

A.16-07-002

ALJ Sophia J. Park

Date: _____

Exhibit _____

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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

Application No. 16-07-002

(Filed July 1, 2016)

**PREPARED DIRECT TESTIMONY
OF JAY T. SPURGIN, PE, MPA, ON BEHALF OF
THE CITY OF THOUSAND OAKS**

February 13, 2017

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I. Witness Background

Q1: Please state your name, present employment, and duties.

A1: My name is Jay T. Spurgin. I am the Public Works Director for the City of Thousand Oaks (“City”), which is located in Ventura County, California. In that position, I direct the operations of the City’s Public Works Department, with a staff of 185 and annual Operations & Maintenance (“O&M”) and Capital budget of about \$100 million. The value of City infrastructure assets managed by the Public Works Department, including potable water distribution, is approximately \$2.5 billion. My duties include direct oversight of City water system planning and budgeting, asset management, and water rate setting every two years through the Proposition 218 process.

Q2: Please describe your educational background.

A2: In 1983, I received a Bachelor of Science degree from California State University, Humboldt in Environmental Resources Engineering. In 2002, I received a Masters of Public Administration from California State University, Northridge.

Q3: Please generally describe your employment background.

A3: I have over 33 years of professional experience. Beginning in 1983, I worked for 15 years with Boyle Engineering Corporation, a national consulting engineering firm specializing in water resources, in their offices in Bakersfield and Ventura, California. In 1998, I joined the City of Ventura as a Senior Civil Engineer in its Engineering Division, responsible for planning and design of city-wide capital projects. In 2001, I joined the City as its Engineering Division Manager. In 2005, I was promoted to Deputy Public Works Director/City Engineer, overseeing all engineering functions for the City. In 2011, I assumed my current duties as Public Works Director.

Q4: Do you hold any professional licenses or certifications?

A4: Yes. I am a licensed California Professional Civil Engineer.

Q5: Have you been involved in other professional organizations?

A5: Yes, I have held leadership positions in the American Public Works Association (“APWA”) and the League of California Cities (“League”). From 1996 to 2000, I was on the Executive Committee of the Ventura County Chapter of APWA, holding the position of President in 1999. I served on the Utility and Public Right-of-Way Technical Committee for APWA National from 2006 to 2009, authoring a number of technical articles for the APWA

Reporter trade journal. I have also previously been a member of the American Water Works Association and the American Society of Civil Engineers. Currently, I am President of the League's Public Works Department, and I serve on the League's Transportation, Communications and Public Works Policy Committee. I am presently a member of the Water Environment Federation.

Q6: Have you any experience in water system rate setting?

A6: I do. For the last 10 years I have been responsible for overseeing biennial water and wastewater financial plans and rate increases, including cost of service studies, for the City. While working in the Boyle Engineering Corporation's Ventura office, I led or assisted in water and wastewater system master planning and/or rate setting for the Cities of Ventura and Port Hueneme, the Channel Islands Beach Community Services District, and Vandenberg Air Force Base. While working in the Boyle Engineering Corporation's Bakersfield office, I assisted in or led the preparation of several water and wastewater rate studies and master plans for the Cities of Arvin and McFarland, the Inyokern Community Services District, and the East Niles Community Services District, all located in Kern County, California. I also prepared a valuation of a private water system in the Ridgecrest, California area.

Q7: Have you previously testified before this Commission?

A7: I have not. However, I have testified in court cases a number of times in various matters. Most recently my court testimony has concerned an Americans with Disabilities Act claim involving handicap parking stalls in an angled street parking area. Currently I am expected to testify in a matter involving an alleged dangerous condition of public property; that trial may occur before the hearing begins in this proceeding.

II. Purpose of Testimony

Q8: What is the purpose of your testimony?

A8: I am submitting this testimony on behalf of the City at the direction of the Thousand Oaks City Council, which represents all residents of the City regardless of their water service provider. My testimony explains the City's opposition to the consolidation proposal of California-American Water Company ("Cal-Am") for its Southern Division, and urges the Commission to reject that proposal in its entirety.

Q9: Why does the City oppose the consolidation proposal?

A9: The City opposes the proposal for a number of reasons. First, it unfairly burdens customers in Cal-Am's Ventura District, including those residing in the City, by failing to consolidate all of the variable water costs such that the Ventura District will not only continue to have the highest water bills but also be subject to the highest percent increase in its bill over the next three years. Second, it will create an unfair disparity in rates paid by customers within the City, who all receive their water from the same source, because Cal-Am's customers in the City will pay much higher rates in comparison to the rates of the other water utilities providing service in the City. Third, the consolidation proposal is not based on what it costs to serve the customers provided water by Cal-Am.

III. Water Supply to Customers in the City

Q10: How is water provided to customers in the City?

A10: The City is served by four water utilities: Cal-Am and California Water Service ("Cal Water"), two investor-owned utilities, and the City and the Camrosa Water District, two publicly owned utilities. Attachment A indicates the service areas of each such water utility. The following table shows the number and percentage of customers served by each water utility:

Table 1

| Utility | Customers* | % of all Customers |
|-----------|------------------|--------------------|
| Cal-Am | 20,827 | 47% |
| City | 17,080 | 38% |
| Cal Water | 6,915 | 15% |
| Camrosa | <100 (estimated) | <1% |

* From 2015 Urban Water Management Plans for each utility. Cal-Am's customer total includes a small number of customers served in areas outside the City but within its Ventura District.

The three large water utilities (Cal-Am, the City, and Cal Water) all serve their customers entirely with imported water from the State Water Project that is purchased from the Calleguas Municipal Water District ("CMWD").

IV. Cal-Am's Consolidation Proposal

Q11: Does Cal-Am make a consolidation proposal that impacts City residents?

A11: Yes. In Cal-Am's Application, filed on July 1, 2016 ("Application"), Special Request No. 13 requests, among other things, the authority "to consolidate the fixed costs for the Los Angeles County, San Diego County, and Ventura County Districts for ratemaking purposes."

(Application, pp. 12-13.) Pursuant to Special Request No. 13, Cal-Am seeks to consolidate some of the costs in Cal-Am’s Baldwin Hills, Duarte, San Diego, San Marino and Ventura Districts.¹

Q12: Would the proposed consolidation have an impact on City residents within Cal-Am’s service area?

A12: Yes, a significant impact. Cal-Am provides information in the Application and in Cal-Am’s separate Public Participation Hearing (“PPH”) notices for its Ventura, Los Angeles, and San Diego Districts (Attachments B, C and D) regarding revenue proposals and residential customer bill impacts resulting from consolidation against a baseline of non-consolidation.² Using the average monthly residential bills contained in the PPH notices (Attachments B, C and D), I generated a spreadsheet that summarizes the data. (Attachment E.) As shown in this spreadsheet, the cumulative three year increase for the Ventura District is 32.06% with consolidation, which is more than double the cumulative three year increase of 14.61% in the non-consolidation baseline.

Q13: How does Cal-Am propose to consolidate costs and revenues for its Southern California Division?

A13: It is not clear to me, because the consolidation is described in three different – and inconsistent – ways. In her testimony, Cal-Am witness Sherrene Chew states that Cal-Am “proposes, for ratemaking purposes, the combination of all revenue requirements and costs of service for the Los Angeles County, San Diego County, and Ventura County Districts. This structure would produce a cost of service and revenue requirement for the entire Southern Division.” (Chew Direct, 64:1-4.) However, in Special Request No. 13 of the Application, Cal-Am states that it “requests authorization . . . to consolidate the *fixed costs* of the Los Angeles County, San Diego County, and Ventura County Districts for ratemaking purposes.” (Application, pp. 12-13, italics added.) These descriptions are inconsistent, and Ms. Chew’s testimony offers yet another description that is inconsistent with both of these descriptions. Ms. Chew’s testimony regarding rate design states:

¹ Cal-Am uses differing descriptions in its testimony as to “districts.” Its Los Angeles “District” contains three sub-areas: Baldwin Hills, Duarte, and San Marino. In my testimony, I will refer to the San Diego, Los Angeles, and Ventura Districts, but I will also refer to the three sub-areas in Los Angeles as the Baldwin Hills District, Duarte District, and San Marino District.

² Based on my reading of the Application and rate design testimony presented by Cal-Am witness Sherrene Chew, Cal-Am does not propose a “non-consolidation option” and, I assume as a result, does not explain how it generated the numbers regarding the baseline of non-consolidation.

1 [A]ll variable costs are recovered through quantity rates. Under consolidation,
2 Los Angeles customers will see an increase in its quantity rates driven by the
3 *variable costs* in San Diego and Ventura. While this is slightly offset by the
4 shift of *fixed costs* to San Diego and Ventura, the impacts to the average Duarte
5 and San Marino customers were particularly high. In order to allow a more
6 gradual transition that provides customers an opportunity to adjust to new price
7 signals driven by both the revenue increase and modified rate design, California
8 American Water retained about 66% of San Diego and Ventura's *variable costs*
9 within just those two Districts. This equates to about \$27 million of *variable*
10 *costs* that will stay with San Diego and Ventura to be folded into the Southern
11 Division as part of the next rate case.

12 (Chew Direct, 35:16-25, italics added.) This portion of Ms. Chew's testimony states that Cal-
13 Am is requesting more than "authorization . . . to consolidate the *fixed costs* of the Los Angeles
14 County, San Diego County, and Ventura County Districts for ratemaking purposes"

15 (Application, pp. 12-13, italics added); but less than "the combination of *all* revenue
16 requirements and costs of service for the Los Angeles County, San Diego County, and Ventura
17 County Districts" (Chew Direct, 64:1-4, italics added).

18 Q14: What is the City's position with respect to Cal-Am's consolidation proposal for its
19 Southern Division?

20 A14: The City opposes the consolidation proposal and urges the Commission to reject it.

21 Q15: Why does the City oppose the consolidation proposal?

22 A15: The City opposes the proposal for a number of reasons. First, it unfairly burdens
23 customers in Cal-Am's Ventura District, including Cal-Am's customers who live in the City,
24 because it does not consolidate *all* of the fixed and variable costs in the Southern Division,
25 meaning the Ventura District will not only continue to have the highest water bills but also be
26 subject to the highest percent increase in water bills over the next three years. Second, Cal-Am
27 customers who live in the City would pay exceptionally higher costs for water in comparison to
28 City or Cal Water customers who live in the City, creating an unfair disparity in rates among
29 customers living in the same city and consuming water from the exact same source. And third,
30 the consolidation proposal is not based on what it costs to serve the customers in the Ventura
31 District who must purchase their water from Cal-Am.

1 **A. Unfair Burden**

2 Q16: Why does the Cal-Am proposal unfairly burden Cal-Am customers in the Ventura
3 District?

4 A16: As introduced earlier in my testimony, Attachment E is a spreadsheet I generated based
5 on notices Cal-Am sent to customers in the Ventura, Los Angeles, and San Diego Districts for
6 PPHs that occurred in January and February 2017. The spreadsheet shows that the cumulative
7 three year increase for the Ventura District is 32.06% with consolidation, which is more than
8 double the cumulative three year increase of 14.61% in the non-consolidation baseline provided
9 by Cal-Am. The spreadsheet also shows that Ventura is the only District that has a higher
10 residential bill percentage increase under Cal-Am's proposed consolidation. For example, the
11 San Marino District has an increase of 35.47% under the proposed consolidation, instead of
12 38.64%. And this impact is starkest for Baldwin Hills, which has an increase of only 2.21%
13 under the proposed consolidation, instead of 36.38% – a difference of nearly 1700%. If all costs
14 and revenues were truly shared under consolidation, monthly residential costs should be the same
15 for similar water use levels, but that is not the case.

16 Q17: Are there impacts on non-residential customers?

17 A17: Yes. Although I did not receive a notice allowing me to compare non-residential
18 customer monthly bills under the proposed consolidation against a non-consolidation baseline, I
19 have been able to derive the percentage increase under the proposed consolidation from other
20 publically available documents. First, Attachment F is an updated rate schedule "SOU-1" Cal-
21 Am provided to the City, and it shows the rate schedule proposed by Cal-Am for its consolidated
22 Southern Division. (The initial proposed rate schedule "SOU-1" appeared in Attachment 6 to
23 Ms. Chew's testimony.) The updated schedule in Attachment F shows a proposed rate per 100
24 gallons of water for "All Other Customers" for the Ventura District of \$0.7907. Second,
25 Attachment G is the current Ventura District rate schedule from Cal-Am's website.³ It shows a
26 rate of \$0.6239 per 100 gallons for "All Other Customers." Thus, the rate increase over current
27 rates for "All Other Customers" is \$0.1668, almost a 27% rate increase. "All Other Customers,"
28 who will face this large rate increase, include the City, other public agencies such as the Conejo

³ This document was found on Cal-Am's website at:
[https://dnnh3qht4.blob.core.windows.net/portals/2/Customer%20Service%20and%20Billing/Rates/Ventura/Rate%20Schedule%20Ventura%20\(12.29.16\).pdf?sr=b&si=DNNFileManagerPolicy&sig=P4vHQvAtZvin9r8vIRax2JvnDhFvf3yn2MabomADenM%3D](https://dnnh3qht4.blob.core.windows.net/portals/2/Customer%20Service%20and%20Billing/Rates/Ventura/Rate%20Schedule%20Ventura%20(12.29.16).pdf?sr=b&si=DNNFileManagerPolicy&sig=P4vHQvAtZvin9r8vIRax2JvnDhFvf3yn2MabomADenM%3D).

1 Recreation and Park District (“CRPD”) and the Conejo Valley Unified School District, and local
2 businesses in the City. Regarding the City, the total annual cost for water delivered by Cal-Am
3 to the City is about \$1 million. Accordingly, the monetary impact to the City from this rate
4 increase will be significant, resulting in \$270,000 more per year being paid by City taxpayers to
5 Cal-Am for water. Impacts to CRPD, whose Cal-Am water costs are about the same as the
6 City’s, will also be significant, according to CRPD’s General Manager. The City and CRPD can
7 ill afford a rate increase of that level; it is hard to believe any public agency or private business
8 could.

9 Q18: Does the unfair burden to Ventura District customers go beyond these bill impacts?

10 A18: Yes. Despite Ms. Chew’s direct testimony on page 64, which states that Cal-Am
11 “proposes, for rate-making purposes, the combination of all revenue requirements and costs of
12 service for the Los Angeles County, San Diego County, and Ventura County Districts,” on page
13 35 she indicates Cal-Am proposes to combine all fixed costs, but not *all* variable costs, in the
14 five Districts to be consolidated (Ventura, San Diego, and the three Districts in Los Angeles).
15 In fact, Cal-Am’s proposal would not consolidate about 66%, or \$27 million, in variable costs in
16 the Ventura and San Diego Districts, so that amount would not be shared across all five Districts
17 Cal-Am proposes to consolidate. But the Ventura and San Diego Districts will still share in all
18 the variable costs in San Marino and Baldwin Hills. The Ventura and San Diego Districts thus
19 subsidize the variable costs of the San Marino and Baldwin Hills Districts without receiving a
20 full subsidy in return. And this is despite the fact that customers of each of the five Districts
21 Cal-Am wants to consolidate will subsidize the fixed costs (i.e., capital investments) in the other
22 four Districts.

23 Q19: Is this of concern?

24 A19: Yes, for two reasons. First, as already noted, it is not the way Cal-Am says consolidation
25 is proposed to work in the Southern Division, with “combination of *all* revenue requirements and
26 costs of service for the Los Angeles County, San Diego County, and Ventura County Districts”
27 for ratemaking purposes. (Chew Direct, 64:1-3, italics added.) Second, there is a fundamental
28 fairness issue due to the subsidies discussed above in Answer 18.

29 Q20: Do you have other concerns regarding variable costs?

30 A20: Yes. The cost of purchased water continues to increase, and CMWD, the wholesale
31 imported water agency for all water utilities in the City, has projected that those increases will be

1 between 4% and 5% per year for the foreseeable future. (Attachment H, copy of excerpt from
2 CMWD presentation on imported water rate increase to Ventura County water purveyors on
3 March 28, 2016.) For example, Cal-Am recently filed its Advice Letter 1148 for a purchased
4 water offset for the cost of water purchased from CMWD, increasing water rates by 3.24%.
5 (Attachment I.) After CMWD imposes a new increase on the price of water sold to Cal-Am,
6 Cal-Am files an Advice Letter that seeks to pass any increased cost through to its customers by
7 adding it as a surcharge to customer bills. Accordingly, Cal-Am does not build these expected
8 surcharges into rates in its general rate case (“GRC”). Furthermore, the “pass through” of higher
9 imported water costs is not one-for-one; that is, if the imported water rate increase is 5%,
10 because the portion of the total water budget for imported water purchase costs for the Cal-Am
11 Southern Division is 60%,⁴ then the pass through surcharge would be 3% (5% times 60%). Over
12 a three year GRC period, these pass throughs can thus add up to an additional surcharge of 9% or
13 more, which would be borne in addition to the rate increases proposed by Cal-Am. The
14 customer notices provided by Cal-Am provide insufficient information about these additional
15 surcharges, simply stating that “[t]he 2018 examples shown below are calculated using current
16 rates as of October 2016. In accordance with Decision D. 15-04-007, rates will increase in
17 January 2017. The amount of the increase has yet to be determined and may lead to different
18 typical customer bills than the examples shown below.” (See first page of Attachment B.)
19 Under Cal-Am’s consolidation proposal, there is thus insufficient notice that the total rate
20 increase could be as high as 41% over three years for the Ventura District (32% Cal-Am
21 proposal plus 9% imported water.)

22 Q21: Is it fair to treat variable costs, and especially the cost of imported water, in this way?

23 A21: No. Ms. Chew proposes this result despite her testimony at pages 64-65 of her Direct
24 Testimony: “Another thing to note is that most water is imported. All water essentially should
25 be priced under the same conservation structure to ensure the water is used as wisely as possible,
26 especially given the drought prone nature of the region.” But under the proposal put forward at
27 page 35 of Ms. Chew’s testimony, all water is not priced under the same conservation structure.

⁴ Specifically as to the cost of purchased water, based on information in Table 4.1 of the Results of Operations report for the Southern Division supporting Cal-Am’s 100-Day update filed on October 10, 2016, the total purchased water costs for the Southern District projected for 2018 are about 60% of the total operating expenses (Purchased Water Cost of \$46,938,900 divided by Total Operating Expenses of \$78,128,800).

1 In fact, as is shown in Attachment F, there is a separate column that increases the price of
2 imported water provided to the Ventura and San Diego Districts, and that column applies to all
3 customer rate tiers. Although the “conservation structure” (which I take to mean the four rate
4 tiers) is the same for residential customers, water is definitely not priced the same for all Districts
5 subject to this structure. Instead, the price of water provided to residential customers in the
6 Ventura and San Diego Districts is increased in amounts ranging from 26 cents per 100 gallons
7 in the first tier to more than 64 cents per 100 gallons in the fourth tier, and the price for “All
8 Other Customers” is increased by more than 32 cents per 100 gallons. This price disparity
9 results from Cal-Am’s proposal that customers in the Ventura and San Diego Districts continue
10 to pay for \$27 million in variable costs.

11 Q22: Does Ms. Chew offer an explanation for not consolidating all costs?

12 A22: As quoted above, Ms. Chew states that the variable costs of the Ventura and San Diego
13 Districts were not included in the proposed consolidation “to allow a more gradual transition that
14 provides customers an opportunity to adjust to new price signals driven by both the revenue
15 increase and modified rate design,” which caused “particularly high” impacts on the average
16 Duarte and San Marino customer. (Chew Direct, 35:18-22.) At other places in her testimony,
17 Ms. Chew discusses consolidation as a means to reduce “rate shock.” (See for example Chew
18 Direct, 43:22-44:2; 46:25-47:2; 47:15-17.)

19 Q23: Do you have a response to these concepts of gradualism and rate shock?

20 A23: I do. As the table for average monthly residential bill impact for the “Without
21 Consolidation” baseline in Attachment E shows, even given the high cost of the imported water
22 delivered to customers in the Ventura District and those customers bearing that full cost, the
23 average residential bill goes up less than half as much as it does “With Consolidation” – there
24 will be a 14.61% in the “Without Consolidation” baseline scenario, as compared to 32.06%
25 increase “With Consolidation.” In other words, the Ventura District is facing higher rates
26 because \$27 million of the Ventura and San Diego Districts’ variable costs are not consolidated,
27 such that the Ventura District must pay a share of that \$27 million in variable costs, must share
28 in all the fixed and variable costs of the three Los Angeles Districts, must share in all the fixed
29 costs of the San Diego District, and must share in 34% of the variable costs of the San Diego
30 District. So it seems to me that Cal-Am is selecting which Districts receive alleviation from rate
31 shock and which Districts benefit from gradualism, because the reduction of rate shock for

1 customers in the Duarte and San Marino Districts is gained at the expense of increased “rate
2 shock” for customers in the Ventura District. The rate shock under Cal-Am’s proposed
3 consolidation is significant for the City and other public agencies (which are in the “All Other
4 Customers” class), as they face a 27% hike in the first year alone, and for all of the residential
5 customers in the Ventura District, who face a 22.27% hike in the first year and 32.06% over
6 three years. Yet Cal-Am’s proposed partial consolidation of costs seems to exhibit no concern
7 for rate shock in the Ventura District. If all costs and revenues were truly shared under
8 consolidation, monthly residential costs would be the same for similar water use levels, which is
9 not the case.

10 Q24: But won’t this retention of variable costs only be in place for three years?

11 A24: That is not clear. Ms. Chew states the \$27 million “will stay with San Diego and Ventura
12 to be folded into the Southern Division as part of the next rate case.” (Chew Direct, 35:24-25.)
13 However, neither Ms. Chew, nor as far as I can tell any Cal-Am witness, actually commits Cal-
14 Am to proposing consolidation of all variable costs in the Southern Division in its next rate case.
15 And, even if Cal-Am made such a commitment, it is the Commission which would ultimately
16 determine whether to adopt such a proposal.

17 **B. Unfairly High Rates, Especially Compared to Other Local Providers**

18 Q25: Besides the unfair burden on Ventura District customers, does the City have other
19 concerns with Cal-Am’s consolidation proposal?

20 A25: Yes. Attachment E shows the average Ventura District residential bill will increase more
21 than 32% over the three years of this general rate case. Yet rate increases for the two other large
22 water utilities serving other areas of the City are markedly lower. The water rate increase
23 approved by the Thousand Oaks City Council in April 2016 was 3% per year. (See Attachment
24 J, Table 1-1 from the City’s February 1, 2016 Water Financial Plan.) For Cal Water, the average
25 residential bill will increase less than 1% per year. (See Attachment K, a copy of a billing insert
26 recently included in Cal Water customer bills.) This huge disparity in rate increases makes no
27 sense. All three water utilities providing water in the City should have customer costs that are
28 about the same, because (1) all three utilities pay exactly the same for imported water supply and
29 should therefore have similar water supply costs, and (2) all three utilities have similar water
30 distribution system infrastructure, which is of similar age and should therefore should have
31 proportionately similar O&M and capital costs.

1 Q26: Please explain water supply costs.

2 A26: Groundwater and surface water for potable water supply are not currently available
3 within the City. All three of the large water utilities purchase water from CMWD. CMWD
4 charges all three utilities the exact same rate for water. (Attachment L, a copy of CMWD's
5 current published rate sheet.) Attachment M includes excerpts from the City's three largest
6 water utilities' most recent Urban Water Management Plans, each of which essentially states that
7 all potable supply is imported water from CMWD. (Cal-Am, Tables 4-10 & 4-11; Cal Water,
8 Table 2-4 & sections 6.1 & 6.2; City, section 2.1 & Table 4-1.) The purchase price of water
9 from CMWD includes all capital and operating costs for the production, transmission, treatment,
10 disinfection, and delivery of high quality potable water to all three water utilities in the City.

11 Q27: Are these water costs significant in setting customer rates?

12 A27: Yes. The cost to purchase imported water constitutes the majority of the water budgets
13 for all three water utilities in the City. Attachment N is a copy of the current City water budget,
14 which shows that the cost of purchasing imported water is 69% of the total water budget. As
15 discussed above, the total purchased water costs for the Southern District projected for 2018 are
16 about 60% of the total operating expenses for 2018. As indicated by the City's number, the 60%
17 number for the Southern District may actually be higher in the Ventura District, because 100% of
18 the water Cal-Am delivers to customers in its Ventura District is purchased water, while the Los
19 Angeles District consumes on average 10% to 15% imported water. (Svindland Direct, 15:3-6.)
20 The last page of Attachment O is Appendix Y from D.16-12-042, Cal Water's GRC settlement
21 agreement approved by the Commission in December 2016, showing the cost for purchasing
22 imported water is 62% of its total water budget.

23 Q28: Please explain further how the distribution systems of the three larger water utilities
24 serving the City are similar.

25 A28: In my experience, all water distribution systems include reservoirs, pipelines, pumping
26 stations, valves, fire hydrants, and SCADA control systems. The following table compares the
27 major components of the three utility's water distribution systems.

1

Table 2

| Utility | Pipeline (miles) | Pump Stations | Reservoirs |
|----------------|-------------------------|----------------------|-------------------|
| Cal-Am | 269 | 16 | 17 |
| City | 231 | 11 | 16 |
| Cal Water | 140 | 6 | 6 |

2 * Data from 2004 Cal-Am water system atlas, City 2015 UWMP, and Cal Water 9/7/16 PPH
3 transcript.

4 For these three water systems, this infrastructure should over time require both maintenance and
5 capital investment that are similar in proportional magnitude.

6 Q29: What is the current age of these three water systems?

7 A29: In general, the age of the three large water systems is similar, because the systems were
8 built primarily by developers as the City grew. The City was incorporated in 1964, and the vast
9 majority of the infrastructure in all three systems is less than 50 years old. Attachment P shows
10 that the oldest infrastructure is actually in the City's water service area. The average age for the
11 three water systems is estimated to be 46 years for the City, 41 years for Cal-Am, and 40 years
12 for Cal Water. Accordingly, I would not expect large differences in any of the three utility's
13 capital improvement programs on a proportional basis. The City's capital improvement program
14 costs for its water system are about \$27 million over the first three years of the City's most
15 recent five year budget. (Attachment Q, City of Thousand Oaks Adopted Capital Improvement
16 Budget, FY 2015-2016 & 2016-2017, total of Project Total Columns for FY 2015-2016, 2016-
17 2017 and 2017-2018.) Cal-Am's is \$22.7 million and Cal Water's is \$3.7 million (Attachment
18 O, Decision 16-12-042, page 340).

19 Q30: Do you believe that the average residential water cost should be similar for the three
20 water utilities in the City?

21 A30: Absolutely. Because imported water supply costs, the largest water budget cost for each
22 of the three utilities, are exactly the same, O&M costs should be proportional due to very similar
23 infrastructure systems, and capital costs should be proportional as well due to similar
24 infrastructure age; accordingly, average customer costs should be about the same. The following
25 table provides a comparison of the proportional costs of operating and capital for the three water
26 utilities in the City relative to number of customers.

1

Table 3

| Utility | Customers | Operating Budget | 3-Year Capital | Operating/ Customer | Capital/ Customer |
|-----------|-----------|------------------|----------------|---------------------|-------------------|
| Cal-Am | 20,827 | \$39.8M | \$22.7M | \$1,913 | \$1,088 |
| City | 17,080 | \$22.0M | \$27.1M | \$1,289 | \$1,589 |
| Cal Water | 6,915 | \$16.9M | \$3.7M | \$2,439 | \$540 |

2 *Number of customers, capital costs data sources previously cited. Operating Budget for Cal-
3 Am from Chapter 3 Revenue Workpapers – Cost of Service Under Standard Rate Design for
4 2018, for City from Fiscal Years 2015-16 and 2016-17 Operating Budget, Water Fund, and for
5 Cal Water from D.16-12-042, Appendix Y.

6 I do acknowledge that customer costs will not be, and in fact have never been, identical, as each
7 utility sets its rates on differing schedules and immediate capital needs change on a year to year
8 basis. But over time customer costs should be close, and in fact they historically have been.

