229.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
06/30/09	98.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
07/31/09	133.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
09/01/09	82.42	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
09/24/09	93.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
11/30/09	75.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
01/07/10	77.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
02/26/10	164.42	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
02/26/10	136.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
03/31/10	186.92	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
05/13/10	193.42	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
05/28/10	164.42	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
06/30/10	159.42	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
07/30/10	334.42	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
08/31/10	261.42	FIRST AMERICAN REAL ESTAT	GARY L HOFSSHEIER	756
01/31/11	189.42	FAR FIRST AMERICAN RES	GARY L HOFSSHEIER	756
02/28/11	127.42	FAR FIRST AMERICAN RES	GARY L HOFSSHEIER	756
03/31/11	98.92	FAR FIRST AMERICAN RES	GARY L HOFSSHEIER	756
06/16/11	69.92	FAR FIRST AMERICAN RES	GARY L HOFSSHEIER	756
06/16/11	69.42	FAR FIRST AMERICAN RES	GARY L HOFSSHEIER	756
07/14/11	99.42	FAR FIRST AMERICAN RES	GARY L HOFSSHEIER	756
08/11/11	158.42	FAR FIRST AMERICAN RES	GARY L HOFSSHEIER	756

**COMPANY RESPONSE:**

1 These expense items are related to internet usage for researching assess parcel numbers within California American Water's infrastructure.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. A.13-07-002

DATA REQUEST RESPONSE

**Response Provided By:** James Bozman  
**Title:** Financial Analyst III  
**Address:** 131 Woodcrest Road, Cherry Hill, NJ 08003  
**DRA Request:** TS2-012  
**Company Number:** CAW-ORA-A.13-07-002.TS2-012 Q005  
**Date Received:** 12/31/2013  
**Date Response Due:** 1/10/2014  
**Subject Area:** O&M

---

**ORA QUESTION:**

5. For PUC account 756 (Transmission & Distribution Expenses- Miscellaneous), account 550000.14, please explain the following expense item and how they fit into PUC Account 756.

08/13/09	644.22	KAR TUNES	SCOTT P CASEY	756
----------	--------	-----------	---------------	-----

**COMPANY RESPONSE:**

This was the purchase of a radio (Sirius) to receive disaster notifications (earthquakes, etc.).

1

2

1 **Attachment 8: Cal Am Response to ORA DR A.13-07-002. TS2-002**

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David P. Stephenson  
**Title:** Director of Rates  
**Address:** 4701 Beloit Drive  
Sacramento, CA 95838  
**DRA Request:** TS2-002  
**Company Number:** CAW-DRA-A.13-07-002.TS2-002 Q001(a)  
**Date Received:** September 12, 2013  
**Date Response Due:** September 23, 2013  
**Subject Area:** O&M Expenses and Special Request #30

---

**DRA QUESTION:**

Special Request #30: Placer County Water Agency Peaking Charges

1. Dave Stephenson's testimony starting on page 68 indicates that "we have eliminated the peaking charges for 2012 - through 2014 from the revenue requirement, but in this application we are including minimal peaking charges that we believe can't be avoided even with the new Walerga tank built and in service."
  - (a). Please identify where in the worksheets these peaking charges are located

**COMPANY RESPONSE:**

This was a mistake in Dave Stephenson's testimony as peaking charges were not included in the revenue requirement in any year.

2

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David P Stephenson  
**Title:** Director of Rates  
**Address:** 4701 Beloit Dr,  
Sacramento, Ca 95838  
**DRA Request:** TS2-002  
**Company Number:** CAW-DRA-A.13-07-002.TS2-002 Q001(b)  
**Date Received:** September 12, 2013  
**Date Response Due:** September 23, 2013  
**Subject Area:** O&M Expenses and Special Request # 30

---

**DRA QUESTION:**

1. Dave Stephenson's testimony starting on page 68 indicates that "we have eliminated the peaking charges for 2012 - through 2014 from the revenue requirement, but in this application we are including minimal peaking charges that we believe can't be avoided even with the new Walerga tank built and in service."
- (b). According to the proposed decision in A.10-07-007 that was recently filed on September 3, 2013, Ordering Paragraph #4 states that Cal Am may not recover peaking charges incurred after January 1, 2012. How will Cal Am respond to this decision should it be adopted as is with respect to Special Request #30 in this GRC?

**COMPANY RESPONSE:**

California American water will be responding to the PD to propose a correction that requests the final decision acknowledge the adopted Settlement Agreement that states "Second, no peaking charges will be allowed in rates from 2012 forward **until the Walerga Tank is in service.**" Peaking charges incurred after the tank is in service should be recoverable.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-002  
**Company Number:** CAW-DRA-A.13-07-002.TS2-002 Q002  
**Date Received:** September 12, 2013  
**Date Response Due:** September 23, 2013  
**Subject Area:** O&M Expenses and Special Request # 30

---

**DRA QUESTION:**

2. In each purchased water worksheet for districts that have purchased water, there are quantity and unit cost pricing or fees from water agencies or cities hard coded into the worksheet. Please provide source documents including invoices and contracts substantiating these amounts as current rates. For example, in the Larkfield Purchased Water worksheet, it lists Sonoma County Water Agency charging \$922.49 per AF of water. To substantiate this charge, provide an invoice and contract from Sonoma County Water Agency listing this amount.

**COMPANY RESPONSE:**

Please see the attached file titled "DRA-A.13-07-002.TS2-002 Q002.Attachment.pdf."

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**

**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-002  
**Company Number:** CAW-DRA-A.13-07-002.TS2-002 Q003  
**Date Received:** September 12, 2013  
**Date Response Due:** September 23, 2013  
**Subject Area:** O&M Expenses and Special Request # 30

---

**DRA QUESTION:**

3. Please explain the following discrepancies in the Sacramento Purchased Water Worksheet: (1) the detailed support for 2015 forecast does not match what is included in CAW's summary of earnings, and (2) the forecasted amounts for the test year (2015) use prices from a different year (2016) in the calculation.

**COMPANY RESPONSE:**

Please specify what is not matching. Per my review of the Sacramento Purchased Water Worksheet, as well as the summary of earnings and expense files for Sacramento, it appears that all the amounts match and correspond to the correct years.

1

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-002  
**Company Number:** CAW-DRA-A.13-07-002.TS2-002 Q004(a)  
**Date Received:** September 12, 2013  
**Date Response Due:** September 23, 2013  
**Subject Area:** O&M Expenses and Special Request # 30

---

**DRA QUESTION:**

O&M: Tank Painting Projects

4. In the "18610000 Programmed Maintenance" Worksheet for Tank Painting, the months used for amortization periods in column "L" vary from 60 to 120 with an amount of 180 for Begonia and Ryan Ranch Filter Renovation
  - (a) Please identify and substantiate the reasons for using the various amortization periods.

**COMPANY RESPONSE:**

The California Public Utilities Commission allows the Company to defer all costs related to tank painting, long-term maintenance agreements, tank inspections and similar recurring work as regulatory assets to be amortized over the estimated useful life. Useful lives can range from four years to fifteen years depending on the nature of the asset and the work being completed.

As a general rule, Cal-Am characterizes tank inspections with a 5-year (60-month) amortization period, while tank painting and long-term maintenance is characterized with a 10-year (120-month) amortization period.

Please see the attached file titled "DRA-A.13-07-002.TS-002 Q004 Attachment.xls"

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-002  
**Company Number:** CAW-DRA-A.13-07-002.TS2-002 Q004(b)  
**Date Received:** September 12, 2013  
**Date Response Due:** September 23, 2013  
**Subject Area:** O&M Expenses and Special Request # 30

---

**DRA QUESTION:**

O&M: Tank Painting Projects

4. In the "18610000 Programmed Maintenance" Worksheet for Tank Painting, the months used for amortization periods in column "L" vary from 60 to 120 with an amount of 180 for Begonia and Ryan Ranch Filter Renovation
  - (b). Please identify the Standards or Code Sections related to Tank Inspection and Painting Projects with regard to how Cal Am uses these regulations to set amortization periods.

**COMPANY RESPONSE:**

The amortization period is based on engineers' best estimate for the useful life of the corresponding asset and is consistent with the longstanding practice used by California American Water to set rates.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-002  
**Company Number:** CAW-DRA-A.13-07-002.TS2-002 Q004(c i)  
**Date Received:** September 12, 2013  
**Date Response Due:** September 23, 2013  
**Subject Area:** O&M Expenses and Special Request # 30

---

**DRA QUESTION:**

O&M: Tank Painting Projects

4. In the "18610000 Programmed Maintenance" Worksheet for Tank Painting, the months used for amortization periods in column "L" vary from 60 to 120 with an amount of 180 for Begonia and Ryan Ranch Filter Renovation
  - (c). Please provide invoices or work orders substantiating the hard-coded amounts in column "M" for the following tank projects:
    - (i). Row 49: Item #31 Tank Inspection-Viejo (750 K)

**COMPANY RESPONSE:**

Please see the attached file titled "DRA-A.13-07-002.TS2 Q004(c i) Attachment.xls."

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-002  
**Company Number:** CAW-DRA-A.13-07-002.TS2-002 Q004(c ii)  
**Date Received:** September 12, 2013  
**Date Response Due:** September 23, 2013  
**Subject Area:** O&M Expenses and Special Request # 30

---

**DRA QUESTION:**

O&M: Tank Painting Projects

4. In the "18610000 Programmed Maintenance" Worksheet for Tank Painting, the months used for amortization periods in column "L" vary from 60 to 120 with an amount of 180 for Begonia and Ryan Ranch Filter Renovation
  - (c). Please provide invoices or work orders substantiating the hard-coded amounts in column "M" for the following tank projects:
    - (ii). Row 98: Forest Lake #1

**COMPANY RESPONSE:**

Forest Lake is a project that will not start until 2015; as such, there are no invoices for this project as of yet.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002

DATA REQUEST RESPONSE

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-002  
**Company Number:** CAW-DRA-A.13-07-002.TS2-002 Q004(c iii)  
**Date Received:** September 12, 2013  
**Date Response Due:** September 23, 2013  
**Subject Area:** O&M Expenses and Special Request # 30

---

**DRA QUESTION:**

O&M: Tank Painting Projects

4. In the "18610000 Programmed Maintenance" Worksheet for Tank Painting, the months used for amortization periods in column "L" vary from 60 to 120 with an amount of 180 for Begonia and Ryan Ranch Filter Renovation
  - (c). Please provide invoices or work orders substantiating the hard-coded amounts in column "M" for the following tank projects:
    - (iii). Row 177: LaManda (San Marino – Upper) 1.6MG.

**COMPANY RESPONSE:**

LaManda is a project that will not start until 2015; as such, there are no invoices for this project as of yet.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-002  
**Company Number:** CAW-DRA-A.13-07-002.TS2-002 Q004(c iv)  
**Date Received:** September 12, 2013  
**Date Response Due:** September 23, 2013  
**Subject Area:** O&M Expenses and Special Request # 30

---

**DRA QUESTION:**

O&M: Tank Painting Projects

4. In the "18610000 Programmed Maintenance" Worksheet for Tank Painting, the months used for amortization periods in column "L" vary from 60 to 120 with an amount of 180 for Begonia and Ryan Ranch Filter Renovation
  - (c). Please provide invoices or work orders substantiating the hard-coded amounts in column "M" for the following tank projects:
    - (iv). Row 206: ViI-Ind Tank #2 Paint/Rehab

**COMPANY RESPONSE:**

Please see the attached file titled "DRA-A.13-07-002.TS2 Q004(c iv) Attachment.xls."

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**

**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-002  
**Company Number:** CAW-DRA-A.13-07-002.TS2-002 Q004(c v)  
**Date Received:** September 12, 2013  
**Date Response Due:** September 23, 2013  
**Subject Area:** O&M Expenses and Special Request # 30

---

**DRA QUESTION:**

O&M: Tank Painting Projects

4. In the "18610000 Programmed Maintenance" Worksheet for Tank Painting, the months used for amortization periods in column "L" vary from 60 to 120 with an amount of 180 for Begonia and Ryan Ranch Filter Renovation
  - (c). Please provide invoices or work orders substantiating the hard-coded amounts in column "M" for the following tank projects:
  - (v). Row 229: Janss

**COMPANY RESPONSE:**

Janss is a project that will not start until 2016; as such, there are no invoices for this project as of yet.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-002  
**Company Number:** CAW-DRA-A.13-07-002.TS2-002 Q004(c vi)  
**Date Received:** September 12, 2013  
**Date Response Due:** September 23, 2013  
**Subject Area:** O&M Expenses and Special Request # 30

---

**DRA QUESTION:**

O&M: Tank Painting Projects

4. In the "18610000 Programmed Maintenance" Worksheet for Tank Painting, the months used for amortization periods in column "L" vary from 60 to 120 with an amount of 180 for Begonia and Ryan Ranch Filter Renovation
  - (c). Please provide invoices or work orders substantiating the hard-coded amounts in column "M" for the following tank projects:
    - (vi). Row 307: Countryside Treatment Plant - Tank Painting

**COMPANY RESPONSE:**

Countryside Treatment Plant is a project that will not start until 2016; as such, there are no invoices for this project as of yet.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-002  
**Company Number:** CAW-DRA-A.13-07-002.TS2-002 Q004(c vii)  
**Date Received:** September 12, 2013  
**Date Response Due:** September 23, 2013  
**Subject Area:** O&M Expenses and Special Request # 30

---

**DRA QUESTION:**

O&M: Tank Painting Projects

4. In the "18610000 Programmed Maintenance" Worksheet for Tank Painting, the months used for amortization periods in column "L" vary from 60 to 120 with an amount of 180 for Begonia and Ryan Ranch Filter Renovation
  - (c). Please provide invoices or work orders substantiating the hard-coded amounts in column "M" for the following tank projects:
    - (vii). Row 309: Mather - Tank Painting

**COMPANY RESPONSE:**

Mather is a project that will not start until 2015; as such, there are no invoices for this project as of yet.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David Sousa  
**Title:** Financial Analyst II  
**Address:** 1033 B Ave. suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-002  
**Company Number:** CAW-DRA-A.13-07-002.TS2-002 Q005  
**Date Received:** September 12, 2013  
**Date Response Due:** September 23, 2013  
**Subject Area:** O&M Expenses and Special Request # 30

---

**DRA QUESTION:**

O&M: Purchased Power Expense

5. In the tab "726 Purch Power" from each district's expense files (i.e. "Monterey Water Expenses"), the recorded years for 2008 through 2012 show amounts hard coded into the worksheet. Please provide source documents including invoices and contracts substantiating these amounts as rates charged to Cal Am from each respective energy utility identifying the respective utility and rate schedules.