9 Attachment R plots the average residential monthly water cost for the three water utilities in the
10 City over the past 10 years. This data is taken from City Council staff reports for periodic water
11 rate adjustments to City water rates. The then-average water use amount in the City system was
12 used to compare costs between the three utilities. As can be seen from the chart, historically
13 customer costs among the three water utilities have been similar. And, in fact, as the following
14 tables shows, at the customer level, the 2016 average residential monthly water costs were very
15 similar, but that will change significantly under Cal-Am's consolidation proposal:

16

Table 4

| Utility | 2016 Cost (18 hcf/month) | Proposed 2018 (w/ consolidation)* |
|-----------|--------------------------|-----------------------------------|
| Cal-Am | \$103 | \$131 |
| City | \$103 | \$112 |
| Cal Water | \$108 | \$118 |

17 * Includes proposed (Cal-Am) and adopted (City and Cal Water) rate increases, and imported
18 water increases.

19 Q31: Are there concerns about customers in basically the same area paying very different rates?

20 A31: Yes, there are, and that is another reason consolidation does not make sense. As I already
21 said, historically customer costs among the three water utilities have been similar. At least as of
22 now, Cal Water has not pursued consolidation for its territory in the City. If Cal-Am's
23 consolidation proposal is adopted, then over 20,000 Cal-Am customers inside the City will have

1 rates that are markedly higher from those paid by roughly 17,000 City customers and 6,900 Cal
2 Water customers. This leads to customer confusion and concerns about unfair treatment. This
3 can be seen in the transcript of the Los Angeles District PPH, where one speaker wondered “how
4 you can live two blocks away from another neighborhood and have a different rate.” (4 Tr.
5 188:24-27.) The same speaker noted a common sense concern: “To the extent that our adjoining
6 cities have lower water rates, this could be an issue for us too as we try and retain customers and
7 businesses as well.” (4 Tr. 189:11-14.) This hypothetical submitted by the speaker at the Los
8 Angeles District PPH would also play out in the Ventura District should consolidation be
9 approved.

10 Q32: Based on all that, what do you conclude?

11 A32: In addition to being unfair on its own terms, the rate increases that will result from Cal-
12 Am’s proposed consolidation will create an unfair disparity in rates among City residents.
13 Generally, a water utility has captive customers, who cannot choose their water utility. Merely
14 because Cal-am happens to be their water utility, certain City residents will pay a vastly different
15 amount for the very same water under Cal-Am’s proposed consolidation. The difference would
16 be bad enough even without consolidation – over 10% more over three years for Cal-Am versus
17 the City or Cal Water. And consolidation significantly increases this difference, to 30% more for
18 an average residential Cal-Am customer.

19 **C. Departure from Cost of Service**

20 Q33: Does consolidation as proposed by Cal-Am concern the City for any other reason?

21 A33: Yes. Consolidation in this fashion abandons setting water rates based on the cost of
22 serving the customer. As a California municipality, the City is subject to Proposition 218 in
23 setting water rates, meaning it must set rates based on the cost of service. Proposition 218 was
24 approved by California voters, including voters in the service areas of Cal-Am, the City, and Cal
25 Water. Under a cost of service system, those who cause costs pay for them, without any subsidy
26 for customers in other geographic areas or in different classes. Returning to Cal-Am’s proposal
27 to not consolidate \$27 million (or, 66%) in variable costs of the Ventura and San Diego Districts
28 while spreading another approximately \$14 million (or, 34%) to other Districts in the Southern
29 Division, under cost-of-service ratemaking, Ventura District customers would bear their full
30 share of this \$41 million in variable costs. But they would also bear only their share of all the
31 costs they cause, not costs caused by customers in the Baldwin Hills, Duarte, San Diego and San

1 Marino Districts. The result of this is that under Cal-Am's Southern Division consolidation
2 proposal, customers in each of the five Districts will subsidize customers in the other four
3 Districts, with Ventura District customers subsidizing the other districts to a much greater
4 degree.

5 Q34: Have others expressed concerns about this?

6 A34: Yes. Ventura County Supervisor Linda Parks expressed concerns in a letter, a copy of
7 which is Attachment S, about Ventura County area customers being billed for service
8 improvements in Los Angeles and San Diego. In addition, Ventura County Supervisor Kelly
9 Long states in a letter, a copy of which is Attachment T, that it is unfair for Ventura County
10 customers to incur increased rates that would be used to fund service improvements in Los
11 Angeles and San Diego Counties, noting that fixed income customers should not have to pay for
12 another county's costs. Various customers at the January 17, 2017 PPH in the Ventura District
13 and the January 18, 2017 PPH in the Los Angeles District objected to paying for the costs of
14 other water customers outside their areas. (See 3 Tr. 109:3-110:12, 116:17-117:3, 122:2-20; 4 Tr.
15 190:10-24.)

16 **D. Consolidation Is Not Workable or Justified for the Southern District**

17 Q35: Is consolidation workable in an area such as the City?

18 A35: I do not believe it is. Consolidation is a process of aggregation. But water service in the
19 City is disaggregated. The City has three larger water utilities, one publicly-owned and two
20 privately-owned. As shown by the comparison of water utility rates in the City, it is evident that
21 Cal-Am's consolidation proposal is not well suited for the City, where residents in the very same
22 city within a short distance of one another could have widely varying rates. Proposed partial
23 consolidation by a water utility serving the City has in this proceeding and may well in the future
24 pit water utilities against one another. At a time when water utilities should be working together
25 more than ever, the consolidation proposal affecting Cal-Am's Ventura District will only be
26 divisive.

27 Q36: Do the reasons provided for the Southern Division consolidation support that proposal?

28 A36: In my opinion, no. Besides the fact that Cal-Am does not propose true consolidation
29 (where all fixed and variable costs and revenue requirements across all five Districts would be
30 consolidated for ratemaking purposes), the support Ms. Chew gives for consolidation starting at
31 page 46 of, and elsewhere in, her testimony, seems not to apply in the Ventura District. The

1 Ventura District has no water quality issues; it is served by high quality, if expensive, imported
2 water. (See Chew Direct, 46:9-47:2.) I previously discussed that the Ventura District uses (and
3 pays for) high quality already-treated potable water. As to improved affordability (see Chew
4 Direct, 47:5-17), Attachment E shows while affordability may improve for other Districts in the
5 Southern Division, especially Duarte and Baldwin Hills, it is significantly worsened for the
6 Ventura District – the already significant rate increase assumed for the Ventura District
7 customers in Cal-Am’s non-consolidation baseline more than doubles under the proposed
8 consolidation.

9 Assuming consolidation incentivizes Cal-Am to purchase smaller at-risk water utilities
10 (see Chew Direct, 47:20-49:15), Cal-Am does not in this proceeding propose to purchase and
11 consolidate any small at-risk water utilities into its Southern Division and refers to no plans to
12 make such purchases in the Southern Division. To the extent this justification is intended to
13 support consolidation, it is irrelevant to the Southern District and should be ignored. Ms. Chew’s
14 testimony also suggests that “Consolidating rate making Districts will increase the customer
15 base over which the revenue requirement is recovered. This allows for more aggressive
16 promotion of conservation, for a more aggressive approach in seeking solutions for low-income
17 customers, and for greater flexibility in meeting the needs of investments in all service areas.”
18 (Chew Direct, 52:23-53:2.) But the discussion in her testimony of Southern District
19 consolidation does not appear to address these issues.

20 As to lower administrative and regulatory costs and tariff simplification (see Chew
21 Direct, 49:18-50:2), the tariffs for the Ventura and San Diego District customers are not
22 simplified under Cal-Am’s proposal. An entirely separate column is added to the rate schedule
23 for those customers (see Attachment F) to collect from them the \$27 million in un-consolidated
24 variable costs. This separate column risks customer confusion. The administrative cost assertion
25 is also incomplete, as shown later in a portion of Ms. Chew’s testimony discussing Cal-Am’s
26 Southern Division: “Finally, all the Districts are already managed by the regional staff and in
27 today’s computer age are relatively close to one another.” (Chew Direct, 65:2-3.) While it may
28 make sense that certain management functions can be performed almost anywhere with computer
29 technology, a computer cannot read a meter, fix a leak, or do any of the other myriad of service
30 functions performed by local Cal-Am service and maintenance employees working out of the
31 three local operations centers for the Ventura, Los Angeles, and San Diego Districts. In fact,

1 Cal-Am does not propose to consolidate operations. (Attachment U, Cal-Am Response to
2 Request No. 4 in City of Thousand Oaks Data Request No. 2 to Cal-Am, Answers 4(d).) This
3 results in Cal-Am still running each of the Ventura, Los Angeles, and San Diego Districts out of
4 its own local office. Cal-Am will retain separate operations centers for the Ventura, Los Angeles
5 and San Diego Districts, with 17, 40, and 23 employees respectively, but the costs of those
6 facilities and employees, while operationally separate, will apparently be combined across all of
7 the consolidated districts. (Attachment U, Answers 4(d) and (e).) Here again, Ventura District
8 customers will pay for the costs of Los Angeles facilities and employees. In fact, Ventura and
9 San Diego District customers will pay a share of the capital costs of Cal-Am's proposed \$3.5
10 million rebuilding of its Rosemead operations center (Schubert Direct, 150:22-23, 157:24-
11 159:18), even though the operations affecting Ventura and San Diego District customers will be
12 managed out of the Ventura and San Diego District offices.

13 **V. The City's Concluding Recommendation**

14 Q37: What does the City recommend the Commission do with respect to consolidation of Cal-
15 Am's Southern Division?

16 A37: The City's recommendation is that the Commission deny in total Cal-Am's proposal to
17 consolidate the Baldwin Hills, Duarte, San Marino, San Diego, and Ventura Districts into its
18 Southern Division. Cal-Am has failed to demonstrate its benefits, and its burdens are significant,
19 especially on customers in the Ventura District.

20 **VI. Conclusion**

21 Q38: Does this complete your prepared direct testimony?

22 A38: Yes, it does.

Attachment A

**ATTACHMENT #1
CITY OF THOUSAND OAKS**

**WATER SERVICE
BOUNDARIES**

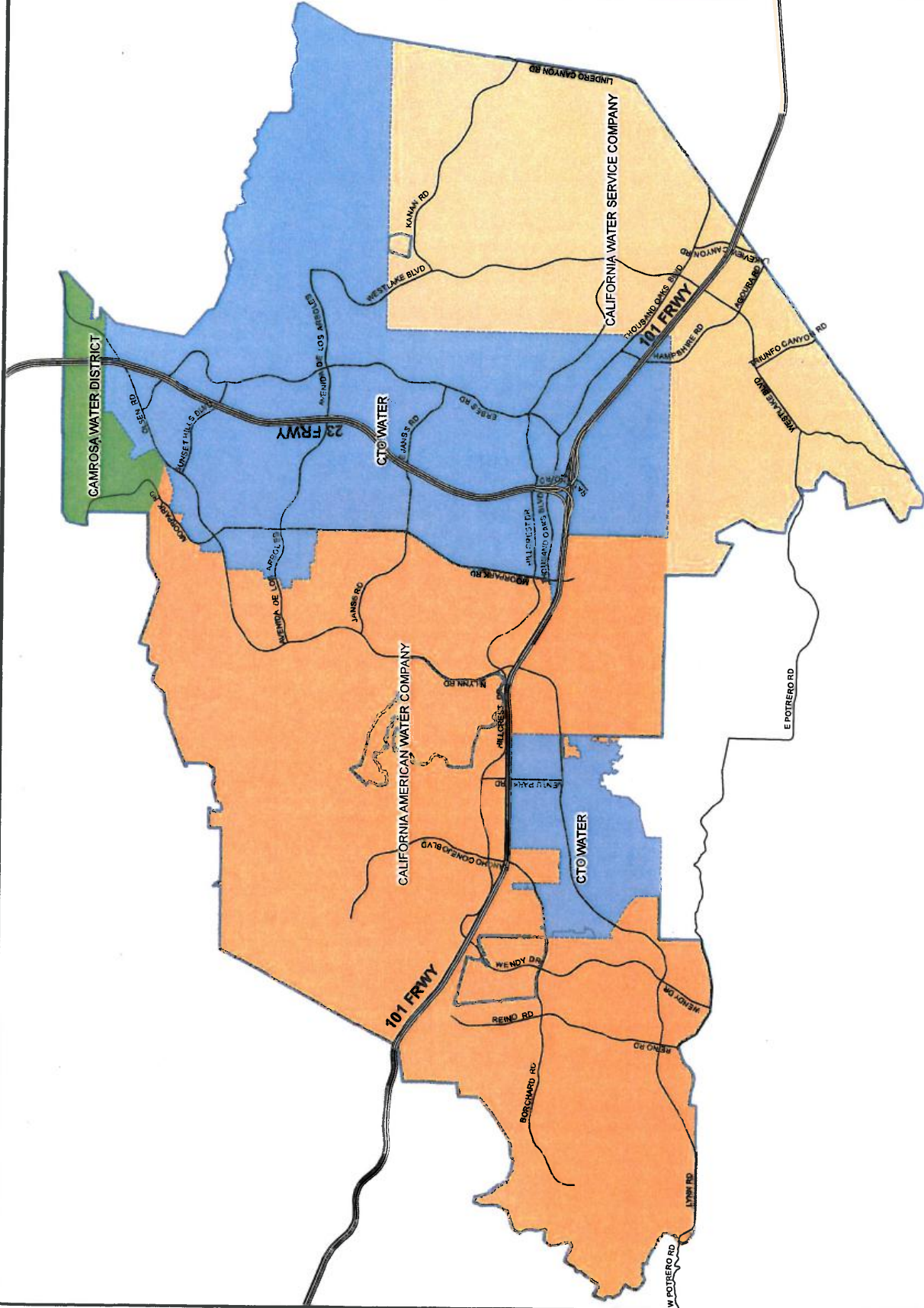


LEGEND

- FREeways
- MAJOR ROADS
- CITY LIMITS
- CTO WATER SERVICE BOUNDARY
- CALIFORNIA AMERICAN WATER COMPANY
- CALIFORNIA WATER SERVICE COMPANY
- CAMROSA WATER DISTRICT



Created by: Public Works Department
Engineering Services
January 2, 2008



Attachment B

Notice of Public Participation Hearing: California American Water's Request to Increase Water Rates in its General Rate Case Application No. A.16-07-002 Southern Division

Tuesday, January 17, 2017, at 6:00 p.m.
Palm Garden Hotel – Palm I
495 North Ventu Park Road
Thousand Oaks, CA 91320

The California Public Utilities Commission (CPUC) wants to hear from you. A Public Participation Hearing (PPH) has been scheduled for customers in the Southern Division at the date, time, and location noted above to receive your comments about California American Water's General Rate Case (GRC) application (A.16-07-002).

A CPUC Administrative Law Judge (Judge) will preside at the PPH to listen to concerns, comments, and opinions on the proposed application. One or more Commissioners may attend, but no decisions will be reached at this hearing. All public comments from the PPHs will be included in the formal record of this proceeding and become public record.

The hearing location is wheelchair accessible. If you need a non-English language translator or special assistance, please contact the CPUC's Public Advisor's Office (PAO) at the address listed at the bottom of this notice at least five days in advance of the hearing date. If you cannot attend the PPH, you may submit your comments via a letter or email to the PAO.

The Application

The CPUC requires California American Water to file a GRC every three years to ensure water rates reflect the cost of providing water service. On July 1, 2016, California American Water filed a GRC requesting overall revenue increases of \$34,599,200 (or 16.29%) for 2018, \$8,478,500 (or 3.43%) for 2019, and \$7,742,600 (or 3.03%) for 2020. The GRC includes revenue requirement information, the anticipated cost to run the water company's systems, new infrastructure investments, a request to increase rates to cover anticipated costs, and other requests the water company deems necessary to run its business. If approved, rates for this GRC would increase beginning January 1, 2018.

Rate Consolidation

As part of this GRC, California American Water proposes to consolidate rates in each of its three State Divisions. This would include the Southern Division and would consolidate multiple service districts in that division for rate-making and operations purposes. Such consolidation is expected to benefit customers by spreading costs of large infrastructure projects over time and over a larger base of customers.

Southern Division

The consolidation proposal for Southern California would consolidate the Los Angeles, San Diego and Ventura County Districts with a timed phase-in of certain variable costs.

These districts already share common management and administrative support staff. The Ventura District is served entirely with local groundwater.

A. With Consolidation

California American Water's revenue proposals for the Southern California Districts, **with** a consolidation, are shown by customer class in the chart below.

| Southern Division - Proposed Revenue Changes WITH Consolidation | | | | | | | |
|--|---------------------|----------|--------------------|------------|--------------------|------------|---------------------|
| | 2018 | | 2019 | | 2020 | | All Three Years |
| CUSTOMER CLASS | \$ Change | % Change | \$ Increase | % Increase | \$ Increase | % Increase | \$ Change |
| Residential | \$7,748,138 | 13.0% | \$2,986,361 | 4.4% | \$2,684,969 | 3.8% | \$13,419,467 |
| Commercial | \$2,760,996 | 11.3% | \$1,124,385 | 4.1% | \$1,010,909 | 3.6% | \$4,896,289 |
| Industrial | \$715,042 | 17.5% | \$170,098 | 3.5% | \$152,931 | 3.1% | \$1,038,071 |
| Public Authority | \$865,638 | 10.8% | \$338,352 | 3.8% | \$304,204 | 3.3% | \$1,508,194 |
| Sale for Resale | \$833 | 15.7% | \$462 | 7.5% | \$415 | 6.2% | \$1,710 |
| Construction/Other | \$20,799 | 11.2% | \$9,092 | 4.7% | \$8,175 | 4.0% | \$38,066 |
| Irrigation | \$99,604 | 94.3% | \$11,775 | 5.8% | \$10,587 | 4.9% | \$121,966 |
| Private Fire | (\$31,332) | -4.1% | \$0 | 0.0% | \$0 | 0.0% | (\$31,332) |
| TOTAL | \$12,179,717 | | \$4,640,524 | | \$4,172,189 | | \$20,992,431 |

Customer Impact

If California American Water's proposed consolidation of the Southern Division is approved, a typical residential customer's monthly water bills (with a 5/8-inch meter size) would resemble those below. The 2018 examples shown below are calculated using current rates as of October 2016. In accordance with Decision D. 15-04-007, rates will increase in January 2017. The amount of the increase has yet to be determined and may lead to different typical customer bills than the examples shown below. **Amounts shown include fees, taxes and surcharges.**

| Ventura District Average Residential Bill WITH Consolidation | | | | | |
|---|----------------------------|--------------|-------------|---------------|------------|
| YEAR | Avg Use (CGL) ¹ | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2018 | 135.3 | \$103.30 | \$23.00 | \$126.30 | 22.27% |
| 2019 | 135.3 | \$126.30 | \$5.33 | \$131.63 | 4.22% |
| 2020 | 135.3 | \$131.63 | \$4.79 | \$136.42 | 3.64% |

¹: CGL= 100 gallons

B. Without Consolidation

California American Water's revenue proposals for the Southern California Districts, **without** a consolidation, for the Ventura District are shown in the chart below by customer class.

| Ventura District - Proposed Revenue Increases WITHOUT Consolidation | | | | | | | |
|--|--------------------|------------|------------------|------------|------------------|------------|--------------------|
| | 2018 | | 2019 | | 2020 | | All Three Years |
| CUSTOMER CLASS | \$ Increase | % Increase | \$ Increase | % Increase | \$ Increase | % Increase | \$ Increase |
| Residential | \$1,720,162 | 7.4% | \$632,627 | 2.5% | \$576,902 | 2.3% | \$2,929,691 |
| Commercial | \$536,288 | 7.3% | \$195,369 | 2.5% | \$178,159 | 2.2% | \$909,816 |
| Industrial | \$250,954 | 7.1% | \$87,545 | 2.3% | \$79,834 | 2.1% | \$418,333 |
| Public Authority | \$190,775 | 7.2% | \$67,885 | 2.4% | \$61,905 | 2.1% | \$320,565 |
| Construction/Other | \$4,231 | 9.9% | \$1,974 | 4.2% | \$1,800 | 3.7% | \$8,005 |
| Private Fire | \$15,890 | 5.9% | \$0 | 0.0% | \$0 | 0.0% | \$15,890 |
| TOTAL | \$2,718,300 | | \$985,400 | | \$898,600 | | \$4,602,300 |

Customer Impact

If California American Water's proposed consolidation of the Southern Division is not approved, a typical residential customer's monthly water bills (with a 5/8-inch meter size) would resemble those below. The 2018 examples shown below are calculated using current rates as of October 2016. In accordance with Decision D. 13-07-002, rates will increase in January 2017. The increase amount has yet to be determined and may lead to different typical customer bills than the examples shown below.

Amounts shown include fees, taxes and surcharges.

| Ventura District Average Residential Bill WITHOUT Consolidation | | | | | |
|--|----------------------------|--------------|-------------|---------------|------------|
| YEAR | Avg Use (CGL) ¹ | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2018 | 135.3 | \$103.30 | \$10.07 | \$113.37 | 9.75% |
| 2019 | 135.3 | \$113.37 | \$2.47 | \$115.84 | 2.47% |
| 2020 | 135.3 | \$115.84 | \$2.55 | \$118.39 | 2.20% |

¹: CGL= 100 gallons

Primary Drivers of Rate Increase

California American Water is requesting this increase to continue to invest in the infrastructure for each district. Revenue increases are being requested to make investments to improve water quality, comply with new water treatment and environmental regulations. Customer conservation and the drought have led to reduced sales revenue for California American Water. Due to this reduction and projected declining sales, California American Water requests an increase to the price per unit of water. The proposed rate increases will also allow California American Water to sustain new infrastructure investments, higher depreciation, higher costs for purchased water, higher operating and maintenance costs, information technology and laboratory costs, as well as higher taxes.

Obtaining a Copy of the Application

A copy of California American Water's proposed GRC application and related exhibits may be reviewed at the following California American Water office:

• Ventura County Area – 2439 West Hillcrest Drive, Newbury Park, CA 91320

Copies of the proposed application are also available to review at the CPUC's Central Files Office in San Francisco by appointment. For more information, please contact them at aljcentralfilesid@cpuc.ca.gov or (415) 703-2045.

The CPUC's Process

After considering all proposals and all evidence that may be presented during the formal hearing process, the Judge will issue a proposed decision determining whether to adopt California American Water's request, modify it, or deny it. Any of the five CPUC Commissioners may sponsor an alternate decision. The proposed decision and any alternate decisions will be discussed and voted on at a scheduled CPUC Voting Meeting.

The Office of Ratepayer Advocates (ORA) has reviewed this application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting, and engineering. For more information about ORA, please call (415) 703-1584, e-mail ora@cpuc.ca.gov, or visit ORA's website at www.ora.ca.gov.

Stay Informed

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at <http://subscribe.puc.ca.gov/>.

If you would like to learn how you can participate in the proceeding, provide informal comments, or have questions about the CPUC's processes, you may access the CPUC's Public Advisor's webpage at <http://consumers.cpuc.ca.gov/pao/>. You may also contact the Public Advisor as follows:

Email: public.advisor@cpuc.ca.gov

Write: Public Advisor's Office, 505 Van Ness Avenue, San Francisco, CA 94102

Call: Toll free 1-866-849-8390; TTY toll free 1-866-836-7825

Please reference **California American Water's GRC Application No. 16-07-002** in any communications you have with the CPUC regarding this matter. All public comments will become part of the public correspondence file for this proceeding and be made available for review by the assigned Judge, the Commissioners, and appropriate CPUC staff.

Attachment C



Notice of Public Participation Hearing: **California American Water's Request to Increase** **Water Rates in its General Rate Case Application No. A.16-07-002** **Southern Division**

Wednesday, January 18, 2017, at 6:00 p.m.
Courtyard Marriott Hotel – Salon B
700 W. Huntington Drive
Monrovia, CA 91016

The California Public Utilities Commission (CPUC) wants to hear from you. A Public Participation Hearing (PPH) has been scheduled for customers in the Southern Division at the date, time, and location noted above to receive your comments about California American Water's General Rate Case (GRC) application (A.16-07-002).

A CPUC Administrative Law Judge (Judge) will preside at the PPH to listen to concerns, comments, and opinions on the proposed application. One or more Commissioners may attend, but no decisions will be reached at the hearing. All public comments from the PPH will be included in the formal record of this proceeding and become public record.

The hearing location is wheelchair accessible. A Spanish language translator will be at the PPH for those who need it. If you need a different non-English language translator or special assistance, please contact the CPUC's Public Advisor's Office (PAO) at the address listed at the bottom of this notice at least five days in advance of the hearing date. If you cannot attend the PPH, you may submit your comments via a letter or email to the PAO.

The Application

The CPUC requires California American Water to file a GRC every three years to ensure water rates reflect the cost of providing water service. On July 1, 2016, California American Water filed a GRC requesting overall revenue increases of \$34,599,200 (or 16.29%) for 2018, \$8,478,500 (or 3.43%) for 2019, and \$7,742,600 (or 3.03%) for 2020. The GRC includes revenue requirement information, the anticipated cost to run the water company's systems, new infrastructure investments, a request to increase rates to cover anticipated costs, and other requests the water company deems necessary to run its business. If approved, rates for this GRC would increase beginning January 1, 2018.

Rate Consolidation

As part of this GRC, California American Water proposes to consolidate rates in each of its three State Divisions. This would include the Southern Division and would consolidate multiple service districts in that division for rate-making and operations purposes. Such consolidation is expected to benefit customers by spreading costs of large infrastructure projects over time and over a larger base of customers.

Southern Division

The consolidation proposal for Southern California would consolidate the Los Angeles, San Diego and Ventura County Districts with a timed phase-in of certain variable costs.

The three Los Angeles service areas (Baldwin Hills, Duarte, San Marino) are primarily served with local groundwater with some systems receiving limited purchased wholesale water (other systems in the Southern Division rely entirely on purchased water). These service areas already share common management and administrative support staff.

A. With Consolidation

California American Water's revenue proposals for the Southern California Districts, **with** a consolidation, are shown by customer class in the chart below.

| Southern Division - Proposed Revenue Changes WITH Consolidation | | | | | | | |
|---|---------------------|----------|--------------------|------------|--------------------|------------|---------------------|
| CUSTOMER CLASS | 2018 | | 2019 | | 2020 | | All Three Years |
| | \$ Change | % Change | \$ Increase | % Increase | \$ Increase | % Increase | \$ Change |
| Residential | \$7,748,138 | 13.0% | \$2,986,361 | 4.4% | \$2,684,969 | 3.8% | \$13,419,467 |
| Commercial | \$2,760,996 | 11.3% | \$1,124,385 | 4.1% | \$1,010,909 | 3.6% | \$4,896,289 |
| Industrial | \$715,042 | 17.5% | \$170,098 | 3.5% | \$152,931 | 3.1% | \$1,038,071 |
| Public Authority | \$865,638 | 10.8% | \$338,352 | 3.8% | \$304,204 | 3.3% | \$1,508,194 |
| Sale for Resale | \$833 | 15.7% | \$462 | 7.5% | \$415 | 6.2% | \$1,710 |
| Construction/Other | \$20,799 | 11.2% | \$9,092 | 4.7% | \$8,175 | 4.0% | \$38,066 |
| Irrigation | \$99,604 | 94.3% | \$11,775 | 5.8% | \$10,587 | 4.9% | \$121,966 |
| Private Fire | (\$31,332) | -4.1% | \$0 | 0.0% | \$0 | 0.0% | (\$31,332) |
| TOTAL | \$12,179,717 | | \$4,640,524 | | \$4,172,189 | | \$20,992,431 |

Customer Impact

If California American Water's proposed consolidation of the Southern Division is approved, a typical residential customer's monthly water bills (with a 5/8-inch meter size) would resemble those below. The 2018 examples shown below are calculated using current rates as of October 2016. In accordance with Decision D. 15-04-007, rates will increase in January 2017. The amount of the increase has yet to be determined and may lead to different typical customer bills than the examples shown below. **Amounts shown include fees, taxes and surcharges.**

| Los Angeles District – Baldwin Hills Average Residential Bill WITH Consolidation | | | | | |
|--|----------------------------|--------------|-----------|---------------|----------|
| YEAR | Avg Use (CGL) ¹ | Current Bill | \$ Change | Proposed Bill | % Change |
| 2018 | 110.2 | \$68.83 | (\$3.70) | \$65.13 | -5.37% |
| 2019 | 110.2 | \$65.13 | \$2.75 | \$67.88 | 4.22% |
| 2020 | 110.2 | \$67.88 | \$2.47 | \$70.35 | 3.64% |

| Los Angeles District – Duarte Average Residential Bill WITH Consolidation | | | | | |
|---|----------------------------|--------------|-------------|---------------|------------|
| YEAR | Avg Use (CGL) ¹ | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2018 | 130.0 | \$65.76 | \$12.28 | \$78.04 | 18.68% |
| 2019 | 130.0 | \$78.04 | \$3.29 | \$81.34 | 4.22% |
| 2020 | 130.0 | \$81.34 | \$2.96 | \$84.30 | 3.64% |

| Los Angeles District – San Marino Average Residential Bill WITH Consolidation | | | | | |
|---|----------------------------|--------------|-------------|---------------|------------|
| YEAR | Avg Use (CGL) ¹ | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2018 | 157.8 | \$68.76 | \$17.48 | \$86.24 | 25.42% |
| 2019 | 157.8 | \$86.24 | \$3.64 | \$89.88 | 4.22% |
| 2020 | 157.8 | \$89.88 | \$3.27 | \$93.15 | 3.64% |

¹ CGL= 100 gallons

B. Without Consolidation

California American Water's revenue proposals for the Southern California Districts, **without** a consolidation, for the Los Angeles Districts are shown in the chart below by customer class.

| Los Angeles District - Proposed Revenue Changes WITHOUT Consolidation | | | | | | | |
|---|-------------|------------|-------------|------------|-------------|------------|-----------------|
| | 2018 | | 2019 | | 2020 | | All Three Years |
| CUSTOMER CLASS | \$ Increase | % Increase | \$ Increase | % Increase | \$ Increase | % Increase | \$ Increase |
| Residential | \$5,268,472 | 23.5% | \$1,640,471 | 5.9% | \$1,552,778 | 5.3% | \$8,461,721 |
| Commercial | \$1,543,859 | 23.8% | \$478,904 | 6.0% | \$453,304 | 5.4% | \$2,476,067 |
| Industrial | \$117,801 | 21.0% | \$34,465 | 5.1% | \$32,623 | 4.6% | \$184,890 |
| Public Authority | \$354,767 | 23.3% | \$103,812 | 5.5% | \$98,263 | 5.0% | \$556,842 |
| Sale for Resale | \$1,504 | 28.3% | \$472 | 6.9% | \$447 | 6.1% | \$2,424 |
| Construction/Other | \$5,844 | 26.5% | \$1,634 | 6.5% | \$1,546 | 5.7% | \$9,023 |
| Irrigation | \$118,784 | 112.4% | \$13,142 | 5.9% | \$12,439 | 5.2% | \$144,365 |
| Private Fire | \$3,968 | 1.4% | \$0 | 0.0% | \$0 | 0.0% | \$3,968 |
| TOTAL | \$7,415,000 | | \$2,272,900 | | \$2,151,400 | | \$11,839,300 |

Customer Impact

If California American Water's proposed consolidation of the Southern Division is not approved, a typical residential customer's monthly water bills (with a 5/8-inch meter size) would resemble those below. The 2018 examples shown below are calculated using current rates as of October 2016. In accordance with Decision D. 13-07-002, rates will increase in January 2017. The increase amount has yet to be determined and may lead to different typical customer bills than the examples shown below.

Amounts shown include fees, taxes and surcharges.

| Los Angeles District - Baldwin Hills Average Residential Bill WITHOUT Consolidation | | | | | |
|---|----------------------------|--------------|-------------|---------------|------------|
| YEAR | Avg Use (CGL) ¹ | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2018 | 110.2 | \$68.83 | \$15.44 | \$84.26 | 22.44% |
| 2019 | 110.2 | \$84.26 | \$4.92 | \$89.18 | 5.84% |
| 2020 | 110.2 | \$89.18 | \$4.66 | \$93.87 | 5.22% |

| Los Angeles District - Duarte Average Residential Bill WITHOUT Consolidation | | | | | |
|--|----------------------------|--------------|-------------|---------------|------------|
| YEAR | Avg Use (CGL) ¹ | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2018 | 130.0 | \$65.76 | \$17.97 | \$83.74 | 27.33% |
| 2019 | 130.0 | \$83.74 | \$4.89 | \$88.63 | 5.84% |
| 2020 | 130.0 | \$88.63 | \$4.63 | \$93.25 | 5.22% |

| Los Angeles District - San Marino Average Residential Bill WITHOUT Consolidation | | | | | |
|--|----------------------------|--------------|-------------|---------------|------------|
| YEAR | Avg Use (CGL) ¹ | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2018 | 157.8 | \$68.76 | \$16.84 | \$85.60 | 24.48% |
| 2019 | 157.8 | \$85.60 | \$5.00 | \$90.60 | 5.84% |
| 2020 | 157.8 | \$90.60 | \$4.73 | \$95.33 | 5.22% |

¹: CGL= 100 gallons

Primary Drivers of Rate Increase

California American Water is requesting this increase to continue to invest in the infrastructure for each district. Revenue increases are being requested to make investments to improve water quality, comply with new water treatment and environmental regulations. Customer conservation and the drought have led to reduced sales revenue for California American Water. Due to this reduction and projected declining sales, California American Water requests an increase to the price per unit of water. The proposed rate increases will also allow California American Water to sustain new infrastructure investments, higher depreciation, higher costs for purchased water, higher operating and maintenance costs, information technology and laboratory costs, as well as higher taxes.

Obtaining a Copy of the Application

A copy of California American Water's proposed GRC application and related exhibits may be reviewed at the following California American Water office:

• Los Angeles County Area – 8657 Grand Avenue, Rosemead, CA 91770

Copies of the proposed application are also available to review at the CPUC's Central Files Office in San Francisco by appointment. For more information, please contact them at ajcentralfilesid@cpuc.ca.gov or (415) 703-2045.

The CPUC's Process

After considering all proposals and all evidence that may be presented during the formal hearing process, the Judge will issue a proposed decision determining whether to adopt California American Water's request, modify it, or deny it. Any of the five CPUC Commissioners may sponsor an alternate decision. The proposed decision and any alternate decisions will be discussed and voted on at a scheduled CPUC Voting Meeting.

The Office of Ratepayer Advocates (ORA) has reviewed this application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting, and engineering. For more information about ORA, please call (415) 703-1584, e-mail ora@cpuc.ca.gov, or visit ORA's website at www.ora.ca.gov.

Stay Informed

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at <http://subscribe.cpubc.ca.gov/>.

If you would like to learn how you can participate in the proceeding, provide informal comments, or have questions about the CPUC's processes, you may access the CPUC's Public Advisor's webpage at <http://consumers.cpubc.ca.gov/pao/>. You may also contact the Public Advisor as follows:

Email: public.advisor@cpuc.ca.gov

Write: Public Advisor's Office, 505 Van Ness Avenue, San Francisco, CA 94102

Call: Toll free 1-866-849-8390; TTY toll free 1-866-836-7825

Please reference **California American Water's GRC Application No. 16-07-002** in any communications you have with the CPUC regarding this matter. All public comments will become part of the public correspondence file for this proceeding and be made available for review by the assigned Judge, the Commissioners, and appropriate CPUC staff.

Aviso de Audiencia de Participación Pública: Solicitud de California American Water para aumentar las tarifas de agua en sus solicitud de caso de tarifas generales No. A.16-07-002 División Sur

Miércoles, 18 de enero de 2017, a las 6:00 p.m.
Courtyard Marriott Hotel – Salón B
700 W. Huntington Drive
Monrovia, CA 91016

La Comisión de Servicios Públicos de California (CPUC, por sus siglas en inglés) desea recibir sus comentarios. Se ha programado una Audiencia de Participación Pública (PPH, por sus siglas en inglés) para los clientes de la División Sur en la fecha, hora y ubicación establecidas anteriormente, para recibir sus comentarios sobre la solicitud del caso de tarifas generales (GRC, por sus siglas en inglés) A.16-07-002 de California American Water.

Un juez de derecho administrativo de la CPUC (Juez) presidirá la PPH para escuchar las inquietudes, comentarios y opiniones de la solicitud propuesta. Podrán asistir uno o más comisionados, pero no se tomará ninguna decisión en la audiencia. Todos los comentarios públicos que se realicen en la PPH se incluirán en el registro formal de este proceso y pasarán a ser parte del registro público.

La ubicación de la audiencia cuenta con accesos para personas en sillas de ruedas. Durante la PPH se dispondrá de un intérprete de inglés-español para aquellos que necesiten sus servicios. Si necesita la presencia de un intérprete de idioma distinto del inglés o asistencia especial, por favor comuníquese con la Oficina del Asesor Público (PAO, por sus siglas en inglés) de la CPUC escribiendo a la dirección indicada al final de este aviso, al menos cinco días antes de la fecha de la audiencia. Si no puede asistir a la PPH, puede enviar sus comentarios a la PAO por carta o correo electrónico.

La solicitud

La CPUC exige que California American Water presente un GRC cada tres años para garantizar que las tarifas de agua reflejen el costo de proveer el servicio de agua. El 1 de julio de 2016, California American Water presentó un GRC para solicitar un aumento de los ingresos globales de \$34,599,200 (o 16.29%) para 2018, \$8,478,500 (o 3.43%) para 2019, y \$7,742,600 (o 3.03%) para 2020. El GRC incluye información de los requisitos de ingresos, el costo anticipado para hacer funcionar los sistemas de la empresa de agua, las nuevas inversiones de infraestructura, una solicitud para aumentar las tarifas para cubrir los costos anticipados y otras solicitudes que la compañía de agua considere necesarias para administrar el negocio. Si se aprueban, las tarifas para este GRC aumentarán a partir del 1 de enero de 2018.

Consolidación de tarifas

Como parte de este GRC, California American Water propone consolidar las tarifas en cada una de sus tres Divisiones Estatales. Esto incluiría la División Sur y consolidaría los diversos distritos de servicio en esa División a los fines de determinar tarifas y operaciones. Se espera que dicha consolidación beneficie a los clientes, porque repartirá los costos de los grandes proyectos de infraestructura a lo largo del tiempo y entre una base mayor de clientes.

División Sur

La propuesta de consolidación para el sur de California consolidaría los distritos de los condados Los Angeles, San Diego y Ventura mediante un cronograma de inclusión gradual de ciertos costos variables.

Las tres áreas de servicio de Los Angeles (Baldwin Hills, Duarte y San Marino) reciben servicio principalmente con aguas subterráneas locales, aunque algunos sistemas reciben agua comprada al por mayor en cantidades limitadas (otros sistemas de la División Sur dependen totalmente del agua comprada). Estas áreas de servicio ya comparten personal de apoyo gerencial y administrativo.

A. Con consolidación

Las propuestas de ingresos de California American Water para los Distritos del Sur de California, con una consolidación, se muestran por tipo de cliente en el cuadro que se presenta a continuación.

| División Sur – Cambios de Ingresos propuestos CON consolidación | | | | | | | |
|---|---------------------|----------|--------------------|-----------|--------------------|-----------|---------------------|
| | 2018 | | 2019 | | 2020 | | En los tres años |
| TIPO DE CLIENTE | Cambio \$ | Cambio % | Aumento \$ | Aumento % | Aumento \$ | Aumento % | Cambio \$ |
| Residencial | \$7,748,138 | 13.0% | \$2,986,361 | 4.4% | \$2,684,969 | 3.8% | \$13,419,467 |
| Comercial | \$2,760,996 | 11.3% | \$1,124,385 | 4.1% | \$1,010,909 | 3.6% | \$4,896,289 |
| Industrial | \$715,042 | 17.5% | \$170,098 | 3.5% | \$152,931 | 3.1% | \$1,038,071 |
| Autoridad pública | \$865,638 | 10.8% | \$338,352 | 3.8% | \$304,204 | 3.3% | \$1,508,194 |
| Venta para reventa | \$833 | 15.7% | \$462 | 7.5% | \$415 | 6.2% | \$1,710 |
| Construcción/otros | \$20,799 | 11.2% | \$9,092 | 4.7% | \$8,175 | 4.0% | \$38,066 |
| Riego | \$99,604 | 94.3% | \$11,775 | 5.8% | \$10,587 | 4.9% | \$121,966 |
| Servicio privado contra incendios | (\$31,332) | -4.1% | \$0 | 0.0% | \$0 | 0.0% | (\$31,332) |
| TOTAL | \$12,179,717 | | \$4,640,524 | | \$4,172,189 | | \$20,992,431 |

Impacto en el cliente

Si se aprueba la consolidación propuesta de la División Sur de California American Water, las cantidades de facturas mensuales de agua de un cliente residencial típico (con medidor en tubería de 5/8 pulgadas) serían similares a las que se muestran a continuación. Los ejemplos de 2018 se calcularon usando las tarifas actualizadas al mes de octubre de 2016. De conformidad con la decisión D.15-04-007, las tarifas aumentarán en enero de 2017. La cantidad del aumento aún no se ha determinado y podría resultar en cuentas típicas de clientes distintas de los siguientes ejemplos. **Las cantidades que se muestran incluyen tarifas, impuestos y recargos.**

| Distrito de Los Angeles – Factura residencial promedio en Baldwin Hills CON consolidación | | | | | | Distrito de Los Angeles – Factura residencial promedio en Duarte CON consolidación | | | | | |
|---|---------------------------------|----------------|-----------|-------------------|----------|--|---------------------------------|----------------|------------|-------------------|-----------|
| AÑO | Uso promedio (CGL) ¹ | Factura actual | Cambio \$ | Factura propuesta | Cambio % | AÑO | Uso promedio (CGL) ¹ | Factura actual | Aumento \$ | Factura propuesta | Aumento % |
| 2018 | 110.2 | \$68.83 | (\$3.70) | \$65.13 | -5.37% | 2018 | 130.0 | \$65.76 | \$12.28 | \$78.04 | 18.68% |
| 2019 | 110.2 | \$65.13 | \$2.75 | \$67.88 | 4.22% | 2019 | 130.0 | \$78.04 | \$3.29 | \$81.34 | 4.22% |
| 2020 | 110.2 | \$67.88 | \$2.47 | \$70.35 | 3.64% | 2020 | 130.0 | \$81.34 | \$2.96 | \$84.30 | 3.64% |

| Distrito de Los Angeles – Factura residencial promedio en San Marino CON consolidación | | | | | |
|--|---------------------------------|----------------|------------|-------------------|-----------|
| AÑO | Uso promedio (CGL) ¹ | Factura actual | Aumento \$ | Factura propuesta | Aumento % |
| 2018 | 157.8 | \$68.76 | \$17.48 | \$86.24 | 25.42% |
| 2019 | 157.8 | \$86.24 | \$3.64 | \$89.88 | 4.22% |
| 2020 | 157.8 | \$89.88 | \$3.27 | \$93.15 | 3.64% |

¹: CGL= 100 galones

B. Sin consolidación

Las propuestas de ingresos de California American Water para los Distritos del Sur de California, **sin** una consolidación, se muestran por tipo de cliente para los Distritos de Los Angeles en el cuadro que se presenta a continuación.

| Distrito de Los Angeles – Aumentos de ingresos propuestos SIN consolidación | | | | | | | |
|---|--------------------|-----------|--------------------|-----------|--------------------|-----------|---------------------|
| | 2018 | | 2019 | | 2020 | | En los tres años |
| TIPO DE CLIENTE | Aumento \$ | Aumento % | Aumento \$ | Aumento % | Aumento \$ | Aumento % | Aumento \$ |
| Residencial | \$5,268,472 | 23.5% | \$1,640,471 | 5.9% | \$1,552,778 | 5.3% | \$8,461,721 |
| Comercial | \$1,543,859 | 23.8% | \$478,904 | 6.0% | \$453,304 | 5.4% | \$2,476,067 |
| Industrial | \$117,801 | 21.0% | \$34,465 | 5.1% | \$32,623 | 4.6% | \$184,890 |
| Autoridad pública | \$354,767 | 23.3% | \$103,812 | 5.5% | \$98,263 | 5.0% | \$556,842 |
| Venta para reventa | \$1,504 | 28.3% | \$472 | 6.9% | \$447 | 6.1% | \$2,424 |
| Construcción/otros | \$5,844 | 26.5% | \$1,634 | 6.5% | \$1,546 | 5.7% | \$9,023 |
| Riego | \$118,784 | 112.4% | \$13,142 | 5.9% | \$12,439 | 5.2% | \$144,365 |
| Servicio privado contra incendios | \$3,968 | 1.4% | \$0 | 0.0% | \$0 | 0.0% | \$3,968 |
| TOTAL | \$7,415,000 | | \$2,272,900 | | \$2,151,400 | | \$11,839,300 |

Impacto en el cliente

Si no se aprueba la consolidación propuesta de la División Sur de California American Water, las cantidades de facturas mensuales de agua de un cliente residencial típico (con medidor en tubería de 5/8 pulgadas) serían similares a las que se muestran a continuación. Los ejemplos de 2018 se calcularon usando las tarifas actualizadas al mes de octubre de 2016. De conformidad con la decisión D.13-07-002, las tarifas aumentarán en enero de 2017. La cantidad del aumento aún no se ha determinado y podría resultar en cuentas típicas de clientes distintas de los siguientes ejemplos. **Las cantidades que se muestran incluyen tarifas, impuestos y recargos.**

| Distrito de Los Angeles – Factura residencial promedio en Baldwin Hills SIN consolidación | | | | | |
|---|---------------------------------|----------------|------------|-------------------|-----------|
| AÑO | Uso promedio (CGL) ¹ | Factura actual | Aumento \$ | Factura propuesta | Aumento % |
| 2018 | 110.2 | \$68.83 | \$15.44 | \$84.26 | 22.44% |
| 2019 | 110.2 | \$84.26 | \$4.92 | \$89.18 | 5.84% |
| 2020 | 110.2 | \$89.18 | \$4.66 | \$93.87 | 5.22% |

| Distrito de Los Angeles – Factura residencial promedio en Duarte SIN consolidación | | | | | |
|--|---------------------------------|----------------|------------|-------------------|-----------|
| AÑO | Uso promedio (CGL) ¹ | Factura actual | Aumento \$ | Factura propuesta | Aumento % |
| 2018 | 130.0 | \$65.76 | \$17.97 | \$83.74 | 27.33% |
| 2019 | 130.0 | \$83.74 | \$4.89 | \$88.63 | 5.84% |
| 2020 | 130.0 | \$88.63 | \$4.63 | \$93.25 | 5.22% |

| Distrito de Los Angeles – Factura residencial promedio en San Marino SIN consolidación | | | | | |
|--|---------------------------------|----------------|------------|-------------------|-----------|
| AÑO | Uso promedio (CGL) ¹ | Factura actual | Aumento \$ | Factura propuesta | Aumento % |
| 2018 | 157.8 | \$68.76 | \$16.84 | \$85.60 | 24.48% |
| 2019 | 157.8 | \$85.60 | \$5.00 | \$90.60 | 5.84% |
| 2020 | 157.8 | \$90.60 | \$4.73 | \$95.33 | 5.22% |

¹: CGL= 100 galones

Factores principales que influyen en los aumentos de tarifas

California American Water solicita este aumento para continuar invirtiendo en la infraestructura de cada distrito. Los aumentos de ingresos se solicitan para realizar inversiones a fin de mejorar la calidad del agua, y cumplir los nuevos reglamentos sobre medio ambiente y tratamiento del agua. La conservación de los clientes y la sequía han tenido como resultado una reducción del ingreso de las ventas para California American Water. Debido a esta reducción y a la proyección de disminución de las ventas, California American Water solicita un aumento al precio por unidad de agua. Los aumentos de tarifa propuestos también permitirán que California American Water pueda afrontar nuevas inversiones en infraestructura, una mayor depreciación, mayores costos por el agua comprada, mayores costos de operación y mantenimiento, y costos de laboratorio y de tecnología de la información, además del aumento de impuestos.

Cómo obtener una copia de la solicitud

Se podrá consultar una copia de la solicitud de GRC propuesta por California American Water y los anexos relacionados en la siguiente oficina de California American Water:

• Área del Condado de Los Angeles – 8657 Grand Avenue, Rosemead, CA 91770

También se encuentran disponibles para su consulta copias de la solicitud propuesta en la Oficina Central de Archivos de la CPUC en San Francisco, con cita previa. Para obtener más información, por favor comuníquese con ellos escribiendo a ajcentralfilesid@cpuc.ca.gov o llamando al (415) 703-2045.

El proceso de la CPUC

Después de considerar todas las propuestas y toda la evidencia que se presente durante el proceso formal de audiencia, el Juez propondrá una decisión con la determinación de adoptar, modificar o rechazar la solicitud de California American Water. Cualquiera de los cinco comisionados de la CPUC puede patrocinar una decisión alternativa. La decisión propuesta y cualquier decisión alternativa se discutirá y se someterá a voto en una reunión de votación programada de la CPUC.

La Oficina de Defensores de los Consumidores (ORA, por sus siglas en inglés) ha examinado esta solicitud. La ORA es el grupo independiente de protección del consumidor dentro de la CPUC. Tiene el mandato legislativo de representar a los clientes de las compañías de servicios públicos pertenecientes a inversionistas a fin de obtener la tarifa más baja posible por el servicio, de una manera consistente con niveles de servicio confiables y seguros. La ORA cuenta con un personal multidisciplinario que tiene experiencia en economía, finanzas, contabilidad e ingeniería. Para obtener información adicional sobre la ORA, llame al (415) 703-1584, envíe un correo electrónico a ora@cpuc.ca.gov o visite el sitio web de la ORA en www.ora.ca.gov.

Manténgase informado

Si desea seguir este procedimiento o cualquier otro asunto ante la CPUC, puede usar el servicio gratuito de suscripción de la CPUC. Inscribese en <http://subscribe.puc.ca.gov/>.

Si desea conocer cómo participar en el proceso o hacer comentarios informales, o si tiene preguntas acerca de los procesos de la CPUC, puede ingresar a la página web del Asesor Público de la CPUC en <http://consumers.cpuc.ca.gov/pao/>. También puede comunicarse con el Asesor Público de las siguientes maneras:

Correo electrónico: public.advisor@cpuc.ca.gov

Correo postal: Public Advisor's Office, 505 Van Ness Avenue, San Francisco, CA 94102

Teléfono: Llame sin cargo al (866) 849-8390; TTY sin cargo al (866) 836-7825

Por favor haga referencia a **California American Water's GRC Application No. 16-07-002 (Solicitud de GRC No. 16-07-002 de California American Water)** en toda comunicación que mantenga con la CPUC sobre este asunto. Todos los comentarios del público formarán parte del expediente de correspondencia pública de este proceso y estarán disponibles para ser examinados por el Juez asignado, los Comisionados y el personal correspondiente de la CPUC.

Attachment D



Notice of Public Participation Hearing: **California American Water's Request to** **Increase Water Rates in its General Rate Case** **Application No. A.16-07-002** **Southern Division**

Thursday, February 9, 2017, at 6:00 p.m.
City of Imperial Beach – Community Room
825 Imperial Beach Boulevard
Imperial Beach, CA 91932

The California Public Utilities Commission (CPUC) wants to hear from you. A Public Participation Hearing (PPH) has been scheduled for customers in the Southern Division at the date, time, and location noted above to receive your comments about California American Water's General Rate Case (GRC) application (A.16-07-002).

A CPUC Administrative Law Judge (Judge) will preside at the PPH to listen to concerns, comments, and opinions on the proposed application. One or more Commissioners may attend, but no decisions will be reached at this hearing. All public comments from the PPH will be included in the formal record of this proceeding and become public record.

The hearing location is wheelchair accessible. A Spanish language translator will be at the PPH for those who need it. If you need a different non-English language translator or special assistance, please contact the CPUC's Public Advisor's Office (PAO) at the address listed at the bottom of this notice at least five days in advance of the hearing date. If you cannot attend the PPH, you may submit your comments via a letter or email to the PAO.

The Application

The CPUC requires California American Water to file a GRC every three years to ensure water rates reflect the cost of providing water service. On July 1, 2016, California American Water filed a GRC requesting overall revenue increases of \$34,599,200 (or 16.29%) for 2018, \$8,478,500 (or 3.43%) for 2019, and \$7,742,600 (or 3.03%) for 2020. The GRC includes revenue requirement information, the anticipated cost to run the water company's systems, new infrastructure investments, a request to increase rates to cover anticipated costs, and other requests the water company deems necessary to run its business. If approved, rates for this GRC would increase beginning January 1, 2018.

Rate Consolidation

As part of this GRC, California American Water proposes to consolidate rates in each of its three State Divisions. This would include the Southern Division and would consolidate multiple service districts in that Division for rate-making and operations purposes. Such consolidation is expected to benefit customers by spreading costs of large infrastructure projects over time and over a larger base of customers.

Southern Division

The consolidation proposal for Southern California would consolidate the Los Angeles, San Diego and Ventura County Districts with a timed phase-in of certain variable costs.

These districts already share common management and administrative support staff. The San Diego District is served entirely with local groundwater.

A. With Consolidation

California American Water's revenue proposals for the Southern California Districts, **with** a consolidation, are shown by customer class in the chart below.

| Southern Division - Proposed Changes WITH Consolidation | | | | | | | |
|--|---------------------|----------|--------------------|------------|--------------------|------------|---------------------|
| | 2018 | | 2019 | | 2020 | | All Three Years |
| CUSTOMER CLASS | \$ Change | % Change | \$ Increase | % Increase | \$ Increase | % Increase | \$ Change |
| Residential | \$7,748,138 | 13.0% | \$2,986,361 | 4.4% | \$2,684,969 | 3.8% | \$13,419,467 |
| Commercial | \$2,760,996 | 11.3% | \$1,124,385 | 4.1% | \$1,010,909 | 3.6% | \$4,896,289 |
| Industrial | \$715,042 | 17.5% | \$170,098 | 3.5% | \$152,931 | 3.1% | \$1,038,071 |
| Public Authority | \$865,638 | 10.8% | \$338,352 | 3.8% | \$304,204 | 3.3% | \$1,508,194 |
| Sale for Resale | \$833 | 15.7% | \$462 | 7.5% | \$415 | 6.2% | \$1,710 |
| Construction/Other | \$20,799 | 11.2% | \$9,092 | 4.7% | \$8,175 | 4.0% | \$38,066 |
| Irrigation | \$99,604 | 94.3% | \$11,775 | 5.8% | \$10,587 | 4.9% | \$121,966 |
| Private Fire | (\$31,332) | -4.1% | \$0 | 0.0% | \$0 | 0.0% | (\$31,332) |
| TOTAL | \$12,179,717 | | \$4,640,524 | | \$4,172,189 | | \$20,992,431 |

Customer Impact

If California American Water's proposed consolidation of the Southern Division is approved, a typical residential customer's monthly water bills (with a 5/8-inch meter size) would resemble those below. The 2018 examples shown below are calculated using current rates as of October 2016. In accordance with Decision D. 15-04-007, rates will increase in January 2017. The amount of the increase has yet to be determined and may lead to different typical customer bills than the examples shown below. **Amounts shown include fees, taxes and surcharges.**

| San Diego District Average Residential Bill WITH Consolidation | | | | | |
|---|----------------------------|--------------|-----------|---------------|----------|
| YEAR | Avg Use (CGL) ¹ | Current Bill | \$ Change | Proposed Bill | % Change |
| 2018 | 71.6 | \$63.33 | (\$1.73) | \$61.61 | -2.73% |
| 2019 | 71.6 | \$61.61 | \$2.60 | \$64.21 | 4.22% |
| 2020 | 71.6 | \$64.21 | \$2.34 | \$66.54 | 3.64% |

¹: CGL= 100 gallons

B. Without Consolidation

California American Water's revenue proposals for the Southern California Districts, **without** a consolidation, for the San Diego District are shown in the chart below by customer class.

| San Diego District - Proposed Revenue Increases WITHOUT Consolidation | | | | | | | |
|--|--------------------|----------|--------------------|------------|--------------------|------------|--------------------|
| CUSTOMER CLASS | 2018 | | 2019 | | 2020 | | All Three Years |
| | \$ Change | % Change | \$ Increase | % Increase | \$ Increase | % Increase | \$ Increase |
| Residential | \$1,123,810 | 8.0% | \$665,423 | 4.4% | \$583,060 | 3.7% | \$2,372,293 |
| Commercial | \$776,872 | 7.2% | \$453,030 | 3.9% | \$396,956 | 3.3% | \$1,626,858 |
| Industrial | \$276,880 | 7.1% | \$161,398 | 3.9% | \$141,421 | 3.3% | \$579,699 |
| Public Authority | \$9,959 | 8.2% | \$5,549 | 4.6% | \$4,862 | 3.8% | \$20,370 |
| Private Fire | (\$57,121) | -25.4% | \$0 | 0.0% | \$0 | 0.0% | (\$57,121) |
| TOTAL | \$2,130,400 | | \$1,285,400 | | \$1,126,300 | | \$4,542,100 |

Customer Impact

If California American Water's proposed consolidation of the Southern Division is not approved, a typical residential customer's monthly water bills (with a 5/8-inch meter size) would resemble those below. The 2018 examples shown below are calculated using current rates as of October 2016. In accordance with Decision D. 13-07-002, rates will increase in January 2017. The amount of the increase has yet to be determined and may lead to different typical customer bills than the examples shown below. **Amounts shown include fees, taxes and surcharges.**

| San Diego District Average Residential Bill WITHOUT Consolidation | | | | | |
|--|----------------------------|--------------|-------------|---------------|------------|
| YEAR | Avg Use (CGL) ¹ | Current Bill | \$ Increase | Proposed Bill | % Increase |
| 2018 | 71.6 | \$63.33 | \$4.44 | \$67.78 | 7.02% |
| 2019 | 71.6 | \$67.78 | \$4.12 | \$71.90 | 4.12% |
| 2020 | 71.6 | \$71.90 | \$2.49 | \$74.39 | 3.47% |

¹: CGL= 100 gallons

Primary Drivers of Rate Increase

California American Water is requesting this increase to continue to invest in the infrastructure for each district. Revenue increases are being requested to make investments to improve water quality, comply with new water treatment and environmental regulations. Customer conservation and the drought have led to reduced sales revenue for California American Water. Due to this reduction and projected declining sales, California American Water requests an increase to the price per unit of water. The proposed rate increases will also allow California American Water to sustain new infrastructure investments, higher depreciation, higher costs for purchased water, higher operating and maintenance costs, information technology and laboratory costs, as well as higher taxes.