**COMPANY RESPONSE:**

Please see the file titled "DRA-A.13-07-002.TS2-002 Q005 Attachment.xls." The links in this Excel file are for invoices for the districts, and the respective rate schedules are included.

1

2

1 **Attachment 9: Cal Am Response to ORA DR A.13-07-002. TS2-011**

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
APPLICATION NO. A.13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** F. Mark Schubert, P.E.  
**Title:** Manager – Capital Assets and Planning  
**Address:** 1033 B Ave, Suite 200, Coronado, CA 92118  
**DRA Request:** TS2-011  
**Company Number:** CAW-ORA-A.13-07-002.TS2-011 Q001  
**Date Received:** 12/20/2013  
**Date Response Due:** 1/9/2014  
**Subject Area:** Tank Painting

**DRA QUESTION:**

Cal Am Workpaper 18610000 Programmed Maintenance provides recorded data and estimates of work related to tank facilities.

1. For the projects identified in the following table which were to be completed in 2013 (all projects listed were copied directly from Column B of the workpaper. Only projects with an amortization period beginning in 2013 have been included and should be addressed), please indicate with a “Yes” or “No” whether the project has been completed. For those projects that have been completed, also provide the date completed and the final recorded expense.

2013 Projects	Completed (Y/N)	Date of Completion	Final Recorded Expense
Highland Anniversary & Update Inspections			
Agujita 1 - Tank painting			
Airways Lower - Update Inspection			
Carola #1 - Engineering			
Cypress 2 - Anniversary Inspection			
Los Tulares Lower - tank painting			
Mt. Devon - Anniversary Inspection			
Pebble Beach 3 - Tank Painting			
Patton (San Marino)			
Rosemead			
Oak Knoll (San Marino – Upper) 2.5MG			
Danford (San Marino – Upper) 2.01MG			

2

LaManda (San Marino – Upper) 1.6MG			
Mt Vernon (Baldwin Hills) 1.25MG			
Spinks (Duarte) 1MG			
Lemon (Duarte) 1.5MG			
Garth (Baldwin Hills) 1MG			
Fair Oaks (Duarte) .45MG			
Scott (Duarte) 1.5MG			
High Mesa (Duarte) .2MG			
Orbis			
Janss			
Shopping Center #2			
Dos Vientos IIA			
Dos Vientos IIB			
Dos Vientos III			
Sunrise 2 - Engineering			
Countryside Treatment Plant - Engineering			
Parksite Treatment Plant 2 - Update Inspection			
Isleton Elevated - Update Inspection			
Isleton Recovery - Update Inspection			
Isleton Backwash - Update Inspection			
Roseville Road - Update Inspection			
Walnut Grove Islandview TP			
Mather - Engineering			
Lower Wikiup (1) - Engineering			
Lower Wikiup (2) - Engineering			
Backwash/Sludge Tank - Engineering			
Upper Wikiup (1) - Tank Painting			
Lower Wikiup (1) - Tank Painting			
North Wikiup (1) - Engineering			
North Wikiup (2) - Update Inspection			
Lower Wikiup (2) - Tank Painting			

1

**COMPANY RESPONSE:**

2013 Projects	Completed (Y/N)	Date of Completion	Final Recorded Expense
Highland Anniversary & Update Inspections	No		
Aguajita 1 - Tank painting	Yes	Feb 2013	\$168,234
Airways Lower - Update Inspection	No		
Carola #1 - Engineering	No		
Cypress 2 - Anniversary Inspection	No		
Los Tulares Lower - tank painting	Yes	Dec 2013	In Process (1)
Mt. Devon - Anniversary Inspection	No		
Pebble Beach 3 - Tank Painting	Yes	Dec 2013	In Process (1)
Patton (San Marino)	No		
Rosemead	No		
Oak Knoll (San Marino – Upper) 2.5MG	No		
Danford (San Marino – Upper) 2.01MG	No		
LaManda (San Marino – Upper) 1.6MG	No		
Mt Vernon (Baldwin Hills) 1.25MG	No		
Spinks (Duarte) 1MG	No		
Lemon (Duarte) 1.5MG	No		
Garth (Baldwin Hills) 1MG	No		
Fair Oaks (Duarte) .45MG	No		
Scott (Duarte) 1.5MG	No		
High Mesa (Duarte) .2MG	Yes	Dec 2012	\$70,020
Orbis	Yes	Mar 2013	\$236,900
Janss	No		
Shopping Center #2	No		
Dos Vientos IIA	No		
Dos Vientos IIB	No		
Dos Vientos III	No		
Sunrise 2 - Engineering	No		
Countryside Treatment Plant - Engineering	No		

1

2013 Projects	Completed (Y/N)	Date of Completion	Final Recorded Expense
Highland Anniversary & Update Inspections	No		
Aguajita 1 - Tank painting	Yes	Feb 2013	\$168,234
Airways Lower - Update Inspection	No		
Carola #1 - Engineering	No		
Cypress 2 - Anniversary Inspection	No		
Los Tulares Lower - tank painting	Yes	Dec 2013	In Process (1)
Mt. Devon - Anniversary Inspection	No		
Pebble Beach 3 - Tank Painting	Yes	Dec 2013	In Process (1)
Patton (San Marino)	No		
Rosemead	No		
Oak Knoll (San Marino – Upper) 2.5MG	No		
Danford (San Marino – Upper) 2.01MG	No		
LaManda (San Marino – Upper) 1.6MG	No		
Mt Vernon (Baldwin Hills) 1.25MG	No		
Spinks (Duarte) 1MG	No		
Lemon (Duarte) 1.5MG	No		
Garth (Baldwin Hills) 1MG	No		
Fair Oaks (Duarte) .45MG	No		
Scott (Duarte) 1.5MG	No		
High Mesa (Duarte) .2MG	Yes	Dec 2012	\$70,020
Orbis	Yes	Mar 2013	\$236,900
Janss	No		
Shopping Center #2	No		
Dos Vientos IIA	No		
Dos Vientos IIB	No		
Dos Vientos III	No		
Parksite Treatment Plant 2 - Update Inspection	Yes	Feb 2013	\$3,119
Isleton Elevated - Update Inspection	No		
Isleton Recovery - Update Inspection	No		
Isleton Backwash - Update Inspection	No		
Roseville Road - Update Inspection	No		

1

2013 Projects	Completed (Y/N)	Date of Completion	Final Recorded Expense
Highland Anniversary & Update Inspections	No		
Aguajita 1 - Tank painting	Yes	Feb 2013	\$168,234
Airways Lower - Update Inspection	No		
Carola #1 - Engineering	No		
Cypress 2 - Anniversary Inspection	No		
Los Tulares Lower - tank painting	Yes	Dec 2013	In Process (1)
Mt. Devon - Anniversary Inspection	No		
Pebble Beach 3 - Tank Painting	Yes	Dec 2013	In Process (1)
Patton (San Marino)	No		
Rosemead	No		
Oak Knoll (San Marino – Upper) 2.5MG	No		
Danford (San Marino – Upper) 2.01MG	No		
LaManda (San Marino – Upper) 1.6MG	No		
Mt Vernon (Baldwin Hills) 1.25MG	No		
Spinks (Duarte) 1MG	No		
Lemon (Duarte) 1.5MG	No		
Garth (Baldwin Hills) 1MG	No		
Fair Oaks (Duarte) .45MG	No		
Scott (Duarte) 1.5MG	No		
High Mesa (Duarte) .2MG	Yes	Dec 2012	\$70,020
Orbis	Yes	Mar 2013	\$236,900
Janss	No		
Shopping Center #2	No		
Dos Vientos IIA	No		
Dos Vientos IIB	No		
Dos Vientos III	No		
Walnut Grove Islandview TP	No		
Mather - Engineering	No		
Lower Wikiup (1) - Engineering	No		
Lower Wikiup (2) - Engineering	No		
Backwash/Sludge Tank - Engineering	No		

1

<b>2013 Projects</b>	<b>Completed (Y/N)</b>	<b>Date of Completion</b>	<b>Final Recorded Expense</b>
Highland Anniversary & Update Inspections	No		
Aguajita 1 - Tank painting	Yes	Feb 2013	\$168,234
Airways Lower - Update Inspection	No		
Carola #1 - Engineering	No		
Cypress 2 - Anniversary Inspection	No		
Los Tulares Lower - tank painting	Yes	Dec 2013	In Process (1)
Mt. Devon - Anniversary Inspection	No		
Pebble Beach 3 - Tank Painting	Yes	Dec 2013	In Process (1)
Patton (San Marino)	No		
Rosemead	No		
Oak Knoll (San Marino – Upper) 2.5MG	No		
Danford (San Marino – Upper) 2.01MG	No		
LaManda (San Marino – Upper) 1.6MG	No		
Mt Vernon (Baldwin Hills) 1.25MG	No		
Spinks (Duarte) 1MG	No		
Lemon (Duarte) 1.5MG	No		
Garth (Baldwin Hills) 1MG	No		
Fair Oaks (Duarte) .45MG	No		
Scott (Duarte) 1.5MG	No		
High Mesa (Duarte) .2MG	Yes	Dec 2012	\$70,020
Orbis	Yes	Mar 2013	\$236,900
Janss	No		
Shopping Center #2	No		
Dos Vientos IIA	No		
Dos Vientos IIB	No		
Dos Vientos III	No		
Upper Wikiup (1) - Tank Painting	No		
Lower Wikiup (1) - Tank Painting	No		
North Wikiup (1) - Engineering	Yes	June 2013	\$8,828 (2)
North Wikiup (2) - Update Inspection	No		
Lower Wikiup (2) - Tank Painting	No		

1

The requested information has been provided in the table above in **bold**. In addition, two tanks were inspected in the Larkfield District during 2013, and incurred the following recorded expense amounts for inspection services:

<u>Tank</u>	<u>Date of Completion</u>	<u>Final Recorded Expense</u>
Lower Wikiup #1	February 2013	\$3,460
Backwash/Sludge Tank	February 2013	\$2,797

California American Water manages the tank maintenance program as effectively as possible. However, it is important to recognize that California American Water will adjust the tank inspection and associated engineering work based on engineering/operational considerations (i.e., priority, staffing, schedule, new information, needs, funding). As a result, California American Water continually evaluates the tank maintenance program, and shifts the priorities on tanks as deemed necessary and appropriate, based upon management judgment and what is in the best interest of the infrastructure while insuring reliable water service is maintained to customers.

An example of a change for when inspections are performed is related to single tank sites, and the ability to drain these tanks to allow the inspection to be performed. The Engineering team works closely with the local Operations team to determine when and how to best drain a tank, in order to minimize any disruption in service to customers. This coordination can lead to a shift in the time of when the tank actually gets inspected. On occasion, engineering work may take slightly longer to complete because seismic requirements need to be addressed before the actual rehabilitation work can commence.

Footnote (1) – The final recorded expense of this tank is not yet known, since a final invoice has not yet been received. The lack of a final recorded expense is directly attributable to the fact that the work was just completed in December 2013.

Footnote (2) - The final recorded expense of \$8,828 shown for North Wikiup Tank #1 reflects both engineering and inspection expenses.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. A.13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** F.Mark Schubert, P.E.  
**Title:** Manager - Capital Assets and Planning  
**Address:** 1033 B Ave, Suite 200, Coronado, CA 92118  
**DRA Request:** TS2-011  
**Company Number:** CAW-ORA-A.13-07-002.TS2-011 Q002  
**Date Received:** 12/20/2013  
**Date Response Due:** 1/9/2014  
**Subject Area:** Tank Painting

**DRA QUESTION:**

Cal Am Workpaper 18610000 Programmed Maintenance provides recorded data and estimates of work related to tank facilities.

- For numerous completed projects identified in the workpaper, a date for the end of amortization period (Column J) has been replaced with the text Not Serv (see example below). Please explain the meaning of Not Serv and why amortization of these projects expenses during the years 2012 – 2016 is not occurring.

California American Water									
Account Reconciliation/Projected Tank Painting Projects (2013 - 2016)									
DDA Programmed Maintenance									
JDE Account 186401									
SAP Account Number 18610000									
August 31, 2012									
Description	Workorder	WBS	Amortization Period	Amount	Months in Pd	Monthly Amortization	Expense Account	SAP Expense Account	
59 Las Posas #2 Inspection	45164100	B15-51-0012	05/01/09 - 05/30/14	2,615.00	60	43.58	675050.24	62510000	
83 Los Robles #2	51662500	B15-51-0036	09/01/11 - 08/31/21	250,837.66	120	2,090.31	675,050.24	62510000	
118 White Stallion Repaint	51662900	B15-51-0038	09/01/11 - 08/31/21	176,447.32	120	1,487.06	675050.24	62510000	
84 Orbis Tank Interior Paintin	51663000	B15-51-0039	09/01/11 - 08/31/21	272,747.31	120	2,272.89	675050.24	62510000	
85 Los Posas #1 Rehab	51663100	B15-51-0040	4/12/12 - Not Serv	198,329.20					
119 Janss Tank	52174900	B15-51-0041	6/8/11 - Not Serv	25,403.11					
121 Wildwood Tank Rehab	51662700	B15-51-0037	4/16/12 - Not Serv	30,016.29					
122 Orbis Tank Rehab	51662800	B15-51-0043	3/13/12 - Not Serv	236,900.00					
131 Los Posas #1 Tank	55925700	B15-51-0048	4/12/12 - Not Serv	3,430.00					

1

**COMPANY RESPONSE:**

The meaning of the notation "**Not Serv**" in the workpaper for the five tanks in question within the Ventura County District relates to the fact that the associated work on these five tanks has not yet been completed as of the date of the workpaper (August 2012). The workpaper is prepared on a quarterly basis, and if the associated work for a specific tank has not yet been completed and the tank has not been returned to service, then this notation of "Not Serv" would appear on the report. This notation would continue to appear until an in-service date is inputted by the project manager, and thereafter a subsequent run of the report for this account would show new amortization period for that particular tank. Because these tank painting jobs will all be completed by the start of the 2015 test year, monthly amortization for them should be factored into the revenue requirement.