Obtaining a Copy of the Application

A copy of California American Water's proposed GRC application and related exhibits may be reviewed at the following California American Water office:

- San Diego County Area – 1025 Palm Avenue, San Diego, CA 91932

Copies of the proposed application are also available to review at the CPUC's Central Files Office in San Francisco by appointment. For more information, please contact them at aljcentralfilesid@cpuc.ca.gov or (415) 703-2045.

The CPUC's Process

After considering all proposals and all evidence that may be presented during the formal hearing process, the Judge will issue a proposed decision determining whether to adopt California American Water's request, modify it, or deny it. Any of the five CPUC Commissioners may sponsor an alternate decision. The proposed decision and any alternate decisions will be discussed and voted on at a scheduled CPUC Voting Meeting.

The Office of Ratepayer Advocates (ORA) has reviewed this application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting, and engineering. For more information about ORA, please call (415) 703-1584, e-mail ora@cpuc.ca.gov, or visit ORA's website at www.ora.ca.gov.

Stay Informed

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at <http://subscribecpuc.cpuc.ca.gov/>.

If you would like to learn how you can participate in the proceeding, provide informal comments, or have questions about the CPUC's processes, you may access the CPUC's Public Advisor's webpage at <http://consumers.cpuc.ca.gov/pao/>. You may also contact the Public Advisor as follows:

Email: public.advisor@cpuc.ca.gov

Write: Public Advisor's Office, 505 Van Ness Avenue, San Francisco, CA 94102

Call: Toll free 1-866-849-8390; TTY toll free 1-866-836-7825

Please reference **California American Water's GRC Application No. 16-07-002** in any communications you have with the CPUC regarding this matter. All public comments will become part of the public correspondence file for this proceeding and be made available for review by the assigned Judge, the Commissioners, and appropriate CPUC staff.

Attachment E

With Consolidation of Districts

| | | 2018 | | | | 2019 | | | | 2020 | | | |
|-------------------------|---------------|---------------|---------------|------------|-------------------|---------------|-------------|-------------------|------------------|---------------|-------------|-------------------|------------------|
| Current | | Proposed Bill | | % Increase | Cumm. \$ Increase | Annual Change | | Cumm. \$ Increase | Cumm. % Increase | Annual Change | | Cumm. \$ Increase | Cumm. % Increase |
| District | Avg Use (CGL) | Current Bill | Proposed Bill | % Increase | | Proposed Bill | \$ Increase | % Increase | | Proposed Bill | \$ Increase | % Increase | |
| Ventura (Thousand Oaks) | 135.3 | \$103.30 | \$126.30 | 22.27% | | \$131.63 | \$5.33 | 4.22% | | \$28.33 | \$136.42 | \$4.79 | 3.64% |
| LA-Duarte | 130.0 | \$65.76 | \$78.04 | 18.68% | | \$81.34 | \$3.29 | 4.22% | | \$15.58 | \$84.30 | \$2.96 | 3.64% |
| LA- San Marino | 157.8 | \$68.76 | \$86.24 | 25.42% | | \$89.88 | \$3.64 | 4.22% | | \$21.12 | \$93.15 | \$3.27 | 3.64% |
| LA-Baldwin Hills | 110.2 | \$68.83 | \$65.13 | -5.37% | | \$67.88 | \$2.75 | 4.22% | | -\$0.95 | \$70.35 | \$2.47 | 3.64% |
| San Diego | 71.6 | \$63.33 | \$61.61 | -2.73% | | \$64.21 | \$2.60 | 4.22% | | \$0.88 | \$66.54 | \$2.34 | 3.64% |

Without Consolidation of Districts

| Without Consolidation of Districts | | | | | | | | | | | | | | | | | |
|------------------------------------|---------------|--------------|---------------|-------------|------------|---------------|-------------|-------------------|--------------------|------------------|---------------|-------------------|------------|-------------------|------------------|---------|--------|
| District | Current | | | 2018 | | | 2019 | | | 2020 | | | | | | | |
| | Avg Use (CGL) | Current Bill | Proposed Bill | \$ Increase | % Increase | Annual Change | | Cumulative Change | | Annual Change | | Cumulative Change | | | | | |
| | | | | | | Proposed Bill | \$ Increase | % Increase | Cum m. \$ Increase | Cumm. % Increase | Proposed Bill | \$ Increase | % Increase | Cumm. \$ Increase | Cumm. % Increase | | |
| Ventura | | | | | | | | | | | | | | | | | |
| (Thousand Oaks) | 135.3 | \$103.30 | \$113.37 | \$10.07 | 9.75% | | | | | | | | | | | | |
| LA-Duarte | 130.0 | \$65.76 | \$83.74 | \$17.97 | 27.33% | | | \$2.47 | 2.18% | (2) | \$12.54 | 12.14% | \$118.39 | \$2.55 | 2.20% | \$15.09 | 14.61% |
| LA- San Marino | 157.8 | \$68.76 | \$85.60 | \$16.84 | 24.48% | | | \$4.89 | 5.84% | | \$22.87 | 34.78% | \$93.25 | \$4.63 | 5.22% | \$27.49 | 41.80% |
| LA-Baldwin Hills | 110.2 | \$68.83 | \$84.26 | \$15.44 | 22.44% | | | \$5.00 | 5.84% | | \$21.84 | 31.76% | \$95.33 | \$4.73 | 5.22% | \$26.57 | 38.64% |
| | | | | | | | | \$4.92 | 5.84% | | \$20.35 | 29.57% | \$93.87 | \$4.66 | 5.22% | \$25.04 | 36.38% |
| San Diego | 71.6 | \$63.33 | \$67.78 | \$4.44 | 7.02% | | | \$4.12 | 6.08% | (3) | \$8.57 | 13.53% | \$74.39 | \$2.49 | 3.47% | \$11.06 | 15.41% |

Notes:

(1) Data source = PPH notices for Ventura, Los Angeles, San Diego Districts; does not include approximately 3%/year imported water increases

(2) The PPH notice contains an apparent typo, repeating "2.47" from the column to the immediate left. The properly calculated number is 2.18%.

(3) The PPH notice contains an apparent typo, repeating "4.12" from the column to the immediate left. The properly calculated number is 6.08%

Attachment F

Schedule No. SOU-1
Southern Division Tariff Area
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all water furnished on a metered basis.

TERRITORY

Portions of Thousand Oaks, Newbury Park, an area adjacent to Camarillo, and vicinity, Ventura County
Coronado, Imperial Beach, and portions of San Diego, and vicinity San Diego County.
Baldwin Hills Service Area consisting of Baldwin Hills, Windsor Hills, View Park, Ladera Heights, and
vicinity, Duarte Service Area consisting of Bradbury, Duarte, portions of Irwindale, Monrovia, and vicinity,
and San Marino Service Area consisting of San Marino, Rosemead, portions of San Gabriel, Temple City,
and vicinity, Los Angeles County.

RATES

Quantity Rates:

| | Base Rate | <u>San Diego & Ventura</u> Purchased Water | <u>San Diego & Ventura Final</u> Base Rate |
|--|-----------|---|---|
| | Per 100 | Per 100 gal | Per 100 gal |
| <u>Residential Customers:</u> | gal (CGL) | (CGL) | (CGL) |
| For the first 74.8 CGL | \$0.3762 | \$0.2563 | \$0.6326 |
| For the next 224.4 CGL | \$0.5073 | \$0.3428 | \$0.8501 |
| For the next 202.0 CGL | \$0.7055 | \$0.4806 | \$1.1861 |
| For all water delivered over 501.2 CGL | \$0.9406 | \$0.6408 | \$1.5814 |
| <u>All Other Customers:</u> | | | |
| For all water delivered, per CGL | \$0.4703 | \$0.3204 | \$0.7907 |

Service Charge: General Metered

| | <u>Per Meter</u> <u>Per Month</u> |
|--------------------------|--------------------------------------|
| For 5/8 x 3/4-inch meter | \$10.22 |
| For 3/4-inch meter | \$15.33 |
| For 1-inch meter | \$25.55 |
| For 1-1/2-inch meter | \$51.10 |
| For 2-inch meter | \$81.76 |
| For 3-inch meter | \$153.30 |
| For 4-inch meter | \$255.50 |
| For 6-inch meter | \$511.00 |
| For 8-inch meter | \$817.60 |

The Service Charge is a readiness-to-serve charge which is applicable to all general metered services
and to which is added the charge for water used computed at the Quantity Rates.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. _____

DECISION NO. _____

ISSUED BY
J.T. LINAM

NAME
DIRECTOR - Rates & Regulatory
TITLE

(TO BE INSERTED BY C.P.U.C)
DATE FILED _____
EFFECTIVE _____
RESOLUTION _____

CALIFORNIA AMERICAN WATER COMPANY

1033 B Avenue, Suite 200

CORONADO, CA 92118

Revised

C.P.U.C SHEET NO. _____

CANCELLING Revised

C.P.U.C SHEET NO. _____

Schedule No. SOU-1 (Continued)

Southern Division Tariff Area

GENERAL METERED SERVICERATES (Continued):

Service Charge: Residential Fire Sprinkler System (RFSS)

| | <u>Per Meter</u> |
|---|------------------|
| | <u>Per Month</u> |
| For 5/8 x 3/4-inch residential to 1-inch residential metered fire sprinkler | \$11.75 |
| For 5/8 x 3/4-inch residential to 1 1/2-inch residential metered fire sprinkler | \$16.80 |
| For 5/8 x 3/4-inch residential to 2-inch residential metered fire sprinkler | \$18.29 |
| For 3/4-inch residential to 1-inch residential metered fire sprinkler | \$16.80 |
| For 3/4-inch residential to 1 1/2-inch residential metered fire sprinkler | \$23.03 |
| For 3/4-inch residential to 2-inch residential metered fire sprinkler | \$24.87 |
| For 1-inch residential to 1 1/2-inch residential metered fire sprinkler | \$30.56 |
| For 1-inch residential to 2-inch residential metered fire sprinkler | \$32.19 |
| For 1 1/2-inch residential to 2-inch residential metered fire sprinkler | \$52.74 |

The Service Charge is a readiness-to-serve charge which is applicable to all Residential Fire Sprinkler System metered services only and to which is added the charge for water used computed at the Quantity Rates.

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. _____

ISSUED BY

J.T. LINAM

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

DATE FILED

NAME

EFFECTIVE

DECISION NO. _____

DIRECTOR - Rates & Regulatory

RESOLUTION

TITLE

Schedule No. SOU-1 (Continued)
Southern Division Tariff Area
GENERAL METERED SERVICE

SPECIAL CONDITIONS

General Items:

1. Qualifying low-income customers can receive a discount on their bill. Customers must apply with the Company for acceptance into the low-income program. For additional details, please see Tariff Schedule CA-LIRA.

2. Any customer paying for service at a premise where a Residential Fire Sprinkler System (RFSS) is required/requested to be installed by local fire and building codes shall be allowed to have their monthly service charge modified in accordance with the monthly costs for RFSS service charges. Provided, however, that the RFSS rate has been requested by the customer and verified by the Company that the smaller size of meter would be large enough to provide adequate service for the property in absence of the additional demand necessary to supply water to the sprinkler system. The RFSS will not be considered a fire service by the Company, but as an oversized general metered service. As such the rules and conditions of service for general metered service shall apply.

Southern Division Fees and Surcharges:

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. Per Advice Letter [insert AL #], a surcharge of \$[insert final amt] for the Low Income Ratepayer Assistance Program ("LIRAP") Balancing Account will be collected from all non-low income water and wastewater customers.

Ventura County District Fees and Surcharges:

1. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is 2.0% based on gross revenues before taxes and PUC fees for the County of Ventura and the City of Thousand Oaks.
2. Per Advice Letter [insert AL #], a surcharge of \$[insert final amt] per 100 gallons will be applied to each bill to fund conservation efforts. The surcharge will remain in effect until otherwise directed by the Commission.
3. Per Advice Letter [insert AL #], the under-collected balance in the Ventura County District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$[insert final amt] per 100 gallons over 12 months effective February 1, 2016. The total amount will be recovered from all classes of customers.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. _____

DECISION NO. _____

ISSUED BY
J.T. LINAM

NAME
DIRECTOR - Rates & Regulatory
TITLE

(TO BE INSERTED BY C.P.U.C)
DATE FILED
EFFECTIVE
RESOLUTION

Schedule No. SOU-1 (Continued)
Southern Division Tariff Area
GENERAL METERED SERVICE

SPECIAL CONDITIONS (continued)

San Diego County District Fees and Surcharges:

1. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is based on a percentage of gross revenues of each bill. The percentage is 2% to City of San Diego and City of Imperial Beach.
2. Per Advice Letter [insert AL #], a surcharge of \$[insert final amt] per 100 gallons will be applied to each bill to fund conservation efforts. The surcharge will remain in effect until otherwise directed by the Commission.
3. Per Advice Letter [insert AL #], the under-collected balance in the San Diego County District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$[insert final amt] per 100 gallons over 12 months effective February 1, 2016. The total amount will be recovered from all classes of customers.

Los Angeles County District Fees and Surcharges:

1. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is based on a percentage of the gross revenues of each bill. The percentages are as follows: City of San Marino 1.143%; City of San Gabriel 2.0%; City of Rosemead 1.183%; County of Los Angeles 2.417%; City of Duarte 1.966%; and City of Bradbury 1.959%. Franchise taxes in the Baldwin Hills District are 2.00% per customer on a monthly basis.
2. Per Advice Letter [insert AL #], a surcharge of \$[insert final amt] per hundred gallons will be applied to each bill to fund conservation efforts. The surcharge will remain in effect until otherwise directed by the Commission.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. _____

DECISION NO. _____

ISSUED BY
J.T. LINAM
NAME
DIRECTOR - Rates & Regulatory
TITLE

(TO BE INSERTED BY C.P.U.C)
DATE FILED
EFFECTIVE
RESOLUTION

Schedule No. SOU-1 (Continued)
 Southern Division Tariff Area
GENERAL METERED SERVICE

SPECIAL CONDITIONS (continued)Los Angeles County District Fees and Surcharges (Continued):

3. Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) Surcharges.

a. Baldwin Hills:

i. For the Baldwin Hills service area, a surcredit is included on each bill to refund the net over-collection in the WRAM and MCBA of \$418,014, including interest, as of December 31, 2014. The surcredit is \$0.0134 per 100 gallons and will remain effective for 36 months beginning April 30, 2015.

b. Duarte:

i. For the Duarte service area, a surcharge is included on each bill to recover the net under-collection in the WRAM and MCBA of \$452,253, including interest, as of December 31, 2014. The surcharge is \$0.0134 per 100 gallons and will remain effective for 24 months beginning April 30, 2015.

c. San Marino:

i. For the San Marino service area, a surcredit is included on each bill to refund the net over-collection in the WRAM and MCBA of \$3,067,513, including interest, as of December 31, 2014. The surcredit is \$0.0305 per 100 gallons and will remain effective for 36 months beginning April 30, 2015.

4. Per Advice Letter [insert AL #], the under-collected balance in the Los Angeles County District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge, as shown in the below table effective [insert final time frame]. The total amount will be recovered from all classes of customers.

| Service Area | Consolidated Expense | Number of Months Applicable |
|---------------|----------------------|-----------------------------|
| Baldwin Hills | \$(insert final amt] | [insert final time period] |
| Duarte | \$(insert final amt] | [insert final time period] |
| San Marino | \$(insert final amt] | [insert final time period] |

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. _____

ISSUED BY

J.T. LINAM

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

DATE FILED _____

NAME

EFFECTIVE _____

DECISION NO. _____

DIRECTOR - Rates & Regulatory

RESOLUTION _____

TITLE

Attachment G

CALIFORNIA-AMERICAN WATER COMPANY

1033 B Avenue, Suite 200
CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. 8084-W

CANCELLING Revised C.P.U.C. SHEET NO. 7701-W

Schedule No. VN-1
Ventura County District Tariff Area
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Portions of Thousand Oaks, Newbury Park, an area adjacent to Camarillo, and vicinity, Ventura County.

RATES

Quantity Rates:

Residential Customers:

| | Base Rate Per 100 gal (CGL) | |
|--|--------------------------------|-----|
| For the first 89.7 CGL | \$0.4866 | (I) |
| For the next 89.7 CGL | \$0.6239 | |
| For the next 269.2 CGL | \$0.8297 | |
| For all water delivered over 448.8 CGL | \$1.2228 | (I) |

All Other Customers:

| | | |
|--|----------|-----|
| For all water delivered, per CGL | \$0.6239 | (I) |
|--|----------|-----|

Service Charge: General Metered

| | Per Meter Per Month | |
|--------------------------------|------------------------|-----|
| For 5/8 x 3/4-inch meter | \$9.26 | (I) |
| For 3/4-inch meter | \$13.90 | |
| For 1-inch meter | \$23.16 | |
| For 1-1/2-inch meter | \$46.32 | |
| For 2-inch meter | \$74.11 | |
| For 3-inch meter | \$138.96 | |
| For 4-inch meter | \$231.60 | |
| For 6-inch meter | \$463.20 | |
| For 8-inch meter | \$741.12 | |
| For 10-inch meter | \$1,065.36 | (I) |

The Service Charge is a readiness-to-serve charge which is applicable to all general metered services and to which is added the charge for water used computed at the Quantity Rates.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 1093

ISSUED BY
D. P. STEPHENSON
NAME

(TO BE INSERTED BY C.P.U.C.)
DATE FILED 11-18-2015
EFFECTIVE 1-1-2016
RESOLUTION

DECISION NO. DIRECTOR - Rates & Regulatory
TITLE

Schedule No. VN-1 (Continued)
Ventura County District Tariff Area
GENERAL METERED SERVICE

RATES (Continued)

Service Charge: Residential Fire Sprinkler System (RFSS)

| | Per Meter Per Month | |
|---|------------------------|-----|
| For 5/8 x 3/4-inch residential to 1-inch residential metered fire sprinkler..... | \$8.72 | (1) |
| For 5/8 x 3/4-inch residential to 1 1/2-inch residential metered fire sprinkler | \$12.40 | |
| For 5/8 x 3/4-inch residential to 2-inch residential metered fire sprinkler..... | \$13.50 | |
| For 3/4-inch residential to 1-inch residential metered fire sprinkler | \$8.20 | |
| For 3/4-inch residential to 1 1/2-inch residential metered fire sprinkler | \$12.08 | |
| For 3/4-inch residential to 2-inch residential metered fire sprinkler | \$13.22 | |
| For 1-inch residential to 1 1/2-inch residential metered fire sprinkler | \$22.49 | |
| For 1-inch residential to 2-inch residential metered fire sprinkler | \$23.61 | |
| For 1 1/2-inch residential to 2-inch residential metered fire sprinkler | \$38.63 | (1) |

The Service Charge is a readiness-to-serve charge which is applicable to all Residential Fire Sprinkler System metered services only and to which is added the charge for water used computed at the Quantity Rates.

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 1093

ISSUED BY

D. P. STEPHENSON

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

DATE FILED 11-18-2015

NAME

EFFECTIVE 1-1-2016DECISION NO. D.15-04-007DIRECTOR - Rates & Regulatory

TITLE

RESOLUTION

CALIFORNIA-AMERICAN WATER COMPANY
655 West Broadway, Suite 1410
San Diego, CA 92101

| | | |
|------------|--------------------|---------------------------|
| Revised | C.P.U.C. SHEET NO. | 8282-W |
| CANCELLING | Revised | C.P.U.C. SHEET NO. 8190-W |

Schedule No. VN-1 (continued)
Ventura County District Tariff Area
GENERAL METERED SERVICE

SPECIAL CONDITIONS:

General Items:

1. Qualifying low-income customers can receive a discount on their bill. Customers must apply with the Company for acceptance into the low-income program. For additional details, please see Tariff Schedule CA-LIRA.
2. Any customer paying for service at a premise where a Residential Fire Sprinkler System (RFSS) is required/requested to be installed by local fire and building codes shall be allowed to have their monthly service charge modified in accordance with the monthly costs for RFSS service charges. Provided, however, that the RFSS rate has been requested by the customer and verified by the Company that the smaller size of meter would be large enough to provide adequate service for the property in absence of the additional demand necessary to supply water to the sprinkler system. The RFSS will not be considered a fire service by the Company, but as an oversized general metered service. As such the rules and conditions of service for general metered service shall apply.

Fees and Surcharges:

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is 2.0% based on gross revenues before taxes and PUC fees for the County of Ventura and the City of Thousand Oaks.
3. Per Advice Letter 1072-B, a surcharge of \$0.0062 per 100 gallons will be applied to each bill to fund conservation efforts. The surcharge will remain in effect until otherwise directed by the Commission.
4. Per Advice Letter 1093, a surcharge of \$1.86 for the Low Income Ratepayer Assistance Program ("LIRAP") Balancing Account will be collected from all non-low income water and wastewater customers.
5. Per Advice Letter 1109-A, the under-collected balance in the Ventura County District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$0.0315 per 100 gallons over 12 months effective February 1, 2016. The total amount will be recovered from all classes of customers.
6. Per Advice Letter 1104, a surcharge is applied to each bill to offset the increase in purchased water cost imposed by the Calleguas Municipal Water District. This increase results in a needed revenue increase of \$709,419 or 1.90%. The surcharge of \$0.0303 per 100 gallons is added to the quantity rate effective January 1, 2016.
7. Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) Surcharge.

(N)

A surcharge is included in each bill to recover the net under-collection in the Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA). For the period ending December 31, 2015, the net under-collection totals \$4,944,811 including interest. The surcharge is \$0.0630 per 100 gallons and will remain effective for 18 months beginning March 31, 2016.

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 1116-B

ISSUED BY
J. LINAM
NAME

(TO BE INSERTED BY C.P.U.C.)
DATE FILED 11-10-2016

DECISION NO. D.15-04-007

DIRECTOR - Rates & Regulatory
TITLE

EFFECTIVE 3-31-2016
RESOLUTION

CALIFORNIA-AMERICAN WATER COMPANY
1033 B Avenue, Suite 200
CORONADO, CA 92118

Revised C.P.U.C. SHEET NO. 8087-W
CANCELLING Revised C.P.U.C. SHEET NO. 7704-W

Schedule No. VN-9MC
Ventura District Tariff Area
METERED CONSTRUCTION SERVICE

APPLICABILITY

Applicable to all water service furnished for construction purposes.

TERRITORY

Portions of Thousand Oaks, Newbury Park, an area adjacent to Camarillo, and vicinity, Ventura County.

RATES

Quantity Rates:

| | | |
|---------------------------------------|--|-----|
| For all water delivered, per CGL..... | Per Month for 100 gal (CGL) \$0.5739 | (I) |
|---------------------------------------|--|-----|

Minimum Charge:

| | | |
|------------------------------|--------------------|-----|
| For all sizes of meters..... | Per Day \$33.79 | (I) |
|------------------------------|--------------------|-----|

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 1093

ISSUED BY
D. P. STEPHENSON
NAME

(TO BE INSERTED BY C.P.U.C.)
DATE FILED 11-18-2015
EFFECTIVE 1-1-2016
RESOLUTION

DECISION NO. D.15-04-007

DIRECTOR - Rates & Regulatory
TITLE

Schedule No. VN-9MC (Continued)
Ventura County District Tariff Area
METERED CONSTRUCTION SERVICE

SPECIAL CONDITIONS:**General Items:**

1. Construction water service under this schedule will be furnished only when surplus water is available over the requirements for domestic service and under conditions which will not adversely affect domestic service. The utility will be the sole judge as to the availability of such surplus water.
2. Applicants for metered construction service will be required to apply for the service at least 48 hours in advance of the time delivery of water is requested and to pay the costs and charges as provided in Rule 13, Temporary Service.

Fees and Surcharges:

3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
4. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is 2.0% based on gross revenues before taxes and PUC fees for the County of Ventura and the City of Thousand Oaks.
5. Per Advice Letter 1072-B, a surcharge of \$0.0062 per hundred gallons will be applied to each bill to fund conservation efforts. The surcharge will remain in effect until otherwise directed by the Commission.
6. Per Advice Letter 1093, a surcharge of \$1.86 for the Low-Income Ratepayer Assistance Program ("LIRAP") Balancing Account will be collected from all non-low income water and wastewater customers.
7. Per Advice Letter 1109-A, the under-collected balance in the Ventura County District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$0.0315 per hundred gallons over 12 months effective February 1, 2016. The total amount will be recovered from all classes of customers.
8. Per Advice Letter 1104, a surcharge is applied to each bill to offset the increase in purchased water cost imposed by the Calleguas Municipal Water District. This increase results in a needed revenue increase of \$709,419 or 1.90%. The surcharge of \$0.2266 per hundred cubic feet (Ccf) or \$0.0303 per 100 gallons is added to the quantity rate effective January 1, 2016.
9. Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA) Surcharge. (N)
A surcharge is included in each bill to recover the net under-collection in the Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA). For the period ending December 31, 2015, the net under-collection totals \$4,944,811 including interest. The surcharge is \$0.0630 per 100 gallons and will remain effective for 18 months beginning March 31, 2016.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 1116-B

ISSUED BY

J. LINAM

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

DATE FILED 11-10-2016

NAME

EFFECTIVE 3-31-2016

DECISION NO. D.15-04-007

DIRECTOR - Rates & Regulatory

RESOLUTION

TITLE

Attachment H

Potential CMWD Total Combined Water Rates

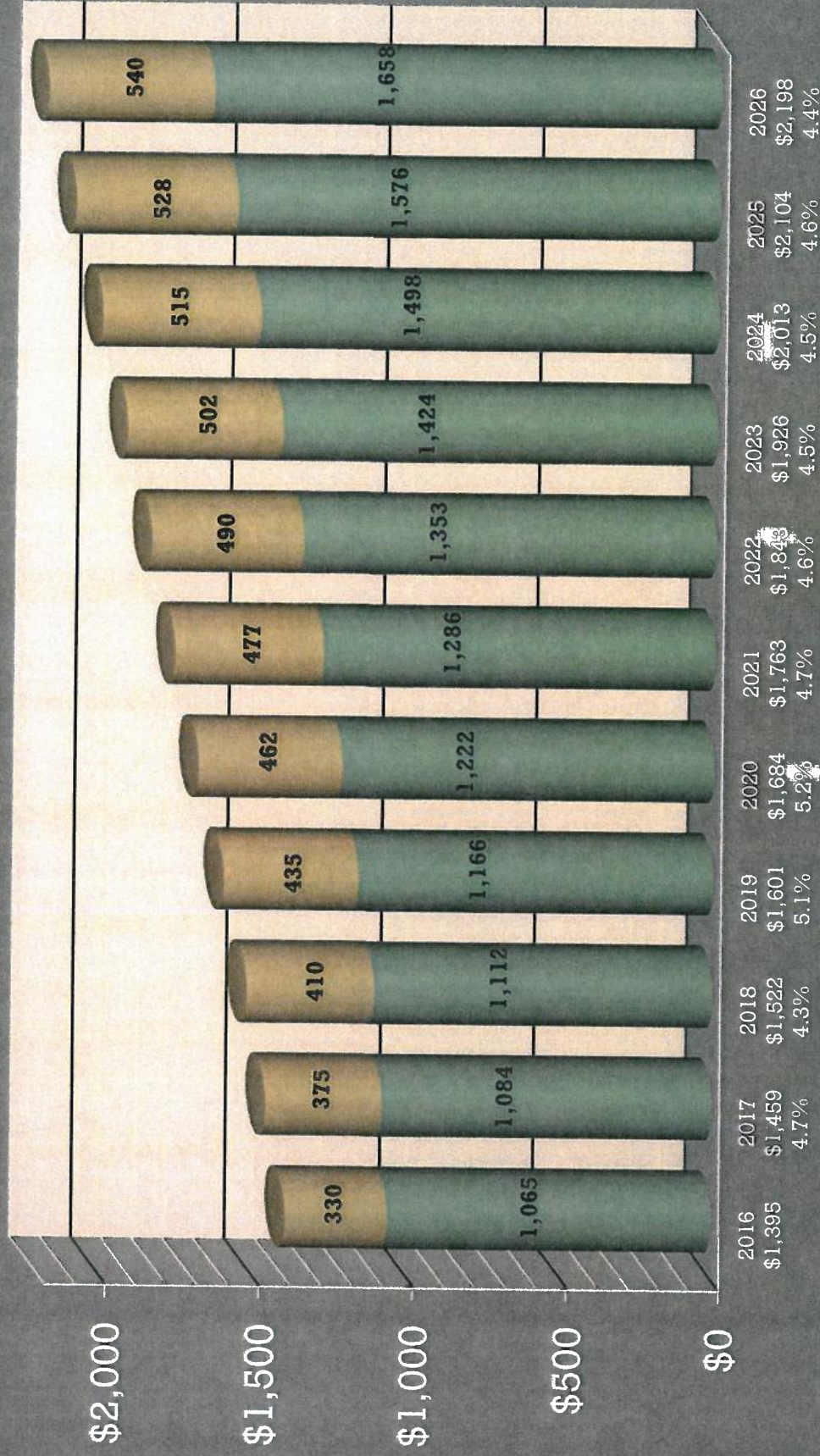


Chart shows all rates (including CRC & RTS) divided by estimated sales

■ MWD ■ CMWD

Attachment I

**CALIFORNIA PUBLIC UTILITIES COMMISSION
DIVISION OF WATER AND AUDITS**

Advice Letter Cover Sheet

| | |
|---|---|
| Utility Name: California American Water District: Ventura District CPUC Utility #: U210W Advice Letter #: 1148 Tier <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> Compliance Authorization Expense Offset Description: To request purchased water offset for Ventura District from Calleguas Water District | Date Mailed to Service List: January 26, 2017 Protest Deadline (20th Day): February 16, 2017 Review Deadline (30th Day): February 26, 2017 Requested Effective Date: January 26, 2017 Rate Impact: \$See AL See AL% |
|---|---|

The protest or response deadline for this advice letter is 20 days from the date that this advice letter was mailed to the service list. Please see the "Response or Protest" section in the advice letter for more information.

Utility Contact: Melody Singh
Phone: 916-568-4246
Email: melody.singh@amwater.com

Utility Contact: Todd Pray
Phone: 916-568-4232
Email: todd.pray@amwater.com

DWA Contact: Tariff Unit
Phone: (415) 703-1133
Email: Water.Division@cpuc.ca.gov

| |
|---------------------|
| DWA USE ONLY |
|---------------------|

DATE

STAFF

COMMENTS

| | | |
|-------|-------|-------|
| <hr/> | <hr/> | <hr/> |
| <hr/> | <hr/> | <hr/> |
| <hr/> | <hr/> | <hr/> |
| <hr/> | <hr/> | <hr/> |

[] **APPROVED**

[] **WITHDRAWN**

[] **REJECTED**

Signature: _____

Comments: _____

Date: _____



4701 Beloit Drive
Sacramento, CA 95838
www.amwater.com

P (916) 568-4251
F (916) 568-4260

January 26, 2017

ADVICE LETTER NO. 1148

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

California-American Water Company (U210W) hereby submits for filing the following tariff sheets applicable to its Ventura County (formerly Village) District which are attached hereto:

| <u>C.P.U.C. Sheet No.</u> | <u>Title of Sheet</u> | <u>Canceling Sheet No.</u> |
|--------------------------------------|--|---------------------------------------|
| 8155-W | Schedule No. VN-1 Ventura County District Tariff Area GENERAL METERED SERVICE | 8086-W |
| 8156-W | Schedule No. VN-9MC (Continued) Ventura County District Tariff Area METERED CONSTRUCTION SERVICE | 8088-W |
| XXXX-W | TABLE OF CONTENTS (Continued) (Page 3) | XXXX-W |
| XXXX-W | TABLE OF CONTENTS (Continued) (Page 1) | XXXX-W |

Request:

California American Water requests authority under Section 7.3.1 of the Water Industry Rules under General Order (GO) 96-B and Section 454 of the Public Utilities Code to offset purchased water expenses it incurs from the Calleguas Municipal Water District. The Calleguas Municipal Water District increased its rates to California American Water effective January 1, 2017. California American Water has no other source of water and therefore requests that the full increase be offset in base rates to account for the annual change in purchased water costs.

Background:

California American Water serves approximately 21,150 customers in Newbury Park, portions of Thousand Oaks, and area adjacent to Camarillo and Ventura County. The recently approved 2013 GRC (D.15-04-007) reset the purchased water parameters. A purchased water offset was subsequently filed for and approved in Advice Letter 1104-A. California American Water is requesting an offset due to the Calleguas Municipal Water District increasing water rates from \$1,257 to \$1,300 for Tier -1 rates and \$1,391 to \$1,394 for Tier -2 Rates in 2017. Additionally, the "Capacity Reservation Charge" increased while the "Readiness-to-Serve" charge decreased in 2017. This water rate increase resulted in an annual

increase in purchased water expense to California American Water of \$1,276,385 plus a corresponding increase of \$7,623 for uncollectibles for a total expense increase of \$1,284,007. This increase is directly related to water consumption and thus should be applied to the quantity rate. The resulting purchased water surcharge is an increase of \$.1827, from \$0.2266 per hundred cubic feet (Ccf) to \$0.4093, or \$0.0547 per 100 gallons.

The offset requested represents an increase of \$1,284,007 or 3.24% over the latest revenue requirement. In accordance with Section 3.2 of Water Industry Rules in GO 96-B for processing expense offset rate increases, California American Water shall include a bill text message providing the amount of the increase, expressed in dollars and percent, in the first bill that includes the increased surcharge.

Tier Designation:

This advice letter is submitted with a Tier 1 designation.

Effective Date:

California American Water requests an effective date of January 26, 2017.

RESPONSE OR PROTEST¹

Anyone may submit a response or protest for this AL. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

A **response** supports the filing and may contain information that proves useful to the Commission in evaluating the AL. A **protest** objects to the AL in whole or in part and must set forth the specific grounds on which it is based. These grounds² are:

1. The utility did not properly serve or give notice of the AL;
2. The relief requested in the AL would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
3. The analysis, calculations, or data in the AL contain material error or omissions;
4. The relief requested in the AL is pending before the Commission in a formal proceeding;
or
5. The relief requested in the AL requires consideration in a formal hearing, or is otherwise inappropriate for the AL process; or
6. The relief requested in the AL is unjust, unreasonable, or discriminatory, provided that such a protest may not be made where it would require re-litigating a prior order of the Commission.
7. A protest may not rely on policy objections to an AL where the relief requested in the AL follows rules or directions established by statute or Commission order applicable to the utility. A protest shall provide citations or proofs where available to allow staff to properly consider the protest.

¹ G.O. 96-B, General Rule 7.4.1

² G.O. 96-B, General Rule 7.4.2

DWA must receive a response or protest via email (or postal mail) within 20 days of the date the AL is filed. When submitting a response or protest, **please include the utility name and advice letter number in the subject line.**

The addresses for submitting a response or protest are:

Email Address:

Water.Division@cpuc.ca.gov

Mailing Address:

CA Public Utilities Commission
Division of Water and Audits
505 Van Ness Avenue
San Francisco, CA 94102

On the same day the response or protest is submitted to DWA, the respondent or protestant shall send a copy of the protest to California American Water at:

Email Address:

melody.singh@amwater.com

Mailing Address:

4701 Beloit Drive
Sacramento, CA 95838

sarah.leeper@amwater.com

555 Montgomery Street, Ste. 916
San Francisco, CA 94111

ca.rates@amwater.com

4701 Beloit Drive
Sacramento, CA 95838

Cities and counties that need Board of Supervisors or Board of Commissioners approval to protest should inform DWA, within the 20 day protest period, so that a late filed protest can be entertained. The informing document should include an estimate of the date the proposed protest might be voted on.

REPLIES³

The utility shall reply to each protest and may reply to any response. Any reply must be received by DWA within five business days after the end of the protest period, and shall be served on the same day on each person who filed the protest or response to the AL.

CALIFORNIA-AMERICAN WATER COMPANY

/s/ Todd pray

Todd Pray
Senior Manager of Rates & Regulatory

³ G.O. 96-B, General Rule 7.4.3

CALIFORNIA-AMERICAN WATER COMPANY

655 West Broadway, Suite 1410

San Diego, CA 92101

Revised

C.P.U.C. SHEET NO.

XXXX-W

CANCELLING

Revised

C.P.U.C. SHEET NO.

8282-W

Schedule No. VN-1 (continued)
Ventura County District Tariff Area
GENERAL METERED SERVICE

SPECIAL CONDITIONS:General Items:

1. Qualifying low-income customers can receive a discount on their bill. Customers must apply with the Company for acceptance into the low-income program. For additional details, please see Tariff Schedule CA-LIRA.
2. Any customer paying for service at a premise where a Residential Fire Sprinkler System (RFSS) is required/requested to be installed by local fire and building codes shall be allowed to have their monthly service charge modified in accordance with the monthly costs for RFSS service charges. Provided, however, that the RFSS rate has been requested by the customer and verified by the Company that the smaller size of meter would be large enough to provide adequate service for the property in absence of the additional demand necessary to supply water to the sprinkler system. The RFSS will not be considered a fire service by the Company, but as an oversized general metered service. As such the rules and conditions of service for general metered service shall apply.

Fees and Surcharges:

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. A surcharge is included on each bill to collect franchise taxes and/or business license fees paid to various municipalities. The amount collected is 2.0% based on gross revenues before taxes and PUC fees for the County of Ventura and the City of Thousand Oaks.
3. Per Advice Letter 1072-B, a surcharge of \$0.0062 per 100 gallons will be applied to each bill to fund conservation efforts. The surcharge will remain in effect until otherwise directed by the Commission.
4. Per Advice Letter 1093, a surcharge of \$1.86 for the Low Income Ratepayer Assistance Program ("LIRAP") Balancing Account will be collected from all non-low income water and wastewater customers.
5. Per Advice Letter 1109-A, the under-collected balance in the Ventura County District Consolidated Expense Balancing Account (CEBA) will be recovered through a quantity based surcharge of \$0.0315 per 100 gallons over 12 months effective February 1, 2016. The total amount will be recovered from all classes of customers.
6. Per Advice Letter 1148, a surcharge is applied to each bill to offset the increase in purchased water cost imposed by the Calleguas Municipal Water District. This increase results in a needed revenue increase of \$1,284,007 or 3.24%. The surcharge of \$0.0547 per 100 gallons is added to the quantity rate effective January 26, 2017. (C)
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A surcharge is included in each bill to recover the net under-collection in the Water Revenue Adjustment Mechanism (WRAM) and Modified Cost Balancing Account (MCBA). For the period ending December 31, 2015, the net under-collection totals \$4,944,811 including interest. The surcharge is \$0.0630 per 100 gallons and will remain effective for 18 months beginning March 31, 2016. (C)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 1148

ISSUED BY
J. LINAM
NAME

(TO BE INSERTED BY C.P.U.C.)
DATE FILED _____

DECISION NO. D.15-04-007

DIRECTOR – Rates & Regulatory
TITLE

EFFECTIVE _____
RESOLUTION _____

Schedule No. VN-9MC (Continued)
Ventura County District Tariff Area
METERED CONSTRUCTION SERVICE

SPECIAL CONDITIONS:General Items:

1. Construction water service under this schedule will be furnished only when surplus water is available over the requirements for domestic service and under conditions which will not adversely affect domestic service. The utility will be the sole judge as to the availability of such surplus water.
2. Applicants for metered construction service will be required to apply for the service at least 48 hours in advance of the time delivery of water is requested and to pay the costs and charges as provided in Rule 13, Temporary Service.

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 1148

ISSUED BY

J. LINAM

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

DATE FILED

NAME

EFFECTIVE

DECISION NO.

D.15-04-007

DIRECTOR – Rates & Regulatory

TITLE

RESOLUTION

CALIFORNIA-AMERICAN WATER COMPANY

655 West Broadway, Suite 1410

San Diego, CA 92101

Revised C.P.U.C. SHEET NO. XXXX-W

CANCELLING Revised C.P.U.C. SHEET NO. XXXX-W

TABLE OF CONTENTS (Continued)
(Page 3)

| <u>SUBJECT MATTER OF SHEET</u> | <u>C.P.U.C. SHEET NO.</u> |
|--|----------------------------------|
| <u>RATE SCHEDULES (Continued):</u> | |
| Monterey County District (Continued) | |
| <i>(Monterey Main, Hidden Hills, Ryan Ranch, & Bishop Service Areas) (Continued)</i> | |
| MO-1 MU General Metered Service | 8268-W, 7728-W, 7729-W, 7730-W |
| Residential/Non-Residential Mixed Use | 7731-W, 8231-W, 8220-W, 8232-W |
| | 7735-W, 7736-W, 8026-W, 8260-W |
| <i>(Ambler Park, Ralph Lane & Chualar Service Areas)</i> | |
| MO-ARC-1 General Metered Service | 8271-W, 8119-W, 8120-W, 8236-W, |
| | 8027-W, 7642-W, 8237-W |
| <i>(Toro)</i> | |
| MO-TO-1 General Metered Service | 8128-W, 8201-W, 8019-W, 7644-W |
| <i>(Garrapata)</i> | |
| MO-GA-2 General Flat Rate Service | 7693-W, 8170-W |
| Sacramento District | |
| SC-1 General Metered Service | 8103-W, 8104-W, 8196-W, 8028-W, |
| | 7635-W |
| SC-DU-1 General Metered Service | 8160-W |
| SC-DU-1F Flat Rate Service | 8161-W |
| San Diego County District | |
| SD-1 General Metered Service | XXXX-W, XXXX-W, 8184-W, 8013-W, |
| | 7624-W |
| Ventura County District | |
| VN-1 General Metered Service | 8084-W, 8085-W, 8190-W, 8014-W, |
| | 7627-W |
| VN-9MC Metered Construction Water | 8087-W, 8191-W, 8015-W, 7629-W |

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 1148ISSUED BY
J. T. LINAM
NAME

DECISION NO.

DIRECTOR – Rates & Regulatory
TITLE(TO BE INSERTED BY C.P.U.C.)
DATE FILED
EFFECTIVE
RESOLUTION

TABLE OF CONTENTS

(Page 1)

The following listed tariff sheets contain all effective rates and rules affecting the charges and services of the Utility, together with other pertinent information:

| <u>SUBJECT MATTER OF SHEET</u> | <u>C.P.U.C. SHEET NO.</u> |
|--|--|
| TITLE PAGE | 7052-W |
| TABLE OF CONTENTS | XXXX-X, XXXX-X, XXXX-X, XXXX-X, 8075-W, 8068-W, 8069-W, 8070-W, 8071-W (C) |
| PRELIMINARY STATEMENTS | 7828-W, 8078-W, 8003-W, 7748-W, 7749-W, 7750-W, 7751-W, 7752-W, 7753-W, 7754-W, 7755-W, 7756-W, 7757-W, 8079-W, 7759-W, 7830-W, 7831-W, 7831-W, 7833-W, 7834-W, 7835-W, 7836-W, 7837-W, 7838-W, 7769-W, 7770-W, 7771-W, 7772-W, 7773-W, 7774-W, 7775-W, 7776-W, 7777-W, 7778-W, 7779-W, 7780-W, 7781-W, 7782-W, 7783-W, 7784-W, 7785-W, 7786-W, 7787-W, 7788-W, 7789-W, 7790-W, 7791-W, 7792-W, 7793-W, 7794-W, 7795-W, 7796-W, 7797-W, 7798-W, 7799-W, 7800-W, 7801-W, 7802-W, 7803-W, 7804-W, 7806-W, 8080-W, 8081-W, 8082-W |
| <u>SERVICE AREA MAP:</u> California-American Water Company | 5470-W |
| Larkfield | 6569-W |
| Los Angeles County Baldwin Hills Duarte San Marino | 6570-W 6571-W, 6572-W, 6578-W 6573-W, 6574-W, 6575-W, 6576-W, 6577-W |
| Monterey County | 7053-W, 6580-W, 6581-W, 6582-W, 6583-W, 6584-W, 6585-W, 6586-W, 6587-W, 6588-W, 6589-W, 6590-W, 944 -W, 945 -W, 947 -W, 948 -W, 949 -W, 950 -W, 951 -W, 952 -W, 953 -W, 954 -W, 955 -W, 957 -W, 958 -W, 959 -W, 960 -W, 961 -W, 962-W, 963 -W, 964 -W, 966 -W, 967 -W, 968 -W, 969 -W, 971 -W, 972 -W, 973 -W, 974 -W, 975 -W, 976 -W, 977 -W, 978 -W, 979 -W, 980 -W, 981 -W, 982 -W, 983 -W, 984 -W, 7054-W |

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 1148ISSUED BY
J. T. LINAM(TO BE INSERTED BY C.P.U.C.)
DATE FILED

DECISION NO.

NAME
DIRECTOR – Rates & Regulatory
TITLEEFFECTIVE
RESOLUTION

VENTURA COUNTY DISTRICT SERVICE LIST
CALIFORNIA-AMERICAN WATER COMPANY
ADVICE LETTER 1148

BY MAIL:

Los Angeles Docket Office
California Public Utilities Commission
320 West 4th Street, Suite 500
Los Angeles, CA 90013

California Dept of Health Services
Division of Drinking Water &
Environmental Management
PO Box 997416
Sacramento, CA 95899-7413

California Water Service
P.O. Box 49062
San Jose, CA 95161-9062

Danilo Sanchez
California Public Utilities Commission
Division of Ratepayer Advocates
505 Van Ness Avenue, Room 3200
San Francisco, CA 94102

Rami Kahlon
California Public Utilities Commission
Water Advisory Branch, Room 3106
505 Van Ness Avenue
San Francisco, CA 94102-3214

Ventura County Waterworks District
7150 Walnut Canyon Road
P.O. Box 250
Moorpark, CA 93020

County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

Marcus Nixon
Asst. Public Advisor
320 W. 4th Street, Suite 500
Los Angeles, CA 90013

City of Camarillo
601 Carmen Drive
Camarillo, CA 93010

City of Thousand Oaks Water Dept.
2100 E. Thousand Oaks Blvd.
Thousand Oaks, CA 91362

Lenard G. Weiss
Manatt
One Embarcadero Center, 30th Floor
San Francisco, CA 94111-3719

Sarah E. Leeper
California American Water
333 Hayes Street, Suite 202
San Francisco, CA 94102

BY E-MAIL:

Division of Ratepayer Advocates
California Public Utilities Commission
dra_water_al@cpuc.ca.gov

Ms. Lisa Bilir
California Public Utilities Commission
Division of Ratepayer Advocates
505 Van Ness Avenue
San Francisco, CA 94102
lwa@cpuc.ca.gov

Richard Rauschmeier
California Public Utilities Commission
DRA - Water Branch, Rm 4209
505 Van Ness Ave
San Francisco, CA 94102
rra@cpuc.ca.gov

Jay T. Spurgin, PE
City Engineer
City of Thousand Oaks
2100 Thousand Oaks Blvd
Thousand Oaks, CA 91363
jspurgin@toaks.org

Lori Anne Dolqueist
Manatt
One Embarcadero Center, 30th Floor
San Francisco, CA 94111-3719
ldolquiest@manatt.com

Barry Gabrielson
bdgabriel1@aol.com

Attachment J



CITY OF THOUSAND OAKS

Water Financial Plan and Cost of Service Study

Final Report / February 1, 2016



3. Develop fair and equitable water rates compliant with the requirements of Proposition 218, that adequately recover costs, provide revenue stability for recovering fixed costs, and maintain affordable water service

1.2 RESULTS AND RECOMMENDATIONS

1.2.1 Proposed Financial Plan

Table 1-1 shows the proposed revenue adjustments for the Water Enterprise for the next five fiscal years. The revenue adjustments for water include needed revenue to fund approximately \$25 million of annual operational costs and nearly \$23 million of programmed capital improvements over the five year Study period. It is important to note that the revenue adjustments shown below do not include any potential pass-through costs as a result of increased water supply costs from Calleguas Municipal Water District, expected to add 4 to 5 percent adjustment per year

Table 1-1: Revenue Adjustments for Water Enterprise

| Enterprise | Revenue Adjustments | | | | | 5-Year CIP |
|------------|---------------------|---------|---------|---------|---------|------------|
| | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | |
| Water | 3% | 3% | 1% | 0% | 0% | \$22.7M |

1.2.2 Factors Affecting Revenue Adjustments

The following items affect the Water Enterprise's revenue requirement (i.e. costs) and thus its water rates. The City's costs include Operation and Maintenance (O&M) expenses and capital expenditures.

- » **Capital Funding of System Improvements:** The City's water distribution infrastructure is aging and major repairs to its capital infrastructure, valued at \$490 million, are required.
- » **Reserve Funding:** The Water Enterprise has an operating, emergency, and a capital reserve – collectively amounting to \$15.5M in funds that must be set aside.
- » **Mandatory Conservation:** On April 1, 2015 Governor Brown issued Executive Order B-29-15 directing the State Water Resources Control Council (SWRCB) to work with water service providers to reduce urban potable use by 25% statewide. The City is required to reduce usage by 28% through February 2016, compared to CY 2013 usage. The reduced sales result in lower revenues and may impact long term financial stability.

Figure 1-1 illustrates the operating position of the Water Enterprise, where the expenses and reserve funding are shown by stacked bars and total revenues at current rates and proposed rates are shown by red and green lines, respectively. Under the proposed rate adjustments shown in Table 1-1, the Water Enterprise will be able to contribute more to reserves, which are required to fund capital needs and to maintain healthy reserve operational and emergency levels. Under the current rates, the reserves are not adequate to cover capital expenditures while maintaining minimum reserve targets.

Attachment K

COMMISSION APPROVES INFRASTRUCTURE IMPROVEMENTS

Every three years, the California Public Utilities Commission (Commission), an independent state agency, reviews Cal Water's rates, operations, expenses, and proposed water system improvements to ensure rates paid by customers reflect the actual costs of providing a safe, reliable water supply. In December, the Commission approved water system improvements and rate changes for your district, effective January 1, 2017.

Water System Improvements

Cal Water will be able to invest \$3.7 million in the water system over the next three years. Among the improvements Cal Water has been authorized to make are:

Project: Replace 1,758 feet of aging and high-risk water main

Cost: \$747,824

Project: Install a reclaimed water line to service Triunfo Community Park

Cost: \$502,935

Project: Replace Supervisory Control and Data Acquisition (SCADA) Software and System Server

Cost: \$436,406

WLK

COMMISSION SETS NEW WATER UTILITY RATES

Because we have worked hard to operate efficiently and control our operating costs, and with updated forecasting of future water use, customers' rates over the next three years would increase as outlined below for those with a 5/8" x 3/4" meter:

| Residential Monthly Service Charge | Dec 2016 | New | | |
|------------------------------------|----------|---------|---------|---------|
| | | 2017 | 2018 | 2019 |
| 5/8" x 3/4" meter | \$26.46 | \$26.65 | \$26.94 | \$27.14 |
| Tier 1 Charge (1-12 Ccf) | \$3.96 | \$3.98 | \$4.01 | \$4.04 |
| Tier 2 Charge (14-48 Ccf) | \$4.70 | \$4.73 | \$4.76 | \$4.79 |
| Tier 3 Charge (44+ Ccf) | \$5.20 | \$5.23 | \$5.27 | \$5.30 |

The typical residential customer who uses 21,692 gallons of water per month (29 Ccf) would see his/her current bill increase by about \$0.81 in 2017. It would then increase by about \$1.26 in 2018 and about \$1.14 in 2019. These adjustments help to offset the cost of making needed improvements to the water system so that we can keep it safe and reliable for decades to come.

| Typical residential monthly bill (21,692 gallons) | December 2016 | New | | |
|---|---------------|----------|----------|----------|
| | | 2017 | 2018 | 2019 |
| Service Charge | \$26.46 | \$26.65 | \$26.94 | \$27.14 |
| Tier 1 Charge | \$51.50 | \$51.75 | \$52.15 | \$52.53 |
| Tier 2 Charge | \$75.26 | \$75.63 | \$76.21 | \$76.77 |
| Tier 3 Charge | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total | \$153.22 | \$154.04 | \$155.30 | \$156.44 |
| Costs Difference | — | \$0.81 | \$1.26 | \$1.14 |
| Difference Per Day | — | <\$0.03 | \$0.04 | \$0.04 |

Calculations may vary slightly due to rounding.

WLK

ADDITIONAL CHANGES TO YOUR BILL

You will also see the following changes to your bill:

CPUC fee: Pursuant to a Commission resolution, the CPUC user fee is increasing from 1.17% to 1.44% of your bill. Cal Water is required to collect and submit this fee to the Commission to cover the costs of its oversight.

Drought memorandum recovery surcharge: The Commission approved a resolution authorizing Cal Water to recover drought expenses incurred from 2014-2015 through a 12-month surcharge of \$0.0217 per Ccf on customers' bills.

Low-income program credit: A 50% discount on the 5/8" x 3/4" meter service charge is provided to residential customers who meet maximum income guidelines and are enrolled in Cal Water's Low-Income Rate Assistance (LIRA) program. The maximum LIRA credit has been increased to \$48 per month.