1

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. A.13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** F. Mark Schubert, P.E.  
**Title:** Manager - Capital Assets and Planning  
**Address:** 1033 B Ave, Suite 200, Coronado, CA 92118  
**DRA Request:** TS2-011  
**Company Number:** CAW-ORA-A.13-07-002.TS2-011 Q003  
**Date Received:** 12/20/2013  
**Date Response Due:** 1/9/2014  
**Subject Area:** Tank Painting

**DRA QUESTION:**

Cal Am Workpaper 18610000 Programmed Maintenance provides recorded data and estimates of work related to tank facilities.

- 3 In the cost summary provided for Project 118 White Stallion Repaint (see below), a charge of \$70,147.32 is identified as BPCORR-R/C to DEF RD WO#516629. Please explain this charge and provide all supporting documentation.

NUMBER 118														
GLCO	GLICUT	GLICU	GLDCT	GLDOC	GLSBL	GLSBLT	GLLT	GLFY	GLPN	GLPOST	GLRE	ONDATE	AMT	GLEXA
00005	V	4739004	PV	42758824	51662900	W	AA	11	3	P		03/29/11	4,275.00	Paso Robles Tank Inc
00005	V	4739004	PV	42758824	51662900	W	AA	11	3	P		03/29/11	2,025.00	Paso Robles Tank Inc
00005	V	4778338	PV	42820404	51662900	W	AA	11	6	P		06/09/11	59,895.00	Paso Robles Tank Inc
00005	V	4778338	PV	42820404	51662900	W	AA	11	6	P		06/09/11	31,275.00	Paso Robles Tank Inc
00005	V	4811943	PV	42874029	51662900	W	AA	11	8	P		08/15/11	7,130.00	Paso Robles Tank Inc
00005	V	4811943	PV	42874029	51662900	W	AA	11	8	P		08/15/11	3,700.00	Paso Robles Tank Inc
00005	G	4821094	JN	30974899	51662900	W	AA	11	8	P		08/31/11	70,147.32	BPCORR-R/C TO DEF RD WO#516629
													170,447.32	

**COMPANY RESPONSE:**

Work Order 51662900 is the Deferred Expense Work Order for the White Stallion Tank Rehabilitation project. For this project, the contractor, Paso Robles Tank (PRT), completed both Deferred and Capital Expenditure related work. PRT completed approximately \$33,060 in Capital Expenditure work, and \$108,300 in Deferred Expense work. Based on a total project cost of \$141,360, the corresponding percentage of the work completed as Deferred Expense was approximately 77 percent. Accordingly, a journal entry was completed to transfer 77 percent of the charges to the Deferred Expense Work Order. The amount of this 77 percent transfer was \$70,147.32. See Attachment 1\_CAW-ORA-TS2-011\_Q3 and Attachment 2\_CAW\_ORA-TS2-011\_Q3 which provide additional information on the White Stallion Tank costs.

1

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. A.13-07-002**

**DATA REQUEST RESPONSE**

**Response Provided By:** F. Mark Schubert, P.E.  
**Title:** Manager - Capital Assets and Planning  
**Address:** 1033 B Ave, Suite 200, Coronado, CA 92118  
**DRA Request:** TS2-011  
**Company Number:** CAW-ORA-A.13-07-002.TS2-011 Q004  
**Date Received:** 12/20/2013  
**Date Response Due:** 1/9/2014  
**Subject Area:** Tank Painting

---

**DRA QUESTION:**

Cal Am Workpaper 18610000 Programmed Maintenance provides recorded data and estimates of work related to tank facilities.

- 4 Was completed Project #97 Security Park Tank in the amount of \$114,450.18 previously forecasted and presented to the Commission? Please reference application and workpapers where previously presented or provide explanation.

**COMPANY RESPONSE:**

Yes. This project (Security Park Tank No. 1 Rehabilitation) was previously presented to the Commission by California American Water in A.09-01-013.

2

3

1 **Attachment 10: CPUC Sheet No. 5882-W**

CALIFORNIA-AMERICAN WATER COMPANY  
 1033 B AVENUE, SUITE 200  
 CORONADO, CA 92118

REVISED C.P.U.C. SHEET NO. 5882-W

CANCELLING Original C.P.U.C. SHEET NO. 5499-W

PRELIMINARY STATEMENT  
 (continued)

(D)

Cease and Desist Order Memorandum Account ("CDOMA")

1. **PURPOSE:** The purpose of the Cease and Desist Order Memorandum Account ("CDOMA") is to track outside legal counsel; Experts needed to represent Cal-Am in administrative proceedings; Temporary legal measures regarding stays of the CDO; Court appeals related to any final CDO adopted by the SWRCB; Challenges, clarifications, and/or compliance with the CDO including any additional or more stringent conservation and reporting activities, the development and obtainment of water supply and water rights; and Any and all other immediate activities beyond those approved in the general rate case, D.09-07-021, related to the CDO to address the State Water Resources Control Board ("SWRCB") Cease and Desist Order ("CDO") for unauthorized diversion of water from the Carmel River in the Monterey District.
2. **APPLICABILITY:** The Monterey main system.
3. **ACCOUNTING PROCEDURE:** California American Water was granted a memorandum account on April 8, 2010 in Resolution W-4824. Recovery of amounts recorded in the CDOMA will be reviewed by the Commission as part of the next general rate case. California American Water shall bear the burden when it requests recovery of the recorded costs, to show that they are not costs covered by other authorized rates, it is appropriate for ratepayers to pay for these categories of costs in addition to otherwise authorized rates, the utility acted prudently when it incurred these costs and the level of booked costs is reasonable
  - a. A debit entry will be created each month to record expenses associated with the SWRCB CDO.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 862

DECISION NO. D. 10-06-038

ISSUED BY

D. P. STEPHENSON  
NAME

Director – Rates & Regulation  
TITLE

(TO BE INSERTED BY C.P.U.C.)