WLK

Attachment L

Calleguas MWD

2017 Adopted Water Rates

| | Effective Jan 1, 2016 | Effective 2017 New Amt | % fr 2016 |
|--|--------------------------|---------------------------|--------------|
| MWD Rates | | | |
| Tier 1 Supply Rate (\$/af) | \$156 | \$201 | |
| Tier 2 Supply Rate (\$/af) | \$290 | \$295 | |
| System Access Rate (\$/af) | \$259 | \$289 | |
| System Power Rate (\$/af) | \$138 | \$124 | |
| Water Stewardship Rate (\$/af) | \$41 | \$52 | |
| Treatment Surcharge (\$/af full-service) | \$348 | \$313 | |
| MWD Treated Water Rates | | | |
| MWD Tier 1 | \$942 | \$979 | 3.9% |
| MWD Tier 2 | \$1,076 | \$1,073 | (0.3%) |
| CMWD Rates | | | |
| O&M Surcharge (\$/af) | \$75 | \$77 | 2.7% |
| Capital Construction Surcharge (\$/af) | \$240 | \$244 | 1.7% |
| Total Calleguas | \$315 | \$321 | 1.9% |
| Combined Rates | | | |
| Tier 1 Rate (\$/af) | \$1,257 | \$1,300 | 3.4% |
| Tier 2 Rate (\$/af) | \$1,391 | \$1,394 | 0.2% |
| Recycled Water (\$/af) | \$1,006 | \$1,040 | 3.4% |
| Temporary Water Rate (per 100 cu ft) | \$6.39 | \$6.40 | 0.2% |
| Capacity Charge /cfs - MWD | \$16,675 | \$12,239 | |
| Capacity Charge /cfs - CMWD | \$7,865 | \$28,709 | |
| Total CRC Charge | \$24,540 | \$40,948 | 66.9% |
| Estimate to be paid to MWD for RTS | | | |
| | Jan-Dec 2016 | Jan-Dec 2017 | |
| | \$ 7,562,130 | \$ 6,843,071 | (9.5%) |
| Estimated Amount Paid to MWD for Capacity Charges | | | |
| | \$ 2,624,720 | \$ 1,926,400 | |
| CMWD Capacity Charge Requirement | | | |
| | \$ 1,237,876 | \$ 4,518,755 | |
| Estimated CMWD Capacity Charge \$\$\$ | | | |
| | \$3,862,596 | \$6,445,155 | 66.9% |

A.F. of Sales to calculate Capacity Chg & RTS Rate

83,100

85,000

| | 2016 | 2017 | % Chg |
|-----------------------------|--------------------|--------------------|-------------|
| MWD Per A.F. Rate | \$ 942.00 | \$ 979.00 | |
| Capacity Charge | 31.59 | 22.66 | |
| RTS | 91.00 | 80.51 | |
| | \$ 1,064.59 | \$ 1,082.17 | 1.7% |
| CMWD Per A.F. Rate | \$ 315.00 | \$ 321.00 | |
| CMWD Capacity Charge | 14.90 | 53.16 | |
| | \$ 329.90 | \$ 374.16 | 13.4% |
| Total Combined Rates | \$ 1,394.48 | \$ 1,456.33 | 4.4% |

Attachment M

Final

2015 Urban Water Management Plan

for the

Southern Division - Ventura County District

Prepared for:



CALIFORNIA
AMERICAN WATER

Prepared by



6/30/2016

3.2 SERVICE AREA CLIMATE

Ventura County's climate is characterized as Mediterranean with cool wet winters, and hot dry summers. The wet season is generally October through April. The average annual temperature is 61.5 degrees Fahrenheit, and the average annual rainfall is 14.17 inches. Table 3-1 and Table 3-2 summarize temperature, rainfall and evapotranspiration data for the District.

Table 3-1. Precipitation and Evapotranspiration in Ventura County

| | January | February | March | April | May | June |
|---|---------|----------|-------|-------|-------|-------|
| Standard Average ETo, in ¹ | 2.62 | 2.63 | 3.78 | 4.53 | 5.05 | 5.1 |
| Average Rainfall, in ² | 2.89 | 3.42 | 2.01 | 1.21 | 0.41 | 0.03 |
| Average Temperature, °F ² | 56.71 | 56.04 | 57.48 | 58.38 | 61.39 | 64.26 |
| ¹ Data from California Irrigation Management Information System (CIMIS), Station 152 in Camarillo, (period of record is from January 2000 through February 2016) http://www.cimis.water.ca.gov/WSNReportCriteria.aspx | | | | | | |
| ² Data from Western Regional Climate Center, Station: Oxnard WSFO 05/01/1998 to 01/14/2015, http://www.wrcc.dri.edu/cgi-bin/cliMAIN.pl?ca6572 | | | | | | |

Table 3-2. Precipitation and Evapotranspiration in Ventura County

| | July | August | Sept. | Oct. | Nov. | Dec. | Annual |
|---|-------|--------|-------|-------|-------|-------|--------|
| Standard Average ETo, in ¹ | 5.7 | 5.13 | 4.16 | 3.2 | 2.52 | 2.11 | 46.53 |
| Average Rainfall, in ² | 0 | 0 | 0.07 | 0.85 | 1.16 | 2.12 | 14.17 |
| Average Temperature, °F ² | 67.42 | 67.58 | 67.31 | 64.53 | 59.82 | 55.47 | 61.5 |
| ¹ Data from California Irrigation Management Information System (CIMIS), Station 152 in Camarillo, (period of record is from January 2000 through February 2016) http://www.cimis.water.ca.gov/cimis/data.jsp | | | | | | | |
| ² Data from Western Regional Climate Center, Station: Oxnard WSFO 05/01/1998 to 01/14/2015, http://www.wrcc.dri.edu/cgi-bin/cliMAIN.pl?ca6572 | | | | | | | |

3.3 SERVICE AREA POPULATION AND DEMOGRAPHICS

The District's service area population was estimated to be 62,143 in 2010, based on the 2010 census, and 63,423 in 2015. The service area is largely built out and population growth estimates are anticipated to be slow and stable. Using data obtained from the Southern California Association of Governments (SCAG), the annual population growth for the District will be less than 1% through 2040, as shown in Table 3-3.

Table 3-3. District's Projected Annual Compounding Growth Rates

| | 2016-2020 | 2020-2025 | 2025-2030 | 2030-2035 |
|---|-----------|-----------|-----------|-----------|
| Growth Rates ¹ | 0.40% | 0.23% | 0.23% | 0.23% |
| Source: Southern California Association of Governments Draft 2015 RTP/SCS (3) | | | | |

Table 3-4 and Figure 3-2 show the historical, current, and projected populations for the District. The population estimates and projections were developed using the District's service area boundaries; 1990, 2000, and 2010 census data; DWR's Population Tool and SCAG's population projections. Appendix F provides additional detail regarding the methodology used to establish population estimates and projections.

Table 3-4. Population Historical, Current, & Projected¹

| | 2005 | 2010 | 2015 | 2020 | 2025 | 2030 | 2035 |
|---------|--------|--------|--------|--------|--------|--------|--------|
| Ventura | 58,996 | 62,143 | 63,423 | 64,706 | 65,438 | 66,178 | 66,926 |

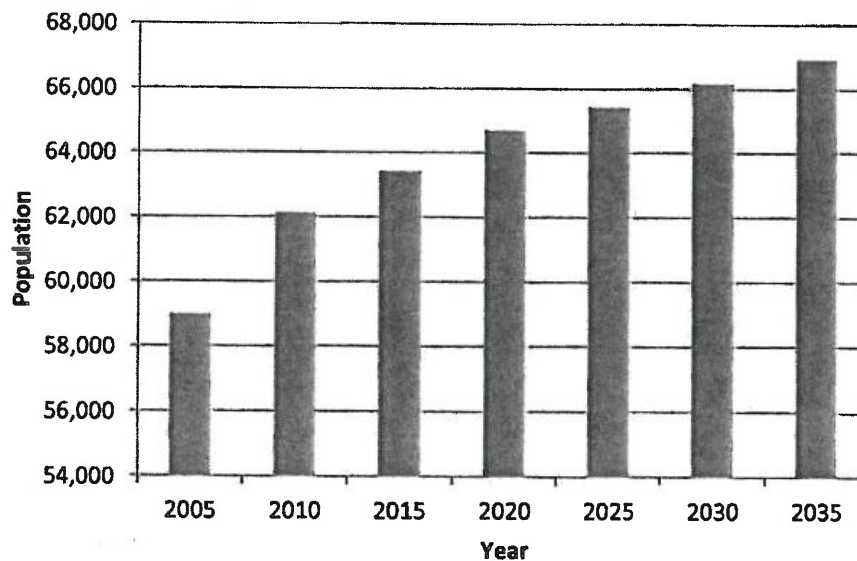


Figure 3-2 Historical, Current, and Projected Population for the District¹

¹ The population projections for California American Water's service areas are based on 2010 census data, DWR's Population Tool, and growth rates from SCAG's Draft 2016 Growth Forecast adjusted for the District's service area.

Table 4-2. District's 2010 Deliveries, afy

| Water use sectors | 2010 ¹ | | | | |
|-----------------------------|-------------------|---------------|------------------|----------|---------------|
| | Metered | | Not Metered | | Total |
| | # of Connections | Volume | # of Connections | Volume | Volume |
| Single family | 19,129 | 9,438 | - | - | 9,438 |
| Multi-family | 210 | 611 | - | - | 611 |
| Commercial | 753 | 1,176 | - | - | 1,176 |
| Industrial | 178 | 1,415 | - | - | 1,415 |
| Institutional/ governmental | 191 | 892 | - | - | 892 |
| Landscape | 359 | 1,320 | - | - | 1,320 |
| Agriculture | - | - | - | - | - |
| Other ² | 8 | 0 | - | - | 0 |
| Total | 20,827 | 14,852 | - | - | 14,852 |

¹ 2010 connections and delivery data were derived from the District's customer database and 2010 MD Operating Report. This methodology is described in Appendix F.

² Contains public and private fire service connections

Table 4-3. District's 2015 Deliveries, afy

| Water use sectors | 2015 ¹ | | | | |
|-------------------|-------------------|---------------|------------------|----------|---------------|
| | Metered | | Not Metered | | Total |
| | # of Connections | Volume | # of Connections | Volume | Volume |
| Residential | 19,325 | 8,082 | 0 | 0 | 8,082 |
| Commercial | 1,059 | 2,518 | 0 | 0 | 2,518 |
| Industrial | 164 | 1,477 | 0 | 0 | 1,477 |
| Fire | 341 | 18 | 0 | 0 | 18 |
| OPA | 194 | 898 | 0 | 0 | 898 |
| Co Acct | 2 | 0 | 0 | 0 | 0 |
| Resale | 0 | 0 | 0 | 0 | 0 |
| Misc | 5 | 3 | 0 | 0 | 3 |
| Total | 21,090 | 12,996 | 0 | 0 | 12,996 |

¹ 2015 connections and delivery data were derived from the District's customer database and 2015 MD Operating Report. This methodology is described in Appendix F.

Table 4-9. District Non-Revenue Water, afy

| Water use | 2015 | 2020 | 2025 | 2030 | 2035 |
|-------------------------|-------|-------|-------|-------|-------|
| Non-revenue water (NRW) | 1,020 | 1,020 | 1,020 | 1,020 | 1,020 |

4.2.4 Total Water Use

Table 4-10 shows the current and projected total water use for the District. Total water use includes water delivered to customers, water sold to other agencies, and non-revenue water.

Table 4-10. Total Water Use, afy

| Water Use | 2015 | 2020 | 2025 | 2030 | 2035 |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Total water deliveries | 12,996 | 15,926 | 16,117 | 16,311 | 16,507 |
| Sales to other water agencies | 0 | 0 | 0 | 0 | 0 |
| Non-revenue water (NRW) | 1,020 | 1,020 | 1,020 | 1,020 | 1,020 |
| Total | 14,016 | 16,946 | 17,137 | 17,331 | 17,527 |

4.3 WHOLESALE WATER DEMANDS

The District purchases all of its water from the CMWD. Table 4-11 shows the amount of water projected to be purchased from the CMWD provided that the full supply from the CMWD is available per the requirements of the contract.

Table 4-11. Demand Projections Provided to Wholesale Suppliers, afy

| Wholesaler | 2015 | 2020 | 2025 | 2030 | 2035 |
|------------|--------|--------|--------|--------|--------|
| CMWD | 14,016 | 16,946 | 17,137 | 17,331 | 17,527 |

4.4 WATER USE REDUCTION PLAN

In response to multiple group affiliations, MOUs, statutory requirements, and concern for the region's water supply sustainability, California American Water employs multiple tactics to conserve water. The major tactics currently being implemented by California American Water include conservation measures, CUWCC Best Management Practices (BMPs) implementation, and conservation rate structures. All of the BMPs are currently being implemented. The projected demand incorporates all of these conservation influences.

The District expects to achieve the per capita water use targets through continued implementation of CUWCC BMPs and participation in regional conservation campaigns. Through the combined effect of the efforts listed below, the District is expected to achieve their per capita water use reduction targets.

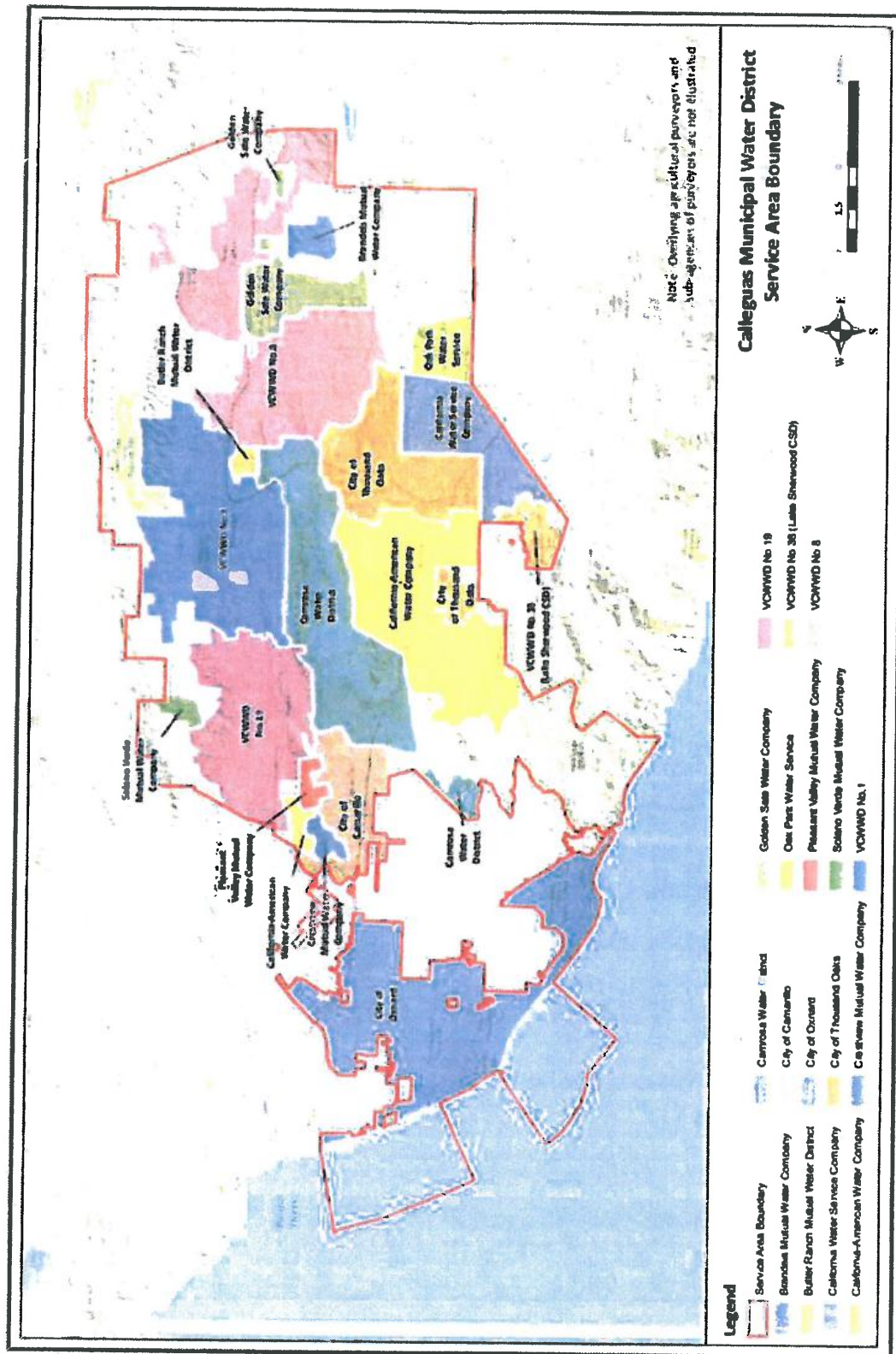


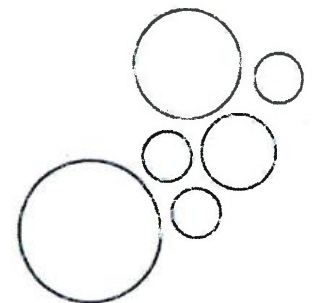
Figure 5-3 CMWD Service Area (9)



California Water Service

2015 Urban Water Management Plan

Westlake District
June 2016



| Table 2-1: Public Water Systems | | | |
|---------------------------------|--------------------------|--------------------------------------|------------------------------------|
| Public Water System Number | Public Water System Name | Number of Municipal Connections 2015 | Volume of Water Supplied 2015 (AF) |
| 5610016 | Westlake | 6,915 | 6,295 |
| Total | | 6,915 | 6,295 |

2.2 Regional Planning

Regional planning can deliver mutually beneficial solutions to all agencies involved by reducing costs for the individual agency, assessing water resources at the appropriate geographic scale, and allowing for solutions that cross jurisdictional boundaries. Cal Water participates in regional water resources planning initiatives throughout California in the regions in which its 25 water districts are located. In the region in which the Westlake District is located, regional water resources planning is done in cooperation with the Calleguas Municipal Water District, which provides wholesale water to the District. More broadly, Cal Water supported the development of the 2014 Integrated Regional Water Management Plan prepared by the Watersheds Coalition of Ventura County.

2.3 Individual or Regional Planning and Compliance

Urban water suppliers may elect to prepare individual or regional UWMPs (CWC §10620(d)(1)). Westlake District is preparing an individual UWMP.

Urban retail water suppliers may report on the requirements of SB X7-7 (2009 California Conservation Act) individually or as a member of a "Regional Alliance." As described in Chapter 5, Westlake District is a member of a Regional Alliance and this UWMP provides information on the District's progress towards meeting its SB X7-7 water conservation targets both as an individual urban retail water supplier and as a member of a Regional Alliance.

| Table 2-2: Plan Identification | |
|---|-----------------|
| <input checked="" type="checkbox"/> | Individual UWMP |
| <input type="checkbox"/> | Regional UWMP |
| Notes: Westlake District is a member of a Regional Alliance. Chapter 5 provides information on the District's progress towards meeting its water conservation targets under SB X7-7 both as an individual urban retail water supplier and as a member of its Regional Alliance. | |

Table 2-4: Retail: Water Supplier Information Exchange

Westlake District has informed the following wholesale supplier(s) of projected water use in accordance with CWC 10631.

| Wholesale Water Supplier Name |
|-------------------------------|
|-------------------------------|

| |
|------------------------------------|
| Calleguas Municipal Water District |
|------------------------------------|

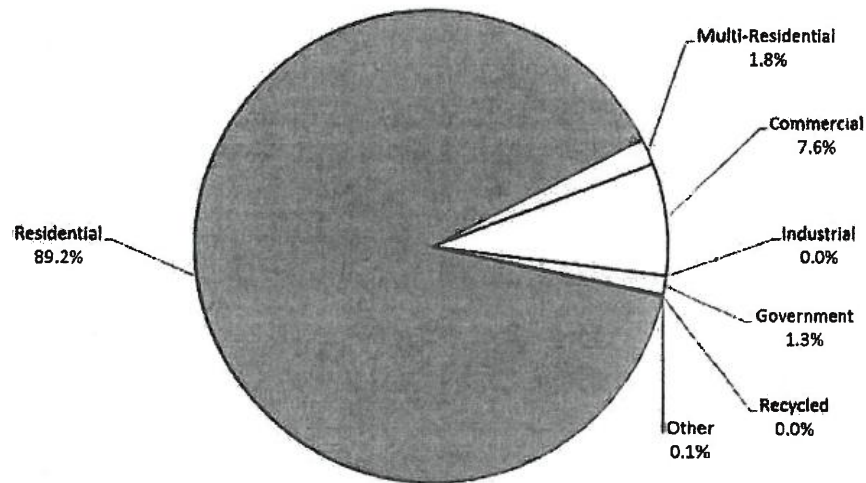
2.5.2 Coordination with Other Agencies and the Community

Westlake District coordinated with cities, counties, and other community organizations during preparation of this UWMP. Cal Water provided notice to these entities and the communities it serves 60 days prior to the public hearing it held on June 1, 2016, to present the draft of the UWMP, address questions, and receive comments. Cities and counties receiving the public hearing notification from Westlake District as required per CWC §10621 (b) are listed in Table 10-1 in Chapter 10 of this plan.

| Table 4-1: Retail: Demands for Potable and Raw Water - Actual | | |
|---|-----------------------------------|-------------|
| Use Type | 2015 Actual | |
| | Level of Treatment When Delivered | Volume (AF) |
| Single Family | Drinking Water | 4,031 |
| Multi-Family | Drinking Water | 212 |
| Commercial | Drinking Water | 1,488 |
| Industrial | Drinking Water | 0 |
| Institutional/Governmental | Drinking Water | 176 |
| Other | Drinking Water | 4 |
| Losses | Drinking Water | 384 |
| Total | | 6,295 |

Residential customers account for approximately 89 percent of services and 68 percent of water use in the District, most of which is associated with single-family water use. Figure 4-1 shows the distribution of services in 2015. Figure 4-2 shows historical water sales by customer category.

Figure 4-1. Distribution of Services in 2015



| SB X7-7 Table 3: Service Area Population | | |
|--|------|------------|
| Year | | Population |
| 10 to 15 Year Baseline Population | | |
| Year 1 | 1999 | 16,872 |
| Year 2 | 2000 | 16,717 |
| Year 3 | 2001 | 16,899 |
| Year 4 | 2002 | 17,195 |
| Year 5 | 2003 | 17,322 |
| Year 6 | 2004 | 17,790 |
| Year 7 | 2005 | 18,096 |
| Year 8 | 2006 | 18,387 |
| Year 9 | 2007 | 18,651 |
| Year 10 | 2008 | 18,892 |
| 5 Year Baseline Population | | |
| Year 1 | 2004 | 17,790 |
| Year 2 | 2005 | 18,096 |
| Year 3 | 2006 | 18,387 |
| Year 4 | 2007 | 18,651 |
| Year 5 | 2008 | 18,892 |
| 2015 Compliance Year Population | | |
| 2015 | | 19,458 |

5.5 Gross Water Use

Annual gross water use is defined as the amount of water entering the District's distribution system over a 12-month period, excluding:

- Recycled water delivered within the service area
- Indirect recycled water
- Water placed in long-term storage
- Water conveyed to another urban supplier
- Water delivered for agricultural use

Gross water use must be reported for each year in the baseline periods as well as 2015. The Westlake District's annual gross water use is summarized in SB X7-7 Table 4. Volumes are in acre-feet. No water delivery exclusions are taken.

Chapter 6

System Supplies

The water supply for the customers of the Westlake District is a combination of purchased imported water and recycled water. Purchased water provides the majority of the total supply while recycled water makes up the remaining portion. According to the Draft 2015 Calleguas Municipal Water District (CMWD) UWMP, there will be sufficient supplies to meet all future projected demands through 2040.

6.1 Purchased Water

The imported water is purchased from CMWD, which is a member agency of the Metropolitan Water District of Southern California (MWD). This water is imported into southern California through Metropolitan's connections to the State Water Project. CMWD acts as a secondary wholesale water agency, purchasing the water from Metropolitan and reselling it to Cal Water.

The last purchase agreement between Cal Water and CMWD began in 2003 and had a ten year term. Calleguas abandoned the purchase orders as they expired and did not renew them.

6.2 Groundwater

Groundwater is not being used as a source for the District. Groundwater is not thought to be a viable supply due to the low conductivity of much of the basin and because of water quality concerns. Local groundwater has been found to contain high levels of total dissolved solids, iron and manganese, and other naturally occurring minerals.

| Table 6-1 Retail Groundwater Volume Pumped | | | | | | |
|--|---|------|------|------|------|------|
| ✓ | Supplier does not pump groundwater. The supplier will not complete table below | | | | | |
| Groundwater Type | Location or Basin Name | 2011 | 2012 | 2013 | 2014 | 2015 |
| | | | | | | |
| Total | | | | | | |

6.3 Surface Water

Potrero Valley Creek runs through the District service area and may be a potential source of water to the District. Lake Sherwood is a reservoir with capacity of 2,600 acre-ft with a dam that was constructed in 1904 and is owned by the Sherwood Country Club. Water



FINAL

2015 Urban Water Management Plan for City of Thousand Oaks

June 2016

Prepared by
Kennedy/Jenks Consultants

Section 2: Service Area

2.1 City of Thousand Oaks Water Service Area

Incorporated in 1964, the City of Thousand Oaks, located in eastern Ventura County, had a population of about 20,000 and encompassed an area of 14.28 square miles. The California Department of Finance estimates the City's 2015 population to be approximately 129,349. The City encompasses an area of approximately 56 square miles¹. The City is the water purveyor to approximately 36 percent of the water users within the City. Other water purveyors include the California-American Water Company (Cal-Am: 48 percent), California Water Service Company (Cal Water: 16 percent), the Newbury Park Academy Mutual Water Company (less than one percent) and the Camrosa County Water District (less than one percent). Figure 2-1 shows the regional vicinity of the City of Thousand Oaks and the water service area boundary. The City also serves unincorporated areas within the County, also shown in Figure 2-1.

The potable water distributed by the City is imported water purchased from CMWD, which receives its supply from the Metropolitan Water District of Southern California (MWDSC). The source of MWDSC's supply is either the SWP or the Colorado River. Hence, water conservation efforts in the City's service area will help reduce the demand for imported water.

The City water system consists of approximately 317 miles of transmission and distribution pipelines, 11 pump stations and 16 reservoirs with a total capacity of 35.5 million gallons. Water is delivered to the system through 10 turnouts from the CMWD system. The City serves approximately 17,000 accounts and purchased approximately 9,600 AF of water in 2015. Approximately 60 percent of the City's customers are within service zones that require additional pumping. The majority of the City's water service area is residential. The City does not serve any agricultural users.

All City water customers receive City wastewater service through the Hill Canyon Wastewater Treatment Plant. Plant capacity is used by customers of private water purveyors in the City as well. The plant's tertiary-treated wastewater is discharged into the North Fork of the Arroyo Conejo.

¹ Source: January 2010, California Department of Finance Website.

2.2 Land Use

The City water service area consists primarily of residential uses, with commercial land uses located along the main City streets. Although essentially all of the land within the City water service boundary is developed, changes in the existing land use are expected either by developing the few remaining small vacant parcels within the City's service area, or by redevelopment of existing land uses. Figure 2-2 depicts the land uses within the City's water service area.

In November 2011, the Thousand Oaks City Council adopted the Thousand Oaks Boulevard Specific Plan to revitalize a commercial corridor covering approximately 345 acres. The Plan will allow for mixed use with a focus on residential and commercial uses. The Specific Plan extends eastward along Thousand Oaks Boulevard from Conejo Boulevard/Moorpark Road to Duesenburg Drive. Most of the Boulevard currently consists of commercial retail and office buildings, some of which are located adjacent to residential areas of varying densities. The Specific Plan is mostly built out, however there are several areas of undeveloped land and underutilized parcels (Thousand Oaks Boulevard Business Improvement District 2012).

Overall, future service area development will add approximately 1,100 residential dwellings (including apartments, townhomes, and single-family) and approximately 27 acres of non-residential land uses by Year 2040. Projected water demands resulting from future development are relatively small and are described in more detail in Chapter 3.

2.3 Population

Table 2-1 shows the current and projected service area population in five-year increments to Year 2040. This assumes ultimate buildout of the City's service area by 2040. The population for the Thousand Oaks water service area in 2015 was calculated using the DWR online population tool². The tool estimates population based on available U.S. Census Bureau data from historical census years, combined with connection data and service area boundaries. The buildout population projection was calculated based on the projected new residential dwellings in combination with water use data.

TABLE 2-1
CURRENT AND PROJECTED POPULATION

| | 2015 | 2020 | 2025 | 2030 | 2035 | 2040 |
|-------------------------|--------|--------|--------|--------|--------|--------|
| Service Area Population | 53,347 | 53,723 | 54,101 | 54,482 | 54,866 | 55,252 |

Notes:

- (a) 2015 population value from DWR population tool. See Printout in Appendix B.
(b) 2040 population reflects current (2015) plus additional population at build-out

² Available at: https://wuedata.water.ca.gov/secure/login_auth.asp?msg=inactivity&referer=%2Fsecure%2FDefault%2Easp?
Printout provided in Appendix B.

Section 4: Water Supply

4.1 Overview

This section describes the water resources available to the City of Thousand Oaks for the 25-year period covered by the Plan. The City relies on treated imported water from CMWD to meet all of its domestic demands. The City owns groundwater wells that draw from the Thousand Oaks Area Groundwater Basin, however, the water is neither pumped nor used within the City water service area.

An overview of currently available and planned supplies is provided in Table 4-1 and discussed in more detail below.

TABLE 4-1
SUMMARY OF CURRENT AND PLANNED WATER SUPPLIES (AFY)

| Water Supply Source | 2015 | 2020 | 2025 | 2030 | 2035 | 2040 |
|---|--------------|---------------|---------------|---------------|---------------|---------------|
| Existing Supplies | | | | | | |
| Imported Supplies from CMWD | 9,634 | 10,108 | 10,215 | 10,323 | 10,430 | 10,538 |
| Groundwater Production | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Existing Supplies | 9,634 | 10,108 | 10,215 | 10,323 | 10,430 | 10,538 |
| Planned Supplies | | | | | | |
| North Pleasant Valley Desalter Credits ¹ | 0 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Total Supplies | 9,634 | 11,608 | 11,715 | 11,823 | 11,930 | 12,038 |

Note:

¹ North Pleasant Valley Desalter credits enable the City of Thousand Oaks to receive an equal amount of water from CMWD as part of a wheeling arrangement.

4.2 Purchased (Imported) Water Supplies

The City has been relying on imported water to meet its water demands since it became available in 1963. The City purchases the imported water from CMWD, the wholesale provider of imported water to the region, which owns and operates a transmission system to convey water to local water retail agencies across an area of approximately 350 square miles. The imported water is supplied to CMWD's distribution system through a system connection with MWDSC, a SWP Project contractor. The City water system has ten turnout connections with the CMWD system.

Historical water purchases from CMWD starting in 1980 are as shown in Table 4-2.

In addition, the Water Board has enacted two additional prohibitions that the City must enforce.

1. The application of potable water to outdoor landscapes during and within 48 hours after measurable rainfall is prohibited; and
2. The irrigation with potable water of ornamental turf on public street medians is prohibited.

Local Water Wholesalers

At its April board meeting, the Metropolitan Water District of Southern California (MWD) activated their Water Supply Allocation Plan at a Level 3 Regional Shortage Level effective July 1, 2015. The Calleguas Municipal Water District, the agency that delivers imported State Project water in Ventura County and provides 100 percent of Thousand Oaks water supply, has set the City's allocation for the coming fiscal year to 15 percent of recent usage. The allocation includes severe penalties if conservation is not achieved. For example, if the City were to use 10 percent over its allocation, then a penalty of approximately \$1,600,000 is possible. If there is no reduction in usage, then a penalty of \$3,200,000 is possible.

Water Conservation Ordinance – Adopted 2009

In 2009, the Thousand Oaks City Council adopted a new water conservation ordinance. The ordinance includes Permanent Water Conservation Requirements that:

- limit watering hours and duration,
- prohibit excessive runoff and washing down of paved surfaces,
- obligate customers to fix leaks,
- limit washing of vehicles, and
- restrict serving drinking water in restaurants unless requested.

The Permanent Water Conservation Requirements remain in place at all times Citywide, not just during drought conditions.

There are three additional levels of water-use restrictions and conservation measures that may be enacted by City Council. A Level 1 Water Supply Shortage condition restricts landscape watering to three days per week in April through October, and two days per week for the rest of the year; a Level 2 Water Supply Shortage condition limits watering to two days per week in April through October and one day per week for the remainder of the year. A Level 2 condition also prohibits the initial filling of residential swimming pools and spas and refilling pools by more than one foot of water. A Level 3 is reserved for an emergency situation, such as a major earthquake or other disaster that disrupts water supplies.

Table 2-1 Retail Only: Public Water Systems

| Public Water System Number | Public Water System Name | Number of Municipal Connections 2015 | Volume of Water Supplied 2015 |
|----------------------------|--------------------------|--------------------------------------|-------------------------------|
| CA5610020 | City of Thousand Oaks | 17,080 | 9,334 |
| | | | |
| | | | |
| TOTAL | | 17,080 | 9,334 |
| NOTES: | | | |

Attachment N



City of Thousand Oaks

Adopted Operating Budget Fiscal Years 2015-2016 and 2016-2017

Cover: City of Thousand Oaks City Hall & Civic Arts Plaza's Bank of America Performing Arts Center.
"Warm Summer Night at the Civic Arts Plaza" by Mike Colao

Cover Design & Graphics: Priscilla Holmes, ProHolmesDesign.com
Printing: City of Thousand Oaks Print Shop

PUBLIC WORKS

WATER FUND

OPERATIONS/CAPITAL SUMMARY

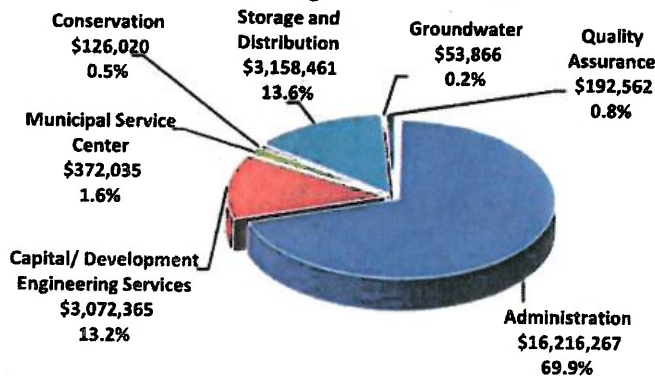
| | Prior Year Actual 2013-2014 | Revised Budget 2014-2015 | Adopted Budget 2015-2016 | Adopted Budget 2016-2017 |
|---|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <u>Amount Available for Allocation</u> | | | | |
| Estimated Revenues: | | | | |
| Plant Investment Fees | \$ 334,879 | 8,800 | 380,000 | 380,000 |
| Base Charges | 4,508,908 | 5,031,000 | 4,728,000 | 4,728,000 |
| Metered Water Sales | 21,059,856 | 22,688,000 | 20,891,022 | 20,891,022 |
| Lift Charges | 731,912 | 770,000 | 658,800 | 658,800 |
| Construction Water | (9,676) | - | - | - |
| Stand-By (Fire Detectors) | 51,913 | 49,000 | 51,900 | 51,900 |
| Fire Flow Surcharge | 14,116 | 200 | 23,000 | 23,000 |
| Backflow Prevention | 36,951 | 45,000 | 50,100 | 50,100 |
| Special Facilities Surcharge | 71,127 | 10,000 | - | - |
| Installation - Meter | 13,808 | 20,000 | - | - |
| Plan Checking/Filing Fee | 14,768 | 700 | 16,000 | 16,000 |
| Inspection Fees | 13,590 | 2,000 | 1,100 | 1,100 |
| Rental of City Facilities | 28,679 | 23,000 | 25,500 | 25,500 |
| Interest Income | 298,140 | 209,700 | 270,000 | 240,000 |
| Miscellaneous Revenue | 401,095 | 294,600 | 220,600 | 220,600 |
| Total Estimated Revenues | <u>27,570,066</u> | <u>29,152,000</u> | <u>27,316,022</u> | <u>27,286,022</u> |
| Reserve Accounts | - | 1,712,405 | 1,304,736 | 1,394,502 |
| Total Available for Allocation | <u>\$ 27,570,066</u> | <u>30,864,405</u> | <u>28,620,758</u> | <u>28,680,524</u> |
| <u>Estimated Requirements</u> | | | | |
| Operating Expenses: | | | | |
| Salaries | \$ 2,182,473 | 2,361,797 | 2,134,082 | 2,185,112 |
| Fringe Benefits | 1,000,888 | 1,267,729 | 997,024 | 1,078,355 |
| Maintenance and Operations | 18,730,238 | 19,617,606 | 17,918,281 | 18,768,633 |
| Charge Backs | (21,576) | (21,576) | (21,576) | (21,576) |
| Capital Outlay | 15,096 | 34,200 | - | - |
| Total Operating Expenses | <u>21,907,119</u> | <u>23,259,756</u> | <u>21,027,811</u> | <u>22,010,524</u> |
| Capital Improvements | 2,352,621 | 7,604,649 | 7,292,947 | 6,420,000 |
| Maintenance Improvements | - | - | 300,000 | 250,000 |
| Reserve Accounts | 3,310,326 | - | - | - |
| Total Estimated Requirements | <u>\$ 27,570,066</u> | <u>30,864,405</u> | <u>28,620,758</u> | <u>28,680,524</u> |

PUBLIC WORKS

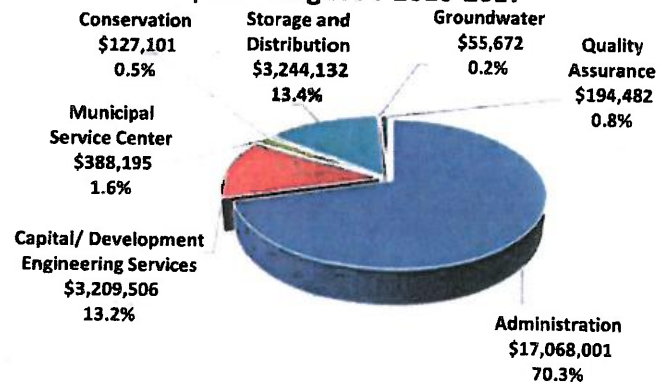
WATER FUND PROGRAMS SUMMARY

| | Prior Year Actual 2013-2014 | Revised Budget 2014-2015 | Adopted Budget 2015-2016 | Adopted Budget 2016-2017 |
|--|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Program Allocation Summary | | | | |
| Administration | \$ 255,029 | 285,579 | 16,216,267 | 17,068,001 |
| Business Management | 17,353,380 | 17,236,611 | - | - |
| Capital/Development Engineering Services | 1,032,159 | 1,217,079 | 3,072,365 | 3,209,506 |
| Municipal Service Center | 491,097 | 440,822 | 372,035 | 388,195 |
| Conservation | 13,973 | 18,972 | 126,020 | 127,101 |
| Storage and Distribution | 2,499,637 | 3,120,038 | 3,158,461 | 3,244,132 |
| Groundwater | 37,880 | 50,522 | 53,866 | 55,672 |
| Quality Assurance | 162,821 | 208,719 | 192,562 | 194,482 |
| Total | \$ 21,845,976 | 22,578,342 | 23,191,576 | 24,287,089 |

Adopted Budget FY 2015-2016



Adopted Budget FY 2016-2017

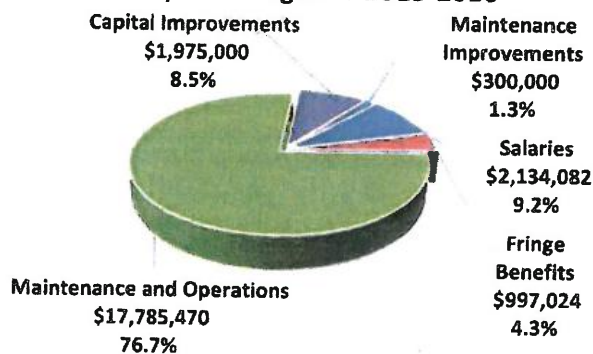


PUBLIC WORKS

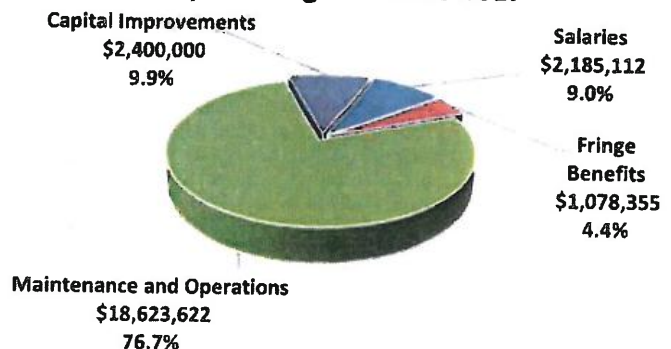
WATER FUND ALLOCATION SUMMARY

| | Prior Year Actual 2013-2014 | Revised Budget 2014-2015 | Adopted Budget 2015-2016 | Adopted Budget 2016-2017 |
|-----------------------------------|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Program Allocations | | | | |
| Salaries | \$ 2,182,473 | 2,361,797 | 2,134,082 | 2,185,112 |
| Fringe Benefits | 1,000,888 | 1,267,729 | 997,024 | 1,078,355 |
| Maintenance and Operations: | | | | |
| Supplies and Equipment | 373,819 | 536,673 | 601,350 | 584,650 |
| Repairs and Maintenance | 25,290 | 43,050 | 39,100 | 39,100 |
| Professional/Contractual Services | 1,587,622 | 1,994,015 | 1,908,858 | 1,971,036 |
| Utilities | 16,474,939 | 15,991,400 | 14,926,400 | 15,688,750 |
| Insurance and Claims | 67,613 | 191,106 | 192,800 | 192,800 |
| Equipment/Building Rental | 5,257 | 6,200 | 6,640 | 6,640 |
| Training and Memberships | 26,456 | 60,125 | 48,900 | 48,900 |
| Asset Replacement Funding | 108,099 | 113,623 | 82,998 | 113,322 |
| Total Maintenance and Operations | 18,669,095 | 18,936,192 | 17,807,046 | 18,645,198 |
| Charge Backs | (21,576) | (21,576) | (21,576) | (21,576) |
| Capital Outlay: | | | | |
| Capital Outlay | 174,500 | 178,407 | 275,271 | 33,366 |
| Use of Asset Replacement | (159,404) | (144,207) | (275,271) | (33,366) |
| Total Capital Outlay | 15,096 | 34,200 | - | - |
| Capital Improvements | - | - | 1,975,000 | 2,400,000 |
| Maintenance Improvements | - | - | 300,000 | - |
| Total Program Allocations | \$ 21,845,976 | 22,578,342 | 23,191,576 | 24,287,089 |

Adopted Budget FY 2015-2016



Adopted Budget FY 2016-2017



PUBLIC WORKS

WATER FUND ADMINISTRATION

Program Description

Administration provides overall management of Public Works Department and administrative assistance to the Director, Deputy Director and Department staff, including preparation of City Council staff reports, processing of contracts, agreements, and task orders, maintenance of files, grant management, energy efficiency and sustainability, budget preparation and monitoring, user fees, financial plans, and related fiscal functions.

| | <u>Prior Year Actual 2013-2014</u> | <u>Revised Budget 2014-2015</u> | <u>Adopted Budget 2015-2016</u> | <u>Adopted Budget 2016-2017</u> |
|-----------------------------------|--|---|---|---|
| <u>Program Allocations</u> | | | | |
| Salaries | \$ 173,014 | 168,544 | 190,757 | 195,890 |
| Fringe Benefits | 72,947 | 89,565 | 75,242 | 85,565 |
| Maintenance and Operations: | | | | |
| Supplies and Equipment | 4,383 | 13,700 | 26,200 | 23,300 |
| Repairs and Maintenance | 62 | 350 | 350 | 350 |
| Professional/Contractual Services | - | 3,320 | 1,298,158 | 1,377,336 |
| Utilities | 304 | 500 | 14,421,000 | 15,181,000 |
| Insurance and Claims | - | - | 192,800 | 192,800 |
| Equipment/Building Rental | 2,117 | 2,500 | 1,760 | 1,760 |
| Training and Memberships | 2,202 | 7,100 | 10,000 | 10,000 |
| Total Maintenance and Operations | 9,068 | 27,470 | 15,950,268 | 16,786,546 |
| Total Program Allocations | \$ 255,029 | 285,579 | 16,216,267 | 17,068,001 |

Budget Variance: Utilities now includes the purchase of water, previously done by Business Management.

TOTAL ALLOCATED POSITIONS: FY 2015-16 - 1.75; FY 2016-17 - 1.75

FUNDING SOURCE: This program is funded 100% by Water Fund

Attachment O

Decision 16-12-042 December 15, 2016

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CALIFORNIA WATER SERVICE
COMPANY (U60W), a California
corporation, for an order (1) authorizing it
to increase rates for water service by
\$94,838,100 or 16.5% in test year 2017,
(2) authorizing it to increase rates by
\$22,959,600 or 3.4% on January 1, 2018,
and \$22,588,200 or 3.3% on January 1,
2019, in accordance with the Rate Case
Plan, and (3) adopting other related
rulings and relief necessary to implement
the Commission's ratemaking policies.

Application 15-07-015
(Filed July 9, 2015)

**DECISION GRANTING JOINT MOTION TO ADOPT THE PROPOSED
SETTLEMENT AGREEMENT AUTHORIZING CALIFORNIA WATER
SERVICE COMPANY'S GENERAL RATE INCREASES FOR 2017, 2018
AND 2019, AND RESOLVING CONTESTED ISSUES AND RELATED
SPECIAL REQUESTS**

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| 5.15. Preliminary Statement AQ: East Los Angeles Memo Account (ELA MA)..... | 48 |
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Exhibit A: Settlement Agreement

Exhibit B: Corrections to Settlement Agreement

Exhibit C: Attachments to Settlement Agreement

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| Title | Page |
|---|------|
| Exhibit D: Tariffs and Tables Attachment to Cal Water Service Company and the Office of Ratepayer Advocates' Joint Motion to Accept Tables and Tariffs Associated with Proposed Settlement Agreement, filed October 3, 2016 | |
| Exhibit E: List of Exhibits Admitted into Evidence | |

DECISION GRANTING JOINT MOTION TO ADOPT THE PROPOSED SETTLEMENT AGREEMENT AUTHORIZING CALIFORNIA WATER SERVICE COMPANY'S GENERAL RATE INCREASES FOR 2017, 2018 AND 2019, AND RESOLVING CONTESTED ISSUES AND RELATED SPECIAL REQUESTS

Summary

This decision grants the joint motion to adopt the proposed settlement agreement authorizing California Water Service Company's (Cal Water's) general rate case (GRC) increases for 2017, 2018 and 2019. The decision adopts an overall revenue requirement for test year 2017 of \$645,575,900. This represents an increase of \$44.97 million, in 2017 over 2016 revenues, a 7.5 percent increase.

The settlement agreement was signed by the following parties (jointly, referred to as the "Settling Parties"), with some parties providing conditional support as specified in Chapter 1 of the settlement agreement: California Water Service Company, the Office of Ratepayer Advocates, the California Water Utility Council (the Utility Workers Union of America, AFL-CIO), the City of Visalia, the County of Kern, the County of Lake, Timothy Groover-Merrick (customer in the Kern River Valley District), the Leona Valley Town Council (LVTC), Jeffrey Young (customer in the Coast Springs area of the Redwood Valley District).

The decision grants Cal Water's request to keep the currently approved drought Sales Reconciliation Mechanism in place as a pilot for this GRC period. It also resolves the contested issues relating to Cal Water's request for recovery of costs for the South Bakersfield Water Treatment Plant and implements escalation year formulas for the escalation and attrition years of this GRC.

This proceeding is closed.

B. ADVANCE CAPITAL BUDGET

| Year | Settlement |
|-------|-------------|
| 2016 | \$2,033,125 |
| 2017 | \$1,001,371 |
| 2018 | \$696,940 |
| Total | \$3,731,435 |

The Parties agree to include specific projects in the Advance Capital Budget for the years 2016 through 2018, presented in the project list below. These projects' estimated costs ("Settlement" column) should be included in the adopted revenue requirement. For some of these projects, however, their estimated costs do not include the capitalized financing cost adjustment; this adjustment is discussed in the "Global Plant" section in this Agreement.

The project list also presents the non-specific projects budget and ACB projects excluded in this general rate case. Advice letter projects, if any, are summarized in a separate table.

Where Parties thought more detail would provide a better understanding of the settlement, those projects are discussed in more detail. Certain projects are programmatic in nature and the programmatic discussions are presented in Chapter 12– Global Plant Issues.

C. WESTLAKE: DISCUSSION OF CERTAIN SPECIFIC PROJECTS

1) 97518 – EMERGENCY INTERCONNECT WITH THE CITY OF THOUSAND OAKS AT WESTLAKE BLVD AND ALLYSON COURT

| PID(s) | Year | Application | ORA Report | Settlement |
|--------|------|-------------|------------|------------|
| 97518 | 2016 | \$443,127 | \$221,564 | \$258,717 |

ISSUE: Cal Water proposed this emergency interconnection with the City of Thousand Oaks because all three purchased water connections serving Zone III of the Westlake water system are supplied from the Calleguas Municipal Water District's (CMWD) Lindero Feeder. Cal Water stated that this feeder is a single feed, dead-end

pipeline with no redundancy within Cal Water service area. Cal Water stated that the City of Thousand Oaks' service area bordering Zone III is supplied by a different CMWD feeder, so constructing the proposed interconnection with the City will provide backup supply to the Zone III if the Lindero feeder fails.

ORA pointed out that Cal Water has worked with the City of Thousand Oaks on a cost sharing arrangement when it constructed an interconnection project (PID 64053 from 2012 GRC) in the past; for that project, the City reimbursed 50% of the construction cost to Cal Water. ORA also noted that Cal Water anticipates the same level of cost sharing from the City for this project. In anticipation of that same cost sharing, ORA recommended that the project's cost estimate, for rate recovery, be reduced by 50%.

RESOLUTION: Considering the anticipated cost sharing from the City of Thousand Oaks, Parties agree to reduce the project cost to \$258,717 and to include the project at this reduced cost in this GRC.

References: Exhibit CWS-61, pages 225-241; Exhibit ORA-11, page 141; Exhibit CWS-112, page 97.

2) 97523 – INSTALL 6 INCH RECLAIMED WATER PIPELINE EXTENSION TO SERVE TRIUNFO COMMUNITY PARK

| PID(s) | Year | Application | ORA Report | Settlement |
|--------|------|-------------|------------|------------|
| 97523 | 2016 | \$502,935 | \$0 | \$502,935 |

ISSUE: Cal Water proposed to install 2,200 feet of 6-inch PVC recycled water pipeline to convert the Triunfo Community Park to recycled water use. Cal Water stated that the project would deliver approximately 30 acre-feet (AF) per year of recycled water to the park. Cal Water also stated that the project will help Cal Water in meeting SB X7-7 requirements.

ORA opposed this project and contended that the project is not needed for purposes of SB X7-7 compliance. ORA stated that Cal Water's Westlake system will be able to meet SB X7-7 requirements without this project, and that the water savings from this project would be minimal.

In rebuttal, Cal Water explained that this recycled water project would benefit Westlake District ratepayers, and that it was cost effective with a Benefit-Cost Ratio of 1.2. Cal Water explained that this project will substitute recycled water for potable water; this effort is in line with the State Water Resources Control Board's Recycled Water Policy to increase the use of recycled water in California by 200,000 AF per year by 2020 and an additional 300,000 AF per year by 2030.

RESOLUTION: After considering this project's value in promoting increased use of recycled water in Cal Water's system, Parties agree to include it in this GRC.

References: Exhibit CWS-61, page 242-247; Exhibit ORA-11, pages 142-143; Exhibit CWS-112, pages 98-101.

D. WESTLAKE: ADVANCE CAPITAL BUDGET SUMMARY TABLE*

| Year | PID | Description | Settlement |
|------|------------|---|------------|
| 2016 | 00102937 | Relocate Fire Hydrants for Street Widening | \$0 |
| 2016 | 00097506 | Install Swing Check Valve to interconnect Zone I with Zone II C/D (at Channelford & Glastonbury) to prevent loss of supply to boosted Zone II C/D | \$98,003 |
| 2016 | 00097518 | Emergency Interconnect with the City of Thousand Oaks at Westlake Blvd and Allyson Court | \$258,717 |
| 2016 | 00097523 | Install 6inch Reclaimed Water Pipeline extension to serve Triunfo Community Park | \$502,935 |
| 2016 | 00098159 | Replacement of pump and motor. Sta. 005-C | \$0 |
| 2016 | 00098162 | Replacement of pump and motor. Sta. 005-D | \$0 |
| 2016 | 00098163 | Replacement of pump and motor. Sta. 010-A | \$67,092 |
| 2016 | 00098176 | District Office improvements phase 2. | \$122,096 |
| 2016 | 00098244 | Station 011 Smokey Ridge Replace Hydropneumatic Pressure Vessel | \$219,364 |
| 2016 | 00098271 | Install new cover/roof for genset at station #1. | \$42,391 |
| 2016 | 00098321 | Hydrant Meter Reduced Pressure Principal Assembly | \$11,186 |
| 2016 | 00098605 | Replacement of 1 control valve in Westlake. Location: 123_000_CV001 | \$29,266 |
| 2016 | 00099000 | Replace flow meter Sta. 10 | \$31,391 |
| 2016 | 00099258 | Vehicle Replacements > 120,000 miles | \$83,042 |
| 2016 | 00099420 | Replace V206028 due to mechanical issues, repairs and high runtime | \$41,521 |
| 2016 | 123MRP16 | 2016 Main Replacement Program Westlake | \$290,657 |
| 2016 | 123-NON-SP | 123- Westlake Non-specific | \$150,825 |
| 2016 | WLK0900 | Meter Replacement Program | \$84,640 |
| 2017 | 00097422 | Station 008 Kanan Reservoir Seismic Retrofit | \$89,240 |

CHAPTER 36 WESTLAKE DISTRICT PLANT

| Year | PID | Description | Settlement |
|------|------------|--|------------|
| | | Scope of work limited to installation of double ball flexible joint at common inlet/outlet. Overflow and drain modifications are not necessary. | |
| 2017 | 00097859 | Upgrade CP system at Westlake tanks: 1-T1, 6-T1 and 9-T1 | \$90,331 |
| 2017 | 00098168 | Replacement of pump and motor. Sta. 010-B | \$68,769 |
| 2017 | 00098169 | Replacement of pump and motor. Sta. 010-C | \$68,769 |
| 2017 | 00098202 | Replacement of pump and motor. Sta. 010-D | \$68,769 |
| 2017 | 00098606 | Replacement of 1 control valve in Westlake. Location: 123_000_CV002 | \$29,998 |
| 2017 | 00099259 | Vehicle Replacements > 120,000 miles | \$122,076 |
| 2017 | 123MRP17 | 2017 Main Replacement Program Westlake | \$222,163 |
| 2017 | 123-NON-SP | 123- Westlake Non-specific | \$154,500 |
| 2017 | WLK0900 | Meter Replacement Program | \$86,756 |
| 2018 | 00097500 | Station 009 Notter Reservoir Seismic Retrofit Scope of work limited to installation of double ball flexible joint at common inlet/outlet. Overflow and drain modifications are not necessary. | \$0 |
| 2018 | 00097807 | Station 002 Asphalt Replacement | \$60,963 |
| 2018 | 00098203 | Replacement of pump and motor. Sta. 007-C | \$55,270 |
| 2018 | 00098530 | Sta 007 Install Driveway at Harper Reservoir | \$92,228 |
| 2018 | 123MRP18 | 2018 Main Replacement Program Westlake | \$235,004 |
| 2018 | 123-NON-SP | 123- Westlake Non-specific | \$164,550 |
| 2018 | WLK0900 | Meter Replacement Program | \$88,925 |

* Amounts are subject to slight increase to account for capitalized interest adjustment related to resolution of CWIP Special Request #7.