DATE FILED SEP 15 2010

EFFECTIVE JUN 24 2010

RESOLUTION NO. \_\_\_\_\_

2  
3

1 **Attachment 11: Cal Am Response to ORA DR A.13-07-002. TS2-007**

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** Jeffrey M.Dana  
**Title:** Senior Manager of Rates  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-007  
**Company Number:** DRA-A.13-07-002.TS2-007 Q001(a)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests # 18, 23,27,30 & 31

---

**DRA QUESTION:**

**Special Request #18: State Water Resources Control Board Cease and Desist Order Memo Account.**

1. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:
  - (a). The expense is caused by an event of an exceptional nature that is not under the utility's control;

**COMPANY RESPONSE:**

The costs California American Water incurs to address the CDO are the result of administrative actions taken by the SWRCB, over which California American Water has no control. In the CDO proceeding, the SWRCB Enforcement Division has alleged that California American Water is in violation of Water Code section 1052 and SWRCB Order 95-10, and specifically that California American Water has failed to terminate its unpermitted diversions from the Carmel River. California American Water maintains that it has diligently pursued measures to comply with Order 95-10, including efforts to obtain water from other sources of supply and new water rights to achieve one-for-one reductions of diversions. Despite California American Water's numerous and diligent efforts taken to comply with Order 95-10, the SWRCB's Enforcement Division alleges that the Company is in violation of the Order.

Due to the extraordinarily complex legal and administrative framework within which California American Water must operate to develop or obtain additional supplies of

1

water, the Monterey District has been unable to terminate the at-issue diversions from the Carmel River. Among other things, California American Water has requested Commission authorization of projects that would achieve additional water supply, has obtained Commission authority to implement highly aggressive conservation and rationing programs, and has developed and worked closely with the Commission for environmental review and certification of a long-term water supply solution for the Monterey District. The Commission itself has recognized that it “has a responsibility to enable Cal-Am to comply with SWRCB Order 95-10.” Despite these efforts, it is possible that the company could be fined or penalized due to the CDO or non-compliance with Order 95-10 requirements regarding diversions from the Carmel River.

California American Water is doing everything it can to address the CDO and any consequences or requirements there from to ensure that the Monterey District continues to have sources of supply sufficient to serve demand, consistent with its public utility obligation to safely and reliably serve water to its customers.

California American Water has been actively pursuing the implementation of a replacement water supply in a Commission proceeding wherein the original expected decision date would have met the CDO expectations. The Commission has revised the proceeding timing and has issued a revised proposed schedule that now does not meet the SWRCB requirement. This was a situation that was beyond the control of California American Water.

2

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** Jeffrey M.Dana  
**Title:** Senior Manager of Rates  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-007  
**Company Number:** DRA-A.13-07-002.TS2-007 Q001(b)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests # 18, 23,27,30 & 31

---

**DRA QUESTION:**

**Special Request #18: State Water Resources Control Board Cease and Desist Order Memo Account.**

1. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:
  - (b). The expense cannot have been reasonably foreseen in the utility's last general rate case and will occur before the utility's next scheduled rate case.

**COMPANY RESPONSE:**

The costs were not foreseen in the last general rate case since California American Water has been actively pursuing the implementation of a replacement water supply in a Commission proceeding wherein the original expected decision date would have met the CDO expectations but they are foreseeable now. A.13-07-002 is the appropriate proceeding given the timing of the issues involved. The Commission has revised the proceeding timing and has issued a revised proposed schedule that now does not meet the SWRCB requirement. The State Water Resources Control Board ("SWRCB") Cease and Desist Order ("CDO") requires California American Water to reduce its production from the Carmel River to California American Water's legally authorized level, or 3,376 AF per the CDO by December 31, 2016. Potential fines and penalties

1

requested to be tracked in this memorandum account could be incurred before California American Water's effective date of its next rate case application, scheduled for January 1, 2018.

2

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** Jeffrey M.Dana  
**Title:** Senior Manager of Rates  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-007  
**Company Number:** DRA-A.13-07-002.TS2-007 Q001(c)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests # 18, 23,27,30 & 31

---

**DRA QUESTION:**

**Special Request #18: State Water Resources Control Board Cease and Desist Order Memo Account.**

1. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:
  - (c). The expense is of a substantial nature as to the amount of money involved when any offsetting costs decreases are taken into account; and,

**COMPANY RESPONSE:**

California American Water cannot estimate the level of fines or penalties that could be assessed but they could be substantial. The decision on this situation resides with the SWRCB, but may include civil penalties for such a violation. There are no offsetting decreases.

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** Jeffrey M.Dana  
**Title:** Senior Manager of Rates  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-007  
**Company Number:** DRA-A.13-07-002.TS2-007 Q001(d)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests # 18, 23,27,30 & 31

---

**DRA QUESTION:**

**Special Request #18: State Water Resources Control Board Cease and Desist Order Memo Account.**

1. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:

(d). The ratepayers will benefit by the memo account treatment.

**COMPANY RESPONSE:**

The SWRCB's actions result in further reductions in the volume of water California American Water is allowed to serve its customers, possibly resulting in rationing. The CDO could have a significant impact on the ability of California American Water to serve its customers in the Monterey District. Ratepayers will benefit by memorandum account treatment of possible penalties and fines if California American Water cannot comply with Order 95-10 due to its obligation to serve its customers. California American Water must continue to provide water to the people and businesses in the Monterey District in a manner that protects public health and safety. As such, any fines and penalties incurred in complying with the CDO should be eligible for tracking in the memorandum account and properly recoverable as a cost of the Company to its customers in the Monterey District. Without the ability to recover such fines and penalties, it could have significant negative consequences in our borrowing ability which in turn could harm our ability to construct the solution to the water supply problem in Monterey.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** Jeffrey M.Dana  
**Title:** Senior Manager of Rates  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-007  
**Company Number:** DRA-A.13-07-002.TS2-007 Q002(a)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests # 18, 23,27,30 & 31

---

**DRA QUESTION:**

**Special Request #23: Sacramento Purchased Water Memo Account.**

2. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:
  - (a). The expense is caused by an event of an exceptional nature that is not under the utility's control;

**COMPANY RESPONSE:**

The company has a contract that expires December 31, 2015 which is during the A.13-07-002 rate case period. The contract prescribes that the company and Placer County Water Agency will work on the new agreement starting 1 year prior to expiration.