E. WESTLAKE: ADVICE LETTER SUMMARY TABLE**

| Expected Filing Year | PID | Description | Settlement – Advice Letter |
|----------------------|----------|---|----------------------------|
| 2016 | 00099026 | SCADA RTU | \$51,221 |
| 2017 | 00064175 | Duesenberg Dr. Thousand Oaks Main Replacement | \$2,886,247 |
| 2018 | 00099182 | Replace SCADA software and hardware | \$436,406 |

** Amounts listed are inclusive of estimated capitalized financing cost adjustment.

[END OF CHAPTER]

APPENDIX Y

Page 1

CALIFORNIA WATER SERVICE COMPANY

WESTLAKE DISTRICT

SUMMARY OF EARNINGS AND RATE OF RETURN

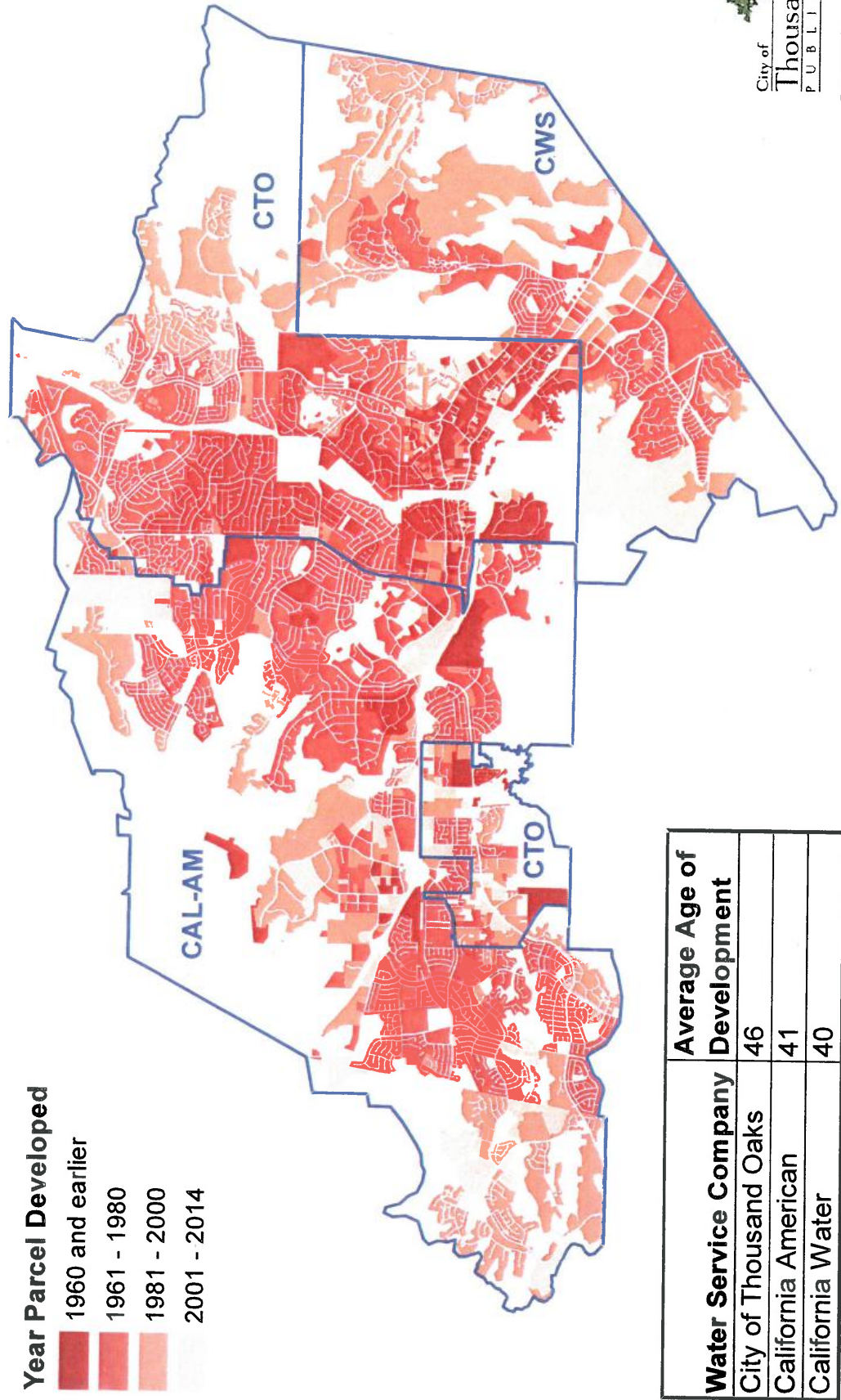
(Dollars in Thousands)

| | <u>PRESENT</u> | <u>PROPOSED</u> | <u>ESTIMATED</u> | <u>ESTIMATED</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| | <u>RATES</u> | <u>RATES</u> | <u>RATES</u> | <u>RATES</u> |
| | <u>2017</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| OPERATING REVENUES | \$18,251.7 | \$18,380.7 | \$18,516.6 | \$18,652.6 |
| % Increase | | 0.7% | 0.7% | 0.7% |
| OPERATING EXPENSES | | | | |
| PURCHASED WATER | \$10,508.5 | \$10,508.5 | \$10,514.8 | \$10,521.0 |
| GROUNDWATER EXTRACTION CHARGES | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| PURCHASED POWER | \$300.1 | \$300.1 | \$300.3 | \$300.4 |
| PURCHASED CHEMICALS | \$0.2 | \$0.2 | \$0.2 | \$0.2 |
| PAYROLL -- DISTRICT | \$844.3 | \$844.3 | \$853.5 | \$862.7 |
| UNCOLLECTIBLES | \$11.7 | \$11.8 | \$11.9 | \$12.0 |
| CONSERVATION | \$267.4 | \$267.4 | \$267.6 | \$267.7 |
| OTHER OPERATION AND MAINTENANCE | \$421.2 | \$421.2 | \$425.8 | \$430.5 |
| BENEFITS | \$380.3 | \$380.3 | \$384.4 | \$388.3 |
| OTHER ADMIN AND GEN. EXP. | \$108.9 | \$108.9 | \$110.1 | \$111.3 |
| TOTAL O. & M., A. & G., & MISC. EXP. | \$12,842.6 | \$12,842.7 | \$12,868.5 | \$12,894.2 |
| TAXES OTHER THAN INCOME | | | | |
| AD VALOREM TAXES | \$175.9 | \$175.9 | \$182.3 | \$188.7 |
| BUSINESS LICENSE FEES | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| LOCAL FRANCHISE TAXES | \$208.7 | \$210.2 | \$210.3 | \$210.4 |
| PAYROLL TAXES | \$65.1 | \$65.1 | \$65.8 | \$66.5 |
| TOTAL GENERAL TAXES | \$449.7 | \$451.2 | \$458.4 | \$465.6 |
| DEPRECIATION | \$1,031.5 | \$1,031.5 | \$1,076.4 | \$1,121.3 |
| G.O. PRORATED EXPENSES: | | | | |
| PAYROLL AND BENEFITS | \$1,022.5 | \$1,022.5 | \$1,033.6 | \$1,044.8 |
| AD VALOREM, BUSINESS LICENSE, FRANCHISES | \$21.3 | \$21.3 | \$21.3 | \$21.3 |
| PAYROLL TAXES | \$46.2 | \$46.2 | \$46.7 | \$47.2 |
| DEPRECIATION | \$234.3 | \$234.3 | \$247.1 | \$259.9 |
| OTHER PRORATED EXPENSES | \$564.3 | \$564.3 | \$560.2 | \$556.2 |
| TOTAL G.O. PRORATED EXPENSES | \$1,888.6 | \$1,888.6 | \$1,908.9 | \$1,929.4 |
| SUB -- TOTAL -- OPERATING EXPENSES | \$16,212.4 | \$16,214.0 | \$16,312.2 | \$16,410.5 |
| TOTAL INCOME TAXES | \$602.0 | \$653.9 | \$682.6 | \$711.3 |
| TOTAL OPERATING EXPENSES | \$16,814.4 | \$16,867.9 | \$16,994.8 | \$17,121.8 |
| NET OPERATING REVENUE | \$1,437.3 | \$1,512.8 | \$1,521.8 | \$1,530.8 |
| DEPRECIATED RATE BASE | \$19,053.4 | \$19,053.4 | \$19,166.4 | \$19,279.4 |
| RATE OF RETURN | 7.54% | 7.94% | 7.94% | 7.94% |

Attachment P

City of Thousand Oaks

Age of Development by Water Service Company



| Water Service Company | Average Age of Development |
|-----------------------|----------------------------|
| City of Thousand Oaks | 46 |
| California American | 41 |
| California Water | 40 |



Prepared on February 3, 2017

Attachment Q



City of Thousand Oaks

Adopted Capital Improvement Program Budget Fiscal Years 2015-2016 and 2016-2017

Cover: City of Thousand Oaks City Hall & Civic Arts Plaza's Bank of America Performing Arts Center.
"Warm Summer Night at the Civic Arts Plaza" by Mike Colao

Cover Design & Graphics: Priscilla Holmes, ProHolmesDesign.com
Printing: City of Thousand Oaks Print Shop

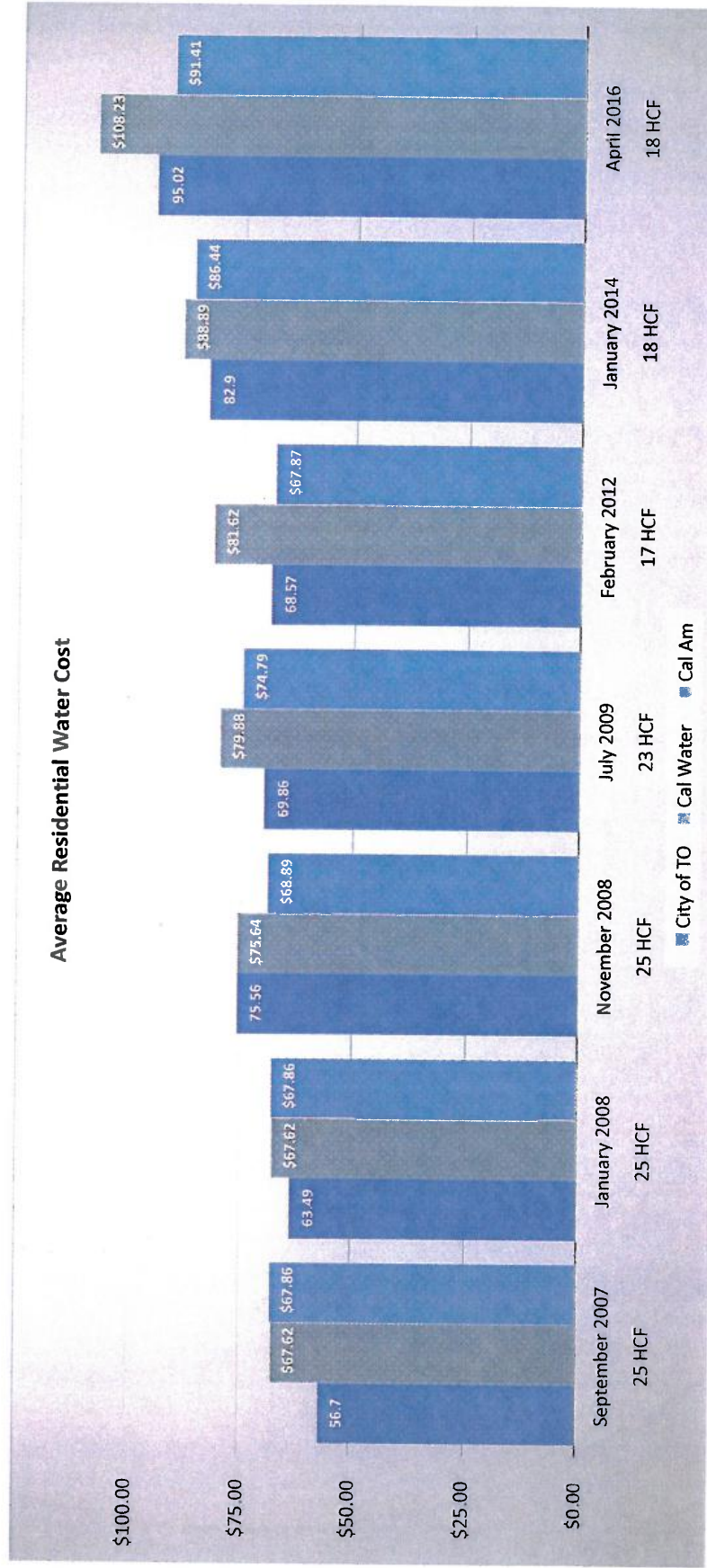
Capital Improvement Program

Five-Year Summary

Water Projects

| No. | Proj # | Project Title | Priority | Page | Budget to Date | FY 2015/2016 | FY 2016/2017 | FY 2017/2018 | FY 2018/2019 | FY 2019/2020 | Total |
|-------------------------------------|--------|---|----------|------|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|---------------------|
| 1 | CI4551 | Automated Meter Reading (AMR) Program | Two | 77 | \$0 | \$400,000 | \$400,000 | \$400,000 | \$400,000 | \$400,000 | \$2,000,000 |
| 2 | CI5053 | Water System Misc. Improvements FY 2015-17 | Two | 78 | 0 | 360,000 | 225,000 | 0 | 0 | 0 | \$585,000 |
| 3 | CI5270 | Arc-Flash Electrical Safety Improvements | One | 79 | 125,000 | 0 | 0 | 0 | 0 | 0 | 125,000 |
| 4 | CI5280 | Freeway Reservoir Access Road | Two | 80 | 0 | 0 | 120,000 | 0 | 0 | 0 | 120,000 |
| 5 | CI5284 | SCADA Master Plan and PLC | Two | 81 | 0 | 350,000 | 200,000 | 0 | 0 | 0 | \$550,000 |
| 6 | CI5285 | Reservoir and Pump Site Improvements FY 2015-17 | Two | 82 | 0 | 250,000 | 250,000 | 0 | 0 | 0 | \$500,000 |
| 7 | CI5286 | Waterline Relocation at Wilbur Court | Two | 83 | 176,770 | 0 | 0 | 0 | 0 | 0 | 176,770 |
| 8 | CI5290 | Tara Reservoir Improvements | Two | 84 | 1,062,053 | 687,947 | 0 | 0 | 0 | 0 | 1,750,000 |
| 9 | CI5291 | Lang Ranch Reservoir Improvements | Two | 85 | 80,000 | 0 | 1,375,000 | 0 | 0 | 0 | 1,455,000 |
| 10 | CI5292 | La Granada Reservoir Improvements | Two | 86 | 0 | 900,000 | 0 | 0 | 0 | 0 | 900,000 |
| 11 | CI5293 | Grissom No. 2 Reservoir | Two | | 0 | 0 | 0 | 100,000 | 0 | 0 | 100,000 |
| 12 | CI5294 | Wilder No. 1 Reservoir | Two | | 0 | 0 | 0 | 1,100,000 | 0 | 0 | 1,100,000 |
| 13 | CI5295 | Sunset No. 2 & 3 Seismic Upgrades | Two | | 0 | 0 | 0 | 0 | 100,000 | 1,200,000 | 1,300,000 |
| 14 | CI5304 | Waterline Installations on Hauser Circle & White Chapel P | Two | | 0 | 0 | 0 | 150,000 | 0 | 0 | 150,000 |
| 15 | CI5305 | Waterline Looping Program FY 2015-17 | Two | 87 | 0 | 95,000 | 650,000 | 0 | 0 | 0 | 745,000 |
| 16 | CI5318 | Reservoir Seismic Upgrades FY 2018-21 | Two | | 0 | 0 | 0 | 0 | 1,000,000 | 300,000 | 1,300,000 |
| 17 | CI5335 | Reservoir Mixing Improvements | Two | 88 | 150,000 | 350,000 | 500,000 | 0 | 0 | 0 | 1,000,000 |
| 18 | CI5381 | Wilder Zone Storage | Two | 89 | 0 | 150,000 | 1,000,000 | 0 | 0 | 0 | 1,150,000 |
| 19 | CI5382 | Meadows Reservoir Altitude Valve | Two | 90 | 0 | 0 | 200,000 | 0 | 0 | 0 | 200,000 |
| 20 | CI5383 | Pump Replacement/Upgrade | Two | 91 | 0 | 150,000 | 150,000 | 0 | 0 | 0 | 300,000 |
| 21 | CI5394 | Installation of Automated Chlorine Analyzer Testing Station | Two | 92 | 0 | 100,000 | 350,000 | 0 | 0 | 0 | 450,000 |
| 22 | CI5395 | Conejo Valley Non-Potable Water Utilization Project | Two | 93 | 0 | 200,000 | 1,000,000 | 0 | 0 | 0 | 1,200,000 |
| 23 | CI5402 | Grissom 1 & 2 Reservoir | Two | | 0 | 0 | 0 | 0 | 540,000 | 0 | 540,000 |
| 24 | CI5406 | Water Quality Improvements | Two | 94 | 0 | 500,000 | 500,000 | 0 | 0 | 0 | 1,000,000 |
| 25 | CI5407 | Water System Misc. Improvements FY 2017-20 | Two | | 0 | 0 | 0 | 225,000 | 225,000 | 225,000 | 675,000 |
| 26 | CI5408 | Reservoir and Pump Site Improvements FY 2017-20 | Two | | 0 | 0 | 0 | 250,000 | 250,000 | 250,000 | 750,000 |
| 27 | CI8082 | La Granada Pump Station | Two | 95 | 32,579 | 2,700,000 | 0 | 0 | 0 | 0 | 2,732,579 |
| 28 | MI2104 | Conejo Valley Groundwater Supply Study | Two | 96 | 44,979 | 200,000 | 0 | 0 | 0 | 0 | 244,979 |
| 29 | MI2225 | Water Master Plan Update | Two | 97 | 200,000 | 100,000 | 0 | 0 | 0 | 0 | 300,000 |
| 30 | MI2520 | North Pleasant Valley Regional Desalter | Two | 98 | 469,969 | 0 | 5,250,000 | 5,250,000 | 0 | 0 | 10,969,969 |
| Project Totals (30 projects) | | | | | \$2,341,350 | \$7,492,947 | \$12,170,000 | \$7,475,000 | \$2,515,000 | \$2,375,000 | \$34,369,297 |

Attachment R



Source: City Council staff reports concerning City water system rate adjustments.

Attachment S



**BOARD OF SUPERVISORS
COUNTY OF VENTURA**

625 WEST HILLCREST DRIVE, THOUSAND OAKS, CA 91360

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Chair

STEVE BENNETT

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LINDA PARKS

SUPERVISOR, SECOND DISTRICT

(805) 214-2510

FAX: (805) 480-0585

E-mail: Linda.Parks@ventura.org

January 17, 2017

CPUC Public Advisor
505 Van Ness Ave.
San Francisco, CA 94102
public.advisor@cpuc.ca.gov

Subject: California Public Utilities Commission (CPUC) Proceeding Number A.16-07-002; Consolidation of Los Angeles County, San Diego County, Ventura County by California American Water Service Company for Ratemaking Purposes

Dear CPUC Commission Members,

On behalf of tens of thousands of people in my Supervisor District, I want to express my strong opposition to the application by California American Water Service Company (Cal-Am Water) to consolidate Los Angeles County, San Diego County, and Ventura County into a single district. It is my understanding that by the year 2020 such a consolidation would more than double service charge increases paid by the Ventura County customers. This would be far in excess of the service charge increases billed to customers than if the districts stayed the way they are now.

I believe that the consolidation would result in Ventura County area customers being billed for Los Angeles and San Diego County service improvements, which would clearly be unfair to Ventura County residents.

I am writing in particular to support Cal-Am Water customers in the Thousand Oaks area, including Lynn Ranch, Casa Conejo, and the City of Thousand Oaks. They should not have to foot the bill for water service improvements hundreds of miles away.

Please join me in opposing the consolidation of the three counties into one district.

Thank you for your consideration,

A handwritten signature in cursive script that reads "Linda Parks".

Linda Parks
Supervisor, District 2



Recycled Paper

Attachment T



**BOARD OF SUPERVISORS
COUNTY OF VENTURA**

GOVERNMENT CENTER, HALL OF ADMINISTRATION
800 SOUTH VICTORIA AVENUE, VENTURA, CALIFORNIA 93009

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Chair

STEVE BENNETT
LINDA PARKS
KELLY LONG
PETER C. FOY

KELLY LONG
SUPERVISOR, THIRD DISTRICT
(805) 654-2276
FAX: (805) 654-2226
E-mail: kelly.long@ventura.org

January 25, 2017

CPUC Public Advisor
505 Van Ness Ave.
San Francisco, CA 94102
public.advisor@cpuc.ca.gov

**RE: California Public Utilities Commission (CPUC) Proceedings Number A.16-07-002;
Consolidation of Los Angeles County, San Diego County, Ventura County by California
American Water Service Company for Ratemaking Purposes**

Dear CPUC Commission Members:

On behalf of all the residents in my Supervisorial District who are customers of the California American Water Company (Cal-Am Water), I would like to express my strong opposition to their application to consolidate their service districts in the counties of Los Angeles, San Diego and Ventura, into a single district.

In reviewing Cal-Am Water's rate increase application, I am disappointed to see that if the consolidation is approved, water rates for customers in my District would more than double over the next three years. In addition, the reasons for the disparity between the proposed increases in Ventura County, as compared to several other service Districts, were not made clear in the proposal, nor were they made clear at the recent CPUC meeting held in Thousand Oaks on January 17, 2017.

I also find it completely unfair for Ventura County customers to incur increased rates that would be used to fund service improvements in Los Angeles and San Diego Counties. The customers of CAL-AM Water in my District reside in the Las Posas Estates area adjacent to the City of Camarillo, many of whom are retirees on fixed incomes. They should not have to pay for another county's costs.

I join with my fellow board member Ventura County Supervisor Linda Parks, Second District and our residents of Las Posas Estates in opposition to this proposal which, in all appearances, unfairly burdens residents of Ventura County.

Thank you for your consideration,

A handwritten signature in black ink that reads "Kelly Long". The signature is stylized with a large, flowing "K" and "L".

Kelly Long
Supervisor, District 3

Attachment U

California-American Water Company

APPLICATION NO. A.16-07-002
DATA REQUEST RESPONSE

Response Provided By: Garry Hofer
Title: Director of Operations-Southern Division
Address: California-American Water Company
8657 Grand Avenue, Rosemead, CA 91770

Thousand Oaks Request: City of Thousand Oaks Data Request No. 2
Company Number: TO 02 Q004a-f
Date Received: January 26, 2017
Date Response Due: February 6, 2017
Subject Area:

DATA REQUEST:

4. At the Ventura PPH, Brian Barreto stated: "California American Water's proposal is supported by the fact that these districts rely largely on the same sources of local imported water, share common management and support staff." (Ventura PPH Transcript at 92:19-23.) Does Cal-Am in fact contend in the Application proceeding that "California American Water's proposal is supported by the fact that these districts rely largely on the same sources of local imported water, share common management and support staff"? If so, please respond to the following:
 - a. Does "these districts" in this statement refer to the "Southern California districts" referred to by Mr. Barreto in the Ventura PPH transcript at 92:12? If not, please state to what "these districts" refers.
 - b. Does Cal-Am rely on the same source of local imported water to supply the three Districts in Los Angeles as it does to supply the Ventura District? If Cal-Am does not, identify separately for each District the source or sources of imported water on which Cal-Am relies to supply each of the three Districts in Los Angeles and the Ventura District.
 - c. Does Cal-Am rely on the same source of local imported water to supply the three Districts in Los Angeles as it does to supply the San Diego District? If Cal-Am does not, identify separately for each District the source or sources of imported water on which Cal-Am relies to supply the San Diego District.

California-American Water Company

APPLICATION NO. A.16-07-002
DATA REQUEST RESPONSE

- d. Explain in detail how the districts Cal-Am proposes to consolidate into the Southern Division "share common management and support staff."
- e. State the address of each location or locations from which such common management and support staff perform their management and support functions, identifying the number of such staff at each location.
- f. Identify the witness or witnesses who will be able to testify at hearing concerning the answers to this Request.

CAL-AM'S RESPONSE:

- a) Yes, the comment refers to the Ventura County, Los Angeles County and San Diego County districts, which make up the Southern California division.
- b) Most water in the Southern division is imported and purchased from local water districts. In the Ventura County district, the source of supply is 100 percent imported water purchased from Calleguas Municipal Water District. The source of those imported supplies is predominantly State Water Project supplies, occasionally supplemented with water from the Colorado River Aqueduct. In the Los Angeles County district, the source of supply is a combination of local groundwater and imported water sources as follows: The San Marino system pumps groundwater from both the Raymond and Main San Gabriel basins. It also receives imported Colorado River and State Project water purchased from the Metropolitan Water District of Southern California. The Duarte system pumps groundwater from the Main San Gabriel Basin as its sole source of supply. The Baldwin Hills system pumps groundwater from the Central Basin and purchases supplemental State Project and Colorado River imported water from the West Basin Municipal Water District.
- c) In the San Diego County district, water is purchased from the City of San Diego. This water is a combination of imported water and surface water diverted from local rivers.
- d) California American Water is requesting authorization to consolidate the fixed costs for the Los Angeles County, San Diego County, and Ventura County Districts for ratemaking purposes. California American Water is not requesting to consolidate operations. Under consolidation, there would be no changes to management or staffing in the division. It would remain just as it is now. The fact that all the Districts are already managed by the regional staff and in today's computer age are relatively close to one another supports California American

California-American Water Company

APPLICATION NO. A.16-07-002
DATA REQUEST RESPONSE

Water's consolidation proposal.

- e) The locations from which regional staff would continue to manage the Southern Division are: Ventura County District, 2439 W. Hillcrest Dr., Newbury Park; Los Angeles County District, 8657 Grand Ave., Rosemead; San Diego County District, 1025 Palm Ave., Imperial Beach. Just as it is now, 17 employees will continue to work out of the Ventura County office, 40 will work in Los Angeles and 23 will work in San Diego.
- f) Richard Svindland or Garry Hofer.

California-American Water Company

APPLICATION NO. A.16-07-002
DATA REQUEST RESPONSE

Response Provided By: Bahman Pourtaherian
Title: Financial Analyst IIA
Address: California-American Water Company
4701 Beloit Drive, Sacramento, CA 95838

Thousand Oaks Request: City of Thousand Oaks Data Request No. 2
Company Number: TO 02 Q005a-c
Date Received: January 26, 2017
Date Response Due: February 6, 2017
Subject Area:

DATA REQUEST:

5. At the Ventura PPH, Brian Barreto stated: "This rate filing proposes nearly \$21 million of capital investments in Ventura County." (Ventura PPH Transcript at 94:25-27.) With respect to this statement, please respond to the following:
 - a. Is \$21 million an accurate figure for the capital investments proposed in the Application for Ventura County? If it is not, please state the accurate figure for the capital investments proposed in the Application for Ventura County.
 - b. Identify the location or locations in the Application, Testimony or elsewhere that the \$21 million number (or the accurate figure if \$21 million is not an accurate figure) stated by Mr. Barreto may either be found directly or calculated, and if the location is not in the Application or Testimony, produce all Documents where such locations may be found directly or calculated and identify such locations in each such Document.
 - c. Identify the witness or witnesses who will be able to testify at hearing concerning the answers to this Request.

CAL-AM'S RESPONSE:

- a. In its Application, California American Water is proposing \$22.6 million in capital investments for Ventura County.
- b. Please see the Capital & Ratebase Workpapers, Ch07_RO_Forecast_110, as

California-American Water Company

APPLICATION NO. A.16-07-002
DATA REQUEST RESPONSE

well as the testimony by Mark Schubert and Edward Grubb. Please also refer to attachment TO 02 Q005 Attachment.

- c. Sherrene Chew will be able to testify regarding the location of the data within California American Water's exhibits. However, more detailed inquiries on California American Water's proposed Ventura capital projects should be directed to Mr. Ian Crooks. Mr. Crooks is expected to sponsor the testimony of Mr. Mark Schubert who has retired.