1

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** Jeffrey M.Dana  
**Title:** Senior Manager of Rates  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-007  
**Company Number:** DRA-A.13-07-002.TS2-007 Q002(b)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests # 18, 23,27,30 & 31

---

**DRA QUESTION:**

**Special Request #23: Sacramento Purchased Water Memo Account.**

2. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:
  - (b). The expense cannot have been reasonably foreseen in the utility's last general rate case and will occur before the utility's next scheduled rate case;

**COMPANY RESPONSE:**

A.13-07-002 is the appropriate proceeding for consideration of this memo account as our current contract expires during the rate case period. We cannot estimate the cost under a future agreement. We have a 1 year negotiation period and we don't know how the contract may conclude, how long it will take or the effort necessary.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** Jeffrey M.Dana  
**Title:** Senior Manager of Rates  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-007  
**Company Number:** DRA-A.13-07-002.TS2-007 Q002(c)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests # 18, 23,27,30 & 31

---

**DRA QUESTION:**

**Special Request #23: Sacramento Purchased Water Memo Account.**

2. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:
  - (c). The expense is of a substantial nature as to the amount of money involved when any offsetting costs decreases are taken into account; and

**COMPANY RESPONSE:**

Purchased water costs are almost always substantial in nature. There are not offsetting decreases.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** Jeffrey M.Dana  
**Title:** Senior Manager of Rates  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-007  
**Company Number:** DRA-A.13-07-002.TS2-007 Q002(d)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests # 18, 23,27,30 & 31

---

**DRA QUESTION:**

**Special Request #23: Sacramento Purchased Water Memo Account.**

2. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:
  - (d). The ratepayers will benefit by the memo account treatment

**COMPANY RESPONSE:**

Ratepayers will benefit by ensuring uninterrupted water service which is necessary for public health.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** Jeffrey M.Dana  
**Title:** Senior Manager of Rates  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-007  
**Company Number:** DRA-A.13-07-002.TS2-007 Q003  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests # 18, 23,27,30 & 31

---

**DRA QUESTION:**

**Special Request #23: Sacramento Purchased Water Memo Account.**

3. The application states that Special Request #23 will be addressed in David Stephenson's testimony. However, David Stephenson's testimony does not appear to address this special request. Please detail the places in Cal Am's testimony that Special Request #23 is justified, including page numbers.

**COMPANY RESPONSE:**

Please see the Direct Testimony of David Stephenson beginning on page 59. The section titled Placer County Water Agency Fees.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** Jeffrey M.Dana  
**Title:** Senior Manager of Rates  
**Address:** 1033 B Avenue  
Suite 200  
Coronado, CA 92118  
**DRA Request:** TS2-007  
**Company Number:** DRA-A.13-07-002.TS2-007 Q004  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests # 18, 23,27,30 & 31

---

**DRA QUESTION:**

**Special Request #23: Sacramento Purchased Water Memo Account.**

4. Please identify the current accounting mechanism that tracks purchased water in the Sacramento District and the current year to date balance along with the previous five years

**COMPANY RESPONSE:**

Sacramento purchased water over and (under) collections are tracked in the Expense Balancing Account.

	Balance
2008	\$(661,859)
2009	\$(958,950)
2010	\$(431,346)
2011	\$(331,863)
2012	\$(405,740)
Jul-13	\$(612,287)

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** Eric Sabolsice  
**Title:** Director of Operations Coastal Division  
**Address:** 511 Forest Lodge Rd, St. 100  
Pacific Grove, CA 93950  
**DRA Request:** TS2-007  
**Company Number:** DRA-A.13-07-002.TS2-007 Q005(a)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests # 18, 23,27,30 & 31

---

**DRA QUESTION:**

**Special Request #27: Monthly Billing for Wastewater Custom.**

5. David Stephenson's testimony at p. 52 refers to customers billed in advance for Wastewater services.
  - (a). Please quantify the number of wastewater customers billed in advance. These numbers should include the total amount of wastewater customers, the total amount of customers billed in advance, and the number of affected customers from the change to monthly billing

**COMPANY RESPONSE:**

California American Water's Monterey District has a total of 1,937 who are sewer only customers; these customers are billed in advance. In addition, there are 669 customers that receive both sewer and water. These accounts are billed monthly subsequent to the month water service was provided; sewer charges for those customers are billed in advance of the month service is provided. The number of sewer only customers who would migrate to monthly billing is 892.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002

DATA REQUEST RESPONSE

**Response Provided By:** Eric Sabolsice  
**Title:** Director of Operations Coastal Division  
**Address:** 511 Forest Lodge Rd, St. 100  
Pacific Grove, CA 93950  
**DRA Request:** TS2-007  
**Company Number:** DRA-A.13-07-002.TS2-007 Q005(b)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests # 18, 23,27,30 & 31

---

**DRA QUESTION:**

**Special Request #27: Monthly Billing for Wastewater Custom.**

5. David Stephenson's testimony at p. 52 refers to customers billed in advance for Wastewater services.
  - (b). What is the cost of moving wastewater customers to monthly billing?

**COMPANY RESPONSE:**

The company has not developed an exact cost estimate for migrating wastewater customers currently billed quarterly to monthly billing. As monthly billing of wastewater customers already occurs in certain systems there would be no need for any significant changes to the billing software. It is assumed that the cost of the change would be minimal and California American Water has not included any cost increase in the revenue requirement due to the request.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David P Stephenson  
**Title:** Director of Rates  
**Address:** 4701 Beloit Dr,  
Sacramento, Ca 95838  
**DRA Request:** TS2-007  
**Company Number:** CAW-DRA-A.13-07-002.TS2-007 Q006  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests #18, 23, 27, 30, & 31

---

**DRA QUESTION:**

**Special Request #30: Placer County Peaking Charges.**

6. Please address how the recently adopted Commission Decision D.13-10-003 affects this special request.

**COMPANY RESPONSE:**

In the view of the Company, it does not. In regards to any Commission approved expense, that cost is reviewed in each and every general rate case for the prudence and reasonability as to the then ongoing circumstances. In this case, the parties to the case agreed to suspend the recovery of peaking charges after 2012 due to the circumstances known to be causing the expense within the rate case period. After the reservoir is placed in service, it is expected that peaking charges may be eliminated via the ability to capture peaks from the stored capacity. However, a reservoir stores a limited capacity that in some circumstances may not be adequate to fully eliminate the need to peak off the Placer County Water Authority system. Additionally, changes in contract language or other contractual elements may be imposed to cause the peaking cost incurrence. What is important is that the reservoir is designed to eliminate peaking charges based on the then known circumstances, however circumstances change and those circumstances should not be prejudged. Hence it is appropriate not to prejudge a cost that might be incurred in a future period (beyond the 2012-2014 rate case cycle) based on historical circumstances.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David P Stephenson  
**Title:** Director of Rates  
**Address:** 4701 Beloit Dr,  
Sacramento, Ca 95838  
**DRA Request:** TS2-007  
**Company Number:** CAW-DRA-A.13-07-002.TS2-007 Q007(a)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests #18, 23, 27, 30, & 31

---

**DRA QUESTION:**

**Special Request #30: Placer County Peaking Charges.**

7. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:
- (a). The expense is caused by an event of an exceptional nature that is not under the utility's control;

**COMPANY RESPONSE:**

Special Request #30 does not seek the establishment of a memorandum account – therefore the Company believes the question is irrelevant. Special Request #30 seeks only to allow the recovery of future peaking charges related to purchase water once the Walerga reservoir is complete. As with any other cost of purchased water, this cost should be allowed to be tracked in the MCBA or incremental purchased water balancing account (“ICBA”), just as all other differences in purchased water are so tracked in the MCBA or ICBA.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David P Stephenson  
**Title:** Director of Rates  
**Address:** 4701 Beloit Dr,  
Sacramento, Ca 95838  
**DRA Request:** TS2-007  
**Company Number:** CAW-DRA-A.13-07-002.TS2-007 Q007(b)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests #18, 23, 27, 30, & 31

---

**DRA QUESTION:**

**Special Request #30: Placer County Peaking Charges.**

7. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:
  - (b). The expense cannot have been reasonably foreseen in the utility's last general rate case and will occur before the utility's next scheduled rate case.

**COMPANY RESPONSE:**

Special Request #30 does not seek the establishment of a memorandum account – therefore the Company believes the question is irrelevant. Special Request #30 seeks only to allow the recovery of future peaking charges related to purchase water once the Walerga reservoir is complete. As with any other cost of purchased water, this cost should be allowed to be tracked in the MCBA or incremental purchased water balancing account (“ICBA”), just as all other differences in purchased water are so tracked in the MCBA or ICBA.

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David P Stephenson  
**Title:** Director of Rates  
**Address:** 4701 Beloit Dr,  
Sacramento, Ca 95838  
**DRA Request:** TS2-007  
**Company Number:** CAW-DRA-A.13-07-002.TS2-007 Q007(c)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests #18, 23, 27, 30, & 31

---

**DRA QUESTION:**

**Special Request #30: Placer County Peaking Charges.**

7. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:

(c). The expense is of a substantial nature as to the amount of money involved when any offsetting costs decreases are taken into account; and

**COMPANY RESPONSE:**

Special Request #30 does not seek the establishment of a memorandum account – therefore the Company believes the question is irrelevant. Special Request #30 seeks only to allow the recovery of future peaking charges related to purchase water once the Walerga reservoir is complete. As with any other cost of purchased water, this cost should be allowed to be tracked in the MCBA or incremental purchased water balancing account (“ICBA”), just as all other differences in purchased water are so tracked in the MCBA or ICBA.

1

**California-American Water Company**  
**Statewide GRC Test Year 2015**  
**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David P Stephenson  
**Title:** Director of Rates  
**Address:** 4701 Beloit Dr,  
Sacramento, Ca 95838  
**DRA Request:** TS2-007  
**Company Number:** CAW-DRA-A.13-07-002.TS2-007 Q007(d)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests #18, 23, 27, 30, & 31

---

**DRA QUESTION:**

**Special Request #30: Placer County Peaking Charges.**

7. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:
- (d). The ratepayers will benefit by the memo account treatment.

**COMPANY RESPONSE:**

Special Request #30 does not seek the establishment of a memorandum account – therefore the Company believes the question is irrelevant. Special Request #30 seeks only to allow the recovery of future peaking charges related to purchase water once the Walerga reservoir is complete. As with any other cost of purchased water, this cost should be allowed to be tracked in the MCBA or incremental purchased water balancing account (“ICBA”), just as all other differences in purchased water are so tracked in the MCBA or ICBA.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002

DATA REQUEST RESPONSE

**Response Provided By:** David P Stephenson  
**Title:** Director of Rates  
**Address:** 4701 Beloit Dr,  
Sacramento, Ca 95838  
**DRA Request:** TS2-007  
**Company Number:** CAW-DRA-A.13-07-002.TS2-007 Q008  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests #18, 23, 27, 30, & 31

---

**DRA QUESTION:**

**Special Request #31: Placer County Purchased Water Agreement.**

8. Please address how the recently adopted Commission Decision D.13-10-003 affects this special request.

**COMPANY RESPONSE:**

This Special Request related to the establishment of a memo account is not in the least affected by D.13-10-003; it was only affected in the timing of the negotiations that were impaired before the Decision was issued. The Company requests that the Commission authorize a new memorandum account to track all costs associated with the negotiations, development and implementation of a new water supply agreement with PCWA for water deliveries into the West Placer Service Area.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David P Stephenson  
**Title:** Director of Rates  
**Address:** 4701 Beloit Dr,  
Sacramento, Ca 95838  
**DRA Request:** TS2-007  
**Company Number:** CAW-DRA-A.13-07-002.TS2-007 Q009(a)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests #18, 23, 27, 30, & 31

---

**DRA QUESTION:**

**Special Request #31: Placer County Purchased Water Agreement.**

9. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:
- (a). The expense is caused by an event of an exceptional nature that is not under the utility's control;

**COMPANY RESPONSE:**

At the present time, it is very unclear as to what demands or changes to the current purchased water contract will be imposed on the Company and its sole source of water in Placer County as a result of being required to renegotiate the PCWA purchased water contract. The terms of the contract are under the control of PCWA, not California American Water.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David P Stephenson  
**Title:** Director of Rates  
**Address:** 4701 Beloit Dr,  
Sacramento, Ca 95838  
**DRA Request:** TS2-007  
**Company Number:** CAW-DRA-A.13-07-002.TS2-007 Q009(b)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests #18, 23, 27, 30, & 31

---

**DRA QUESTION:**

**Special Request #31: Placer County Purchased Water Agreement.**

9. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:
  - (b). The expense cannot have been reasonably foreseen in the utility's last general rate case and will occur before the utility's next scheduled rate case;

**COMPANY RESPONSE:**

As noted in response prior data requests, contract negotiations have not started and the level of increased requirements and costs is unknown at this time to California American Water. The negotiations have to be concluded before the effective date of the next GRC in early 2018.

California-American Water Company

Statewide GRC Test Year 2015

APPLICATION NO. 13-07-002  
DATA REQUEST RESPONSE

**Response Provided By:** David P Stephenson  
**Title:** Director of Rates  
**Address:** 4701 Beloit Dr,  
Sacramento, Ca 95838  
**DRA Request:** TS2-007  
**Company Number:** CAW-DRA-A.13-07-002.TS2-007 Q009(c)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests #18, 23, 27, 30, & 31

---

**DRA QUESTION:**

**Special Request #31: Placer County Purchased Water Agreement.**

9. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:
- (c). The expense is of a substantial nature as to the amount of money involved when any offsetting costs decreases are taken into account; and

**COMPANY RESPONSE:**

Purchased water cost and costs of increased capacity are almost always substantial in nature. There are no offsetting cost decreases.

**California-American Water Company**

**Statewide GRC Test Year 2015**

**APPLICATION NO. 13-07-002**  
**DATA REQUEST RESPONSE**

**Response Provided By:** David P Stephenson  
**Title:** Director of Rates  
**Address:** 4701 Beloit Dr,  
Sacramento, Ca 95838  
**DRA Request:** TS2-007  
**Company Number:** CAW-DRA-A.13-07-002.TS2-007 Q009(d)  
**Date Received:** October 23, 2013  
**Date Response Due:** November 1, 2013  
**Subject Area:** Special Requests #18, 23, 27, 30, & 31

---

**DRA QUESTION:**

**Special Request #31: Placer County Purchased Water Agreement.**

9. Please address the following criteria for establishing a memorandum account according to Standard Practice U-27-W:
- (d). The ratepayers will benefit by the memo account treatment.

**COMPANY RESPONSE:**

To ensure the ability to continue to deliver water to customers in Placer County a new agreement needs to be executed. The memo account allows the Company to recover costs incurred in the negotiation which is required to allow for the continuous delivery of water to the customers residing in Placer County.